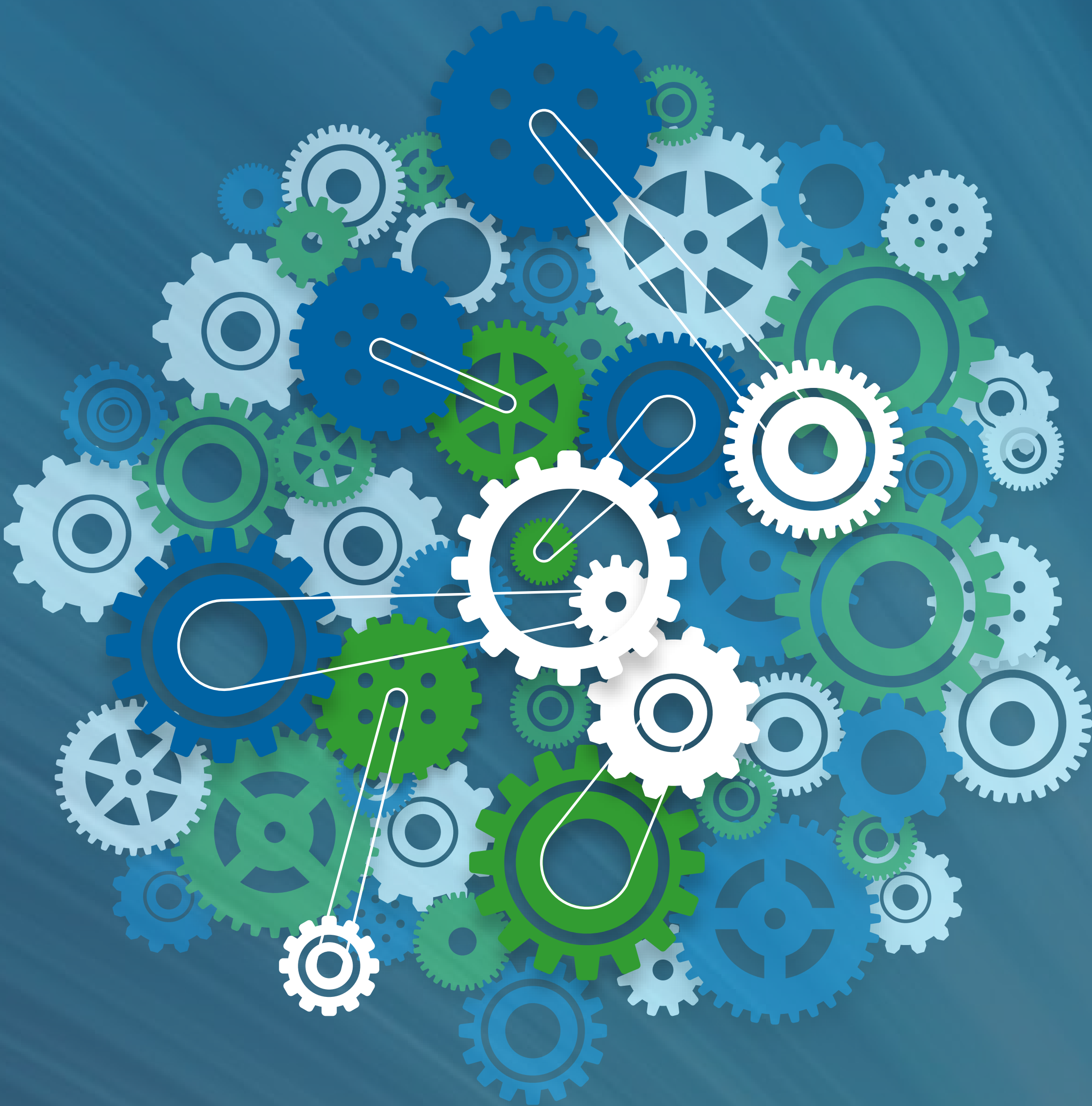

INNOVATION IN MOBILITY

ANNUAL REPORT 2014

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

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KOGA F3 5.1

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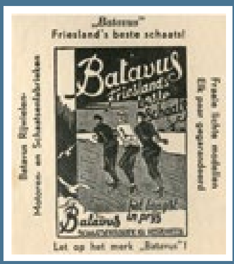
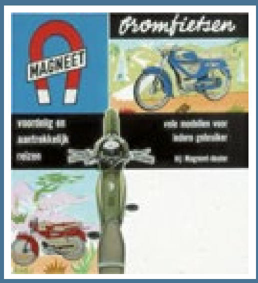
This is a translation of Accell Group N.V.'s Annual Report 2014, prepared in the Dutch language and in accordance with Dutch law. By the event of any difference in interpretation, the Dutch version of the Annual Report shall prevail.

This annual report is printed on paper containing 100% post-consumer recycled fibers without optical brightener.

HERITAGE AND MILESTONES





1904
Batavus starts bicycle manufacturing in Heerenveen

1930 - 40
Batavus diversifies with tricycles, motorcycles and ice skates

1948
Batavus develops first moped

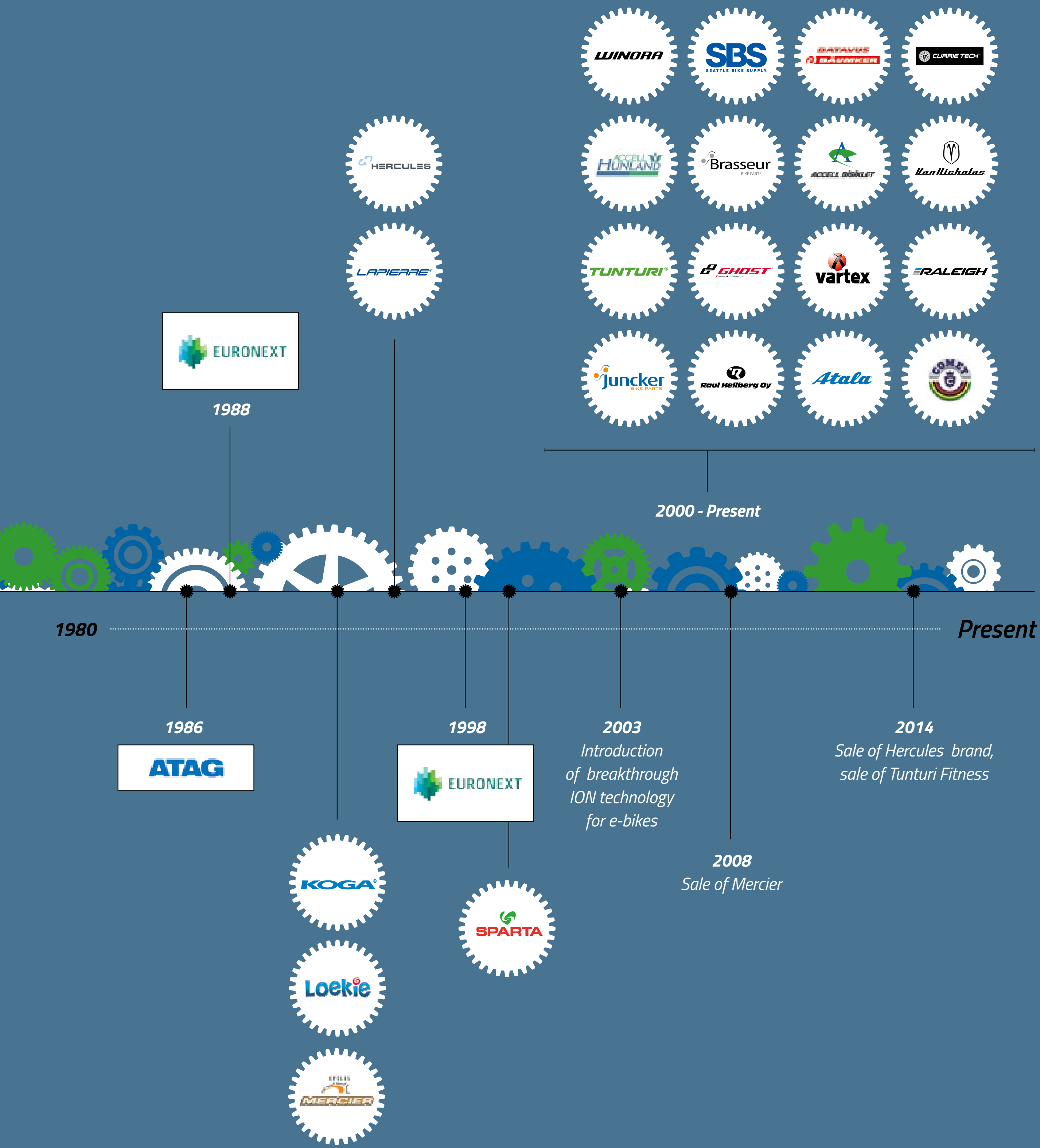
1969
Batavus acquires Magneet (large bicycle and motorcycle company)

1900 .... **1970**

1917
Batavus acquires large bicycle factory.

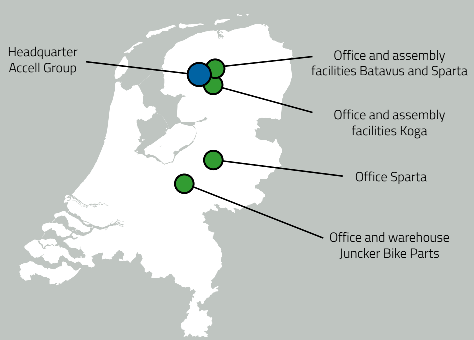
1940- 45
Temporary closure of the factory

1952
Batavus opens large factory in Heerenveen

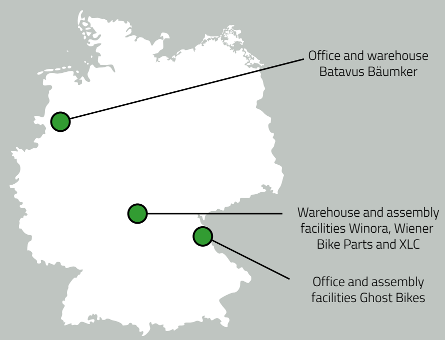

EURONEXT
1988
2000 - Present
1980
Present
1986
ATAG
1998
EURONEXT
2003
Introduction of breakthrough ION technology for e-bikes
2014
Sale of Hercules brand, sale of Tunturi Fitness
2008
Sale of Mercier

Global presence

The Netherlands



Germany



Legend

Headquarters

Location (including warehouse)

ACCELL GROUP AT A GLANCE

About Accell Group

Accell Group is active across the world in the middle and higher segments of the markets for bicycles and bicycle parts and accessories. The company is market leader in Europe and is among the largest players in North America in terms of sales via specialist bicycle and sports retailers. Accell Group is also Europe's market leader in electric bikes.

The company's portfolio includes strong national brands and leading international (sports) brands that together provide an extremely complete and complementary range of products for all cycling-related needs.

Accell Group has around 2,800 employees in 18 countries, with its own support facilities for the assembly and spray painting of bicycles in six countries. In 2014, Accell Group sold a total of 1.7 million bicycles in more than 70 countries (including export). The group booked a total turnover of around € 882 million.

Ambition

Accell Group wants to be a leader in the development of sustainable consumer products for short-distance mobility, active leisure activities and sports. The company focuses on the middle and top segments of the market, with high-quality, distinctively branded products with a high level of design, comfort and service.

The company believes that providing consumers with added value is crucial in the middle and higher segments of the market. This is why Accell Group's investments in innovation are above average in the bicycle sector. The Group's innovations are focused primarily on applications for electric bikes and high-quality sports bikes, both sectors with strong growth potential. Accell Group also works very closely with the specialist bicycle and sports retail trade (via both physical stores and the internet) to ensure they can provide consumers with the best possible individual advice, personal attention and service.

Accell Group uses this approach, combined with its benefits of scale, the strengthening of positions in existing markets and the development of new leading market positions in other countries, to realise growth and value creation for its stakeholders.

SPARTA ION E-SPEED

Brand portfolio

The bicycle market is highly diverse in terms of characteristics, preferences and taste. The Accell Group brand portfolio can be divided into two quite distinct groups: strong national bicycle brands and international top (sports) brands with a greater focus on specific sectors and niches. Examples of the company's strong, national bicycle brands include Batavus, Koga and Sparta in the Netherlands, Winora in Germany, Tunturi in Finland and Raleigh in Great Britain and North America. Accell's well-known leading international (sports) brands include Koga, Lapierre, Haibike and Ghost. In the bicycle parts and accessories segment, Accell Group has brands such as XLC that is sold via the specialist bicycle and sports retail trade. All brands have their own, specific, strong positioning and are leaders in the country or market in which they operate.

Culture and organisation

Accell Group has a flat organisational structure with an open culture. Subsidiaries have a high level of operational responsibility, primarily related to the positioning of their brand(s) in their own markets, while the brand strategy for the country or market is determined in consultation with the holding company. This encourages an entrepreneurial spirit within the Group, with a continuous focus on innovation, brand experience and an active approach to the market, both online and offline.

Listing

The Accell Group share has been listed since 1998 and is traded on the NYSE Euronext Amsterdam stock exchange. The share has been part of the Amsterdam Small Cap Index (AScX) since 2008. The listing increases the transparency and discipline of the company's management and operations and provides additional access to capital to finance growth and thereby contributes to the realisation of Accell Group's ambitions.

↗
VAN NICHOLAS

KEY FIGURES

(in euros, unless stated otherwise)

	2014	2013	2012	2011
Results (in millions of euros)				
Net turnover	882.4	849.0	772.5	628.5
Operating profit (EBIT)	43.6	33.9	32.7	34.8
Net profit	26.1	19.0	23.3	40.3
Free cash flow [1]	38.3	-30.9	-19.9	16.9
Balance sheet data (in millions of euros)				
Group equity	275.9	240.0	239.8	214.6
Net debt	152.3	183.5	143.8	115.7
Balance sheet total	622.6	579.6	589.7	434.0
Capital employed [2]	452.1	447.1	407.5	349.2
Investments in property, plant and equipment	10.6	6.8	22.8	11.2
Ratios (in %)				
ROCE	9.6	7.6	8.0	10.0
ROE	9.5	7.9	9.7	18.8
Operating profit/turnover	4.9	4.0	4.2	5.5
Net profit/turnover	3.0	2.2	3.0	6.4
Data per share [3]				
Number of issued shares at year-end	24,864,956	24,402,849	23,863,432	21,094,760
Weighted average number of issued shares	24,685,681	24,195,467	22,897,471	20,905,497
Net profit	1.06	0.77	0.98	1.79
Free cash flow [1]	1.55	-1.25	-0.83	0.75
Group equity	11.18	9.74	10.06	9.52
Dividend [4]	0.61	0.54	0.72	0.85
Average number of employees (FTE's)	2,796	2,926	2,776	2,234

1) Free cash flow is defined as the balance of the net cash flow from operating- and investing activities.
2) Capital employed is the balance sheet total minus cash and cash equivalents and current non-interest bearing obligations (including current part of provisions).
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2011-2013 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The applied adjustment factor in the reporting year for 2013 and for previous years is 0.98171.
4) The dividend per share relating to the financial year 2014 concerns the proposal to be submitted to the General Meeting of Shareholders.

↗
WINORA DOMINGO DE LUXE

↗ GHOST

INTRODUCTION

We can look back on a year in which we gained in strength, strategically, operationally and financially. A year in which we once again enhanced the differentiating potential of our brand portfolio, made the management of our organisation both more compact and stronger and improved efficiency in various fields. We also managed to take advantage of the opportunities in the main growth segments in the bicycle market.

Due to the strong growth in bicycles and bicycle parts & accessories in recent years, the fitness activities had become too marginal to remain a part of our group, and we have therefore sold Tunturi Fitness. In 2014, we also sold all of our Hercules brand-related operations, due to its lack of a differentiating potential compared with the other brands we market in Germany.

The bicycle market remained stable or improved slightly in 2014. Herein, we were able to book clear growth thanks to the popularity of our electric and sports bikes and the expansion of our parts & accessories business, both in organic terms and through acquisitions our turnover improved in 2014. Despite the loss of a part of our turnover following the sale of Hercules and Tunturi Fitness, turnover was up 4% at € 882 million.

Driven mainly by the growing popularity of our electric bicycles, Accell Group's turnover in the bicycle segment increased by 5%, both among elderly people and younger people. Sales of sports bicycles in the higher end of the market also showed healthy growth. Turnover in the bicycle parts & accessories segment also came in 5% higher. The acquisition of Comet in Spain has so far had only a very limited impact. This acquisition and the acquisition of Cycle Service Nordic (Denmark) in early 2015 are a good fit with our international growth strategy, which also focuses on additional expansion of the activities in this sector. We aim to create a full-coverage distribution network for parts and accessories across Europe and North America, to ensure we can serve our markets as effectively as possible and continue to realise economies of scale.

In the coming years, we see ample opportunities and challenges for continued growth in our markets. A strong foundation is crucial if we are to respond effectively. In the year under review, we made solid progress in the continuing professionalisation of our organisation. We have strengthened our management and made additional improvements in efficiency in various areas within the group. For example, we have intensified the cooperation between companies and brands in the Netherlands and completed the integration of our assembly-activities in the Netherlands.

These developments also contributed to an increase of 20% in the companies' operating result in the year under review. Thanks to the growth in demand throughout the year and alternative choices in production planning and inventories management, a better margin was realised on bicycles from older model ranges in the second half of the year. The effects of our supplier reduction programme also contributed to improved inventories management, a reduction in working capital, which in turn led to a reduction in interest expenses. These factors contributed to an increase in net profit of 37% to € 26 million.

We made good progress last year in our efforts to make Accell Group more robust and effective for the future. A future that looks bright and full of growth opportunities. Secondary trends in lifestyle, mobility, sustainability, health and active leisure will continue to boost the popularity of cycling on an international scale.

To respond to these developments, it is crucial that we continue to invest in the brand awareness and positioning of our brands, with efforts such as targeted sports sponsoring. The success of the internationally active FDJ team, which is sponsored by our French high-end brand Lapierre, has clearly boosted Lapierre's brand recognition, not to mention sales. We will also continue to introduce new ideas to boost cycling for all ages and increase awareness of the possibilities that cycling offers today. One example of such a regional initiative is the realisation of the Bicycle Experience Center in Ede, the Netherlands. The plans for this centre were developed in cooperation with the local council of Ede in 2014.

↖
SINUS

INTRODUCTION (CONTINUED)

We will also continue to design, innovate and actively respond to new trends, to ensure our brands, ranges and related products continue to provide consumers with added value and enable us to maintain our edge as a trendsetter in the bicycle sector. Our bicycle brands and models were singled out for no less than 14 different international awards in 2014. This backs up our conviction that we are on the right track with our focus on innovation and design.

On behalf of the entire Board of Directors, I would like to express my gratitude to all our stakeholders for their continued confidence in us. And a special word of thanks goes to all our employees for their immense efforts in the year under review and for their enthusiastic response to our appeal to their flexibility and adaptability in the context of the now largely completed consolidation and integration processes.

René Takens
Chief Executive Officer Accell Group

Heerenveen, March 11, 2015

KOGA KIMERA ROAD PRESTIGE

BUSINESS MODEL

Accell Group is active in two segments: bicycles, and bicycle parts & accessories. The two sets of products are very complementary, but each segment has its own dynamics, which results in clear differences in terms of market approach and business model.

Season

Accell Group operates in an international bicycle market, which has a fixed seasonal pattern but can still vary per country. The bicycle season in Europe and North America, where the company has most of its operations, runs from September to August. And each year at the start of the new season Accell Group launches its new bicycle collections with product launches at all the major international bicycle trade fairs.

Peaks in bicycle deliveries across the season vary from year to year, but are virtually always - and partly depending on the weather - in the period from February through August. The diagram below shows what a typical bicycle season looks like for Accell Group in terms of business operations.

FIGURE Typical Annual Bicycle Season *(indicative)*

The season for bicycle parts & accessories has a more level sales pattern and runs from February through November, also with differences per sales market. Unlike the bicycle activities, bicycle parts & accessories is a pure trading activity for Accell Group. What this means is that we have no in-house production activities and we do not launch new ranges or collections of parts or accessories at international bicycle trade fairs.

Product range

Accell Group's bicycle product range covers all key bicycle categories with high-quality products at all price points in the middle and higher segments of the market. The product range per brand and annual collection averages 80 different models with a total of 500-700 different products (such as models for women and men, different frame sizes and colour variations, etc.).

In the bicycle parts & accessories business, it is essential to have a broad and carefully selected product range. Accell Group's ranges total between 10,000 and 20,000 different products and cover all key price points. In addition to third-party brands, Accell Group also sells an extensive collection of parts and accessories under its own A-brand *XLC*. The *XLC* brand parts and accessories are sold right across the Accell Group organisation, as well as via numerous distributors in countries where Accell Group has no sales organisation of its own. The sales coverage is virtually worldwide, in terms of countries with a well-developed bicycle culture.

Close to the market

The bicycle market can be strongly differentiated in different countries. Each country has its own market characteristics with variations in taste, preferences and popularity in terms of bicycle type and design (look and feel). There are also marked differences per market in terms of average price, quality and service, plus distribution and sales methods.

Operating close to each market is crucial to success in the middle and higher segments of the bicycle market. Accell Group therefore combines one or more strong national brands with international top (sports) brands in every country. Those international brands target specific sectors and niches in the market, niches in which the tastes and preferences of end users across the world are far more similar. These brands are exported across the globe, each from their own centralised sales and distribution centre.

Bicycle parts & accessories depend much more on availability and delivery speed than the bicycle business, while brand and brand experience are less important. Unlike in the bicycle business, there is no order book for parts and accessories. Export is often limited to neighbouring countries and to create a Europe-wide network, it is essential to have local sales organisations with local distribution centres to be able delivering to the bicycle and sports retail trade within 24-48 hours.

The combination of bicycles, bicycle parts & accessories ensures that Accell Group can offer both the dealer and the consumer the fullest possible range of bicycle and bicycle–related products.



Knowing what consumers want

The sheer diversity of the bicycle markets in which Accell Group operates requires a carefully balanced brand strategy geared to an individual look and feel for each brand, segment and country.

Accell Group's country organisations regularly conduct market research in the field of bicycles, at brand level and at segment and country level. This research is conducted directly among consumers via consumer panels or targeted studies, as well as through intensive contacts and consultations with the bicycle and sports retail trade. All market data are collected and analysed at group level, and key changes in consumer behaviour, preferences and trends are communicated to the country organisations. This is all in line with our 'efficiency in inspiration' approach. After all, it prevents overlap in research and also ensures the optimal exchange of additional market information and ideas that is often not an option for smaller players.

To complete the market picture, we maintain regular contacts with suppliers and visit trade fairs to check out the latest developments in materials, technology and other innovations, and of course the interesting opportunities these might create for application in Accell Group bicycles. Accell Group also shares this market information with its country organisations.

On the bicycles front, we respond to demand from specialist retailers, as well as explicitly to consumer demand, but this is much less the case in parts and accessories. While consumers may be willing to wait for delivery of a bicycle, this is not true for parts and accessories. And with the exception of the top segment of the market, consumers are also less concerned with brands in bicycles parts and accessories. Retailer and consumers are primarily concerned with easy availability and short delivery times for parts and accessories. So the differentiating factors on this front are the availability of a broad, carefully selected product range, an ordering system that is available 24/7 and an efficient supply chain.

Distinctive in design, innovation and style

Operating close to the market means design and development teams that are dedicated to each bicycle brand, with a clear focus on the design of new and up-to-date models. Design plays a key role in maintaining a company's differentiating potential in this market. What consumers want is important in this context, but not leading for all companies. Some companies (such as *Koga*, *Winora* and *Lapierre*) develop bicycles 'beyond expectations' to give consumers / cyclists a pleasant surprise with unexpected, smart innovations. Obviously, market research among consumers is vital, as this makes it possible to assess new products and make interim refinements whenever necessary.

The design and development teams produce new bicycle collections every year. Each bicycle brand has its own unique position. The positioning of the various brands is supported and optimised at group level through portfolio management per brand, segment and country.

The group companies devote considerable attention to various short and long-term innovation projects and know-how exchange. The focal points are comfort, safety, riding properties, weight, use of electronics, sustainability and all technology relating to electric bikes.

Because Accell Group coordinates all of this, the company can apply innovations across the board. Accell Group stimulates, organises and facilitates know-how sessions for product developers and product managers several times a year, giving them the opportunity to exchange new ideas, share progress in developments for projects, plus general market information. Cooperation and team formation in product developments and production result in cost savings and the acceleration of innovation projects. This helps Accell Group realise a short time-to-market.

Every year, various innovations find their way through the group and into the bicycle collections, whenever possible with international patent protection. The various national and international awards that Accell Group wins each year for its new models confirm the group's leading role in the field of design and the application of innovations in bicycles.

Accell Group devotes special attention to the development of electric bikes. The market for electric bikes is developing rapidly. The traditional image of the electric as a 'bike for senior citizens' is changing to encompass a much broader range of uses and applications, such as active leisure time and short and mid-range mobility, including commuter traffic as well as increasing home-to-school traffic. We expect the growth potential to remain high for this type of bicycle, especially in the long term. The target group is extensive because the electric bike is suitable for all the main use of bicycles, including alternative transportation for short and medium distances, active leisure, exercise or fitness. The assisted pedalling feature means electric bikes are both sustainable and relatively high-tech, with lots of room for innovation and continued development of applied technology. The available technology is used across the entire group and Accell Group subsidiaries translate it in line with their own brand positioning and values.

In addition to electric bikes, Accell Group also devotes a great deal of attention to the development of high-grade sports bikes. We constantly introduce new technologies and innovations to help the brands maintain a leading position. These bikes are targeted at the sports cyclist. The market is developing on an international scale and it is therefore far more homogenous on a local level than other market segments in which Accell Group is active. Accell Group's international top (sports) brands, like *Lapierre*, *Ghost*, *Haibike* and *Koga* work closely together on the development of components and bicycles, with a sharp focus on the optimisation of the cooperation between man and machine. Each year, we introduce key improvements in the field of frames, forks and suspension systems in racing bikes, time trial bikes, track bikes, MTBs and downhill bikes.

In parts and accessories, we have no in-house technological product innovation, and design and style are seen as secondary factors. These products are generally sold under third-party brands. Differentiating potential and individual design and style only play a role in very specific product categories within accessories, such as helmets, clothes and bags, for instance in the collections sold under our own *XLC* brand.

Targeted marketing

The characteristics of the bicycle market vary widely per country. Operating close to the market enables Accell Group to respond quickly to the wishes of both retailers and consumers. This creates the shortest possible time-to-market for new products and innovations.

Accell Group has a decentralised marketing organisation, which ensures that the company has the best possible brand and marketing strategy for the various markets a brand serves. We use an ingenious market mix of traditional and new media, with both themes campaigns and direct marketing geared at consumers and specialist retailers. The company also makes sure experiences and best practices are shared across the group on a regular basis.

Sponsoring is an increasingly important marketing tool, especially for Accell's internationally operating bicycle brands. Brands like *Koga*, *Lapierre*, *Ghost*, *Haibike*, *Diamondback* and *Raleigh* are highly visible at all the major international cycling events in Europe and North America. For other brands with a much stronger national profile, the company focuses on local sponsoring. So in that sense, the brands also operate close to their own markets too.

For bicycle parts & accessories, the marketing efforts focus primarily on the retail trade and less on consumers.

Efficient sourcing and production

Accell Group cooperates closely with a number of suppliers in Europe and Asia for the sourcing of its bicycle components. Accell Group does this sourcing more and more at central level, for both the assembly of bicycles and for the sales of parts and accessories, which enables the company to generate economies of scale. The company regularly assesses whether existing cooperation with suppliers is optimal and identifies any potential efficiency measures and improvements. These assessments take into account both economic criteria and corporate social responsibility criteria.
Around 60% of all bicycles are assembled in our own production facilities. The 40% of bicycles sourced elsewhere are mainly children's bicycles, mountain bike entry-level models and virtually all bicycles for the North American market. The purchased bicycles are produced in Asia and Europe.

Production of bicycles close to the market considerably increases flexibility, especially in terms of responding quickly to clients' requirements. The company outsources (parts of) the assembly process whenever this generates attractive cost benefits without having to make concessions in terms of quality and flexibility. The ability to produce small series quickly and efficiently is a key criterion, because of Accell Group's focus on the middle and higher market segments. The increasing interest in specialties and custom-made products makes this even more important. This is why most assembly takes place close to Accell Group's key markets, which are primarily in Europe and Turkey.

Accell Group has production facilities in the Netherlands, Germany, France, Belgium, Hungary, Turkey and China. The vast majority of bicycle assembly is done by hand. All production, assembly and paint technologies are employee-friendly and trendsetting in the bicycle industry. All production facilities devote considerable attention to internal training and the versatility of the employees. A considerable number of employees in the production facilities work on the basis of flexible and temporary contracts, which means we can respond to changes in production levels during the season.

Accell Group has no production facilities for parts and accessories because these are pure trading activities. The products sold under our own *XLC* brand are unique and always designed in-house. We cooperate closely with the suppliers in this area and they are often the same producers of the bicycle components and parts and accessories that Accell Group sells under third-party brands. This means we can safeguard the high quality requirements we demand for all products sold under the companies' own brand.

E-bike trends in 2014

Electric bikes are popular. Thanks to technological developments, such as increases in the capacity and reductions in the size of batteries, every year sees launches of new models that are now proving a hit not just with older people, but among young people too. Research has shown that particularly younger people see electric bikes as trendy and who are set to use them more and more in the future. And electric bikes are not just popular for commutes back and forth to work or to take the kids to school; they are increasingly popular in the sports segment. For instance, Haibike's E-performance bikes, which have made Accell Group European market leader, are extremely popular these days.

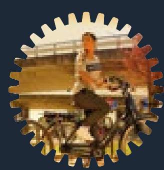
The Netherlands is the trendsetter in this segment and more than 10% of all households in the country now own an electric bike. In fact, the Netherlands and Germany currently account for some 50% of the European electric bicycle market. The size of that market is also growing every single year, and not just in the Netherlands and Germany. Other European countries, like France and Italy are also seeing a sharp rise in the popularity of electric bikes. And the use of electric bikes is on the rise outside Europe, too, as countries like the United States discover the joys of the electric bike. The last few years have seen a huge increase in the number of people using electric bikes, both in the big cities and for recreational and sporting purposes.

Europe

	1.000 x
2010	500
2011	700
2012	900
2013	1.100
2014	1.200

Germany

	1.000 x
2010	200
2011	310
2012	380
2013	410
2014	450



The Netherlands

	1.000 x
2010	170
2011	180
2012	185
2013	195
2014	210

Sale to specialist retail trade, online support and service

Professional advice and service play a key role in bicycle sales. Accell Group bicycles and parts and accessories are therefore sold to consumers primarily via bicycle and sports retailers. The online platforms of Accell Group's brands play a supporting role in this, in terms of brand experience, product selection and ease of purchase. Whenever possible, the country organisations and their own brands cooperate closely in their approach to the retail trade.

The opportunities offered by web technology are helping to increase demand for custom-made bicycles. Consumers can specify their own bicycle, often in cooperation with a retail specialist. The *Koga* ('Koga Signature'), *Lapierre* ('Webseries'), *Staiger* ('Sinus') and *Haibike* brands have all gained extensive experience with custom-made bicycle programmes via their online platforms and in cooperation with the retail trade.

Intensive cooperation with retail trade in sales to consumers

Accell Group has deliberately chosen to support and cooperate intensively with the specialist bicycle and sports retail trade for the distribution of its products. These specialists are eminently capable to guarantee the end-user the highest possible service levels. In a country like the Netherlands in 2014, almost 90% of new bicycles and around 70-80% of parts and accessories were purchased via specialist retailers.

The specialist retail trade is changing rapidly. Points of sale are becoming bigger and more modern. Internet and e-commerce are creating new opportunities to increase brand experience, choice and selection and ease of purchase. These trends are also increasing the opportunities for more intensive cooperation between brands and the retail trade in terms of service and support; in other words, more in-store marketing and direct marketing. The vast majority of consumers see the specialist retailer as a key partner in terms of advice and service. This is especially true for after sales, when it comes to checking, final assembly and preparing the bicycle for use, as well as in terms of buying parts and accessories. Accell Group works very closely with dealers of our own *XLC* brand to generate consumer attention for *XLC* bicycle parts and accessories using special presentation systems and exclusive *XLC* displays.

These services and the cooperation with retailers is a key part of the added value of the Accell Group brands. Given the ever-increasing complexity of bicycle products, growing consumer demand for more added value, and especially the growing popularity of electric bicycles, the advisory role and importance of specialist retailers in the professional services and maintenance chain are becoming even more important.

↗
GHOST

MISSION, STRATEGY AND TARGETS

Mission

Accell Group's ambition is to be a trendsetter in the development and sale of sustainable consumer goods for short-distance mobility and active recreation and sports.

Strategy

The Accell Group strategy is built on the following basic premises:

- ***Safeguarding and reinforcing the market positions of strong national brands and expanding the position of top sports brands on an international scale***

Consumers are willing to invest in high-quality products and recognisable and well-positioned nationally strong brands are important in this context. A focused and consistent brand policy enhances our ability to constantly provide added value to both consumers and the specialist retail trade. In addition to this, Accell Group's international top sports brands create excellent opportunities for growth in the countries in which they are active and for expansion to new countries.

Continuous investments with a strong focus on innovation and design is crucial on this front. Accell Group's country organisations operate close to the market and are therefore able to respond quickly to the specific demands of consumers, for instance in the production of small(er) series and custom-made bicycles.

The Accell Group brands remain attractive to their specific target groups thanks to constant innovations and the adaptation of the products to the changing tastes and preferences of consumers. This is also the foundation of our ambition to further boost the market positions of these brands nationally or internationally on an organic basis.

- ***Continuous introduction of appealing and differentiating bicycle collections and boosting added value***

Accell Group will use its current brand strategy to continue its effort to deliver innovative bicycles that appeal to consumers. Even now, at a time when consumers are keeping a closer eye on their disposable income, there is still a huge demand from consumers for quality and added value. This makes delivering added value and maintaining differentiation even more important. Ease of use, design and safety, together with complementary parts and accessories play a significant role on this front. Accell Group focuses on active support for its brands, intensive cooperation with the bicycle and sports retail trade and targeted marketing at the points of sale in the retail sector and targeting consumers directly.

- ***Focus on R&D know-how and innovative strength***

Innovations appeal to consumers. Accell Group invests relatively large amounts in (technical) innovation and aims to be a leader in this field. The company will therefore invest more in product developments than the average company in the bicycle sector. These innovations are increasingly focused on electric bicycles and high-grade sports bicycles, the market sectors with attractive growth potential.

Over the years, the group has built up a strong track record when it comes to innovative potential. The R&D teams of the country organisations introduce new innovations and product improvements every year. And every year, Accell Group's strong brands successfully launch bicycle collections with various innovations.

Innovations such as spoke patterns, the integration of batteries in frames, the detachable battery in the frame and various frame suspension systems, such as the new E:I system, all confirm the leading position Accell Group and its brands occupy on this front. Another prime example is the development of the new speed pedelec (up to 35, 40 or 45 km/h) at various Accell Group brands.

- ***Protection of intellectual property of brands, bicycle designs and innovations***

The name recognition and strong brand image developed over the years, together with the development of recognisable bicycle designs within the collections, represent considerable value and Accell Group protect this value against possible misuse and infringements. The company regularly takes action against third parties to protect its intellectual property. Accell Group has contracted an advisor who specialises in this field to combat both fakes and trademark infringements using state-of-the-art methods. The protection of intellectual property also extends beyond brand and model protection to cover specific innovations and product improvements, for which Accell Group holds more than 50 international patents.

- ***Actively helping the specialist retail trade to provide top-notch service and sales to consumers and to increase complementary sales***

Close cooperation with the retail trade is vital to make a real difference in the bicycle market. Specialist bicycle and sports retailers are in a prime position to guarantee end-users of bicycles the best possible service. Especially when they are making expensive purchases, consumers attach enormous importance to the service provided, specifically during (advice and assistance) and in after sales (check, final assembly and ready-to-ride delivery).

The specialist retailer plays an increasingly important role in the chain. This is partly because of the rising average price and growing complexity of bicycles, and electric bikes in particular. Close cooperation with specialist retailers also creates additional opportunities for complementary sales of bicycle parts and accessories.

The use of internet and e-commerce plays an significant role in Accell group's cooperation with the specialist retail trade. The online functionalities Accell Group offers via the websites of its brands and via social media aim to help consumers make well-informed choices when they purchase bicycles and bicycle-related products. The aim is to provide them with all the relevant information they need, plus extra service to increase the ease of purchase in the store for the consumer. Accell Group will also continue to respond to the increasing popularity and use by consumers of online functionalities to design custom-made bicycles. Accell Group uses advanced systems in the specification of custom-made bicycles that make it extremely easy for consumers or dealers to specify and order a custom-made bike. And the company uses data linking to carefully record the information and ordering needs of the retailers, plus the specific bicycle data.

Accell Group is also actively working to make the back-end of the distribution chain more effective and more efficient. The company is actively developing new digital solutions and functionalities that help retailers to optimise and simplify their store management. Several years ago, Accell Group introduced a completely new digital ordering system for bicycles, bicycle parts and accessories, which forms the basis for the continuing optimisation of the company's cooperation with dealers in the field of chain management. Almost the entire company's dealer network currently uses this ordering system.

- ***Generating growth by maintaining the #1 position in the growing electric bicycle market and strengthening the company's market position in bicycle parts and accessories***

The electric bike is popular for both leisure activities and for short and medium distance travel. The product has more than proven its worth on that front in major cycling nations like the Netherlands and Germany. On an international level, demand for electric bicycles is still limited, but that also means there is considerable potential for growth. This is a market with a relatively high level of technology, which makes it an excellent fit with Accell Group's innovation-driven approach. The company is therefore extremely well positioned to maintain and expand its leading position in this high growth market.

Accell Group is also focusing on growth in the market for bicycle parts and accessories. The company has been active in this steadily growing market for many years. It is a market driven by the growing demand for parts for maintenance and repairs and increasing demand for accessories for greater comfort and functionality. The market for bicycle parts and accessories is therefore very complementary to the market for bicycles. However, it is far less brand dominated and very strongly service-oriented. This market is all about availability, delivery time, a broad product range and technical support from the specialist bicycle and sports retail trade.

Accell Group has built up strong market positions in various countries and exports parts and accessories across the world. Additional increases in scale and an efficiently structured supply chain are crucial to maintaining the company's differentiating potential and gaining a competitive edge in this market. This makes a Europe-wide – for the time being - network indispensable. Accell Group wants to be a highly attractive player for suppliers of parts and accessories and aims to supply them across Europe as much as it can via a single point of contact.

- ***Active cost and inventories management***

Active cost management is a key tool in Accell Group's aim to improve its operating margins and competitive position. For instance, the company aims not only for moderate increases in wage costs, but also actively works to realise structural cost savings within the group by increasing the efficiency of the its purchasing and logistical processes. It does this by integrating operational activities, creating more integrated country organisations, relocating production and assembly activities when feasible and creating a more flexible cost base, so Accell Group can respond more effectively to fluctuations in demand throughout each season.

Another priority is active inventories management, due to the seasonal nature of Accell Group's activities. Inventories management is the most important tool Accell Group has to optimise its working capital utilisation and by doing so reduce costs and improve profitability. Inventory levels vary greatly across the bicycle season and Accell Group aims to create the best possible balance between sufficient availability during the season and limiting the discounts given to retailers at the end of the season to reduce inventory levels in the run-up to the next season.

- ***Realising organic growth and growth through acquisitions***

The worldwide bicycle market and related complementary market for parts and accessories are relatively fragmented with very few major international players and numerous smaller players in each country. Market consolidation has accelerated in recent years.

In terms of bicycles, Accell Group targets not only organic growth with its existing brands, but is also explicitly looking to generate growth through acquisitions. These may be acquisitions in markets where Accell Group is already active or in attractive new markets. Accell Group is also actively looking for suitable acquisition candidates to boost its network in the field of parts and accessories.

For Accell Group, acquisitions candidates must be complementary and truly add value in terms of returns and synergies. This means that Accell Group assesses potential acquisitions in terms of value and it does not believe in making acquisitions at any price.

- ***Utilising synergies and benefits of scale***

Its scale in the global bicycle market gives Accell Group additional commercial strength compared to most of its competitors in its markets. Accell Group realises scale and synergy benefits in a variety of ways across the group and between the country organisations. Prime examples are the integration of back office systems, centrally coordinated sourcing, continuous intensification of cooperation with suppliers, the integration or outsourcing of production activities and reciprocal exchange of best practices and know-how in the field of product development, innovations and marketing. Initiatives in all of these areas have already resulted in tangible efficiency improvements, but still offer a great deal of additional potential.

- ***Recruiting and retaining talented employees***

Talented and motivated employees are important to the realisation of Accell Group's ambitions. Accell Group wants to offer its staff a challenging working environment that suits their personal abilities and ambitions. Accell Group's corporate culture is open and professional. The company attach high importance to the health of the employees, by offering them a safe workplace, training and good career prospects. Many of the group's employees are entitled to a share in the profits.

- ***Actively responding to sustainable trends such as 'more exercise and healthier living' and working with the maximum respect for people and the environment***

The bicycle market benefits from a number of key demographic and sustainable social trends that also affect consumers' lifestyles. Sustainable mobility solutions also play a role on this front and the function of Accell Group's products makes them a perfect fit for these trends.

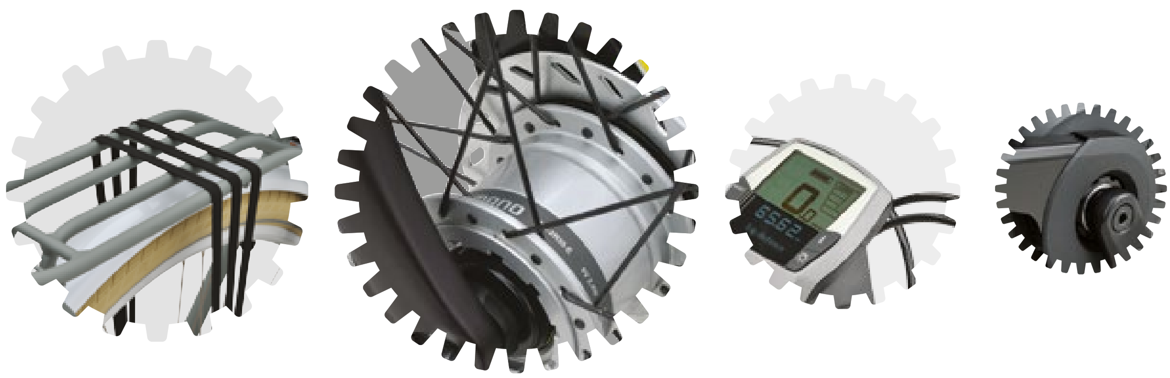
Consumers are increasingly aware of their environment and more and more of them are consciously choosing environment-friendly modes of transport as an alternative to cars and other motorised forms of transport. Consumers are also more health conscious and are therefore also choosing to bikes as a way to keep fit, get regular exercise or get into sports. And constantly advancing urbanisation, resulting in increasingly congested cities, is boosting the demand for alternative short-distance mobility solutions, which is in turn increasing demand for bicycles. Electric bicycles also make medium distances easier to bridge for consumers. The ageing of the population and the fact that people live longer, stay active longer, remain healthy until later in life are also key factors on this front. Numerous national and local governments are now encouraging bicycle use for one or more of the above reasons.

Accell Group's ambition is to integrate sustainability and corporate social responsibility in the company's strategy and operating processes as much as possible. For Accell Group's strategy on corporate social responsibility, we refer to the chapter Society and the Environment of this annual report.

Targets

In the context of its mission and strategy Accell Group has set itself the following targets:

- an improvement of operating margins;
- a healthy and sustainable return for its shareholders;
- a stimulating working environment for its employees;
- an increase in market share for its existing brands;
- a further strengthening of its leading positions in various countries;
- a greater geographical reach and the acquisition of complementary business;
- a complete range of choices for consumers;
- a healthy financial position.



COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors comprises the following members:

R.J. (René) Takens
(1954)

Chief Executive Officer
(CEO)

▪

Mr. Takens joined Accell Group in 1999 as CEO. After graduating in Mechanical Engineering from the Twente University of Technology, Mr. Takens began his career at the Svedex Bruynzeel Group, where he remained for ten years, ultimately in the position of managing director. He subsequently spent seven years as CSM's Managing Director for Italy.

H.H. (Hielke) Sybesma RC
(1967)

Member of the Board of Directors
(CFO)

▪

Mr. Sybesma joined Accell Group in 1995 as Finance Manager for subsidiary Batavus. In the years that followed, Mr. Sybesma was closely involved with various Accell Group subsidiaries. Mr. Sybesma has been Accell Group's CFO since April 2001. After graduating in Business Economics from Groningen University, he worked as a financial consultant with PricewaterhouseCoopers for five years. Mr. Sybesma is also an Executive Master in Finance and Control (1995, Free University (VU), Amsterdam).

J.M. (Jeroen) Snijders Blok
(1959)

Member of the Board of Directors
(COO)

▪

Mr. Snijders Blok studied Business Economics at the Twente University of Technology and joined Accell Group in 1992, initially in the Automation department. In subsequent years, he held the position of logistics manager at Batavus and Hercules and was later appointed managing director of Batavus. Following the acquisition of Sparta in 1999, he was appointed Managing Director of that subsidiary. He has been COO of Accell Group since April 2004.

REPORT OF THE BOARD OF DIRECTORS

In 2014, Accell Group worked very hard to further strengthen its presence in a number of markets. Despite the limited growth on the European bicycle market last year, Accell Group was able to book solid results, on both operational and financial fronts thanks to more intensive cooperation between the various companies in the group, plus disposals and acquisitions.

Intensified cooperation

The merger of the assembly operations of *Batavus* and *Sparta* in Heerenveen, which was initiated in 2013, led to a further improvement of Accell Group's organisational management in the Netherlands. The company then moved the bicycle parts and accessories company *Juncker* into the vacated assembly space in Apeldoorn. And the new parts distribution centre - with its completely new and advanced warehousing system - is now fully operational. We have also incorporated the storage and dispatch of service and guarantee parts for *Batavus*, *Koga* and *Sparta* in this new distribution centre. On top of this, we increased efficiency by improving the cooperation between our businesses in the United States by centralising the management of the various Accell brands in that country. In early 2014, we incorporated *Seattle Bike Supply* and *Raleigh USA* in Accell North America. As per 1 January of this year we added *Currie Tech*, and *Raleigh Canada* will follow in the course of 2015. The *Raleigh* production plant in Waterloo (Quebec, Canada) is now vacant after we ended bicycle assembly activities there in 2013. All the company's inventories have been either sold or donated to charitable organisations primarily active in Africa.

Disposals

Last year, we once again proved that we can safeguard the differentiating potential in our brand portfolio. Following a strategic review in the summer of 2013, it turned out that the disposal of *Hercules* would have a positive impact on the positioning and the differentiating potential of Accell Group's other German bike brands, and free up the resources needed to increase investments in the other brands. And in 2014, we sold *Hercules* to its biggest customer, ZEG. This sale put Accell Group in a stronger market position in Germany. The sale of the activities of the *Tunturi Fitness* business was also in line with our strategy of reinforcing the market position of strong national bike brands. Thanks to the growth we have booked in bicycles and bicycle parts and accessories and the opportunities we have seen and taken in our (home) markets, the fitness business was simply too small to remain a part of our group.

Acquisitions

In the year under review, Accell Group acquired *Comet* in Spain, and then acquired the company *Cycle Service Nordic* in Denmark in January of this year. These acquisitions are a further expansion of our business in the bicycle parts & accessories segment and are fully in line with our international growth strategy. We are aiming to build up a full-coverage parts and accessories network in Europe and North America, which will enable us to both optimise the service to our markets and realise benefits of scale. At the same time, this also enables us to intensify the cooperation with our dealers and increase potential cross selling of parts and accessories together with bicycles. Our own parts brand *XLC* will play an important role in this effort.

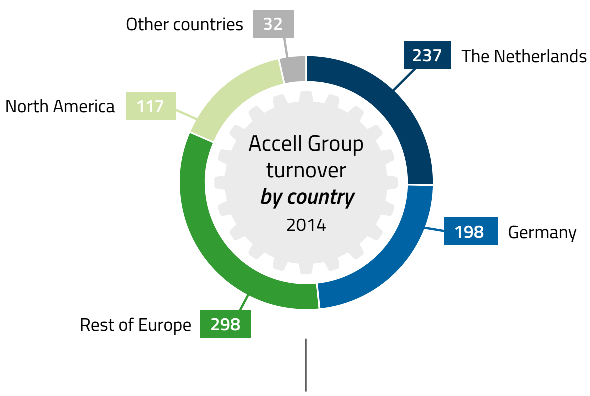
CSR

In addition to the operational developments and organisational changes we made in 2014, we have in the past year devoted a great deal of attention to the continued development and implementation of our group-wide corporate social responsibility strategy. As part of this strategy, Accell Group supports a number of initiatives aimed at boosting sustainable mobility, sport and physical exercise and we are innovative in how we make our own operations more sustainable. You can find out more about our CSR strategy in the section Society and Environment on page 47 of this annual report.

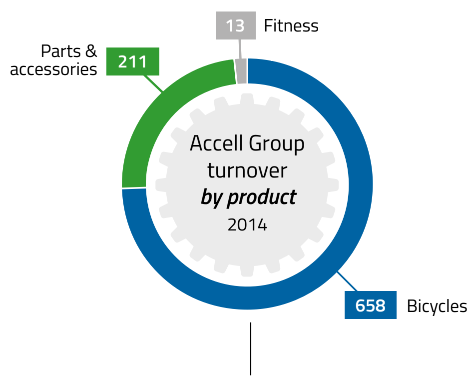
Awards

Last year, we saw a very large amount of interest in the bicycle collections we took to international trade fairs such as Eurobike (Friedrichshafen), Interbike (Las Vegas), the Taipei Cycle Show (Taipei) and China Bicycle and Motor Fair (Shanghai). Our bike brands and models won no less than 14 different international prizes and awards in 2014. The *HaiBike* Xduro RX, a sporty electric mountain bike, was crowned the 'electric bike of the year' in the United States at the Interbike bicycle trade fair (USA). We see this award as recognition of our pioneering role in the field of electric performance bikes. All the prizes Accell Group won in 2014 are clear proof that the strong focus of our brands on innovation and design is the right approach. You can find a list of the awards we won in 2014 on page 44 and page 45 of this annual report.

Segmentation



(in millions of euros)



(in millions of euros)

Following the sale of the fitness activities in mid-2014 Accell Group has adjusted its primary segmentation. As from the 2014 annual results, Accell Group will report annual and interim results for the segment bicycles and the segment parts & accessories. The 2014 segmentation also include the fitness segment. The new segmentation is entirely in line with Accell Group's strategic priorities and provides insight into the company's underlying performance.

Bicycles

Turnover in the bicycles segment was up 5% at € 658.1 million in 2014 *(2013: € 626.0 million)*. Organic turnover growth in the segment amounted to 10%. The largest increase was seen in the Netherlands (+12%). The average price per bicycle increased to € 377 *(2013: € 336)* due to the fact that electric bike sales accounted for a greater proportion of overall turnover. Sales of electric bikes came in 23% higher and this now account for 41% *(2013: 35%)* of Accell Group's overall turnover in the bicycle segment. Due to the termination of deliveries to the mass market in the United States, turnover in sports bikes declined by 6%, Turnover in traditional bikes remained stable. The number of bicycles sold amounted to 1,725,000 *(2013: 1,835,000)*. The segment result was up 16% at € 46.0 million *(2013: € 39.8 million)*.

Accell Group recorded a 12% rise in turnover bicycle sales in the Netherlands in 2014, on the back of a 6% increase in sales volume. Market sales volume increased by around 7% in the same period. The increase in turnover from the Accell Group brands was largely due to the increase in electric bike sales up 14% as a result of which the Accell Group's brands (*Batavus*, *Sparta* and *Koga*) increased their market share. Turnover was also boosted by the sale of so-called company bicycles in the fourth quarter. As from 1 January 2015, the government changed the tax benefits on bicycles purchased for commuter traffic as a result of which company bicycles fall under the general expense allowance scheme as of this year. Many people decided to buy a bicycle under the old scheme before the end of the year.

In Germany, Accell Group sold *Hercules* in early 2014, which led to lower turnover in the year under review. Organically, bicycle turnover was up 12%, on the back of a 5% increase in sales volumes, largely driven by the increase in sales of electric bikes, which are highly popular in the German market. The overall German market grew by around 4% in terms of numbers of bicycles sold. This means Accell Group outperformed the market in Germany. The number of electric bikes sold in the overall German market is estimated to have increased to around 450,000 a year in 2014 *(2013: around 410,000)*.

Accell Group's turnover from bicycles in North America increased in the multi-sports channel, which is an important segment for the company. Sales via traditional bicycle retailers (IBD) lagged expectations and declined. Total bicycle turnover was up 4%. Turnover from electric bikes only saw a modest increase, because the market for electric bikes in North America remains fairly small. A positive impulse came from *Haibike* E-mountain bike, winning the E-Bike of the Year Award at the Interbike international bicycle trade fair, held in September 2014 in the United States. In the United States the full integration of the Accell brands will be completed in 2015. In Canada, Accell Group completed the closure of the production facility, but the sell-off of the existing old inventory in the warehouse proved more expensive than expected. As from 2014, the operations in Canada are focused on sales of *Raleigh* and *Lapierre* bicycles to bicycle retailers (IBD).

In the Rest of Europe, Accell Group's main markets are France, Great Britain, Belgium, Scandinavia and Switzerland. Turnover in this region was up 11% last year. In France, bicycle turnover was up at both *Lapierre* and through exports by the German and Dutch companies. In Belgium, Accell Group is primarily active via its Dutch bicycle brands. Turnover in Belgium declined due to a drop in bicycle turnover at *Brasseur*, which is increasingly focused on the sale of parts and accessories. In the United Kingdom, bicycle turnover was up 10% largely due to *Raleigh*. Accell Group also booked higher turnover in Switzerland, largely due to higher sales of electric bikes under the German and French bicycle brands, both via traditional dealers and in the multi sports channel. Accell Group's German and French brands are also well positioned in Austria, especially in the sports bike segment, and turnover was also higher there. The group's own organisations in Finland, Sweden and Denmark sell the Finnish brands *Tunturi* and *Nishiki* (Finland only), as well as the Dutch, German and French brands right across Scandinavia. Bicycle turnover was up in all Scandinavian countries. In southern Europe, sales to Spain were also higher, which mainly concerned sales of *Lapierre*, *Ghost* and *Haibike* sports bikes. In Italy, Accell Group is active via *Atala* (not consolidated), as well as with the French and German brands.

In Other Countries, Turkey and the Far East are the group's key markets. In Turkey, *Accell Bisiklet* is the main seller in the market. Turnover is still relatively limited in the other Asian countries and in 2014 was roughly the same as in 2013 in these countries. The licensing income from the *Raleigh* and *Diamondback* brands increased slightly worldwide, in line with expectations.

Parts & accessories

Turnover in the parts & accessories segment rose by 5% to € 211.5 million in 2014 *(2013: € 201.5 million)*, with turnover in Accell Group's own brands (largely *XLC*) recording an increase of 17%. *XLC* is growing rapidly and is sold worldwide via the existing dealer network of bicycle and sports shops in more than 45 countries. In particular, Accell Group has strong markets positions in parts and accessories in the Netherlands, Belgium, Germany, France, Spain, Italy, the United Kingdom and Scandinavia. Accell Group booked higher turnover in virtually all the European countries in which it operates. The company is now a step closer to achieving its ambition of a comprehensive European network, following the recent acquisition of *Comet* and the acquisition of *CSN*, completed in early 2015. The segment result came in 11% higher at € 11.3 million *(2013: € 10.2 million)*.

Turnover in the Netherlands and Germany was up 28% and 1% respectively, and these increases were entirely organic. In the Netherlands, Accell Group invested in a new automated distribution centre for parts and accessories in the course of 2014. The organisation is moving from Veenendaal to Apeldoorn, where space has fallen vacant following the relocation of the *Sparta* production activities to Heerenveen and the integration of the *Sparta* and *Batavus* production activities. In North America, turnover in parts and accessories dropped by 40%. The market declined slightly and a larger number of parts suppliers are now distributing their products directly to dealers. The integration of *SBS* and *Raleigh* in the country organisation Accell North America has also led to delivery problems and has not yet resulted in the envisioned improvements. In the Rest of Europe and Other countries, turnover was up 11% and 94% respectively. *Comet* has been consolidated in the Rest of Europe as of 1 November 2014. *CSN* in Denmark will be consolidated as of 1 January 2015.

Fitness

Accell Group sold its fitness activities as of 1 August 2014. Turnover to the moment of sale was at a comparable level to the previous year's figures. On balance, the sale of the activities resulted in a one-off charge of around € 1.0 million related to the buy-out from several operational commitments.

Important financial developments in 2014

In 2014, group turnover came in 4% higher at € 882.4 million. Turnover increased by 8% organically. Currency exchange effects had a negative impact of € 7.6 million in 2014, mainly due to currency translation effects of the Turkish Lira.

Added value (net turnover less material costs and inbound transport costs) as a percentage of turnover came in at 30.4% *(2013: 30.6%)*. Absolute added value rose by more than 3% to € 268.3 million *(2013: € 259.5 million)*. In 2014, the sales mix is more favourable due to the increase in sales of electric bikes and substantial lower discounts in the second half of the year compared to 2013. Warranty costs are higher than previous year.

Operating costs relative to turnover fell by 1%-point. Staff costs fell to 12.2% of turnover *(2013: 12.6%)*, partly due to the reorganisations in the Netherlands and North America. Other operating costs decreased to 12.2% of turnover *(2013: 12.6%)*, mainly due to lower selling costs. Total operating costs came in at € 224.0 million in 2014, which amounted to 25.4% of turnover *(2013: 26.2%)*.

The operating result (excluding exceptional income and expenses) rose to € 44.3 million in 2014 *(2013: € 36.9 million)*. The result from minority interests came in at € 0.4 million in 2014 *(2013: € 0.5 million)*.

The balance of financial income and expenses amounted to € 8.8 million negative in 2014 *(2013: € 11.7 million negative)*. The lower financial expenses compared with 2013 were due to lower financing needs as a result of lower working capital. In addition, Accell Group did not make any use of factoring in 2014.

The tax rate rose to 26.0% in the year under review *(2013: 16.4%)*. The favourable effects on the rate as a result of the legal restructuring of the German activities in 2009 have been fully utilized, which leads to an increase of the effective tax rate in Germany. The tax rate was negatively impacted by no longer recognised deferred tax assets related to the integration of *Currie Tech* in Accell North America and the deferred tax assets as a result of reorganisation losses in Canada were not booked.

On balance, exceptional income and expenses came in at € 0.7 million negative in 2014. In addition to the book profit on the disposal of *Hercules* (€ 2.3 million), Accell Group incurred extra reorganisation expenses in the Netherlands and North America (€ 1.6 million), one-off costs for the sale of *Tunturi Fitness* (€ 1.0 million) and the acquisition costs related to *Comet* (€ 0.3 million).

Net profit for the 2014 financial year came in at € 26.1 million *(2013: € 19.0 million)*.

Financial position

Accell Group's balance sheet total stood at € 622.6 million at year-end 2014 *(2013: € 579.6 million)*. Total working capital amounted to € 269.2 million in 2014 *(2013: € 284.1 million)*; working capital as a percentage of turnover came in at 30.5% (2013: 33.5%). The inventories component of working capital was lower in 2014, while bicycles accounted for the largest drop in inventories. At year-end 2014, the number of bicycles in stock was significantly lower than at year-end 2013, due to the optimisation of the logistics planning. The average cost price of bicycles increased due to a larger share of electric bikes. The total value of inventories stood at € 244.5 million at year-end 2014 *(2013: € 251.2 million)*.

Due to a higher turnover in the fourth quarter, accounts receivable stood at € 133.3 million at year-end 2014 *(2013: € 104.7 million)*. At year-end 2013, € 10.7 million in accounts receivable had been submitted for factoring. Total trade accounts payable stood at € 108.5 million at year-end 2014 *(2013: € 71.8 million)*. The higher balance of accounts payable was due to the use of longer payment terms for suppliers and higher inventories of goods in transit at year-end 2014.

Capital employed rose to € 452.1 million in 2014 *(2013: € 446.6 million)*. The return on capital employed stood at 9.8% as per the end of the financial year *(2013: 8.3%)*, based on the operating result corrected for incidental items.

Shareholders' equity amounted to € 275.9 million at year-end 2014 *(2013: € 240.0 million)*. In addition to the net profit realised, the shareholders' equity was also impacted by the payment of a cash dividend of € 7.2 million *(2013: € 10.8 million)*. On top of this, the shareholders' equity includes the impact of the conversion of foreign operations (€ + 6.5 million) and the impact of changes in the value of financial instruments (€ + 11.4 million).

The solvency rate had risen to 44.3% at year-end 2014 *(2013: 41.4%)*. Net debt (total of loans, bank credit and cash positions) had dropped to € 152.3 million at year-end 2014 *(2013: € 183.6 million)*.

Net cash flow from operating activities came in at a positive € 38.2 million *(2013: € 23.2 million negative)*. The operating cash flow before working capital and provisions came in 23% higher at € 52.8 million in 2014 *(2013: € 42.9 million)*. The cash flow from working capital amounted to € 3.4 million positive *(2013: € 53.7 million negative)*, due to higher accounts receivable and on the other hand higher accounts payable and lower inventories. The free cash flow stood at € 38.3 million positive *(2013: € 30.9 million negative)*.

Earnings per share and dividend

Earnings per share on the basis of the weighted average number of outstanding shares (year-end 24,685,681 shares) came in 34% higher at € 1.06 in 2014 *(2013: € 0.79)*. Due to the issuance of 454,596 shares for the payment of stock dividend for the 2013 financial year, the correction factor for the earnings per share from previous years is 0.9817.

For the 2014 financial year, Accell Group shareholders will be asked to approve the payment of a dividend of € 0.61 per share *(2013: € 0.55)*, to be paid out in cash or shares. This implies that the pay-out ratio amounts to 58%. Based on the closing price at year-end 2014 (€ 13.60), the dividend return amounts to 4.5%.

Outlook

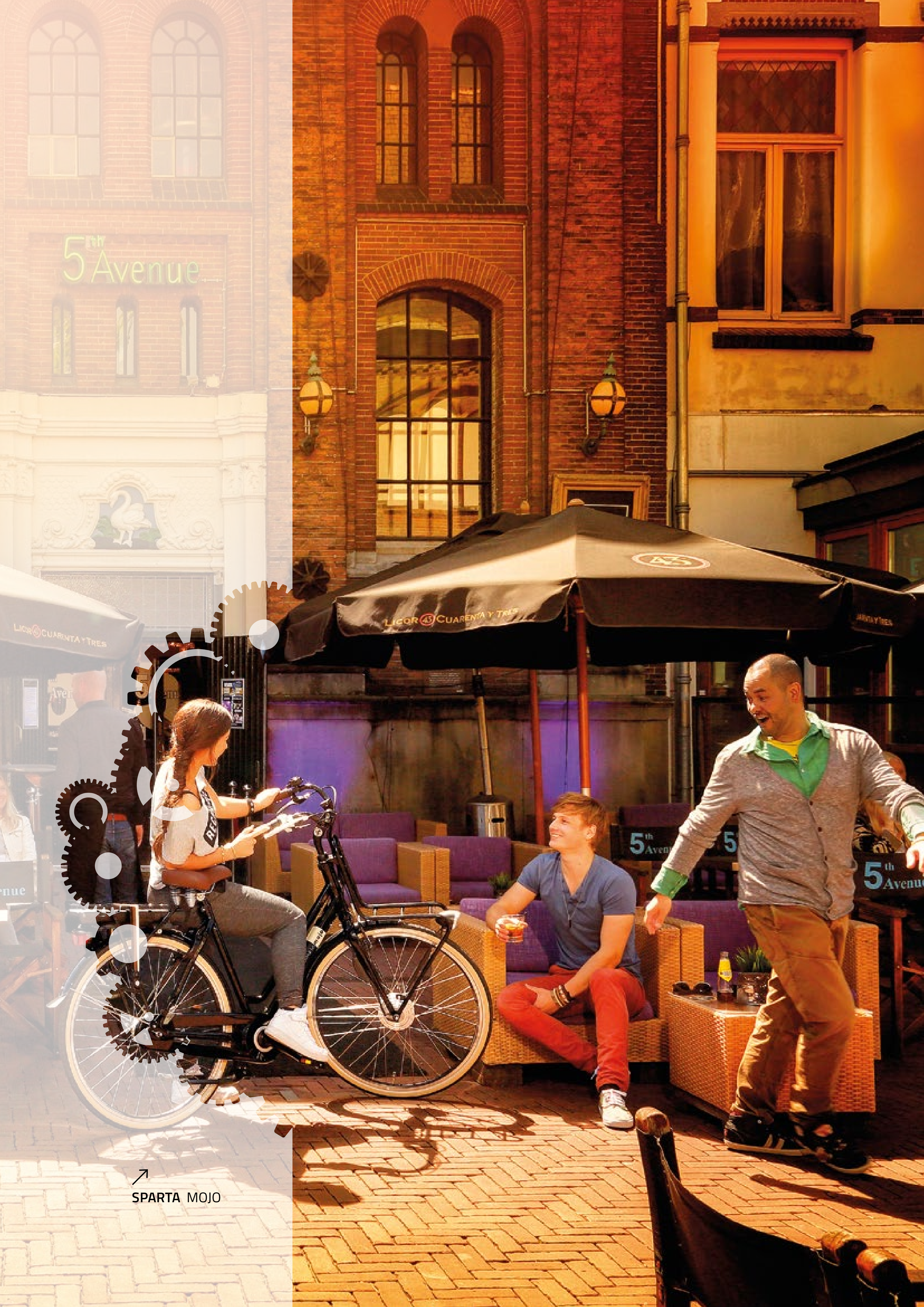
Accell Group's products are very popular with consumers, while more and younger people in particular see the bicycle as a lifestyle product. Cycling is fun, easy and healthy. Cycling is also relatively inexpensive. Numerous national and regional government authorities in Europe and elsewhere are now promoting the use of bicycles as an alternative mode of transport, for environmental, mobility and health reasons. Accell Group firmly believes that cycling will only become more popular in the years ahead.

This will have a positive impact on the demand for parts & accessories. Accell Group brands are in a position to present new collections of products every season, with numerous innovations on the design and technology fronts.

Accell Group's continuous market research guarantees that the group develops the right products. And thanks to ongoing product development, which in turn leads to new (alternative) uses, plus the entry into new markets, sales of electric bikes will continue to grow in the future. Not only are Accell Group's brands market leaders in the electric bike segment, they are also major players in the market for high-grade sports bikes. Accell Group will expand those market positions in the years ahead, as the current positioning in the middle and higher segments of the market gives the company a solid basis for growth. At the same time, the expansion of complementary activities in the field of parts & accessories will reinforce the Accell Group proposition. This will involve the continued development of a comprehensive European network and growth that will focus primarily on Accell Group's own international brand *XLC*. These structural market trends and differentiating factors will together form a strong basis for Accell Group's revenue model and profit potential in the years ahead.

Further increases in scale and the use of synergy and economies of scale in the fields of purchasing, production, development and marketing will also enhance the group's profit potential. In 2015, Accell Group will also be actively looking for ways to increase its scale, both organically and via acquisitions that fit in the group's profile and (brand) portfolio. These acquisitions will also have to be complementary and add value to the group in terms of returns and synergies in the short term. At the same time, Accell Group will also be looking to further optimise the cooperation between its country organisations and its brands in 2015.

On the basis of the favourable underlying trends, combined with the slightly better macro-economic indicators driving consumer spending, and barring unforeseen circumstances, Accell Group expects to record a further increase in both turnover and result in 2015.



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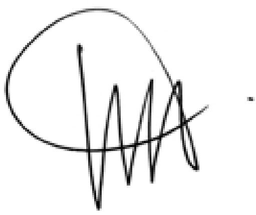
SPARTA MOJO

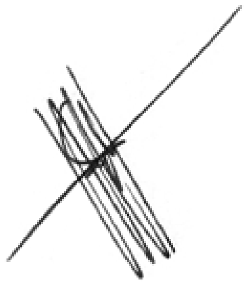
Responsibility Statement

The Board of Directors of Accell Group declares that the financial statements give a true and fair view of the assets, liabilities, financial position and the result of Accell Group and that the annual report gives a true and fair view of the situation as at the balance sheet date and the business development during the financial year of Accell Group and the associated companies for which the financial information is recognised in its financial statements and that the annual report describes the significant risks with which Accell Group is confronted.

Heerenveen, March 11, 2015



R.J. Takens, CEO



H.H. Sybesma, CFO

J.M. Snijders Blok, COO

Awards

Batavus Razer

GIO 2014 special award for excellence in originality

A lightweight and sporty electronic bike, targeted at Generation Y (roughly between 1980 until 1995). This target group uses the bike extensively, wants a notable design and looks for great sportiness and agility in a bike, combined with a high degree of value-for-money. Built for daily urban mobility and commuting. With a gross weight of only 23.4 kilogram, the bike is one of the lightest E-bikes on the market. Wrapped up with sustainable components, and suitable for 365 days a year of electric biking.

Batavus Dinsdag

GIO 2014

A featherweight and sporty city bike, aimed for the Y Generation (roughly between 1980 until 1995). Focused on high mileage, the ability to stand out from the crowd, and great sportiness and agility, combined with a high degree of value-for-money. The gross weight of the lightest model is a mere 17 kilogram, which makes it the lightest-in-class city bike. The Dinsdag is designed for daily urban mobility and commuting.

Batavus Zonar

GIO 2014

A lightweight sport bike, targeted at Generation Y (roughly between 1980 until 1995). This target group uses the bike on a daily basis, wishes to distinguish themselves and looks for great sportiness and agility in a bike, merged with a high degree of value-for-money. The Zonar is built for daily mobility and recreational use.

Sparta ION® RX+

GIO 2014

The new frame of the ION RX+ combines an energetic appearance with powerful and practical features. An advanced electric bike, which seamlessly translates the biker's pedaling effort to the engine. Equipped with a comfortable entry (at chain guard level) and an interchangeable dropout (which allows for variation in various gear types)? This results in considerable cost savings.

Sparta ION® RXS+

E- bike van het jaar 2014

An elegantly finished and perfectly balanced bike: ultimate support, comfort, stability and easy-to-use, but above all an all-inclusive model. The Sparta ION RXS+ is completely silent and its support feels like riding with a strong back wind. The RXS+ is equipped with a powerful 40Nm engine which enables the natural and smooth pedal assistance. Mounted with an ION Power Assist Module, the bike can ride autonomously up to about 2.5 mph. The display earns top marks for its broad range and great legibility. The 18-LED headlight and lock are integrated into the frame. The jury believes the Sparta ION RXS+ is a highly comfortable, and above all an extremely comprehensive bike, which can befittingly label itself as E-bike of the Year 2014.

Haibike Xduro RX

E- Bike of the year

Among the winners of the prestige Interbike Award was the Haibike XDURO FS RX in the "E-bike of the Year" category. This full suspension E-bike won this first time price in competition with four other competitors E-bikes nominated. Introduced at Eurobike 2013, the Haibike XDURO FS RX is a cross country focused E-Mountain bike with 120mm of full suspension travel. It is pedal assist only, powered by Bosch's Performance Line mid motor, and spec'd with Shimano M615 hydraulic disc brakes, SLX drivetrain, Rock Shox Reba RL 120mm forks, DT Swiss 27.5" 466d wheels, and Schwalbe Nobby Nic tires.

Ghost
AMR Riot Lector 9

TAIPEI CYCLE Design & Innovation award 2014 - GOLD

Imagine a bike that takes you further, goes faster and makes every ride safer. Both uphill and downhill, the bike is more energy efficient and also capable of handling the roughest trails. Numerous innovative solutions are incorporated into the dynamic design. The close cooperation between our engineers and designers has resulted in a product that redefines our perception of the ultimate mountain bike.

Koga
F3

Product design award 2014

Koga has proven with this concept that performance and design can be combined to superb effect. The shape of the frame tubes characterizes the F3 with rounded and sharp edged lines being used alternately, accentuated by an "understated" design. Koga's designers have managed to create a clean cycle concept in which functionality, integration and design are all perfectly balanced. One good example is the cable for the rear light, which runs entirely within the frame and rear rack. The rear mudguard and the carrier rack are also good examples of the comprehensive integration: the mounting points are out of sight.

Koga
Beach Racer

Product design award 2014

The KOGA BeachRacer is the ultimate combination of a cycle-crosser and a 29'er mountain bike. Its unique riding characteristics meet the demands of beach races perfectly, but this bike is also very well suited for super-fast trail riding. The slim frame, rigid KOGA Pinza carbon fork and special handlebar guarantee optimal controllability and aerodynamics. The components have been adapted for sporty off-road usage: the 10-speed road racing drivetrain runs with a durable single steel chain and disc brakes. The tire combination 'Schwalbe 2.1 Thunder Burt' and '2.35 SuperMoto' is selected for its superb performance at the beach.

Haibike
Affair RX

Product design award 2014

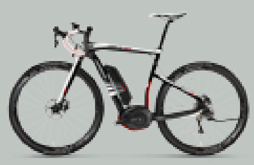
The frame of the HAIBIKE AFFAIR weighs a tiny 840 g. This is due to its light carbon fibers, which the fork is also made out of. The fork only weighs 330 g and is a particular technical highlight of the bike: for improved stiffness the classic tapered steer tube has been enlarged from 1" to 1¼". The Reverse Dropouts make up a fork design that improves comfort with the same level of stiffness and steering precision. This is also supported by the Super-Flex seat post and a tapered seat tube in the bottom bracket area. The contrast between the massive down tube and narrow, curved top tube gives the AFFAIR a modern racing design.

Haibike
HEET RX

Product design award 2014

Angular, dynamic and with clear lines: 'the new HEET frame dazzles with a new design and optimized kinematics. With a weight of around 2,150 g (without shock) it is not only extremely light, but its four bar linkage also have a travel of 160 mm. Thanks to the new Rock Shox Pike fork the 27.5" model comes to 160 mm, whilst the 29er has 150 mm front travel. The variable CNC-Dropouts make appropriate dropouts available for different axes and are completely compatible with 12 mm thru-axle or quick release, direct mount or standard rear derailleurs. The cable inlets are integrated into the frame of the 2014 models with form fitting inserts.

Haibike
XDURO Race



Product design award 2014

The XDURO RACE passes on the XDURO worlds Ready-To-Perform philosophy onto a race bike for the first time. Thus due to the interplay of the rider's own force and the new 350-watt Bosch Performance motor it supports up to 28 mph. The unobtrusively integrated components, such as the Haibike eLight system provide, that the Race possesses all the necessary homologations without ruining its harmonious composition.

XDURO RACE: the first real series eRacebike in history!

Haibike
XDURO URBAN

Product design award 2014

Black, monochrome and sexy: the XDURO URBAN, made for the pulse beat of the city. The best technical details: Bosch Performance 250-w motor, 10-Gang Shimano Deore XT gearshift, hydro formed aluminium frame with race geometry and decent integrated Haibike eLight System.

XDURO URBAN: Someone is going to take the lead.

IZIP
E3 METRO

TAIPEI CYCLE Design & Innovation award 2014 - GOLD

The E3 Metro is an urban utility eBike built to accommodate your daily routine. Our design focused on stable cargo carrying, rider comfort and clean aesthetics. The removable battery is integrated in the seat tube, which gives the best combination of weight balance, functionality and style. The front basket holds up to 25kg, and is easily installed or removed. While the bike is ruggedly constructed and painted with a simple matte black, the bamboo panels on the front basket and rear carrier give the bike warmth and personality. The e-system includes a hybrid pedal assist and throttle control system and a custom LCD display.

↖
LAPIERRE

SOCIETY AND THE ENVIRONMENT

In this chapter, Accell Group presents the progress the company made on the Corporate Social Responsibility front in 2014. Accell Group reports on the basis of level C of the international guidelines for sustainability reporting – the Global Reporting Initiative (GRI), version 3.1. You can find the GRI table for 2014 on the website under the header 'CSR'.

Vision & Strategy

'Accell Group manufactures a sustainable product in a socially and environmentally responsible manner, based on the premise of a responsible organisation that is transparent about its operating methods.'

Accell Group takes a broad view of its social and environmental responsibility and actively responds to the key current and sustainable trends and developments. These include climate change, the finite nature of the earth's resources, an increasing wealth of the world's population with the resultant mobility issues in large cities and increasing demand for sustainable mobility. On the other hand an aging population looking to remain healthy and active for a long time, plus the steady increase in so-called first-world diseases, partly because many people do not get enough exercise.

Accell Group has defined the following four priorities:

- With its products Accell Group supports sustainable mobility. Accell Group's ambition is to strengthen its support by contributing to initiatives aimed at sustainable mobility, sports and healthy exercise;

- Accell Group aims to be innovative in increasing sustainability of its operations and be trendsetting in the industry;

- In light of its key position in the value chain, Accell Group accepts responsibility for encouraging its suppliers, dealers and clients to operate sustainably. After all, Accell Group is a key link between these groups. Accell Group considers certain elements of its CSR policy to be pre-competitive and believes these benefits most from an industry-wide approach. Accell Group will take the lead in key collective issues, such as CSR in the supply chain;

- People are the heart of the organisation and Accell Group strives to create a stimulating environment for its employees: fun, safety, health and development.

Accell Group laid the foundations for its CSR policy in 2011, when it outlined its vision and its strategic priorities. Since that time, Accell Group has conducted annual stakeholder consultations to determine whether its vision, strategy and material themes need to be updated. Following these consultations, Accell Group tightened elements of its CSR policy and added extra information to its CSR report. This included a description of Accell Group's organisational structure and contextual information with the results of the CSR policy.

Each year, Accell Group conducts a review to check whether the material aspects selected in 2011 are still current and then adapts them where necessary. These aspects are reviewed in terms of completeness, relevance and importance. If necessary, the company amends its priorities, taking into account both the interests of the stakeholders and those of Accell Group itself. You can find an explanation of the method and an overview of the material themes and related monitoring methods on the website under the header 'CSR'.

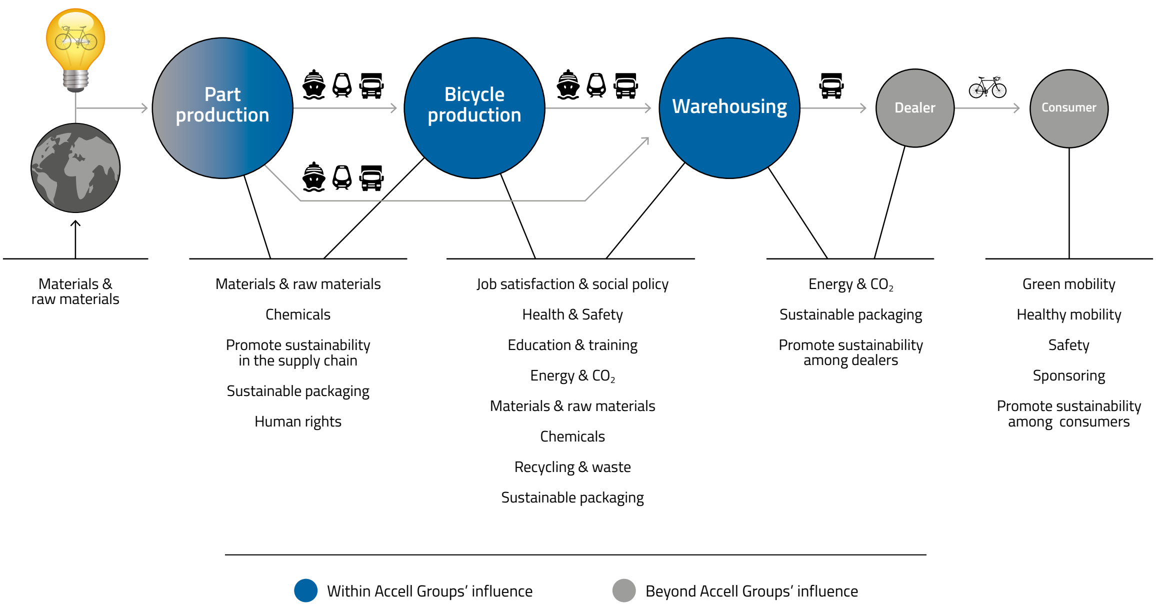
In the remainder of this chapter, we will present the activities and results of Accell Group in terms of the material CSR aspects and the indicators.

Organisation

Accell Group comprises around 20 companies varying in size from 14 to more than 400 employees. The group has a horizontal organisational structure, in which the subsidiaries have a high level of operational responsibility. The primary purpose of Accell's subsidiaries is to boost the position of their brand(s) in their respective (home) markets. The subsidiaries cooperate with the holding to determine and develop the strategy and related CSR strategy.

Bicycles and bicycle parts and accessories are the organisation's core products, and Accell Group focuses on the middle and higher segment of the market. The subsidiaries are primarily active in the development and marketing of the group's consumer products. The Accell Group companies also include production activities, such as assembly and painting. In addition to the company's own production activities, Accell Group also buys in complete bicycles and components from third parties. These are mainly products designed by the group itself, but also standard parts. The distribution of bicycles and bicycle parts & accessories has been contracted out to logistics partners and is effected by boat, train and truck. Accell Group sells its products to consumers mainly via bicycle and sports retail specialists. You can read more about the role and involvement of Accell Group in the value chain in chapter 'Business Model' on page 21.

FIGURE
The position of the Accell Group companies in the supply chain, coupled with the material themes.



Within the organisation, the management of the subsidiaries are responsible for the development and implementation of Accell Group's CSR strategy in their own business. Each of the companies has appointed a manager who is also responsible for providing CSR data. This network of managers is called the ACSI network (Accell Corporate Sustainability Initiative). The holding's CSR coordinator, who reports to the Chief Operations Officer, facilitates the ACSI network and the CSR strategy.

The ACSI network organises webinars several times a year, in which the members discuss the main themes and activities in the field of CSR. To bolster internal communications on the subject**, the ACSI network publishes a newsletter twice a year. These newsletters and the annual report are the two main sources of information for employees to stay informed about the activities of the ACSI network.

ACSI-newsletter: Creating engagement

The newsletter is more is than a source of information for Accell Group employees. Bringing CSR to their attention on a regular basis and explaining concepts such as 'people, planet, profit' and 'carbon footprint' gives Accell Group employees a much better feel for this important subject. And to provide more insight into the activities of the ACSI-network within the organisation, the newsletter includes regular interviews with managers from the ACSI-network. Take the newsletter published in the summer of 2014, in which Lapierre's Rémi Gribaudo explained the ins and outs of carbon recycling.

Stakeholders

Stakeholders are very important to Accell Group. The group's main stakeholders are employees, the company's dealer network, consumers, shareholders, the public sector (European and national governments in various countries), industry associations and suppliers. These groups of stakeholders all have an impact on Accell Group's operations and vice versa. Accell Group is in touch with all its stakeholders on a regular basis. These can be contacts due to services we provide our dealers, contacts with shareholders at the shareholder meetings and obviously with employees during various staff meetings and consultations. Accell Group also organises an annual consultation session to deal specifically with its CSR strategy, either in the form of a physical gathering, or via a tele-conference.

This year, Accell Group opted for a themed approach to its stakeholder dialogue, and tabled the idea of 'Mobility for the Future' for discussion. This is linked to the trends stakeholders are seeing and the possible consequences of these trends for Accell Group's corporate strategy. Ahead of the dialogue, the participants were sent a survey asking for their views on the theme and their opinion of the group's current CSR strategy, so the company could update its strategy. The results of the survey revealed that the participants back the idea of selected material aspects, that they attach a great deal of importance to the societal themes of sustainable mobility, sports & exercise and safety, plus that they would very much appreciate Accell Group taking a pro-active approach on these fronts. Stakeholders also see the issue of supply chain responsibility as a high priority. Asked which mobility trends they believe will play will play an important role in the near future, the respondents cited shrinking public sector budgets and the resultant cost consciousness. The stakeholders also see the accessibility infrastructure as a major cause for concern, especially the shortage of bicycle parking. Another worry is the paradigm shift in the concept of transport, which means that travellers no longer look at what modes of transport they have available to get to their destination, but rather which modes of transport they can use to do so.

The consultation session yielded three strategic themes which Accell Group is now looking to expand on. These are (i) the bicycle as the cornerstone of a sustainable economy, (ii) after-sales logistics, and (iii) the ageing population. All stakeholders see the bicycle as a building block for a sustainable economy and as the only true solution to mobility problems. The bicycle should therefore play a more prominent role in the mobility chain and a more important role in government policy. Accell Group can and will play a key role in the essential mobility lobbying of governments. And to make sure there is no decline in the public support the bicycle as a mobility solution, any initiatives will also have to deal with logistical issues such as bicycle parking, bicycle theft and end-of-life solutions. End-of-life can even be taken into account in the process of design, for instance by taking into account issues such as recycling, returns or by using technologies that enable us to follow a bicycle through its entire lifecycle. In addition, the session also came up with ideas for innovations in bicycles designed specifically for elderly people. These ideas included the development of an intelligent bike and a stable bike to fill the gap between bicycle and a rolling walker.

Data collection

Data collection is a priority in the ACSI network. The people in the network worked very hard last year to improve the quality of the data and the quality of the data collection. Accell Group's CSR coordinator visited all the group companies to discuss the subject with the ACSI managers. The group subsequently organised a number of webinars to come up with a joint approach to improving data collection. As noted earlier, the collection of data on packaging materials and waste is especially complicated due to divergent regulations, registrations and the operating methods of waste collection agencies and packaging suppliers in various countries. Accell Group has switched to data collection method that takes this diversity much more in account and at the same time results in greater uniformity in the figures. It has also been decided to express all data related to environmental impact in CO2 equivalents, to make it easier to compare the environmental impact results both geographically and historically. This also helps the group to compare the impact of specific initiatives and projects.

In 2013, Accell Group's data collection covered 89% of its operations. This percentage is determined by dividing the number of employees at the companies where data was collected by the total number of employees. In 2014, Accell Group decided not to expand the ACSI network for the time being, and the percentage remained at around 90%. The expansion of the ACSI network is expected to result in an increase in the coverage in 2015. In this annual report, we present and explain the most important data collected. More extensive tables, including data presentation in accordance with GRI indicators, are available on the Accell Group website under the header 'CSR'.

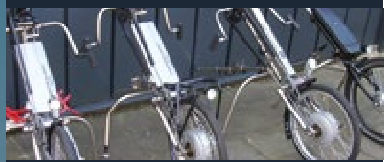
Sustainable product

'Accell Group contributes to sustainable mobility by offering a sustainable mode of transport: the bicycle. Innovation in sustainable mobility and healthy exercise is something that Accell Group works on continuously. For instance, Accell Group continues to develop concepts such as the electric bicycle to help people remain mobile for longer and to cover greater distances. Accell Group also supports initiatives that encourage young people to exercise and reduce weight problems.'

This theme goes to the very heart of Accell Group's activities and is expressed both in the company's products themselves, as well its support for initiatives and lobby activities that aim to make mobility more sustainable, improve health, safeguard consumer safety and keep elderly people mobile for longer. In addition to its participation in relevant working groups, Accell Group also makes an annual investment of over € 1 million in sponsoring. The company realised this target once again in 2014. This annual report contains a separate chapter devoted to the subject of sponsoring under the header: 'Sponsoring, what is the bottom line?'

Frontline handbikes

Accell Group supports the manufacturer of tailor-made attachable handbikes. Attaching this handbike equips a wheelchair for cycling, which can help improve the mobility and physical health of wheelchair users. The initiative, developed by Arjan Wilbrink and Hans Doornbos in Brummen, also reduces the risk of shoulder injuries. Accell teamed up with the people behind the initiative to develop a special version of the unique ION assisted pedalling system for use with hands and arms, plus a specific package of parts for the construction of the handbikes. You can find more information about this initiative on the website: ***www.frontline-handbikes.nl.***



Commuter traffic

Commuter traffic is one of our priorities. Accell Group not only wants to encourage others to switch to sustainable mobility and the use of bicycles; it also wants to encourage its own employees to use bikes. Accell Group's target is to have less than 50% of its employees driving to work in a car. In 2013, 55% of employees came to work in or on a motorised vehicle. In 2014, that figure dropped to 49%, which means the target has now been met. The use of cars and/or motorbikes dropped because more people travelled together, which led to an increase in the category 'other sustainable'. This category also increased due to a change in categorisation: the company bus that employees of one of the larger Accell Group companies use to get to work is no longer categorised as 'public transport', but rather as 'other sustainable' as from 2014.

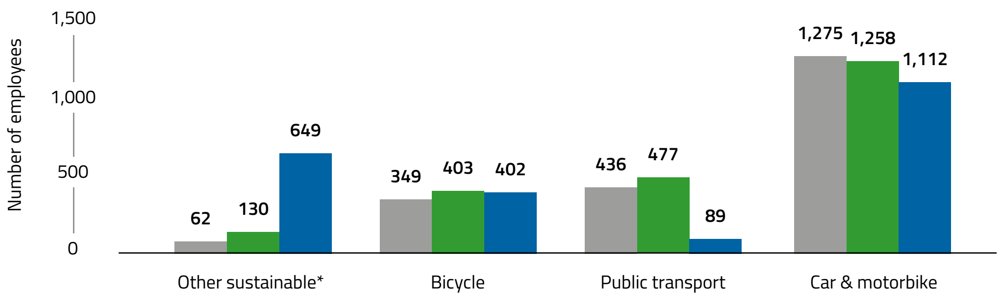


FIGURE: Commuter traffic

*The category 'other sustainable' comprises the following transport options: carpool, electric car, walking, working at home.

Safety and sustainability

Safety and sustainability are one and the same to Accell Group. In 2014, Accell Group once again deployed its know-how and expertise to help the development of international safety standards. Accell Group has seats on a number of standards committees. In 2014, the company also collaborated with the Technical University Hamburg-Harburg, Germany, to develop testing standards for a fast electric bicycle (speed-EPAC), which have since been presented to the European Commission. You can find an extensive overview of the various committees and organisations in which Accell Group participates on the website under the header 'CSR / sustainable product'.

Employees

'Accell Group wants to be a good employer that offers its employees a challenging working environment to suit their personal abilities and ambitions. Accell Group wants to engage talent and know-how and offers its employees a safe and healthy working environment.'

One of Accell Group's targets is to invest in an average of 10 training hours per employee per year. This target is part of the training budget for all Accell Group organisations. Training is a fixed part of the annual budget meetings at which the training budget is compared to the training hours taken in previous years. The slight increase seen in 2013 also continued in 2014: the average number of training hours per employee in the year under review was 8.8 hours per FTE.

Number of employees (reference date 31 December)	**2013**	**2014**
Male	1,739 fte	1,730 fte
Female	529 fte	522 fte
Total	2,268 fte	2,252 fte

Training hours	**2013**	**2014**
	8.2 uur/fte	8.8 uur/fte

Detailed information about the number of employees divided by gender, age, type of contract and influx/outflow is available on the website under the header 'CSR / our employees'.

Accell Group strives for zero lost working hours due to accidents at work. Whenever accidents occur in the workplace, Accell Group investigates whether these were due to structural problems. If this is the case, the company ensures that a solution is found.

FIGURE: Absenteeism

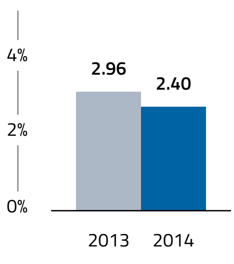
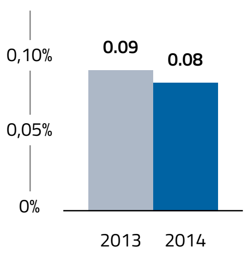


FIGURE: Accidents



In the 2013 annual report, Accell Group reported an absenteeism rate of 0.9% (in 2012) as a consequence of accidents, all of which proved to be the result of oversight or carelessness, rather than any structural problems. Compliance with work and safety instructions nonetheless continues to have the full attention of the Accell Group companies. Accell Group will once again analyse the 2014 data to discover the reasons for the absenteeism due to accidents at work.

CO_2 and energy

'Accell Group wants to reduce energy consumption and CO_2 emissions in both its production activities and in its transportation movements.'

Energy consumption within the organisation is measured in accordance with GRI standards. This implies the measurement of all energy sources that the organisation uses within the confines of its premises. This includes (bought-in) electricity, natural gas and other fuels, but not fuels used for transport and distribution. Accell Group also reports the indirect CO_2 emissions from this source of energy consumption in accordance with GRI standards.

In 2014, Accell group's total energy consumption dropped by 17 terajoules compared with 2013. In addition to energy-saving initiatives, such as the transfer to LED lighting and the optimisation of the paint shop in Hungary, part of this reduction in energy consumption was due to the integration of activities and a drop in the number of bicycles produced.

Energy and CO_2 in 2013 - 2014

	Total energy usage (Tera Joules)		Total CO_2-emissions non-biogenic (ton)		Total CO_2-emissions biogenic (ton)	
Generated electricity and -supply	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
Purchased non-green electricity from network	43	39	4,503	4.074	0	0
Purchased green electricity from network	5	4	0	0	0	0
Non renewable fuels	78	68	4,474	3.875	0	0
Renewable fuels	1	0	0	0	161	30
Total	**128**	**111**	**8,976**	**7.949**	**161**	**30**

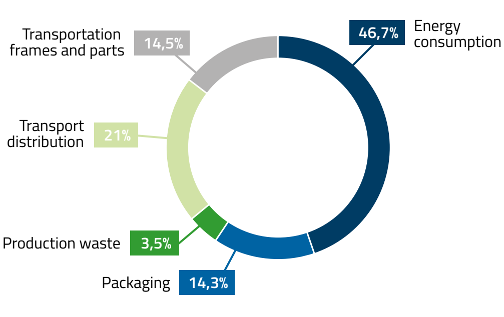


FIGURE:
Environmental impact of production activities Accell Group (Europe) in CO_2 equivalents.

Environmental impact

Non-biogenic refers to CO_2 emitted as a result of energy generation from sources that are non-renewable or only renewable in the very long term. Biogenic refers to CO_2 emitted as a result of energy generation from sources that are renewable in the short term.

Accell Group assessed the environmental impact of its operations in more detail in the year under review. The company analysed the environmental impact, in CO_2 equivalents, of the production activities of its European companies. The environmental data available for these companies is the most complete within the group. This included the evaluation of the environmental impact of all production activities, from assembly and painting to waste and packaging and distribution. The purpose of this assessment was to establish which key issues and improvement projects make the greatest contribution to the reduction of the group's environmental impact. The energy consumption during the production process (47%) and transport of parts and products (together 36%) have the greatest environmental impact. We will devote extra attention to these issues in the years ahead. In addition, product packaging (14%) and - to a lesser extent - production waste (4%) also has a significant impact on the environment. You can read more about the latter two issues in the next part of this chapter.

Hunland: LED for perfect colour presentation

Accell Hunland has begun to replace all the fluorescent lighting in its paintshop with LED lighting. In addition to a reduction in energy consumption of at least 50%, LEDs also provide stable lighting without any flickering reflection. LED also renders colours perfectly. The result is a more effective and more pleasant working environment in which employees are able to focus for longer periods. This is beneficial to the quality of their work and to the products they produce. For instance, placing a transfer on a frame before it is covered in protective varnish is precision work that requires an employee's complete focus.

Accell Group is using more and more LED lighting, both in its production areas and its warehouses and offices. Not only does this reduce energy consumption, it also has a positive impact on maintenance costs thanks to the longer life of the LED lamps. LED lighting is generally introduced in phases; broken lights are replaced with LED alternatives, thus reducing the amount of unnecessary waste or the unnecessary cost of replacing fully functional equipment. The placement of motion sensors in numerous spots places around warehouses and offices has also reduced energy consumption, as lights come on only if someone is present in the area.

Accell Group's subsidiaries are not always free to select their energy provider. The focus will therefore remain on reducing the companies' own energy consumption. Accell Group will also continue to encourage the use of green energy. The production company Accell Bisiklet (Turkey), for instance, uses the heat from the local power plant to heat its buildings. The power plant offers companies in the area warm water and as the companies extract the heat from that water, they return cool water to the plant: a win-win situation for the companies and the environment.

Accell Group devotes continuous attention to the optimisation of the distribution chain, also taking into account environmental considerations. For instance, for the overland transport of containers the company is switching from road transport to trains where possible. The company is also assessing the possibility of inland shipping. With respect to the reduction of travel by employees, Accell Group is pleased to note that the use of webinars is becoming increasingly common within the group. This greatly reduces the number of air travel kilometres.

Material use & recycling

'Accell Group wants to increase the proportion of sustainable materials in its products. Sustainable materials can be easily recycled, contain recycled materials, and/or have other sustainable properties yet to be determined. Accell Group also wants to maximise the recycling of the materials it uses and encourage the use of used and obsolete parts. Smart design makes the use of sustainable materials and the recycling of same even more effective.'

In the annual environmental impact analysis, Accell Group looked at the overall impact of the product 'bicycle' on the environment. This includes both the production activities and the use of materials. The analysis shows that some 80% of the impact is due to the use of materials. This is a considerable proportion, but major improvements are unlikely in the short term, since more than 90% of a bicycle consists of metals that are already easily recyclable. The same cannot be said for carbon. Accell Group discussed the progress being made in carbon recycling in last year's annual report. It is technically possible, but as yet there is no market for the recycled fibres, since the applications for the recycled material are limited. The relatively small amount of carbon being used in the bicycle industry makes it difficult to exert any meaningful influence in this respect. Accell Group obviously monitors the developments closely and will play an active role where possible.

The battery for electric bicycles is a separate issue. Sales of electric bikes have been rising strongly for some years, and the success of the electric bike also increases the number of discarded bicycle batteries. As a leader in the electric bicycle segment, Accell Group also accepts its responsibility in this area. We devote considerable time to innovation aimed at optimising the use of the battery's capacity and at maximising battery life. The correct use and maintenance of the battery is also a priority in terms of the information we provide for retailers and consumers. Accell Group has a seat on the executive board of the foundation that organises the recycling of batteries in the Netherlands and that is researching cross-border solutions to increase the percentage of batteries that are recycled at a European level.

Discarded bicycle batteries: recycled responsibly

Accell Group works with specialised organisations such as GRS in Germany and Stibat in the Netherlands to collect and recycle batteries safely and responsibly. The discarded batteries are collected directly from the retail trade, sorted in a central location and transported to certified processing locations. The main component of the collected batteries is currently Lithium-Ion. The batteries are recycled in phases and various recycled components are supplied separately to raw materials manufacturers and the base metal industry.

Safety remains priority number one, whether it is the product or the materials used in and for the production of the product. Accell Group aims to use only registered materials in the right conditions and with the right protective measures in place. When this involves chemical substances, Accell Group complies with the REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances) directive of the European Union and the candidate list SVHC (Substance of Very High Concern). Accell Group not only asks its suppliers to sign a REACH declaration, it also takes sample tests of existing products and newly-specified items in its own chemical laboratory. In the year under review, the company studied some 400 new items in accordance with the Accell Group toxicological test protocol and conducted more than 5,200 analyses. In 2014, 9% of the tests gave us reason to contact the supplier, compared with 15% of tests in 2013.

Packaging & waste flows

'Accell Group wants to reduce the amount of packaging used in the value chain, from supplier to dealer. It is possible to reduce the environmental impact of waste by keeping a close eye on quantities and through waste separation. Accell Group wants to reduce the environmental impact of its waste and packaging materials by 2-4% per annum, calculated per bicycle.'

Over the past two years, it has become clear that the registration of packaging materials was neither accurate nor consistent enough. In 2014, we visited all Accell Group companies and took stock of the working and registration methods of each individual company. Based on our findings, we have decided to amend the CSI (Corporate Sustainability Indicators) related to this subject. Since 2014, the bicycle packaging is weighed and subdivided into paper & cardboard and plastics & foils. The bicycles are divided into categories, such as children's bikes, city bikes, sports bikes and electric bikes. This approach enables the company to compare of the various types of packaging and to make potential improvements. We also register the packaging materials that Accell Group adds for distribution and for the combination of loose parts in a single consignment (re-packaging). Here too we distinguish the various types of materials, and also register pallet use.

The graph below shows the results on the basis of the registration method per type of packaging material, in kilograms and in environmental impact (expressed in CO_2 equivalents). In 2014, the company changed its registration method, which makes comparisons of previous years unreliable. The new method revealed that the amount of foil and plastic packaging used is much greater than previously thought and that these types of packaging have a major impact on the environment. Accell Group wants to replace as much foil and plastic packaging as possible with paper and cardboard packaging in the coming years.

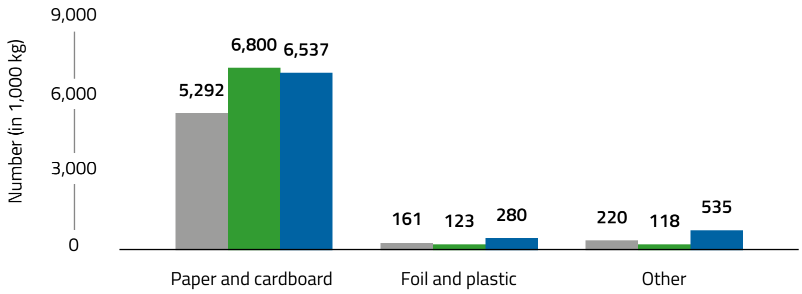


FIGURE: Packaging material

This data does not include the packaging materials for the fitness products that some of the Accell Group companies produce.

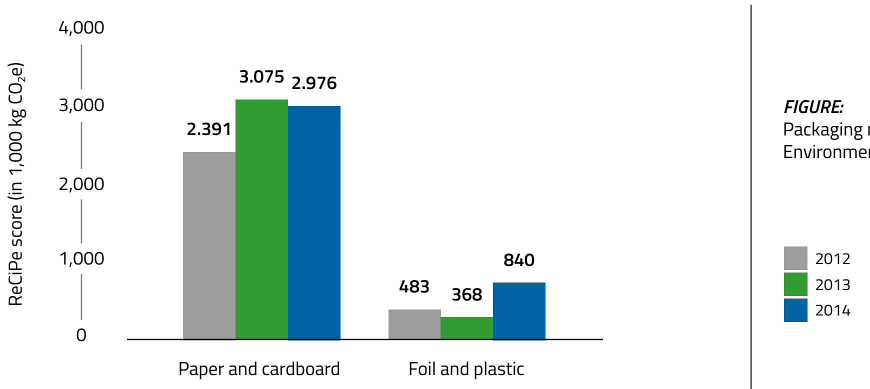


FIGURE:
Packaging material Environment Impact

This data does not include the packaging materials for the fitness products that some of the Accell Group companies produce.

There is no registration of the packaging of incoming goods for both our own production and for parts sales. We are developing an Accell packaging guideline, which will have a positive impact on this flow of packaging. The draft guideline is complete and will, in the course of next year, be distributed among suppliers following consultations with our packaging partners.

The focal point in terms of our own bicycle packaging and the manual is Accell's view that materials from renewable sources such as paper and cardboard are always preferable to materials from fossil sources, like plastics, which are finite and becoming more scarce. Accell's aim therefore is to use less plastic packaging and more packaging made from paper and organic raw materials. And of course the source of the materials should also be taken into consideration.

Waste registration is a complicated issue for an internationally operating company like Accell Group. The separation of waste into various materials varies per country and even per region. Sometimes the only distinction made is between recyclable and non-recyclable waste, or home/office waste and production waste. How the costs are charged on also varies, and is sometimes calculated on the basis of weight and sometimes charged in the form of a fixed sum per month or per waste collection. There are also regions where the waste is registered per type of material and charged or even paid for because the waste has a positive residual value.

The registration of the waste flows of the Accell Group companies is not a goal in itself, but it is necessary to create greater awareness and to enable the company to detect trends. In the coming years, Accell Group will therefore continue to apply the CSI to waste. In addition to the general reduction target, Accell Group aims for the maximum separation of waste, depending on the potential to do this in the region in which the company is operating. All Accell Group companies report the amount of waste they generate and if there is no registration via the waste collection company, the companies themselves register the waste flows.

The graph on the next page shows the amounts of waste per material type, in kilogrammes and in environmental impact (expressed in CO_2 equivalents). The amount of waste, and thus the environmental impact, has increased, although it should be noted that the registration method was amended and intensified, which makes comparisons with previous years difficult. From 2015 onwards, it will be possible to make better year-on-year comparisons.

FIGURE:
Waste

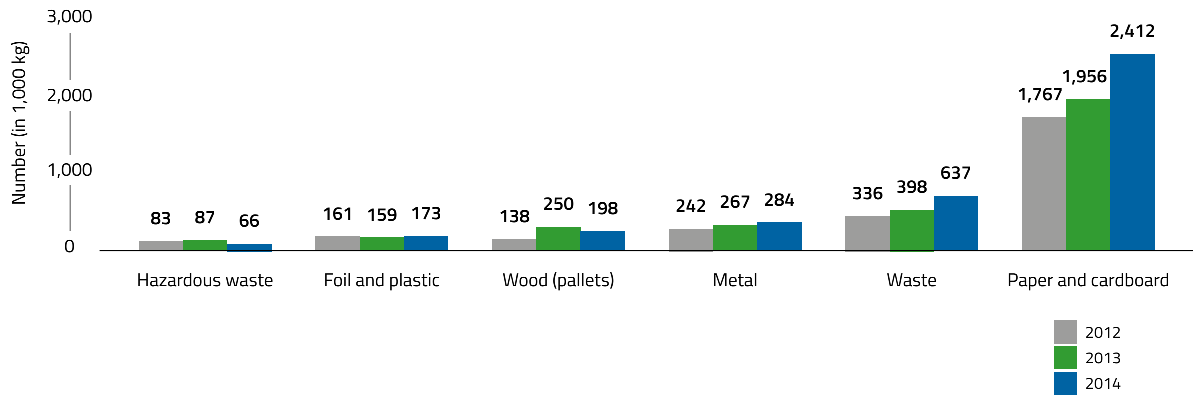
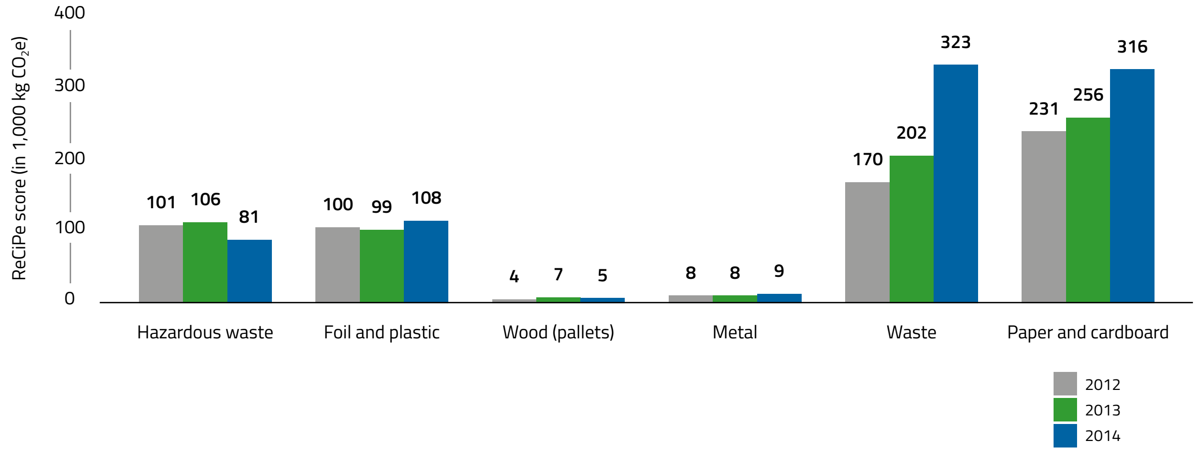


FIGURE:
Waste Environmental impact



Waste reduction is always a major priority for a producer of a form of green mobility. For instance, Lapierre has a recycling system for polishing cloths. The polishing cloths, used frequently in the assembly of premium racing bikes and ATBs, are first placed in a barrel and then collected and cleaned on a regular basis; this renders disposable towels unnecessary. Some of the companies have invested in compacting systems for their waste disposal. The waste is first compacted and/or crushed before it is collected in containers, which reduces transport requirements.

Supply chain responsibility

As one of the leading companies in the international bicycle industry, Accell Group wants to accept its responsibility for the sector's common interests. Under the banner of the World Federation of the Sporting Goods Industry (WFSGI), Accell Group and a number of key players have taken the initiative to define the supply chain responsibility of the international bicycle sector in concrete terms.'

Making Accell paint installations more sustainable

The Accell Group paint shops have been using water-based paints for the decoration and protection of bicycles for many years. In the year under review, we took taken the next step towards making the paint shops more sustainable. We have sharply reduced the amount of waste by acquiring paint-mixing installations for all Accell paint shops. These enable the shops to produce paint in tailor-made quantities. It also reduces the amount of transport required, because the paints are mixed with water at the plant itself. We are also looking at the possibility of making the waste water more sustainable. We are currently running a pilot to assess whether it is feasible to separate water and solids. If this is possible, we would only have to dispose of the paint solids, while residual water could be recycled indefinitely.

In 2014, our efforts were focused on the completion of the WFSGI audit system. One of the key targets of this initiative is to 'increase the sustainability of the supply chain in a joint effort with suppliers'. The Self-Assessment Questionnaire (SAQ), which suppliers can use to evaluate their own operations in terms of key CSR themes, was tested, assessed and finalised after consultations within the pilot group. The SAQ has been made freely available to generate more awareness in the supply chain, and suppliers can use it to prepare for official audits. The final audit data are stored and are available to participants via a database on the platform of project partner Fair Factories Clearinghouse (FFC).

In addition to the audit platform, the project group has compiled a manual for the execution of the audit, so all the auditors involved use the same method. The first audits are currently in progress, and once these are completed the project group will be able to validate the templates and prepare them for use across the entire sector. The manual for the participating companies has also been completed, so the initiative can be expanded to include a larger group of companies. For Accell Group, the system forms the basis for greater sustainability in the supply chain. As all the companies in the sector are working together and are willing to share their results, it will be possible in the future to assess all primary suppliers in terms of social and environmental criteria and work with them to make improvements.

Accell Group is actively streamlining its supply chain. At the moment, the Accell Group companies work with more than 300 parts suppliers. Substantial turnover is booked with around 130 suppliers, and there is intensive cooperation with some 80 of these companies. In the coming years, we will report on the basis of the list of key suppliers.

In 2014, Accell Group asked its main suppliers to once again sign the Code of Conduct (CoC) revised in 2013. The CoC was accompanied by a REACH-declaration that suppliers were also asked to sign. At the moment, a large majority of Accell Group's main suppliers have signed and returned the declarations. The list of companies that signed the Accell Group Code of Conduct will be extended in the coming year, in anticipation of the WFSGI audits. Accell Group will also enter into discussions with companies that fail to sign the CoC.


MERIBEL


SRAM

SPONSORING
– WHAT IS THE BOTTOM LINE?

Accell Group's brands are generally pretty well known. A lot of that is thanks to sponsoring; whether it is sports sponsoring, bicycle events or a good cause, sponsoring is all about name recognition, brand experience and product engagement. Sponsoring makes a substantial contribution to a company's innovation strategy. Only the best counts, because winning is crucial.

Sports sponsoring started getting more professional at the end of the 19th Century. This was when professional football began in England, with backing from the business world. And Dutchman Jaap Eden was already earning a pretty good annual salary from his bicycle racing. The real breakthrough in sports sponsorship came in the middle of the 20th Century. What began with sponsoring by sports brands and newspapers grew into an industry worth billions. An industry in which companies with no direct link to sports use sports as a communications and advertising tool for their company. Thanks to its status as one of the most popular sports in the world, bicycle racing plays a key role in the world of sponsoring. And the cost of sponsoring and the media and public attention that sponsoring cycling generates are still relatively balanced, certainly when compared to other sports. To reach 1,000 consumers, a company pays around two euros in cycling; in football, this figure is 35 euros , while in Formula 1 racing a company would have to spend in excess of 100 euros to achieve the same goal. But despite the fact that the cost of sponsorship is relatively low, cycling can no longer do without sponsoring. These days, appearance fees and merchandising account for just 5% of a cycling team's budget. The remaining 95% comes from sponsors, such as Belkin, Quick Step, the French lottery and FDJ (Française des Jeux), all of whom see this investment boost their name recognition.

Product-innovation: Thibaut Pinot with the Aircode road-race frame.

Product innovation

A long-standing and well-known partnership is the one between Lapierre and FDJ. The two have been cooperating for more than 13 years and they recently extended their partnership for another two years. In 2014, the cycling team scored 28 victories, adding to Lapierre's international recognition. But sponsorship goes beyond name recognition for a sports brand such as Lapierre. It is one of the key pillars in their product development. On the one hand, it generates new ideas, while on the other hand they have a team of top athletes and professionals to give innovations a thorough testing and in extreme conditions. For instance, Lapierre's engineers were asked to develop the best possible shock-absorbing racing frame for difficult terrain, like that found in the Paris-Roubaix race. This resulted in the Pulsium. The bike with SAT (Shock Absorption Technology) was one of the biggest new innovations of the past year. The Aircode road-race frame comes from the same stable. Thibaut Pinot used the aerodynamic carbon frame to race to third place in the final standings of the Tour de France. It was the first time in 17 years that a Frenchman took a place on the podium in this French classic. It is hard to imagine a better product introduction.

Cooperation with professional teams is also crucial to other Accell sport brands on the innovation and product development front. The introduction of the Koga BeachRacer last year is a good example. The BeachRacer was developed specifically for optimum performance in beach races. The prototypes were perfected in cooperation with

Product-innovation: The Koga BeachRacer.

Brand image: the Ghost Factory Racing Team.

the KMC-Mitsubishi-Koga Mountain bike team and the BeachRacer was added to the Koga collection. The bike was a commercial hit and garnered a lot of coverage in cycling magazines and won a number of design awards.

Brand image

Sometimes a sports team and a specific brand are a perfect match right from the start. Ghost is a perfect example. The Ghost MTB Racing Team was formed the same year Ghost founded in 1993. The team was set up by the company's two founders, who were also fanatical racers. The Ghost brand and the team have always represented the same values: team spirit, fairness and 'clean' sports. And the racing team has grown and evolved alongside the company. It took 10 years for the Ghost team to hire their first professional racer. Marcus Klausmann, one of the best German downhill pros at the time, joined the team in 2003 and is still with them to this day. Five years later, Sabine Spitz won the Olympic Gold Medal in Beijing riding a Ghost bike. The team continued to grow and evolve to become the Ghost Factory Racing Team and nowadays it is hard to imagine the mountain bike racing circuit without them. What began as a team of regional athletes grew into a top team with world champions. Yet despite this transition, they have always stuck to their core values.

While the Ghost brand has a relatively brief history, Raleigh has a very long one indeed. There are very few people who are not familiar with the Raleigh name. And this is thanks to the power of sponsoring: the company has been investing in the Raleigh name and brand for decades and numerous teams across the world have raced with the Raleigh name on their shirts. And all of this has paid off in terms of the name recognition of the Raleigh brand.

However, not all brand loyalty comes only from the sponsoring of large professional sports teams; you can also generate loyalty by sponsoring amateur teams, plus local sports clubs and events. Various studies have shown that consumers often identify with sports events and sports clubs and that these positive emotions are transferred to the sponsor. Although it is difficult to quantify the return on investment (ROI) of sponsorship euros, loyalty marketing is an important motivation for sponsoring. And that goes beyond consumers and can play a key role in the engagement of the company's own employees.

Exercise and health

As the producer of this healthy form of mobility, Accell Group looks beyond its ambition to book higher turnover and profit in the short term. The company is well aware that it also has a social role to play through its long-term vision. By sponsoring sports events and organisations, the company contributes to the creation of a healthier society with a greater number of people participating in sports (and most likely lower healthcare costs).

Sporting heroes play an important role in encouraging people, especially young people, to exercise and participate in sports. Mountain biker Sabina Spitz is one of those sports heroes. She started her career with Ghost and founded her own team in 2001 with Haibike as its main sponsor: the Sabina Spitz Haibike Pro Team.

Exercise and health: The Sabina Spitz Haibike Pro Team.

Green mobility
In addition to being a sport, cycling is also a form of 'green transport'. What in the past may have been considered a poor man's form of mobility is now a modern, innovative and trendy form of transportation. And to make sure that this is a safe and responsible option in more and more places, Accell Group sponsors lobby groups such as the European Cyclists' Federation (ECF). This federation of cycling organisations operates at a European level and aims to encourage bicycle use. In addition to lobbying the European Union to dedicate more attention to bicycles, one of the federation's main priorities is the Velocity system of cycle routes. The ECF is also the initiator and driving force behind a network of 63,505 km signposted European cycle routes (EuroVelo). The purpose of the network is to promoting cycling, and not just long cycle trips for cycling holidays, but also shorter trips such as the daily commute to and from work.

Green mobility: 63,505 km signposted European cycle routes.

Accell Group supports the non-profit organisation World Bicycle Relief (WBR).

World Bicycle Relief
Accell Group believes it is important to support initiatives in less developed regions of the world. Last year, the company decided to add its long-term support to the non-profit organisation World Bicycle Relief (WBR). The WBR's objectives and methods are a good fit with Accell Group. Its motto is 'Mobilize people through the power of bicycles'. WBR has developed a robust bike that is perfectly suited to use in the countryside of most African nations. The bicycle, called the Buffalo, is produced in the region, with close attention paid to quality and the use of the right tools. The 'power of bicycles' enables people to cover four times the distance they would otherwise manage on foot and carry loads five times greater. It also dramatically reduces travel time. This means increased access to education and healthcare and improved economic opportunities in these countries. WBR has trained more than 1,000 mechanics and delivered more than 200,000 Buffalos in problem areas, to people in the healthcare sector, school children (mainly girls) and entrepreneurs. Accell Group is very pleased it can contribute to this initiative.

Sponsoring gives solid return
Accell Group celebrated numerous sports victories in 2014. The company's sports bike brands played a leading role in the various national and international cycling circuits and booked wins on all fronts. In the United States for instance, Leah Kirchmann, and the US men's team of Diamondback Team Optum each won the national road racing championships, while Leah also came in third in the La Course, an elite one-day women's road race organised by Le Tour de France. Back in Europe, Sabine Spitz and Lisi Ost won national titles riding Haibike and Ghost mountain bikes, while Team Raleigh GAG won the team competition in the Elite Criterium Series in England. Other athletes also played their part on the global stage. Loris Vergier won the Downhill World Champion title with Lapierre, Tomas Slavik was World Champion on a Ghost mountain bike and Kathrin Stirnemann came in first in the women's Cross Country on her Haibike. In the Tour de France, Thibaut Pinot of Equipe FDJ finished in third place overall and also won the white jersey as the winner of the best young riders title.

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WINORA FLITZER

CORPORATE GOVERNANCE

Accell Group finds good corporate governance very important. The Board of Directors and Supervisory Board are responsible for the corporate governance structure of Accell Group and for compliance with the Dutch Corporate Governance Code.

This section of the annual report first describes the corporate governance structure of Accell Group and subsequently explains where and why Accell Group deviates from the principles and best practice provisions of the Code.

Corporate governance structure

General

Accell Group is a statutory two-tier company. The corporate governance structure of Accell Group is partly laid down in the company's articles of association and partly in the legal rules of the Dutch two-tier company regime. The full text of the articles of association can be found on Accell group's corporate website (www.accell.com) in the 'Corporate Governance/Articles of Association' section. The agenda for the Annual General Meeting of Shareholders of 23 April 2015 includes a motion to update the articles of association.

Board of Directors

The Board of Directors is responsible for managing Accell Group and thus for ensuring that the company achieves its goals, for the strategy and accompanying risk profile, the result development and the social aspects of entrepreneurship relevant to Accell Group. The Board of Directors is accountable to the Supervisory Board and the Annual General Meeting ('General Meeting') of Shareholders on these issues. In the performance of its duties, the Board of Directors focuses on the interests of the company and its associated enterprise and in doing so weighs the relevant interests of the parties involved in the company. The Board of Directors provides the Supervisory Board with all the information that the Supervisory Board may need to fulfil its duties.

The Board of Directors is responsible for compliance with all relevant laws and regulations, for the management of the risks associated with the company's business operations and for the financing of the company. The Board of Directors reports on same and discusses the internal risk management and control system with the Supervisory Board. One of the risk management tools Accell Group uses is the Code of Conduct posted on the website (under 'Corporate Governance'). This annual report includes a chapter titled 'Risks and Risk Management' (page 73 and beyond), which describes the internal risk management and internal control systems in more detail.

Certain important decisions of the Board of Directors require the approval of the Supervisory Board, such as decisions on important investments, share issues and the establishment and/or termination of long-term alliances between Accell Group and other companies. The General Meeting of Shareholders' approval is required for decisions of the Board of Directors regarding significant changes to the identity or character of the company or the enterprise.

On 24 April 2014, the General Meeting granted the Board of Directors a mandate to acquire shares in the company's own capital. The mandate was granted under the following conditions:

- the mandate would remain in effect for 18 months (1 November 2015);
- the Supervisory Board's approval would be required for the acquisition of shares in the company's own capital;
- the number of shares would not exceed 10% of the issued share capital; and
- the acquisition price would not exceed 110% of the average price on the preceding five trading days.

The agenda for the General Meeting of 23 April 2015 includes a proposal to again grant the Board of Directors a mandate to acquire shares in the company's own capital under the same conditions as those set out above (on the understanding that the mandate applies till 1 November 2016).

Decisions to issue shares are taken by the General Meeting, insofar as and as long as it has not appointed another company body to do so. The preferential right can be limited or excluded by the company body authorised to pass resolutions on issuing shares, provided that said right is assigned expressly to that company body.

A resolution of the General Meeting of 24 April 2014 has extended the period in which the Board of Directors is empowered with the approval of the Supervisory Board to:
- issue cumulative preferential shares B;
- issue ordinary shares up to a maximum of 10% of the outstanding share capital; and
- limit or exclude the preferential right upon the issuance of ordinary shares;

extended to 1 November 2015.

The agenda for the Annual General Meeting of Shareholders of 23 April 2015 includes a motion to extend the term for the issuance of ordinary shares (up to a maximum of 10% of the outstanding share capital) and for the limitation or exclusion of preference rights upon the issuance of ordinary shares to 1 November 2016.

The Board of Directors represents the company insofar as the law does not stipulate otherwise. Each member of the Board of Directors has the authority to represent the company.

If Accell Group has a conflict of interests with one or more members of the Board of Directors, the company will be represented by a member of the Supervisory Board appointed for said purpose by the Supervisory Board.

The Supervisory Board determines the number of the members of the Board of Directors and appoints and dismisses the members of the Board of Directors. The Board of Directors currently comprises three members. The Supervisory Board has appointed one of the members as chairman of the Board of Directors. The Supervisory Board intends to add another member to the Board of Directors and after the close of the General Meeting of Shareholders of 23 April 2015 intends to appoint Mr. J.J. Both as a member of the Board of Directors.

The Supervisory Board determines the remuneration of the individual members of the Board of Directors, using the policy adopted by the General Meeting most recently on 22 April 2010. The Supervisory Board also compiles an annual remuneration report, which contains an explanation of the remuneration of the individual members of the Board of Directors.

The main point of the remuneration report of the Supervisory Board in 2014 are included in the 'Report of the Supervisory Board' in this annual report.

Supervisory Board

It is the responsibility of the Supervisory Board to supervise the policy of the Board of Directors and the general developments in Accell Group and its affiliates. In addition, the Supervisory Board provides the Board of Directors with advice and support. In the fulfilment of its duties, the Supervisory Board is guided by the interests of Accell Group and its affiliates. Accordingly, it takes into account the interests of all those involved in Accell Group, as well as the social aspects of entrepreneurship that are relevant to Accell Group. The Supervisory Board receives all the information required for the performance of its duties from the Board of Directors in a timely manner.

The Supervisory Board has drawn up regulations which include the distribution of its tasks and its operating methods. The regulations include a section on its interaction with the Board of Directors and the General Meeting of Shareholders. The regulations were most recently amended in a decision of the Supervisory Board dated 4 March 2015. The regulations can be found on the Accell Group website (under 'Corporate Governance/Supervisory Board').

The Supervisory Board comprises at least three members (currently four). The General Meeting appoints the members of the Supervisory Board based on nominations submitted by the Supervisory Board. The General Meeting can reject the nomination with an absolute majority of the votes cast, these representing at least one-third of the issued and paid-up capital. If the nomination is rejected, the Supervisory Board shall draw up a new nomination. In the event that the General Meeting fails to appoint the nominated person and also fails to reject the nomination, the Supervisory Board shall appoint the nominated person. The Supervisory Board announces the recommendations simultaneously to the General Meeting and the Works Council of Accell Nederland B.V. The General Meeting and the Works Council are entitled to recommend candidates for membership of the Supervisory Board. The Supervisory Board will fill the nominations for one-third of the positions on the Supervisory Board with persons recommended by the Works Council, unless the Supervisory Board objects to said recommendation and provides grounds for same.

A member of the Supervisory Board shall retire no later than the date of the first Annual General Meeting held four years after his or her initial appointment to that position and in such instance immediately at the end of said meeting. Members of the Supervisory Board may be appointed to the Supervisory Board for a maximum of three four-year terms. The members of the Supervisory Board receive a remuneration to be determined by the General Meeting.

The Supervisory Board has drawn up a retirement schedule, which is published on the Accell Group website (under 'Corporate Governance/Supervisory Board').

The Supervisory Board has appointed from its midst an audit committee comprising Mr. J. Van den Belt (chairman) and Mr. P.B. Ernsting, and a selection/remuneration committee, comprising Mr. A. Kuiper (chairman) and Mr. A.J. Pasman.

These committees are charged with preparatory activities as part of the decision-making process of the Supervisory Board. In a decision dated 21 July 2011, the Supervisory Board established regulations for the audit committee and the selection/remuneration committee. These regulations can be found on the website (under 'Corporate Governance/Supervisory Board').

The Supervisory Board has drawn up a profile of its size and composition, taking into account the nature and operations of Accell Group and the desired expertise and background of the members of the Supervisory Board. The profile was most recently revised in a Supervisory Board decision dated 21 July 2011 and is available on the Accell Group website under 'Corporate Governance/Supervisory Board'. The Supervisory Board elects a chairman and a deputy chairman from among its members. The Supervisory Board aims to attune the experience and expertise of its members effectively to the nature, activities and strategy of Accell Group. The Supervisory Board's composition is such that the members are able to operate independently and critically, vis-à-vis each other, the Board of Directors and any company interest whatsoever.

Composition of the Board of Directors and the Supervisory Board

Although the Supervisory Board strives for a balanced division of the seats on the Board of Directors and the Supervisory Board between men and women, it has been unable to find a suitable woman for the post of Chief Supply Chain Officer. The Supervisory Board intends to appoint Mr. J.J. Both as a member of the Board of Directors in said capacity.

Accell Group was therefore unable to meet the target of 30% women on the Board of Directors. Accell Group will do its utmost to achieve a balanced composition of the board in any future appointments of Directors. Accell Group also strives for, among other things, a balanced mix in the composition of its Supervisory Board in terms or age and gender and has recorded such in the profile for members of the Supervisory Board.

General Meeting of Shareholders

Key authorisations reside with the General Meeting, such as powers regarding decisions to amend the articles of association and rules and regulations, legal mergers and spin-offs, and the adoption of the financial statements. In addition, the General Meeting determines the remuneration policy for the members of the Board of Directors. A General Meeting is convened at least once a year.

The General Meeting is chaired by the chairman of the Supervisory Board. All matters discussed and resolved in the General Meeting are recorded in the official minutes of the meeting. Accell Group considers it important that as many shareholders as possible participate in the decision-making processes of the General Meeting. Shareholders and other holders of voting rights are therefore offered the opportunity to issue voting proxies or voting instructions ahead of the General Meeting. The Board of Directors was delighted that the General Meeting of 24 April 2014 was attended by shareholders representing 65.6% of the total number of outstanding shares.

External auditor

The General Meeting appoints the external auditor. The external auditor reports their findings with respect to the audit of the annual accounts simultaneously to the Board of Directors and the Supervisory Board and records the results of their findings in a statement. The General Meeting may question the external auditor about their statements regarding the accuracy of the annual accounts and the external auditor attends said meeting and is authorised to speak at same for that reason. The Supervisory Board has nominated the company's current external auditor, Deloitte Accountants B.V., for reappointment for the audit of the annual accounts for the 2015 financial year. The reappointment of the external auditor is on the agenda for the General Meeting of Shareholders of 23 April 2015. The Supervisory Board plans to make the obligatory change of auditor in the 2016 financial year.

Code of conduct

The Board of Directors has drawn up an internal code of conduct incorporating the basic principles that apply to the way in which employees of Accell Group and all of its group companies should conduct themselves. The complete text of this internal code of conduct is available on the Accell Group website (under 'Corporate Governance').

Accell Group has laid down its requirements for parties involved in the production and sourcing process in a code of conduct for suppliers. These requirements relate to issues including the prohibition of child labour, involuntary labour and discrimination, safety requirements, environmental requirements and labour conditions. The code of conduct for suppliers is available via the Accell Group website (under 'Corporate Governance').

Whistleblower policy

The Board of Directors has laid down a whistleblower regulation and published same on the Accell Group website (under 'Corporate Governance'), so employees are able to report on alleged irregularities within Accell Group and its associated companies without harming their legal position.

Insider trading regulation

The Insider Trading Regulation established by the Board of Directors aims to provide rules to support the legal stipulations to prevent insider trading. The basic premise of the Insider Trading Regulation is that people should not enter into or recommend transactions in Accell Group shares and other financial instruments within the meaning of the Law on financial supervision if they have insider knowledge. Under the Insider Trading Regulation, members of the Board of Directors, Supervisory Board and so-called designated persons at Accell Group are subject to various closed trading periods, announced by the Board of Directors or the compliance officer, in which they are not allowed to conduct any transactions, regardless of whether they have insider knowledge or not. In line with the Insider Trading Regulation, people with a reporting obligation must report transactions they have conducted to the compliance officer. The members of the Board of Directors and the Supervisory Board also have to report their transactions to the Dutch Financial Markets Authority AFM.

On 12 December 2014, the Supervisory Board introduced a regulation in the sense of best practice provision III.6.5 of the Dutch Corporate Governance Code. This regulation includes a number of provisions related to the possession of and transactions in securities by members of the Board of Directors and of the Supervisory Board, other than those issued by their 'own' company.

Protective measure

To protect the continuity of (the strategy of) Accell Group and its stakeholders, in December 1998 Accell Group entered into a put-and-call agreement with the Stichting Preferente Aandelen Accell Group (Accell Group preference share foundation) related to preference shares. The agreement was amended in April 2009. Accell Group and the Stichting Preferente Aandelen Accell Group have now decided to modernise the protection of the company. To that end, the parties have terminated the existing put-and-call agreement and have entered into a new option agreement as from March 2015. The new agreement no longer includes a put option, while the call option shall be valid for an indefinite period.

Pursuant to the new option agreement, the Stichting Preferente Aandelen Accell Group shall have the right at any time to acquire the number of cumulative preference shares B required to make the Stichting Preferente Aandelen Accell Group, after taking said shares, the holder of one half, less one share, of the (increased) issued and paid up capital. The Stichting Preferente Aandelen Accell Group can avail itself of this right at any time in the event that the foundation believes there is a threat to the independence and/or the identity and/or the continuity of (the strategy of) the company, the companies affiliated with same and any parties involved in same. The option can be exercised, among other things, to 1) prevent or delay (the threat of) a public bid on the shares in the capital of the company that may be deemed hostile, and/or 2) to prevent or oppose an unwanted concentration of voting rights in the General Meeting of Shareholders, and/or 3) to resist any unwanted influence or pressure from shareholders that wish to change the strategy of the Board of Directors. In these cases, the issuance of cumulative preference shares B enables the company and its Board of Directors and Supervisory Board to determine their standpoint vis-a-vis the bidder/hostile shareholder and any plans they may have, to investigate alternatives and to defend the interests of the company and those of its stakeholders. Within 6 monthsafter a possible issue of cumulative preferenceshares B the Board of Directorsshall convene a General Meetingto inform the shareholders about thestate of affairs.

Pursuant to the new option agreement, the Stichting Preferente Aandelen Accell Group has been granted the right to submit a request for an inquiry (as meant in article 2:345 of the Dutch Civil Code) to the Corporate Chamber of the Amsterdam district court.

The main aim of the Stichting Preferente Aandelen Accell Group, which has its registered offices in Heerenveen, is to represent the interests of Accell Group and its associated enterprise, such including enterprises which are maintained by the companies with which it is affiliated in a group and all parties involved in same. In doing so, the Stichting Preferente Aandelen Accell Group safeguards to the greatest possible extent the interests of Accell Group and its associated enterprise and all parties involved in same, while at the same time resisting as much as possible any influences which may affect the independence and/or continuity and/or identity of the company and its associated enterprise in conflict with those interests. The board of the Stichting Preferente Aandelen Accell Group consists of three board members, namely Mr. M.P. Nieuwe Weme, Mr. B. van der Meer, and Mr. H.A. van der Geest. In the opinion of the company and in the opinion of the Stichting Preferente Aandelen Accell Group, the Stichting Preferente Aandelen Accell Group is independent from the company within the meaning of Section 5:71, paragraph 1c of the Financial Supervision Act.

Compliance with the Code

Accell Group has in the past complied with and currently complies with most of the principles and best practice provisions of the Dutch Corporate Governance Code, insofar as these are applicable to the company. In view of the nature, size and character of the Accell Group organisation, the company believes that it is in its own best interest to deviate from the best practice provisions listed below. The following explains why and to what extent Accell Group deviates from said provisions:

Best practice provision II.1.1
This provision includes a system that stipulates terms of appointment for board members of a maximum of four years. However, the current members of the Board of Directors were appointed – before 2005 – for an unlimited period. Accell Group has decided to respect the contractual status quo of the current members of the Board of Directors. The appointment of the new member of the Board of Directors – Mr. J.J. Both – will be for a term of four years.

Best practice provision II.2.5
The regulation for share options stipulates a three-year reference period before the unconditional allocation of shares. Following definitive allocation, the shares must be held for at least two years. Although formally the period between conditional and unconditional allocation is two years, the reference period for allocation is three years and the Supervisory Board believes the term stipulated by the entire arrangement is sufficient to secure the commitment of the members of the Board of Directors to the company and its interests.

Best practice provision III.4.3
Accell Group has a secretary to the Board of Directors. His role is limited to supporting the Board of Directors. The tasks of the secretary as outlined in the Best practice provision III.4.3 are performed by the deputy chairman of the Supervisory Board.

Best practice provision IV.3.1
Best practice provision IV.3.1 requires that analyst meetings, analyst presentations, presentations to investors and press conferences be externally accessible via webcasting, telephone lines or other means. In view of the organisation entailed by the aforementioned types of broadcasts and the current size of the company, Accell Group has decided not to comply with this provision for the time being. Share price sensitive information is published on the website www.accell-group.com and presentations given during analyst and press meetings are published afterwards on the website.

Best practice provision IV.3.13
Accell Group has not so far outlined a policy in principle with respect to bilateral contacts with shareholders. The company plans to develop and lay down such a policy this year.

Transactions involving conflicts of interest
There were no transactions involving a conflict of interest as stipulated in best practice provision II.3.4, III.6.3 and III.6.4 of the Code in the 2014 financial year. The regulations for the Supervisory Board include rules on how to deal with (potential) conflicts of interest involving the members of the Board of Directors, the Supervisory Board and the external auditor in relation to Accell Group and stipulate which transactions require the approval of the Supervisory Board.

Regulation article 10 of the Takeover Directive

The following is an overview of the information required under article 1 of the Regulation article 10 of the Takeover Directive:

▪ **a.** The company's share capital is € 650,000 divided into 65,000,000 ordinary shares with a nominal value of € 0.01 each, divided into 27,500,000 ordinary shares, 5,000,000 cumulative preference shares F, and 32,500,000 cumulative preference shares B. The agenda for the Annual General Meeting of 21 April 2015 includes a motion to amend the articles of association; this amendment includes an increase in the company's share capital. As per 11 March 2015, the issued and paid-up capital of Accell Group amounts to € 248,716.25 divided into 24,871,625 ordinary shares with a nominal value of € 0.01 each.

▪ **b.** The company has no statutory or contractual limitation on the transfer of shares, with the exception of the statutory blocking provision with respect to the transfer of cumulative preference shares F.

▪ **c.** An overview of substantial participations in Accell Group is included on page 131 of this annual report.

▪ **d.** There are no extraordinary voting rights attached to the shares issued by the company.

▪ **e.** Accell Group does not have a monitoring mechanism for an employee share scheme.

▪ **f.** There are no limitations on the execution of the voting rights attached to ordinary shares.

▪ **g.** The company is not aware of any agreements in which a shareholder of the company is involved and which may cause limitations on the transfer of shares or limitation of the voting rights.

▪ **h.** The provisions for the appointment and dismissal of members of the Board of Directors and the Supervisory Board and changes to the articles of association are incorporated in the articles of association of the company, which can be consulted on the Accell Group website (under 'Corporate Governance').

▪ **i.** The powers of the Board of Directors and in particular their right to issue shares in the company and acquire shares in the company are described from page 65 onwards in this annual report.

▪ **j.** A number of agreements between the company and its financiers include the provision that the financiers have the right to dissolve the agreements and reclaim the loans issued prematurely in the event of a substantial change to the control over the company following a public bid as meant in article 5:70 of the Financial Supervision Act.

▪ **k.** The company is not aware of any agreements with directors or employees which provide for a payment in the event of the employment being terminated following a public bid as meant in article 5:70 of the Financial Supervision Act.

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REDLINE

RISKS AND RISK MANAGEMENT

Introduction

There are inherent risks related to Accell Group's business activities and organisation. Strategic, operational and financial objectives may not be met in full and the company also faces risks in the field of financial reporting and the application of laws and regulations. The extent to which the company is willing to run these risks in trying to achieve its goals differs per risk category. Accell Group has a relatively high risk appetite related to innovation, development and marketing. At the same time, the company has a low level of risk appetite when this relates to product safety. The risks the company is not willing to take on independently have as much as possible been transferred to an insurance company. The management of risk is an important part of the tasks of the company management, aimed at having a positive impact on the extent to which the company's objectives are realised. Below you will find an explanation of the main risks the company faces and the way in which Accell Group has organised its risk management.

Risk management system

The risk management system comprises the following components:

- Identifying and assessing the risks associated with the various strategic alternatives and formulating realistic objectives and associated control mechanisms.
- Identifying and evaluating the main strategic, operational and financial risks and the potential impact of same on the company.
- Developing a coherent system of measures to control, limit, avoid or transfer risks. The risk management system is tailored to the size and decentralised structure of the company.

Despite the risk management and control system, material errors, fraud or violations of the regulations may occur. The system therefore provides no absolute certainty that objectives will be realised, but was developed to achieve a reasonable level of certainty as regards the effectiveness of management tools pertaining to financial and operational risks that may affect the organisation's objectives.

Organisation

The Board of Directors is responsible for the set-up and operation of the internal risk management and control system. Market and operational risk management is, in principle, organised at operating company level. Management and control measures relating to acquisitions, treasury, financial reporting, tax and legal issues are centralised at group level. Accell Group has a decentralised management philosophy, in which the local targets are determined in consultation between the Board of Directors and management of the subsidiaries. Progress is monitored through the financial planning cycle and management information, the risk analysis and regular visits by the Board of Directors to the subsidiaries. The Supervisory Board is responsible for supervising the performance of the Board of Directors, and specifically monitors the strategic risks and the set-up and operation of the risk management and internal control systems.

Risk analysis

The Board of Directors and the management of the subsidiaries draw up periodical analyses of the strategic, operational and financial risks. For the purpose of the risk analysis an extended inventory was conducted of internal and external risks which are reviewed by the members of the Board of Directors and management of the subsidiaries individually on possible effects on the company. The control measures of the main risks are also assessed. The Board of Directors aims to constantly assess the system and improve same where necessary. The outcome relating to the risk analysis and the main risks are discussed periodically with the Supervisory Board.

Financial planning cycle and management information

The various subsidiaries draw up a strategic plan each year based on the main development in the company's operating environment. Once harmonised and approved, these plans are translated into annual budgets. The consolidated strategic plan and budget are discussed with the Supervisory Board. Management information reports are compiled on a daily, weekly and monthly basis. Latest estimates are drawn up at least three times a year. The budgets and latest estimates are reviewed against the actual results on a monthly basis and the outcome is reported to the Board of Directors.

Internal risk management and control system

To ensure the quality of the company's financial reporting and operational audits, Accell Group uses an extensive system of administrative organisation and internal controls. The internal control system is largely anchored in the company's information systems.

Financial administration guidelines

The personnel of the financial departments are provided with directives and instructions pertaining to the set-up and maintenance of the financial administration and reporting systems. Details of these are provided in a reference document. The directives and instructions comply with the prevailing IFRS standards.

Internal audit

The Internal Auditor carries out his tasks on the basis of a detailed internal audit plan, a predetermined assessment framework and the Accell Group Internal Control Framework. The Accell Group Internal Control Framework outlines the inherent risks for each process and the related internal control measures. The findings and recommendations of the Internal Audit are used to strengthen the internal controls. The findings and recommendation are then shared with the members of the Board of Directors and are subject to fixed follow-up deadlines. Agreement has been reached with the Audit Committee that the findings with high priority will be reported directly to the Audit Committee. This also applies to the follow-up on previous high-priority findings.

The Accell Group Internal Control Framework also includes embedded internal procedures, guidelines and management regulations that can have a financial impact. The company has drawn up management regulations to involve the Board of Directors in important decentralised decisions and to grant approval for such decisions, frequently in writing.

In 2012, 2013 and 2014, internal audits were conducted at various Accell Group subsidiaries and attention was devoted to group-wide control measures. As from 2014, the subject of fraud is discussed with the local management and in regular consultations with the CFO, as part of the internal audits. This also draws attention to the responsibility for the prevention and detection of fraud risk and shares same with the local management.

In 2015, the company will continue to develop the Accell Group Internal Control Framework and the group-wide control measures. The internal auditor will also review the risk management system.

In addition to the aforementioned internal audits, the Board of Directors and the audit committee also order specific ad hoc audits from time to time.

External auditor

An annual audit plan is drawn up by the external auditor. In the context of the audit of the annual financial statements by the external auditor an assessment is carried out regarding the set-up and presence of the most important internal controls of the business processes. This is reported in a formal letter to the management. The most important findings are discussed with the plenary Board of Directors and also with the Audit Committee of the Supervisory Board.

Letter of Representation

All directors of the subsidiaries each year sign a Letter of Representation, which is a detailed declaration, related to financial annual reports and the presence and functioning of the internal control systems. In respect of this detailed declaration a checklist of items is drawn up that will also be signed by other members of the management team of the Accell Group subsidiaries every year.

Other risk management measures :

- Accell has a Code of Conduct that has been updated by the Board of Directors of Accell Group and approved by the Supervisory Board in 2013. The Code of Conduct applies to all personnel of Accell Group and its subsidiaries and is published on the Accell Group corporate website;

- Accell has a Whistle blower scheme that has been updated by the Board of Directors of Accell Group and approved by the Supervisory Board in 2013. The Whistleblower procedure has been published on the corporate website of Accell Group and ensures that possible violations of existing policy and procedures can be reported without any negative consequences for the person reporting the violation;

- The basic premises for the directors of Accell Group's operating companies are provided by management regulations. These include detailed regulations on the subjects of internal decision making and communications;

- In 2013 it was decided to centralize the inventory management in such a way to gain more control on the effects of the decentralized structure of the logistics organisation with regard to the level of inventories.

Risk analysis and mitigation

The results of Accell Group are affected by the general economic conditions and the economic outlook of the countries in which the company is active. The conditions in the key purchasing markets also play a role. The following overview is not an exhaustive list of risks to which the company is exposed.

Strategic risks

Changes in the market
Behaviour in the market may change. Reduced consumer confidence may inspire consumers to postpone large expenditures, while dealers may reduce their stocks by postponing purchases when faced with more limited financing opportunities.

Mitigation
Accell Group devotes considerable attention to brand positioning and innovation to inspire consumer preferences for our products. Active dealer management ensures that dealers have the tools to increase their turnover of Accell Group products. The Accell Group organisation must be flexible, so it can respond quickly to changing market demands.

Acquisitions
Accell Group's growth strategy is partly dependent on acquisitions. However, it is possible that acquisitions may not meet expectations and the goals set. This pertains to estimates and assessments made during the acquisition process and also to integration following the acquisition. Secondly, it is possible that Accell Group cannot execute its acquisition strategy because it is not sufficiently successful in acquiring suitable companies.

Accell Group uses varying internal know-how and experience, and also hires external experts. The Board of Directors is always directly involved in an acquisition project. The Supervisory Board is an active partner in the acquisition process and must approve acquisitions. Also in some cases the bank consortium must approve acquisitions.

New companies are generally integrated into the group in the short term. Accell Group is constantly looking for and in contact with potential acquisition candidates.

The changing conditions in the worldwide economy and changing financing opportunities may make it more difficult or even impossible to finance acquisitions. Acquisition parties with greater capital strength may be at an advantage in those situations.

Operational risks

Marketing and development
The brand strategy of Accell Group demands continuous innovation and development of attractive products, due in part to developments at its competitors. This challenge must also be met in the long term. There is a risk that Accell Group will fail to develop and market sufficiently innovative products. Changes in consumer awareness of brands and products also play a role in this.

Mitigation
Accell Group continuously invests in the development of its brands and products, and the availability of talented and motivated managers and staff is a key factor in this respect. The management teams of the company are assessed periodically.

Competition
The bicycle sector is characterized by intense competition between existing providers, while at the same time new providers and sector related products enter the market. There is a risk that Accell Group is not sufficiently able to predict the behaviour of (potential) competitors or to respond to it adequately.

Accell Group spends a lot of time and money on market research, the outcome of which is used in the decision making process.

Seasonal sales and logistical risks
Turnover is subject to a great extent to seasonal influences. Bicycles are sold primarily in the spring and summer. There is a risk that the company will not be able to adapt quickly enough, which could put pressure on timely deliveries. The weather may also affect seasonal sales. Poor weather in the spring and/or particularly hot or bad weather in the summer may have a negative impact on the demand for bicycles.

Accell Group uses seasonal production and sales plans and aims to constantly improve the predictability of its sales. Long supply lines combined with the unpredictability of the weather and the sales can result in higher stock levels. The company therefore aims to be as flexible as possible in its response to supply and demand during the season. Accell Group does not use hedging products to cover the impact of the weather.

Product liability
Defects in products may result in injury to and claims from end users, which may lead to financial damage and/or damage to the company's reputation. Increasing self-awareness among consumers is a key development in this respect.

The company takes great care to ensure the quality and safety of its products. To this end, it uses tools such as standards partly based on laws and regulations, test and control systems, and recall scenarios.

Import duties
Imports of bicycle components from outside Europe are subject to various types of duty. There is a general import duty (5-15%), while certain countries enjoy discount rates. In addition, an antidumping duty applies to imports of bicycles from China to Europe. The current duty for imports from China is 48.5%. The regulation also applies to imports of specific bicycle components from China to prevent the import of near-complete bicycles in the guise of components. The main purpose of the regulations is to prevent the import of complete bicycles at unfair price levels. The absence of such duties, or a substantial change to the level of the duty, could result in changes to the supply and demand structure in the European bicycle markets.

Mitigation
Bicycle manufacturers that import components for in-house assembly are exempt from this duty. All the Accell Group companies in Europe are exempt. Accell Group positions its bicycle range in the higher market segment. In terms of strategic positioning in this segment, quality and response time to market developments are of key importance. The share of assembly costs in the total cost price of bicycles in the higher segment is limited. This reduces the impact of a possible termination or substantial reduction of the import duty.

Financial risks

Currency and interest rate
Turnover, profit and cash flow of the company are subject to exchange rate fluctuations of non-functional currencies. This pertains primarily the US dollar and to a lesser extent the Japanese yen, the British pound, the Taiwanese dollar and the Chinese Yuan. Changes in interest rates also affect the company results and cash flow.

Mitigation
Accell Group seeks to minimise the impact of non-functional currencies and controls the transaction risk by covering its currency needs with derivatives. All derivatives used have an underlying economic basis. This principle is applied strictly to prevent potentially speculative positions. Accell Group has an active interest rate policy, partly through the use of interest rate swaps.

Financing risk
The company is partly financed via a banking facility, which is used to absorb the impact of seasonal fluctuations in working capital, or to finance (smaller) acquisitions. There is a risk that the company will not be able to obtain the required financial resources, or not obtain those resources on time, to meet its financial obligations, which may endanger the growth of the company.

Accell Group mitigates this risk with a committed group financing facility which has been agreed upon with a number of solid financing parties. The facility is in line with the characteristics of the company and provides the financing parties with sufficient transparency and security. The conditions of the committed facility are disclosed in more detail in the financial statements on page 101 of the annual report.

Further risk analysis
The Board of Directors and the local management conduct a bi-annual risk analysis as part of the risk management system, to assess the likelihood and impact of potential risks. Based on that assessment, they draw up an overview of the main risks.

Statement of the Board of the Directors

In accordance with Best Practice provision II.1.5 of the Dutch Corporate Governance Code, and taking into account the aforementioned, the Board of Directors declare that the internal risk management and internal control system offers a reasonable assurance that the financial reporting contains no significant material inaccuracies. In the view of the Board of Directors, the risk management and control system performed adequately in the year under review and the Board also expects the system to function adequately in the current financial year.

With reference to article 5:25c, paragraph 2, of the Financial Supervision Act and with due observance of the above, and based on the audit of the financial statements by the external auditor, the Board of Directors state that:

- the financial statements as included on pages 101 to 173 of this report provide a true representation of the assets, liabilities and the financial position on the balance sheet date, as well as the profit for the financial year of Accell Group N.V. and the companies included jointly in the consolidation;
- the Executive Board report as included on the pages 36 to 79 of this report provide a true representation of the situation on 31 December 2014, and the course of business at the company and at companies included in the joint consolidation during the 2014 financial year. This annual report includes a description of the actual risks Accell Group N.V. faces.

The Board of Directors would like to state at this point that the internal risk management and internal control system is intended to identify and control significant risks to which the company is exposed, with due consideration for the nature and scope of the organisation. Such a system does not provide absolute certainty that objectives will be realised. Similarly, it is not possible to completely prevent potential material errors, damage, fraud or the violation of statutory regulations. Actual effectiveness can only be assessed on the basis of the results across a longer period of time.


LAPIERRE

'Innovation is part of our DNA'

Whatever the ride; road, mountain, leisure, sports or fitness, Lapierre is widely regarded as the frontrunner in sports bike innovations. Currently the family-infused, iconic brand is prominently in the lead with further developing the power-assisted mountain bike. "It's the next big thing in mountain biking", says Gilles Lapierre, Managing Director of Lapierre and grandson of the founder. "We believe we have a very strong competitive advantage as we can leverage the leading technological know-how for e-bikes which Accell Group has built over the past decade."

Founded in 1946 in Dijon, France by cycling enthusiast Gaston Lapierre, the European market leader in mountain bikes (MTB's) has become a fixture in the international cycling industry. Four decades later, in the late Eighties Gaston's son Jacky Lapierre, along with his son Gilles, pioneered the development of bikes suitable for rough and/or hilly terrain. At the time, few European countries were manufacturing these bikes, hence Jacky and Gilles saw the opportunity to become European market leader for this 'new' style of riding, known as mountain biking.

Nowadays, Gilles and his dedicated R&D team lead the introduction of electronics innovation on the MTB market. "I think it does mean extra dedication", he says when asked about being part of such a long heritage. "I've been with the company as long as I can remember; my father showed me the ropes and made me experience every aspect of the company. He always emphasized the importance of continued attention for technology, innovations, aesthetics and detail. This is what explains our long term success and this is what makes the Lapierre brand special."

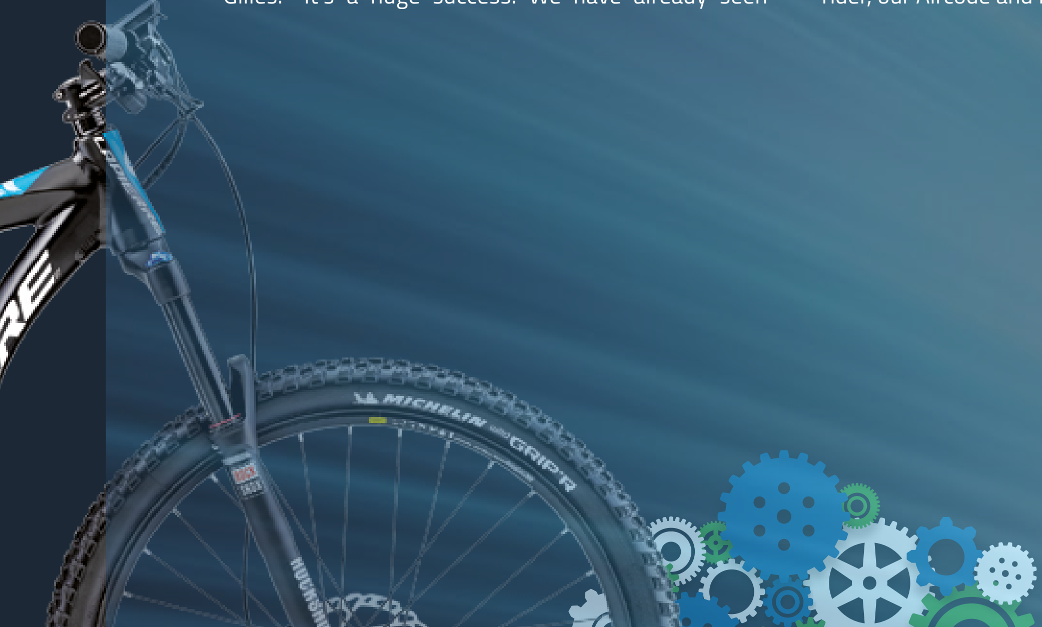
Thus, following its tradition of being at the forefront of revolutionary innovations, in 2013 Lapierre launched the Overvolt, its first power-assisted mountain bike. Gilles: "It's a huge success. We have already seen substantial growth in 2014 and I believe this growth will continue in 2015 and beyond. Most of Europe is still far behind Germany in terms of sales and I can see growth increasing as more people catch on to the concept of e-MTBs."

Although it appears contradictive, riding an e-bike is still a physical exercise, says Gilles. "It simply enables the rider to go further and faster than they could otherwise. First, e-bikes were bought by 50 to 65-year-old men who wanted to keep practicing while physical performance was decreasing. Today, e-bikes attract younger people who want to test their limits, go further and keep pushing performance boundaries. The first e-MTB races are now organized in Europe!"

"Innovation is part of our DNA", Gilles explains the urge to keep pushing the technological boundaries. "As we work with top athletes both in road and mountain biking, we are used to going the extra mile in our R&D activities in order to develop products that help them win."

Although Lapierre has a strong focus on top level cycling, emphasized by sponsoring professional top level teams such as world-class champion road cyclists (Team FDJ.fr) and mountain bikers (Team Lapierre Gravity Republic), the brand is also popular among consumers. Lapierre has a wide range of products, including kids bikes, city bikes and entry level MTBs. Currently over 100,000 bikes are sold each year.

"I think it's a win-win-situation. Our sponsoring activities are important for brand image, product development and last but not least to boost sales as consumers want to benefit from top level technology and image. This is best demonstrated by the incredible success of Thibaut Pinot in the 2014 Tour de France. Due to his finish in 3rd position, and as best young rider, our Aircode and Pulsium road bikes are sold out."



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SPARTA MOJO

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board comprises the following members:

Mr. A.J. (Ab) Pasman (1950), Chairman

Mr. Pasman (Dutch nationality) was appointed to the Supervisory Board on 22 April 2010 and became chairman as of that date. Mr. Pasman was a member of the Board of Directors of Koninklijke Grolsch N.V. from 2003 to 2008 and was appointed chairman of said board in 2004. He is a member of the Supervisory Board at the following non-listed companies: Berenschot Holding B.V. and Westland Kaas Groep B.V. Mr. Pasman's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2018.

Mr. J. (Jan) van den Belt (1946), Deputy Chairman

Mr. Van den Belt (Dutch nationality) was appointed to the Supervisory Board on 20 April 2006. He was CFO and member of the Board of Directors of Océ N.V. until the end of October 2008. Mr. Van den Belt is a member of the Supervisory Boards of Groeneveld Groep B.V., Attero Holding N.V., N.V. Holmatro, the Advisory Board of the Bosal Council, as well as a member of the Executive Board of Stichting Ahold Continuïteit. In addition he is Council (substitute) at the Enterprise Chamber of the Amsterdam Court of Appeals in Amsterdam. Mr. Van den Belt qualifies as the financial expert referred to in the best practice Article III.3.2 of the Dutch Corporate Governance Code. Mr. Van den Belt's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2018.

Mr. P.B. (Peter) Ernsting (1958)

Mr. Ernsting (Dutch nationality) was appointed to the Supervisory Board at the General Meeting of Shareholders of 28 April 2011. Mr. Ernsting was appointed at the proposal of the Supervisory Board after a recommendation from the Central Works Council. As from June 2011, Mr. Ernsting is senior Vice President, Group Supply Chain, and member of the Executive Committee at Carlsberg. Mr. Ernsting previously held a number of management positions at Unilever N.V., both in the Netherlands and abroad. Mr. Ernsting's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2015.

Mr. A. (Aad) Kuiper (1960)

Mr. Kuiper (Dutch nationality) was appointed to the Supervisory Board at the General Meeting of Shareholders of 25 April 2013. Mr. Kuiper is Vice President and President & CEO of Hunter Douglas EMEA (Europe, Middle East and Africa) and has worked at Hunter Douglas N.V. since 1997. Mr. Kuiper has worked in various management positions at Akzo Nobel between 1987 and 1997, both in the Netherlands and abroad. Mr. Kuiper was Chairman of the Advisory Board of Scheuten S.A.R.L. until end of 2014 and is a member of the Supervisory Board of Bonarius Holding B.V. and per 1 February 2015 chairman of the Supervisory Board of Infotheek International. Mr. Kuiper's term of office runs until the Annual General Meeting of Shareholders due to held in the spring of 2017.

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REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

In 2014 Accell Group improved its performance in a number of areas. We are pleased with the positive development in turnover and results and the improvements in the working capital management, and more specifically the improved inventories management. In organisational terms, the company has made positive progress in the integration of the North American organisation and the successful restructuring of the Dutch organisation. The efficiency measures in the Netherlands also had a positive impact on the results of the Dutch operations. Accell Group is on the right track, but there is obviously still work to be done. The focus will remain on the continued professionalisation of the organisation, which will enable the company to make greater use of the potential of its acquisitions.

The markets in which Accell Group is active have become more dynamic and this results in different demands on operating methods. These are powerful and enduring trends that will continue to increase the popularity of bicycles for exercise, sports, recreational use and commuter traffic. And Accell Group has of course been active in the development of the electric bicycle since the very beginning. The future development of electric bicycles, a market in which Accell Group already has a very strong and leading position – also in terms of technology - has added a whole dimension to the popularity of bicycles. Cycling is also shifting and rising in the perception of consumers. It has become a subject people like to and want to talk about. This makes cycling a market with a large growth potential at its core. At the same time, we have seen consumer spending and purchasing patterns change considerably in recent years and that has also had an impact on bicycle sales. Consumers respond differently, they are less predictable and have a lot more choice. Competition has increased and many, often smaller, players have entered the market. This offers a large player like Accell Group, which can take advantage of its scale, opportunities to develop a real competitive edge. On top of this, it remains absolutely essential to continue to innovate and design bicycle collections that are distinctive and appeal to consumers.

One thing is clear, cycling is a market with a very promising future and Accell Group has the scale, the effectiveness, the technology and the innovative potential to excel in this market. This is of course also the challenge that Accell Group faces, a challenge the company, headed by the Board of Directors, will once again continue to address in the implementation of its strategy in 2015.

There were no changes to the Board of Directors or the Supervisory Board in 2014. However, in view of Accell Group's considerable growth, the shareholders will be asked to approve the addition of a fourth member to the Board of Directors, a Chief Supply Chain Officer. The shareholders will be asked to approve the appointment of Mr. J.J. Both, as of April 2015, who will focus primarily on closer cooperation between the various country organisations and the continued realisation of synergy and economies of scale in the logistics chain across the group. Mr. Both will be responsible for sourcing, planning and logistics.

On the following pages you will find a report on the activities of the Supervisory Board in 2014.

Under the guidance of the Board of Directors and other members of the management, and with the efforts, expertise and dedication of all employees, Accell Group made solid progress in various areas that required attention. We are grateful to the Board of Directors and the employees for their efforts and commitment and are convinced that together we will continue to take many more positive steps in the future.

Heerenveen, March 11, 2015

On behalf of the Supervisory Board,
A.J. Pasman, Chairman

Tasks of the Supervisory Board

In the year under review, the Supervisory Board fulfilled its tasks in line with the regulations that govern the Supervisory Board, which can be viewed on Accell Group's website (www.accell-group.com, under 'Corporate Governance'). You can also download the regulations via the website.

The Supervisory Board appointed an audit committee and a selection & remuneration committee. These committees are also subject to the regulations that are available for viewing and download on the corporate website. The task of these committees is to support and advise the Supervisory Board with respect to their designated activities and to lay the ground for the Supervisory Board's decision-making. The Supervisory Board as a whole remains responsible for the way it exercises its tasks, including the preparatory activities carried out by the audit committee and the selection & remuneration committee.

In 2014, the Supervisory Board supervised the management of the Board of Directors and the general course of business within the Accell Group. The Supervisory Board also advised the Board of Directors in its capacity as a supervisory body.

The Supervisory Board is also responsible for such items as legally stipulated and incorporated in the Accell Group articles of association. Pursuant to same, the Board of Directors submitted important decisions to the Supervisory Board for approval.

Meetings of the Supervisory Board and subcommittees

Plenary meetings of the Supervisory Board in 2014

In 2014, the Supervisory Board had five regular combined meetings with the Board of Directors. The meetings took place in February, April, July, October and December.

During its meetings in the year under review, the Supervisory Board discussed important subjects such as group strategy, marketing and distribution, the structure of the group, the quality of the organisation, the quality of internal controls, the realisation of synergy benefits and improved utilisation of know-how and innovation.

The joint meetings of the Board of Directors and the Supervisory Board once again devoted considerable attention to Accell Group's strategy, also in view of the general global economic conditions, changing market and consumer demand, shifts in the competitive arena and technological developments. The meetings also resulted in the setting of clearer focal points for growth realisation and value creation from a longer-term perspective. In this context, decision were made related to the sale of the fitness activities and strengthening market positions through acquisitions, particularly on the bicycle parts and accessories front.

The company's growth requires it to devote specific attention to internal controls. This subject was discussed in all the meetings of the audit committee and in most cases in the presence of the external auditor. Following the disposal of the fitness activities, the board also discussed and established a new segmentation required under IFRS.

The external auditor attended three of the four meetings of the audit committee. The full Supervisory Board also had two meetings with the external auditor in the presence of the Board of Directors and subsequently in the absence of the Board of Directors. These meetings with the external auditor did not yield any information that required immediate attention or action.

In 2014, the board organised two meetings for discussions with the Board of Directors and the central works council. The subjects discussed included operational matters and the company's strategy, as well as the successful restructuring of Accell Group's Dutch subsidiaries.

With regard to the functioning of the Supervisory Board, it was agreed in the past that a third party would evaluate this in detail and professionally once every three years. In the intervening years, the functioning of the Supervisory Board will be evaluated internally on an annual basis. In 2014, there was an internal evaluation which explored subjects such as expertise, cooperation within the board, the relationship with the Board of Directors, the functioning of the chairman and the overall functioning of the board as a whole. The conclusion of this evaluation was that each of the members of the Supervisory Board functioned well and that the Supervisory Board as a whole functioned as it should. In 2015, there will once again be a detailed evaluation involving an external party.

Meetings of the audit committee in 2014

The audit committee comprises Mr. Van den Belt (chairman) and Mr. Ernsting. The composition of the audit committee is in accordance with the provisions of the Dutch Corporate Governance Code. The audit committee supports the Supervisory Board in the execution of its tasks, including those in the financial and administrative field and lays the ground for the board's decision-making with respect to same.

The audit committee met four times in 2014, three times in the presence of the external auditor. The audit committee discussed the following subjects during its meetings: the quarterly results, the internal control framework, the internal audit plan, the main findings of the Internal auditor and any actions taken as a results of same, the audit plan of the external auditor, the management letter and the auditor's report, the organisation of the financial function, the risk management (fraud and financial risks), financing and covenants, taxes, IT and the 2015 budget.

The audit committee once again dedicated specific attention to the quality and integrity of the financial results. To this end, the committee discussed the results of the subsidiaries and the group in the presence of the external auditor. The committee also discussed the auditor's report and in doing so devoted specific attention to the integrity of the reported results.

In the year under review, the committee also held in-depth discussions concerning the 'One Finance' project, which is aimed at various aspects of the organisation and the processes of the finance function in the context of the decentralised management model. This subject is on the agenda of every meeting of the audit committee. It has the active support of the Board of Directors and the line management. The committee also devoted specific attention to cost price developments last year. Moreover, the committee found that the management's attention to working capital was clearly bearing fruit. The scope of the financing facilities and associated covenants also received extra attention in view of the growth in turnover and the acquisitions and divestments in 2014. Following inquiries of the Dutch financial markets supervisory body AFM, Accell Group has had discussions with the de AFM about the application of reporting rules with regard to the English pension scheme. The audit committee has closely followed the discussion with the AFM and the Board of Directors has each time discussed same with the audit committee and the external auditor in advance.

The committee also discussed the management letter and any actions taken as a result of same. As in previous years, the company made continued improvements in 2014 and once again proved it is serious about following-up on any recommendations. No irregularities or serious shortcomings were reported in the report from the auditor to the management. The report included recommendations in the field of centralised purchasing bonuses and IT. These subjects have the undivided attention of the Board of Directors and the audit committee will continue to follow developments in this area too. With respect to the internal audit, the management letter states that this is now part of the process of strengthening internal control through the evaluation of control frameworks at the various companies.

In 2014, the internal auditor made progress in the field of internal risk management. The internal auditor specifically looked at the consistency of the policy as this has been implemented throughout the organisation. In 2014, the internal auditor once again visited various company's subsidiaries. The internal auditor reports on the findings and any action taken as a result in detail at the meetings of the audit committee. The audit committee subsequently reports on same in the combined meeting of the Supervisory Board and the Board of Directors.

Each year, the external auditor, in consultation with the Supervisory Board and the Board of Directors, devotes specific attention to a number of subjects that are relevant to the expression of an opinion on the financial statements and to subjects that are relevant at that point in time. With regard to the 2014 financial statements, particular attention was devoted to the following subjects:

- revenue recognition, including cut-off and accuracy of turnover
- measurement of trademark and goodwill
- measurement of the components of working capital
- measurement of pension obligations, especially in the United Kingdom
- financial instruments and foreign exchange risks
- processing of the acquisition of Comet
- tax accounting
- segmentation of turnover, results, assets and liabilities
- financing and the related covenants
- management override of controls
- general IT controls and application controls

Meetings of the selection & remuneration committee in 2014

The selection & remuneration committee comprises Mr. Kuiper (chairman) and Mr. Pasman. The composition of the committee is in line with the provisions of the Dutch Corporate Governance Code. The tasks of the selection & remuneration committee include submitting proposals to the Supervisory Board regarding the selection criteria and appointment procedures for members of the Supervisory Board and the Board of Directors, the remuneration policy and the level of remuneration and the employment terms and conditions of the members of the Board of Directors

The selection & remuneration committee met four times in 2014. The committee's activities included the recruitment of a fourth member for the Board of Directors, which resulted in the nomination for appointment of Mr. J.J. Both as Chief Supply Chain Officer. The selection & remuneration committee also discussed the following subjects during its meetings: preparations for the assessment of the functioning of the members of the Board of Directors, the functioning of the members of the Board of Directors, the submission of a proposal regarding the fixed and variable remuneration of the members of the Board of Directors, the evaluation of the remuneration of the members of the Board of Directors and the preparations for the evaluation of the functioning of the members of the Supervisory Board.

The Supervisory Board believes the instigation of the two committees has contributed to the continued intensification of the supervision of and advice related to the company's policies. The regulations of the two committees are available on the Accell Group website.

Activities outside the meetings

Outside the meetings, there were regular contacts throughout the year between members of the Supervisory Board and member of the Boards of Directors on a wide range of subjects.

In addition, members of the Supervisory Board attended meetings of the works council in the Netherlands, where the subjects discussed included the restructuring of the Dutch organisation as a result of the centralisation of the production assembly activities in Heerenveen.

Members of the Supervisory Board also made various visits to Accell Group subsidiaries to enhance their substantive knowledge of the company. In this context, two members of the Supervisory Board visited the North American operations in 2014, in view of the restructuring of the North American organisation and the integration of the Accell Group brands sold in that market.

Remuneration Board of Directors

The Supervisory Board has drawn up a remuneration report for 2014 related to the application of the remuneration policy for the Board of Directors. The full report is available on the Accell Group website. The remuneration for the Board of Directors is in line with the policy established by the General Meeting of Shareholders of 24 April 2008 and most recently amended on 22 April 2010.

In a meeting held on 26 February 2014, in the absence of the Board of Directors, the Supervisory Board discussed the functioning of the Board of Directors as a whole and the members individually. The remuneration for the members of the Board of Directors was reassessed in 2013. On 4 March 2015, the Supervisory Board discussed the remuneration for the Board of Directors for 2015, as well as the bonus payments for the 2014 financial year as presented in the financial statements for 2014.

The aim of the remuneration policy is to enable Accell Group to recruit and retain qualified people for the Board of Directors. The level and structure of the remuneration are based in part on factors such as profit development, share price developments and other developments relevant to the company. The aim of the remuneration policy is to position the remuneration packages at a competitive level in the Dutch remuneration market for people with comparable levels of responsibility on the boards of larger companies.

An explanation of the various components of the remuneration for the Board of Directors is available in the 2014 remuneration report on the company website. For the exact amounts of the remuneration of the members of the Board of Directors, we refer to the notes to the financial statements on page 164 of this annual report.

Financial Statements

The Supervisory Board has discussed the 2014 financial statements with the Board of Directors and the external auditor (Deloitte Accountants B.V.) and approved same in its meeting of 4 March 2015. Deloitte has issued an unqualified auditor's report. The financial statements will be submitted for adoption to the General Meeting of Shareholders on 23 April 2015.

WINORA LOUVRE

SHAREHOLDERS INFORMATION AND INVESTOR RELATIONS

Listing

Accell Group shares are traded on the official market of NYSE Euronext in Amsterdam. The Accell Group share has been included in the Small Cap Index (AScX) since September 2008.

The share

As per 31 December 2014, 24,846,956 ordinary shares with a nominal value of € 0.01 had been issued.

The closing price at year-end 2014 was € 13.60 (2013: € 13.40). The number of shares traded in 2014 was around 4.0 million (2013: 5.0 million), with an average of around 16,000 shares traded per trading day. The closing price of € 13.60 on 31 December 2014 constitutes an increase in the share price of around 1.5% compared with the closing price as per 31 December 2013 (€ 13.40).

Trade in Accell Group shares in 2014*:

	Number of shares	Amounts (€ x mln)	Highest Price (€)	Lowest Price (€)	Closing Price (€)
January	300,120	4.2	14.41	13.38	13.80
February	311,497	4.4	14.89	13.47	14.50
March	333,414	4.9	14.99	14.25	14.99
April	291,644	4.3	15.00	14.26	14.32
May	288,869	4.0	14.47	13.51	13.83
Juni	289,777	4.1	14.63	13.59	14.07
July	278,821	3.9	14.25	13.55	13.81
August	280,329	3.8	14.00	12.80	13.71
September	243,818	3.3	13.80	12.99	13.06
October	663,868	8.1	13.25	11.70	12.73
November	459,855	6.0	14.15	12.19	13.45
December	341,595	4.6	13.77	12.75	13.60
Total	**4,083,607**	**55.6**			

**source: NYSE Euronext*

In the context of disclosures on major holdings and capital interests, the Financial Markets Authority (AFM) has published the following statement of interests of 3% or more in Accell Group:

	Date reporting obligation	Equity participation (in %)	Voting rights (in %)	Potential voting rights (in %)
ASR Verzekeringen N.V.	6 October 2008	5.75%	5.75%	-
Beleggings- en exploitatiemaatschappij "De Engh" B.V.	27 October 2010	5.10%	5.10%	-
Boron Investments N.V.	9 March 2012	5.01%	5.01%	
Darlin N.V.	1 November 2006	7.40%	7.40%	-
Delta Lloyd Deelnemingen Fonds N.V.	1 November 2006	6.94%	6.94%	
Delta Lloyd Levensverzekering N.V.	6 May 2011	6.59%	6.59%	-
FMR LLC	10 December 2012	10.01%	10.01%	-
J.H. Langendoen	2 May 2012	4.81%	4.81%	-
Stichting Preferente Aandelen Accell Group	1 November 2006	-	-	100%

Dividend policy

When Accell Group shares were introduced on the Euronext Amsterdam stock exchange in October 1998, the company announced it would strive for a stable dividend policy, aimed at paying out at least 40% of net profit. In 2014, Accell Group paid out an optional dividend for 2013 of € 0.55 per outstanding ordinary share. The pay-out ratio was 70% of net profit and the dividend yield was 4.1% (based on the 2013 closing share price). At the close of the optional period, 46% of Accell Group shareholders had opted to receive a stock dividend.

Proposed dividend 2014

At the General Meeting of Shareholders, shareholders will be asked to approve an optional dividend in cash or shares for 2014 of € 0.61 per share. This puts the dividend yield at 4.5%, based on the share price at year-end 2014. The pay-out ratio for the 2014 financial year is 58% and thus higher than the average of 50% in recent years.

The use of an optional dividend means a higher pay-out ratio can be used while also maintaining a healthy balance sheet for future acquisitions. Accell Group believes this is entirely in line with the group's growth strategy. The optional dividend enables Accell Group to offer its shareholders a high dividend yield while also improving its solvency ratio. The Board of Directors believes that this dividend yield and this form of dividend are competitive when compared to other listed companies.

Investor relations

Accell Group strives to provide its shareholders, potential shareholders and other financial stakeholders with of all relevant strategic, financial and other material information, both effectively and in a timely fashion, to improve insight into the company, the current developments and the market in which it operates.

Accell Group's financial year is the same as the calendar year and runs from January through December. Accell Group publishes its full financial results annually and semi-annually. Accell Group also publishes qualitative trading updates in April and November on the company's financial and operational developments.

The company organises meetings with (major) shareholders, analysts and the media for the presentation and explanation of the annual and interim results.

In the course of the year, Accell Group conducts an active investor relations policy, both for institutional investors and private investors. The company used brokers to organise investor roadshows and participation in a number of investor conferences. In the course of the year and outside the closed periods, members of the Board of Directors regularly have one-to-one meetings with major shareholders and interested institutional investors, both physically and by telephone. It is worth noting that the awareness of and interest in Accell Group among foreign investors is increasing. The same is true for the interest from investors that focus on sustainability and corporate social responsibility, themes Accell Group also focuses on via its products and strategy.

In 2014, Accell Group arranged meetings and company visits for (private) investors and shareholders at the various Accell Group companies. The company also arranged regular interviews with the (financial) media.

The company also renewed its corporate website *www.accell-group.com* in 2014. This improved the overall design, functionality and accessibility of the website and the Investor Relations section. The website now provides more relevant information that is more in line with the wishes and requirements of the primary target audiences that visit the corporate website, including investors and the financial media.

Financial calendar 2015

The following publication dates and other relevant dates are on the calendar for 2015:

26 March 2015	23 April 2015	23 April 2015	27 April 2015	28 April 2015
Registration date General Meeting of Shareholders	***Trading update***	***General Meeting of Shareholders***	***Ex-dividend listing***	***Registration date dividend entitlement***
29 April - 15 May 2015	18 May 2015	20 May 2015	24 July 2015	17 November 2015
Optional period dividend	***Determination swap ratio optional dividend***	***Dividend payable***	***Publication interim results***	***Trading update***

OUR BRANDS

BATAVUS

www.batavus.com

Batavus (1904) has been around for more 110 years and is considered one of the strongest, best known and most innovative Dutch brands. Batavus makes extremely comfortable and durable high-quality bicycles for a broad user-base, but also designs smart and useful innovations that make cycling safer and more fun.

KOGA

www.koga.com

Koga (1974) is a Dutch brand that stands for top quality sporty bikes, with products aimed at passionate cyclists. The Koga Research & Development team and the Quality Center are the driving forces behind the company's exceptional dedication to innovation and quality. All Koga bikes are hand-made by dedicated specialists.

SPARTA

www.sparta.nl

Sparta (1917) is the pioneer in electrically-assisted bicycles and market leader in e-bike innovations in the Netherlands. Sparta works continuously on technology-driven product development, while simultaneously exploring new target groups and new market segments for e-bikes. Sparta's e-bikes are part of an eye-catching city-bike collection targeting the mid and higher-range segment of the market.

Loekie

www.loekie.nl

Loekie (1980) produces the best-looking and safest bicycles for children between three and seven years of age. Whether we're talking cool bikes for boys or a pink bike fit for a princess, we always provide A-quality at a reasonable price.

WINORA

www.winora.de

Winora (1914) has been a household name in Germany for almost a century as a maker of bicycles for the whole family, from the smallest children's bike to a sporty trekking bike right through to the latest in electrically-assisted models. Winora bikes are modern, top quality and durable.

STAIGER

www.staiger-fahrrad.de

Staiger (1898) is a trendsetter in the fast-growing market for lightweight bicycles in the trekking and touring segment. The well-known Staiger brand is aimed primarily at demanding consumers who set great store by comfort and top quality.

HAIBIKE

www.haibike.de

Haibike (1995) produces sporty bikes, including a collection of e-performance models defined by ground-breaking design and innovation. The product range varies from sports bikes for beginners to top-quality professional racing bikes, together with special-purpose racing and mountain bikes for downhill, free ride and cross-country cycling.

GHOST®
GERMAN BICYCLE TECHNOLOGY

www.ghost-bikes.com

The trendsetting bicycles produced by Ghost (1993) stand out thanks to their innovative technologies and come complete with small but striking details. The German brand's name recognition has been boosted by the successes of the Ghost Factory Racing Team and the Ghost AMR competition.

www.cycles-lapierre.fr

Lapierre (1946) stands for top sporting performances, top quality and ground-breaking innovations with French panache. The Pro Tour Road Team and a World Cup DH Team have been hugely successful riding Lapierre bicycles. The Lapierre bike makers have proven their immense technical know-how with the development of the Overvolt e-bike models. The Lapierre brand stands for a lifestyle driven by passion and performance, both on the road and off-track.

www.redlinebicycles.com

Redline Bicycles (1974) is a leading brand in the off-road sports bikes segment. The brand manufactures technically advanced models for the BMX, cyclo cross and mountain bike segments. Redline also has a large range of popular parts and accessories for the BMX enthusiast. The brand is sold primarily via independent bicycle retailers in North America.

www.junckerbikeparts.nl

Juncker Bike Parts (1912) is one of the largest suppliers of bicycle parts and accessories in the Benelux region. Juncker supplies over 12,000 products, including its own XLC brand, directly to the retailer sector via the ordering system Accentry developed by Accell Group.

www.bike-parts.de

E. Wiener Bike Parts (1914) is a household name in Germany and France as a supplier of bicycle parts and accessories. Thanks to the company's numerous exclusive distribution licences, E. Wiener Bike Parts is a one-stop shop for the German retail sector.

www.cyclesdiamond.be
www.viper-sconcept.eu
www.brasseur-bicycles.com

Brasseur (1913) is the exclusive distributor of high-grade bicycle parts, accessories and bicycle brands in Belgium, with a special focus on the Francophone part of the country. The company works closely with Juncker Bike Parts and E. Wiener Bike Parts.

www.seattlebikesupply.com

SBS (1974) supplies bicycles, bike parts and accessories to specialist retailers across North America, under the brand names Redline, Torker, Pryme Gear, SBS Wheel Works and XLC. The company has three distribution centers in North America, giving it access to virtually all specialist bicycle retailers in the United States.

www.torkerusa.com

Torker Bicycles produces bicycles that allow average intermediate cyclists of all ages to learn to cycle and gain experience. Torker has a wide range of models for commuter traffic and transport, as well as children's bicycles and bikes designed for elderly people. Torker is sold primarily via independent bicycle retailers in North America.

www.xlc-parts.com

XLC (2001) is the young, global premium brand for Accell Group's bicycle parts and accessories. The company supplies a complete line of products for mountain and racing bikes, but also for touring and city bikes.

NISHIKI

www.nishiki.com | www.nishiki.fi

Nishiki (1965) produces trekking bikes, ATBs and racing bikes for the top market segment. The brand stands for innovation, quality and performance. The Finnish design, ground-breaking in terms of ergonomics and colour use, appeals to professionals and enthusiasts looking for something truly extraordinary.

Atala

www.atala.it

Atala (1921) is a renowned Italian brand that stands for riding comfort and reliability. The company supplies a wide range of sporty bicycles, children's bikes and city bikes for a broad user base. Atala has its own distribution network of independent dealers across Italy.

TUNTURI®

www.tunturi.fi

Tunturi (1922) is a well-known bicycle brand in the Scandinavian market, with a collection that clearly stands out from the average product ranges in Finland and Sweden. The brand produces bicycles as well as parts and accessories.

OUR BRANDS (CONTINUED)

www.currietech.com

Currie Technologies (1997) designs and sells high-grade, technologically advanced electrically assisted bicycles. Currie is one of the oldest and most experienced developers and distributors of e-bikes in the US, via its IZIP, eFlow and Haibike Xduro brands. The product range includes models that meet customers' desire for an inexpensive alternative for mobility, leisure time, exercise and simple fun.

www.diamondback.com

Diamondback (1977) is one of the pioneers in the world of BMX. Diamondback now offers a wide range of innovative products for every bicycle segment and helps cyclists to explore and stretch their boundaries. The brand is known for the value and quality of its bikes in every price range and category. The Pro Cycling team of Diamondback was in 2014 the most successful team in North America.

www.carrarocicli.com

Carraro (1924) is a classic Italian brand in the top segment for trekking and racing bikes. A Carraro bike is the embodiment of excellence in technology, the best performance and reliability and innovative design.

www.comet.es

Comet (1886) is the largest provider of high quality bicycle part and accessories in Spain and a top 5 player in France. Comet has an impressive number of exclusive distribution agreements with various well known brands.

www.raleigh.co.uk

The Raleigh (1887) brand is a worldwide icon. Raleigh has its roots in Nottingham, United Kingdom and is now sold in many countries across the world. The timeless British image and the company's rich history in professional cycling are a constant in the company's marketing of the brand. Raleigh supplies bicycles for a wide user base, from children's bikes to professional racing bikes, always recognizable thanks to their by quality and reliability.

www.raleighusa.com

The Raleigh brand has an outstanding track record. It is one of the fastest growing brands in the US market. Raleigh bicycles exude a sense of fun, family, fitness and community, all at attractive prices. Good for users and good for the environment.

www.vannicholas.com

Van Nicholas (1999) is a Dutch brand specialised in the development and manufacture of highgrade titanium sports bikes. A team of true professionals guarantees a very special collection of bicycles and accessories. The brand stands for the ultimate cycling experience for every individual user. This brand is all about passion, dedication and a constant striving for perfection.


HAIBIKE

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Before profit appropriation (in thousands of euros)

		31-12-14		31-12-13
Assets				
Non-current assets				
Property, plant and equipment (9)	68,071		65,121	
Goodwill (10)	63,654		53,652	
Other intangible assets (11)	42,957		40,066	
Non-consolidated companies (12)	4,991		4,526	
Deferred tax assets (19)	7,410		11,285	
Net pension assets (18)	2,521		1,564	
Other financial fixed assets (13)	2,183		2,463	
		191,787		**178,677**
Current assets				
Inventories (14)	244,457		238,308	
Trade receivables (15)	133,252		99,495	
Other financial instruments (22)	6,039		0	
Tax receivables	14,979		8,864	
Other receivables	18,602		18,622	
Cash and cash equivalents	13,529		15,907	
		430,858		**381,196**
Assets held for sale (5)		0		19,711
Total assets		**622,645**		**579,584**

The figures following the various items refer to the notes on pages 120 through 159.

	31-12-14		31-12-13	
Equity & liabilities				
Group equity [16]				
Share capital	249		244	
Reserves	249,579		220,719	
Net profit for the year	26,083		19,020	
		275,911		**239,983**
Non-current liabilities				
Interest-bearing loans [17]	70,865		103,313	
Pension provisions [18]	6,621		5,506	
Deferred tax liabilities [19]	8,768		9,681	
Provisions [20]	5,896		5,330	
Deferred income [21]	2,560		2,462	
		94,710		**126,292**
Current liabilities				
Interest-bearing loans and bank overdrafts [17]	94,971		96,087	
Trade payables	108,502		71,238	
Other financial instruments [22]	4,385		9,027	
Current tax liabilities	22,192		12,455	
Provisions [20]	5,695		6,635	
Deferred income [21]	550		650	
Other liabilities	15,729		16,547	
		252,024		**212,639**
Liabilities held for sale [5]		0		670
Total equity & liabilities		**622,645**		**579,584**

The figures following the various items refer to the notes on pages 120 through 159.

↖
LAPIERRE XELIUS EFI 400

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	2014	2014	2013	2013
Net turnover [1]		**882,404**		**848,971**
Costs of raw materials and components	614,105		589,431	
Cost of inventory change	1,130		552	
Personnel costs [2]	107,413		106,615	
Depreciation [3]	8,903		8,692	
Other operating expenses [4]	106,571		106,744	
		838,122		**812,034**
		44,282		**36,937**
Reorganisation costs [5]		-1,616		-3,004
Sale of business activities and acquisition costs [5]		951		0
Operating profit		**43,617**		**33,933**
Income from non-consolidated companies [12]	387		489	
Financial income [6]	272		520	
Financial expenses [6]	-9,031		-12,200	
		-8,372		**-11,191**
Profit before taxes		**35,245**		**22,742**
Taxes [7]		-9,162		-3,722
Net profit		**26,083**		**19,020**
Earnings per share [8] (in euros)				
Earnings per share		1.06		0.77
Weighted average number of issued shares		24,685,681		24,195,467
Earnings per share (diluted)		1.05		0.77
Weighted average number of issued shares (diluted)		24,828,198		24,328,392

The figures following the various items refer to the notes on pages 120 through 159.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

		2014		2013
Net profit		**26,083**		**19,020**
Items that will not be reclassfied subsequently to the income statement				
▪ Remeasurement of defined benefit obligations	-1,406		1,177	
▪ Movements in deferred taxes	370		-30	
		-1,036		**1,147**
Items that may be reclassified subsequently to the income statement				
▪ Fair value adjustment of financial instruments	14,997		-707	
▪ Exchange differences arising on translation of foreign operations	6,550		-8,425	
▪ Movements in deferred taxes	-3,635		86	
		17,912		**-9,046**
Total comprehensive income		**42,959**		**11,121**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)

		2014		2013
Cash flows from operating activities				
Operating profit	43,617		33,933	
Depreciation [3]	8,915		8,695	
Share-based payments [2]	266		267	
Operating cash flows before changes in working capital and provisions		52,798		42,895
Movement in inventories	-396		12,510	
Movement in receivables	-29,777		-1,631	
Movement in trade payables and other liabilities	38,396		-62,764	
Movement in provisions and deferred revenue	-4,858		-1,784	
	3,365		-53,669	
Cash flow from operating activities		56,163		-10,774
Interest paid	-9,183		-9,931	
Income taxes paid	-8,754		-2,542	
Net cash flows from operating activities		38,226		-23,247
Cash flows from investing activities				
Interest received	270		634	
Investment in property, plant and equipment [9]	-10,464		-6,727	
Divestments of property, plant and equipment [9]	483		2,113	
Investments in intangible assets [11]	-382		-1,128	
Movements in financial fixed assets	740		-1,158	
Sale of business activities [5]	23,397		0	
Business combinations [23]	-13,970		-1,392	
Net cash flows from investing activities		74		-7,658
Free cash flow [1]		38,300		-30,905
Cash flows from financing activities				
New loans	54		110,000	
Repayments of long-term loans	-33,256		-72,005	
Borrowing/ repayments bank overdrafts	-1,024		13,863	
Cash dividend [24]	-7,238		-10,836	
Stock and option plans	-53		-352	
Net cash flows from financing activities		-41,517		40,670
Net cash flow		-3,217		9,765
Effects of exchange rate changes on cash and cash equivalents		839		-410
Cash and cash equivalents as at 1 January		15,907		6,552
Cash and cash equivalents as at 31 December		13,529		15,907

1) Free cash flow is defined as the balance of the net cash flow from operating and investing activities and is not defined as a financial performance indicator in IFRS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

2013	Issued share capital	Share premium reserve	Hedging reserve	Translation reserve	Other statutory reserve	Other reserves	Result financial year	**Total equity**
Balance as at 1 January 2013	239	44,799	-8,426	-4,310	1,984	182,207	23,292	**239,785**
Movements in statutory reserve intangible assets					-313	313		0
Remeasurement of defined benefit obligations						1,177		1,177
Fair value adjustment of financial instruments			-707					-707
Movements in deferred taxes			86			-30		56
Exchange differences arising on translation of foreign operations				-8,425				-8,425
Other comprehensive income for the year	**0**	**0**	**-621**	**-8,425**	**-313**	**1,460**	**0**	**-7,899**
Net profit for the year						23,292	-4,272	19,020
Total comprehensive income for the year	**0**	**0**	**-621**	**-8,425**	**-313**	**24,752**	**-4,272**	**11,121**
Recognition of share-based payments (2)						267		267
Cash dividend						-10,836		-10,836
Stock dividend	5	-5						0
Options exercised and performance shares		-352						-352
Other movements					-141	139		-2
Balance as at 31 December 2013	**244**	**44,442**	**-9,047**	**-12,735**	**1,530**	**196,529**	**19,020**	**239,983**

2014

2014	Issued share capital	Share premium reserve	Hedging reserve	Translation reserve	Other statutory reserve	Other reserves	Result financial year	**Total equity**
Balance as at 1 January 2014	244	44,442	-9,047	-12,735	1,530	196,529	19,020	**239,983**
Movements in statutory reserve intangible assets					-359	359		0
Remeasurement of defined benefit obligations						-1,406		-1,406
Fair value adjustment of financial instruments			14,997					14,997
Movements in deferred taxes			-3,635			370		-3,265
Exchange differences arising on translation of foreign operations				6,550				6,550
Other comprehensive income for the year	**0**	**0**	**11,362**	**6,550**	**-359**	**-677**	**0**	**16,876**
Net profit for the year						19,020	7,063	26,083
Total comprehensive income for the year	**0**	**0**	**11,362**	**6,550**	**-359**	**18,343**	**7,063**	**42,959**
Recognition of share-based payments [(2)]						266		266
Cash dividend [(24)]						-7,238		-7,238
Stock dividend	5	-5						0
Options exercised and performance shares		-53						-53
Other movements					250	-256		-6
Balance as at 31 December 2014	**249**	**44,384**	**2,315**	**-6,185**	**1,421**	**207,644**	**26,083**	**275,911**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

General information

Accell Group N.V. ("Accell Group") in Heerenveen, the Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2:379 and 2:414 of the Netherlands Civil Code is enclosed on page 131 of the financial statements. Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories and fitness equipment.

Accell Group's consolidated financial statements for the year ended 2014 have been prepared in accordance with International Accounting Standards Board (IASB) standards as approved by the European Commission which are applicable as of 31 December 2014.

The financial data of Accell Group are incorporated in the consolidated financial statements. An abbreviated income statement is therefore presented for the parent company, as permitted under article 2:402 of the Netherlands Civil Code.

Accounting policies

The financial statements have been prepared at historical cost, unless stated otherwise.

The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements.

Application of new and revised standards and interpretations

The EU-approved standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and the amendments to IFRS 7 relating to the netting of financial assets and financial liabilities have been applied for the first time in the 2014 financial year. None of these standards had a material effect on the Group's financial statements, although some additional disclosures have been made in the notes.

Accell Group has elected not to apply the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers ahead of time. These standards are not expected to have any material impact on the consolidated financial statements.

Changes in accounting policies

Changes in presentation

In the consolidated financial statements 2014, software which is not an integral part of the related hardware, is classified as intangible asset. Before this software was classified as property, plant and equipment. This change in presentation does not have an impact on equity and/ or income statement. Comparative 2013 figures are adjusted as follows:

Consolidated balance sheet (€ x 1,000)	31 dec. 2013 revised	31 dec. 2013
Property, plant and equipment	65,121	65,797
Other intangible assets	40,066	39,390

Consolidation

The consolidated financial statements include the financial statements of Accell Group and its subsidiaries, being the group companies and other legal entities in which Accell Group has either a direct or indirect controlling interest with regard to the financial and operational policies.

The financial data of subsidiaries acquired during the financial year are consolidated from the date that Accell Group acquired a controlling interest. The financial data of subsidiaries disposed during the financial year are included in the consolidation until the date that Accell Group ceased to hold control. If necessary, the figures in the subsidiaries' financial statements are adjusted to bring the statements in line with the accounting standards applied by Accell Group.

The financial data of the consolidated subsidiaries are fully included in the consolidated financial statements after elimination of all intercompany balances and transactions. Unrealised profits and losses on intercompany transactions are eliminated from the consolidated income statement.

Subsidiaries and joint ventures with an equity participation of 50% or less and where Accell Group does not have control, are valued according to the equity method or valued proportional interest in the fair value. Unrealised profits on intercompany transactions are eliminated pro rata based on the Accell Group interest in the company. Unrealised losses are also eliminated pro rata but only to the extent that there is no evidence for impairment losses.

A list of consolidated subsidiaries and non-consolidated companies is provided in note 12 of the consolidated financial statements.

Business combinations

Acquisitions of subsidiaries are accounted for by the purchase accounting method. On acquisition date, the acquisition price is applied to the sum of the fair value of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by Accell Group in exchange for the controlling interest in the company acquired.

Identifiable assets, liabilities and contingent liabilities of the companies acquired that meet the criteria for accounting under IFRS 3 are recorded at their fair value on the acquisition date. The changes in the fair value of contingent liabilities are accounted for in the income statement.

Costs relating to the acquisition of business combinations are expensed directly into the income statement.

Foreign currency

The income statement and balance sheet are stated in euros, which is the functional currency of Accell Group and the presentation currency for the consolidated financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date.

In order to hedge its currency risks, Accell Group uses derivative financial instruments. The basis for these currency derivatives is detailed under "Financial Instruments".

Transactions in foreign currencies during the reporting period are recorded at the exchange rates applying on the transaction date insofar the currency is not part of a hedging instrument. Currency differences arising from this conversion are recorded in the income statement.

Assets and liabilities of foreign subsidiaries are translated using the exchange rates applicable on the respective balance sheet dates. The income statements of foreign subsidiaries are converted at the weighted average monthly exchange rates applying for the periods involved. Differences arising from this conversion are recorded as a separate component of shareholders' equity. These translation differences are recognised in the income statement at the time when these subsidiaries are disposed.

Estimates

Certain estimates and assumptions are made by Accell Group when preparing the consolidated financial statements. These estimates and assumptions have an impact on assets and liabilities, disclosure of off-balance assets and liabilities at balance sheet date, and income and expense items for the reporting period.

Important estimates and assumptions mainly relate to provisions, pensions and other employee benefits, goodwill and other intangible assets, deferred tax assets and liabilities. Actual results may differ from these estimates and assumptions.

All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent an outlook as accurate as possible for Accell Group. These estimates only represent Accell Group's interpretation as of the dates on which they were prepared. Estimates relate to known and unknown risks, uncertainties and other factors that can lead to future results differing significantly from those forecasted.

Revenue recognition

Revenue comprise the fair value of the consideration received or receivable from sale of goods to third parties in the ordinary course of Accell Group activities, excluding any discounts granted and excluding value added taxes. Accell Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to Accell Group. Revenues related to the delivery of bicycles, bicycle parts and accessories and fitness equipment are recognised at the moment of delivery and/or transfer of legal title. Revenue from rendering services is accounted for in proportion to the services rendered as at balance sheet date.

Corporate income tax

Corporate income tax consists of taxes currently payable and deferred taxes. Taxes currently payable are based on the taxable result for the year and are calculated at the rates that are effective on the balance sheet date.

Differences between commercial and taxable results are caused by temporary and permanent differences. Deferred tax assets and liabilities are recorded for temporary differences between the values of assets and liabilities based on the accounting policies applied in these financial statements and those applied for tax purposes. The carrying value of deferred tax assets is assessed on each balance sheet date and is adjusted downwards insofar as it is unlikely that sufficient future taxable profits will be made.

Deferred taxes are calculated against the rate that is expected to apply at the time of settlement. Deferred taxes are recorded in the income statement, unless they are related to items that are directly included in shareholders' equity. In that case, the deferred taxes are also recorded in shareholders' equity.

Deferred tax assets and liabilities are offset if there is a legal right to do so and the same fiscal authority levies the taxes.

Share-based payments
The company's long term incentive plan for the Board of Directors comprises restricted shares and stock options. The Supervisory Board awards options and shares to the directors based on the realisation of targets set in agreement with the Board of Directors and the expected contribution that the members of the Board of Directors will make to the further development of the company. The option rights granted are unconditional once awarded and must be held for at least three years after they are awarded and have a maximum duration of eight years. Restricted shares awarded since 2009 are conditional. Two years after the initial award, the definitive number of restricted shares will be determined based on, among other, the total shareholders' return of Accell Group shares compared to the total return of the Midcap index of Euronext in Amsterdam. After definitive award, restricted shares have to be held for another two years.

In addition, the company also has a restricted share plan for directors of subsidiaries that have made a significant contribution to the results of Accell Group. After closing the financial year, conditional shares are allocated to the directors if the pre-determined targets for the financial year have been achieved. These shares become unconditional when a participating director remains in the employment of the company three years after the conditional award.

The option rights and share plans qualify as share-based payment transactions that can be settled in equity instruments and are stated at fair value when awarded. This fair value is recorded as an expense on a straight-line basis during the awarding period, based on the company's estimate of the shares that will ultimately be awarded and adjusted to compensate for the effect of non-market-standard awarding conditions. The fair value of the option rights is determined using an option valuation model. The expected life used in the model is adjusted, according to the company's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Lease agreements
Lease agreements are classified as financial lease agreements if the economic benefits and obligations related to the underlying asset are largely at the risk and for the account of Accell Group. All other lease agreements are classified as operational lease agreements.

Lease payments for operational lease agreements are charged to expenses on a straight-line basis over the duration of the agreement.

Property, plant and equipment
Property, plant and equipment are valued at historical cost less accumulated depreciation and any accumulated impairment losses. Subsidies received which directly relate to property, plant and equipment are deducted from the historical cost.

Depreciation is calculated on the basis of the straight-line method. As such, the cost price, less any residual value, is depreciated over the expected economic life. Land is not depreciated.

The estimated economic useful life per category is:	
Buildings	30 - 50 years
Machinery and equipment	3 - 10 years

The gain or loss of divestments of property, plant and equipment is determined as the difference between the proceeds from sale and the carrying value of the asset. The gain or loss is accounted for in the income statement.

Impairment of non-current assets other than goodwill
On each balance sheet date, Accell Group reviews whether there is any indication that non-current assets may be subject to impairment losses. If there is such indication, the recoverable amount of the asset involved is estimated in order to determine the extent to which an impairment loss may apply. If it is not possible to determine the recoverable amount of the individual asset, then Accell Group determines the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the proceeds or value in use, whichever is the greater; the value in use being the present value of the expected future cash flows from the use of the asset and its ultimate disposal. A pre-tax discount percentage is applied to determine present value, whereby the percentage provides a good indication from the assessment of the current market conditions regarding time value of money and the asset's specific risks.

An impairment loss is charged to the income statement in the period in which it occurs, unless it relates to a revalued asset. In that case, the impairment is accounted for as a reduction of the revaluation.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities at the time the subsidiary is acquired. Goodwill is measured at cost less any accumulated impairment losses. Goodwill resulting from the acquisition of a foreign activity is expressed in the functional currency of the foreign activity and is converted at the exchange rate on balance sheet date.

Goodwill is attributed to the (group of) cash-generating units of Accell Group that are expected to benefit from the synergy created by the combination, to determine impairment losses. Goodwill is tested for impairment annually or more frequently if there is any indication that goodwill might have to be impaired. If the recoverable amount of the (group of) cash- generating units is less than its carrying amount, the impairment loss reduces the carrying amount of the goodwill.

The recoverable amount of a cash-generating unit is determined based on the value in use, which is based on expected cash flows. These cash flows are based, among other things, on realised results in the past. Once a goodwill impairment loss is recognised, it is not reversed in a subsequent period.

Upon the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss upon disposal.

Other intangible assets

▪ *Trademarks, patents and customer lists*
Intangible assets include trademarks, patents and customer lists, acquired in a business combination by Accell Group and recognised separately from goodwill. Separately acquired intangible assets are stated at fair value. Intangible assets with a limited life, such as patents and customer lists, are depreciated on a straight-line basis over the expected economic life, for patents generally estimated at five years and for customer lists generally estimated at ten to twenty years. Assets with an indefinite useful life, such as trademarks, are not depreciated, but are tested for impairment losses, as described under goodwill. Trademarks have an indefinite useful life, because the brands acquired are positioned in the middle and upper segments and mostly have a long history and tradition in the local and international markets in which they operate.

▪ *Software*
Software is classified as intangible asset or as property, plant and equipment, depending on which element is more significant. When the software is not an integral part of the related hardware, software is treated as an intangible asset.

Software is depreciated from the date when the software is used on a straight-line basis over the estimated economic useful life of three to five years.

▪ *Development expenditure*
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development is recognised if, and only if, all the following criteria have been met:

- the asset is uniquely identified and the costs can be determined separately;
- the technical feasibility of the asset has been sufficiently demonstrated;
- it is probable that the asset will generate future economic revenues;
- the development expenditures can be measured reliably.

If these criteria are not met, development costs will be recognised in the income statement in the period when the expenses occur.

Capitalised development costs are depreciated from the date when used on a straight-line basis over the estimated economic useful life, which is expected to be three to five years.

Inventories
Raw materials and consumables and trading products are stated at the lower of historical cost or net realisable value. Lower net realisable value is determined through individual assessment of inventories.

Semi-finished and finished goods are stated at the lower of production cost or net realisable value. Lower net realisable value is determined through individual assessment of inventories. Production costs include direct material consumption, direct labor and machining costs, plus all other costs that can be attributed directly to production. Net realisable value is based on the expected selling price, less completion and selling expenses.

Sailing goods are shipped goods, of which Accell Group obtained the economic ownership and which have not been received on balance sheet date. Sailing goods are stated at historical cost.

Assets held for sale
Assets held for sale are stated at the lower of carrying amount or fair value less selling costs. Any impairment losses are recorded in the income statement, when classified as assets held for sale.

Equity
Ordinary shares are classified as equity. The proceeds less directly attributable costs of the issue of shares are accounted for as a change in share capital and share premium reserve.

Financial instruments

- *Trade receivables*

Trade receivables are initially recorded at fair value. Trade receivables are after initial recognition recorded at amortised cost, using the effective interest rate method less a provision for impairment losses, if necessary. Interest income is included on the basis of the effective interest rate unless there is no material effect on the current assets. Provisions are determined on the basis of an individual assessment of the recoverability of the receivables. Given the short term nature the nominal value is almost equal to the fair value as well as the amortised cost.

- *Cash and cash equivalents*

Cash and cash equivalents consist of petty cash and bank balances with a term of less than twelve months. Current account liabilities to credit institutions are included under current liabilities. Cash and cash equivalents are stated at nominal value.

- *Bank loans*

Interest-bearing bank loans are initially recorded at fair value. Transaction costs that can be attributed directly to procuring the loans, if material, are included in the valuation when initially recorded. These liabilities are initially recorded at amortised cost using the effective interest rate method. In view of the general characteristics of the bank loans, their nominal value is considered to be equal to the fair value as well as the amortised cost.

- *Trade payables*

Amounts due to trade creditors are initially recorded at fair value. These liabilities are after initial recognition recorded at amortised cost using the effective interest rate method. In view of the short-term nature of these liabilities, their nominal value is considered to be equal to the fair value as well as the amortised cost.

- *Derivative financial instruments*

Other financial instruments, such as interest swaps, currency future contracts, currency future swaps and options used by Accell Group are stated on the balance sheet at their fair value. The fair value is determined either on the basis of the net present value of future cash flows or using the binomial option valuation model.

- *Cash flow hedging*

Changes in the fair value of a derivative that is highly effective (and that is designated and qualifies as a cash flow hedge) are recorded in equity, until the income statement is affected by the variability in cash flows of the designated hedged item. To the extent that the hedge is ineffective, changes in the fair value are recognised in the income statement immediately. In the event that the hedge results in the inclusion of a non-financial asset or non-financial liability, then the amounts that were included in shareholders' equity (in accordance with IAS 39.98b) are transferred to the initial cost price of the related asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in equity at that time remains in equity and is recognized in the income statement when the forecast transaction occurs. When a future transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the income statement.

▪ *Hedging of a net investment*
Hedging of a net investment in a foreign entity is recorded in the same manner as a cash flow hedge. Changes in the fair value of the effective hedge are recorded in equity as a translation reserve. To the extent the hedge is not effective, changes in the fair value are recognized in the income statement. Upon the disposal of a foreign entity, the cumulative value of the gains or losses, which were recorded in the translation reserve, are transferred to the income statement.de in omrekeningsreserve verantwoorde winsten of verliezen overgeboekt naar de winst- en verliesrekening.

For any hedging instrument to be classified as a cash-flow hedge, Accell Group applies the following criteria:

(1) the hedge is expected to be effective in compensating for changes in anticipated future cash flows which can be attributed to the hedged risk;
(2) the effectiveness of the hedge can be reliably measured;
(3) the required documentation regarding the link between the hedged risk and the hedge instrument is available while the hedge instrument exists when the financial derivative is initiated;
(4) there must be a high probability that the recorded transactions will actually take place;
(5) the hedge has been assessed throughout its duration, and it has been determined that the hedge will be effective during the reporting period.

Provisions

▪ *General*
Provisions are recognised to cover present legal or constructive obligations, arising from events on or before the balance sheet date, where it is likely that the company will have to meet these obligations and to the extent that the obligations can be estimated reliably. The level of the provisions reflects the best estimate of Accell Group as at the balance sheet date regarding expected expenditures. If material, the liabilities are discounted to their present value.

Provisions for pensions

▪ *Defined benefit pension plans*
The pension provision reflects the company's commitments arising from defined benefit pension plans. Individual rights to post-employment benefit plans are accumulated depending on criteria such as age, seniority and salary level. Pension liabilities are discounted to determine the present value; the fair value of plan assets is deducted from this amount. Actuarial calculations are determined by qualified actuaries using the Projected Unit Credit Method. Liabilities resulting from defined benefit obligations are calculated for every plan separately. In case a defined benefit pension plan results in a surplus, after deducting the effect of applicable IFRIC 14 clauses, this plan is presented as a pension asset in the balance sheet.

Accell Group recognises a profit or a loss on the settlement of defined benefit plans, when the settlement occurs. Actuarial profit and losses are recognised in the statement of other comprehensive income.

▪ *Defined benefit pension plans accounted for as defined contribution plans*
The majority of the Dutch operating companies have stationed their pension plans at Metalektro, the pension fund for the metal sector. These multi-employer sector plans generally qualify as defined benefit plans. Metalektro informed Accell Group that the multi-employer sector plan qualify as a defined contribution plan. In addition, the internal administrative systems of the pension sector fund do not enable to provide the required company specific information in order to account for the plan as a defined benefit plan. Accordingly, Accell Group accounts for this plan as a defined contribution plan in the financial statements. Pension expenses for the reporting period consist of the pension premium payable for that period.

▪ *Defined contribution plans*
Liabilities under defined contribution plans are accounted for as expenses as soon as they are due. Payments under government pension plans are treated as payments under defined contribution plans if the liabilities of Accell Group are equivalent to the liabilities under a defined contribution plan.

▪ *Provision for deferred employee benefits*
Other deferred personnel benefits, including anniversary bonuses, are based on actuarial calculations.

▪ *Warranty provisions*
Warranty provisions represent the estimated costs under warranty obligations for supplied goods and services as at the balance sheet date. For material amounts, discounting takes place to present value. Warranty claims are charged to the provision.

Cash flow statement

The cash flow statement is prepared using the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash and cash equivalents. Cash flows in foreign currencies are translated using the exchange rate on the transaction date. Expenditures for interest and corporation taxes are included in the cash flow from operating activities. Cash dividends are included in the cash flow from financing activities. The purchase price paid for acquisitions acquired during the year, as well as the selling price received for participations sold during the year, is included in the cash flow from investing activities as well as receipts from interests. Cash acquired in an acquisition is deducted from the acquisition price. Non-cash items or effects are excluded from the cash flow statement. Currency translation effects on cash and cash equivalents in foreign currencies are presented in the cash flow statement in order to achieve reconciliation between the cash and cash equivalents at the beginning and the end of the period.

Information by segment

IFRS 8 requires Accell Group to identify operational segments separately on the basis of internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. As from the financial year 2014 Accell Group identifies the following operational segments: Bicycles, Parts & accessories and Fitness.

The Bicycles segment, which target the middle and upper segments of the market includes among others children's bicycles, comfortable and luxury city bicycles, racing bikes and electrical bikes. The Parts & accessories segment target the middle and upper segments of the aftermarket of bicycle parts and accessories. The Fitness segment target the middle and upper segments and, more specifically, the home market. Operating companies are not identified as an operational segment individually, but are combined to an operational segment since operating companies show the same economic features and are also comparable as regards to the nature of products, services and production processes, clients for their products and services and distribution channels of products and services. A number of operating companies in the Bicycles segment also recognise limited-related revenue in bicycle parts and accessories. A number of operating companies in the Parts & accessories segment also recognise limited bicycle revenue.

Internal transfer prices between the operating segments are determined on a commercial basis, which is comparable to the approach adopted with third parties.

The sales to customers reported in the geographical segments are based on the geographical location of the customers. The secondary segment information consists of information about the division of sales, assets and investments per country.

NOTES

1. Net turnover

Turnover and profit allocation per segment:
Segment reporting is based on business segments as the risk and return profile of Accell Group is largely determined by the difference in the activities and the products that are produced. Because of the sale of a substantial part of the fitness activities in the second half of 2014, segment reporting is further divided in Bicycles, Parts & accessories and Fitness. Besides, the segment reporting fits well to the acquisitions in 2014 and 2015 of Comet and CSN, companies which sell bicycle parts and accessories. The comparative figures have been adjusted accordingly.

Segment information is composed as follows:

	Net turnover		Inter segment turnover		Segment result	
	2014	2013	2014	2013	2014	2013
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles	658,144	626,006	16,178	15,640	45,980	39,780
Parts & accessories	211,532	201,521	18,072	18,735	11,337	10,177
Fitness	12,728	21,444	104	623	-54	-338
Elimination of inter segment turnover			-34,354	-34,998		
Reorganisation costs					-1,616	-3,004
Sale of business activities and acquisition costs					951	0
Subtotal segments	**882,404**	**848,971**	**0**	**0**	**56,598**	**46,615**
Income from non-consolidated companies					387	489
Unallocated expenses					-12,981	-12,682
Financial income					272	520
Financial expenses					-9,031	-12,200
Profit before taxes					**35,245**	**22,742**

Assets and liabilities per segment:

	Assets		Liabilities	
	2014	2013	2014	2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Bicycles	479,260	455,754	274,870	259,872
Parts & accessories	120,524	105,778	53,868	58,006
Fitness	6,577	12,264	6,365	7,888
Unallocated corporate	16,284	5,788	11,631	13,835
Subtotal segments	**622,645**	**579,584**	**346,734**	**339,601**
Equity			275,911	239,983
Balance sheet total			**622,645**	**579,584**

	Depreciation		Investments	
	2014	2013	2014	2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Bicycles	5,944	5,660	5,830	8,406
Parts & accessories	2,270	2,031	15,004	1,697
Fitness	52	166	0	45
Unallocated corporate	637	835	538	466
Total segments	**8,903**	**8,692**	**21,372**	**10,614**

Geographical information::

Geographical segments are based on the physical location of the assets. The sales to external customers reported in the geographical segments are based on the geographical location of the customers.

	Net turnover		Non-current assets [1]	
	2014	2013	2014	2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
The Netherlands	236,736	210,022	30,240	27,760
Germany	198,449	202,113	50,785	50,552
Other Europe	298,172	270,664	76,483	64,893
North America	117,409	128,599	16,049	13,737
Other countries	31,638	37,573	10,820	10,450
	882,404	**848,971**	**184,377**	**167,392**

1) Deferred tax assets are not included in non-current assets, in accordance with IFRS 8.33b.

2. Personnel costs

Personnel costs are comprised of the following:

	2014	2013
	€ x 1,000	*€ x 1,000*
Wages and salaries	86,725	86,126
Social security charges	14,339	14,586
Pension contributions	3,915	5,031
Profit sharing	2,168	605
Share-based payments	266	267
	107,413	**106,615**

The remuneration of the Board of Directors and the Supervisory Board is disclosed in the notes to the company financial statements.

Share based payments

In 2014, unconditional option rights are granted to the Board of Directors. The option plan for the Board of Directors is described in the notes to the company financial statements.

Accell Group also has a stock option plan whereby conditional shares are granted to the members of the Board of Directors and to directors of subsidiaries who contribute significantly to the result of Accell Group. The fair value of these conditional shares is determined when granted; various factors which will influence the final number of distributed shares are taken into account.

The stock option entitlements that have been conditionally granted are comprised of the following:

	Number	Granting date	Expiry date	Share price at granting date	Fair value at granting date
Conditional shares				*in €*	*in €*
Conditional shares granted in 2013	45,305	22-02-13	2-3 year	13.57	289,000
Conditional shares granted in 2014	39,142	26-02-14	2 year	14.13	230,000

The fair value will be charged to the income statement according to the straight-line method spread over the period between grant date and the time that the shares become unconditional, whereby adjustment will be made for the expected number of shares to be distributed. As a result, € 249,000 has been charged to the income statement in 2014.

3. Depreciation

Depreciation comprise the following:

	2014	2013 1)
	€ x 1,000	€ x 1,000
Depreciation of intangible assets	1,080	1,245
Impairment losses on intangible assets (11)	217	0
Depreciation of property, plant and equipment	7,618	7,450
Capital gain on sale of tangible fixed assets	-12	-3
	8,903	**8,692**

1) Comparative figures 2013 have been adjusted as a result of the change in presentation of software from property, plant and equipment to intangible assets.

4. Other operating expenses

Other operating expenses consist of costs relating to the general and specific business activities of Accell Group. In accordance with IAS 38.126 and IAS 17.35c research costs and lease costs are listed below.

	2014	2013
	€ x 1,000	€ x 1,000
Third-party research and development costs	1,904	1,788
Lease expenses	2,942	3,354
	4,846	**5,142**

5. Reorganisation and sale of business activities and acquisition costs

Reorganisation costs

Reorganisation costs consist of reorganisation expenses in the Netherlands and North America for a pre-tax amount of €1.6 million *(2013: € 3.0 million)*.

Sale of business activities and acquisition costs

Accell Group sold the activities of its German subsidiary Hercules to Zweirad-Einkaufs-Genossenschaft (ZEG) in Germany on 31 January 2014. As per balance sheet date 2013, assets held for sale of Hercules consist of inventories of € 12.9 million, trade debtors of € 5.2 million and property, plant and equipment of € 1.6 million. Liabilities consist of trade payables of € 0.5 million and bank overdrafts of € 0.1 million. The gain on this sale after deduction of expenses amounts to € 2.3 million before taxes.

Accell Group sold the activities of its Dutch subsidiary Tunturi Fitness to investors on 1 August 2014. Inventories of € 4.9 million and property, plant and equipment of € 0.1 million have been sold. In addition, staff consisting of 32 employees have been transferred to the buyer. Besides, a number of operational obligations have been paid in the transfer. The loss on the sale of the fitness activities amounts to € 1.0 million before taxes.

Acquisition costs consist of expenses of the acquistion of Comet for a total amount of € 0.3 million.

6. Financial income and expenses

Financial income and expenses comprise the following:

	2014	2013
	€ x 1,000	*€ x 1,000*
Interest income	272	520
Interest expenses	-7,634	-8,854
Financing costs	-1,958	-2,688
Exchange rate differences	561	-658
	-8,759	**-11,680**

The policy regarding interest and currency risks is covered in note 22, "Financial instruments and risk management".

7. Taxes

The effective corporate income tax charge comprises the following:

	2014	2013
	€ x 1,000	*€ x 1,000*
Current taxes	9,691	5,783
Deferred taxes	-529	-2,061
Taxes in income statement	**9,162**	**3,722**
Taxes based on the weighted average applicable rate	8,932	4,121
Non-deductible amounts	482	115
Participation exemption	-439	-210
Benefits from tax facilities	-924	-467
Deferred tax assets not carried forward	1,245	16
Adjustment of current taxes of prior years	-125	-136
Adjustment of deferred taxes of prior years	-9	283
Taxes in income statement	**9,162**	**3,722**

The effective tax rate consists of the reported tax charge for the current year divided by the profit before taxes. The effective tax rate in 2014 amounts to 26.0% *(2013: 16.4%)*. The favorable effects on the rate as a result of the legal restructuring of the German activities in 2009 have been fully utilised, which leads to an increase of the effective tax rate in Germany. The tax rate was negatively impacted by no longer recognised deferred tax assets related to the integration of Currie Tech in Accell North America and no recognition of deferred tax assets as a result of reorganisation losses in Canada. The benefits by the Dutch tax facility "innovation box" and other tax facilities have, as in prior years, a positive impact on the tax rate.

8. Earnings per share

The calculation of earnings per share and of diluted earnings per share is based on the following data:

	2014	2013
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	€ 26,083,000	€ 19,020,000
Number of issued shares as per balance sheet date	24,864,956	24,402,849
Weighted average number of shares for the earnings per share	24,685,681	24,195,467
Potential impact of share options and conditional shares on the issuance of shares	142,517	132,925
Weighted average number of issued shares (diluted)	**24,828,198**	**24,328,392**
Reported earnings per share	€ 1.06	€ 0.79
Reported earnings per share (diluted)	€ 1.05	€ 0.78
Adjustment factor according to IAS 33	1.00	0.98171
Earnings per share financial year	€ 1.06	€ 0.77
Earnings per share financial year (diluted)	€ 1.05	€ 0.77

9. Property, plant and equipment

Changes in property, plant and equipment are as follows:

	Land and buildings	Machinery and equipment [1]	Total property, plant and equipment [1]
	€ x 1,000	€ x 1,000	€ x 1,000
Cost			
Balance at 1 January 2013	65,677	91,924	157,601
▪ Investments	1,513	5,147	6,660
▪ Investments as a result of business combinations	0	5	5
▪ Divestments	-2,015	-98	-2,113
▪ Reclassification to assets held for sale	-1,610	-23	-1,633
▪ Currency translation differences	-237	-359	-596
Balance at 1 January 2014	63,328	96,596	159,924
▪ Investments	1,953	8,511	10,464
▪ Investments as a result of business combinations	0	92	92
▪ Divestments	-162	-321	-483
▪ Reclassification to assets held for sale	0	0	0
▪ Currency translation differences	115	380	495
Balance at 31 December 2014	**65,234**	**105,258**	**170,492**
Accumulated depreciation			
Balance at 1 January 2013	17,583	69,770	87,353
▪ Depreciation	990	6,460	7,450
Balance at 1 January 2014	18,573	76,230	94,803
▪ Depreciation	1,264	6,354	7,618
Balance at 31 December 2014	**19,837**	**82,584**	**102,421**
Carrying amount			
Balance at 1 January 2014	44,755	20,366	65,121
Balance at 31 December 2014	**45,397**	**22,674**	**68,071**

1) Comparative figures 2013 have been adjusted as a result of the change in presentation of software from property, plant and equipment to intangible assets.

Land and buildings with a carrying amount of € 3.6 million as per 31 December 2014 have been pledged to security to the trustees of the UK pension fund.
Investments in 2014 mainly consist of regular investments by the subsidiaries. Besides investments in 2014 consist of investments in the production facility in the Netherlands and an automated warehouse system for delivery of parts.

10. Goodwill

Changes in goodwill are as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Cost		
Balance at 1 January	55,958	55,613
▪ Investments as a result of business combinations	7,398	1,291
▪ Decrease as a result of divestments	0	-70
▪ Currency translation differences	2,604	-876
Balance at 31 December	**65,960**	**55,958**
Accumulated impairments		
Balance at 1 January	2,306	2,306
▪ Impairments	0	0
Balance at 31 December	**2,306**	**2,306**
Carrying amount		
Balance at 1 January	53,652	53,307
Balance at 31 December	**63,654**	**53,652**

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might have to be impaired. For the purposes of this test, goodwill is allocated to cash-generating units. Allocation is made to the (group of) cash-generating units that is expected to benefit from the business combination from which the goodwill arose. The cash-generating units used in the assessment correspond with the operational segments.

Segment information is further divided in Bicycles and Parts & accessories, as stated in note 1. As a result of this, goodwill is allocated to these segments based on the relative value approach as per 31 December 2013. The carrying amount of goodwill (with an indefinite useful life) on segment level is divided as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Bicycles	42,286	40,333
Parts & accessories	21,368	13,319
Fitness	0	0
	63,654	**53,652**

The following main assumptions are used in determining the value in use of the segments Bicycles and Parts & accessories and are based on historical experiences in specific markets and countries:

- turnover growth based on the historical average of the last 3 years, for Bikes respectively Parts & accessories of 7.6% respectively of 4.1% *(2013: 4.7%)*;
- operating margin based on the average of the last 3 years, for Bikes respectively Parts & accessories of 5.3% respectively of 4.0% *(2013: 6.0%)*;
- working capital based on the historical average ratios in relation to turnover in the last 3 years, for Bikes respectively Parts & accessories of 33% respectively of 27% *(2013: 33%)*;
- a constant growth rate of 3.0% *(2013: 3.0%)* is used for the estimates of the future cash flow after the initial period of 5 years;
- a weighted average cost of capital post-tax of 7.5% *(2013: 7.6%)* was used for the discounting of the cash flows.

The discounting rate applied in accordance with IAS 36.55 corresponds to a weighted average cost of capital pre-tax of 9.8% *(2013: 9.9%)*.

The impairment test in 2014 shows a substantial headroom in goodwill. Accell Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the cash-generating units.

11. Other intangible assets

The changes in other intangible assets are as follows:

	Trademarks and patents	Customer lists and licenses	Other [1)]	Total other intangible assets [1)]
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Cost				
Balance at 1 January 2013	39,340	1,064	2,811	43,215
▪ Investments	29	1,500	229	1,758
▪ Investments as a result of business combinations	0	900	0	900
▪ Currency translation differences	-419	-504	-2	-925
Balance at 1 January 2014	38,950	2,960	3,038	44,948
▪ Investments	103	0	279	382
▪ Investments as a result of business combinations	0	3,000	36	3,036
▪ Currency translation differences	685	85	0	770
Balance at 31 December 2014	**39,738**	**6,045**	**3,353**	**49,136**
Accumulated depreciation				
Balance at 1 January 2013	2,509	55	1,073	3,637
▪ Depreciation	194	235	816	1,245
Balance at 1 January 2014	2,703	290	1,889	4,882
▪ Depreciation	67	272	741	1,080
▪ Impairment losses	217	0	0	217
Balance at 31 December 2014	**2,987**	**562**	**2,630**	**6,179**
Carrying amount				
Balance at 1 January 2013	36,247	2,670	1,149	40,066
Balance at 31 December 2014	**36,751**	**5,483**	**723**	**42,957**

1) Comparative figures 2013 have been adjusted as a result of the change in presentation of software from property, plant and equipment to intangible assets.

As per 31 December 2014, trademarks mainly consist of the valuation of trademarks Raleigh and Diamondback from the acquisition of Raleigh (€ 21.8 million), as well as Ghost (€ 9.4 million). Furthermore trademarks of SBS, Brasseur, Hellberg, Currie and Van Nicholas are valued for a total amount of € 5.2 million.

Trademarks have an indefinite useful life since its is not possible to determine a predictable limitation of the useful life of these trademarks.

The carrying amount of the trademarks (with indefinite useful life) at segment level is specified as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Bicycles	35,838	35,395
Parts & accessories	500	500
Fitness	0	0
	36,338	**35,895**

Trademarks with indefinite useful life are subject to impairment testing. The principal assumptions used in this impairment test include the budgeted expectations regarding turnover of the brands, royalty fees of the brands, and discounting of the cash flows applying a weighted average cost of capital of 7.5% post tax. This testing has led to an impairment loss amounting to € 0.2 million for a brand of Hellberg at the end of financial year 2014, because turnover of this brand has decreased.

Investments in customer lists and licenses consist of the valuation of the customer list of Comet which was acquired in 2014. The useful life of this customer list is estimated at 20 years; as from 2015 this list is depreciated. Furthermore, the customer list consist of the valuation of the Turkish dealer network and a Finnish customer list. Besides in 2013 the extention of a licensing agreement is recognised. The useful life of the Turkish customer list is estimated at 20 years respectively 10 years for the Finnish customer list. Both lists are depreciated as from 2012 onwards respectively 2013.

Other intangible assets relate to development expenditure in connection with the development of electric bicycles as well as to software.

Amortisation expenses are accounted for in the income statement within depreciation. The remaining amortisation term for activated patents is 4 years, for the Turkish customer list 17 years, for the Finnish customer list 8 years as well as for the licensing agreement.

12. Subsidiaries

The consolidated financial statements 2014 include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated subsidiaries	Participation Percentage
Accell Bisiklet A.S., Manisa, Turkey	100%
Accell Duitsland B.V., Heerenveen, the Netherlands	100%
Accell Germany GmbH, Sennfeld, Germany	100%
Accell Hunland Kft, Toszeg, Hungary	100%
Accell IT Services B.V., Heerenveen, the Netherlands	100%
Accell Italia Srl., Milan, Italy	100%
Accell Ltd, St. Peter Port, Guernsey	100%
Accell Nederland B.V., Heerenveen, the Netherlands	100%
Accell North America Inc, Kent, Washington, United States of America	100%
Accell Suisse AG, Alpnach Dorf, Switzerland	100%
ATC Ltd (Taiwan Branch), Taipei, Taiwan	100%
Brasseur S.A., Luik, Belgium	100%
Comet S.L., Urnieta, Spain	100%
Currie Tech Corp., Simi Valley, Californië, United States of America	100%
Cycles Lapierre S.A.S., Dijon, France	100%
Cycles France-Loire S.A.S., Saint-Cyprien, France	100%
Delta Metal Technology Ltd, Shenzhen, R.o.C.	100%
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100%
Ghost-Bikes GmbH, Waldsassen, Germany	100%
Raleigh Canada Ltd, Oakville, Ontario, Canada	100%
Raleigh UK Ltd, Nottingham, United Kingdom	100%
Swissbike Vertriebs GmbH, Alpnach Dorf, Switserland	100%
Tunturi-Hellberg Oy Ltd, Turku, Finland	100%
Tunturi-Proway Oy Ltd, Turku, Finland	100%
Vartex AB, Varberg, Sweden	100%
Winora Staiger GmbH, Sennfeld, Germany	100%

Some subsidiaries that are immaterial to the consolidated financial statements are not included in the overview above. A complete list of subsidiaries is filed with the Trade Register of the Chamber of Commerce in Leeuwarden, the Netherlands.

Non-consolidated companies	2014	2013
	Participation percentage	
Jalaccell OÜ, Tallinn, Estonia (i)	35%	35%
Babboe B.V., Utrecht, the Netherlands (ii)	38%	38%
Atala SpA, Monza, Italy (iii)	50%	50%
Von Backhaus ApS, Odense, Denmark (iv)	40%	40%

(i) Jalaccell OÜ is a joint venture of Accell Fitness Division B.V. set up for the assembly and storage of fitness equipment. Currently, Jalaccell is expanding into other activities in the metal business.

(ii) Babboe B.V. is a company that is active in the marketing and sales of carrier bicycles.

(iii) Atala SpA is a trading company active in the development and sales of bicycles under its own brands.

(iv) Von Backhaus ApS is a trading company active in the development and sales of bicycles under its own brands.

All interest held in these companies are of a strategic nature. The voting rights are equal to the percentage interest held.

Changes in non-consolidated companies is as follows:

	2014	2013
	€ x 1,000	*€ x 1,000*
Balance at 1 January	4,526	4,549
▪ Investments	0	100
▪ Divestments	46	-294
▪ Dividend	-77	-25
▪ Net income	496	196
Balance at 31 December	**4,991**	**4,526**

Summary of the financial data for the interests in non-consolidated companies:

	2014	2013
	€ x 1,000	*€ x 1,000*
Total non-current assets	1,316	1,394
Total current assets	11,929	9,725
Total non-current liabilities	649	1,895
Total current liabilities	9,022	6,163
Total turnover	19,748	17,226
Total share in net income	387	489

Velogic B.V. went bankrupt in 2014, in which Accell Group had a 20% interest. This has led to a loss of € 0.1 million in 2014, which has been deducted from the share of income from non-consolidated companies.

13. Other financial fixed assets

	Non-current		Current	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Loans provided to related parties	2,183	2,463	125	125

During 2006, a loan was provided to a non-consolidated company with a term of 10 years. The interest rate on this loan is currently 3% per annum. As security for this loan a mortgage was vested on the building and a right of pledge was established on other assets. The loan is valued against amortised cost based on the effective interest method. In line with the characteristics of the loan, the nominal value equals the fair value as well as the amortised cost. The current part of the loan is classified in the balance sheet within 'other receivables'.

14. Inventories

	2014	2013
	€ x 1,000	*€ x 1,000*
Goods in transit	45,719	34,334
Raw materials	70,022	64,482
Work in process	2,819	2,841
Trading and finished products	125,897	136,651
	244,457	**238,308**

Goods in transit relates to shipped goods for which Accell Group had acquired the economic ownership as at the balance sheet date, but which have not yet been received.

As at balance sheet date, inventories with a carrying amount of approximately € 12.6 million are valued at lower net realisable value. The cost of inventories recognised as an expense in the income statement include € 3.1 million *(2013: € 2.5 million)* with respect to write-downs of inventory to lower net realisable value.

The costs of inventory that are recorded as an expense during the financial year amounts to € 659.3 million *(2013: € 632.5 million)*.

15. Trade receivables

	2014	2013
	€ x 1,000	€ x 1,000
Trade receivables	140,620	105,953
Provision for impairment of receivables	-7,368	-6,458
	133,252	**99,495**

The nominal value of trade receivables approximates the fair value. In 2013 Accell Group terminated the factoring agreements. Per balance sheet date 2013, the remaining amount involved was € 10.7 million.

Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30-150 day term of payment. The provision for impairment is determined on the basis of an individual assessment of overdue trade receivables. Accell Group has developed a credit policy to maintain control over credit risks relating to trade receivables. The policy regarding credit risks is covered in note 22, "Financial instruments and risk management".

The changes in the provision for the impairment of trade receivables are as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Balance at 1 January	6,458	5,864
▪ Utilisation	-1,697	-1,409
▪ Provided	2,438	1,999
▪ Release	-256	-216
▪ Currency translation differences	425	220
Balance at 31 December	**7,368**	**6,458**

The aging analysis of trade receivables is provided in the overview below.

	Gross	Gross impaired trade receivables	Provision for impairment	Net
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
At 31 December 2014:				
▪ Current	115,176	181	80	115,096
▪ 0-90 days overdue	10,633	1,888	225	10,408
▪ 90-150 days overdue	2,328	1,242	283	2,045
▪ more than 150 days overdue	12,483	9,524	6,780	5,703
Total	**140,620**	**12,835**	**7,368**	**133,252**
At 31 December 2013:				
▪ Current	79,090	488	164	78,926
▪ 0-90 days overdue	11,880	783	116	11,764
▪ 90-150 days overdue	3,690	637	175	3,515
▪ more than 150 days overdue	11,293	8,277	6,003	5,290
Total	**105,953**	**10,185**	**6,458**	**99,495**

Accell Group has agreed various specific and, to a limited extent, individual terms of payment with its customers that differ depending on the nature of the customers and that can also differ depending on the country. Due to the seasonal nature of the activities, customers are offered so-called winter terms, whereby the customers can opt for an extra payment discount or a longer payment period. This is customary in the business.

16. Equity

The consolidated equity is equal to that of the parent company. The explanatory notes and movement overviews of equity are included in the company financial statements.

17. Interest-bearing loans

	Non-current		Current	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Term loans	70,619	102,856	12,500	12,500
Other bank loans	246	457	226	217
Bank overdrafts	0	0	82,245	83,370
	70,865	**103,313**	**94,971**	**96,087**

Early 2013, Accell Group entered into a financing agreement with a syndicate of 6 (international) banks for a total group financing of € 300 million. The participating banks in the syndicate are ABN AMRO Bank, Deutsche Bank, ING Bank, Rabobank, BNP Paribas and HSBC. The original financing consists of € 125 million long-term loans (term loans) and working capital financing (revolving credit facility) of € 175 million, of which € 65 million is available during the peak season. On a portion of the term loans regular redemptions of € 12.5 million per annum are made. As a result of the sale of the activities of Hercules and Tunturi Fitness an additional redemption of € 20.5 million was made.

The interest rate for the term loans is fixed and is approximately 3.7% in 2014. With the new financing agreement all existing financing agreements ended, except for the 10-year loan facility from Deutsche Bank of € 15 million. This loan facility is integrated in the new financing agreement and the covenants are harmonised, but the loan has a remaining term of 7 years and has an (in principle fixed) interest rate of 5.8% per annum, whereby the credit rate which is included in this interest rate is determined once a year.

Initially, the financing agreement was committed for 3 years with an option to extend to 5 years. During 2014, all participating banks agreed to the extension to 5 years.

Accell Group has provided securities in the form of trade receivables and inventories for its Dutch, German, UK and US group companies to the lenders. In connection with the other loans, no collateral was provided. The average interest rate on the other loans is 2.5% .

The policy regarding interest rate risks is covered in note 22, "Financial instruments and risk management". The financial covenants, which are part of the financing agreement, are also covered in this note.

The non-current interest-bearing liabilities are due for redemptions as follows:

	Term less than 5 years	Term more than 5 years	Total
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
Term loans	68,119	15,000	**83,119**
Other bank loans	472	0	**472**
Subtotal	**68,591**	**15,000**	**83,591**
Proportion of loans with a term of less than 1 year	-12,726	0	**-12,726**
Balance at 31 December 2014	**55,865**	**15,000**	**70,865**

18. Pension provisions and net pension assets

Defined benefit plans

Accell Group funds defined benefits for qualifying employees. The main defined benefit plan is the plan in the United Kingdom (UK), which accounts for approximately 85% of the defined benefit obligation and for more than 90% of the plan assets. The UK plan is subject to UK laws and is administered by a separate fund that is legally separated from the company. The trustees of this fund are appointed by the company. Pension benefits are related to the member's final salary at retirement and their length of service. Since December 2002, the defined benefit section of this pension scheme has been closed to future accrual. The deed of the UK plan shows that the company has an unconditional right in the form of refunds, when there is a surplus and the fund has no further obligations, or in case there is a surplus at the time when the plan is wound up.
The UK plan exposes the company to actuarial risks such as market risk, interest rate risk and inflation risk. The scheme does not expose the company to any unusual scheme-specific risk. The scheme's investment strategy is to invest broadly 67% in return seeking assets (this includes equity linked bonds, absolute return bonds and diversified growth funds) and 33% in matching assets (index–linked gilts and bond like property). This strategy reflects the scheme's liability profile and the trustees' and company's attitude to risks. The returns from the return seeking assets are not achieved solely by direct investment in return seeking assets, but the equity linked bonds allow exposure to equity type returns using futures backed by collateral in the form of index-linked gilts.

In addition, Accell Group sponsors funded defined benefit plans for qualified employees in Canada and Taiwan, a fixed unfunded defined benefit plan in Germany and an unfunded defined benefit plan in Hongkong. The defined benefit plans of Accell Group have no contributions from employees anymore, because the plans are mainly fixed.

The actuarial calculations pursuant to IAS 19 were carried out at 31 December 2014 by actuaries of certified actuarial firms. The principal assumptions used for the purposes of the actuarial valuations are based on the following weighted averages:

	2014	2013
Discount rate	3.2%	4.3%
Expected rates of salary increases	2.5%	2.8%
Inflation	2.1%	2.4%
Average longevity at retirement age for current pensioners (years):		
Males	20.8	20.7
Females	23.0	22.8
Average longevity at retirement age for current employees (years):		
Males	22.1	21.8
Females	24.5	24.2

Amounts recognised in the income statement in respect of these defined benefit plans are as follows:

	2014	2013
	€ x 1,000	*€ x 1,000*
Current service cost	61	65
Past service cost	0	-53
Administration expense	410	307
Net interest expense	165	209
Total	**636**	**528**

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Remeasurement on the net defined liability:		
▪ Return on plan assets (excluding amounts included in net interest expenses)	7,711	987
▪ Actuarial gains and (losses) from changes in demographic assumptions	1,681	0
▪ Actuarial gains and (losses) arising from changes in financial assumptions	-9,798	410
▪ Actuarial gains and (losses) arising from experience adjustments	5,517	-66
▪ Adjustments for restrictions on the defined benefit asset	-6,517	-154
Total	**-1,406**	**1,177**

Amounts recognised in the balance sheet in respect of these defined benefit plans are as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Net pension assets	2,521	1,564
Pension provisions	-6,621	-5,506
Net liability	**4,100**	**3,942**

The defined benefit obligation and fair value of plan assets are specified as follows:

	UK plan	Other	Total
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
At 31 December 2013			
Present value of funded pension obligation	70,444	6,708	77,152
Minus: Fair value of plan assets	-81,622	-6,626	-88,248
Deficit/ (surplus)	**-11,178**	**82**	**-11,096**
Present value of unfunded defined benefit obligation	0	5,424	5,424
Funded status	**-11,178**	**5,506**	**-5,672**
Restrictions on assets recognised	9,614	0	9,614
Net liability (asset) as per 31 December 2013	**-1,564**	**5,506**	**3,942**

	UK plan	Other	Total
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
At 31 December 2014			
Present value of funded pension obligation	75,348	6,886	82,234
Minus: Fair value of plan assets	-95,111	-6,971	-102,082
Deficit/ (surplus)	**-19,763**	**-85**	**-19,848**
Present value of unfunded defined benefit obligation	0	6,706	6,706
Funded status	**-19,763**	**6,621**	**-13,142**
Restrictions on assets recognised	17,242	0	17,242
Net liability (asset) as per 31 December 2014	**-2,521**	**6,621**	**4,100**

The movement in the present value of the defined benefit obligation is as follows:

	UK plan	Other	Total
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
Balance at 1 January 2013	73,283	14,956	88,239
Current service cost	0	65	65
Interest cost	2,853	437	3,290
Actuarial (gains) and losses arising from changes in financial assumptions	37	-447	-410
Actuarial (gains) and losses arising from experience adjustments	0	66	66
Liabilities extinguished on settlements	0	-905	-905
Exchange differences on foreign plans	-1,971	-1,014	-2,985
Benefits paid	-3,758	-1,026	-4,784
Defined benefit obligation at 31 December 2013	**70,444**	**12,132**	**82,576**
Current service cost	0	61	61
Interest cost	3,211	445	3,656
Actuarial (gains) and losses arising from changes in demographic assumptions	-1,681	-116	-1,797
Actuarial (gains) and losses arising from changes in financial assumptions	8,101	1,697	9,798
Actuarial (gains) and losses arising from experience adjustments	-5,423	185	-5,238
Exchange differences on foreign plans	4,321	267	4,588
Benefits paid	-3,625	-1,079	-4,704
Defined benefit obligation at 31 December 2014	**75,348**	**13,592**	**88,940**

The movement in the fair value of the plan assets is as follows:

	UK plan	Other	Total
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
Balance at 1 January 2013	82,616	7,620	90,236
Interest income	3,259	228	3,487
Remeasurement gain (loss):			
▪ Return on plan assets (excluding amounts included in net interest expense)	303	710	1,013
Contributions from the employer	833	349	1,182
Administration expense	-239	-94	-333
Assets distributed on settlements	0	-852	-852
Exchange differences on foreign plans	-1,968	-586	-2,554
Benefits paid	-3,182	-749	-3,931
Fair value of the plan assets at 31 December 2013	**81,622**	**6,626**	**88,248**
Interest income	3,759	284	4,043
Remeasurement gain (loss):			
▪ Return on plan assets (excluding amounts included in net interest expense)	7,456	410	7,866
Contributions from the employer	1,232	337	1,569
Administration expense	-339	-63	-402
Exchange differences on foreign plans	5,006	216	5,222
Benefits paid	-3,625	-839	-4,464
Fair value of the plan assets at 31 December 2014	**95,111**	**6,971**	**102,082**

The fair value of the plan assets is categorised as follows:

	2014	2013
	€ x 1,000	€ x 1,000
Cash and cash equivalents	1,301	728
Equity investments		
▪ Equity-linked bonds	25,558	20,197
▪ Diversified growth funds	19,287	18,070
▪ Absolute return bonds	17,153	16,362
▪ Other equity investments	4,261	4,063
Subtotal equity investments	66,259	58,692
Debt securities		
▪ Index-linked gilts	20,581	20,046
▪ Property bonds	11,778	6,583
▪ Other debt securities	2,061	2,083
Subtoral debt securities	34,420	28,712
Other	102	116
Total	**102,082**	**88,248**

The fair values of the above equity investments and debt securities are determined based on quoted market prices in active markets. The actual return on plan assets was € 11.9 million in 2014 *(2013: € 5.0 million)*.

The average duration of the defined benefit obligation is 16 years as per 31 December 2014 *(2013: 17 years)*. Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions holding at the end of the reporting period, while holding all other assumptions constant:

- if the discount rate is 1 % higher, the defined benefit obligation would decrease by € 10.3 million *(2013: € 8.1 million)*;
- if the discount rate is 1 % lower, the defined benefit obligation would increase by € 10.0 million *(2013: € 7.8 million)*;
- if the expected salary growth increases by 1%, the defined benefit obligation would increase by € 5.7 million *(2013: € 5.4 million)*;
- if the expected salary growth decreases by 1%, the defined benefit obligation would decrease by € 5.7 million *(2013: € 5.2 million)*.

The sensitivity analysis is prepared as per year-ending using the same methods as applied in the defined benefit obligation in the balance sheet. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation. It is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

The IAS 19 calculation of the defined benefit obligation and plan assets reflects the UK plan having a surplus of € 19.8 million as per 31 December 2014. The company pays additional contributions since 2011, under agreements between the company and the fund for strengthening the financial buffers of the pension fund. These cumulative contributions amount to € 2.5 million at the end of December 2014. The valuation report drawn up in 2014 show that the financial position of the fund improved substantially. Early 2015, the company and the trustees therefore agreed to reduce this contribution to € 0.4 million per annum *(2014: € 0.8 million)*. These contributions will be reviewed annually and do not lead to additional costs for the company, because these payments lead to an improvement of the plan assets, which is beneficiary to the company when the scheme will gradually run-off or will eventually be winded up.

The objective of the company is to transfer the UK plan to an insurance company, once the net proceeds are at least equal to the additionally paid contributions. In other future scenarios, there will also be significant costs associated with the settlement of the defined benefit obligation, which results that Accell Group accounts for a restriction on assets recognised ('asset ceiling') to the amount of the cumulative additional contributions. The difference between the surplus and the cumulative additional contributions, being € 17.2 million, is therefore not included as a pension asset in the balance sheet as per 31 December 2014.

In response to questions of the Dutch regulator for the financial markets 'Autoriteit Financiële Markten' ('AFM'), Accell Group had consultations with the AFM on the application of accounting standards around the UK plan during 2014. On the basis of IFRIC 14.10 till 14.14, Accell Group is of the opinion that application of the asset ceiling, as described above, reflects the expected recoverable surplus.

In case the surplus is fully recognised as an asset this would have led to an increase of equity amounting to € 17.2 million as per 31 December 2014 *(2013: € 9.6 million)*. The movement in restrictions on assets recognised would have led to an increase of other comprehensive income in 2014 amounting to € 7.6 million.

The company has provided land and buildings as a pledge to the trustees of the UK pension scheme, as disclosed in note 9 'Property, plant and equipment'. Besides the company provided to the trustees a group guarantee, whereby in case of a bankruptcy of the UK subsidiary, Accell Group will guarantee possible deficits in the UK scheme to a maximum amount of € 11.0 million.

Accell Group expects to make a contribution of € 0.9 million in 2015 with regard to the defined benefit plans.

Defined contribution plans

Multi-employer plan

The company's employees in the Netherlands, approximately 525 employees, participate in a multi-employer sector plan of "Metalektro", determined in accordance with the collective bargaining agreements effective for the industry in which Accell Group operates. This collective bargaining agreement has no expiration date. This multi-employer sector plan covers approximately 1,250 participating companies and 144,000 contributing members. Accell Group's contribution to the multi-employer sector plan is less than 1% of the total contribution to the plan. The plan monitors its risk on a global basis, not by company or employee, and is subject to Dutch legislation. The Dutch Pension Act prescribes that a multi-employer sector plan must be monitored against specific criteria, including the coverage ratio of the plan assets to its obligations. This coverage ratio must exceed 104.3%. Every company participating in a Dutch multi-employer sector plan contributes a premium calculated as a percentage of its total pensionable salaries, with each company subject to the same percentage contribution rate. The premium can fluctuate yearly based on the coverage ratio of the multi-employer sector plan. The pension rights of each employee are based upon the employee's average salary during employment.

The coverage ratio of the multi-employer sector plan decreased to 102.0% as of 31 December 2014 *(31 December 2013: 104.3%)*. Because of the low coverage ratio Metalektro prepared and executed a recovery plan which was approved by De Nederlandsche Bank, the Dutch central bank, which is the supervisor of all pension companies in the Netherlands. Due to the low coverage ratio and according the obligation of the recovery plan the pension premium percentage is 24.1% in 2014 *(2013: 24.1%)*. The coverage ratio is calculated by dividing the plan assets by the total sum of pension liabilities and is based on actual market interest.

The pension sector fund informed the company that the plan qualifies as a defined contribution plan. According to the pension sector fund, the member companies only have an obligation to pay the annual pension premiums due. Member companies do not have any obligation to settle any deficits in the fund. Member companies are also not entitled to any surplus. Besides the internal administrative systems of the pension sector fund do not enable to provide the required company specific information in order to account for the plan as a defined benefit plan. Accordingly, Accell Group accounts for this plan as a defined contribution plan in the financial statements.

Accell Group's net periodic pension cost for this multi-employer sector plan for any period is the amount of the required contribution for that period. A contingent liability may arise from, for example, possible actuarial losses relating to other (former) participating companies because each company that participates in a multi-employer plan shares in the actuarial risks of any other (former) participating company. The plan thus exposes the participating companies to actuarial risks associated with current and former employees of other companies with the result that no consistent and reliable basis for allocating the pension obligation, plan assets and cost to individual companies participating in the plan exists.

Other defined contribution plans

Employees of the company's foreign subsidiaries generally fall under a local government pension plan. These subsidiaries are only required to contribute a certain percentage of payroll costs to the local pension institutions.

In 2014, an expense of € 3.3 million has been included in the income statement for the defined contributions plans.

19. Deferred taxes

Deferred taxes comprise the following:

	2014	2013
	€ x 1,000	€ x 1,000
Deferred tax assets	7,410	11,285
Deferred tax liabilities	8,768	9,681
Net deferred taxes	**-1,358**	**1,604**

The movement in the deferred tax assets and deferred tax liabilities is as follows:

	Loss carry forwards consolidated companies	Revaluation of property, plant and equipment	Financial instruments	Trademark valuation	Other deferred taxes	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2013	7,364	-1,832	2,809	-5,890	-2,216	235
Added through business combination	0	0	0	-220	0	-220
Charged through other comprehensive income	0	0	86	0	-30	56
Charged through income statement	2,105	44	0	16	307	2,472
Change in income tax rate	-466	0	0	74	-19	-411
Transfer from/to current tax	-454	0	0	0	0	-454
Currency translation differences	-159	10	0	77	-2	-74
Balance at 31 December 2013	8,390	-1,778	2,895	-5,943	-1,960	1,604
Added through business combinations	9	0	0	-840	-11	-842
Charged through other comprehensive income	0	0	-3,635	0	370	-3,265
Charged through income statement [7]	-1,620	-35	0	358	1,826	529
Change in income tax rate	0	0	0	0	0	0
Transfer from/to current tax	0	0	0	0	0	0
Currency translation differences	631	20	0	-63	28	616
Balance at 31 December 2014	**7,410**	**-1,793**	**-740**	**-6,488**	**253**	**-1,358**

The deferred tax assets consist of tax loss carry forwards and taxable available depreciations. Only for tax loss carry forwards restrictions for realisation in time may apply. The tax loss carry forwards of Tunturi-Hellberg Oy Ltd are expected to be realised within the applicable period, which runs from 2015 to 2022. Furthermore, the tax loss carry forwards incurred with Accell North America in the period before acquisition as well as the period afterwards, will expected to be realised within the applicable period.

Accell Group and its 100% controlled Dutch subsidiaires form a fiscal unity for Dutch corporate income tax purposes.

20. Provisions

	Non-current		Current	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	2,102	1,672	96	318
Warranties	2,928	2,473	3,381	3,873
Other provisions	866	1,185	2,218	2,444
	5,896	5,330	**5,695**	6,635

The movement in provisions is as follows:

	Deferred employee benefits	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2014	1,990	6,346	3,629	**11,965**
Utilisation	-382	-3,068	-2,748	**-6,198**
Provided	564	2,689	1,616	**4,869**
Release	-22	-9	-53	**-84**
Discounting effect	0	0	0	**0**
Currency translation differences	48	351	640	**1,039**
Balance at 31 December 2014	**2,198**	**6,309**	**3,084**	**11,591**

Deferred employee benefits relate to the provision for future anniversary bonuses and resignation payments in some countries. The provision is based on contractual obligations and assumptions with respect to expectations of death and resignation. Warranty provisions represent the estimated costs under warranty obligations for supplied goods and services as at balance sheet date. The provision is based on estimations on the basis of historical warranty information.

Provisions for deferred employee benefits and warranty obligations are expected to have a duration between one and five years. Other provisions mainly relate to reorganisation provisions for the activities in the Netherlands and in North America. These provisions are generally expected to have a duration less than one year.

21. Deferred income

	Non-current		Current	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Deferred income	2,560	2,462	550	650

Deferred income consists of receipts in respect of extra warranty rights to be realised in the coming five years.

22. Financial instruments and risk management

Categories of financial instruments in balance sheet as at 31 December:

	2014	2013
	€ x 1,000	*€ x 1,000*
Assets		
Amortised cost		
Non-current receivables	2,183	2,463
Trade receivables and other receivables	151,854	118,117
Cash and cash equivalents	13,529	15,907
Fair value through cash flow hedging		
Other financial instruments	6,039	0
Liabilities		
Amortised cost		
Interest bearing liabilities	165,836	199,400
Trade liabilities and other liabilities	124,231	87,785
Fair value through cash flow hedging		
Other financial instruments	4,385	9,027

The fair value of the 'other financial instruments' is determined on the basis of other inputs than quoted prices that are observable (level 2). For the determination generally accepted valuation methods are used. The determined value in this way is equal to the price at which the derivative can be sold in a transparent market.

The other financial instruments comprise:

	2014	2013
	€ x 1,000	*€ x 1,000*
Currency derivatives - cash flow hedging	6,039	-5,201
Interest rate swap - cash flow hedging	-4,385	-3,826
	1,654	**-9,027**

The fair value of currency derivatives and interest rate swaps is calculated by the financial institutions concerned using the Mark to Market method (MTM method). In 2014, € 8.1 million was added to the hedging reserve pursuant to the fair value adjustments of the instruments to cover future cash flows. Effects of financial instruments which are recognised directly into the hedging reserve amounts to € 1.1 million in 2014 *(2013: € - 2.2 million)*.

Hence, the total change in hedging reserve amounts to € 11.4 million in 2014 *(2013: € - 0.6 million)*. With respect to cash flow hedging of interest rate risks, it is expected that the underlying cash flows materialise at the time that the interest is due on the loans with a one-month or three-month floating interest rate. The cash flow hedges of the currency and interest rate derivatives were assessed as effective in 2014.

Movement of the hedging reserve:

	2014	2013
	€ x 1,000	*€ x 1,000*
Balance at 1 January	-9,047	-8,426
amount included in equity	9,455	-10,570
amount included in cost of inventories	844	8,746
amount included in interest expenses	1,063	1,203
Balance at 31 December	**2,315**	**-9,047**

Currency derivatives

Currency derivatives stated as at the balance sheet date will be settled during 2015. Currency derivatives outstanding as at the balance sheet date can be specified as follows:

		Contract value in € 1,000		Fair value in € 1,000	
Currency derivative	Currency	2014	2013	2014	2013
Put	USD	40,538	98,341	5,513	-3,253
Call	USD	0	37,500	0	107
Put	JPY	21,087	12,681	-626	-1,358
Call	JPY	0	9,041	0	4
Put	CNY	9,526	0	802	0
Call	CNY	0	0	0	0
Put	TWD	4,192	5,117	338	-258
Call	TWD	0	0	0	0
Put	CAD	0	4,075	0	2
Call	CAD	0	1,675	0	1
Put	CHF	0	0	0	0
Call	CHF	0	115	0	0
Put	TRY	1,300	2,400	12	-258
Call	TRY	0	0	0	0
Put	SEK	0	0	0	0
Call	SEK	0	7,420	0	-188
				6,039	**-5,201**

Interest rate swaps
Accell Group uses interest rates swaps to convert the floating interest rate on its borrowings into a fixed interest rate. In 2008 and 2013 interest rate swaps were concluded to hedge the term loans.

The following table lists the nominal value and fair value of the interest rate obligations in connection with the loans in combination with the interest rate swaps as at the balance sheet date:

	2014	2013
	€ x 1,000	*€ x 1,000*
Nominal value	3,405	4,240
Fair value	-980	414

The policy of Accell Group regarding capital management, liquidity risks, credit risks, and market risks (currency and interest rate) is outlined below.

Capital management
The company operates a funding policy that is based on the continuity of Accell Group. This is reflected in the management of the capital. Following the growth of the company in recent years, Accell Group decided in 2012 to harmonise its financing structure. This led to a fully refinance of the company in 2013. The basis was to achieve the right balance between long-term group financing and the strongly fluctuating seasonal working capital financing. Accell Group is quarterly required to comply with the ratios stipulated by the lenders in the financing agreement; in 2014 all financial covenants have been met.

As at 31 December 2014, on the basis of group equity the solvency amounted to 44.3% *(as at 31 December 2013: 41.4%)*. As explained in the section on currency and interest rate risks, the movement in the hedging reserve has an effect on the solvency per year-end. Accell Group has no control over the changes in the market value of the underlying derivative financial instruments.

Liquidity risk
In managing the liquidity risk, Accell Group takes into account the strongly fluctuating seasonal nature of the activities. Therefore, in the funding of the group a distinction is made between long-term (core) funding and the seasonal credit facility. The financing agreement contains financial covenants on a quarterly basis consisting of:

- term loan/ EBITDA ratio (debt ratio) at year end 2015 below 2.25;
- solvency ratio higher than 30% at year end 2015 (whereby equity and balance sheet total at year-end are adjusted for inter alia, intangible assets and related deferred taxes);
- interest cover higher than 5.5 at year end 2015;
- with regard to the use of the seasonal financing the actual use may not exceed 50% of the qualifying net working capital.

Total loans and bank overdrafts provided to Accell Group amounted to € 165.8 million at the end of the financial year 2014; 43% of this is of a long-term nature. In addition to bank overdrafts, the group's other current liabilities amounted to € 157.1 million at the end of the financial year.

The table below provides an overview of the total financial obligations, including the estimated interest payments on long-term loans.

	Carrying amount	Contractual cash flows	< 1 year	1-5 year	> 5 year
	€ million	*€ million*	*€ million*	*€ million*	*€ million*
Non-current liabilities	89.5	124.8	16.3	91.8	16.7
Current liabilities	239.3	234.4	234.4		

Credit risk
The activities of Accell Group entail various credit risks. The maximum credit risk is equal to the carrying amount of the trade receivables and other receivables. Risks are limited, because in 2014 individual European debtors that have an expected outstanding amount of more than € 0.1 milion, are often insured by a credit insurance company. No collateral is obtained to cover the credit risk other than a retention of ownership of goods delivered. Bicycles and bicycle parts are sold to a wide network of specialised bicycle shops, whereby many of the customers with whom Accell Group conducts business have a long-standing commercial relationship with Accell Group.

The credit policy stipulates, inter alia, that upon the acceptance of large customers, the creditworthiness of this potential customer must be verified both internally as well as externally, whereby also a credit limit has to be determined. There is no significant concentration of credit risks within Accell Group, as the group has a large number of customers. No customers comprise more than 10% of turnover.

The credit risks are continuously monitored. Outstanding receivables exceeding the due date are assessed individually at the end of the financial year, resulting in a substantiation of the provision for the impairment losses of receivables. Regarding the total outstanding trade receivables of € 140.6 million, the provision for impairment losses amounts to € 7.4 million. Actual utilisation in 2014 amounts to € 1.7 million *(2013: € 1.4 million)*.

Market risk
The market risk encompasses currency risks and interest rate risks. Accell Group uses a variety of instruments to hedge currency and interest rate risks arising from the operating, financing and investment activities. Accell Group's treasury activities are centralised and carried out in accordance with the objectives and regulations stipulated by Accell Group. Accell Group's policy stipulates that instruments shall only be kept if there is an actual commercial basis (transactions and obligations). Accell Group's currency and interest rate risks have not changed during the year. Moreover, Accell Group's approach to these risks has not changed during the year.

Control of currency risks
In view of the international nature of its activities, Accell Group is exposed to risks when buying and selling in foreign currency. This relates to US dollars (USD), Japanese yen (JPY), Taiwanese dollars (TWD), British pounds (GBP), Canadian dollars (CAD), Turkish lira (TRY), Swedish krona (SEK), Hungarian forint (HUF), Swiss francs (CHF) and Chinese Renminbi (CNY).

Accell Group mitigates the currency risks for all significant exposures, mainly its estimated purchases in USD, JPY, CNY and TWD, by hedging a significant percentage of the currency risks prior to each season. This involves the use of currency future contracts and related swaps and/or options.

Unrealised gains and losses on the derivatives resulting from the concluded cash flow hedge transactions are temporarily included in the hedging reserve of the group equity. The cash flow hedge transactions have been effective in 2014. The hedging reserve is subject to changes as a result of developments in the market value of the concluded currency derivatives and interest rate swaps. Accell Group has no control over these market value developments.

A 1% change in the EUR/USD and EUR/JPY exchange rate from the current year end exchange rate would result in an approximately € 0.5 million and € 0.2 million respective change in the hedging reserve of the group equity. Covering future cash flows and the use of cash flow hedging causes movements in equity as a result of changes in the market value of the underlying derivatives.

All derivative financial instruments are concluded with ABN AMRO Bank, Deutsche Bank, ING Bank, Rabobank or HSBC. The company incurs credit risks with these banks as long as these derivative financial instruments have a positive fair value and are not yet settled. This risk is considered acceptable in view of the creditworthiness of these banks.

Control of interest risks
As at 31 December 2014, the total of the floating interest on the long-term interest-bearing has been fixed with interest-rate swaps. These instruments are generally available, and are not regarded as specialised or as entailing significant risk.

As at 31 December 2014, the term of 43% of the interest-bearing loans is longer than one year. An increase or decrease of 1% in market interest-rate governing short-term bank credit would have resulted in a decrease or increase in the profit before taxes of approximately € 0.2 million.

23. Business combinations

At the beginning of November 2014, Accell Group acquired 100% of the shares of Comet S.L. ("Comet") in Urnieta, Spain. Comet is market leader in the Spanish market for bicycle parts and accessories and has an extensive distribution network in its home market and has significant positions in France and Portugal. The figures of Comet are consolidated as of 1 November 2014.

The transaction is accounted for by the purchase method of accounting. The provisional acquired net assets consist of the following:

	Fair value on acquisition	Fair value adjustments	Carrying amount
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
Non-current assets	3,137	2,913	224
Other assets	8,230	0	8,230
Cash and cash equivalents	4,446	0	4,446
Other liabilities and acquisition obligations	-4,795	-840	-3,955
	11,018		
Goodwill	7,398		
Cash and cash equivalents acquired	-4,446		
Net cash flow of business combinations	**13,970**		

The consideration paid for the business combinations consist of a premium for expected synergies, growth of turnover and the combined knowledge of the workforce. These aspects of the acquisition cannot be measured reliably and are therefore not reported separately from goodwill. The purchased goodwill is tax non-deductible. The other assets consist of gross contractual trade receivables and other receivables. Comet contributed turnover from the period of consolidation to the balance sheet date amounting to € 3.5 million. The contribution to the net profit for the financial year 2014 amounts to € 0.2 million. Turnover would have been € 23.3 million higher if the acquisition took place at 1 January 2014. The effect on the net profit would have been approximately € 0.8 million. Costs relating to the acquisition (external legal and due diligence costs) amounted to € 0.3 million. These costs are part of other operating expenses and are separately accounted for in the income statement.

24. Dividend

The dividend in respect of financial year 2013 was determined at € 0.55 per share or as stock option during the General Meeting of Shareholders of 24 April 2014. After the period in which shareholders could report their preference, 46% chose the stock dividend. On 22 May 2014 € 7,238,000 was distributed as cash dividend and 454,596 shares were issued as stock dividend.

The Board of Director proposes to make available to the shareholders a dividend with stock option of € 0.61 per share with respect to the current year. The dividend proposal is subject to approval by the General Meeting of Shareholders on 23 April 2015 and is not reflected as a liability in these financial statements.

25. Off-balance obligations

Operational lease obligations
The company has financial obligations arising from long-term lease obligations, leases on IT equipment and motor vehicles. The total obligation amounts to approximately € 2.9 million per year and has an average remaining term of 2.3 years. Besides, the company has financial obligations arising from long-term rental agreements. This obligation amounts to approximately € 6.4 million per annum and has an average remaining term of 4.0 years.

As at balance sheet date, Accell Group has outstanding non-terminable operational lease obligations expiring as follows:

	2014	2013
	€ x 1,000	*€ x 1,000*
Within one year	1,020	1,933
Within two to five years	17,106	15,713
After five years	14,084	10,969
	32,210	**28,615**

26. Transactions with related parties

Intercompany transactions and balances between Accell Group and its non-consolidated companies have not been eliminated for consolidation purposes.

Trading transactions

During the year group companies entered into the following trading transactions with related parties:

	Sales of goods		Purchases of goods	
	2014	2013	2014	2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Atala SpA	**4,764**	5,771	**1,721**	322

The following balances were outstanding at the end of the reporting period:

	Amounts owed by		Amounts owed to	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
Atala SpA	**1,672**	1,366	**19**	58

The amounts outstanding are not provided for and will be settled in cash and cash equivalents. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Loans to related parties

	31-12-2014	31-12-2013
	€ x 1,000	*€ x 1,000*
Loans to related parties	**2,308**	2,588

At the end of 2014, Accell Fitness Division B.V. had an outstanding amount payable by Jalaccell OÜ of € 2.3 million in connection with the financing of non-current assets and working capital whereby a mortgage right on the business premises and pledge rights on other assets serve as security.

Other
For explanatory notes on the total of benefits for key management personnel amounting to € 2.3 million, reference is made to the notes on the company financial statements on page 164.

27. Events after balance sheet date

In January 2015, Accell Group acquired 100% of the shares in Cycle Service Nordic ApS ("CSN") in Odense, Denmark. CSN is a distributor of bicycle parts and accessoires in Scandinavia and has a profitable turnover of approximately € 13 million. The company has a workforce of 40 employees. The figures of CSN are consolidated as of 1 January 2015.

The provisional acquired net assets consist of the following:

	Fair value on acquisition	Fair value adjustments	Carrying amount
	€ x 1,000	*€ x 1,000*	*€ x 1,000*
Non-current assets	318	0	318
Other assets	6,067	0	6,067
Cash and cash equivalents	228	0	228
Other liabilities and acquisition obligations	-5,918	-1,074	-4,844
	695		
Goodwill	1,347		
Cash and cash equivalents acquired	-228		
Net cash flow of business combinations	**1,814**		

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KOGA PROMINENCE

28. External auditors costs

The total costs for the services provided by Deloitte Accountants B.V. consist of:

	2014			2013		
	€ x 1,000	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*	*€ x 1,000*
	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte
Audit of the financial statements	390	117	507	352	138	490
Other audit assignments	123	44	167	126	40	166
Tax services	0	14	14	0	21	21
Other non-audit services	0	0	0	0	0	0
	513	**175**	**688**	**478**	**199**	**677**

COMPANY BALANCE SHEET AS AT 31 DECEMBER

Before profit appropriation (in thousands of euros)

		2014		2013
Assets				
Non-current assets				
Property, plant and equipment	168		133	
Goodwill	3,110		3,110	
Other intangible assets	50		77	
Financial fixed assets [a]	326,894		421,363	
		330,222		**424,683**
Current assets				
Amounts receivable from group companies	6,482		7,479	
Other receivables	17,371		6,136	
Cash and cash equivalents	75,760		8,065	
		99,613		**21,680**
Total assets		**429,835**		**446,363**
Liabilities				
Equity [b]				
Share capital	249		244	
Share premium reserve	44,384		44,442	
Hedging reserve	2,315		-9,047	
Translation reserve	-6,185		-12,735	
Other statutory reserve	1,421		1,530	
Other reserves	207,644		196,529	
Net profit for the year	26,083		19,020	
		275,911		**239,983**
Long-term liabilities				
Interest-bearing loans	83,119		115,356	
Other provisions	0		0	
		83,119		**115,356**
Current liabilities				
Amounts owed to group companies	2,155		405	
Interest-bearing loans and bank overdrafts	58,306		80,165	
Other current liabilities	10,344		10,454	
		70,805		**91,024**
Total liabilities		**429,835**		**446,363**

The letters following the various items refer to the notes on pages 162 to 166.

COMPANY INCOME STATEMENT

(in thousands of euros)

	2014	2013
	€ x 1,000	*€ x 1,000*
Net profit from subsidiaries after taxes	29,352	20,029
Other results	-3,269	-1,009
	26,083	**19,020**

Accounting policies relating to valuation principles and determination of the result

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. In accordance with article 2:362 (8) of the Dutch Civil Code, the accounting policies for the parent company are identical to the policies that Accell Group NV applies with regard to the consolidated financial statements. Information on the accounting policies is given in the notes to the consolidated financial statements.

The financial data of Accell Group NV are incorporated in the consolidated financial statements. Therefore an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

Subsidiaries

In accordance with article 2:362 (8) of the Dutch Civil Code, subsidiaries that are included in the consolidation are stated at net asset value. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Accell Group NV.

NOTES TO THE COMPANY BALANCE SHEET

(in thousands of euros)

a) Financial fixed assets

The changes in the financial fixed assets are as follows:

	2014	2013
Subsidiaries		
Balance as at 1 January	185,078	236,661
Net profit	29,352	20,029
Investments / divestments	0	-58,538
Dividend payments	0	-8,182
Translation differences	1,308	-5,678
Other movements	-159	786
Balance as at 31 December	**215,579**	**185,078**
Receivables from group companies		
Balance as at 1 January	236,285	91,461
Loans provided	29,532	268,580
Loans repaid	-154,502	-123,756
Balance as at 31 December	**111,315**	**236,285**
Total financial fixed assets	**326,894**	**421,363**

b) Equity

The authorised capital amounts to € 650,000, divided into 27,500,000 ordinary shares, 5,000,000 preference shares F and 32,500,000 preference shares B, each with a nominal value of € 0.01. Of these, 24,864,956 ordinary shares have been issued and duly paid, as a result of which the issued and paid-up share capital amounts to € 248,649.56.

Statement of movements in shareholders' equity

I. Share capital

Balance as at 31 December 2013	244	
Stock dividend	5	
Balance as at 31 December 2014		**249**

II. Share premium reserve

The share premium reserve includes amounts paid in on the shares over and above the nominal value.

Balance as at 31 December 2013	44,442	
Stock dividend	-5	
Options exercised and stock option plan	-53	
Balance as at 31 December 2014		**44,384**

III. Hedging reserve

The hedging reserves comprises of the effective part of the cumulative net movement in the fair value of the cash-flow hedging instrument, after allowing for deferred taxes.

Balance as at 31 December 2013	-9,047	
Fair value adjustment of financial instruments	14,997	
Movement in deferred taxes	-3,635	
Balance as at 31 December 2014		**2,315**

IV. Translation reserve

The translation reserve comprises of foreign currency exchange differences on the translation of the foreign currency balance in participations.

Balance as at 31 December 2013	-12,735	
Exchange differences arising on translation of foreign operations	6,550	
Balance as at 31 December 2014		**-6,185**

V. Statutory reserve

The statutory reserve comprises of capitalised development expenditure and statutory reserve participations.

Balance as at 31 December 2013	1,530	
Change in intangible assets	-359	
Other movements	250	
Balance as at 31 December 2014		**1,421**

VI. Translation reserve

Balance as at 31 December 2013	196,529	
Movement of profit 2013	19,020	
Dividend payment 2013	-7,238	
Recognition of share-based payments	266	
Remeasurement of defined benefit obligations	-1,406	
Movement in deferred taxes	370	
Change in intangible assets	359	
Other movements	-256	
Balance as at 31 December 2014		**207,644**

VII. Profit for the year

Balance as at 31 December 2013	19,020	
Movement of profit 2013	-19,020	
Net profit 2014	26,083	
Balance as at 31 December 2014		**26,083**

Total equity as at 31 December 2014	**275,911**

The statutory reserves, including the hedging reserve (Article 2:390 of the Dutch Civil Code), the translation reserve (Article 2:389 paragraph 8 of the Dutch Civil Code) and other statutory reserves (development costs, Article 2:365 lid 2 Dutch Civil Code and statutory reserve participations, Article 2:389 lid 6 Dutch Civil Code) are regarded as other statutory reserves pursuant to Article 2:373 of the Dutch Civil Code and, consequently, are therefore not available for distribution to shareholders.

Remuneration of the Board of Directors and the Supervisory Board

Board of Directors

The remuneration of the individual members of the Board of Directors is as follows [1]:

	Salary	Bonus	Pension contributions	Share-based payments
	in €	*in €*	*in €*	*in €*
R.J. Takens	461,000	230,500	141,948	101,827
H.H. Sybesma	354,000	177,000	63,002	78,258
J.M. Snijders Blok	291,000	145,500	62,171	64,266
Total	**1,106,000**	**553,000**	**267,121**	**244,351**

[1] The company's remuneration policy is reflected in the remuneration report that has been presented to the General Meeting of Shareholders for approval. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. A bonus of 50% of salary has been paid out in 2014.

Supervisory Board

The remuneration of the individual members of the Supervisory Board is as follows:

	in €
A.J. Pasman	51,458
J. van den Belt	39,916
P.B. Ernsting	39,916
A. Kuiper	39,916
Total	**171,206**

Shares

At the end of 2014 Mr. Takens has 105,580 shares, Mr. Sybesma has 5,000 shares and Mr. Snijders Blok has 24,412 shares.

Stock option plan

The company has a stock option plan for members of the Board of Directors. In the event of full exercise of the option entitlements granted to date the number of issued shares would increase by 0.6%.

According to company policy, the option entitlements are not covered by the company's purchase of its own shares. In case of equity-settlement new shares are issued by the company at the moment options are exercised.

Below an overview is provided on the number and movement in stock option entitlements:

	Number at 31-12-2013	Number at 31-12-2014	Granting date	Expiry date	Exercise price	Fair value at granting date	Average exercise price
Options					*in €*	*in €*	*in €*
Granted in 2010	25,640	25,640	19-02-10	3-5 year	16.65	2.84	n/a
Granted in 2011	24,480	24,480	24-02-11	3-5 year	19.39	3.57	n/a
Granted in 2014	0	7,950	26-02-14	3-8 year	14.13	2.13	n/a

The stock option entitlements that have been granted comprise of the following:

	Number at 01-01-2014	Issued in 2014	Exercised in 2014	Number at 31-12-2014	Average exercise price beginning of period	Average exercise price at year-end	Weighted average term at year-end
Bestuurders					*in €*	*in €*	
R.J. Takens	20,480	3,300	-	23,780	17.99	17.45	1.56
H.H. Sybesma	16,260	2,550	-	18,810	17.99	17.46	1.54
J.M. Snijders Blok	13,380	2,100	-	15,480	17.99	17.47	1.54
	50,120	**7,950**	**-**	**58,070**			

The Supervisory Board awards options to the directors based on the realisation of targets set in agreement with the Board of Directors and the expected contribution that the members of the Board of Directors will make to the further development of the company. After granting, the stock options are unconditional.

Employees
Accell Group N.V. has an average of 25 employees in 2014 *(2013: 24)*.

Wages and salaries, social security charges and pension contributions amounts to € 3.6 million, € 0.2 million and € 0.4 million in 2014 *(2013: € 3.2 million, € 0.4 million and € 0.4 million)*.

Off-balance sheet commitments
The legal entity is part of the "Accell Group N.V." fiscal unity, and as such is jointly and severally liable for the tax liability of the fiscal unity as a whole.

In accordance with article 2:403 (1f) of the Dutch Civil Code, the company has accepted joint and several liability for the liabilities arising from acts with legal consequences of the Dutch subsidiaries. Notices to that effect have been filed with the chamber of commerce where the legal entity on whose behalf the notice of liability has been given is registered.

Supervisory Board
A.J. Pasman, chairman
J. van den Belt, vice-chairman
P.B. Ernsting
A. Kuiper

Board of Directors
R.J. Takens, CEO
H.H. Sybesma, CFO
J. M. Snijders Blok, COO

Heerenveen, March 11, 2015

OTHER INFORMATION

Profit appropriation pursuant to the Articles of Association

Article 25 (partial)

Paragraph 4
The Board of Directors, subject to the approval of the Supervisory Board, is authorised to determine which part of the profit shall be allocated to the reserves, after payment of dividends to the holders of both 'B' preference shares and 'F' preference shares.

Paragraph 5
The profit then remaining shall be at the disposal of the general meeting of shareholders for the holders of ordinary shares. Pursuant to a proposal of the Board of Directors that has been approved by the Supervisory Board, the general meeting of shareholders may resolve that all or part of a dividend distribution to the holders of ordinary shares shall be made in shares in the share capital of the company instead of cash.

Dividend proposal

The Board of Directors proposes to pay shareholders a dividend of € 0.61 per share *(2013: € 0.55)*, to be paid in cash or shares at the shareholder's discretion.

Events after balance sheet date

For events after balance sheet date reference is made to note 27.

STAIGER

Independent auditor's report

To: The shareholders and supervisory board of Accell Group N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Accell Group N.V. (the company), based in Heerenveen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Accell Group N.V. as at December 31, 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the company financial statements give a true and fair view of the financial position of Accell Group N.V. as at December 31 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The scope of our audit

The consolidated financial statements comprise:

1. the consolidated balance sheet as at December 31, 2014;

the following statements for 2014:

2. the consolidated income statement, the consolidated statements of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2014;
2. the company incomes statement for 2014; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Accell Group N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)" and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants (VGBA)". We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 3.5 million. The materiality is based on 10% of profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 175 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Accell Group N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Accell Group N.V..

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. The significant group entities are Accell Nederland, Accell North America, Accell Germany, Raleigh UK, Cycle Lapierre and Accell Bisiklet. We used the work of other local Deloitte auditors when auditing the significant group entities. We have performed review procedures or specific audit procedures at the other group entities. We performed audit procedures ourselves at Accell Group N.V.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	***Our audit of the key audit matters***
Valuation of goodwill Please refer to the financial statements, page 115 *(accounting policies)* and paragraph 10 *(note to goodwill)*. As at December 31, 2014 the goodwill in the financial statements was € 63.7 million *(2013: € 53.7 million)*. The annual goodwill impairment test is based on estimates and assumptions of the board of directors. For the valuation of goodwill the realizable value has been determined on the basis of the historically realized growth factors of the past three years. These have passed on to arrive at the expected free cash flows for the years 2015 through 2020, taking into account the residual value. In response to the changed operational segments within Accell to "Bicycles" and "Parts & accessories", the cash flow generating unities have been adjusted, too, and the goodwill has been allocated to the cash flow generating unities based on their relative value. Following the goodwill impairment test the board of directors has concluded there is no such impairment.	*Our audit procedures have been aimed at items such as the correctness of the calculations and the substantiation of the assumptions on which the expected future cash flows are based. We have called in a Deloitte valuation expert to examine the cost of capital and the method applied. The historically realized growth factor have been tested for consistency with the previous financial statements, and internal reports. We have also tested the impairment analysis against the market value of the company, as appears from a multiplication of the stock price with the number of shares as at December 31, 2014. The outcome is acceptable, with the net asset value (market value) exceeding the value-in-use.* *Finally we have specifically focused on the allocation of the goodwill to the segments "Bicycles" and "Parts & accessories", in connection with the change in the segment classification implemented in 2014. We have used the internal reports to test the allocation keys for these components for reasonability. The test was mainly based on the turnover, gross margin and result before taxes.*

Key audit matters	*Our audit of the key audit matters*
Valuation of deferred tax assets Please refer to the financial statements page 113 *(accounting policies)* and paragraph 19 *(note to deferred taxes)*. As at December 31, 2014 the deferred tax assets in the financial statements amount to € 7.4 million *(2013: € 11.3 million)*. The company has recorded these deferred tax assets because it is likely they will be able to realize these deferred tax assets as a result of the fiscal profits to be expected in the future. These deferred tax assets particularly refer to Accell North America and Finland. The expected realization of these deferred tax assets are based on estimates and assumptions of the board of directors. The valuation of the deferred tax assets has been one of the our key audit matters, as they are of material significance for the financial statements. They are based on the hidden reserves for tax purposes, forecasts and assumptions about the future profitability, which may deviate in reality.	*We have focused on the realizability of the deferred tax assets. We have called in a Deloitte tax expert to assist us in our procedures. The likelihood of the tax assets being realized is affected by uncertainties, as the expiry period of the deductible losses and the size of the future fiscal profits. Our procedures included a test of the assumptions applied based on hidden reserves for tax purposes. Moreover, we have audited the notes in the financial statements.*
Recognition of pensions Please refer to the financial statements page 118 and 119 *(accounting policies)* and paragraph 18 *(note to pension provisions and net pension assets)*. As at December 31, 2014 the net pension obligation in the financial statements amounts to € 4.1 million *(2013: € 3.9 million)*. Accell Group N.V. has a defined benefit scheme in the United Kingdom. Paragraph 18 in the financial statements includes an extensive note on the specific situation of this pension fund.	*The recognition of and the notes to the pensions has been one of our key audit matters. We have specifically focused on reviewing the reasonability and consistency of the actuarial assumptions applied. We have called in the support of our pension experts to do so.* *Another key audit matter regards the pensions related to the recognition of and the notes to the surplus of the English pension fund and the application of the asset ceiling. We have called in our internal reporting expert to look into this audit matter.* *Finally, we have audited the extensive notes in the financial statements.*

Responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report32 in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

A complete description of our responsibilities is available on
- *www.nba.nl/standaardteksten-controleverklaring*

Report on other legal and regulatory requirements

Report on the management board report and the other information
Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement
We were engaged by the supervisory board as auditor of Accell Group N.V. as of the audit for year 1998 and have operated as statutory auditor ever since that date.

Utrecht, March 11, 2015

Deloitte Accountants B.V.
drs. A.J. Heitink RA

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HISTORICAL SUMMARY

(in millions of euros, unless stated otherwise)

	2014	2013	2012	2011	2010	2009	2008	2007
Net turnover	882.4	849.0	772.5	628.5	577.2	572.6	538.0	476.1
Personnel costs	107.4	106.6	101.6	80.6	76.6	73.5	71.5	67.5
Operating profit (EBIT)	43.6	33.9	32.7	34.8	46.4	49.9	46.2	35.0
Financial income and expenses	-8.8	-11.7	-6.9	-7.8	-4.2	-5.5	-6.0	-5.6
Taxes	9.2	3.7	2.6	3.1	5.8	11.8	11.8	9.6
Net profit	26.1	19.0	23.3	40.3	36.4	32.7	28.6	19.8
Depreciation	8.9	8.7	8.2	7.4	7.5	7.4	6.9	5.8
Free cash flow [1]	38.3	-30.9	-19.9	16.9	-1.1	27.1	12.2	-10.0
Investments in property, plant and equipment	10.6	6.8	22.8	11.2	6.2	6.7	12.9	12.6
Balance sheet total	622.6	579.6	589.7	434.0	383.9	337.3	335.4	277.6
Property, plant and equipment	68.1	65.8	71.2	64.1	59.6	61.2	61.3	54.9
Capital employed [2]	452.1	447.1	407.5	349.2	301.2	258.7	259.3	223.6
Group equity	275.9	240.0	239.8	214.6	180.4	151.8	132.1	107.1
Net debt	152.3	183.5	143.8	115.7	100.5	84.8	99.0	99.6
Provisions	30.1	30.3	27.9	22.5	23.3	33.1	31.3	16.9
Average number of employees (FTEs)	2,796	2,926	2,776	2,234	1,877	1,787	1,778	1,713
Number of issued shares at year-end	24,864,956	24,402,849	23,863,432	21,094,760	20,609,012	20,034,168	19,556,344	18,985,900
Weighted average number of issued shares	24,685,681	24,195,467	22,897,471	20,905,497	20,385,290	19,856,130	19,342,818	18,813,480
Market capitalization	338.2	327.0	317.6	297.4	389.5	292.2	176.0	235.0
Data per share [3] (in €)								
Group equity	11.18	9.74	10.06	9.52	8.05	6.78	5.92	4.79
Free cash flow	1.55	-1.25	-0.83	0.75	-0.05	1.21	0.55	-0.45
Net profit	1.06	0.77	0.98	1.79	1.62	1.46	1.28	0.88
Dividend [4]	0.61	0.54	0.72	0.85	0.78	0.70	0.62	0.53
Ratios (in %)								
ROCE	9.6	7.6	8.0	10.0	15.4	19.3	17.8	17.7
ROE	9.5	7.9	9.7	18.8	20.2	21.6	21.6	22.8
Operating profit/turnover	4.9	4.0	4.2	5.5	8.0	8.7	8.6	8.3
Net profit/turnover	3.0	2.2	3.0	6.4	6.3	5.7	5.3	5.1
Free cash flow/turnover	4.3	-3.6	-2.6	2.7	7.6	7.0	7.0	5.4
Balance sheet total/turnover	70.6	68.3	76.3	69.1	66.5	58.9	62.3	58.3
Solvency (based on group capital)	44.3	41.4	40.7	49.4	47.0	45.0	39.4	38.6
Net debt/ EBITDA [5]	2.9	4.0	3.2	2.6	1.9	1.5	1.8	2.2
Pay-out ratio	57.7	70.0	74.1	47.8	47.9	47.9	48.1	48.1
Dividend yield (including dilution [3])	4.5	4.0	5.4	6.1	4.1	4.8	6.8	4.2
Closing price of share	**13.60**	**13.40**	**13.31**	**14.10**	**18.90**	**14.59**	**9.00**	**12.38**

1) Free cash flow is defined as the balance of the net cash flow from operating- and investment activities.
2) Capital employed is the balance sheet total minus cash and cash equivalents and current non-interest bearing obligations (including current part of provisions).
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2007-2013 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2013 and for previous years is 0.98171.
4) The dividend per share relating to the financial year 2014 concerns the proposal to be submitted to the General Meeting of Shareholders.
5) EBITDA is based on the operating profit adjusted with one-off items.

ADDRESSES

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Colophon

Text:
Accell Group, Heerenveen, The Netherlands
Citigate First Financial, Amsterdam, The Netherlands

Design, lay-out and co-ordination:
Boerma Reclame, Gouda, The Netherlands

Production and distribution:
Het Staat Gedrukt, Gouda, The Netherlands

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