CYCLING MOVES THE WORLD FORWARD

PRESS RELEASE

HALF YEAR RESULTS 2021

ACCELL GROUP REPORTS NET SALES UP 3.3% AT € 699 MILLION AND EBIT UP 35.5% AT € 61 MILLION

CONTINUED PROFIT ACCRETION AND MARGIN EXPANSION AMIDST GLOBAL SUPPLY ISSUES

HEERENVEEN (THE NETHERLANDS), 23 July 2021 – Accell Group N.V., the leading European bicycle company with well-known brands such as Haibike, Koga, Batavus and Raleigh, today announces its half-year 2021 results.

HIGHLIGHTS

- Net sales of € 699.1 million, up 3.3% with supply and logistical issues hampering further uplift
- EBIT of € 61.1 million, up 35.5% thanks to higher sales and improved added value, EBIT margin up 208 bps at 8.7%
- Net profit of € 44.2 million, up 54.3% mainly driven by higher EBIT
- Trade working capital improved slightly to 29.6% from 29.7% per end-June 2020, amongst others driven by lower debtor positions offset by higher component inventory
- Negative free cash flow of € 71.9 million, higher cash out as a consequence of inventory build up, partly offset by higher EBITDA

in millions of euro (unless otherwise stated)	H1 2021	H1 2020
Net sales	699.1	676.9
Added value%	30.1%	27.6%
EBIT[1)]	61.1	45.1
Underlying EBIT [2)]	61.1	47.5
Net Profit	44.2	28.6
Trade working capital	390.1	338.1
Free cash flow	-71.9	115.9

1) Operating result derived from the interim financial statements is in this overview presented as EBIT
2) EBIT excluding one-offs (in 2020 + € 2.4 mio)

Ton Anbeek, CEO Accell Group: “Despite lockdowns and closed bike shops in various countries in the first four months of the year, demand for bikes and parts & accessories remained strong across Europe and across segments.

As stated before global supply chain constraints for critical components have limited product availability and therefore impacted our bicycle sales in H1. Our added value rebounded thanks to lower discounts and pricing actions taken, which have more than offset increases in material prices and additional supply chain expenses. Combined with our continued focus on cost management this has resulted in a substantial EBIT increase and further margin expansion.

Our new and innovative bike collections again received multiple international recognitions and awards, such as Bike of the Year for the Batavus Dinsdag and design & Innovation awards for our Haibike AllMtn 7, Lapierre Overvolt and Koga Pace. We also continued our digital roll out at pace with the launch of new Lapierre and Sparta websites.

Overall demand for our bicycle brands and products remains high across Europe. This clearly reflects the increased recognition of the underlying positive impact of cycling on health, business and the environment. We are well on track to meet our 2022 targets.”

GROUP PERFORMANCE

in millions of euro (unless otherwise stated)	H1 2021	H1 2020
Net turnover	**699.1**	**676.9**
Other income	0.0	0.0
Net sales growth% vs py	3.3%	4.0%
Added value	210.2	186.9
Added value%	30.1%	27.6%
Added value bps vs py	246	-359
OPEX	-149.1	-141.8
EBIT	**61.1**	**45.1**
EBIT%	8.7%	6.7%
Net finance costs	-6.0	-6.4
Income from equity-accounted investees, net of tax	2.3	0.4
Result on the sale of subsidiaries	0.7	-
Income tax expense	-14.0	-10.5
Net profit	**44.2**	**28.6**

in millions of euro (unless otherwise stated)	H1 2021	H1 2020
EBIT reported	61.1	45.1
One-off	-	2.4
EBIT excl. one-off	**61.1**	**47.5**
TWC% net sales	29.6%	29.7%
TWC in bps vs py	-16	-243

Net sales came in at € 699.1 million, up 3.3% versus € 676.9 million in H1 2020. Corrected for the disposal of the fitness and motorcycle parts business of Tunturi Sweden the organic growth was 3.7% in H1. Growth was mainly driven by the 29.3% sales increase at Parts & Accessories. Order books for e-bikes remained very strong, but sales came in 6% lower due to critical component shortages as a result of the global supply chain constraints. Sales of traditional bikes declined by 7%. Cargo bike sales came in 43% higher, now representing 4% of total net sales.

NET TURNOVER BASED ON LOCATION OF THE CUSTOMER

in millions of euro	H1 2021	H1 2020	Growth%
Benelux [1]	134.0	134.3	-0.2%
Central [2]	198.1	234.3	-15.4%
Other regions [3]	158.8	147.3	7.9%
Accell Bicycles	**490.9**	**515.8**	**-4.8%**
Accell Parts	**208.2**	**161.1**	**29.3%**
Accell Group	**699.1**	**676.9**	**3.3%**

1) Benelux: Netherlands, Belgium and Luxembourg

2) Central: Germany, Austria, Switzerland and Eastern-Europe regions

3) Other bike regions: France, UK, Ireland, Nordics and other regions

In Central region, bicycle sales declined by 15.4% due to component shortages which especially manifest in the sport segment (Haibike and Ghost) but also due to limited alternatives for critical parts for Winora bicycles. In the Benelux region, bicycle sales remained fairly stable at -0.2% as specific component shortages were partly offset by alternative supplies. In the Other regions bicycle sales were up 7.9%, mainly driven by stronger sales in France, also helped by a relatively low H1 2020 comparison base due to the lockdowns. Cargo bike sales were up significantly in all three regions.

Parts & Accessories sales increased by 29.3%. Growth was very strong throughout the year, driven by strong sales to dealers and online shops across Europe. Sales of our own XLC brand grew by 40.1% in this segment.

Added value increased to € 210.2 million from € 186.9 million, up € 23.3 million. As a percentage of net sales, added value increased 246 bps to 30.1% from 27.6% in H1 2020 thanks to:

- Lower discounts, H1 2020 had higher discounts for conversion of stock into cash, especially during the first lockdowns
- Higher pricing including passing through of increased costs of materials

Opex increased to € 149.1 million from € 141.8 million, up € 7.3 million. As a percentage of net sales, opex increased 38 bps to 21.3%. The absolute increase was driven by:

- -/- € 2 million lower one-offs costs (H1 2020 mainly impairment IT)
- + € 1 million higher distribution costs, attributable in full to volume growth mainly in Parts & Accessories
- + € 3 million increased production (assembly) costs resulting from less efficiency driven by supply and logistical limitations
- + € 3 million more costs in marketing and R&D versus the restricted H1 2020 levels of expenses in response to the Covid-19 outbreak
- + € 2 million other (including inflation)

EBIT came in at € 61.1 million, up 35.5%, reflecting a marked EBIT-margin expansion of 208 bps at 8.7% (H1 2020: 6.7%). No one-offs were recorded in H1 2021, which implies a 28.6% increase versus underlying EBIT of € 47.5 million in H1 2020.

FINANCE COSTS, TAX EXPENSES AND PROFIT

With finance costs slightly below H1 2020, the GO-C facility upcharge is fully offset by lower interest margin driven by a low leverage ratio. The effective tax rate stood at 24.1% versus 26.8% in H1 2020. Net profit increased with 54.3% to € 44.2 million versus € 28.6 million in H1 2020.

TRADE WORKING CAPITAL

	H1 2021	H1 2021	FY 2020	FY 2020	H1 2020	H1 2020
	x €1 million	%	x €1 million	%	x €1 million	%
Trade working capital	**390.1**	**29.6%**	**251.5**	**19.4%**	**338.1**	**29.7%**
Inventory	438.5	33.2%	285.3	22.0%	317.7	27.9%
Trade receivables	167.0	12.7%	104.0	8.0%	197.1	17.3%
Trade liabilities	215.4	16.3%	137.8	10.6%	176.7	15.5%

Trade working capital relative to net sales of last twelve months (TWC%) came in at 29.6%, 16 bps below end-June 2020. Inventory increases were offset by lower receivables and higher creditors. On a twelve months average the TWC% decreased - 972 bps towards 23.4% from 33.1% in H1 2020.

TWC% versus year-end 2020 was 1018 bps higher. At year-end, inventory levels were exceptionally low due to a combination of the elevated high demand for our bike products and the emergence of global supply shortages. This implied a need to replenish stock and at the same time build up inventory as part of the regular seasonal pattern. In addition, inventory levels increased due to longer and more unstable lead times from suppliers and logistical providers which caused the conversion from component stock to finished products to be longer and less efficient.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

in millions of euro (unless otherwise stated)	H1 2021	H1 2020
ROCE (Rolling EBIT / Average capital employed) [1]	17.0%	9.1%
Net debt	154.2	153.7
Net debt / Rolling EBITDA	1.4	2.0

1) Capital employed is the sum of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, inventories and trade and other receivables minus trade payables and other current liabilities.

Free cash flow came in at -/- € 71.9 million, as EBITDA of € 71.8 million was offset by the trade working capital needs (-/- € 138.6 million) and other movements (-/- € 5.1 million), mainly related to investing activities.

Net debt came in at € 154.2 million versus € 153.7 million per end-June 2020. Combined with a higher underlying EBITDA, net debt/rolling EBITDA came in at 1.4. ROCE increased to 17% on the back of a higher rolling twelve months EBIT.

FINANCING AND BANK COVENANTS

On 31 March 2021, we drew € 55 million under the GO-C facility increasing it to € 115 million. On 30 June 2021, the first scheduled repayment of € 23 million was made reducing the GO-C facility to € 92 million. The agreed repayment schedule is € 23 million per quarter, starting on 30 June 2021 with the last payment on 30 June 2022.

Accell Group complied with the financial covenants in the group financing agreement as of 30 June 2021 and as of all earlier test dates.

MANAGEMENT AGENDA AND OUTLOOK

The positive impact of cycling has been firmly recognized by governments, businesses and consumers alike. Electrification, bicycle infrastructure investments, government fiscal incentives and subsidies will remain solid growth drivers for the years to come. Combined with our strong portfolio, these favourable secular trends translate into high demand for our bicycle brands and products.

Our order books are strong and well-filled and we expect that the traditional bike season will extend into the second half of 2021. However, global supply chain constraints will continue and sales levels both on bikes as well as on P&A will be strongly dependent on the timely arrival of certain components, particularly from the Asia region where the spread of the Delta variant has been prompting new lockdowns recently.

Backed by strong bicycle sector tailwinds, our strong portfolio and all supply and sales & operations planning (S&OP) actions taken, we are well on track to deliver on our 2022 targets.

ABOUT ACCELL GROUP

We believe cycling moves the world forward. We design simple and smart solutions in order to create a fantastic cycling experience for everyone who uses our bikes. Accell Group makes bicycles, bicycle parts and accessories. We are the European market leader in e-bikes and second largest in bicycle parts and accessories, with numerous leading European bicycle brands under one roof. These brands were built by pioneers for whom the best was not good enough. We still embody the entrepreneurial spirit of those family businesses to this day. We keep pushing ourselves to create high-quality, high performance, cutting-edge products driven by the continuous exchange of know-how and craftsmanship. Well-known bicycle brands in our portfolio include Haibike, Winora, Ghost, Batavus, Koga, Lapierre, Raleigh, Sparta, Babboe and Carqon. XLC is our brand for bicycle parts and accessories. Accell Group employs approximately 3,100 people across 15 countries. Our bikes and related products are sold to dealers and consumers in more than 80 countries. In 2020, we sold around 897 thousand bicycles and recorded a turnover of € 1.3 billion.

https://www.accell-group.com

NOTE FOR EDITORS, NOT FOR PUBLICATION

For additional information: Ton Anbeek – CEO / Ruben Baldew – CFO, tel: (+31) (0)513-638702

ANALYST MEETING

Accell Group will today host an analyst meeting starting at 11.00 CET to discuss the company’s strategy, the half-year results 2021 and the outlook. Due to the current COVID-19 restrictions, Accell Group has decided to hold the analyst meeting completely online. The presentation materials will be available on our corporate website before the meeting begins. An audio webcast replay of the analyst meeting will also be made available on our corporate website: https://www.accell-group.com.

FINANCIAL CALENDAR 2022

4 March 2022: Publication annual results 2021
8 March 2022: Publication annual report 2021
20 April 2022: General Meeting of Shareholders

PUBLICATION SEMI-ANNUAL 2021 RESULTS

The semi-annual 2021 results and the interim financial statements 2021 will be available from 23 July 2021 on the Accell Group website (https://www.accell-group.com).

REPORTING STANDARDS

The results in this press release for the half-year ending 30 June 2021 are derived from the Accell Group interim financial statements 2021, which have not been audited by the external auditor, and have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

REGULATED INFORMATION

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation (596/2014/EU).

ENCLOSURES

- Interim financial statements 2021
- Directors' statement

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements regarding Accell Group's results, capital and liquidity positions. In addition, forward-looking statements may include, but are not limited to, phrases such as "intends", "expects", "is taking into account", "targets", "plans", "estimates" and words with a similar meaning. The forward-looking statements contained in this document are based on current expectations, estimates and projections of Accell Group and information currently available to it and pertain to future events, such as Accell Group's future financial results, company plans and strategies. Forward-looking statements are subject to certain risks and uncertainties that are difficult to predict and which may lead to material differences between the actual results, position and performances, and the expected future results, position or performances implicitly or explicitly contained in said forward-looking statements. Factors that may cause actual results to differ from current expectations include but are not limited to macroeconomic, market and business trends and conditions, changes and developments in legislation, technology, taxes, jurisprudence and regulations, stock exchange fluctuations, legal claims, investigations by regulatory bodies, competition and general economic and/or political changes and other developments in countries and markets in which Accell Group operates. These and other factors, risks and uncertainties, which may have an effect on any forward-looking statement that could cause results to differ materially from those described in the forward-looking statements, are described in Accell Group' annual report. The forward-looking statements contained in this document are statements as at the date of this document only and Accell Group does not accept any liability for or obligation to amend the forward-looking statements contained in this document, regardless of any new information, future events or otherwise, unless Accell Group is under a legal obligation to do so.

INTERIM FINANCIAL STATEMENTS 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ending 30 June

(in thousands of euro)

	Notes	2021	2020
Net turnover		**699,133**	**676,881**
Other income		35	27
Cost of materials and consumables		-488,894	-489,976
Personnel expenses		-81,790	-72,891
Depreciation, amortization and impairment losses		-10,678	-13,149
Net impairment losses on financial assets		-52	-739
Other operating expenses		-56,618	-55,025
Operating result		**61,135**	**45,128**
Net finance cost		-5,952	-6,436
Income from equity-accounted investees, net of tax		2,250	391
Result on the sale of subsidiaries		722	0
Profit before taxes		**58,155**	**39,084**
Income tax expense	11	-14,000	-10,468
Result after taxes		**44,155**	**28,616**
Net profit		**44,155**	**28,616**

Earnings per share (in euro)

	2021	2020
Basic earnings per share	1.65	1.07
Diluted earnings per share	1.64	1.06

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands of euro)

	Notes	30/06/21	31/12/20	30/06/20
ASSETS				
Property, plant and equipment		65,322	66,152	64,955
Right-of-use assets		30,976	28,058	30,140
Goodwill and other intangible assets		126,189	127,001	129,327
Equity-accounted investees		7,120	6,433	5,843
Net defined benefit asset		20,789	21,096	23,153
Deferred tax assets		30,275	38,450	24,766
Other financial assets		2,685	1,958	3,555
Non-current assets		**283,357**	**289,148**	**281,739**
Inventories		438,457	285,314	317,741
Trade and other receivables		191,578	128,505	220,778
Current tax receivables		2,193	3,068	608
Other financial instruments	*10*	5,837	164	1,131
Cash and cash equivalents	*8*	146,122	173,376	284,634
Current assets		**784,187**	**590,427**	**824,892**
Total assets		**1,067,543**	**879,575**	**1,106,631**

The interim financial statements are unaudited.

(in thousands of euro)

	Notes	30/06/21	31/12/20	30/06/20
EQUITY				
Share capital		268	268	268
Share premium		42,268	42,314	42,314
Reserves		386,432	333,370	308,380
Total equity	*9*	**428,968**	**375,953**	**350,963**
LIABILITIES				
Provisions		4,225	4,507	5,009
Contingent consideration		-	-	-
Borrowings	*8*	125,714	184,749	184,668
Lease liabilities	*8*	22,096	20,158	22,041
Net defined benefit obligation and other long-term employee benefits		8,875	8,657	8,594
Deferred tax liabilities		15,748	15,909	16,165
Deferred revenue		1,372	1,529	1,388
Non-current liabilities		**178,031**	**235,509**	**237,865**
Provisions		7,538	10,848	7,866
Contingent consideration		-	-	375
Borrowings	*8*	113,384	19,822	204,585
Lease liabilities	*8*	9,727	8,799	8,618
Deferred revenue		2,204	2,226	1,992
Trade payables and other current liabilities		284,429	186,909	260,705
Current tax liabilities		8,681	4,620	11,525
Other financial instruments	*10*	5,226	15,843	3,679
Bank overdrafts	*8*	29,354	19,046	18,457
Current liabilities		**460,544**	**268,113**	**517,803**
Total liabilities		**638,575**	**503,622**	**755,668**
Total equity & liabilities		**1,067,543**	**879,575**	**1,106,631**

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ending 30 June

(in thousands of euro)

	2021	2020
Net profit	**44,155**	**28,616**
Items that will never be reclassified to profit or loss		
Remeasurement of the defined benefit liability (asset)	-1,310	1,798
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment	11,367	-1,773
Related tax	-2,384	-186
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations - foreign currency translation differences	334	-902
Fair value gain/(loss) arising on cash flow hedges	-19	-207
Cumulative gains/(losses) on cash flow hedges reclassified to income statement	497	258
Related tax	-119	-13
Total comprehensive income	**52,521**	**27,591**

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ending 30 June

(in thousands of euro)

	2021 Total equity	2020 Total equity
Balance as at 1 January	**375,953**	**323,196**
Total comprehensive income		
Net profit	44,155	28,616
Other comprehensive income	8,366	-1,025
Total comprehensive income	**52,521**	**27,591**
Transactions with owners of the Company		
Dividends paid	-	-
Stock dividends	-	-
Other changes	494	176
Total	**494**	**176**
Balance as at 30 June	**428,968**	**350,963**

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ending 30 June

(in thousands of euro)

	Notes	2021	2020
Cash flows from operating activities			
Profit for the period		44,155	28,616
Adjustments for:			
- Depreciation, amortisation and (reversal of) impairments		10,678	13,149
- Net finance cost		5,952	6,436
- Other adjustments		-2,470	108
- Tax expense		14,000	10,468
		72,315	**58,776**
Change in:			
- Inventories, trade reiceivables/payable and other receivables/payables		-128,884	66,914
- Provisions, employee benefits and deferred revenue		-3,327	3,364
Cash flows from operations		**-59,895**	**129,053**
Interest received		3,644	5,273
Interest paid		-8,053	-10,031
Taxes paid		-4,014	-2,783
Cash from operating activities		**-68,319**	**121,511**
Cash flow from investing activities			
Dividend received from equity-accounted investees		295	-
Acquisition and disposal of fixed assets		-3,904	-5,653
Free cash flows [1]		**-71,928**	**115,859**
Acquisition of subsidiaries, net of cash acquired		-	-
Proceeds from sales of subsidiaries		3,042	-
Net cash from (used in) investing activities		**-568**	**-5,653**
Cash flow from financing activities			
Proceeds from (repayment of) interest-bearing loans and transaction costs	*8*	26,778	114,221
Principal portion of lease liabilities		-5,229	-5,257
Payment of contingent consideration		-	-2,889
Dividends paid	*9*	-	-
Proceeds from (repayment of) revolving credit facility	*8*	9,598	75,382
Net cash from (used in) financing activities		**31,147**	**181,457**
Net increase (decrease) in cash and bank overdrafts		**-37,740**	**297,316**
Cash and bank overdrafts at 1 January		154,330	-33,121
Effect of exchange rate fluctuations on cash and bank overdrafts held		178	1,982
Cash and bank overdrafts at 30 June		**116,768**	**266,177**
Cash Reconciliation			
Cash and cash equivalents		146,122	284,634
Bank overdrafts		-29,354	-18,457
Cash and bank overdrafts in the cash flow statement		**116,768**	**266,177**

1) Free cash flows is defined as the balance of net cash from operating activities and net cash used in investment activities excluding aquisitions and disposals of subsidiaries.

The interim financial statements are unaudited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Accell Group N.V. ("Accell") is a company domiciled in Heerenveen, the Netherlands. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ending 30 June 2021 comprise Accell and its subsidiaries (together referred to as "Accell Group"). Accell Group is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles and bicycles parts and accessories.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the group's annual consolidated financial statements 2020 ("last financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Accell Group's financial position and performance since the last financial statements. Accounting policies and methods of computation applied to these interim financial statements are the same as those applied in the last financial statements except for the changes as set out in note 4. Calculations in the tables are made based on unrounded figures; as a result, rounding differences can occur.

These interim financial statements are unaudited.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, Accell Group has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Accell Group in applying Accell Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the last financial statements.

Measurement of fair values
When measuring the fair value of an asset or liability, Accell Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability are not based on observable market data (unobservable inputs).
Further information about the assumptions made in measuring fair values is included in note 10 – financial instruments.

4. CHANGE IN ACCOUNTING POLICIES

At 1 January 2021 Interest rate benchmark reform (IBOR) —phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial Instruments: disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases became mandatory. The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in the afore mentioned standards. There was no impact on the financial statements of Accell Group.

Other amendments that are mandatory as of 1 January 2020 (Amendments to References to the Conceptual Framework in IFRS Standards, Amendment to IFRS 3 Business Combinations, Amendments to IAS 1 and IAS 8: Definition of Material) have no material impact on the consolidated financial statements.

5. CHANGES IN COMPOSITION OF ACCELL GROUP

No material changes in the composition of Accell Group occurred in the six months ending 30 June 2021. In March 2021, the sale and transfer of the fitness and motorcycle parts business of Tunturi Sweden was concluded. This business was not part of Accell Group's strategic activities and reported third-party revenue of € 8.3 million in 2020 and half-year 2020 € 3.9 million (allocated to the Bikes segment). The transaction result of € 0.7 million is presented in the line item 'result on the sale of subsidiaries' in the consolidated income statement.

6. OPERATING SEGMENTS

The three operating segments are the same as those identified in the last financial statements: Bikes, Parts and Corporate/Eliminations.

INFORMATION ABOUT REPORTABLE SEGMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2021

	Bikes	Parts	Corporate/ Elimination	Consolidated
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	490,694	208,215	224	699,133
Inter-segment net turnover	3,005	2,525	-5,530	-
Segment net turnover	**493,699**	**210,740**	**-5,306**	**699,133**
Other income	30	-	5	35
Contribution profit	**60,258**	**22,602**	**2,695**	
Allocated cost central functions	-26,188	-2,989	4,757	
Segment profit (loss) before interest and tax	**34,070**	**19,613**	**7,452**	**61,135**
Net finance cost				-5,952
Share of profit (loss) of equity-accounted investees				2,250
Result on the sale of subsidiaries				722
Consolidated profit (loss) before tax				**58,155**
Segment assets	1,048,132	169,889	-150,477	1,067,543
Segment liabilities	540,645	124,508	-26,578	638,575
Depreciation and amortization	6,509	2,862	1,307	10,678
Capital expenditure	4,711	801	376	5,888

INFORMATION ABOUT REPORTABLE SEGMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2020

	Bikes	Parts	Corporate/ Elimination	Consolidated
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	515,707	161,068	107	676,881
Inter-segment net turnover	2,329	3,528	-5,858	-
Segment net turnover	**518,036**	**164,596**	**-5,751**	**676,881**
Other income	22	-	5	27
Contribution profit	**59,944**	**11,216**	**151**	
Allocated cost central functions	-24,557	-3,852	2,226	
Segment profit (loss) before interest and tax	**35,387**	**7,364**	**2,377**	**45,128**
Net finance cost				-6,436
Share of profit (loss) of equity-accounted investees				391
Consolidated profit (loss) before tax				**39,084**
Segment assets	944,360	151,164	11,107	1,106,631
Segment liabilities	470,981	121,186	163,501	755,668
Depreciation and amortization	6,262	2,769	4,118	13,149
Capital expenditure	4,417	719	302	5,438

GEOGRAPHICAL INFORMATION

	Net turnover based on company location		Net turnover based on location of customer	
	H1 2021	H1 2020	H1 2021	H1 2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	170,204	167,507	142,792	144,203
Germany	274,728	291,514	205,285	228,385
Other Europe	244,020	205,786	338,903	293,930
Other countries	10,180	12,075	12,153	10,364
Total	**699,133**	**676,881**	**699,133**	**676,881**

7. SEASONALITY OF OPERATIONS

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, where the company has most of its operations, runs from September till August. Each year at the start of the new season Accell Group launches its new bicycle collections.

Peaks in bicycle deliveries across the season vary from year to year, but are normally – and partly depending on the weather – in the period from March through August. The season for parts and accessories has a more level sales pattern and runs from February through November, also with differences per sales market. Due to this seasonality more turnover is generated in the six months ending 30 June than in the six months ending 31 December.

COVID-19 and its broader impact on global demand, global supply and global logistics have led to a change to the normal seasonal pattern in 2020 as well as in 2021. Unreliable and longer lead times have led to a longer conversion from components to finished products. This in combination with low stocks at distributors causes an extension of the sales season. It is expected that this change versus normal seasonality will continue at least into H1 2022.

8. NET DEBT

	30/06/21	31/12/20
	€ x 1,000	€ x 1,000
Borrowings (non current)	125,714	184,749
Borrowings (current)	113,384	19,822
Total borrowings	**239,098**	**204,571**
Bank overdrafts	29,354	19,046
-/- Cash and cash equivalents	-146,122	-173,376
Net debt excluding lease liabilities	**122,329**	**50,241**
Lease liabilities (non current)	22,096	20,158
Lease liabilities (current)	9,727	8,799
Net debt	**154,153**	**79,199**

	Revolving credit facilities	Term loans	Other bank loans	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2021	**13,936**	**183,211**	**7,425**	**204,571**
Changes in financing cash flows:				
Proceeds from loans and borrowings	9,598	55,000	-	64,598
Transaction costs related to loans and borrowings	-	-	-	-
Repayment of borrowings	-	-23,000	-5,222	-28,222
Total changes from financing cash flows	**9,598**	**32,000**	**-5,222**	**36,376**
The effect of changes in foreign exchange rates	-2,900	-	-	-2,900
Other changes liability-related:				
Changes as a result of the sale of subsidiaries	-	-	-	-
Interest expenses minus interest paid	-	1,051	-	1,051
Total liability-related other changes	**-2,900**	**1,051**	**-**	**-1,849**
Total equity-related other changes	**-**	**-**	**-**	**-**
Balance at 30 June 2021	**20,634**	**216,261**	**2,203**	**239,098**

On 31 March 2021, € 55 million was drawn under the GO-C facility increasing it to € 115 million. On 30 June 2021, the first scheduled repayment of € 23 million was made reducing the GO-C facility to € 92 million. The agreed repayment schedule is € 23 million per quarter, starting on 30 June 2021 with the last payment on 30 June 2022.

The repayments of other bank loans mainly relate to the repayment of the French COVID-19 relief program by Lapierre of € 5.0 million.

Financial covenants
Accell Group complied with the financial covenants in the group financing agreement as of 30 June 2021 and all earlier test dates. For a description of the financial covenants we refer to the last annual report.

9. CAPITAL AND RESERVES

Issues of ordinary shares
As per 31 December 2020 26,805,031 ordinary shares have been issued and paid in full. In March and April 2021, a total of 29,041 ordinary shares were issued as a result of the vesting of conditional shares (11,391) and the exercise of options (17,650) arising from the restricted share program for the Board of Management and executive employees. The weighted average share price at date of exercise op the options was € 33.88.

As per 30 June 2021, the number of outstanding shares amounted to 26,834,072; the weighted average number of outstanding shares amounted to 26,822,526 over the six months ending 30 June 2021. The company has a long-term incentive plan for the Board of Management and a number of executive employees. After the full exercise of the option entitlements granted to date and the vesting of the conditional shares the number of issued ordinary shares would increase by 101,503 (of which 57,895 were granted in 2021) being 0.4%.

Dividends

In June 2020, Accell Group entered into an additional € 115 million loan facility with five syndicate banks, which was partially backed by a Dutch state guarantee in favour of the banks under the so-called GO-C scheme (Garantie Ondernemingsfinanciering Corona). The GO-C facility has a term of up to two years. In June 2020, € 60 million was drawn under this facility and in March 2021 € 55 million. According to the GO-C Facility, no cash dividend distributions shall be made, unless the GO-C facility is repaid and cancelled and the original financial covenants that applied prior to June 2020 are complied with. For further details regarding the covenants see note 8.

10. FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

1. Accounting classification and fair values

The following table shows the fair values of financial instruments valued at fair value. It does not include fair value information for financial instruments not measured at fair value.

	30/06/21	31/12/20	
	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	5,837	164	Level 2
Financial assets measured at fair value	**5,837**	**164**	
Interest rate swaps used for hedging	-1,363	-1,619	Level 2
Forward exchange contracts used for hedging	-3,863	-14,224	Level 2
Financial liabilities measured at fair value	**-5,226**	**-15,843**	

2. Fair value measurement

i. Valuation techniques

The fair value of the forward exchange contracts and interest rate swaps is determined on the basis of inputs other than observable quoted rates/prices (level 2). Generally accepted valuation methods are used to determine fair value. The value determined in this way is equal to the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

Forward exchange contracts

Values are determined using the discounted future cash flow model. The fair value is determined using (interpolated) quoted forward exchange rates at the reporting date and discounted with the appropriate discount factor derived from the appropriate swap curve.

Interest rate swaps

Values are determined using the discounted future cash flow model. The market value of a swap is calculated as the sum of two different loans. In the event of a fixed – floating swap, the interest on the first loan is based on a fixed rate, while the interest on the second loan is based on a floating rate. Each individual loan (also known as the leg of a swap) has its own market value. This market value is the sum of the individual future cash flows, discounted by the appropriate discount factor. The individual future cash flows are based on the rate of the contract (fixed leg) or on a forward interest rate curve (floating leg). The fair value is subject to a credit risk adjustment that reflects the credit risk of Accell Group and of the counterparty.

ii. Transfers between Level 1 and 2

In the six months ending 30 June 2021 no transfers occurred between the levels of the fair value hierarchy.

11. TAX

Tax expense is based on Accell Group’s best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The effective tax rate for the six months ending 30 June 2021 amounts 24.1% (for the six months ending 30 June 2020: 26.8%). The tax rate is predominantly determined by the tax rate in the Netherlands and Germany.

The deferred tax asset of € 30.3 relates for € 24.4 million to the liquidation loss of Accell North America. The valuation of this loss is based on the most recent estimated available taxable profit of the Dutch fiscal unity and has decreased with € 5.3 million in the first half year 2021. The approved Dutch tax legislation as from 1 January 2022 including an indefinite carry-forward period reduces the realisation / usage risk of these tax losses, however the needed period will be longer.

12. RELATED PARTIES

Accell Group’s relationships with its related parties changed as follows:

- The 28% participation in Urbanvision is sold in June 2021 to the other shareholders as they exercised the granted call option. The result of € 0.7 million is presented in the line item 'share of profit from equity accounted investees, net of tax' in the consolidated income statement.
- On 10 June 2021, it was announced that with mutual consent Jeroen Both has stepped down as Chief Supply Chain Officer (CSCO) and member of the Board of Management. All related costs have been included in the first half year.
- In March 2021, the Supervisory Board decided to align the vesting conditions of the conditional shares granted in 2019 and 2020 with the remuneration policy as approved in the General Meeting of Shareholders on 22 April 2020. The additional expenses are allocated to the relevant period.

13. SUBSEQUENT EVENTS

There are no subsequent events.

DIRECTORS' STATEMENT

In accordance with statutory provisions, the directors state that, to the best of their knowledge:
1. The interim financial statements, as shown on pages 8-21 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the first half-year of Accell Group N.V. and its subsidiaries included in the condensed consolidated statements.
2. The interim report, as shown on pages 1-7 of this report, provides a true and fair overview of the information required pursuant to section 5:25d, subsections 8 and 9, of the FMSA.

This press release contains information that qualifies as inside information in the sense of article 7 paragraph 1 of the European Market Abuse Regulation (596/2014).

Heerenveen, 23 July 2021

Board of Management
A.H. Anbeek, CEO
R.S. Baldew, CFO