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**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF ACCELL GROUP N.V. HELD AT THE OFFICES OF EXPERIENCE CENTER 'DE FIETSER' AKULAAN 2 IN EDE, AT 10.30 A.M. ON FRIDAY, 26 OCTOBER 2018.**

**Shareholders present at the Meeting.**

See the attendance list.

**Representing the Supervisory Board of Accell Group N.V.:**

Mr A.J. Pasman (chairman), Mr P.B. Ernsting, Ms D. Jansen Heijtmajer and Mr G. van de Weerdhof

**Representing the Board of Directors of Accell Group N.V.:**

Mr A.H. Anbeek (CEO)

**Representing Accell Group N.V.:**

Ms I.D. van Spaendonck (Legal Counsel) and Ms A.J. Windt-de Leeuw (minutes secretary)

**01. OPENING AND ANNOUNCEMENTS**

The chairman opened the meeting and welcomed everyone. Ms Anneke Windt of Accell Group would keep minutes of the meeting.

The chairman found that the meeting had been convened in accordance with the requirements imposed by law and the company's articles of association. The meeting was convened by means of an announcement published on Accell Group's website. The notice of convocation stated, among other things, that the agenda and annexes had been made available for inspection in the prescribed manner.

Next, the chairman found that the attendance list showed that 20 shareholders were present or represented at the meeting, representing 6,470,856 votes. That was approximately 24.3% of the share capital.

The chairman asked that anyone who wished to ask a question or make a comment use the microphone, and state his or her name after being given the floor by the chairman. This was important for the records of the meeting.



## **02. COMPOSITION OF THE BOARD OF DIRECTORS**

The chairman announced the Supervisory Board's intention to appoint Mr Baldew to the position of Chief Financial Officer (CFO) and member of the Board of Directors of Accell Group N.V. effective 1 November 2018. He went on to explain that it gave him great pleasure that Mr Baldew would be Accell Group's new CFO. Mr Baldew has extensive experience in finance and has also gained experience in IT through ERP implementations and digital change projects. Mr Baldew's curriculum vitae was attached to the agenda for this meeting as Annex 1. In addition, the most relevant elements of the contract for services concluded between Mr Baldew and Accell Group N.V. were set out in Annex 2 to the agenda for this meeting.

Immediately after this meeting, the Supervisory Board planned to appoint Mr Baldew as CFO and a member of the Board of Directors effective 1 November 2018 for a period of four years. After his appointment, the Board of Directors would consist of three members: Ton Anbeek (CEO), Ruben Baldew (CFO) and Jeroen Both (CSCO).

The chairman then gave the floor to Mr Baldew to briefly introduce himself.

Mr Baldew then said a few words about his educational background and work experience and explained that he had gained experience in finance and general management, and that he had been involved with ERP implementations, acquisitions and the sale of divisions. During his position in the Netherlands, he had gained experience in the various sales channels (e-commerce, hard discounters, traditional retail). He had also been involved in setting up a CRM system. During his most recent position at Unilever as financial director in Thailand, he crossed paths with Accell Group. He is very passionate about bicycles.

The chairman asked whether anyone wished to say anything about the intended appointment of Mr Baldew.

Mr Jorna representing Dutch investors' association VEB was given the floor and noted that Mr Baldew held all of his positions for a maximum of three years. He asked whether the same should be expected for his position at Accell Group. Mr Baldew explained that all of his positions had been within Unilever and that he did not plan to work for Accell Group for two or three years, but to complete at least the first four years and, hopefully, remain afterwards.

Mr Jorna went on to say that he assumed that Mr Baldew had conducted a thorough due diligence review and asked with whom Mr Baldew had spoken and how he viewed the strategy. Mr Baldew responded that he had spoken with many people, including the former auditor from Deloitte, that he had discussed Corporate Governance within Accell Group with several people and that he had spoken with Mr Anbeek and people who knew the Supervisory Board. He will plan a meeting with Mr Sybesma. He also thoroughly reviewed the annual financial statements for recent years. Mr Baldew went on to say that he has a good feeling about the omnichannel strategy that would be rolled out. That is one of the reasons he wanted to work at Accell Group. He agrees with the key objectives and on the support side the implementation of, for example, an ERP system that could result in cost savings.



Mr Jorna then asked why, if the Supervisory Board decided after four years to let Mr Baldew go, Mr Baldew would receive only two thirds of his annual salary instead of one annual salary as prescribed in the Corporate Governance Code. Mr Ernsting explained that the Corporate Governance Code as it was formulated in 2016 had to be complied with when new members of the Board of Directors were appointed. This Corporate Governance Code prescribed that a maximum of one annual basic salary must be paid and stated that maximum. The Supervisory Board agreed a two-thirds share of the fixed annual remuneration, also with Mr Anbeek, especially with a view to ensuring continuity in the form of a second term. This agreement was appreciated by both parties. The scheme was merely an escape route.

The chairman stated that after this meeting was closed, the parties would sign the documents relating to Mr Baldew's appointment. The chairman then welcomed Mr Baldew as the CFO and gave him flowers.

### **03. ANY OTHER BUSINESS**

The chairman gave the persons present the opportunity to ask questions.

Mr Bongers representing Teslin Capital Management was given the floor and congratulated Mr Baldew on his appointment as CFO. He was pleased that the company would again have a CFO after such a long time, particularly because Teslin Capital Management was concerned about the developments at Accell Group. In that light, Mr Bongers issued a statement on behalf of Teslin Capital Management. The text of this statement is included verbatim in these minutes.

*Teslin currently holds an interest equal to approximately 16% of Accell's share capital. Teslin has held shares in Accell since 1998. Over a period of 30 years, Accell has evolved from a local bicycle manufacturer worth EUR 33 million to a respectable international player with a market value of more than EUR 650 million.*

*That is the history to this point. Now on to the present.*

*The bicycle industry is in stormy weather. The changes in the once very traditional world of bicycles are following one another at a rapid pace. Changes such as:*

- *Offline retail versus online and omnichannel.*
- *Selling and ownership versus leasing and use.*
- *Product-push versus consumer experience.*

*Traditional business models are coming under increasing pressure from new concepts and players which are becoming structurally stronger. Consider initiatives in the Netherlands such as Swapfiets, Cortina, or Fietswinkel.nl.*



*Accell is a traditional company that has for too long failed to recognise these developments and the speed at which they are occurring, and, as a result, it has been idle for too long. It is therefore necessary for Accell to take comprehensive measures and to transform itself from a traditional bicycle manufacturer into a modern mobility platform. And we are lagging behind.*

*The requisite transformation demands a great deal from the company, its managers, and its supervisory directors. They must utilise the right insights in the right order, applying sufficient speed and energy, if Accell is to take the necessary steps.*

*As we have seen the past year, disappointing results will be unavoidable in the short term. That is a given and will not be problematic if we share a perspective on sustainable value creation over the longer term.*

*In this respect, we will need to be able to rely on a sturdy base of shareholders who train their sights, and keep them trained, on long-term value creation.*

*This base of shareholders will have to trust the Board of Directors and its ability to complete this transformation successfully.*

*Only then will Accell have the time and breathing space to implement its plans and avoid losing control over its own future.*

*We know the current CEO from his time at another company in our portfolio, Beter Bed Holding. With the benefit of hindsight regarding the disastrous developments at that company, we can now say that, in his previous position, his having driven the company (which itself was also confronted by rapid market developments) towards a major transformation in Germany was a push in the wrong direction. This may have happened as a result of, among other things, lack of adequate supervision and timely intervention by the Supervisory Board.*

*One of the Supervisory Board's primary tasks is to safeguard the proper 'checks and balances', to ensure that the management is as strong and capable as possible, and to advise and assist the management with taking the right decisions for the future.*

*The chairman, in particular, plays an essential role in this regard.*

*That is why Teslin sets the bar so high when it comes to the qualifications and efforts of the chairman of the Supervisory Board.*

*Accell's business is facing an enormous challenge and must be guided through a major transformation. In terms of scope, the current investment plans – if not successful – will put the company in jeopardy.*

*We – as Accell's largest shareholder – under these circumstances and partly in light of the situation in which the company has become embroiled, do not have sufficient confidence in the current chairman of the Supervisory Board.*



*We know that this concern is shared by several of our fellow shareholders, but that there are also doubts within the larger bicycle sector. At this moment in time, shareholder confidence and the confidence of other market players is crucial.*

*This situation is undesirable, harmful for the company, and is reason enough to take measures.*

*This loss in confidence has arisen over time, and we substantiate this as follows:*

- The current chairman has been a member of Accell's Supervisory Board since 2010. In this period of more than eight years, too little has been done to anticipate the rapid developments on the market. As a result, the company has generated an annual return of only 1.5% over that eight-year period, in which respect a great deal of value has been lost in the last year in particular.*
- Moreover, the value of PON's offer was incorrectly estimated. At the time, we also considered the offer insufficient, given Accell's strong position, the potential we saw in Accell, and the strong tailwind of underlying trends. As shareholders, we were unaware that the company was actually far less strong than it appeared. The Supervisory Board, which had access to all of the company's information, could have and should have known this. That is why we must, in the interests of all of the stakeholders, take a considered decision about whether or not to accept the offer that was made at that time. At the time, in our view, this process was discontinued prematurely.*
- In addition, it was noticed too late that the previous Board of Directors, which had previously spent so long helping the company grow into a success, no longer had the right competencies to guide Accell successfully into the next phase. By the time the Supervisory Board realised this – after having been repeatedly warned about this by the shareholders – they had already waited too long to appoint replacements. Then, in a manifest example of poor timing, a new strategy was announced the very day after the resignation of the chairman of the Board of Directors was announced.*

*All that time, Accell was virtually dormant while everything around it was proceeding apace. It was a ship floundering in the eye of a storm with no set course.*

*We therefore consider it necessary that Accell's Supervisory Board should be reinforced as soon as possible by a candidate with broad shareholder support who could take the helm of chairman at the 2019 shareholders meeting. We ask the chairman to consider the interests of the company and its stakeholders, and to accede to our request to resign his position with effect from the next general meeting. We would be happy to give our input on the search for a new chairman.*

The chairman asked the persons present whether they had anything to add to Teslin's statement.

Mr Jorna representing VEB was given the floor and referred to the extraordinary general meeting of shareholders in 2017, at which Mr Jorna expressed his concerns about Accell's future and aligned himself with Teslin.



Mr Burgers representing Add Value Fund was given the floor and congratulated the new CFO. He concurred with the concerns of the previous speakers.

Mr Burgers noted that the new objectives had been formulated in the interim period between a departing director and a newly appointed chairman of the Board of Directors and asked whether it was conceivable that the targets, objectives, and positioning would be adjusted after the end of the transition year. The chairman responded that, up to now, that was not the case. The Supervisory Board had confidence in the power of Accell Group, which was coupled with a great many changes, and was convinced that Accell Group was on the right path.

Then, Mr Burgers asked what the status was of the development of the Accell online platform and how Accell Group was thinking of incorporating that into its earnings model. Mr Anbeek responded that the development of the digital platforms was part of what Accell Group was doing to, on the one hand, get the current brand webshops on a single platform so that they would be the same in every country. This was referred to as the 'single-brand platform'. On the other hand, Accell Group is developing an ecommerce platform, the multi-brand platform, where all major bicycle brands as well as Parts & Accessories will be sold. Starting in December 2018, Accell Group's first webshops on the single-brand platform would go live; the multi-brand platform would go live around the middle of 2019. Naturally, all of this would be rolled out together with dealers.

In response to Mr Burger's question regarding how Accell Group in the United States believes it would be able to benefit optimally from the development that ebikes have also reached the United States, Mr Anbeek stated the following. In the United States, Accell Group ranks second in the ebike segment, particularly with the brand Raleigh Electric. The latter brand is growing more quickly than the market. In contrast to Europe, the United States does not have a classification system, as a result of which the European ebike and Speed Pedelec are still viewed as mopeds (scooters), but this is changing. This is why Accell wants to expand its positive position and take the opportunity to grow. The chairman added that the full Supervisory Board paid a five-day visit to the United States this year to inform themselves and speak to major customers. Through the visit, the Supervisory Board obtained better insight into both the opportunities and threats presented by that country. For Accell, much has changed in the United States in one year. Since then, Accell has made a great deal of progress on its omnichannel strategy.

The chairman then responded to Mr Bongers' statement and Mr Jorna's remarks about the policy at Accell Group. The chairman indicated that he was taking the remarks to heart and would communicate them at the next Supervisory Board meeting. The Supervisory Board would revisit the subject with the shareholders. The chairman then referred to the minutes of the last two shareholders meetings in 2017, and read, verbatim, an excerpt from the minutes of the general meeting of shareholders held on 25 April 2017, at which time the meeting was being addressed by Mr Bongers:

*Teslin's view is that the strategy that has been set out effectively anticipates the challenges we face and is convinced that, based on the current position of Accell Group, the proper strategy, and the strong management team, Accell has great potential for future value creation.*

Furthermore, the chairman read the following regarding Pon's offer:



*Teslin qualifies the present offer to be far too low to seriously weigh the two options of a stand-alone scenario on the stock exchange or the sale of Accell. Teslin's position is that the offeror must present a significantly higher offer.*

The chairman assumes that, just like Accell Group, Teslin has prepared an analysis of the situation as it stood at that time. In the past year, the market has accelerated further in terms of change.

In response to Mr Bongers' remark that immediately following the announcement of the resignation of the chairman of the Board of Directors with an announcement of a revised strategy was an example of poor timing, the chairman stated that changing the company's strategy is a process that takes time. The CEO did not determine the strategy on his own, he shared this responsibility with the Board of Directors, the Supervisory Board, and other parts of the organisation. It was then presented to the shareholders. The new CEO honed that strategy. The entire Board of Directors has changed within the last year and a half, with a brief delay attributable to Pon's offer. Pon's offer was discussed with the shareholders at past shareholders meetings. The Supervisory Board endorses that the current situation in which the company has found itself is viewed with a great deal of disappointment. This was unforeseeable. Looking back, everyone can see that a great deal has changed on the bicycle market and that those changes were proceeding even more rapidly in the United States. The Supervisory Board agreed with the Board of Directors on the strategy that is now in place. The progress of the strategy was being strictly monitored.

Mr Jorna representing VEB was given the floor and indicated that if Accell Group was unable to make genuine progress in the next year and outperform its competition, then VEB would again request Accell Group to resume discussions with Pon. The chairman noted that it had already been explained that Accell Group's strategy did not include striving for an acquisition. That did not preclude discussions from being held. That position still stands.

Mr Jorna then asked how the high amount in receivables could have created the negative free cash flow and how the operating capital had increased. Mr Anbeek responded that Accell Group had had to deal with innovation delays in the first quarter. Production levels were high in the second quarter so deliveries could be made in June. That is why the payments were made in July. That is the cause of the high amount recognised for accounts receivables in the half-yearly figures. That was also explained when the half-yearly figures were published. At that time, a statement was also made that the operating capital would decrease in the second half of the year.

Mr Kruisinga representing Cross Options Group was given the floor and stated that he believed the chairman's statement that the Supervisory Board would take Mr Bongers' recommendation into consideration not expressed sufficiently strongly. He would like to see this item put at the top of the Supervisory Board's agenda. Mr Kruisinga then stated that, as shareholders, they were open to entering into discussions with the Supervisory Board.



Mr Burgers representing Add Value Fund noted that the targets had been pushed back. As far as he was concerned, those targets could be viewed in the context of the dynamics on the market and the major risks. Mr Burgers then wondered whether the transition year had actually ended on 31 December 2018 or whether Accell Group needed more time. Mr Anbeek responded that the transition year had not ended precisely on 31 December 2018, as the new strategy had been announced on 9 March 2018.

Mr Bongers representing Teslin Capital Management was given the floor and stated that he agreed with Mr Burgers. Mr Bongers' view was that it was a good thing that the Supervisory Board had been to the United States to assess the situation on-site and asked how often that had happened in the past eight years so that Pon's offer could have been effectively evaluated at the time. The chairman responded that two of the supervisory directors had been to the United States previously. In addition, making regular visits to other countries was a permanent item on the Supervisory Board's schedule. Furthermore, Accell Group and the Supervisory Board regularly met with all of the managers from key regions.

Mr Bongers added that Accell Group had been very quiet about what was going on and asked what, exactly, Accell Group was doing. Mr Anbeek explained that work was being done on implementing the strategy and the six key targets that had been mentioned earlier. Initially, the strategy was honed, then a structure was sought that would improve the implementation of the strategy. That meant that several decisions regarding trade, supply chain and IT were more centralised in consultation with the regions. The major focus was on innovation and the more rapid delivery of these projects. The company was also working on fleshing out the omnichannel strategy, focusing on ebikes and increasing customer orientation within the company. In this respect, work was being done with and via dealers. Moreover, the Parts & Accessories organisation had been centralised to be able to meet consumers' wishes. More emphasis was being placed on the company's own brand so that margins could be improved and so the company could create its own after market. Furthermore, Accell Group was busy with 'fit to compete' to ensure that the high degree of complexity of products, models and components could be reduced. In addition, all of the countries were looking at the number of dealers and identifying the dealers with which Accell Group wished to continue working. Finally, an examination was being made of the business complexity and supply chain footprint. The initial implementations in this area were expected at the end of 2018. At the same time, Accell Group was working on a healthy basis in the United States, in which respect it had the option of serving consumers and dealers better through the mobile bike services of Beeline. A decision would be taken on this issue next year. Mr Anbeek then went on to say that as soon as there was more news about the developments at Accell Group, the subject would be revisited. That was tentatively scheduled for March 2019. Mr Bongers responded that giving the falling share price, confidence in the company was evaporating and he considered March 2019 to be very late to be making an announcement. He thereby requested some interim communication about the situation.

Mr Bongers went on to say that a request was pending from more than 20% of the shareholders to review the composition of the Supervisory Board and that they wanted a response to that request. The chairman responded that the Supervisory Board would respond to this.





Mr Burgers representing Add Value Fund was given the floor and asked what would be done in terms of publicity in respect of all of the business that had been discussed at the present extraordinary meeting of shareholders. He was also a proponent of more transparency and regretted that Accell Group's third quarter figures were no longer be reported.

Mr Jorna representing VEB was given the floor and expressed his opinion that even small investors had to be informed about what had transpired at the present meeting and requested that an additional extraordinary meeting of shareholders should be convened. The chairman responded that when the Supervisory Board made changes that would be relevant to the shareholders, those changes would be broadly communicated.

Mr Kruisinga representing Cross Options Group was given the floor and indicated that bilateral consultation with shareholders will take place according to the existing protocol as long as the appropriate legal and company rules are observed. Mr Kruisinga also expressed his opinion that transparency and effective communication with shareholders were extraordinarily important. The chairman added that when relevant information was available, it would of course be communicated.

#### **04. CLOSURE OF THE MEETING**

The chairman thanked everyone for their attendance and for their input during the meeting and subsequently closed the meeting.

A.J. Pasman,  
chairman

A.J. Windt-de Leeuw,  
minutes secretary