PRESS RELEASE

ANNUAL RESULTS 2019

ACCELL GROUP REALISES HIGHER GROWTH, ADDED VALUE AND EBIT

HEERENVEEN (THE NETHERLANDS), 6 MARCH 2020 – Accell Group N.V., the leading European bicycle company with well-known brands such as Haibike, Koga, Batavus and Raleigh, today announces that performance improved across the board in 2019. Net turnover increased by 7.5% to € 1,111 mio with contributions from all regions and with e-bike and (e-)cargo bike sales as main growth drivers. Added value was up 53 bps to 30.7% and EBIT came in 16.6% higher at € 60.0 mio. Excluding one-offs, EBIT decreased 2.6% to € 54.8 mio. The loss on discontinued operations[1] is € 56.5 mio.

Ton Anbeek, CEO Accell Group: "We are well on track with our 'Lead global. Win local' strategy. In 2019, we booked higher top line growth, a higher added value and a solid EBIT. Excluding one-offs, EBIT was slightly behind last year due to additional - yet planned – investments and costs made under our strategic agenda and transition roadmap. We completed the disposal of the North American business (discontinued operations) which allows us to now fully focus on executing our strategy.

Our supply chain team continued to create material efficiencies and delivered another € 13 mio in structural savings in 2019, which come on top of the € 12 mio of supply chain savings realised under our strategic plan in 2018. That said, trade working capital increased due to substantially higher inventories caused by delayed introductions of new innovative bike models and lower sales than forecasted in the second half of 2019. As a result average working capital for the year was up 70 bps. Improvement plans are being executed on sales and operational planning as well as on innovation processes in order to reduce TWC levels again.

While entering 2020, we have the majority of additional expenses under our strategic agenda now behind us. We are bringing a number of delayed innovations to the markets in the upcoming bike season, including our next generation e-MTB Haibike Flyon. In addition, we introduce several new innovative models this season including our new e-cargo bike Carqon with an unique carving mechanism for greater stability and comfort. In combination with continued growth momentum in both our B2C and B2B markets we believe to be well on track to meet our medium term financial targets."

[1] In accordance with IFRS accounting standards, the divested non-core (and loss-making) North American operations of Accell Group are recorded as discontinued operations. The result of discontinued operations includes the operational losses and the disposal loss of the North American operations.

in millions of euro	2019	2018
Net turnover	**1,111.0**	**1,033.3**
Other income	12.3	-
Net sales growth% vs py	7.5%	6.1%
Added value	341.5	312.2
Added value%	30.7%	30.2%
Added value bps vs py	53	82
OPEX	-291.6	-258.2
General overhead previously allocated to discontinued operations	-2.3	-2.5
EBIT	**60.0**	**51.4**
EBIT%	5.4%	5.0%
Net finance costs	-9.3	-7.6
Income from equity-accounted investees, net of tax	0.4	10.9
Result from sale of subsidiaries	-0.1	-
Income tax expense	8.2	-15.7
Result from discontinued operations, net of tax	-56.5	-18.8
Net profit	**2.8**	**20.3**
- Net profit from continuing operations	59.3	39.0
- Net profit from discontinued operations	-56.5	-18.8
Diluted earnings per share from continuing operations (in €)	2.21	1.47
Diluted earnings per share including discontinued operations (in €)	0.10	0.76

in millions of euro	2019	2018
EBIT reported	**60.0**	**51.4**
One-off	-5.1	4.9
EBIT excl. one-off	**54.8**	**56.3**
TWC% rolling net sales	32.4%	26.3%
TWC in bps vs py	611	-310

FINANCIAL HIGHLIGHTS

Net turnover came in at € 1,111 mio in 2019, compared with € 1,033 mio in 2018. Growth accelerated to 7.5% up from 6.1% in 2018 and was in line with the average growth rate over the past five years, with every organisation and region contributing.

Growth was driven by e-bike +11% and (e-)cargo bike +47%[2] sales. Traditional bike sales were down 13% in value, and now represent only 16% of net turnover. Growth was held back in 2019 by delayed introductions of a number of new innovative bike models. Volumes declined due to lower sales of traditional bicycles in Turkey. In all main regions, volumes stabilised or increased.

in millions of euro	2019	2018	Growth%
Accell - Bikes Europe	845.5	784.6	7.8%
Benelux	220.3	205.4	7.3%
DACH	429.0	421.2	1.8%
Other Core	161.4	148.1	9.0%
Velosophy	34.7	9.8	
Accell - Parts	265.5	248.7	6.8%
Accell Group - Continuing operations	**1,111.0**	**1,033.3**	**7.5%**

Net turnover of 'Accell - Bikes Europe' is based on physical location of entity

Net turnover development growth in the Benelux outpaced market growth and came in at 7.3% thanks to an improved product availability and the introduction of various award-winning and innovative new e-bike models. Examples are Sparta M8B e-bike of the year in 2019 and Batavus Finez bike of the year in 2020. Growth in the DACH region (+1.8%) was hampered by delayed innovations of Haibike and Ghost e-MTB models. Other European markets showed good growth of 9.0% driven by strong Raleigh and Lapierre sales and growth in Scandinavia (mainly Finland and Denmark). Our Parts & Accessories business recorded growth of 6.8%. In (e-)cargo, Velosophy with its main brand Babboe continued to perform very well with 47% growth in Europe.

Added value increased by 53 bps to 30.7% driven by positive mix effects and the fact that supply chain savings offset inflation of materials costs.

Relative to net turnover operating expenses increased to 26.2% from 25.0% in 2018, mainly due to additional – yet planned – investments and costs related to the implementation of the strategic agenda and one-off (and accounting) effects related to the divestment of the North American operations.

EBIT[3] came in at € 60.0 mio (5.4% of net sales) up 16.6% compared with 2018. EBIT included the following one-offs in 2019:

- + € 6.0 mio net benefit:
  - Income of + € 11.4 mio as a result of CTC deal;
  - Write off of -/- € 5.4 mio as a result of Regent deal.
- -/- € 0.8 mio: mainly related to restructurings.

Excluding these one-offs, EBIT came in at € 54.8 mio (4.9% of net turnover), a slight decline of € 1.5 mio or -/- 2.6% compared with 2018.

[2] On an annualised basis as Velosophy (Babboe) was acquired in mid-2018. [3] In accordance with IFRS accounting standards concerning discontinued operations the allocation of general corporate overhead expenses has been adjusted. EBIT from continuing operations include the corporate overhead expenses which were previously charged to the discontinued operations. 2018 numbers have been corrected accordingly. This was € 2.3 mio in 2019 and € 2.5 mio in 2018.

DISCONTINUED OPERATIONS AND IMPACT DISPOSAL NORTH AMERICA

In August 2019, Accell completed the strategic review of its North American operations, which resulted in the sale and transfer of the loss-making US business including the worldwide registrations (excluding the Canadian brand registrations) of the Diamondback, Redline and IZIP brands to the Alta Cycling Group LLC, a portfolio company of Regent LP. Taking into consideration the sale and transfer of the Canadian brand registrations of Raleigh, Diamondback, Redline and IZIP to the Canadian Tire Corporation Limited ('CTC') in July 2019, this meant the North American operations were substantially liquidated as per that date. Subsequently, the closely linked Beeline operations were sold and transferred to a group of investors led by the StrataFusion Group in October 2019. Accell Group will sell its international Raleigh, Haibike and Ghost brands in the United States through the Alta Cycling Group.

in millions of euro	Discontinued operations	Continuing operations
Operational result excluding corporate general overhead and one-off	-12.1	
Gain from sale of the Canadian brand registrations	3.0	11.4
Net transaction result on the sale of discontinued operations and sale Diamondback	-31.8	-5.4
Reclassification of foreign currency translation reserve	-7.9	
Closing and restructuring costs	-7.8	
Income tax expense	0.0	21.4
Net profit	**-56.5**	

The loss from discontinued operations amounted to € 56.5 mio in 2019 and can be broken down as follows:

- Operational losses €12.1 mio reflecting the operational result during the year excluding one-off cost related to the discontinuation of business[4].
- A loss related to the outcome of the North America strategic study amounting to € 38.4 mio and consisting of:
  - a gain from the sale of the Canadian brand registrations to CTC with € 3.0 mio reported under discontinued operations and € 11.4 mio reported under continued operations (other income);
  - a loss on the sale of the discontinued US operations including transaction costs totalling € 31.8 mio. The transaction result in continued operations was a loss of € 5.4 mio (write-off of brands in operating expenses);
  - a reclassification of the cumulative translation reserve of -/- € 7.9 mio[5];
  - closing and restructuring costs of € 7.8 mio.

In addition, Accell currently expects qualification for the requirements of the Dutch liquidation loss facility to be probable resulting in a deferred tax asset recognition of € 21.4 mio.

[4] As required by IFRS the corporate overhead expenses previously allocated to the discontinued operations are reported in the result of continuing operations, which contributes € 2.3 mio to the operational result of the discontinued business (and € 2.1 mio per H1 2019). [5] The substantial liquidation of business required a reclassification of cumulative translation adjustments of -/- € 7.9 mio on the net US$ investment from the translation reserve to the other reserves via the income statement.

INCOME TAX AND GROUP NET PROFIT

Income tax stood at € 8.2 mio positive due to the deferred tax asset recognition of € 21.4 mio related to the liquidation of the North American operations. Net profit decreased to € 2.8 mio mainly due to the loss on discontinued operations. Net profit for continued operations is € 59.3 mio up from € 39.0 mio prior year mainly thanks to the recognition of above mentioned deferred tax asset.

TRADE WORKING CAPITAL

	2019	2018
Trade working capital	**32.4%**	**26.3%**
Inventory	34.8%	31.0%
Trade receivables	12.7%	11.7%
Trade liabilities	15.1%	16.5%

At year-end 2019, trade working capital relative to net turnover (TWC%) stood at 32.4% an increase of 611 bps, mainly due to higher inventory as a result of delayed innovations and lower than forecasted sales in the second half of the year. Average trade working capital increased by 70 bps to 31.3% in 2019. The lower profit and higher TWC resulted in a negative operating cash flow of € 62.6 mio, of which € 23.2 mio related to discontinued operations.

Our sales and operational planning (S&OP) as well as our innovation processes are being strengthened, in order to bring TWC% back on track to achieve the 25%-medium-term target.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

in millions of euro	Reported	IFRS 16	One-off	Adjusted
2019				
ROCE (Rolling EBIT / Average capital employed) [1) 2)]	11.4%	0.2%	-1.0%	10.6%
Net debt (in millions of euro)	265.3	-30.2	-	235.1
Net debt / Rolling EBITDA	3.1	0.0	0.5	3.6

1) ROCE calculation has been aligned more with peers resulting in an average improvement of 50 basis point in the period 2018-2019.

2) Reported capital employed is the sum of goodwill, other intangible fixed assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables and trade payables and other current liabilities.

in millions of euro	Reported	IFRS 16	One-off	Adjusted
2018				
ROCE (Rolling EBIT / Average capital employed)	10.8%	0.0%	1.0%	11.8%
Net debt (in millions of eur)	151.8	-	-	151.8
Net debt / Rolling EBITDA	2.4	-	-0.2	2.2

ROCE reported came in at 11.4% (2018: 10.8%); after normalisation and excluding IFRS 16 impact ROCE arrived at 10.6% (2018: 11.8%). The decrease in adjusted ROCE was mainly due to increased working capital. Net debt increased also due to working capital.

Accell Group complied with the terms and conditions of the financial ratios as of 31 December 2019 and for all earlier test dates.

EARNINGS PER SHARE AND DIVIDEND

With net profit at € 2.8 mio, earnings per share based on the weighted average number of outstanding shares (year-end 2019: 26,726,268) amounted to € 0.10. Normalised for the outcome North America strategy study (-/- € 38.4 mio), the deferred tax asset (+ € 21.4mio) and other one offs (-/- € 0.8 mio), earnings per share amounted to € 0.77.

Accell Group shareholders will be asked to approve the payment of a dividend of € 0.30 per share for the 2019 financial year (2018: € 0.50 per share), to be paid out in cash or shares. This represents a pay-out of 286% of earnings per share and 39% of the above normalised earnings per share over 2019.

MANAGEMENT AGENDA AND OUTLOOK

We continue to see strong growth momentum in Europe driven by electrification, government incentives and investments in infrastructure.

We see improved results of our continuing operations and promising developments in many areas within the group, clearly demonstrating that we are on track to deliver our medium-term financial targets. With the majority of our additional investment related to the strategy 'Lead Global.Win Local' behind us, our focus is now fully on perfect execution and continuous optimisation of our processes, especially in the areas of sales and operations planning, our innovation process and data harmonisation.

Main drivers of growth in 2020 will be innovations such as Dutch bike of the year Batavus Finez, Haibike Flyon, Lapierre Xelius, Ghost Superfit and the new high-end e-cargo bike under the Carqon brand, B2B opportunities similar to the high volume deal for the Dutch National police, bike leasing in general and last but not least strong promotions.

We believe to be well on track to meet our medium term financial targets. Based on our management agenda, we expect further growth of net turnover and EBIT (excluding one-offs) under normal conditions. However, the full impact of the Corona virus outbreak on our business is unclear yet and we are monitoring the situation closely. Risk mitigating actions are being taken. Our current inventory levels provide for some buffer, but we anticipate longer delivery times for certain components which may delay the introduction of several new innovative bike models.

ABOUT ACCELL GROUP

We believe that 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 3,400 people across 18 countries. Our bikes and related products are sold to dealers and consumers in more than 80 countries.

In 2019, we sold around 943 thousand bicycles and recorded a turnover of over € 1.1 billion.
www.accell-group.com.

NOTE FOR EDITORS, NOT FOR PUBLICATION

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ANALYST MEETING

Today, Accell Group will host an analyst meeting beginning at 11.00 CET in Amsterdam to discuss the company's strategy, 2019 results and outlook. 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: www.accell-group.com.

FINANCIAL CALENDAR 2020

10 March 2020: Publication annual report 2019
22 April 2020: General Meeting of Shareholders
24 July 2020: Publication semi-annual results 2020

FINANCIAL STATEMENTS

The financial information 2019 in the primary statements as included and enclosed in this press release is derived from the annual report 2019. This annual report is approved for publication. The publication as prescribed by law has not yet taken place. Adoption of the 2019 financial statements is on the agenda of the Annual General Meeting on 22 April 2020. In accordance with article 393, Part 9, Book 2 of the Netherlands Civil Code KPMG Accountants N.V. has provided an unqualified audit opinion on the annual financial statements.

The full annual report can be consulted and is available for download from 10 March 2020 on our corporate website: www.accell-group.com.

REPORTING STANDARDS

The results in this press release are derived from the Accell Group financial statements 2019 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).

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. These statements pertain to or may have an effect on 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 refer exclusively to statement from the date of this document and Accell Group does not accept any liability for or obligation to amend the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless Accell Group is under a legal obligation to do so.