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**MINUTES OF THE GENERAL MEETING OF SHAREHOLDERS OF ACCELL GROUP N.V. HELD AT THE OFFICES OF EXPERIENCE CENTER 'DE FIETSER' AT AKULAAN 2 IN EDE, AT 2.00 P.M. ON WEDNESDAY, 22 APRIL 2020**

**Shareholders present at the meeting:**

All via the webcast

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

Mr R. ter Haar (chairman)

Mr P.B. Ernsting – by conference call

Ms D. Jansen Heijtmajer – by conference call

Mr G. van de Weerdhof – by conference call

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

Mr A.H. Anbeek (CEO)

Mr R.S. Baldew (CFO)

Mr J.J. Both (CSCO) – by conference call

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

Ms A. van Bergen-van Kruijsbergen (Company Secretary/Group General Counsel)

Mr G.J. Feenema (Director of Investor Relations/monitoring the chatbox)

Ms I.D. van Spaendonck (Legal Counsel/recording the votes)

Ms A.J. Windt-de Leeuw (Paralegal/minutes secretary)

**1. OPENING AND ANNOUNCEMENTS**

The chairman of the Supervisory Board opened the meeting and explained that COVID-19 had caused unprecedented times and circumstances, which had also resulted in a shareholders' meeting involving so many technical devices. This meeting could be followed through a webcast, which was accessible through Accell Group's website and for which the shareholders and guests had received personal login codes.

Besides the chairman, Accell Group's CEO Mr Anbeek and its CFO Mr Baldew were also present in person in Ede. The CSCO, Mr Both, attended the meeting through a video link. The other members of the Supervisory Board – Ms Jansen Heijtmajer, Mr Ernsting and Mr Van de Weerdhof – also attended the meeting via a video link. Ms Van Bergen, who had been appointed Company Secretary on 1 November 2019, was also present in person and acted as the Secretary of this meeting.



The chairman then announced that the meeting would be attended by representatives from KPMG, the Company's external auditor: Mr Van der Heijden (Lead Partner) was present in person and Mr Van Dijk (Engagement Partner) was present by conference call. The Company's civil-law notary, Mr Schoonbrood of the firm Zuidbroek Notarissen, was also present in person. Mr Tomasevic attended in person on behalf of Intertrust Financial Services B.V. Intertrust is the independent third party entrusted with absent voters' proxies and voting instructions.

In addition, the following Accell Group workers were present in the room: Ms Van Spaendonck to record the counting of the votes, Mr Feenema to monitor the chatbox for questions submitted by shareholders, and Ms Windt to keep the minutes of the meeting.

The meeting was held in the Dutch language.

The chairman next stated that, given the extraordinary circumstances caused by COVID-19 and the public health instructions issued by the Dutch National Institute for Public Health and the Environment (RIVM) and the Dutch government, the shareholders had been advised not to attend this shareholders' meeting in person, but to issue their voting proxies or voting instructions prior to the meeting, and added his appreciation that everyone had complied with that request.

The chairman then found that the meeting had been convened in accordance with the requirements imposed by law and the company's articles of association. The meeting had been convened by means of a press release published on 10 March 2020 and a public announcement made on Accell Group's website. The notice of convocation stated, among other details, that the agenda and annexes had been made available for inspection and for requesting in the prescribed manner.

The chairman found that the statutory provisions and the provisions of the articles of association had been satisfied and that the annual meeting had the power to adopt legally valid resolutions on all the motions on the agenda.

On the convocation date of 10 March 2020, the Company's total issued share capital was EUR 268,050.31 (26.8 million shares having a nominal value of EUR 0.01 each). On that date, the number of ordinary issued shares and voting shares totalled 26.805.031 (26.8 million). Next, the chairman stated that the number of voting shares represented at the meeting was 11.546.617, which constituted 43.1% of the total outstanding capital.

Given the extraordinary circumstances, the shareholders had been given the opportunity to submit questions prior to the meeting. By the end of Monday, 20 April 2020, the Company had received questions and comments from Eumedion, Mr Rienks, Teslin, Dutch investors' association VEB and Mr Vriesendorp. In principle, those questions would be answered during the discussion of the appropriate agenda item. Where possible, questions that were similar had been grouped together. The questions and answers would be included in the minutes of the meeting and published on our website.



Shareholders could also submit questions regarding the agenda items for the meeting using the online chatbox linked to the webcast for the shareholders. The chairman asked the attendees to state their name and the registration number that they had received through ABN AMRO bank when asking a question, for recording in the minutes. The chairman also requested that questions be asked when the appropriate agenda item was being addressed, so that these could be addressed promptly during the meeting and immediately following the agenda item in question. The chairman furthermore requested the shareholders to limit their questions to a maximum of two per person.

### **Announcements**

On behalf of the Supervisory Board, the chairman made the following announcements.

On 25 March 2020, Accell Group issued a press release stating that it had withdrawn agenda item 5.b. The removed topic concerned the dividend proposal for 2019. As such, that topic would not be addressed at the meeting. Mr Baldew would explain the reason for withdrawing the dividend proposal when agenda item 5, reserve and dividend policy, was addressed.

Mr Anbeek was then given the floor:

“On behalf of myself and my colleagues on the Board of Management, I wish to inform you that, given how COVID-19 has affected Accell Group, we have unanimously agreed to waive the regular variable remuneration for 2020. This means that for the 2020 financial year we have waived, at our own initiative, both the short-term cash bonus and the remuneration in the form of the grant of conditional shares. We believe that this reflects the general societal situation around the globe caused by COVID-19, but also the circumstances under which Accell must currently operate and the effort that this requires from all of our stakeholders. In addition, I personally have decided to waive the increase of my short-term cash bonus proposed in the 2020 remuneration policy which will be voted on today. That means that my maximum cash bonus for the period after 2020 will remain at 50%, rather than the proposed 65%.”

Mr Ernsting, chairman of the Selection and Remuneration Committee, responded as follows:

“The Supervisory Board has taken note of the Board of Management’s proposal to waive their variable remuneration for the 2020 financial year, and Mr Anbeek’s proposal to waive the proposed increase of his cash bonus (from 50% to 65%) as set out in the proposed remuneration policy in item 7.a. The Supervisory Board has agreed to both proposals”.

After these announcements which were made on behalf of the Supervisory Board and the Board of Management, the meeting proceeded to item 2 on the agenda.



## **2. REPORT OF THE SUPERVISORY BOARD FOR THE 2019 FINANCIAL YEAR**

### **a. General report (*for discussion*)**

The full report of the Supervisory Board's activities undertaken during the 2019 financial year is available in Chapter 5, starting on page 78. The chairman summarised the most important topics addressed in 2019:

As part of its regular supervisory and advisory duties, during 2019 the Supervisory Board met with the Board of Management on 12 occasions to discuss the Company's affairs. In addition, the Supervisory Board deliberated 5 times without the members of the Board of Management. The topics discussed included:

- the progress being made with the "Lead Global, Win Local" strategy, including the ensuing changes relating to internal governance, the new processes and work methods, and further developments in the business;
- strategic projects, particularly the divestment of the operations in North America, but also the follow-up to the centralised sales and marketing activities and IT (ERP) and digital marketing;
- the financial results and the budget for 2020;
- the performance ratings for short-term and long-term bonuses;
- the effectiveness of the risk management system and the quality assurance for the internal controls;
- the revised policy for the remuneration system for the Board of Management starting in 2020.

Also:

- the 2018 financial statements, including the dividend for 2018, to be presented to the shareholders were discussed in March 2019, in the presence of the external auditor; and
- during 2019 the review of the Company's internal risk management and controls was given attention;
- in addition, the Board of Management's performances were evaluated and the functioning of the Supervisory Board itself was discussed.

In addition to the regular meetings of the Supervisory Board as a whole, in 2019 the Supervisory Board's committees also met, i.e. the Selection and Remuneration Committee and the Audit Committee. The report on those committee's activities can be found on pages 83-84 and 93-94 of the annual report.

Corporate Governance was another issue that received attention in 2019: a separate chapter in the annual report, which can be found on pages 67-76, sets out the Company's views on the Code. In 2019, the Company was non-compliant with only one point of the Code, namely diversity. The Company did not have a diversity policy and programme. In accordance with the Code, this non-compliance is explained in the annual report (page 74),



and a diversity policy and programme have now been set up, which should lead to policy implementation on this topic in 2020.

No questions regarding agenda item 2.a. had been submitted prior to the meeting. Nor were any questions submitted in the chatbox.

#### **b. Remuneration report by the Board of Management over 2019 (*for an advisory vote*)**

The General Meeting adopts the remuneration policy and the Supervisory Board takes that policy as the basis for determining the remuneration for the Board of Management. Accountability for, and the practical details and breakdown of the 2019 remuneration for the Board of Management is set out in the 2019 remuneration report, which can be found on pages 85ff. of the annual report. In addition, specific remuneration information can be found in note 6.17.5 of the consolidated financial statements (pages 173 and 175), under the heading 'Remuneration of the Board of Management and Supervisory Board' in the financial statements. The motion for the new remuneration policy effective 2020 was also on the agenda as agenda item 7. Agenda item 2.b. concerned the accountability for and the practical implementation of the remuneration policy that applied in the 2019 financial year, as approved by the General Meeting in 2010.

New this year, in connection with the legislative amendment that took effect on 1 December 2019 (Section 135b of Book 2 of the Dutch Civil Code), is that the General Meeting will be asked to cast an advisory vote regarding the remuneration policy. This does not mean that the General Meeting has the power to approve or reject the remuneration policy or the manner of remuneration; rather, the General Meeting may indicate to the Supervisory Board whether it considers the accountability, the implementation of the remuneration policy and the remuneration for the Board of Management to be satisfactory. The Supervisory Board is then obliged to take that vote into account when it prepares the 2020 remuneration report; the Supervisory Board must specify how it has complied with the outcome of the current advisory vote.

Mr Ernsting, the chairman of the Selection and Remuneration Committee, was given the floor to explain the 2019 remuneration report in more detail, based on the slide 'Remuneration report by the Board of Management over 2019' in the presentation that can be found on Accell Group's website.

With the exception of two questions that Eumedion had submitted prior to this meeting about the 2019 discretionary bonus on the one hand and the number of shares awarded to compensate for the abolition of the option plan (see the final sentence on page 17 of the agenda) on the other, which were both included in Mr Ernsting's presentation, no other questions were submitted regarding this agenda item. Nor were any questions submitted in the chatbox.



The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,321,416 votes for, 241,048 votes against and 6,213 votes abstained. In total 97.9% votes were cast in favour of the motion. The chairman concluded that the General Meeting had issued a favourable advice regarding the 2019 remuneration report by a clear majority of the votes. The topic was therefore closed.

### **3. REPORT BY THE BOARD OF MANAGEMENT ON THE 2019 FINANCIAL YEAR (for discussion)**

Mr Anbeek provided a commentary on the Board of Management's report by giving a presentation. This presentation can be found on Accell Group's website.

Mr Baldew then explained the annual results for the 2019 financial year in the same presentation. He noted that a distinction was no longer made between core and non-core operations: now there are only continuing operations, which is mainly the European business. The discontinued operations are the North American operations.

Mr Anbeek then gave a further explanation of the strategic agenda and the impact of COVID-19, with the aid of a presentation (which can be found on Accell Group's website).

Prior to the meeting, questions had been submitted regarding the Board of Management's report. Given the large number of questions and the overlapping topics, the questions were divided into the following topics:

- Working capital
- North America
- Financial position for 2020
- Strategy/commerce
- Current year/COVID-19
- Outlook

#### Working capital:

Mr Rienks posed the following questions:

1. The working capital has increased from €279 to €348 million, despite the company's contraction as a result of the sale of the North American operations. One reason for this is that the inventories have increased, and as one of the consequences that the bank debt has also increased. In my opinion, that is undesirable.
  - i) Why have the inventories increased?
  - ii) Do you also think that is undesirable?
  - iii) What measures will you take to reduce the working capital and the debt?



VEB posed the following questions on this subject:

1. Last year, Accell saw the three components of the trade working capital deteriorate. Is this increase in working capital incidental?
2. The growth in turnover for the second half of 2019 was disappointing compared with the first half. This was ascribed to delayed innovations, including with regard to Haibike Flyon, and insufficient product availability. This is remarkable, given that Accell has put a great deal of effort into optimising processes in the past two years.
  - a. What factors caused the delayed innovations and shortfalls in product availability?
  - b. What measures are being taken to prevent this from happening in the future, and within what time frame will these measures be effective?

Mr Baldew responded that the presentation had also addressed the topic of working capital at length. The Board of Management is not happy, but also believes that it is not a structural situation. In summary, the working capital was higher as a result of:

- fewer sales in the second half of the year compared with the forecast;
- delays in innovations;
- phasing of creditors;
- and the debtor position with our distributor in America.

What is being done about it:

- we are focussing on the top 20 products per country, and on our key customers;
- targets on “forecast deviation” in personal targets;
- standardisation;
- system and data improvement;
- improvements to innovation introductions and the associated planning.

Under normal circumstances, these actions should see us on target again.

North America:

Mr Rienks asked the following questions with regard to the divestment of the operations in North America:

1. One final time: Accell has conclusively ended those operations. It is time for an evaluation. It cost a substantial amount of money one final time to divest of the operations in a decent manner. Last year, I suggested that it might be better to let it go bankrupt. You told me that bankruptcy was not the idea. It would be bad for Accell’s reputation, and we had to try to save the brands and jobs, which you felt was our responsibility towards our employees there. Did that work out?
  - a. What percentage of jobs was saved?
  - b. Are the brands being continued, are bicycles of our former brands still being sold in the USA?
  - c. Can Accell continue to manufacture and supply parts, or even complete bicycles?



- d. Would bankruptcy not have been cheaper and wiser, given that we now know that the decent manner cost €56.5 million?

Mr Baldew replied as follows: In its strategic study, Accell examined and considered all its options. The bankruptcy option was not pursued any further: besides job losses, it could also have harmed other stakeholders, for example Accell's vendors. Accell managed to keep a large number of workers, who went to work for the new buyer, but unfortunately a number of employees were laid off. Approximately two thirds of our employees have gone on to work for the buyer.

Accell continues to own the brands Raleigh, Haibike and Ghost, which are sold in America by the new distributor. Those bicycles are supplied from Asia. Accell supports the American party in the supply chain: Accell does not manufacture bicycles, however: this is done by vendors.

Accell examined and considered all options, and as far as it is concerned chose the best option, both financially and in terms of its general responsibility. The impact of the outcome of the study is a loss of EUR 38.4 million. The pre-sale operational loss was EUR 12.1 million, which Accell would also have recorded if the bankruptcy route had been chosen (depending on the timing of that bankruptcy). The revenue in Canada on the continuing operations is EUR 11.4 million. In addition, there is a tax asset of EUR 21 million.

#### Financial position for 2020:

Mr Bongers posed the following question on behalf of Teslin:

1. What financial room does Accell have in this COVID-19 crisis? What is the most extreme scenario in which Accell can still survive independently?

VEB asked the following questions:

1. Accell has been hit hard by the COVID-19 pandemic. The cash position had already decreased over 2019 as a result of a negative operating cash flow. The coronavirus crisis has led to a further drop in cash and cash equivalents, which has resulted in an additional withdrawal of EUR 50 million under the accordion facility.
  - a. Under the current circumstances, for how long will the available credit facilities be sufficient?
  - b. In what scenario will Accell find itself in liquidity problems?
2. Accell claims to be in close communication with the banking syndicate. Have additional requirements been imposed (if so, what are they?) and has a mark-up been added to the rates?
3. Is Accell exploring alternatives for bank financing?
4. Is a scenario conceivable in which Accell will be forced to raise new share capital to guarantee its continuity?

As these questions overlap, Mr Baldew combined them into a single answer.

- Accell has analysed and tested multiple scenarios. There is some good news from Germany, which is Accell's largest market. Starting this week, bicycles shops are allowed to open full-





time again. As the situation remains uncertain, Accell is maintaining good and constructive discussions with its banks to prepare for all eventualities. Accell is working on a plan which will guarantee liquidity and financing, even if the pressure increases further or lasts longer.

- Accell is always in close communication with the banks, but now even more so, in light of the possible effects of the pandemic on Accell's liquidity and debt positions. We will of course inform the market if there is reason to do so.
- At this moment, Accell is not exploring alternatives for bank financing.
- At this moment, all possible scenarios are being considered, but there are no concrete plans for a scenario involving a share issuance.

#### Strategy/commerce:

Mr Rienks posed the following questions:

1. The turnover from "regular" (non-electric) bicycles continued to drop in 2019. Compared with 2018, the turnover was down by 13% and now it only makes up 16% of Accell's total turnover.
  - a. By what percentage has the market for these bicycles contracted in the Netherlands and Germany?
  - b. Is Accell performing better or worse than its competitors?
  - c. If this contraction continues in the years ahead, will it still be attractive to stay active in this segment of the bicycle market?
  - d. Do you consider it wise to continue to invest in it and, if so, why?

Mr Anbeek replied that in 2019 Accell had sold 943,000 bicycles, of which 54%, i.e. more than 500,000, were regular bicycles. In 2018, regular bicycles made up 65% of a total of 1.1 million bicycles sold. We are seeing a growing increase in the sales of E-bikes. Many of our regular bicycles were sold in North America.

Based on data from ZIV (the German version of Dutch mobility organisation RAI), sales of regular bicycles dropped by roughly 7% in 2019. Accell sold roughly 1.5% fewer regular bicycles in Germany. Accell's sales volume in the Netherlands has stabilised. The share of E-bikes is growing rapidly. The share of regular bicycles has dropped because Accell has stopped doing business with a number of customers. In addition, some volume has been lost in the children's bicycles segment, which is no longer a priority for Accell. In relative terms, Accell's position has improved slightly compared with previous years. Regular bicycles continue to represent important products for consumers and therefore also for Accell. At this moment, the answer to the question of whether Accell should remain active in this market segment is yes.

Mr Bongers posed the following three questions on behalf of Teslin:

1. We see competitors such as Gazelle and QWIC taking enterprising D2C initiatives on the Dutch market. What is Accell's view on these initiatives, and when can we expect to see Accell take such initiatives?

Mr Anbeek explained that Accell had already made a start in that direction before the coronavirus crisis started. One example is Raleigh UK, where consumers can buy bicycles through the click-and-



collect system. As a consequence of the coronavirus crisis, the website traffic and sales have increased. Another example is Babboe, which sells its product directly to consumers. In various regions Accell also sells parts, a range of accessories and various bicycles models and brands through online channels of large customers. Moreover, as part of its strategy, Accell invests in all pillars of the omni-channel strategy, to ensure that this strategy will also be successful after the coronavirus crisis.

2. Making life easier for consumers is a major trend. This means that the service component is gaining in importance. Models like Swapfiets and lease bicycles are examples of this. Moving forward, how does Accell want to give shape to this development, and would Accell not like to have more control over it?

Mr Anbeek replied that the service component is very important for consumers. That is why Accell is using its excellent dealer channel, which consists of professionals. Another trend we see is a shift from ownership to use. In various countries Accell is responding to that trend by offering leasing arrangements in partnership with dealers. This is very successful in countries where the government offers tax incentives, such as Belgium and Germany. This is not yet the case in the Netherlands.

3. The long-commute segment is growing rapidly and is expected to be big. In this segment, we mostly see the brands Riese & Müller and Strömer. How is Accell responding to this trend? Could Haibike, for example, not play a far more prominent role here?

Mr Anbeek explained that Accell has had for a long time what are known as speed pedelecs in the collections of its various brands. Here also, as is the case with other bicycles, the local flavour and legislation determine which bicycle brand is successful in a particular region. That goes for the Haibike as well.

#### Current financial year/COVID-19:

VEB posed five questions on this subject:

1. The business update of 25 March 2020 showed that production is down 70%. To what extent is this fall in production attributable to a drop in demand, and to what extent is the fall in production attributable to a shortage of parts, in other words problems in the supply chain?

Mr Both replied that people's safety is paramount. Accell also strictly observes the measures imposed by governments to prevent the spread of coronavirus. This means that the production locations in the regions that were first affected were shut down early on. Later, the production at other locations was modified to comply with the current circumstances.

This was done in part in response to the falling demand and to a lesser extent owing to a shortage of parts. Production has since started up again in both locations.

2. What impact is the coronavirus crisis expected to have on the movements in turnover in 2020, and what scenarios are being taken into account?



Mr Anbeek explained that given the uncertainty about how long the coronavirus crisis will last and what its impact will be on the sales of bicycles and parts, Accell is unable at this time to issue any forecasts on how turnover will develop in 2020. As explained earlier, complete lockdowns in certain countries, and the resulting closures of bicycle shops, are expected to have a severe negative impact on Accell's turnover and profit figures for the first half 2020.

3. The spring is the most important period for Accell to generate turnover. Is it possible to recoup part of this loss of turnover? If so, what needs to be done to achieve this?

Mr Anbeek replied that it was difficult to say, given the uncertainty about the duration and impact of the coronavirus crisis. It is possible that part of the loss of turnover could be recouped later if consumers take their holidays in their own countries and governments offer incentives for bicycles as an alternative to public transport, which is currently the case in a number of countries. However, it is still too early to issue a forecast on the matter.

4. Accell has opted for an omni-channel strategy to put bicycles on the market. In that strategy, local dealers play a key role. In many countries these dealers are closed now. Is Accell losing market share compared with parties that sell via the Internet?

Mr Anbeek answered that Accell also sells via the Internet. A considerable part of the range of Parts & Accessories is sold through online players. Accell also sells Babboe in the Netherlands and other countries directly through the Internet. It also sells to dealers and customers that buy/sell through the Internet. Compared with parties that sell to consumers directly and only via the Internet, it is possible that Accell will lose some market share during these months, but this will be limited given the size of the online segment.

5. To what extent are dealers associated with Accell obliged to buy bicycles from Accell? Have any of Accell's associated dealers found themselves in financial problems as a result of the coronavirus crisis?

Mr Anbeek explained that dealers only have that obligation when they place their orders. At present, Accell has not seen any indications that many dealers are struggling.

### Costs

With regard to the business update of 25 March 2020, VEB asked the following questions about costs:

1. The business update of 25 March 2020 revealed that Accell wants to proactively cut costs:
  - a. Is Accell able to cut costs sufficiently to more than compensate for the drop in turnover?
  - b. Accell has indicated that it wishes to avail itself of the crisis relief packages offered by various governments. To what extent do those packages offer sufficient relief?

Mr Baldew stated that the costs were being critically reviewed. At the moment, Accell has taken measures in a variety of areas:

- 1) non-critical fixed-term contracts have been cancelled;



- 2) a recruitment freeze is in place;
- 3) other external costs, for example advisory costs;
- 4) factory production has been scaled down by 70%, and the costs of the temporary workforce have been reduced as a result;
- 5) government packages are helping, albeit only partially.

Many of the overheads still have to be paid, such as costs associated with permanent employees working in offices and factories. Not every country has the same government relief deals, and they cover only part of the salary costs. As stated in the business update of 25 March 2020, Accell expects a negative impact on its turnover, and given the large proportion of overheads, also a negative impact on the profits achieved in the first six months of 2020.

Outlook:

Multiple questions were asked about how Accell sees the future in light of the 2019 results and the COVID-19 developments.

Mr Bongers posed the following question on behalf of Teslin:

1. What is Accell's view on the targets for the medium term? Are these still achievable given the FY19 results and the developments surrounding COVID-19?

VEB asked the following questions:

1. Last year, Accell saw the three components of the trade working capital deteriorate. As the underlying operating profit margin (EBIT margin) dropped at the same time, the underlying ROCE also deteriorated. As a result, the three targets (EBIT margin of 8%, working capital <25% and ROCE of 15%) are falling further out of reach.
  - a. Is this increase in working capital incidental?
  - b. Is Accell confident that the targets set for 2022 are achievable?

The question about the working capital has already been answered.

Mr Anbeek explained that the feasibility of the targets issued depends on the impact of COVID-19 and its effect in the medium term. Given that uncertainty, Accell is unable to make any pronouncements on that topic at this time. When this unusual period has passed and Accell knows where it then stands and what the market is like, it can and will determine what targets are achievable and how long they will take.

No questions were submitted in the chatbox with regard to this agenda item. The chairman closed this topic.



#### **4. ADOPTION OF THE 2019 FINANCIAL STATEMENTS (resolution)**

The financial statements can be found on pages 97ff. of the annual report. Mr Van der Heijden of KPMG, the accounting firm that conducted the audit for the 2019 financial year, highlighted the key points of the audit procedures conducted for the past financial year:

##### Introduction

*Our audit focused primarily on the consolidated and company financial statements as stated in our audit opinion, which is presented on pp. 189-196 of the annual report.*

##### Our responsibility

- *Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion that the financial statements give a true and fair view of the value and composition of Accell Group N.V.'s assets as at 31 December 2019 and the results and the cash flows for the year then ended. Our audit was performed with a high, but not absolute, level of assurance, which means that we may not have detected all material errors and fraud during our audit.*

##### Audit opinion

- *The audit opinion is the final step of our audit.*
- *On 5 March 2020, we issued an unqualified audit opinion on Accell's 2019 financial statements.*
- *This means that:*
  - *the financial statements give a true and fair view,*
  - *are in compliance with IFRS and Title 9 of Book 2 of the Dutch Civil Code,*
  - *and the annual report is consistent with the financial statements, does not contain material misstatements and contains all the information required by Dutch law.*

##### Audit approach and key elements of the audit opinion

*Our audit approach includes a number of key elements:*

###### *1. Risk analysis*

*During our audit, we conduct a risk analysis of the areas where the risk of misstatement in the financial statements is the greatest. These are often large items that require estimates to be made.*

*In 2019, we devoted additional attention to the division of Accell's business, both in total 'continuing and discontinued' operations, and in the segments 'bicycles' and 'parts'.*

###### *2. Materiality*

*In addition, materiality is key for the purposes of determining the scope and depth of our work and the evaluation of any identified misstatements.*



At Accell, the materiality for the financial statements is EUR 2.75 million (2018: EUR 2 million), which is 5.4% (2018: 5.6%) of the profit before tax from continuing operations. The higher level of materiality corresponds to the increase in the results from continuing operations in 2019.

3. *Top-down approach*

With a view to efficiency, we decide what work will be centralised and what work will be carried out more locally. In particular, we conduct audit procedures concerning goodwill, trademark rights, IFRS 16 (the new lease standard), the Dutch deferred tax position, legal proceedings and extraordinary items locally as much as possible. This year, we focussed in particular on the division of and explanatory notes on of the continuing and discontinued operations, including management's estimates.

4. *We also engage the services of local auditors at the group components.*

Based on the size and/or risk profile of the group components or activities, we performed full-scope audit procedures on the financial information for the key group components in the Netherlands, Germany, France, the UK, Turkey and Hungary. In addition, we performed audit procedures with regard to specific items for group components in the United States and specified audit procedures related to inventory in Spain, Sweden, Denmark, Belgium and Finland.

We gave detailed instructions to the component auditors who were involved in the group audit, covering significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team.

We make site visits to the local auditors by rotation and perform file reviews. This year, we visited the United Kingdom and Turkey and reviewed the files there. The group team also audited the Dutch group companies.

5. *Use of specialists*

We use internal specialists for complex audit areas. These include IT specialists, valuation specialists for the goodwill impairment test and the valuation of trademark rights, taxes and pensions.

6. *Audit coverage*

Overall, this has resulted in a coverage of 85% of the total turnover and 92% of the balance sheet total.

7. *Fraud and laws and regulations*

The audit opinion contains an extensive explanation of the scope of our audit in relation to fraud and in relation to non-compliance with laws and regulations. I refer you to the explanatory information contained in the audit opinion in the annual report.

8. *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 management and the Supervisory Board, and they are included in the audit opinion, given their financial importance in the financial statements, the complexity and the degree of management judgment underlying them.



*In comparison to prior year's audit, the valuation of goodwill and brands is not considered a key matter anymore, and the discontinued US operations and the valuation of deferred taxes are new key audit matters, due to their scope, complexity and the estimates that management must make in this regard. We consider these estimates to be within reasonable ranges. For a description of these key matters, we refer to our audit opinion contained in the audit report.*

No specific questions regarding this agenda item were submitted prior to the meeting. Nor were any questions submitted in the chatbox.

The meeting then proceeded to vote on the adoption of the 2019 financial statements.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,525,700 votes for, 0 votes against and 42,977 votes abstained. That meant that 99.6% voted in favour of the motion.

The chairman therefore concluded that the meeting had resolved by a large majority of the votes to adopt the 2019 financial statements.

## **5. PROFIT APPROPRIATION FOR 2019**

### **a. Reservations and dividend policy (*for discussion*)**

Accell strives for a stable dividend policy, with the aim of paying out at least 40% of its net profit to shareholders. In its press release of 25 March 2020, Accell Group stated that in connection with the consequences of COVID-19 it had resolved to withdraw the dividend proposal and to remove it from the agenda. This constitutes a deviation from the dividend policy.

In addition, prior to this meeting, Mr Vriesendorp submitted one question concerning this agenda item:

1. "Dear Board of Management, it seems strange to me that the company wants to cancel the dividend distribution. The newspapers have been full of articles stating that sales of bicycles have increased substantially this past year. The Netherlands is a bicycle country, and although turnover will drop somewhat we are heading towards the summer, and a lot of cars are not being used. I think it is very premature to scrap the dividend. Will the Board of Management also hand in part of their generous salaries?"

Mr Baldew replied as follows:

The uncertainty that the COVID-19 crisis has caused for consumers and the policies of various government to shut down bicycle shops entirely, which has had a negative impact on our sales, made us decide in March to further cut costs and increase our focus on cash management. In that light, we believed it wise to scrap the dividend. At the start of this meeting, the Board of Management announced that it would waive all forms of variable remuneration for 2020.



The shareholders did not submit any questions about this agenda item in the chatbox. This topic was therefore closed.

**b. Dividend for the 2019 financial year (*resolution*)**

*WITHDRAWN.*

**6. DISCHARGE FROM LIABILITY**

**a. Discharge from liability for the members of the Board of Management for their management during the 2019 financial year (*resolution*)**

A motion was put forward to grant the members of the Board of Management in office during the 2019 financial year discharge from liability for their management of the Company and its operations during that year, in so far as that management is evidenced by the report of the Board of Management, the financial statements, announcements made during the annual General Meeting and/or other public information, and without prejudice to the provisions of Section 138 of Book 2 of the Dutch Civil Code.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any questions submitted in the chatbox regarding this topic.

The meeting then proceeded to the vote. Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained. Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,525,700 votes for, 0 votes against and 42,977 votes abstained. That meant that 99.6% voted in favour of the motion.

The chairman therefore concluded that the motion had been adopted by a large majority of the votes.

**b. Discharge from liability for the members of the Supervisory Board for their supervision during the 2019 financial year (*resolution*)**

A motion was put forward to grant the members of the Supervisory Board in office during the 2019 financial year discharge from liability for their supervision during that year, in so far as that supervision is evidenced by the report of the Board of Management, the report of the Supervisory Board, the financial statements, announcements made during the annual General Meeting and/or other public information, and without prejudice to the provisions of Sections 138 and 149 of Book 2 of the Dutch Civil Code.





No questions were submitted prior to the meeting regarding this agenda item. Nor were any questions submitted in the chatbox.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,525,700 votes for, 0 votes against and 42,977 votes abstained. That meant that 99.6% voted in favour of the motion.

The chairman therefore concluded that the motion had been adopted by an adequate majority of the votes.

## **7. REMUNERATION POLICY**

### **a. Adoption of the Remuneration Policy for the Board of Management (*resolution*)**

Pursuant to Section 135 of Book 2 of the Dutch Civil Code, and to Section 135a of Book 2 of the Dutch Civil Code, which came into force on 1 December 2019, the General Meeting has the power to adopt the remuneration policy for the Board of Management. The current remuneration policy for the Board of Management was adopted by the General Meeting in April 2008 and was most recently amended in April 2010. Partly owing to the legislative amendment of 1 December 2019, the Supervisory Board put forward the motion to amend the remuneration policy in the manner stated in Annex 1 to the agenda. The new remuneration policy was presented to the General Meeting for adoption. The works council had been given the opportunity to advise on the matter. The works council had taken note of the motion for the new remuneration policy and had discussed this motion at length. The works council supports the motion. The remuneration policy will be presented to the General Meeting for adoption at least once every four years and every time it is amended compared with the previously adopted policy. The adoption of the motion requires a majority of at least three quarters of the votes cast.

Mr Ernsting, chairman of the Remuneration and Selection Committee, explained the proposed remuneration for the Board of Management by giving a short presentation (which has been posted on Accell Group's website).

Prior to the meeting, Eumedion posed several questions and made several comments on the remuneration proposal for the Board of Management. Those questions and comments were as follows:

- Why has an increase of the STI been proposed for the CEO? (STI from 50% to 65%): as explained earlier this afternoon, Mr Anbeek was waived this increase;
- the labour market reference group consists of Dutch companies, which Eumedion appreciates;
- the TSR group: Eumedion would prefer a more industry-oriented group;



- sustainability KPIs Reduction CO2 footprint; how can a difference be made here?;
- alignment with the remuneration system for the Accell Group's other employees.

Those questions and comments were addressed in the presentation.

The chairman went on to state that no questions had been submitted prior to the meeting regarding this agenda item, but that VEB had requested that a short statement be read out loud:

*“VEB is not in favour of using options in remuneration packages. Virtually none of the Dutch listed companies include share options as part of their remuneration policies anymore. Options do not involve a downward risk, but only upward potential. Options can cause excessively risky behaviour.”*

Mr Ernsting responded by stating that the Supervisory Board agreed with VEB's statement, which is why the new remuneration policy replaces the option scheme with a conditional share scheme.

No questions were submitted in the chatbox regarding this agenda item.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 4,771,107 votes for, 1,793,771 votes against and 3,799 votes abstained. In total 84,4% voted in favour of the motion.

The chairman therefore concluded that the meeting had resolved to adopt the remuneration policy for the Board of Management by the required majority of three quarters of the votes cast.

## **b. Adoption of the Remuneration Policy for the Supervisory Board (*resolution*)**

Pursuant to Sections 145 and 135a of Book 2 of the Dutch Civil Code, which came into force on 1 December 2019, the Company must also prepare a remuneration policy for the Supervisory Board. The authority to adopt the remuneration policy for the Supervisory Board lies with the General Meeting. The remuneration policy will be presented to the General Meeting for adoption at least once every four years and every time it is amended compared with the previously adopted policy. The Supervisory Board concluded that the proposed remuneration policy was identical to the existing practice that has been followed for many years, and proposed adopting the first remuneration policy as set out in Annex 2 to the agenda. The works council had been given the opportunity to advise on this matter and to that end had taken cognizance of the proposed new remuneration policy and discussed it at length. The works council supports the motion. The adoption of the motion requires a majority of at least three quarters of the votes cast.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any questions submitted in the chatbox.

The meeting then proceeded to the vote.



Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 4,248,319 votes for, 2,316,559 votes against and 3,799 votes abstained. That meant that 79.9% voted in favour of the motion.

The chairman therefore concluded that the meeting had resolved to adopt the remuneration policy for the Supervisory Board by the required majority of three quarters of the votes cast.

### **c. Approval of the scheme for awarding shares to the members of the Board of Management (*resolution*)**

Under Section 135 of Book 2 of the Dutch Civil Code and Article 13.4 of the Company's Articles of Association, the authority to establish the remuneration for the members of the Board of Management lies with the Supervisory Board, with due observance of the remuneration policy. The Supervisory Board must present schemes in the form of shares (or entitlements to shares) for the Board of Management to the General Meeting for approval. The remuneration policy for the Board of Management adopted by the General Meeting in 2008 and amended in 2010 contains an arrangement under which members of the Board of Management may annually be awarded share options with an underlying value of 50% of the fixed remuneration, and conditional shares also with a value of 50%. In accordance with the remuneration policy for the Board of Management and the proposed amendments to that policy, as presented as agenda item 7.a., under which the share option plan will cease to apply, a motion was presented to annually award the members of the Board of Management a number of conditional performance-linked shares, which will be calculated by dividing 100% of the annual fixed remuneration by the volume-weighted average price of Accell Group N.V. shares over the 5-day period commencing on the publication date of the annual results for the year preceding the award. For an outline of the performance criteria that must be met, see the proposed remuneration policy.

Prior to the meeting, no questions were submitted regarding this agenda item, nor were any questions submitted in the chatbox.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,348,779 votes for, 216,099 votes against and 3,799 votes abstained. In total 98.1% voted in favour of the motion.

The chairman therefore concluded that the motion to approve the scheme for awarding shares to the members of the Board of Management had been adopted by an adequate majority of the votes.



## **8. APPOINTING THE ACCOUNTANT TO AUDIT THE FINANCIAL STATEMENTS FOR 2020 AND 2021 (resolution)**

The General Meeting is the body authorised to appoint the accountant that will audit the Company's financial statements. Accell's Audit Committee and the Supervisory Board advised that the engagements to audit the Company's financial statements for 2020 and 2021 be granted to KPMG Accountants N.V. In order to time the appointment to commence before the start of the financial year, this year it is proposed to appoint the accountant not only for 2020 but also, once only, for the following year. The Supervisory Board had evaluated the relationship with the external auditor before arriving at this recommendation. A report of the Board of Management and the evaluation and recommendation made by the Audit Committee in line with the applicable laws were used as the basis for this evaluation. If KPMG is appointed, 2020 will be the fifth year that it audits the Company's financial statements.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any question asked in the chatbox.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,564,964 votes for, 0 votes against and 3,713 votes abstained. Rounded off, that meant that 100% voted in favour of the motion.

The chairman therefore concluded that the motion to appoint the accountant to audit the financial statements for 2020 and 2021 had been adopted with overall majority of the votes.

## **9. AUTHORISING THE BOARD OF MANAGEMENT TO ACQUIRE SHARES IN ACCELL GROUP N.V.'S CAPITAL (resolution)**

A motion was put forward to authorise the Board of Management (in accordance with Article 10.3 of the Company's Articles of Association), subject to the Supervisory Board's prior approval, to acquire ordinary shares in its own share capital in other situations besides for no consideration. This authorisation will be valid for a period of 18 months, starting on 23 April 2020. If this resolution is adopted, the authorisation granted to the Board of Management at the General Meeting held on 24 April 2019 will end with effect from 23 April 2020. The authorisation will apply up to a maximum of 10% of the share capital issued at the time of the acquisition. Ordinary shares may be acquired by buying them on the stock markets, or otherwise, at a price that is, at a minimum, the same as the nominal value of the ordinary shares and, at a maximum, the price on the stock exchange plus 10%. The average closing prices on Euronext Amsterdam N.V. on the five trading days preceding the acquisition date will be used as the stock exchange price for this purpose. This authorisation



will make it possible for the Company to acquire shares to neutralise the dilution effects of the stock dividend and to comply with its obligations under share plans and share option plans. It may possibly be used for other purposes as well.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any questions submitted in the chatbox.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,461,786 votes for, 104,363 votes against and 2,528 votes abstained. That meant that 99.1% voted in favour of the motion.

The chairman therefore concluded that the motion to authorise the Board of Management to the acquisition of shares in Accell Group had carried by a majority of the votes.

## **10. DELEGATING THE POWER TO ISSUE SHARES (OR TO GRANT RIGHTS TO SHARES) IN ACCELL GROUP N.V.**

### **a. Delegating power to the Board of Management to issue ordinary shares (or to grant rights to subscribe for ordinary shares) (*resolution*)**

A motion was put forward to appoint the Board of Management as the body that is authorised, subject to the Supervisory Board's approval, to resolve to issue ordinary shares. This authorisation will include the authority to grant rights to subscribe for ordinary shares. This appointment will be valid for a period of 18 months, starting on 23 April 2020. If this resolution is adopted, the appointment of the Board of Management at the General Meeting held on 24 April 2019 will end. The instruction will apply up to a maximum of 10% of the total number of ordinary shares issued at the time that the resolution to issue ordinary shares (or to grant rights to ordinary shares) is adopted. The purpose of this resolution is to be able to respond more effectively to possibilities to expand Accell Group through means such as acquisitions, or to acquire additional capitalisation. To finance that, either partially or in full, it may be desirable to issue shares. The effect of the projected earnings per share will be a key aspect of the process of adopting the resolution. In addition, it may be necessary to issue shares in connection with obligations assumed under long-term incentive plans.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any question asked in the chatbox.

The meeting then proceeded to the vote.



Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,550,896 votes for, 17,606 votes against and 175 votes abstained. In total 99.8% voted in favour of the motion.

The chairman therefore concluded that the motion to grant the Board of Management power to issue ordinary shares had carried by a clear majority of the votes.

**b. Granting the Board of Management the power to limit or exclude the pre-emptive rights when issuing ordinary shares (or when granting rights to subscribe for ordinary shares) (*resolution*)**

A motion was presented to appoint the Board of Management as the body that is authorised (subject to the Supervisory Board's prior approval) to limit or exclude pre-emptive rights in the event of issuances of ordinary shares (or grants of rights to subscribe for ordinary shares) by the Board of Management in the exercise of its powers. This appointment will be valid for a period of 18 months, starting on 23 April 2020. If this resolution is adopted, the appointment of the Board of Management at the General Meeting held on 24 April 2019 will end.

This is an annually recurring agenda item, which is linked to agenda item 10.a. The Board of Management deems it to be in the interests of Accell Group and its shareholders for the Company to be able to act quickly and efficiently when circumstances arise that require a share issuance. Therefore, in accordance with the law and the Articles of Association, the Board of Management requested that, in addition to the possibility to issue 10% of shares as phrased in agenda item 10.a., the General Meeting also grant it the power to limit or exclude pre-emptive rights to the shares issued or rights granted. This particularly applies to situations where it is essential to act quickly and efficiently, rendering it unnecessary to convene an Extraordinary Meeting, which could potentially lead to loss of precious time or to market speculation. Examples of situations where pre-emptive rights might be limited or excluded include an acquisition that will be financed (wholly or partially) by means of shares in Accell Group N.V. and/or an additional funding of Accell Group N.V.

No questions were submitted prior to the meeting regarding this agenda item. Nor were any questions submitted in the chatbox.

The meeting then proceeded to the vote.

Mr Tomasevic of Intertrust cast the votes based on the voting proxies received by Intertrust: 4,977,940 votes for, 0 votes against and 0 votes abstained.

Ms Van Spaendonck read out the outcome of the voting instructions and total percentage in favour: 6,548,396 votes for, 20,068 votes against and 213 votes abstained. That meant that a total of 99.8% voted in favour of the motion.

The chairman therefore concluded that the motion to grant the Board of Management power to limit or exclude the pre-emptive rights in the case of issuances of ordinary shares (or grants of rights



to subscribe for ordinary shares) had been adopted by a majority of at least two thirds of the votes cast.

## **11. ANY OTHER BUSINESS**

The chairman stated that, prior to the meeting, VEB had highlighted the following points for attention in light of the current COVID-19 crisis:

1. VEB is appealing to listed companies not award any variable remuneration.

The chairman stated that this topic had already been addressed during the previous agenda items.

2. Additional review of the financial information of listed companies by the external auditor.

The explanation given by VEB on this topic was that it was of the utmost importance to investors to understand the company's current state and the impact of the crisis has on its operations and financial position, including the liquidity forecast, funding and projections, the tenability of goodwill and provisions. VEB emphasised the importance of having this data reviewed by an auditor, which would mean that the auditor would need to issue a review report on the mid-year figures for 2020. VEB furthermore asked the companies to have their external auditors issue a new continuity statement based on the mid-year figures for 2020.

The chairman responded to this by stating that Accell had structured its reporting processes in such a way as to provide sufficient and timely information about the Company's current state. Where necessary, we seek support from external advisers, but also from our external auditor when we have complex queries. At this moment, we believe that an additional review by the external auditor would not provide additional information to our stakeholders.

3. Scaling down sideline activities.

VEB is calling on members of management boards to cut back their sideline activities to a single position.

The chairman stated that the members of Accell Group's Management Board were fully focussed on Accell.

4. Climate obligations.

In its annual key policy letter, VEB called on companies to provide a detailed report on the risks and opportunities resulting from climate change.

Mr Anbeek responded that various sections in Accell Group's annual report address climate change as an opportunity for Accell's environmentally friendly and healthy products. The opportunities that climate change offers are also incorporated in Accell's strategy. Climate continues to have Accell's full attention.

Mr Rienks submitted two questions in the chatbox:

1. Is this manner of meeting not disappointing? Will a traditional meeting be held again next year?

The chairman explained that this way of meeting was a consequence of the health and safety measures that are currently in place. It is not our preferred manner of meeting, but it is better than



not holding a meeting at all. We hope that the situation improves and we can meet in person again next year.

2. What are your thoughts on distributing an interim dividend in November of this year if the impact of the crisis turns out to be less severe than expected, if people decide to buy new bicycles on a large scale this year after all?

Mr Baldew explained that Accell still foresees a material impact on its turnover, profitability and debts in the first six months of the year. The impact of COVID-19 is still too uncertain. For that reason, Accell expects not to distribute an interim dividend.

## **12. CLOSURE OF THE MEETING**

The chairman thanked everyone, i.e. the persons present in person and all those who attended the meeting via the live webcast, for their input during the meeting. The chairman then wished everyone good health and stated that he looked forward to seeing them again at the next meeting.

R. ter Haar,  
chairman

A.J. Windt-de Leeuw,  
minutes secretary