

26 June 2024

BUSINESS UPDATE



Recently, we shared a business and financial update with our shareholders and business partners informing them on our current performance, the status of the Babboe recall and repair operation, as well as the progress in the execution of our One Accell strategy.

Update on Babboe recall and repair operation

This major logistical operation is now operational in 11 countries covering 95% of the volume sold, with the costs fully covered through financial support from our shareholders.

Over 7,000 bikes have been picked up from customers for replacement and the available stock of almost 800 bikes has been delivered to customers. Over 2,700 bikes have been inspected. We are now starting the new production of replacement cargo bikes to accelerate the replacement rate. Inspections and upgrades of the bikes not subject to the recall have also started in most countries. We aim to have concluded this process by the end of the year, when we can also fully resume sales of Babboe bikes to new customers.

We know we ask a lot of patience from our cargo bike users. We have scaled up our efforts and resources, improved our administrative processes, and are doing what we can to provide our customers with timely updates. Our priority remains to get our customers safely back on the road again.

One Accell

Key points in this strategy are the decrease of our inventories, strict cost management and the optimisation of the production network, with all of our best in class brands benefiting from our integrated European platform, including joint stock management. We are also investing in innovations, our omnichannel and city-first approach and developing a subscription model offering our customers ongoing services. This is how we move the company forward and bring great innovation to life.

Outlook

Although our results over the past period are a reflection of the market in which conditions are not yet improving, the long-term outlook for our business remains positive. We gradually decreased stock levels since year-end as we return to a more normal trading environment. While destocking at dealers continued in the beginning of this year, it is encouraging to see sales to customers in our key markets increased again.

For example, in the Netherlands, one of our biggest markets, we reached 24% market share in April, the highest since 2020.

As part of our last update, we confirmed that Accell is in compliance with all its payment obligations in its financing arrangements. We have received material support from our shareholders, and we benefit from a long-dated debt profile.

We have now set out to secure a more sustainable capital structure for the long term which will require the support of our key stakeholders. A revised fit-for-purpose capital structure and increased liquidity will allow us to create a stable operating platform to execute and accelerate on our business strategy. We will update the market on this as appropriate.

To conclude, Accell is well positioned to capitalise on the favourable long-term fundamentals as it's the home of well-known high quality cycling brands, that furthers design, innovation and craftsmanship. It is our mission to craft the joy of cycling now and in the future.

ABOUT ACCELL GROUP

Accell Group is the European market leader in e-bikes and second largest in bicycle parts and accessories. Our employees work closely together with tens of thousands of local dealers throughout Europe. By combining our sense of caring with our people, our products and leadership in innovation and sustainability we are helping cities to meet some of the many challenges they face.

NOTES TO THE EDITOR, NOT FOR PUBLICATION

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