

CYCLING MOVES THE WORLD FORWARD

ANNUAL REPORT 2020

ACCELL GROUP

TABLE OF CONTENTS

1 Accell Group at a glance 4
1.1 Profile 4
1.2 Our premium brands 5
1.3 2020 Facts and figures 7
1.4 Message from the CEO 9
1.5 Our purpose and mission 11
1.6 Our strategy 'Lead Global. Win Local' 13
1.7 Value creation model 15
1.8 Board of Management 17

2 Report of the Board of Management 19
2.1 Group performance 19
2.2 The share 26
2.3 Key market trends 30
2.4 Management agenda and outlook 32
2.5 'Lead Global. Win Local' progress 33
2.6 Moving forward responsibly 36
2.7 Governance and compliance 66

3 Supervisory Board Report 91
3.1 Composition of the Supervisory Board 91
3.2 Supervisory Board Report 93
3.3 Remuneration Report by the Supervisory Board of Accell Group N.V. over 2020 103

4 Financial Statements 115
4.1 Consolidated balance sheet 116
4.2 Consolidated income statement 118
4.3 Consolidated statement of comprehensive income 119
4.4 Consolidated statement of cash flows 120
4.5 Consolidated statement of changes in equity 122
4.6 Notes to the consolidated financial statements 123
4.7 Performance 128
4.8 Working capital 135
4.9 Net debt and equity 140
4.10 Non-current assets 149
4.11 Other non-current liabilities 159
4.12 Derivatives and hedge accounting 168
4.13 Financial risk management 171
4.14 Fair value measurement 178
4.15 Tax 181
4.16 Acquisitions and disposals 186
4.17 Other 188
4.18 Company balance sheet 197
4.19 Company income statement 198
4.20 Notes to the company financial statements 199

5 Other information 208
5.1 Independent auditor's report 208
5.2 Statutory provisions related to profit appropriation 218

6 Additional disclosures 219
6.1 Historical overview 219
6.2 Material topics 220
6.3 Networks and stakeholder engagement 223
6.4 Employee and sustainability data 225
6.5 Scope of the reporting 231
6.6 Reporting standards and guidelines 232
6.7 Addresses 237
6.8 Colophon 239

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

1 ACCELL GROUP AT A GLANCE

1.1 PROFILE

Accell Group is the European market leader in e-bikes and second largest in bicycle parts and accessories.

With numerous leading brands under one roof, all built by pioneers for whom the best simply was not good enough. We continue to embody the spirit of those family businesses to this day. We invented the e-bike in 2004 and the e-mountainbike in 2010.

Well-known bicycle brands in our portfolio include Haibike, Winora, Ghost, Batavus, Koga, Lapierre, Raleigh, Sparta, Babboe and Carqon. XLC is our exclusive private brand for bicycle parts and accessories. Accell Group employs approximately 3,139 people across 15 countries. Our bikes, bicycle parts and accessories are sold to dealers and consumers in more than 80 countries. Accell Group has been listed on NYSE Euronext in Amsterdam since 1998.





1.2 OUR PREMIUM BRANDS

Lapierre (1946) stands for top sporting performances, top quality and groundbreaking innovations with a touch of French panache. The Pro Tour Road Team and the Enduro World Team have been hugely successful riding Lapierre bicycles. The Lapierre bike makers have proven their immense technical know-how with the development of the Overvolt e-bike models. The Lapierre brand stands for passion and performance, both on the road and off-track.

Raleigh is one of the world's oldest and best-known bicycle brands. Established back in 1887 in Nottingham, Raleigh has long been an iconic part of cycling culture in Great Britain. We have been helping people to enjoy the great joy of cycling, and enabling people to do more of what they love for over 130 years.

Raleigh's purpose is simple: we want to spread the very unique sort of joy that comes from cycling. A contagious joy that is created through a mixture of freedom, fun, excitement and discovery.

Haibike (founded in 1995) quite literally turned the ePerformance segment on its head. Started with the groundbreaking launch of the first ever eMTB 10 years ago, Haibike continued as a true ePerformance pioneer. Driven by innovation & design Haibike offers e-bikes for everyday users, adventure travellers to highly sporty racers.

Carqon was founded with the ambition to develop a superior cargo bike that sets a new standard in comfort, design, functionality and technology. Carqon has been successfully introduced in 2020 and is now available via Carqon.com and at Carqon dealers in the Netherlands, Belgium, France, Germany and Denmark.

Sparta (1917) offers innovative e-bikes and speed pedelecs that boost your commute to work, helping people to outsmart traffic and arrive at their destination full of energy.

XLC (2003) is the strong proprietary brand for Accell Group's bicycle parts and accessories business. XLC serves customer demand right across Europe and beyond with an extensive range of bike parts and accessories. Whether you want to set off on trail adventures in the forest, experience the thrill of speed on your road bike or simply enjoy quality time with your kids riding through the local park, XLC makes sure you can easily find the bike parts and accessories you need to start or continue your cycling adventure.

The trendsetting bicycles produced by **Ghost** (1993) stand out thanks to their innovations and new technologies that are designed to put people first. The sporting successes of the Ghost Factory Racing Team and the Ghost AIVIR competition boost the awareness of this internationally active brand with German roots.

Winora (founded 1914) has been known for more than a century as a manufacturer of bicycles for the whole family, from the smallest children's bike to city and urban or touring bikes, right through to the latest in e-bikes. Our long tradition and commitment to quality and safety, award-winning, modern designs and ever-evolving technology make Winora a trusted brand with focus on city and urban (e-) mobility.

Batavus has been one of the strongest and best known Dutch bike brands since 1904. Batavus develops a wide range of extremely comfortable and durable high-quality bicycles with smart and useful innovations that makes cycling carefree and more fun.

Babboe, the number one cargo bike worldwide, has been developing safe and affordable cargo bikes for nearly 15 years. The Babboe head office is in the Dutch city of Amersfoort. Babboe cargo bikes are available in more than 30 countries worldwide. There is a Babboe cargo bike to match everyone's needs. Whether this be young families, dog lovers, or self-employed entrepreneurs, Babboe knows what moves them and helps them to get moving. A Babboe cargo bike makes everyday life easier and more fun.

Koga has stood for premium quality and service since 1974. Dutch design, handmade in the Netherlands. Thanks to its ties to bike racing, Koga is able to leverage professional knowledge, engineering passion and stylish design into highly desired product offerings to consumers.

1.3 2020 FACTS AND FIGURES

NET TURNOVER

1,296 MILLION ↑ +16.7%



NET TURNOVER BICYCLES

952 MILLION ↑ +10.9%

NET TURNOVER PARTS & ACCESSORIES

344 MILLION ↑ +36.2%

EBIT

74.7 MILLION ↑ +24.6%

NET RESULT

64.8 MILLION ↑ +2,214.3%

ADDED VALUE

27.9% ↓ -284 BPS

TRADE WORKING CAPITAL

19.4% ↓ -1,301 BPS

FREE CASH FLOW

195.4 MILLION ↑ +257 MLN

NET DEBT /EBITDA

0.8 ↓ -74.2%

ROCE

14.6% ↑ +28.1%

AVERAGE NUMBER OF EMPLOYEES

3,139 ↓ -271

EMPLOYEE GENDER

FEMALE 31%

↑ +1%

-1% ↓

MALE 69%

EMPLOYEE ENGAGEMENT SURVEY

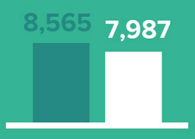
ENGAGEMENT SCORE

7.3 ↑ +2.8%



COMPANY CARBON FOOTPRINT

EMISSIONS & ELECTRICITY SOURCE





TOTAL NUMBER OF BICYCLES SOLD

897 THOUSAND ↓ -4.8%

E-BIKES SOLD

472 THOUSAND ↑ +9.1%

TRADITIONAL BIKES SOLD

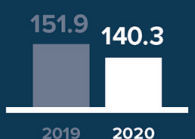
425 THOUSAND ↓ -16.7%

SUPPLY CHAIN

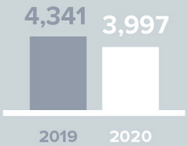
RSI AUDITS



ENERGY CONSUMPTION (TJ)



WASTE PRODUCED (TONNES KG)



1.4 MESSAGE FROM THE CEO

FAST FORWARD IN A TURBULENT YEAR

The year 2020 was like no other. After a very promising start to the year, the COVID-19 pandemic almost immediately made its mark on society and the economy worldwide. The impact of lockdowns, first in Asia and then in Europe, meant Accell Group faced major challenges across its entire chain. This was followed by the abrupt closure of a majority of stores in Europe in March and April. From May onwards we did see an unexpectedly strong and rapid recovery in demand. 'Cycling moves the world forward' was more true than ever before. At a time when it was much needed, the bicycle - as an alternative to public transport and subsidised by various governments – helped to improve the physical and mental condition of large groups of people. This accelerated the already rising demand for bicycles, bicycle parts and accessories. In the end, thanks to this and our efforts on the innovation front, the strong presence of our brands and product offline and online, Accell Group recorded significant turnover growth of some 17% compared with 2019.

At the end of the first quarter of 2020, nobody could have predicted the duration and financial impact of the COVID-19 pandemic. Because of the extremely uncertain outlook, we focused on cash and cost management, the reduction of working capital and addressing various challenges in the supply chain. In addition to this, we increased the company's financial buffer by agreeing an additional credit facility of € 115 million with a consortium of banks. Due to these highly unusual circumstances, we were also forced to withdraw our dividend proposal of € 0.30 per share for 2019. And my fellow directors and I decided to waive our bonuses for 2020.



TON ANBEEK

CEO ACCELL GROUP

SIGNIFICANT TURNOVER GROWTH

From May onwards, lockdowns across Europe were lifted and shops started reopening. This resulted in explosive growth in demand for e-bikes and bicycles and a sharp increase in demand for parts and accessories.

OUR PURPOSE 'CYCLING MOVES THE WORLD FORWARD' WAS MORE TRUE THAN EVER.

TON ANBEEK, CEO ACCELL GROUP

Turnover in the second quarter and the third quarter in particular easily compensated for the lower sales figures in the traditionally busy months of March and April. This higher and persistent consumer demand and the catch-up in orders through November ultimately resulted in an increase in total bicycle sales of around 11% and an increase in sales of parts and accessories of no less than 36%. During the lockdowns, we used digital channels to successfully secure growth, particularly in the sales of bicycle parts and accessories. This helped us to keep people moving by selling products online via our partners and by responding to the growing demand for bicycle repairs.

ACCELERATED GROWTH TREND

Demand for bicycles is looking very healthy for the coming five to ten years. This is due to the electrification of bicycles, European governments' investments in cycling infrastructure - given an additional boost by the European Green Deal - and thirdly, an increase in government subsidies and tax incentives for the purchase and use of (electric) bikes. In a strange twist of fate, in 2020 a health crisis had the unintended side effect of boosting this long-term trend driving the growing popularity of bicycles and cycling.

'FIT TO COMPETE'

Despite the impact of the pandemic on the company, we made considerable progress last year by improving our innovation planning, our sales and operational planning and our omnichannel strategy. We managed to maintain our strong growth in a number of products, including cargo bikes.

THE GREEN ALTERNATIVE

We are convinced that bicycles help move the world forward, as an efficient, environment-friendly means of transport, a healthy way to spend leisure time or a relaxed form of exercise. We are making a tangible contribution to vital (inner) cities and a liveable planet. This is why the bicycle, with the lowest environmental impact per kilometre of any means of transport, is the green alternative par excellence for cars, scooters or public transport.

As a company, Accell Group made a sustainable difference in 2020 with measures such as investments in solar panels, the reduction of our own energy consumption and cutting the amount of plastics in our packaging. We also intend to invest even more in a strong binding culture that values respect and diversity.

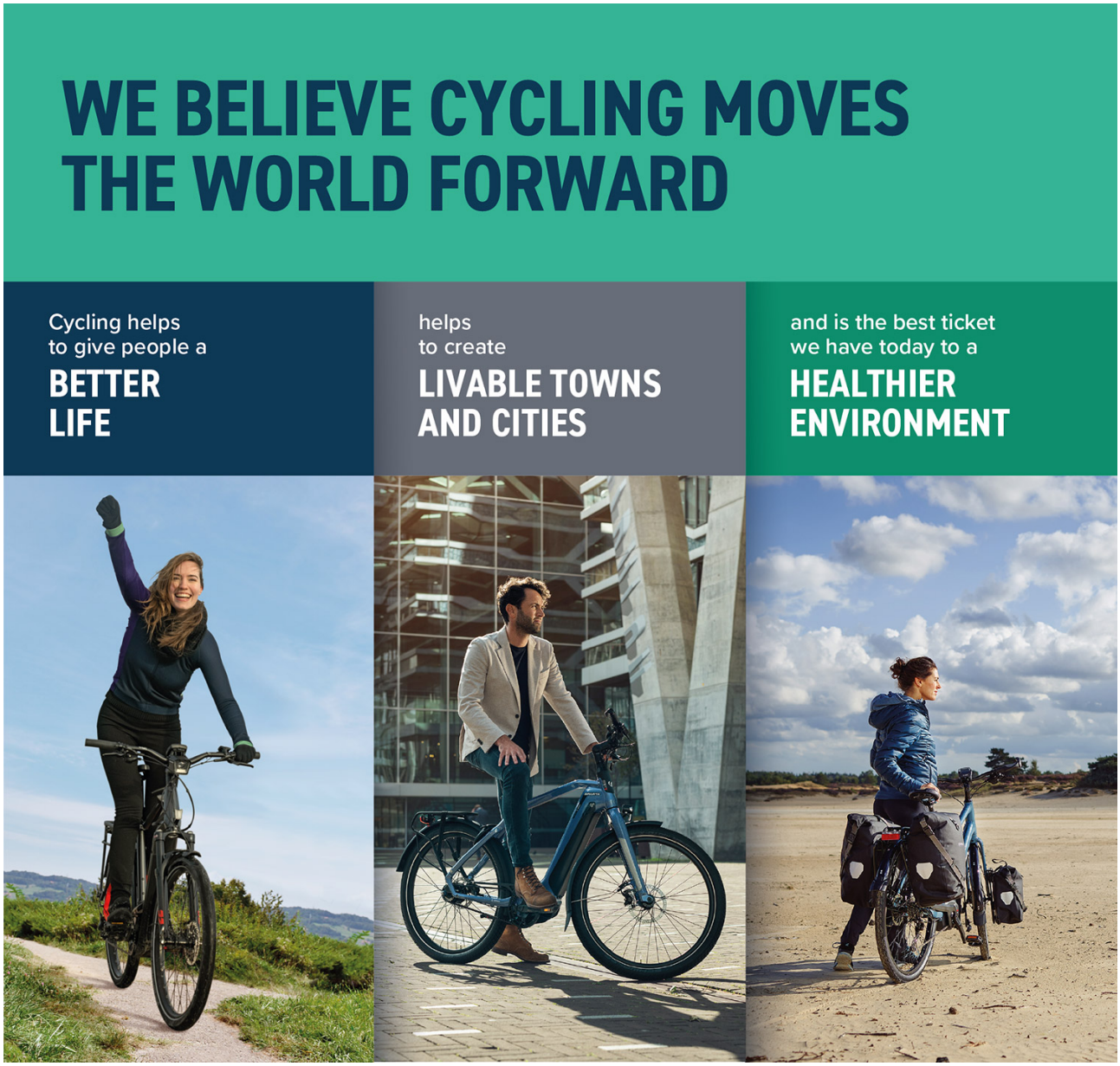
In this year of running and standstills, we were able to build more than ever on the resilience, passion, engagement and expertise of our more than 3,100 bike enthusiasts. I would like to take this opportunity to thank you all for your daily efforts and commitment, which I will never take for granted. I would also like to thank our dealers, partners and consumers for their considerable trust and their contributions to Accell Group's success.

I am looking forward to the coming year. Let's move forward, together!

TON ANBEEK
CEO Accell Group N.V.

1.5 OUR PURPOSE AND MISSION

We strongly believe that people have the power to change the world for the better. And they will do this partly through cycling. Because cycling inspires many of us every day to achieve more with our muscle power and innovative potential. In the end this propels us forward. Cycling helps to give people a better life. Simply because more exercise makes everyone happier, fitter and results in better performance all day long. Cycling clears your head and gives you room to laugh and enjoy your day. Cycling is about more than the cyclist who smiles at his neighbour and really connects with his neighbourhood. It is by far the most sustainable means of transport and it helps to create liveable towns and cities, without traffic jams, noise, and air pollution.





Cycling is the best ticket we have today to a healthier environment. Bikes offer the most energy-efficient way to get around, while taking up little space on roads. The production of bikes requires fewer materials than any other vehicle, with the lowest environmental impact per kilometre.

As one of Europe's leading bicycle manufacturers, making a real and lasting contribution to a liveable world is ingrained in our DNA. If we manage to make just one bicycle part more sustainable, it has an impact on millions of bikes. Our ambition is to help the world move forward with every innovation we come up with. We want to build on our sustainable and profitable business by always being part of the solution. For our people, for society and for the planet. Every single day.

WE DESIGN SIMPLE, INNOVATIVE SOLUTIONS INSPIRED BY PEOPLE.

People power everything we design and do. We really get under the skin of what moves cyclists and how they move. Only then you can propel athletes towards Olympic gold or the yellow jersey. Only then can you get millions of people moving. We absolutely love people and bikes and bringing the two together.

Designing from the rider's point of view means creating solutions that are smart, simple, and accessible. If we can make smart things so simple that they appeal to everyone, we will be able to provide the innovation that will move the entire industry forward. We have already done that many times. Just think of our invention of the e-bike and the e-mountain bike. We have shaken up the industry before, we are still doing it to this day, and we plan to continue doing it long into the future.

People make the difference in how we build our products. The passion and dedication of everyone at Accell Group helps to create products with an incredible attention to detail and level of quality that is hard to match by any of our competitors. As pioneers, we are constantly looking for new products and services. Every single day, we ask ourselves what do all those millions of cyclists want. And each time we manage to come up with an unprecedented solution.

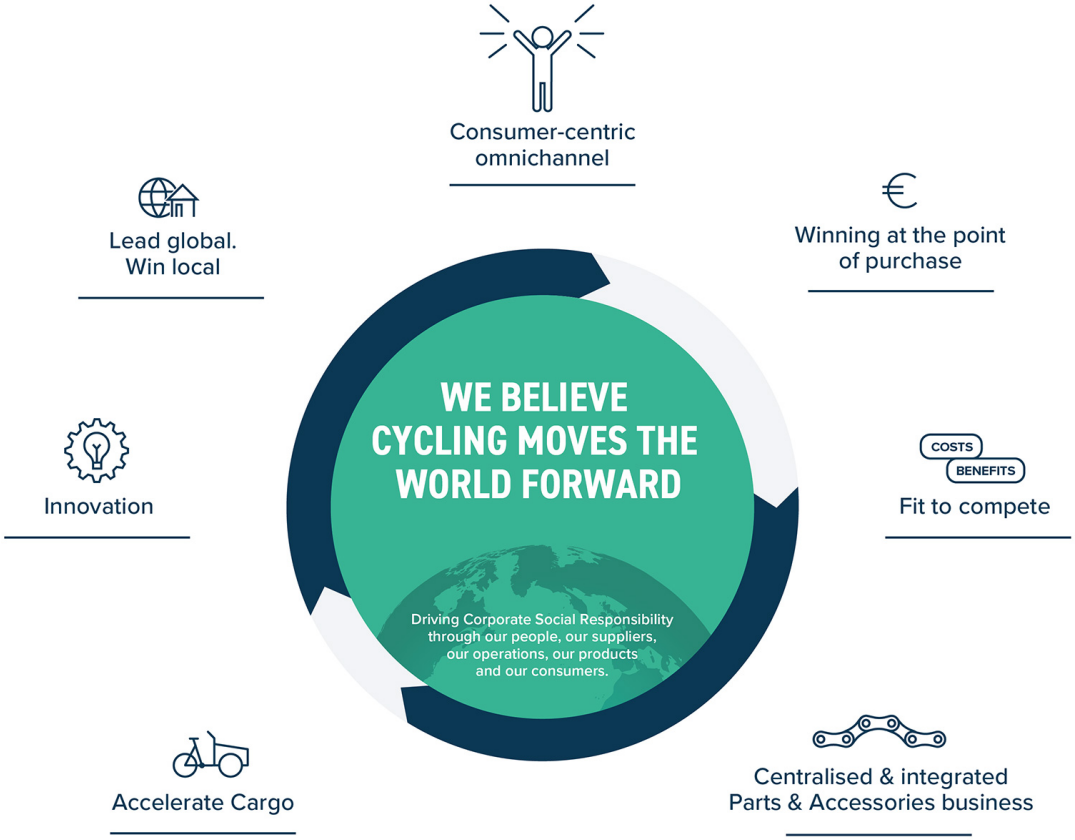
WE MAKE BIKES AND PARTS AND ACCESSORIES FOR A FANTASTIC CYCLING EXPERIENCE.

We are always exploring new ways to create an even better cycling experience. We keep pushing customer experience forward across all channels, meeting consumers wherever they choose to be. We work with start-ups, universities, and innovative suppliers to make bikes smarter and roll out new concepts more quickly. At the same time, we are constantly researching new mobility solutions. With our thousands of dealers across Europe, we complete the retail experience, from personal advice at the moment of purchase to perfect service in the years to come.

We are here for all cyclists, young and old. For the athlete who is committed to sporting excellence. For parents taking their children to school. And for the casual cyclist who just likes to get out and about. We want to exceed their expectations with a cycling experience that makes them happy. After all... we are all cyclists too.

1.6 OUR STRATEGY 'LEAD GLOBAL. WIN LOCAL'

Our strategy is built on our purpose and our mission is to become market leader in the mid and higher segment of the bike and P&A markets in every country in which we operate. And we want to do this is in a consumer-centric and socially responsible way.



Last year, we continued to execute our strategy and the transition of Accell Group into a more centralised organisation which is a key element in our strategy. We made progress in all the pillars of our strategy.

WITH OUR STRATEGY WE AIM TO REACH THE FOLLOWING TARGETS:

FINANCIAL TARGETS FOR 2022

- Turnover: € 1.4 - € 1.5 bn
- Added value / Turnover: > 31%
- EBIT / Turnover: 8.0%
- Trade working capital / Turnover: < 25%
- Return on capital employed: > 15%

OUR SEVEN GOALS OF OUR SUSTAINABLE STRATEGY FOR 2025:

- 60% of the energy consumption of all Accell Group owned premises will come from renewable sources (100% by 2035).
- Accell Group's end-to-end carbon footprint is reduced by 30% (base-year 2018 relative to turnover).
- Accell Group outbound brand & transport packaging is single-use (fossil based) plastics free.
- Single-use (fossil based) plastics are banned in the internal organisation.
- The use of single-use (fossil based) plastics in inbound transport of parts packaging from suppliers to our production hubs is reduced by >50%.
- Our 2021 cradle-to-cradle target is to create a clear roadmap for 2035, including intermediate targets for 2025 and 2030.
- As part of our Diversity & Inclusion policy, > 30% of the Accell Leadership Forum will be female.



1.7 VALUE CREATION MODEL

INPUT

FINANCIAL
Shareholders' equity of € 376.0 million and a market capitalisation of € 692.9 million.

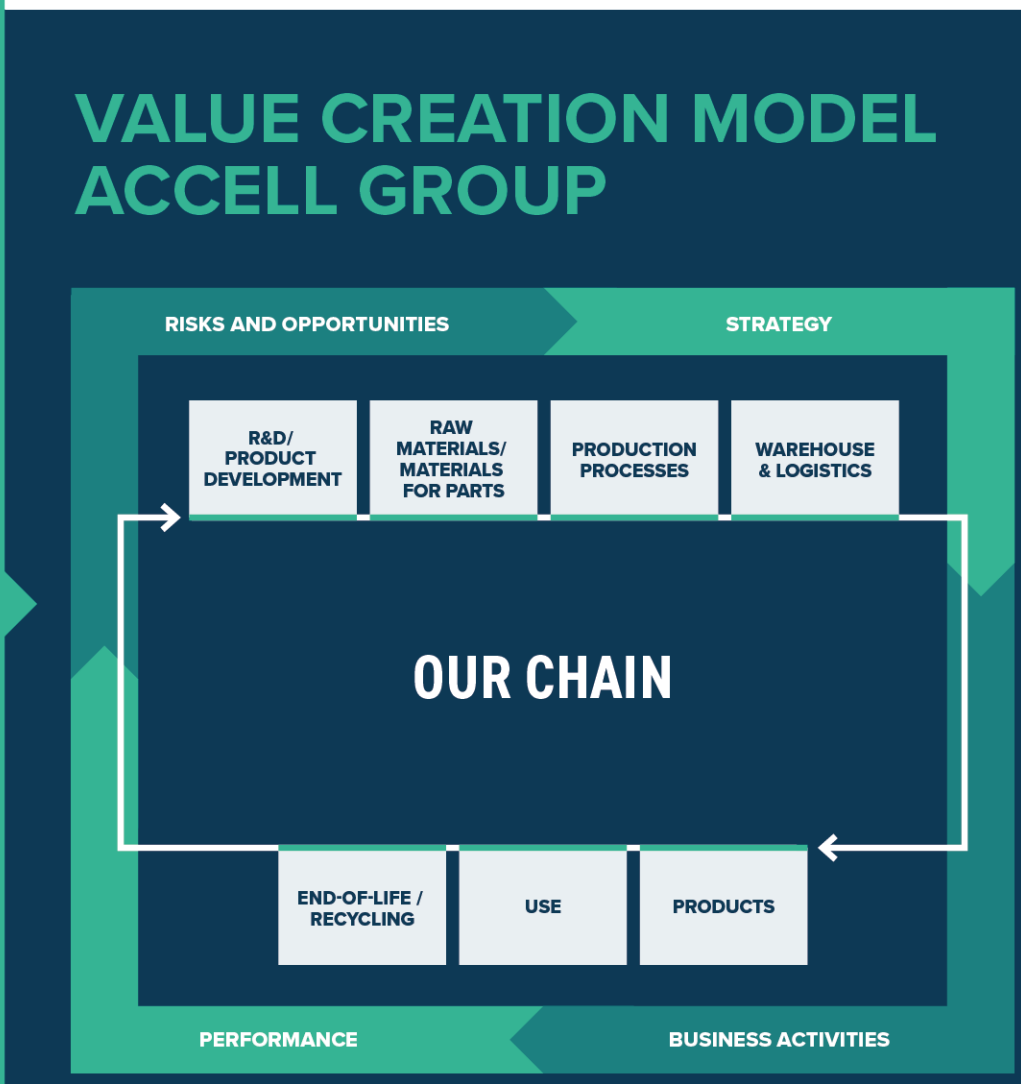
PRODUCTION
Three large production hubs, one medium and one smaller production plant and over 500 suppliers.

SOCIAL
Strong brands, stakeholder engagement, contribution to mobility issues in society and the role of the bicycle, more than a million euro in sponsoring and donations.

HUMAN
3,139 employees, 31% female / 69% male, > 40 different nationalities, average 15 hours of training per FTE.

INTELLECTUAL
137 FTEs work in product development.

NATURAL
Choice of materials takes into account environmental impact, use of 100% water-based paints, 140 terajoules in energy consumption, 5,200 tonnes of packaging materials (outer packaging).



This model is based on the international Integrated Reporting Council Framework illustrating how we use six sources of capital and our business model to create value for all stakeholders in the short, medium and long term.

OUTPUT

FINANCIAL
Turnover growth of 17%, operational margin of 6%, dividend.

PRODUCTION
897,400 bicycles sold, with 89% assembled in our own production facilities.

SOCIAL
Promotion of social and healthy image of bicycles and bicycle use, increasing bicycle use.

HUMAN
7.3 engagement score, safety awareness employees, providing local employment, loyal pool of flexworkers in production.

INTELLECTUAL
52 active patents and model protections, 19 (design) awards.

NATURAL
Focus on reducing plastics, 4,000 tonnes of waste, 8,000 tonnes of CO_2-eq emissions produced (company footprint).

IMPACT

THE BUSINESS
Development & growth, leadership in the industry, good reputation as an employer, responsible & efficient production.

OUR PEOPLE
Personal growth & development, pride and engagement, income & well-being.

SUPPLIERS
Innovation and cooperation, continuity and economic growth.

CONSUMER
Safe and healthy transport, leisure and fitness, responsible consumption: stimulating and supporting reduced congestion in cities.

SOCIETY
Taxes & investments, innovation and know-how development, employment, healthy & clean transport, increased liveability in cities, improving public health.

SUSTAINABLE DEVELOPMENT GOALS



GOOD HEALTH AND WELL-BEING

- Cycling helps people improve their physical and mental health and well-being, giving them happier and fitter lives.
- Accell Group encourages suppliers to live up to international social and environmental standards.
- By promoting sustainable commuting, Accell Group encourages its employees to lead healthier lives.



DECENT WORK AND ECONOMIC GROWTH

- Due to the labour-intensity of bicycle production and the fact that most of the suppliers are based in developing countries, Accell Group contributes to economic growth and decent work in these countries. Via our social audits, we make sure this work is carried out in line with our own social standards.
- Accell Group supports organisations in their lobbying for a level-playing field and wants to stimulate economic growth in a decent and fair way.



SUSTAINABLE CITIES AND COMMUNITIES

- As the most sustainable means of transport, cycling helps to create liveable towns and cities. Without traffic jams, noise and air pollution.
- Accell Group helps to provide access to sustainable and safe travel and cycling infrastructure, not only by producing bicycles, but also by sponsoring local, regional and international initiatives and long-term partnerships.



RESPONSIBLE CONSUMPTION AND PRODUCTION

- The responsible use of bicycles requires a safe and sustainable product. Accell Group contributes to the development of the highest safety standards and procedures, all of which our products meet.
- Accell Group aims to reduce its waste, packaging and energy consumption and is working towards a sustainable and responsible supply chain.



CLIMATE ACTION

- Compared with other means of transport, bicycles have a very low environmental impact per kilometre of travel. Cycling is the most energy-efficient way of getting from A to B. And the production of bicycles requires fewer materials than any other vehicle.
- Accell Group helps to combat climate change and the impact this is having on our planet, among other things by:
  - Making bicycles more sustainable through targeted innovation and bicycle design.
  - Taking measures to reduce the CO_2-footprint of the entire supply chain.
  - Limiting its own energy use and switching to renewable energy sources.

Clean air and a stable climate are vital for all cyclists, from professional couriers and cycling commuters to casual cyclists and children who cycle to school five days a week. Nobody experiences the climate - and climate change - quite like a cyclist.



PARTNERSHIPS FOR THE GOALS

- Through its membership of several initiatives, committees and partnerships, Accell Group helps to promote increased exports from developing countries and enhance international support for fair trade.
- By initiating and being member of a number of committees and working groups, Accell Group aims to improve safe cycling and sustainability in the bicycle industry.

1.8 BOARD OF MANAGEMENT





TON ANBEEK - CEO

Ton Anbeek (1962) was appointed CEO of Accell Group on 1 November 2017. Prior to joining Accell Group, Ton was CEO of Beter Bed Holding N.V. from January 2010 to October 2017 and Managing Director of Royal Auping B.V. from early 2007 to 2010. Ton started his career in 1987 at Unilever, where he held various marketing and sales positions in the Netherlands. From 2001 until 2007 Ton was global marketing director (fabric conditioners) in London and Managing Director of Unilever Maghreb S.A. in Casablanca.

Ton studied Business Administration at Erasmus University Rotterdam and Organisational Psychology at Utrecht University.

Ton rides a Lapierre Xelius, a Batavus Dinsdag and a Winora Sinus iX12.



RUBEN BALDEW - CFO

Ruben Baldew (1977) joined Accell Group as Chief Financial Officer on 1 November 2018. Prior to joining Accell Group, Ruben was Financial Director of Unilever Thailand and in 2014 he held the same position at Unilever Benelux. Ruben started his career in 2001 at Unilever, where he held various financial positions, including Financial Director for European Laundry detergents and the care products supply chain.

Ruben studied tax law at Leiden University and completed a post-doctoral Chartered Controller programme at Maastricht University.

Ruben rides a Ghost Lector mountain bike.



JEROEN BOTH - CSCO

Jeroen Both (1964) joined Accell Group as Chief Supply Chain Officer on 23 April 2015. Prior to joining Accell Group, Jeroen worked for British American Tobacco, where he built up an extensive international network and experience in both Western and Eastern Europe, as well in Asia, where he was Supply Chain Director and in charge of the introduction and management of British American Tobacco's central supply chain organisations in Moscow and Singapore.

Jeroen studied Economics at Groningen University.

Jeroen rides a Haibike Sduro e-mountain bike.

2 REPORT OF THE BOARD OF MANAGEMENT

2.1 GROUP PERFORMANCE

"Once bike shops across Europe reopened after the first lockdowns, we saw a very strong recovery and a sustained high demand throughout the second half of the year. It demonstrates more than ever that cycling is moving the world forward.

The significant increase in sales was broad based with strong contributions from the e-bike and e-cargo bike categories and from parts & accessories. The 17% organic top line growth combined with our focus on costs and cash has led to a 45% increase of our underlying EBIT and a very strong cash flow for the year, despite various pandemic-related supply chain inefficiencies.

Our bike collections continue to win multiple international awards, such as the Design and Innovation Award for Haibike AllMtn 7 and Lapierre Overvolt. We have rolled out improved digital brand platforms (such as Raleigh.co.uk) and have implemented CRM across the group.

With customer orders at continued high levels, COVID-19 is currently still impacting the stability of our value chain with shop closures and global component delivery disruptions which result in longer lead times for bicycles. We continue to take actions to mitigate supply chain effects of these disruptions as much as possible.

With governments, cities, companies and consumers embracing the positive benefits of cycling for personal health, business and the environment, the future of Accell Group looks bright. We are confident that we are on track to meet our 2022 targets."
Ton Anbeek, CEO Accell Group.

HIGHLIGHTS

- Net sales of € 1.3 bn, up 17% fully organically, due to fast recovery after first lockdowns and sustained high demand for bicycles, parts and accessories across Europe
- EBIT of € 74.7 million vs € 60.0 million in prior year due to higher sales and focus on costs, partly offset by inefficiencies as a result of supply chain disruptions; underlying EBIT increased 45% to € 79.7 million, underlying EBIT margin up 121 bps at 6.1%
- Net profit of € 64.8 million driven by higher EBIT and favourable tax effects
- Trade working capital improved sharply to 19.4% from 32.4% of Net sales due to lower inventories and stricter cash management in response to COVID-19 pandemic
- Free cash flow of € 195.4 million, improved significantly versus -/- € 61.6 million in prior year

FIGURE: HIGHLIGHTS

in millions of euro unless otherwise stated	2020	2019
Net sales	1,296.5	1,111.0
Added value%	27.9%	30.7%
EBIT[1)]	74.7	60.0
Underlying EBIT [2)]	79.7	54.8
Net Profit	64.8	2.8
Trade working capital	251.5	360.0
Free cash flow	195.4	-61.6

1) Operating result derived from the annual report is in this overview presented as EBIT

2) EBIT excluding one-offs (in 2020: -/- € 5.0 mio; in 2019 + € 5.1 mio)



GROUP PERFORMANCE

in millions of euro	2020	2019
Net turnover	**1,296.5**	**1,111.0**
Other income	0.1	12.3
Net sales growth% vs py	16.7%	7.5%
Added value	361.8	341.5
Added value%	27.9%	30.7%
Added value bps vs py	-284	53
OPEX	-287.1	-293.9
EBIT	**74.7**	**60.0**
EBIT%	5.8%	5.4%
Net finance costs	-12.8	-9.3
Income from equity-accounted investees, net of tax	1.0	0.4
Result from sale of subsidiaries	-	-0.1
Income tax benefit	1.9	8.2
Result from discontinued operations, net of tax	-	-56.5
Net profit	**64.8**	**2.8**
Result after taxes from continuing operations	64.8	59.3
Result after taxes from discontinued operations	-	-56.5
Basic earnings per share from continuing operations (in €)	2.42	2.22
Basic earnings per share including discontinued operations (in €)	2.42	0.10

in millions of euro	2020	2019
EBIT reported	**74.7**	**60.0**
One-off [1]	5.0	-5.1
Underlying EBIT	**79.7**	**54.8**
TWC% rolling net sales	19.4%	32.4%
TWC in bps vs py	-1,301	611

1) One-offs 2020 are all opex related, see our explanation later in this document. One-offs 2019 relate to other income + € 11.4 mio (CTC deal) and opex of -/- € 6.3 mio (Regent deal, restructurings, other)

Net sales came in at € 1,296 million, compared with € 1,111 million in 2019. Growth accelerated to 17% in 2020 from 7.5% in 2019. This was due to a fast sales recovery after the first lockdowns and continued high demand for bikes and parts & accessories throughout the second half of the year.

Accell Group's average sales growth over the past eight years is 8.8%. Sales growth for bikes came in at 10.9%, with e-bike and cargo bike categories up 15% and 43% respectively, while sales of traditional bikes declined by 10%.

NET TURNOVER BASED ON LOCATION OF THE CUSTOMER

in millions of euro	2020	2019	Growth%
Benelux	245.8	208.1	18.1%
Central	411.6	413.2	-0.4%
Other Europe	278.4	217.3	28.1%
Other World	16.3	19.6	-16.8%
Accell Bicycles	**952.0**	**858.2**	**10.9%**
Accell Parts	**344.4**	**252.8**	**36.2%**
Accell Group - Continuing operations	**1,296.5**	**1,111.0**	**16.7%**

Growth in the Benelux came in at 18.1% thanks to high demand for our brand's bike collections. Sales in Central (mainly Germany, Switzerland and Austria) showed a slight decline of 0.4% The region's strong sales recovery in the second half of the year was hampered by lower availability of bikes (also due to inventory shifts to other regions during the closure of shops in Germany). In rest of Europe (mainly United Kingdom, Nordics and France) we recorded a strong 28.1% sales growth.

Turnover in parts & accessories increased by 36.2%. Growth was very strong throughout the year, driven by strong sales to dealers and online shops across Europe.

Added value increased to € 361.8 million from € 341.5 million, up € 20.3 million. As a percentage of Net sales, Added value declined 284 bps to 27.9% due to:

- higher discounts for conversion of stock into cash, especially during the first lockdowns
- supply chain disruptions leading to lower efficiencies and output from factories
- customer and product mix changes due to, amongst others, delayed introductions of new bicycle models and channel mix effects especially in parts & accessories

Opex decreased to € 287.1 million from € 293.9 million, down € 6.8 million. As a percentage of Net sales, opex decreased 430 bps to 22.1%. Additional distribution costs (related to the high growth, especially in parts & accessories) and higher provisions were more than offset by lower marketing expenses (given shop closures and constrained supply situation), lower travel and event expenses and lower IT and advisory costs.

One-offs included in opex came in at -/- € 5.0 million and mainly consist of:

- + € 2.1 million due to release of provisions related to the US debtor position
- -/- € 2.9 million in restructuring costs, mainly related to the announced closures of two entities
- -/- € 2.7 million for an impairment (IT related)
- -/- € 1.5 million in other one-off costs

EBIT came in at € 74.7 million up 25% compared with previous year, representing an EBIT margin of 5.8% (+37 bps vs prior year).

Excluding one-offs EBIT came in 45% higher to € 79.7 million from € 54.8 million, representing an underlying EBIT-margin of 6.1% (+121 bps vs prior year).

FINANCE COSTS, TAX EXPENSES AND PROFIT

Finance costs increased due to additional bank fees and interest margin related to the additional GO-C credit facility. Taxes came in at a € 1.9 million gain, largely due to the recognition of a deferred tax asset of € 16.2 million related to higher future potential to use the liquidation losses of Accell North America. Net profit came in at € 64.8 million.

TRADE WORKING CAPITAL

	Trade working capital		Average trade working capital	
	2020	2019	2020	2019
Inventory	22.0%	34.8%	26.6%	31.9%
Trade receivables	8.0%	12.7%	13.3%	15.1%
Trade liabilities	10.6%	15.1%	13.3%	15.7%
Total	**19.4%**	**32.4%**	**26.6%**	**31.3%**

Driven by a strong focus on cash and strong demand in a constrained supply situation, trade working capital came in at 19.4%. Average trade working capital improved 466 bps to 26.6%.

Inventories were down 1,281 bps (on average -/- 527 bps) driven by high demand in a constrained supply situation. In addition to this, Accell Group reduced slow moving stocks in bicycles and parts & accessories, due to a strong focus on cash.

Receivables were down 465 bps (on average -/- 178 bps), driven by high net sales and a lower amount of overdues. Creditors were down 445 bps (on average -/- 239 bps) as a result of a different phasing of orders at suppliers.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

in millions of euro	Reported 2020	IFRS 16 2020	One-off 2020	Adjusted 2020
ROCE (Rolling EBIT / Average capital employed) [1]	14.6%	0.8%	1.0%	16.4%
Net debt (in millions of euro)	79.2	-29.0	-	50.2
Net debt / Rolling EBITDA	0.8	-0.2	-0.0	0.6

1) Reported capital employed is the sum of goodwill and 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 2019	IFRS 16 2019	One-off 2019	Adjusted 2019
ROCE (Rolling EBIT / Average capital employed)	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

Free cash flow came in at € 195.4 million, thanks to an improved EBITDA (€ 99.7 million), the reduction in trade working capital (€ 108.5 million) and other movements mainly related to investing activities (-/- €12.8 million).

The strong free cash flow led to a significant adjusted net debt reduction from € 235.1 million in 2019 to € 50.2 million in 2020. Combined with a higher underlying EBITDA, net debt/rolling EBITDA adjusted for IFRS 16 and one-offs came in at 0.6 (0.8 reported).

The higher EBIT in combination with the lower trade working capital resulted in a reported ROCE of 14.6%, and of 16.4% when adjusted for one-offs and IFRS 16 effects.

Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2020 and as of all earlier test dates.

EARNING PER SHARE AND DIVIDEND

in millions of euro	2020	2019
Net profit reported	**64.8**	**2.8**
Basic earnings per share including discontinued operations (in €)	2.42	0.10
Underlying basic earnings per share from continuing operations (in €)	1.91	1.24

With net profit at € 64.8 million, earnings per share based on the weighted average number of outstanding shares (year end 2020: 26,804,632) amounted to € 2.42. Adjusted for one-offs (-/- € 3.9 million, net of tax), translation reserve (€ 1.3 million) and the reversal of the tax income (€ 16.2 million), earnings per share amounted to € 1.91. Prior year earnings per share were € 0.10, and € 1.24 when adjusted for one-offs.

In 2020, we arranged a two-year amortising bank facility of € 115 million with our bank consortium under the Dutch GO-C scheme which mainly serves as an extra financial buffer. According to the amended group financing agreement dividend limitations apply. The most important one being that no cash dividend contributions shall be made, unless the GO-C facility is repaid and cancelled. Consequently, no dividend will be paid out over the financial year 2020.



2.2 THE SHARE

Accell Group shares have been listed on the official market of Euronext Amsterdam since 1998 and are included in the Amsterdam Small Cap Index (AScX). The listing contributes to disciplined and transparent operations. It also gives us improved access to external capital for growth financing and consequently contributes to the realisation of our ambitions.

STOCK EXCHANGE LISTING

STOCK EXCHANGE
Euronext Amsterdam

SYMBOL
Accell

ISIN
NL0009767532

NOMINAL VALUE
€ 0.01 per share

Each ordinary share entitles the holder to one vote. To protect the continuity of (the strategy of) Accell Group and its stakeholders, the preference share foundation Stichting Preferente Aandelen Accell Group has the option to acquire the number of cumulative preference shares B required to make the foundation, once it has acquired said shares, the holder of one half, less one share, of the (increased) issued and paid-up capital. We refer you to Corporate governance for more detailed information.

SHARE PRICE MOVEMENTS AND TRADEABILITY

	2020	2019	2018	2017	2016
Highest price (€)	29.30	26.20	24.25	32.20	23.67
Lowest price (€)	12.00	18.44	15.02	20.41	16.80
Closing price (€)	25.85	25.80	18.84	23.43	21.91
Number of issued shares at year-end (mln)	26.8	26.8	26.6	26.3	25.8
Market capitalisation (€ mln)	692.9	691.5	501.1	615.2	566.0
Average number of shares traded per day	67,141	28,704	72,183	46,616	27,783
Average share turnover per day (€)	1,475,085	648,293	1,344,495	1,268,140	569,833

In 2020, the share price increased by 0.19%. In the period year-end 2015 through year-end 2020, the overall increase in the share price was 17.98%. Share turnover increased by 127.5% in 2020 and increased by 158.9% compared with 2016. Market capitalisation increased by 0.20% to € 693 million at year-end 2020.

OVERVIEW SHAREHOLDER BASE

DATE OF LAST NOTIFICATION	PARTY OBLIGED TO NOTIFY	CAPITAL AMOUNT IN %	VOTING RIGHTS IN %
December 30, 2020	W.N. Pon	4.95%	4.95%
November 27, 2020	Caisse des Dépots et Consignations	3.03%	3.03%
November 27, 2020	Norges Bank	3.34%	3.34%
July 6, 2017	Teslin Participaties Coöperatief U.A.	7.00%	7.00%
July 6, 2017	B.V. Beleggingsfonds "Hoogh Blarick"	6.74%	6.74%
October 6, 2008	ASR Verzekeringen N.V.	5.75%	5.75%

The above percentages represent real capital interests and are based on the disclosures of major holdings reported to the Dutch Financial Markets Authority AFM pursuant to the Financial Supervision Act (Wft). As soon as an interest rises to 3% or more of the issued share capital, the holder must report same. Shareholders are subsequently obliged to file a new disclosure as soon as the major holding reaches, exceeds or drops below a threshold level. This may be the case if a shareholder obtains or loses control of shares, or as a result of an increase or decrease in the company's issued capital. The thresholds for this are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

DIVIDEND

	2020	2019	2018	2017	2016
Net earnings (€)	2.42	0.10	0.76	0.39	1.22
Dividend (€)	0.00	0.00	0.50	0.50	0.72
Pay-out percentage (%)	0.00	0.00	65.78	126.69	59.14
Dividend return (%)	0.00	0.00	2.65	2.13	3.29

Accell Group strives for a stable dividend policy, with the aim of paying out at least 40% of its net profit. However, in light of the unforeseen and unprecedented impact of COVID-19 the Accell Group Board of Management decided in March 2020 to withdraw the 2019 dividend proposal of € 0.30 per ordinary share.

In 2020, we arranged a two-year amortizing bank facility of € 115 million with our bank consortium under the Dutch GO-C scheme which mainly serves as an extra financial buffer. According to the amended group financing agreement dividend limitations apply. The most important one being that no cash dividend distributions shall be made, unless the GO-C facility is repaid and cancelled.



INVESTOR RELATIONS

Accell Group strives to provide its shareholders, potential shareholders, analysts and other financial stakeholders with all relevant strategic, financial and other material information, accurately, meticulously and in a timely fashion, to improve insight into the company, current developments and the market in which it operates.

Accell Group's financial year is the same as the calendar year and runs from January through December. Accell Group publishes its full financial results annually and semi-annually. From 2017 onwards, Accell Group only publishes interim trading updates on the company's financial and operational developments when there is reason to do so. Such publications, as well as other (non-financial) announcements, appointments and reports, will always be made in accordance with the prevailing regulations and the guidelines of Euronext Amsterdam and the Dutch Financial Markets Authority (AFM).

The company organises meetings and conference calls with (institutional) investors, analysts and gives interviews to the media for the presentation and explanation of the annual and interim results. Prior to the publication of annual and interim results, Accell Group maintains closed periods of 30 days. We have no meetings or conversations with (potential) shareholders, analysts, or other financial stakeholders during these closed periods.

In the course of the year and outside the closed periods, members of the Board of Management have regular one-on-one meetings with (major) shareholders and interested institutional investors. It is worth noting that there is an increasing awareness of and interest in Accell Group among foreign investors. The same is true for the interest shown by investors with a focus on sustainability and corporate social responsibility, themes Accell Group also focuses on via its products and strategy.

You will find more information on the policy regarding bilateral contacts with shareholders on Accell Group's corporate website.

FINANCIAL AGENDA FOR 2021

2021

14 APRIL
Final day General Meeting registration date

15 APRIL
Final day General Meeting registration intermediaries

21 APRIL
General Meeting 2021

23 JUNE - 23 JULY
Closed period

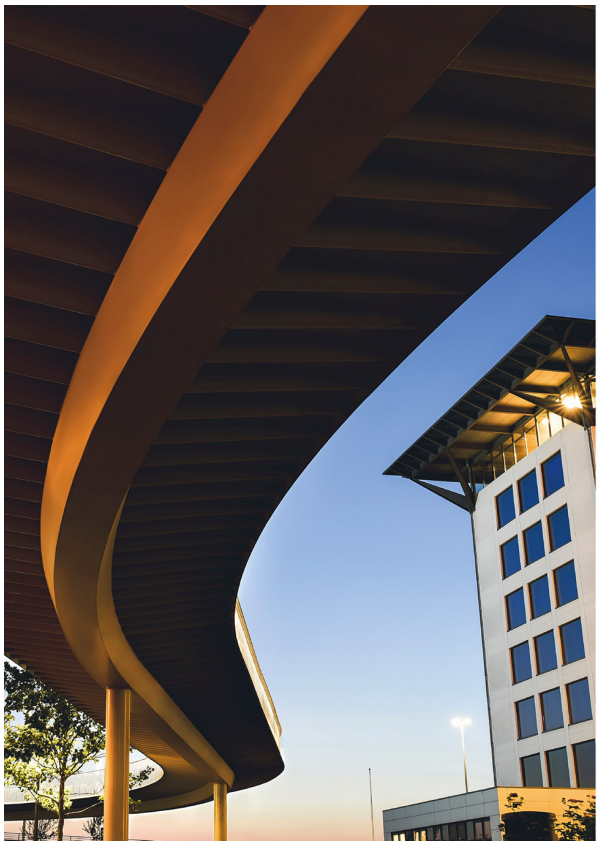
23 JULY
Publication half-year results 2021



2.3 KEY MARKET TRENDS

AT THE TOP OF THE AGENDA

Cycling is at the top of the political agenda across Europe, as various governments and the EU are making subsidy schemes available to stimulate safe and affordable bicycle use. After electrification, investment in cycling infrastructure is the biggest long-term growth driver of the cycling business after electrification. On top of this many governments are now encouraging the use of e-bikes by offering subsidies or fiscal stimulation to buy bicycles. Bicycles in general and e-bikes in particular are increasingly considered an important part of the solution to congestion in cities, safer city transport, CO_2 reduction and healthier lifestyles.



Bicycle Bridge in Copenhagen, Denmark.

The European Union and various individual European countries backed up by the European Commission's announcement of the New Green Deal for Europe in December 2019, have one common goal: improving people's well-being and making Europe climate neutral. This initiative will clearly support the roll-out of cleaner, cheaper, and healthier forms of private and public transport.

COVID-19 PANDEMIC ACCELERATES TREND

The COVID-19 pandemic has only accelerated these trends, as it has forced governments, companies, and people to reflect on how we live, work, and move. So far, 34 European cities have spent more than EUR 1 billion on cycling infrastructure across Europe since the outbreak of COVID-19 pandemic and many European governments have introduced subsidies for bike purchases or paying for bike repairs. Three European cycling associations / industry organisations[1] estimated that the European bicycle market is heading for a total sales market of more than 30 million new bicycles a year by 2030, with nearly 18 million of these e-bikes.

INCREASED FOCUS ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Amidst the turbulence of the COVID-19 pandemic, we have seen a sharp increase in the focus on environmental, social and governance topics. There is now widespread awareness of the urgency of investing in greater sustainability, ESG reforms and ESG key performance indicators. This is increasing the pressure on corporates to reduce CO_2 emissions throughout the supply chain, with a stronger focus on social values, such as diversity, community spending, and consumer and stakeholder engagement. And more focus on a robust governance structure, comprehensive disclosures and high transparency and reporting standards.

HEALTHY LIFESTYLE

People are increasingly looking for a healthier lifestyle by engaging in physical activities, such as cycling and other sports. They attach more value to a healthy balance between their work and their free time. They want to be fitter and in better shape. Cycling is healthy and fun and a low-impact form of exercise for all ages. In addition, consumers want the products they use to be safe and smart and contribute to a healthy and environmentally and socially responsible lifestyle. COVID-19 and the Green Deal have accelerated and reinforced this important trend.

SHIFT FROM OWNING TO BIKE-SHARING

We are in the midst of an ongoing shift from bike ownership to bike sharing/leasing, which is boosting total bike market growth. Leasing, rental, and bike-sharing concepts are popping up in the bicycle market in many big cities. Bike leasing is taking off in countries that offer substantial tax breaks to users and employers (Germany and Belgium), boosting e-bike market growth just as we have seen subsidies boost electric car sales in many countries. Successful rental concepts seem to be having the biggest impact in larger student cities replacing the second-hand traditional bike markets. The bike-sharing schemes in bigger cities remarkably show that over 47% of new users had moved from walking to bike-sharing, and not from driving to cycling, saying it was too tiring to walk their entire journey and cycling cut travel times.

(1) Cycling Industries Europe (CIE), Confederation of the European Bicycle Industry (CONEBI), European Cyclists' Federation (ECF)



2.4 MANAGEMENT AGENDA AND OUTLOOK

We see promising development in many areas within the group demonstrating we are on track to hit our strategic financial targets. We will build further on the progress made on areas such as data harmonisation, digitalization and innovation. The main drivers of growth will continue to be strong innovation and availability. On innovation and collection we continue to win awards like the Design and Innovation Award on Haibike AllMtn 7 and Lapierre Overvolt. On availability, the main driver will be perfect execution especially in the area of our sales and operational planning (S&OP). This is even more crucial given the industry disruptions in the global supply chain.



COVID-19 and EU commission's Green Deal have put cycling even more firmly on the political agenda as a solution to many societal and urban problems, such as obesity, pollution and congestion. Electrification, bicycle infrastructure investments, government fiscal stimulation and subsidies are considered strong and sustainable growth drivers for the years to come.

The outlook for our bicycle and parts & accessories business is very positive, we therefore remain confident that we are well on track to deliver our 2022 targets. In the short term, it still remains uncertain what the effects of the pandemic (for example new virus variants) will be on our facilities, shop openings and consumer behaviour. While customer orders continued to be strong in 2021, the increase in lead times and delayed deliveries from component suppliers, combined with logistical disruptions (which impact the entire bike industry), will drive a shift in the primary sales season (volume) to the second half of 2021, as it did in 2020.

2.5 'LEAD GLOBAL. WIN LOCAL' PROGRESS



LEAD GLOBAL. WIN LOCAL

- Group coordinates brand development and e-commerce. IT, supply chain and Innovation & Technology (I&T) report directly to the Group.
- Regions lead brand development, marketing, sales, e-commerce and give input to brand innovation teams. Regions are responsible for perfect execution of annual plans.
- The innovation process is governed by the central innovation board.

In 2020 we made further progress on the simplifation of our organisation. Our bike business is organised through four key regions and a dedicated bike cargo business. The four key regions are Central Europe including Northern and Eastern Europe, the Benelux & Denmark, Southern Europe and the UK & Ireland.

Next to this bicycle segment we have a centrally led Parts & Accessories business.



WINNING AT THE POINT OF PURCHASE

- Focus on a winning portfolio of brands per region.
- Focus on (omnichannel) e-bike opportunities.
- Focus on launching of big global and local innovations.
- Develop global/local consumer insights and exploit local business opportunities (such as leasing and other opportunities).

Product availability, service and excellent sales & operations planning (S&OP) are all key to winning at the point of purchase. Additional improvement points in our S&OP process are: bike data harmonisation across Europe, continued complexity reduction and standardisation of product/component platforms. COVID-19 led to disruptions in the supply chain in 2020 and that will continue in 2021 and probably also in 2022.



CONSUMER-CENTRIC OMNICHANNEL BUSINESS MODEL

- Develop and implement digital platform for all Accell Group bike brands.
- Develop experience centres with dealers.
- Grow the omnichannel e-bike opportunity.
- Develop new business models.

In 2020 we rolled out our Service and Sales CRM (Salesforce) system across the organisation. We also continued the roll-out of our Accentry dealer tool across Europe. We made progress on the roll-out of our single brand platform/websites across all regions and brands and we expect to finalise the majority of this roll-out by the end of 2021. We fully relaunched the Raleigh website in the UK, which in combination with strong demand, led to strong growth in 2020 (direct to consumer).

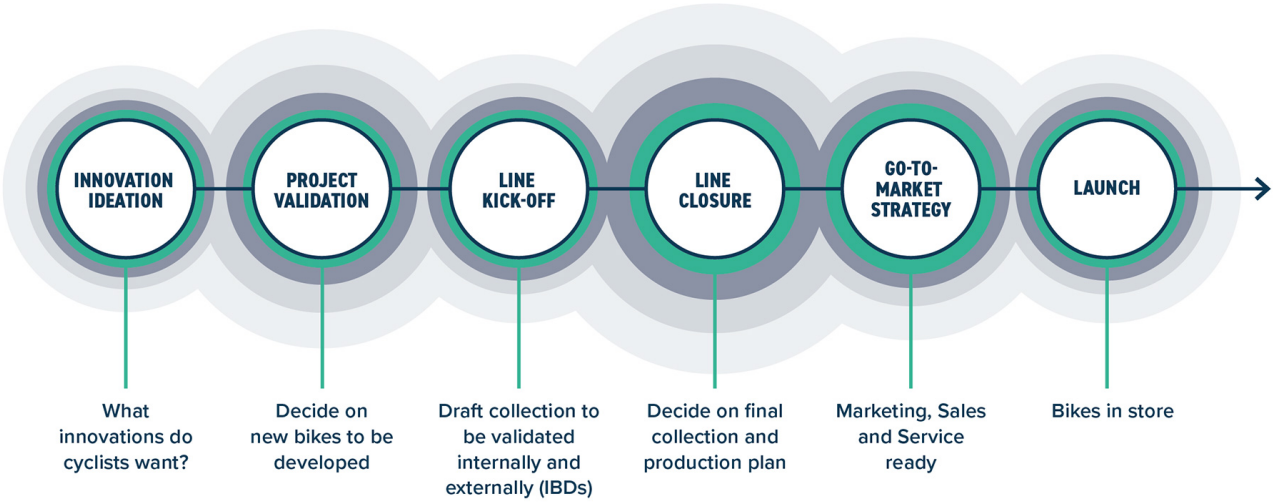


INNOVATION

- Focus on e-bike innovation.
- Focus on smart technology (IoT) and urban mobility solutions.
- Three global innovation centres for Sports, Lifestyle and Cargo.

We have professionalised our innovation process over the past few years and introduced a sharpened innovation and S&OP ‘heartbeat’ calendar, and regionally brand innovation teams to make sure we improve the in time and in full delivery of our innovations.

INNOVATION: HEARTBEAT



We continue to win awards for our innovative models. We won design and innovation awards for both Lapierre and Haibike.
We also continued to innovate and experiment to minimise material usage through re-use and end-of-life solutions. We have already reduced the use of plastics in our packaging and we are targetting for even bigger reductions.

CENTRALISED & INTEGRATED PARTS & ACCESSORIES BUSINESS

- Lead and organise centrally to win locally.
- Where possible utilise synergies with the bicycle business.
- Grow the XLC brand.

Bicycle parts & accessories (P&A) is a centrally led separate entity inside Accell Group. The P&A business fulfils a wholesale and distribution function for the bicycle business, with our competitive commercial advantage in the enormous long tail of SKUs and brands in our assortment.

Another driver of competitive advantage is our own international private label XLC supplemented with top brands from third parties. Our XLC brand is also used in our bicycles which will boost our aftermarket growth. In 2020 we recorded 42% growth with our XLC brand.

A third driver of competitive advantage is how we drive growth through logistical excellence and added value services. We have implemented various warehouse and logistic improvements such as extended cut-off times. These improvements were enabled by various warehouse management systems implementations.

A major part of the value creation in P&A in 2020 was driven by our growth through online players which is an important part of our P&A strategy. This was further boosted by the COVID-19 pandemic and consumers shopping online for parts and accessories.

FIT TO COMPETE

- Develop an efficient demand-driven and responsive supply chain.
- Rationalise, standardise, and reduce complexity of product range and supply chain footprint.

In our supply chain we target minimum savings of € 60 million over a period of five years ending in 2022. These savings are driven by three initiatives:

1. Complexity reduction. We are on target to reduce the number of models and SKUs by around 40% (model year 2022 versus year-end 2017).
2. Standardisation of product platforms. We introduced the first standard product platform in 2019 and this was followed by more platform introductions in 2020.
3. Rationalisation of our supply chain footprint and complexity in general. Following the closure and sale of several businesses in 2019 we reduced our footprint by announcing the closure of two more entities in 2020. We will focus on our production locations in the Netherlands, Hungary, Turkey and Germany.

ACCELERATE CARGO

- Capture the growth in urban mobility through both business-to-consumers (B2C) and business-to-business (B2B) opportunities.
- Drive innovative cargo platforms across brands in all countries.
- Drive premium cargo offering through Carqon.
- Improve synergies with bike business (production/assembly).

Our cargo business continues to record strong growth with overall growth of 43% primarily driven by our Babboe brand. This was driven across all European countries by consumers choosing for cargo bikes as a healthy and sustainable means of transport, especially in urban areas. Our recently launched premium Carqon brand has received very positive reactions. Despite supply constraints we expect strong growth in 2021.

Lastly, we are using innovation and partnerships to launch B2B concepts to capture last-mile-delivery opportunities in cities. Our B2B business is now fully integrated in the Babboe organisation and brand called 'Babboe Pro'.



2.6 MOVING FORWARD RESPONSIBLY

Cycling puts people and goods in motion. It promotes physical and mental resilience and helps to create pleasant, liveable cities, without traffic jams, noise and air pollution. Cycling also brings the world a step closer to a clean environment and a better climate.

Accell Group is convinced that its bicycles can help the world move forward. Cycling promotes a healthy lifestyle and a fit body. This was even more visible in 2020, when many people around the world chose cycling as a responsible travel alternative (versus both car and public transport) and as a healthy means of transport for leisure and sports activities. With the lowest environmental impact per kilometre, the bicycle is an outstanding green alternative to the car, scooter or public transport. Reducing this impact to the minimum requires a design and production process with the lowest possible ecological footprint.

In 2020, Accell Group reduced its company carbon footprint, partly through cooperation with our partners in the production chain at previously unseen levels. We cut our footprint by reducing energy consumption and transporting goods more efficiently. We also developed an innovative sustainable cardboard box for our e-bikes. We take good care of our people and demand the same from the companies we work with. We stand for a work culture of integrity, where women and men are given equal opportunities. And we joined forces with fellow companies in the industry to discuss major issues and, as a leading European manufacturer, took the lead in addressing these issues.

Accell Group creates value in a sustainable manner. We improve the quality of our financial returns by limiting ecological impact, doing business in a socially responsible manner and through good governance. And we take into account the interests of all our stakeholders. We are convinced that this will have a positive impact on the company in both the short and long term, which we see as a prerequisite for growth.



"Eighty percent of all consumers world-wide say they choose products from companies that work hard to reduce environmental impact."
Ton Anbeek, CEO





SUSTAINABLE DEVELOPMENT GOALS

Accell Group's ambitions and strategy are largely driven by the United Nations' Sustainable Development Goals (SDGs). We can make a particularly marked difference in the realisation of 'Good health and well-being' (SDG 3) and 'Sustainable cities and communities' (SDG 11). These themes are an inherent in our DNA and an important driver in our design, production, marketing, innovation and strategic choices. In 2020, we added 'Climate action' (SDG 13). We aim to reduce our CO_2 footprint and that includes our entire value chain. This is how we help to combat climate change and the impact this has on our planet.

As a bicycle manufacturer, we also contribute to 'Decent work and economic growth' (SDG 8). And not just for our employees, because we also feel responsible for the well-being of all employees in the supply chain, at our suppliers and our dealers. On top of this, we see 'Responsible consumption and production' (SDG 12) as a no brainer and a decisive factor in everything we do. This includes reducing our ecological footprint and promoting the safe and responsible use of our products. Finally, Accell Group sees a role for itself in promoting 'Partnerships for the Goals' (SDG 17). As one of the key players in the bicycle industry, we take the lead in partnerships with governments, partners and peers whenever we feel this is necessary.

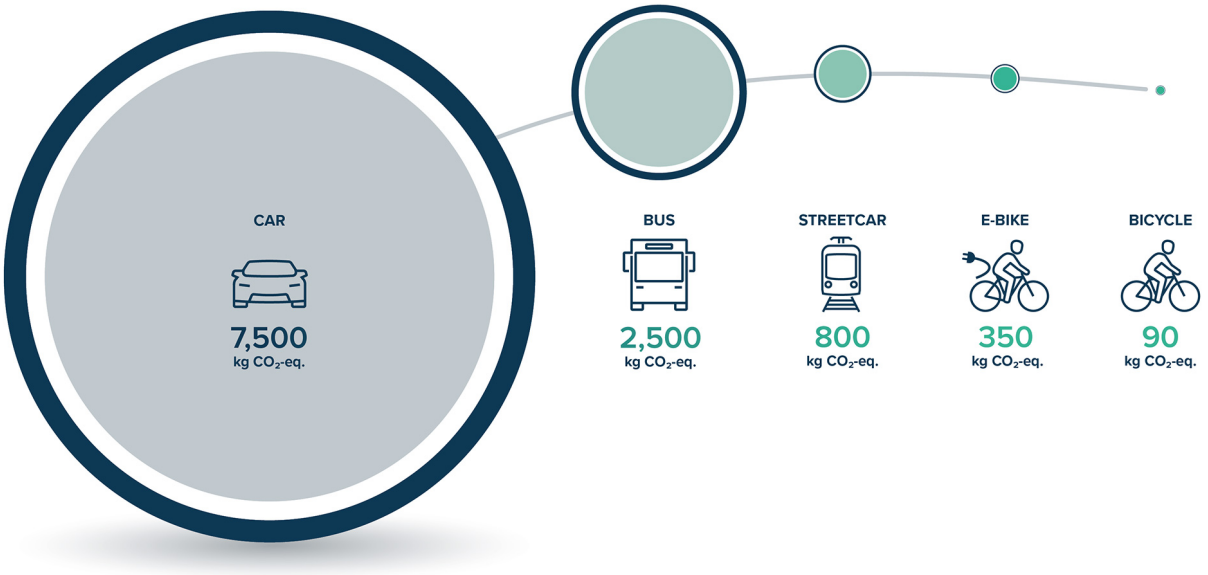




"Accell Group's robust Environmental, Social and Governance (ESG) agenda cannot be viewed as a separate stream within the company. As a bicycle manufacturer, our core business is getting people to move, to their work, to relax, both physically and mentally, and all in a sustainable manner. Doing business in a socially responsible manner, for instance by looking at how suppliers treat their people, is crucial if you want to create sustainable value. This combined with good governance is also something our investors should and can expect from us."
Ruben Baldew, CFO

When the life cycle of bicycles is compared to that of the car, bus or streetcar, bicycles have a substantially lower environmental impact. The figure below compares the greenhouse gas emissions of four transport alternatives involving an e-bike and bicycle for commuting.

GREENHOUSE GAS EMISSIONS FROM COMMUTER TRAFFIC



(Source: Life Cycle Analysis - conducted on behalf of Accell Group, 2018)

"As a bicycle developer and manufacturer, our contribution to sustainability goes far beyond the responsible use of materials and energy. The bicycle has a green image, which symbolises its contribution to solving major environmental and climate issues. And that image is definitely justified. Due to the avoidance of lorry, car and public transport kilometres – thus the prevention of harmful emissions – plus the fact that the balance might tip completely in favour of profit for people, society and the environment."
Jeroen Both, CSCO



2.6.1 KEY FIGURES – SUSTAINABLE AND SOCIAL

SUSTAINABLE	Δ%	2020	2019
Greenhouse gas emissions (tonnes of CO_2-equivalent)	↓ -7	7,987	8,565
Energy consumption (TJ)	↓ -7.5	140	152
Green electricity (of total electricity consumption)	↑	20%	17%
Sustainable energy (of total energy consumption)	↑	8%	6%
Waste (in tonnes)	↓ -8	3,997	4,341
Packaging (in tonnes)	↑ +5.5	5,240	4,965
Plastic in packaging (in tonnes)	↑ +11.7	285	255

SOCIAL		2020	2019
Incidents (number)	↓ -52.7	68	144
Training employees (average number of hours per FTE)	↑ +9.5	15.0	13.7
Employee engagement survey (participation)	↑	83%	72%
Employee engagement survey (engagement score)	↑ +2.8	7.3	7.1
Women in Accell Leadership Forum		20.6%	
Supplier audits (number)	↓ -85	3	20

2.6.2 PROMOTING BICYCLE USE

The European Commission, various European governments and several special interest groups see the potential of the bicycle as part of a green solution to climate change, air pollution and traffic congestion, especially in larger cities. Accell Group helps to meet these objectives by promoting cycling.

ACCELL GROUP PROMOTES BICYCLE USE BY:

- providing high-quality, reliable (electric) bicycles for transport, sports and leisure.
- designing and developing new, innovative bicycles and bicycle applications, bicycle parts and accessories.
- working with the European Commission, various European governments and special interest groups in joint initiatives, and discussing and sharing knowledge of bicycles and bicycle use.
- working with various authorities on measures to encourage cycling and improve (cycling) infrastructure.

"Bicycle use helps to solve social problems: congestion on the roads, urban pollution and a lack of physical exercise (for example obesity). At Accell Group, we are very driven to help solve these problems. As a company, we are driven by a very healthy combination of business and social motivation."
Ton Anbeek, CEO

GREEN PRODUCT

The increasing popularity of the (electric) bicycle is partly due to its green image and the fact that it is a healthy alternative to travel by car or public transport. Accell Group continuously invents and develops new technologies and models that enhance these qualities and extend the life span of its bikes. Bicycles are made almost entirely of materials (particularly metals) that can be collected, processed and disposed of responsibly.



COVID-19 HAS GIVEN BICYCLE USE AN ADDITIONAL BOOST

One of the indirect effects of the COVID-19 pandemic has been that more people than ever before opted to use a bicycle in 2020. These included commuters trying to avoid infection on public transport. In addition, cycling was seen as a sporty and healthy alternative to (temporarily) closed fitness clubs. Sales of mountain bikes in particular increased significantly in 2020.

"Promoting bicycle use is an important part of the Green Deal. Accell Group is a partner in this 'greenification' of European society."
Jeroen Both, CSCO

MORE BICYCLE TRIPS, LESS CAR USE

The number of bicycle trips increased by tens of billions in 2020, when compared with 2019 levels. This meant fewer car trips and reduced emissions, which reduced traffic congestion and improved urban air quality and public health.

(Source: 'Ontdek de Toekomst' (Discover the future), Deloitte, March 2020)

TAX BENEFITS AND SUBSIDIES

In a trend accelerated by the COVID-19 pandemic, European governments encouraged the use of traditional bicycles and e-bikes by offering tax breaks in 2020. And their drive is being backed by the New Green Deal for Europe which the European Commission adopted in December 2019, which aims to make Europe climate-neutral in the long term. This initiative will accelerate the introduction of cleaner, cheaper and healthier forms of private and public transport.

For example, in Italy citizens were given a subsidy of up to € 500 if they bought a bicycle in 2020. At the same time, numerous European cities are taking measures to reduce car use and improve cycling infrastructure. Until recently, the use of bicycles for leisure or daily commuting was rare in most European countries, with the exception of the Netherlands and Denmark. This is changing rapidly. Take Italy, where sales rose by 20% last year, driven in particular by sales of city bikes. Other Southern European countries are also seeing a rise in the popularity of bicycles.

"COVID-19 and the European Green Deal accelerated of the main trends that are stimulating bicycle use, such as public sector investments in infrastructure . This in turn led to even higher demand for bicycles."
Ruben Baldew, CFO

"You have to get people out of their lease car and on to a bike. One tried and tested method is using tax incentives to make this more attractive."
Ton Anbeek, CEO



COMPANY BIKE

As of 2020, the cost of a company bike is a fixed amount of just a few euros a months in the Netherlands. The additional tax on the private use of a company bicycle has been set at 7%. This percentage is part of a simplification of the fiscal bicycle scheme and the law came into force in January 2020. The RAI Association, BOVAG, ANWB, Fietsersbond, VNA and Natuur en Milieu interest groups see this as a major boost for bicycle use in the Netherlands. According to the six organisations, the 7% rate does justice to the many benefits and the positive impact of cycling for travellers, the environment, the climate and traffic flows.

(Source: rijksoverheid.nl en salarisnet.nl)

"We are firm believers in the bike as the solution for a sustainable logistics sector. The arrival of bikes with a powerful electric motor certainly creates lots of opportunities for last-mile delivery. This is how we improve the air quality and accessibility of city centres, while reducing noise pollution."
Ruben Baldew, CFO



ELECTRIFICATION

Investments in the electrification of the bicycle sector will be the biggest growth driver for bicycle use in the long term. Battery-assisted pedal power with batteries makes cycling less physically demanding and more attractive for a larger group of consumers and for other forms of (professional) transport, such as parcel services. Distances are 'shortened' thanks to higher average speeds, easier acceleration after a stop and temporary power boosts when riding uphill, against the wind or carrying a heavy load.

The environmental impact of a speed pedelec is higher than that of a 'normal' bike due to the use of a battery, but its impact is still much lower than other forms of transport. The electrification of bicycles also creates the opportunity to secure them more effectively against theft and to increase traffic safety. Accell Group is the inventor of the electric bicycle and electric mountain bike and believes that improving infrastructure will drive greater use of (electric) bicycles.

SAFETY

Safety, or rather a lack of safety, is one of the reasons some people refuse to cycle. Accell Group works extremely hard to make bicycles safer, for instance by using clear, battery-powered LED front and rear lights.

IMPROVED INFRASTRUCTURE

The European Commission and a number of European governments have subsidy schemes in place to improve the infrastructure for cycle paths inside and outside cities and to stimulate innovation. The Netherlands has one of the best networks of bike paths in the world. At the same time, a number of governments want to do even more to stimulate cycling and will therefore need to invest in infrastructure.

"The UK announced in 2020 that it is looking to invest around two billion euros in cycling infrastructure. And there will be some form of tax incentive. You can see the same thing happening in other European countries at the moment."
Ton Anbeek, CEO



SPONSORING

By 2020, Accell Group has invested over a million euros in sponsoring local, regional and international initiatives that help make mobility more sustainable, promote consumer health and safety and promote bicycle use worldwide. In addition, Accell Group sets aside funds for professional sports sponsorship. Cycling heroes in a broad sense not only fulfil an ambassadorial role for our brands with their achievements, but also promote cycling and inspire young people to exercise or to go cycling.



CONTINUOUS DIALOGUE

As one of the largest (e-)bike manufacturers in Europe, Accell Group is constantly engaged in an active dialogue with its stakeholders. We listen, we inform and we meet with them. This is how we map out expectations about our approach and standpoints on various issues and stay abreast of relevant, current developments.

In 2020, Accell Group was also active in a number of networks in which we frequently play a prominent role. For instance, Accell Group is a member of various national and international organisations, industry associations and part of initiatives aimed at promoting bicycle use, cycling, road safety, standardisation in the sector and sustainable mobility. Organisations in which Accell Group is represented include the World Federation of the Sporting Goods Industry (WFSGI), Cycling Industries Europe (CIE) and the Confederation of the European Bicycle Industries (CONEBI). In addition to this, we work closely with the Dutch Road Safety Council and the German road safety organisation Verkehrswacht.

"As a leading bicycle manufacturer, Accell Group believes it has a moral obligation to show leadership in the industry. This involves a wide range of topics, including sustainability, safety and fair competition, and on different stages, such as national governments and the European Union."
Ton Anbeek, CEO

ACTIVE IN NETWORKS

In Networks and stakeholder engagement you will find an overview, organised by theme, of the various sector and special interest organisations where we have a seat on the board or for which we actively participate in working groups.

ACCELL GROUP STAKEHOLDERS

- Dealers
- Consumers/cyclists
- Suppliers
- Sector organisations (national and international)
- Governments (local and national)
- Employees (and employee representatives)
- Trade associations
- Investors, financiers and analysts

In Networks and stakeholder engagement you will find a list of our main contacts with these stakeholders.



EUROPEAN COMMISSION

Together with Cycling Industries Europe (CIE) and Confederation of the European Bicycle Industries (CONEBI), Accell Group met regularly with representatives of the European Commission in 2020, to discuss the sustainable opportunities of increasing bicycle use in Europe, tax legislation and subsidies to stimulate bicycle use and the development of the industry. These discussions were fully in line with the ambitions laid out in the European Green Deal.

SMARTER TOGETHER

We share consumer experiences with our thousands of dealers, and use this feedback to make cycling better, smarter and more comfortable. We work with knowledge institutions and innovative suppliers to devise and develop new mobility solutions.

CIRCULAR ECONOMY

Accell Group sees the opportunities in and the need for a future in which no raw materials are depleted and residual materials are fully reused in the system.

Creating such a circular economy requires close cooperation with industry partners and our peers. As one of the key players in the sector, we accept our responsibility and play a leading role in the creation of conditions for ecologically sound production.

We also work with industry partners on other sustainability-related topics, such as the development of a social audit platform for the bicycle industry.

CSR EXPERT GROUP

In 2020, partly on the initiative of Accell Group, a Corporate Social Responsibility (CSR) expert group was set up under the umbrella of the European sector organisations CONEBI and CIE. In the years ahead, this expert group will address a number of fundamental issues related to the circular economy and solutions, in a joint effort to make the industry even more sustainable. One example of these solutions was the eradication of plastic in industry packaging. Accell Group chairs the meetings of this CSR expert group.

2.6.3 REDUCING OUR CARBON FOOTPRINT

Accell Group aims to reduce its ecological footprint. We focus on reducing energy consumption, making transport more efficient, using green electricity and sustainable raw materials, promoting circularity and limiting waste.



GREENHOUSE GAS EMISSIONS

→ GOAL

BY 2025, ACCELL GROUP'S END-TO-END CARBON FOOTPRINT IS REDUCED BY 30%.[1)]

[1)] Base-year 2018 relative to turnover

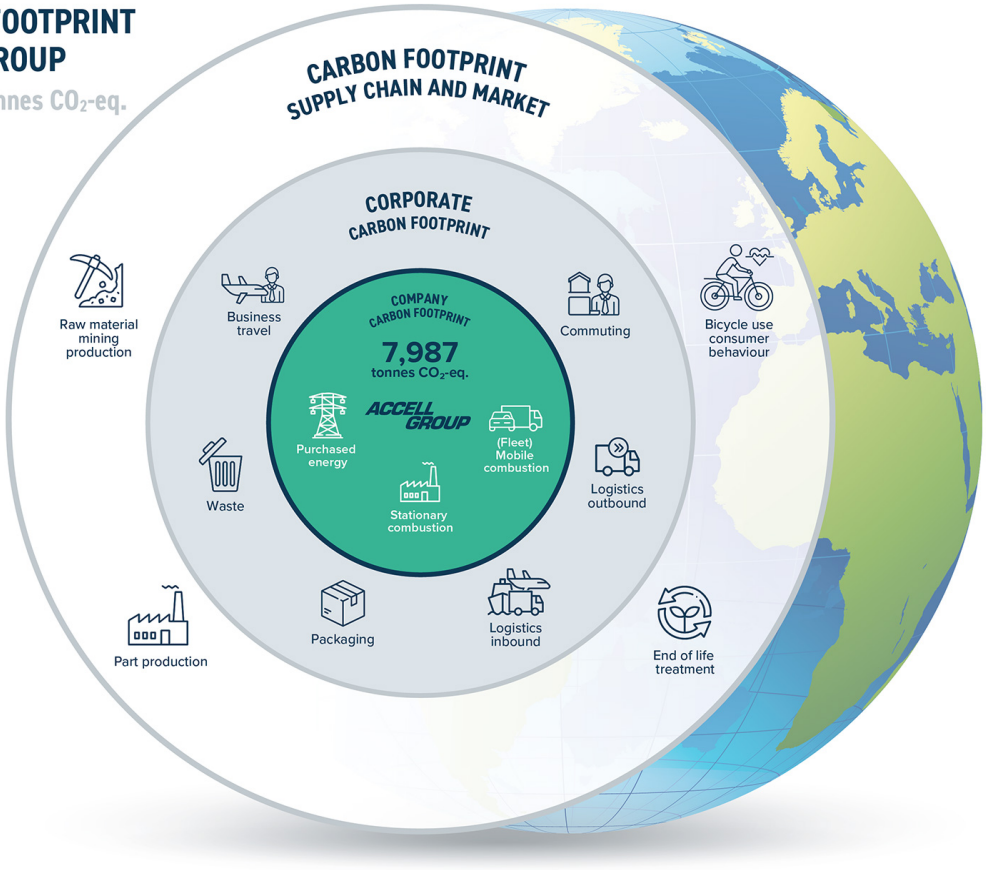
Accell Group measures and reports the results of its greenhouse gas emissions (in CO_2 equivalent) in accordance with the Greenhouse Gas (GHG) protocol. This includes emissions caused by fuel consumption at its warehouses and offices, by the transport of goods, purchased electricity for the company's own use, and indirect emissions from the likes of business travel and the use of packing materials.

From 2020 onwards, our approach (end-to-end carbon footprint) also includes reducing GHG emissions generated in the supply chain through the efforts of suppliers, dealers and consumers.

In 2020, greenhouse gas emissions amounted to 7,987 tonnes of CO_2 equivalent. This was a reduction of 7% when compared with 2019. See Employee and sustainability data for an overview of all emissions.

END-TO-END CARBON FOOTPRINT ACCELL GROUP

200,000* tonnes CO_2-eq.



ACCELL GROUP DISTINGUISHES BETWEEN THREE CIRCLES OF GREENHOUSE GAS EMISSIONS:

INNER CIRCLE

Direct emissions from sources we control, including purchased energy. We have reported consistently on these emissions over the past few years.

SECOND CIRCLE

Indirect emissions that Accell Group can ultimately influence. This circle, in combination with the inner circle, is referred to as the Corporate Carbon Footprint (CCF). We already report a part of these emissions and we are currently developing monitoring tools and dashboards.

OUTER CIRCLE*

The outer circle completes the emissions that cover Accell Group's entire end-to-end footprint. This is the source of more than 80% of the total greenhouse gas emissions from Accell Group's products. These include sources we have less control over, but this is currently changing due to new insights and new legislation. For example, new battery-related legislation includes requirements for the use of recycled raw materials and increased producer responsibility, with extra attention for the end-of-life of products. Accell Group is currently in talks with suppliers and has taken the first steps in the application of the cradle-to-cradle philosophy to reduce emissions in a joint effort with its partners.

*The end-to-end footprint is an estimate based on a life cycle analysis and the number of bikes sold and excluding our Parts & Accessories business. When measuring total greenhouse gas emissions, in addition to the negative emissions in the supply chain, it should also be taken into consideration that the bicycle has a positive footprint during use by compensating for transport kilometres using polluting alternatives (car, train, public transport) and the contribution to the better physical and mental health of user.

ECOLOGICAL LOAD IN THE CHAIN

Accell Group commissioned a life cycle analysis (LCA) to calculate the environmental impact of different types of bicycles. All life stages are taken into account: extraction of raw materials, transport, production process, application, use, disposal and reuse. It turned out that by far the largest part of the ecological load takes place in the chain. Examples include the extraction of raw materials, the transport of materials, the production processes and the transport of parts from the country of origin to the country of assembly (including packaging). Accell Group accept its the responsibility to reduce this footprint, together with its partners.

ENERGY CONSUMPTION

Accell Group consumes most of its energy at production plants, and offices and warehouses, and during the transport of its bicycles. The largest production plants in the Netherlands, Turkey and Hungary account for most of this energy consumption. This is where bicycles and bicycle parts are assembled and painted.

LESS CONSUMPTION

In 2020, Accell Group reduced its energy consumption by 7.5% compared with 2019. The lower consumption was primarily due to the replacement of energy-intensive equipment, the use of LED lighting and movement sensors and the relocation of one of Accell Group's companies to a greener building.

"When we make new investments, the decision-making process also includes an assessment of the consequences in terms of energy use. Making plans and drawing up policies is important and necessary. But it's much better if change comes from people themselves. We want people to see and understand that they can make a difference, making the world a little bit cleaner by changing their behaviour, starting with their own working environment."
Michiel Harmsen, Group Planning and Manufacturing Director



GOODS TRANSPORT

Sustainability and efficient logistics go hand in hand. Our aim is to reduce the number of transport movements and make the maximum use of our transport capacity. By optimising packaging (see below: 'Less packaging') and direct shipments from our factories to our distribution warehouses, we save on transport expenditure on certain routes, and reduce our CO_2 emissions.

REDUCING TRANSPORT

In 2020, Accell Group conducted a study into the most efficient forms of transport. This included looking at combinations of sea, air, train and truck transport. We also looked at the possibility of combining orders, effectively increasing the load factor of containers. Due to the unusual way 2020 unfolded as a result of the COVID-19 pandemic, we have so far been unable to draw any conclusions from this study. We do expect the first results of the study in 2021.

Accell Group transports most of its goods by sea and those costs rose sharply at the end of 2020.

The COVID-19 pandemic led to an imbalance in available sea containers on various continents. The shortage in Asia in particular led to considerably higher transport prices.

START 'CONTROL TOWER'

In 2020, we made a start on the development of an in-house management tool called 'Control Tower', to gain insight into our total logistical transport movements and our carbon footprint. In time, this will make it possible to monitor transport costs, energy consumption and therefore our CO_2 emissions. And to develop initiatives to optimise the mix of various modes of transport on the basis of costs and carbon footprint. This will also enable Accell Group to reach better contractual agreements with its transport companies.



SUSTAINABLE ENERGY

→ GOAL

FROM 2025 ONWARDS, 60% OF OUR ENERGY CONSUMPTION OF ALL ACCELL GROUP OWNED PREMISES WILL COME FROM RENEWABLE SOURCES (100% BY 2035).

In 2020, Accell Group increased its use of green electricity by 3% to 20%. The total renewable energy increased by 2% to almost 8%. This number is still relatively low because most of the energy is related to the drying process in our paint shops where we are still investigating the use of renewable energy (see below).

Accell Group's ambition is to generate sustainable energy to power a number of its production plants. In 2020, the company made preparations for the installation of solar panels on the roof of its production plant in Heerenveen. The panels will be

installed and taken into use in 2021. They are expected to supply half of the electricity for the Heerenveen plant.

In 2021, we will start a study into the use of renewable energy at our plant in Hungary, including the option of solar panels.
Accell Group is investigating the purchase of green energy for its production facility in Turkey.

PAINT SHOP

In the coming years, Accell Group will focus on, among other things, research into adjusting the drying process in its paint shops by replacing gas (fossil fuel) with sustainable alternatives. This would have a significant impact on the energy consumption at Accell Group's own production plants.



SUSTAINABLE USE RAW MATERIALS

Bicycles are usually made of materials such as steel (processed and stainless), aluminium, titanium, carbon fibre, rubber and lithium-ion batteries.

WATER-BASED PAINT

In 2020, we increased the number of our frames painted in Europe. All the production plants in Europe used 100% water-based paint for this purpose, in contrast to the solvent-based paint used in Asia. The plants all filter paint residues out of the water, so all the water we use is returned to the environment in a clean state.

BATTERIES

Electric bikes use batteries that contain metals and minerals. These raw materials are in danger of becoming scarce and, more importantly, their extraction and production can have a negative impact on the environment. Accell Group believes it is important to use the available raw materials from batteries as efficiently as possible, to minimise waste and harmful emissions into the soil, water and air.

In the Netherlands, non-profit organisation Stibat supports e-bike producers by collecting and safely processing used batteries. Similar organisations are active in Germany and Belgium, and since 2020 in France too. For each bicycle battery sold, Accell Group pays a contribution to these organisations to ensure that the battery is collected and processed responsibly at the end of its useful life.

This means that the largest e-bike markets have facilities for the professional collection and processing of batteries in place. In other countries, Accell Group is working with smaller, local companies to collect and safely process batteries.

In 2020, Accell Group was involved in various workshops on e-mobility and the circularity of batteries. The workshops looked at other business models and end-of-life applications. This theme was also a subject of discussion in CONEBI, a federation of bicycle industry players, including Accell Group.

RECYCLING BATTERIES

Lithium-ion batteries often contain useful metals. Recycling is necessary to prevent a future shortage and to make a sustainable lifecycle possible. The European target for recycling batteries is 50%. To achieve this, various processes are combined into complex process chains to recover a high percentage of valuable materials while taking safety in account.

LESS WASTE

In addition to reducing waste, separating waste is also important for the creation of a circular economy and a resultant reduction of the carbon footprint. Maximising waste separation means more materials can be reused for new products (see also cradle-to-cradle section). At Accell Group, the Environment Health and Safety (EHS) teams at the various plants play an important role on this front (see box).

Accell Group distinguishes the following waste flows: paper and cardboard, metal, rubber, wood, foil and plastic, other waste and hazardous waste. In 2020, the total amount of waste declined by 8% (in kgs) compared with 2019. The waste from a one-off conversion, due to the construction of a building construction, has not been included in the calculation. Part of the reduction was a direct result of COVID-19, as our people worked more from home and therefore created less waste.

In 2020, we recycled the vast majority (81%) of this waste, while the remainder was reused, incinerated or sent to landfill. In the Employee and sustainability data section you will find an overview of waste production and processing.

ENVIRONMENT HEALTH AND SAFETY (EHS)

Environment Health and Safety (EHS) teams check which environmental and safety improvements are needed at production plants on a monthly basis. The teams also monitor the execution of any improvement measures. They consult with each other and report their findings at group level. This means the teams can learn from each other on subjects such as reducing energy consumption and increasing waste separation.

2.6.4 REDUCING PLASTIC PACKAGING

Reducing Accell Group's use of plastic in packaging helps us to reduce its ecological footprint. This applies to the plastic in which suppliers' products are packed, the packaging we use ourselves for our bicycles, bicycle parts and accessories and plastic packaging and products in our internal organisation. Accell Group initiates joint projects with suppliers to reduce the use of plastics in packaging. The ultimate goal is plastic-free packaging.

→ GOAL

• FROM 2025, ACCELL GROUP OUTBOUND BRAND & TRANSPORT PACKAGING IS SINGLE-USE (FOSSIL BASED) PLASTICS FREE.
• FROM 2025, SINGLE-USE (FOSSIL BASED) PLASTICS ARE BANNED OUT OF THE INTERNAL ORGANIZATION.
• FROM 2025, THE USE OF SINGLE-USE (FOSSIL BASED) PLASTICS IN INBOUND TRANSPORT OF PARTS PACKAGING FROM SUPPLIERS TO OUR PRODUCTION HUBS IS REDUCED BY > 50%.

In 2020, Accell Group used 285 tonnes of plastic packaging. This is an increase of 12% compared with 2019. This increase was due to the increased sales of electric bicycles (with larger packaging) and more sales of parts. In addition, last year the data of Velosophy (Babboe and Carqon) were also included in the figures. In the Employee and sustainability data section you will find an overview of the use of packaging materials.

PAPER BREAKS DOWN MUCH FASTER THAN PLASTIC

In nature, paper is broken down within a matter of months, depending on the type of paper. Nature needs hundreds if not thousands of years to break down plastics.



REPLACING PLASTICS WITH REUSABLE CRATES

In 2020, Accell Group started talks with a major supplier of electronic systems in Hungary on the replacement of plastic packaging with reusable crates. This will save time (less unpacking and removal) and eventually reduce the use of disposable plastic. Accell Group wants to work with its peers in the industry on this front, so increased demand will make it more attractive for suppliers to change production methods. The supplier in question responded positively and announced that it would present a concrete proposal in 2021. Accell Group expects to recap the benefits of this in the coming years and expects to see a significant drop in the share of plastic packaging in the future.

XLC IN BIODEGRADABLE BAGS

In 2020, Accell Group also launched a number of other projects to replace plastic packaging with less environmentally harmful materials. For instance, XLC started using organic biodegradable pergamin bags, mainly for their clothing The material contains no chemicals or coatings and is 100% recyclable and fully compostable.

For some time now, any XLC product that does not require special protection during transport has been supplied without any unnecessary packaging. We have also greatly reduced the outer packaging of many other products, saving up to 50% in packaging material.



GREEN PRODUCT, GREEN PACKAGING

Accell Group developed a sustainable, uniform way of packaging its bicycles in 2020. The 'box' is sustainable due to the use of naturally biodegradable cardboard and the almost complete absence of environmentally harmful plastics. In effect, the packaging does justice to the quality of the bicycle itself and the care with which it was made. Various departments at Accell Group were involved in the development of this new packaging, all guided by the principle that it must be possible to produce in an environmentally responsible manner. After all, a bicycle - a green product par excellence - belongs in green packaging.

"Besides the 'wow effect' of this packaging, dealers no longer have to separate the packaging material. It saves them money and time, prevents damage and is sustainable."
Thomas Drehmel, Head of Product Compliance, Global Innovation Center Sports

In early 2021, we will start testing the box in production and across the entire supply chain, including our dealers. In the course of this year, we expect to phase in the new cardboard box for Accell Group e-bikes. We will develop this packaging philosophy into a 'disposable plastic-free packaging programme' for all our bicycles. The financial savings will be considerable thanks in part to more optimal transport. We are still looking into whether we can eventually take the boxes back and reuse them. With this innovation, Accell Group is anticipating new European packaging regulations and taxes that are expected to arrive in the next few years.

"I am enthusiastic about the 'Accell box'. It's much more compact. Besides, when you receive such attractive packaging, you know you are selling a quality product."
Dealer

CRADLE-TO-CRADLE

Cradle-to-cradle stands for sustainable production. After a 'life' in one product, materials are used as raw materials to produce a (new) product. This process leaves no residual products or hazardous substances that need to be disposed of as waste. Accell Group's ambition is to eventually produce bicycles and accessories according to the cradle-to-cradle principle. This exciting 'sustainability expedition' starts in 2021, based on a roadmap for the next 15 years.

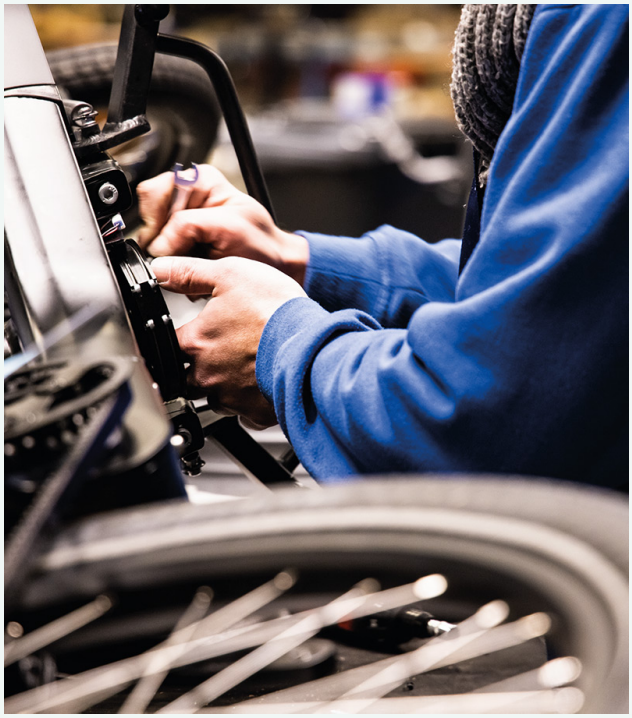
→ GOAL

OUR 2021 CRADLE-TO-CRADLE TARGET IS TO CREATE A CLEAR ROADMAP TOWARDS 2035, INCLUDING INTERMEDIUM TARGETS FOR 2025 AND 2030.

Cradle-to-cradle is the next step in sustainable product development and ties in with the fact that bicycles are 'green' products. A circular economy offers a different perspective on improving sustainability than a 'normal' linear economy. In the latter, sustainability is about minimising the ecological impact for the same output (in short: eco-efficiency), extending the period in which the system becomes overloaded. In a circular economy, sustainability is not just about minimising the ecological impact, but also about ensuring a positive ecological, economic and social impact (in other words: eco-effectiveness).

In 2021, Accell Group will make its first preparations for workshops to apply the cradle-to-cradle recycling philosophy in bicycle design. As one of the leading global bike manufacturers, we want to take a strong role in driving the cradle-to-cradle philosophy in the bike industry. The basic idea is to reduce, repair, reuse, renovate, recycle and restore.

"In time, we want to incorporate raw materials and components into the design so they can be easily separated and reused. After use, all materials are given a new function, a new life. This may be in the form of 'waste' that serves as food for nature, which means it has to be biodegradable, or as a component of a new product."
Ton Anbeek, CEO



IT STARTS WITH INNOVATION

The long road to a cradle-to-cradle bicycle starts at the drawing board and with know-how of all the materials used. At Accell Group, this follows the New Product Initiation process (NPI), which has four phases: idea, feasibility, potential and launch. We have three innovation centres working on this process: Sports, Lifestyle and Cargo.

COOPERATION WITH PARTNERS

Accell Group is looking to collaborate with its suppliers on the application of the cradle-to-cradle principle. We will conduct a survey to find out what they can contribute and which sustainable materials and production methods they already use. We expect initial discussions to take place in 2021.



2.6.5 MOVING THE WORLD FORWARD, TOGETHER

Accell Group's approximately 3,100 people are the driving force behind everything we design and produce. With respect for our dealers, customers, suppliers and society and with appreciation for each other. Together, we get millions of people moving and get the best out of people and bikes.

CARE FOR OUR PEOPLE

Employees make the difference at Accell Group. With their passion and dedication, they deliver high-quality bicycles, bicycle parts and accessories. Accell Group invests in its people under the motto 'Simply the best bike company to work for'. We have translated this ambition into various initiatives and tangible targets. Below you will find a few striking results and developments from 2020.



COVID-19 PANDEMIC

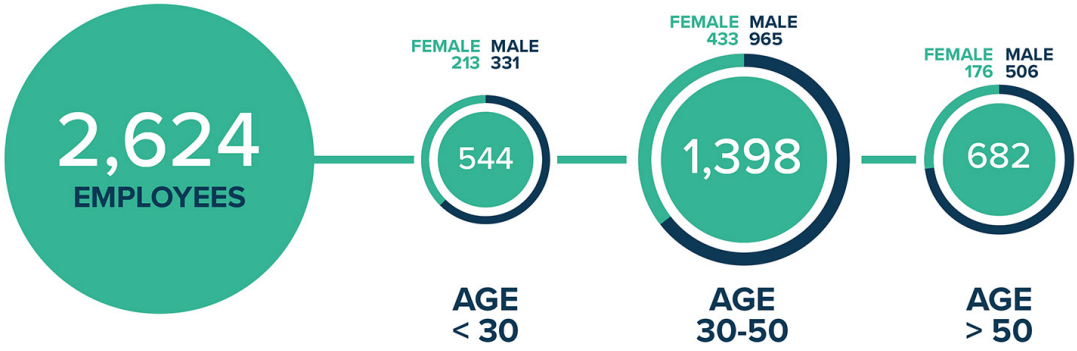
For Accell Group employees, too, 2020 was overshadowed by the social and economic consequences of the COVID-19 pandemic. Warned early on in the outbreak by business partners in Asia, the company took adequate measures to protect its people from infection with COVID-19. For example, Accell Group set up a communications network so employees could keep each other up-to-date and support each other, employees stopped travelling by plane, we encouraged and paid people to work from home, we adapted working environments in line with national guidelines and we implemented the necessary hygiene measures.

We expect the 'different way of working together' seen last year, something that was forced upon us by the circumstances, to lead to changes in the way employees work in the future. These changes will include more flexibility when working from home and an adjusted travel allowance.

Due to the impact of the pandemic, 2020 was a year of either running or standing still for Accell Group. Lockdowns led to dramatic drop in demand for our products, forcing us to let go most of our temporary staff (approximately 750 people) in March and April. However, we welcomed the majority of these employees back when interest in bicycles, bicycle parts and accessories picked up again later in the year.

NUMBER OF EMPLOYEES

REFERENCE DATE 30 NOVEMBER 2020



You will find more facts and figures on our employees in 2020 in the Employee and sustainability data section.

BUSINESS TRAVEL

Accell Group is helping to reduce its CO_2 footprint by reducing commuting by car and public transport and limiting business-related air travel where possible. It goes without saying that as a bicycle manufacturer, we encourage the use of bicycles for commuting. Thanks to various initiatives in recent years, we have now met our targets on this front. Of course, we continue to pay attention to bicycle use for commuting and bicycle parking spaces at our plants and offices.

The COVID-19 pandemic also made 2020 a year like no other in this respect: forced by the measures taken by national governments, a lot more people worked from home last year. For example, business-related air travel fell by as much as 90% as a result of the pandemic.

"It is striking how many (young) people decide to work for Accell Group due to sustainability and environmental considerations. They are captivated by the product. It is perfectly in line with a general social trend in which people are calling each other to account for their environmental behaviour and sustainable choices. Employers are part of this trend."

Jeroen Both, CSCO



DIVERSITY AND INCLUSION

Accell Group supports and promotes diversity and equality. One of our aims is to balance the ratio of men to women at every level of the company and to create a working environment in which both women and men can excel. This gender balance ambition is a reflection of the world in which we operate. To make this happen, we have started with diversity, but we also focus on inclusiveness at the same time. In 2020, over 20% of the Accell Leadership Forum (105 executives) were women.

Accell Group maintains and develops a culture in which people feel recognised and respected, that embraces differences and in which colleagues share clear values. We want a culture in which individuals can be their best selves and inspire others to do the same, creating high-performing teams that help us to meet our strategic goals. To this end, we offer employees access to facilities, personal and career development opportunities and employment on the basis of equal opportunities.

→ GOAL

AS PART OF OUR DIVERSITY & INCLUSION POLICY, > 30% OF THE ACCELL LEADERSHIP FORUM WILL BE FEMALE IN 2025.

In 2020, we adopted a policy and installed an internal working group to advise the Board of Management on short-term and longer-term initiatives that will enable Accell Group to achieve its ambitions on this front.

"Diversity and inclusion are about embracing differences, creating possibilities, and progressing together to build a sustainable business."
Anja van Bergen, Group General Counsel



EMPLOYEE ENGAGEMENT SURVEY

On 13 November 2020, we conducted the second Accell Group-wide employee engagement survey (EES). More than 83% (2019: 72%) of our employees participated.

The results showed that we have made progress on almost all topics, including communications, working conditions and safety, when compared with results of the 2019 survey. We will tackle areas where there is room for improvement locally in 2021. If necessary, Accell Group will release additional budget for this purpose.

The summary of the results at Accell Group-level shows a so-called 'Engagement score' of 7.3 (2019: 7.1). In particular, the strong appreciation for team work, the content of the work and the quality of the COVID-19 measures taken by Accell Group are particularly noteable.



	2020	2019
RESPONSE RATE	83%	72%
COMMITMENT SCORE (committed to Accell Group)	7.3	7.1
ENGAGEMENT SCORE (engaged in their work)	7.3	7.1
MY WORK (contribution to the organisation purpose)	7.5	7.4
MY ROLE (tasks, responsibilities, job content)	7.6	7.4
MY DIRECT COLLEAGUES (quality of interaction and teamwork)	7.2	7.0



GAINING AND SHARING KNOW-HOW

→ GOAL

IN 2024, ACCELL GROUP WILL OFFER ITS EMPLOYEES AN AVERAGE OF 24 TRAINING HOURS PER YEAR.

How we train and educate our employees is an important success factor in Accell Group's continuous development and renewal. In 2020, the COVID-19 pandemic limited the options for personal development through training 'on location', as we and our employees devoted a great deal of attention to performing our core tasks. As an alternative, Accell Group offered its (home-working) employees access to an online knowledge platform. This turned out to meet an enormous need: within just a few months, our employees downloaded and read more than 8,500 (scientific) articles. Due to the success of the new platform, Accell Group will expand the project in 2021.

Our goal was to offer an average of 17.5 hours in training per FTE per year in 2020. At 15 hours, we did not meet that target (2019: 13.7 hours). Once again, the COVID-19 pandemic was the reason for this shortfall, but by quickly switching to online training possibilities during the COVID-19 pandemic, we did achieve a small increase. We will continue to invest in the training and education of our

employees at all levels in the coming years.

GLOBAL TALENT REVIEW

How do you recruit and select the best talents for Accell Group? How do you give (young) colleagues the opportunity to develop? And how do you give people a job that suits them? Accell Group believes that technological innovation and organisation are important factors in our company's continued growth. Giving talented employees room to develop is a prerequisite for this. In 2020, we launched a programme to identify up-and-coming talent. The Board of Management discussed their progress and development on a regular basis, with the aim of increasing the percentage of people who move up through the organisation.

TRANSFORMATION OF ORGANISATION

In line with Accell Group's strategy, we introduced a new organisation in 2019. The aim is to create a more agile, efficient and consumer-centric company with a deep commitment to sustainability and people. To this end, we set up a new system and form of consultation in 2020, for instance for the development of new bicycles and their translation into finished products. Redesigning each step in these processes produced the desired result. We made decisions that will have a major impact on our efficiency and flexibility, all based on essential data and real-time cooperation between our experts.

HEALTH AND SAFETY

In 2020, Accell Group once again invested in measures to improve and guarantee the safety and health of its employees. The COVID-19 pandemic in particular is a clear demonstration of the importance of being a responsible employer on this front. We launched local programmes to encourage more exercise, healthier diets and the use of less salt, fat and sugars in canteens. In 2020, we also offered employees the opportunity to get personal advice on lifestyle and health issues from an advisory agency at Accell Group's expense.

In 2021, we are planning to greatly expand our psychological support for colleagues who find themselves in difficulty due to working from home, isolation and the blurring of work and home responsibilities.

ACCIDENTS

In 2020, 68 incidents were reported at work that resulted in sick leave. This was 47% lower than in 2019 (144). Safety teams at our plants focused on preventing the causes of incidents and took proactive measures to prevent incidents.

PRIORITIES IN 2021

The safety and health of our people is a high priority. We are maintaining the COVID-19 related measures are maintained in cooperation with local authorities. Furthermore, we encourage participation in lifestyle programs to make colleagues aware of the importance of a healthy lifestyle. In 2021, we will intensity existing measures and introduce new measures that have a demonstrable impact on both short and long-term absenteeism. This will include the likes of extra protective clothing, guidance for visitors, extending smoking bans on our premises, offering mental coaching when needed and encouraging participation in exercise programmes, such as walking and of course cycling.



CARE FOR SOCIETY

Accell Group accepts social responsibility for its own activities and those of its business partners. Examples include conducting business fairly, combating fraud and corruption, protecting human rights and preventing child labour. We work with our suppliers and partners on the basis of mutual respect.

CODE OF ETHICS

Accell Group does business fairly and firmly rejects any form of bribery. We support the principles of free enterprise and fair competition. The risk of non-compliance requires attention and, if necessary, appropriate action. Accell Group has laid down its instructions and recommendations for desired behaviour in an internal code of conduct or Code of Ethics. This goes beyond mere compliance with laws and regulations and provides a guide to conduct in numerous areas. Accell Group regularly reviews laws and regulations and makes changes to the Code of Ethics when necessary. The full text of the Code of Ethics is available on Accell Group's website.

A breach of the Code of Ethics may lead to sanctions, including termination of employment. Members of the Supervisory Board, the Board of Management and employees with managerial responsibilities must confirm each year in writing that they have complied with the Code of Ethics. In 2021, Accell Group will continue to disseminate the Code of Ethics internally, including through employee training, to continue to improve awareness and compliance.

LOCAL AND FINANCIAL MANAGEMENT

The basic rules for the directors of Accell Group's local companies are laid down in the management regulations and the Accell Group authorisation structure. Our financial staff receives guidelines, instructions and controls for financial administration and reporting. These comply with the applicable International Financial Reporting Standards (IFRS).

CODE OF CONDUCT COMMITTEE

In early 2020, Accell Group set up a Code of Conduct Committee, consisting of the Accell Group HR Director, the Group General Counsel and the Internal Auditor. The committee deals with internal investigations and the handling of alleged violations of our Code of Ethics, in addition to advising the Board of Management on compliance in general. In 2020, 18 cases were reported to the committee. The vast majority of complaints related to labour relations and alleged misuse of company property. The complaints were investigated and corrective measures were taken where necessary.

WHISTLE BLOWER POLICY

Since 2020, Accell Group has an anonymous whistle blower policy, an internal compliance committee and an internal investigation procedure for (alleged) abuses. The whistle blower telephone line, which is operated by an external professional party, is available to all Accell Group employees. They can report alleged irregularities anonymously, without prejudice to their legal positions.



COMBATTING FRAUD

The agenda for our frequent internal audits of local companies also includes the subject of fraud. The internal audit team uses data analysis for control and fraud detection purposes. The topic of fraud risk management is an item on the agenda of the global controllers' meeting, and in the regular consultations with the CFO and between the Board of Management and the Supervisory Board. This helps to raise awareness among colleagues with regards to the prevention and detection of fraud risks throughout the company.

SUPPLIER CODE OF CONDUCT

Accell Group has a Supplier Code of Conduct, which lays down its conditions for suppliers and other parties involved in production and purchasing. The conditions cover items including a ban on child labour, involuntary labour and discrimination, safety requirements, environmental requirements and working conditions. This code of conduct is available on the Accell Group website and is in line with the code of the WFSGI (World Federation of the Sporting Goods Industry).

In 2020, almost all our existing suppliers signed the code, which once again spotlighted the cooperation agreements. Suppliers must also sign the code of conduct when entering into new contracts. Accell Group has signed a 'Supplier Code of Conduct' with several hundred suppliers, including over 60 key suppliers.

SOCIAL AUDITS OF SUPPLIERS

→ GOAL

ALL OF ACCELL GROUP'S SUPPLIERS IN HIGH-RISK COUNTRIES ARE REAUDITED EVERY THREE TO FOUR YEARS.

Accell Group regularly conducts social audits at its suppliers. These include an audit of the general international standards for labour rights and safety at work and in construction. The auditing of suppliers takes place in accordance with the Responsible Sport Initiative (RSI - see box), one of the sector's cooperative initiatives.

To safeguard international social and safety standards, our ambition was to visit 30 suppliers or

sites in 2020. Due to the COVID-19 pandemic, travel was impossible for a large part of the year, companies were not accessible during lockdowns or the intensity of work made an audit visit undesirable. As a result, we were only able to audit three suppliers (2019: 20). Our goal is to audit all our key suppliers in high-risk countries or have them audited every three to four years by 2025.

The most common issues are related to building safety in emergencies, personnel administration, working hours and personal protective equipment for workers. The audits did not reveal any critical issues that the suppliers were unable to solve immediately.

SOCIAL ENGAGEMENT

WORLD BICYCLE RELIEF

Accell Group has supported World Bicycle Relief since 2006. This non-profit organisation mobilises people in developing regions by giving them a bicycle. Millions of people walk kilometres every day to survive. On foot under the hot sun, distance prevents people from going to school, receiving healthcare and bringing their goods to the market. World Bicycle Relief provides specially designed, locally assembled, robust bicycles to residents of rural developing regions.

The efficient and innovative bicycle model gives students (especially girls), health workers and entrepreneurs the mobility they need to change their lives. In recent years, World Bicycle Relief has delivered 200,000 bicycles and trained about a thousand technicians.

RESPONSIBLE SPORT INITIATIVE (RSI)

Cycling is efficient, healthy and environmentally friendly. The bicycle sector is creating social and sustainable expectations with this image. Accell Group is working with other leading brands in the bicycle industry, suppliers and retailers under the umbrella of the World Federation of the Sporting Goods Industry (WFSGI) on an integrated and common code of conduct. This led to the Responsible Sport Initiative (RSI), of which Accell Group is one of the founders. The Responsible Sport Initiative (RSI) provides a uniform standard and enables RSI participants to reduce the impact of evaluation on suppliers.



2.7 GOVERNANCE AND COMPLIANCE

Accell Group N.V. ("Accell Group" or "the Company") is a public limited liability Company (Naamloze Vennootschap) under Dutch law, that applies a two-tier board structure comprising a Board of Management, composed of managing directors, and a Supervisory Board, composed of supervisory directors. The Supervisory Board supervises the Board of Management and ensures that external experience and knowledge is embedded in the Company's conduct. The two boards are independent of each other and are ultimately accountable to the General Meeting ("General Meeting"). Accell Group's corporate governance is laid down in the Company's articles of association and the Board of Management and Supervisory Board regulations, which can be found on our website.

2.7.1 COMPLIANCE AND RISK

Accell Group is active in a significant number of countries. Global trade and political developments affect the markets in which Accell Group operates. This may involve trade barriers in the form of protectionism or geopolitical and social tensions, but Accell Group's results may also be affected by general economic conditions and the economic outlook of the countries in which the Company is active. Especially, the conditions in the Group's key purchasing markets also play a major role in the Company's results.

As a result, the Company is potentially exposed to numerous risks and trends. Accell Group has a system to identify, analyse, monitor, manage and control risks. The Company distinguishes between strategic, operational, compliance and financial risks. Strategic risks are related to Accell Group's strategic choices, while operational risks are related to operational activities, compliance risks are related to applicable laws and regulations, and financial risks are related to financial markets and general market developments. For more detailed information on financial risks, see section 4.13 in the consolidated financial statements.

RISK EVENTS AND TRENDS IN 2020

COVID-19 obviously has had a big impact, not only on our business but also with substantial economic and geopolitical implications. This has had an effect on Accell' s results and risk profile. Disruption in our supply chain (with a side effect on delayed innovations) and shop closures in lockdown periods dominated the first half year of 2020. A strong recovery in sales has had a positive impact on Accell Group's result. However given the overall uncertainty and volatility of COVID-19 especially with regards to the supply chain, the risk profile has increased.

The COVID-19 pandemic still causes a great deal of uncertainty though, both from a (short term) demand perspective (governments forcing the closure of bikes shops), as well as from a supply perspective (high global demand leading to longer lead times and higher pricing in combination with logistical disruptions).

RISK AWARENESS AND CULTURE

Employees are aware of and responsible for risks while carrying out their day-to-day work. They must abide by the applicable general code of conduct and comply with all applicable laws and regulations and policies. Accell Group continuously enhances employee risk awareness through various initiatives, including targeted communications and training. The responsibility for implementing control measures is delegated to employees with responsibility for risk management in a specific area (for example, a process, a system, an asset, or information). Accell Group stimulates a culture in which weak areas in its risk management programmes or control measures are reported transparently and dealt with effectively.



GOVERNANCE (LINES OF DEFENCE)

The Board of Management has final responsibility for the effective control of risks. The risk control and compliance oversight functions established by management are the second line of defence, an independent assurance is the third line of defence (see table).

LINES OF DEFENCE	INTRODUCTION	RESPONSIBILITY
First Line	Management carries primary responsibility for daily risk management when performing business activities. In addition, management maintains a system of internal risk management and control system designed to deal with these risks.	Operational managers and the regional management teams and/or operating companies.
Second Line	Supports management in overseeing, advising on, development, and monitoring of the effectiveness of risk management processes and systems. Furthermore, the second line sets the risk management framework, internal policies, and procedures.	Risk management and Internal Control, Financial Control, Quality, Compliance and Legal Affairs (Group functions).
Third Line	Provides assurance that the structure and the operational effectiveness of the internal management measures, including risk management activities are independently evaluated.	Internal Audit (Group function).

To be able to evaluate the effectiveness of measures, the Group departments (second line) regularly inform and advise the Board of Management about the progress and outcomes of the various risk management programmes. Internal Audit reports independently to the Board of Management and to the Audit Committee on the effectiveness of the risk management and internal control framework, policies and procedures.

First line management are pro-actively advised on any required improvements. An annual internal audit plan is presented to the Board of Management and approved by the Audit Committee. Engagements carried out are summarised in a report presenting the conclusions and highlighting any findings, risks, and related recommendations. For audits, a three-point grading scale is used to express the impact of the findings and the level of action required from either local management or the Board of

Management. Business management is required to follow up on recommended actions and this follow-up is monitored within a desired timeframe depending on risk impact and a period for corrective action. Internal Audit also carries out specific ad-hoc investigations at the request of the Board of Management or the Audit Committee. The Audit Committee informs the Company's Supervisory Board. The role of the Audit Committee and their report on 2020 is described in the Supervisory Board Report section of this Annual Report.

The Board of Management reviews key risks on a regular basis from all regions and key central functions. Based on the risk analysis, the Board of Management implements and maintains internal risk management and control systems. Where relevant, these systems are integrated in Accell Group's operating processes to ensure that employees are conversant with these systems. The Board of Management monitors the operation of the systems. This monitoring covers the material control measures related to our key risks.

RISK MANAGEMENT FRAMEWORK

To safeguard the quality of the Company's financial reporting and operational controls, Accell Group has an internal risk management and control system in place.

This risk management framework comprises the following components:

- Identifying and weighing the risks associated with the various strategic options and formulating realistic objectives and related control mechanisms.
- Identifying and evaluating the main strategic, operational, financial and compliance risks and the potential impact on the company.
- Developing a coherent system of measures to control, limit, avoid or transfer risks. The risk management system is tailored to the size and structure of the Company.

Accell Group deploys a risk management approach that identifies and mitigates risks at all levels of the organisation. The Board of Management determines the level of risk acceptance and decides on risk mitigation.

Accell Group's risk management framework does not provide absolute certainty that all risks can be prevented or mitigated adequately and in time. The purpose of the risk management framework is to provide a reasonable level of assurance regarding the effectiveness of internal controls pertaining to strategic, financial, compliance and operational risks that may affect the organisation's objectives.

RISK APPETITE

The approach Accell Group has chosen to deal with these risks has been determined per risk category:

- Strategic risk: with the ambition 'to become market leader in the mid and higher segment of the bicycle and parts & accessories market in every country in which we operate in a consumer-centric and socially responsible way', taking and accepting strategic risks in a balanced manner is inevitable.
- Operational risk: Accell Group accepts low to zero risks in the field of product safety. In addition, Accell Group applies high safety standards to ensure a safe working environment in its operations - factories and warehouses. Reporting on safety is part of the reporting cycle. Other operational risks are considered in view of the (day-to-day) business.
- Compliance risk: Accell Group's risk appetite in this area is zero and our ambition is full compliance with legal and regulatory requirements.
- Financial risk: Accell Group is averse to risks that could endanger the integrity of finance and reporting, and we have a prudent financing strategy and a strict credit policy.

IN 2020 ACCELL GROUP MADE VARIOUS IMPROVEMENTS IN THE RISK MANAGEMENT PROCESS:

- Given the importance of the risk management framework, Accell Group appointed a dedicated Internal Control manager in 2019 and another FTE will be added to support the internal control department in 2021.
- In 2020, Accell Group installed an anonymous whistle blower line. for receiving reports from employees on wrongdoing and to report (alleged) Code of Conduct breaches. The advantage of such an external service provider is that employees are able to report any Code of Conduct breaches anonymously.
- Established a Policy House that contains group policies and provides online access to all employees.
- Established monthly dashboarding of certain operational, compliance and financial risks.
- Updated various policies, such as Tax and Treasury.
- Continued to embed various IT-related controls (such as access to data and systems).

COVID-19-RELATED ADDITIONAL RISK MANAGEMENT

The COVID-19 outbreak exposed Accell Group to operational and financial risks and to risks related to the health and safety of our people. Within our risk framework, we took the following additional control and governance measures to assess, mitigate and monitor these risks:

1. In March 2020, the Board of Management initiated daily updates with regional teams to get updates on health, safety, sales, government measures and cash and working capital positions. Following the recovery in sales from May, we reduced this frequency (to monthly updates in the second half of the year). If needed, the frequency of these governance calls will be increased.
2. In March 2020, the Board of Management initiated weekly updates on the supply situation, looking at future orders linked to demand, capacity (at Accell Group and suppliers) and working capital.
3. From March till July 2020, the Board of Management held weekly meetings with the Supervisory Board, with updates via a dashboard on health and safety, demand, cash (including additional financing) and the supply chain. In H2 2020, the COVID-19 situation and dashboard updates were part of the regular Supervisory Board and Audit Committee agenda.

IMPROVEMENTS PLANNED FOR 2021

The Company is planning the following actions and/or improvements for 2021 on Accell Group's risk control system:

- More detailed guidance on behavior related to our Code of Conduct, that goes beyond the compliance with legal and regulatory framework and will include a training and communication programme. This will be part of an overall compliance programme that will be started in 2021, in which also topics as competition, GDPR etc. will be included.
- Further roll out and embedding of the Accell Internal Control Framework:
  - Accell Group has appointed internal control coordinators which monitor the control activities. An important part of the internal control coordinators' activities is to further establish the Accell Internal Control Framework and to oversee the annual testing of the internal controls.
  - As part of the internal control framework, IT controls will be strengthened and embedded (e.g. segregation of duties with systems).
- Recruitment of a data privacy officer, who together with the Information and Security manager will drive the further embedding of cyber security and data privacy related actions.
- Systems and Data: Accell Group will continue to optimise Data Management especially on components; we will perform various upgrades on the current ERP systems.

KEY RISKS AND MITIGATION OF THESE RISKS

The Board of Management has identified the largest risks on the achievement of Accell's objectives and strategy, on the basis of probability of occurrence and/or impact. Risks have been categorised as strategic, operational, financial and compliance risks. Social and environmental risks have been integrated in these categories with a view to integrated reporting. The following overview represents the key risks, including the mitigating measures, to which the company is exposed. Some risks may only be listed once, while they may fit into more than one risk category.



STRATEGIC RISKS

MARKET: OFFLINE TO ONLINE

Consumer purchasing behaviour is shifting from off line (traditional bike retail) to online, a trend that has been accelerated by COVID-19. There is a risk that Accell will lose market share as a result of changes in distribution channels.

RISK ACCEPTANCE
Balanced

The Company is prepared to accept a moderate level of risk, as long as this does not threaten the Company's market share.

MITIGATION OF THE RISK

Accell Group wants to ensure that its products are available via all channels, both offline and online:

- In 2020, we continued the roll-out of D2C platforms across regions.
- In addition to this, Accell Group strengthened partnerships with online players, both in bikes and the parts and accessories business.
- Selective distribution contracts mitigate the risk of channel and price conflicts.
- Where needed, Accell Group will also explore M&A as an opportunity to capture new business models and channels.
- Accell Group will drive strong availability in the offline channel through the dealer network and continue to roll out click & collect across countries.

MARKET: COMPETITION

The bicycle sector is marked by competition between existing providers and new providers entering the market. There is a risk that Accell Group is unable to predict the behaviour of (potential) consumers sufficiently or is unable to respond effectively, leading to loss of market share.

RISK ACCEPTANCE
Balanced

The company is prepared to accept a moderate risk level, as long as the strategic long-term goals are not threatened as a result.

MITIGATION OF THE RISK

Accell Group has identified various actions:

- Through market research and market visit reports, Accell Group spends a great deal of time gaining understanding of the latest trends. The outcome of this is used in a consistent and sharp positioning for our brands, which is visible through our brand portfolio (e.g. innovations) and brand communications (online and offline).
- Accell Group continues to invest in innovation to differentiate itself from the competition.
- Availability, managed through the S&OP process, is a key enabler for Accell Group to drive sales and stay ahead of the competition.
- If necessary, Accell Group will also explore M&A as an opportunity to capture new segments and meet changed customer needs.

OPERATIONAL RISKS

PRODUCT LIABILITY

Defects in products may result in injury to and claims from end users. These can result in financial damage and/or damage to the Company's reputation.

RISK ACCEPTANCE
None

Consumers' safety must not be endangered under any circumstances.
Accell Group maintains a high product quality and safety standards.

MITIGATION OF THE RISK

Accell Group takes great care to ensure the quality and safety of its products. Quality is embedded in the innovation teams as part of the design phase and is embedded at each factory and overseen by a group quality director, who drives following actions:

- The use of standards on quality and compliance across Accell Group and applied in product development, production and logistics.
- Test and control systems.
- Recall scenarios in place.
- Actively collecting feedback from dealers and consumers (also through newly implemented CRM tooling).
- Reporting through quality dashboarding (to among others the Board of Management).
- Accell Group will expand the number of test centres.

In addition, Accell Group maintains close contacts with government bodies and advocacy groups to safeguard and improve the safety of bicycles.
Accell Group has insurance policies in place to cover general, product and recall liability.

DISPARITY BETWEEN AVAILABLE SUPPLY AND DEMAND

Given (increased) lead times in the bike business, in combination with model changes (innovations), there is a risk of shortages or surpluses of bike stock. Planning of supply has become more difficult, given longer lead times from suppliers (as a result of increase in global demand driven by COVID-19). This means there is a risk of over or undersupply of bikes, resulting in increased Trade Working Capital or loss of market share.

RISK ACCEPTANCE
Balanced

The Company is prepared to accept a moderate risk level, as long as the strategic long-term goals are not threatened as a result.

MITIGATION OF THE RISK

Accell Group uses seasonal production and sales plans and aims to continuously improve the predictability of its sales. This is based on the Sales and Operational planning process. In 2020 a review of the S&OP has taken place in light of the changed circumstances. Adjustments will be rolled out in 2021 to further improve availability considering the circumstances in the supply markets.
Accell has taken several steps to improve this planning and it will continue these improvement efforts:

- Reduce complexity and focus forecast on fast running models.
- Establish Golden rules and introduce key performance indicators in individual target setting.
- Drive data harmonisation and improved planning tools & systems.

RISK RELATED TO CONTINUITY OF IT SYSTEMS

The IT systems are of vital importance to day-to-day operations. IT systems and the information they contain may be exposed to risks related to the continuity of functionalities. The materialisation of this risk could have an impact on Accell Group's reputation, revenues and costs, and thus its results.

RISK ACCEPTANCE
Low to none

The secure functioning of the IT systems is crucial for continuing the day-to-day business of Accell Group.

MITIGATION OF THE RISK

Accell Group has created a new IT roadmap, with a three-year view. We have installed an IT steering committee for the approval of initiatives based on the Company's strategy and to prioritise in the event of conflicts. The roadmap includes but is not limited to the following topics:

- To eliminate the risk of old local systems, Accell Group has embarked on local ERP upgrades (low impact and sizeable). Local upgrades are planned for Accell Bisiklet, Raleigh UK and Winora Group.
- Data readiness - proper master data management is a prerequisite.
- Change management - adoption has been prioritised in the programme.
- Governance - locally led projects, Group IT director and Internal Audit in steering committees.
- Accell Group has also set up an IT expert review group, to make sure experts are involved in the sizing of the projects.

CYBER RISKS

Failure to implement or update technologies, processes and practices designed to protect networks, computers, programmes and data from attack, damage, or unauthorised access.

RISK ACCEPTANCE
Zero to low

Accell is averse to risks that could jeopardise Accell's networks, computers, programs and data.

MITIGATION OF THE RISK

The measures include but are not limited to the following topics:

- Security rules aimed at reducing the risks linked to current and new technologies.
- The access controls to IT applications and to the computer files at each workstation are secured via single sign on for all devices for all employees with two-factor authentication.
- In 2020, Accell Group introduced a gamified cybersecurity training that works by sending simulated phishing attacks. These teach employees how to avoid the traps that could potentially lead to cash or information losses. All our staff involved in the payment process, from approval to the actual payment, must enrol in this programme.
- In late 2020, Accell Group started an external security review and this will continue in 2021, to highlight current deficiencies and to create an action plan to mitigate these risks.

ENVIRONMENTAL RISK

Given the increase in environmental exposure, Accell Group evaluates its vulnerability, preparedness for and response to managing emerging and unforeseen environmental risks, such as flooding or earthquakes. Accell Group could be exposed to earthquake risks in the Asia region, (especially Taiwan) and in Turkey near the Aegean Sea. The above could impact future production capacity/supply.

RISK ACCEPTANCE

Balanced

Accell Group aims to limit the impact of unforeseen malfunctions on its business operations.

The risk of natural disasters will always be present, in spite of continuous efforts designed to limit such risks.

MITIGATION OF THE RISK

The measures include but are not limited to the following topics:

- Local disaster prevention plans are in place for each factory, consisting amongst other of fire protection measures, battery storage rooms, safety and evacuation training.
- An emergency sourcing plan is part of the day-to-day business and faces challenges due to COVID-19. Accell Group will continue to develop this plan across its factories, including paint shops and assembly facilities. This also entails supply restore timings and alternative usages of components within reasonable timeframes.
- Furthermore, Accell Group has set up a disaster recovery plan for all major IT disruptions in its primary data centre.
- Accell Group has insurance policies in place to cover property damage and business interruption and marine cargo risk.

COMPLIANCE RISKS

NON-COMPLIANCE

Accell Group is committed to compliance with laws and regulations in the various countries in which it operates, as it can be held liable for the consequences of non-compliance. Changes in law and regulations could mean that products, services, policies and/or procedures are not adapted (or not adapted quickly enough) potentially exposing Accell Group to risks such as fines, sanctions and loss of customers, profits and reputation. Given Accell Group's multi-jurisdictional presence, the risk profile has increased since there is a mix of international laws and regulations, like for example import duties, anti-dumping rules, the UK Bribery Act, Trade Sanctions, Export Controls and Brexit that have to be monitored and complied with.

RISK ACCEPTANCE
Zero

The Company is averse to non-compliance with applicable law and regulations, since this could adversely affect Accell Group's reputation and expose it to financial losses.

MITIGATION OF THE RISK

Accell Group has established policies and procedures aimed at compliance with applicable laws and regulations:

- We have a Code of Conduct that goes beyond the compliance within the legal and regulatory framework by providing guidance on behaviour.
- We adapt to local situations by building strong local entities and developing an appropriate approach to coping with dilemmas within the boundaries of applicable laws and responsible conduct.
- Management carries out regular reviews to identify risks and to ensure that adequate systems are in place to manage those risks. We analyse and assess changes in applicable laws and regulations and, when necessary, we make appropriate changes.
- We have laid down the basic rules for the directors of our companies in management regulations (last update effective 1 January 2019), pertaining to matters such as the mandatory involvement of the Board of Management in important decisions and documenting the authorisation of the same.
- We have provided finance staff with guidelines and instructions, including controls, pertaining to the structure and maintenance of the financial administration and reporting systems. The guidelines and instructions comply with prevailing IFRS standards.
- Each year, the directors of Accell Group's local companies sign a Letter of Representation, a detailed statement pertaining to matters such as the integrity of their annual financial reports, the existence and functioning of their internal control systems and compliance with applicable laws and regulations, as well as the Accell Group Code of Conduct.

FINANCIAL RISKS

CURRENCY AND INTEREST RATES

The Company's turnover, profit and cash flow are subject to exchange rate fluctuations in (partly) non-functional currencies. This pertains primarily to the US dollar and to a lesser extent the Japanese yen, the British pound, the Taiwanese dollar, and the Chinese yuan. Changes in interest rates also affect the company's results and cash flow.

RISK ACCEPTANCE
Balanced

The Company is prepared to accept a moderate impact of external developments on its financial position.

MITIGATION OF THE RISK

Accell Group seeks to minimise the impact of foreign exchange fluctuations:
• Accell Group hedges 75%-100% of its forecast purchases (or sales) in foreign currencies for one year ahead following a monthly rolling approach.
• The average hedge rates approximate the average market rates.
• All derivatives used have an underlying economic basis. This principle is applied strictly to prevent potentially speculative positions.

With regards to interest rate risk, Accell Group partly hedges its long-term floating rate debt with an interest rate swap and cap. The shorter tenor term debt (GO-C) is not hedged.

FINANCING

The company is partly financed via a bank facility, which is used to absorb the impact of seasonal fluctuations in working capital, or to finance (smaller) acquisitions. There is a risk that the company will not be able to obtain the required financial resources or will be unable to obtain those resources in time to meet its financial obligations, which may endanger the growth of the Company.

RISK ACCEPTANCE
Low to none

The Company is averse to accept risks which could jeopardise the strategic long-term goals.

MITIGATION OF THE RISK

Accell Group mitigates this risk with a long-term financing facility, which has been agreed with a consortium of banks:

• The facility is in line with the characteristics of the company and provides the financing parties with sufficient transparency and security.
• The conditions of the committed facility are explained in more detail in section 4.9 of the notes to the financial statements of this annual report.
• Accell Group reviewed its loan facilities in early 2020, which led to a rebalancing between the term loan and the seasonal facility.
• Given the uncertainty and volatility at the start of the COVID-19 outbreak, Accell Group used scenario planning to identify liquidity risks. Additional liquidity (€ 115 million) was arranged in time to prevent any adverse risks to the Accell Group.

2.7.2 IN CONTROL STATEMENT

The Board of Management is responsible for the design and operation of the internal risk management and control systems. In discharging this responsibility and to provide substantiation for the statement below, the Board of Management has assessed the effectiveness of the design and operation of the internal control and risk management systems.

As a result of the management testing carried out in 2020, the regions and operating companies issue signed Letters/Documents of Representation to the Board of Management. The Board of Management has reviewed the Letters of Representation, along with reports from Internal Audit and the Board Report from the external auditor. It has assessed the effectiveness of the design and operation of the internal control framework and has discussed this with the Audit Committee and the Supervisory Board.

In 2020, no major failings (i.e. no failings which resulted in material losses or impact) in the design of implementation of the controls in the internal control and risk management systems were observed. In instances when a control did not operate as expected, areas for improvement were identified and remedial action plans were formalised, which plans will continue to be monitored during 2021.

Based on the information referred to above and its assessment, the Board of Management believes that:

1. the report provides sufficient insight into any failings in the effectiveness of the internal risk management and control systems;
2. the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;
4. the report provides information on those material risks and uncertainties that are relevant to the expectation of the company's ability to continue as a going concern for a period of twelve months after the preparation of this report.

RESPONSIBILITY STATEMENT

In accordance with article 5:25c, section 2 sub c, of the Financial Supervision Act, the Board of Management confirms, to the best of its knowledge, that:

- the consolidated financial statements as included in Chapter 4 Financial Statements of this report provide a true and fair representation of the assets, liabilities, financial position and profit or loss of Accell Group N.V. and its consolidated companies;
- the annual report gives a true and fair view of the position on 31 December 2020, and the developments during the financial year of Accell Group N.V. and its group companies included in the consolidated financial statements; and
- the annual report includes a description of the main risks and uncertainties that Accell Group N.V. is facing.

The above statements are given on the basis that the internal risk management framework and internal control system are primarily designed to identify and control significant risks to which the company is exposed, taking into account the nature and scope of the organisation. This does not imply that these systems and procedures provide assurance as to the realisation of operational and strategic business objectives, nor that they can prevent material misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Heerenveen, 4 March 2021

BOARD OF MANAGEMENT
Ton Anbeek (CEO)
Ruben Baldew (CFO)
Jeroen Both (CSCO)

2.7.3 CORPORATE GOVERNANCE

Accell Group recognises the importance of good corporate governance. The Board of Management and the Supervisory Board are responsible for the corporate governance structure of Accell Group and for compliance with the Dutch Corporate Governance Code (the 'Code'). This section of the report describes Accell Group's corporate governance structure.

GENERAL

Accell Group N.V. ("Accell Group" or "the Company") is a public limited liability Company (Naamloze Vennootschap) under Dutch law, that applies a two-tier board structure comprising a Board of Management, composed of managing directors, and a Supervisory Board, composed of supervisory directors. The Supervisory Board supervises the Board of Management and ensures that external experience and knowledge is embedded in the Company's conduct. The two boards are independent of each other and are ultimately accountable to the General Meeting ("General Meeting"). Accell Group's corporate governance is laid down in the Company's articles of association and the Board of Management and Supervisory Board regulations, which can be found on our website. The Company is listed and its ordinary shares are admitted to trading on Euronext Amsterdam.

BOARD OF MANAGEMENT

The Board of Management is charged with the day-to-day management and is responsible for the continuity of the Company and its affiliated enterprise, as well as for achieving its goals, objectives, strategy and results. The Board of Management is accountable to the Supervisory Board and the General Meeting. In the performance of its tasks, the Board of Management is guided by the Company's long-term value creation and considers the relevant stakeholder interests in this context. The Board of Management determines the strategy for realising the Company's long-term value creation and informs the Supervisory Board regarding the determination of this strategy in a timely manner. The Board of Management is also responsible for the identification and management of the risks associated with the Company's strategy and activities. To this end, Accell Group has an internal risk management and control system. For more detailed information, please see section 2.7 'Risk Management' of this report.

Certain significant resolutions of the Board of Management require the approval of the Supervisory Board. These include resolutions on major investments, the issuance of shares and the establishment and/or termination of long-term alliances with other companies. The General Meeting's approval is required for resolutions of the Board of Management that involve significant changes to the identity or character of the Company or its business.

On 22 April 2020, the General Meeting granted the Board of Management the authority to repurchase Accell Group shares for consideration. The authorisation was granted under the following conditions:

- the authorisation would be valid for 18 months (starting on 23 April 2020).
- the Supervisory Board's approval is required for the acquisition.
- the number of shares shall never exceed 10% of the issued share capital at the time of acquisition. and
- the acquisition price shall never exceed 110% of the average share price on the preceding five trading days.

The agenda for the General Meeting of 21 April 2021 includes a proposal to again grant the Board of Management the authority to acquire Accell Group

shares under the same conditions as those set out above, such for a period of 18 months. If that authorisation is granted, it will replace the authorisation granted by the General Meeting of 22 April 2020.

Resolutions on the issuance of shares are adopted by the General Meeting, insofar as and if it has not been designated to another corporate body. The pre-emptive rights can be limited or excluded by the corporate body authorised to adopt resolutions on the issuance of shares, provided that said authorisation is granted expressly to that corporate body. On 22 April 2020, a resolution of the General Meeting granted the Board of Management the authorisation, for 18 months, starting on 23 April 2020, with the approval of the Supervisory Board, to:

- issue ordinary shares up to a maximum of 10% of the ordinary shares outstanding at the time of the resolution or to grant or issue rights to such ordinary shares; and
- limit or exclude pre-emptive rights upon the issuance of such (rights to) ordinary shares.

The agenda for the General Meeting of 21 April 2021 includes a proposal to grant this authorisation again for another 18 months. If that authorisation is granted, it will replace the authorisation granted by the General Meeting on 22 April 2020.

The Board of Management represents the Company insofar as the law does not stipulate otherwise. Each member of the Board of Management also has the authority to represent the Company.

The Supervisory Board determines the number of the members of the Board of Management, appoints members of the Board of Management and also has the power to suspend and dismiss members of the Board of Management. The Supervisory Board will consult the General Meeting before any dismissal is effected.

Pursuant to the Code, members of the Board of Management are appointed for a maximum term of four years, and their contract is a service agreement (overeenkomst van opdracht). Their term of appointment ends after the conclusion of the first General Meeting, to be held in the fourth year after the year in which they were appointed. Members of the Board of Management can be re-appointed for an additional four-year period.

The members of the Board of Management jointly manage the Company and are in principle jointly and severally liable for such management. Subject to the approval of the Supervisory Board, each member of the Board of Management may have their personal and primary responsibilities. The Board of Management currently has three members: Ton Anbeek (CEO), who was appointed Chairman of the Board of Management by the Supervisory Board, Ruben Baldew (CFO) and Jeroen Both (CSCO).

The operation of the Board of Management is subject to the Board of Management's rules of internal procedure, which outline in detail how the Board of Management operates and its relationship with the Supervisory Board, shareholders and the Works Council. These rules, which have been approved by the Supervisory Board, can be found on the Company's website (under 'Corporate Governance').

Based on a proposal prepared by the Selection and Remuneration Committee, the Supervisory Board determines the remuneration of the individual members of the Board of Management, with due observance of the remuneration policy adopted by the General Meeting on 22 April 2020. The main elements of the contracts with members of the Board of Management are published on the Company's website in accordance with the Code. Each year, the Supervisory Board compiles a remuneration report, which contains an explanation of the remuneration of the individual members of the Board of Management.

The remuneration policy as adopted by the General Meeting on 22 April 2020 and the 2020 remuneration report are available on the Accell Group website (under 'Corporate Governance/Remuneration'). The 2020 remuneration report for the Board of Management will be put on the agenda of the General Meeting of 21 April 2021 for an advisory vote.

The Company does not provide any personal loans or guarantees to members of the Board of Management, managers, or other employees. Accell Group has the usual indemnity and insurance arrangements with respect to normal company business, and these

arrangements cover members of the Supervisory Board, the Board of Management, managers, and other employees.

SUPERVISORY BOARD

The Supervisory Board supervises and advises the Board of Management on the performance of its management tasks and supervises the overall development of the Company. In the performance of its tasks, the Supervisory Board is guided by the interests of Accell Group and its affiliated enterprise and takes into account the relevant stakeholder interests in this context. The members of the Supervisory Board regularly discuss the Company's long-term value creation strategy, its execution and the associated key risks, while paying specific attention to the effectiveness of the internal risk management and control systems and the integrity and quality of the Company's financial reporting. The Board of Management provides the Supervisory Board with all the information it requires to perform its tasks and does so in a timely manner.

In its periodic meetings with the Board of Management, the Supervisory Board discusses a number of subjects, including the general state of affairs, as well as financial reporting based on the operational plan for the year under review (half-yearly and annual reports, interim financial statements, balance sheets, income statements, cash flow statements and capital investments). The agenda also includes subjects such as major investments and/or divestments, management developments, human resources, the relationship with shareholders, the dividend proposal, the independent auditor's management letter and follow-up actions, involvement insetting the operational plan with the operational and financial goals for the next year and involvement in setting the long-term strategy at least every fifth year.

At least once a year, the Supervisory Board discusses the progress of the strategy and the principal risks connected to the business, the Board of Management's assessment of the organisation and the operation of the internal risk management and control systems, as well as any significant changes to those systems.

The Supervisory Board has drawn up regulations, which include the distribution of its tasks and its operating methods. The regulations also include a section on its interaction with the Board of Management and the General Meeting. The current regulations were adopted by means of a resolution dated 4 March 2020. The regulations can be found on the Accell Group website (under 'Corporate Governance/Supervisory Board').

The Supervisory Board is composed of at least three members. The General Meeting appoints the members of the Supervisory Board based on nominations drawn up by the Supervisory Board. The General Meeting can reject the nomination with an absolute majority of the votes cast, representing at least one-third of the issued share capital. If the nomination is rejected, the Supervisory Board shall draw up a new nomination. In the event that the General Meeting fails to appoint the nominee and also fails to reject the nomination, the Supervisory Board shall appoint said nominee. In the event of vacancies, the Supervisory Board announces the nominations simultaneously to the General Meeting and the Works Councils of Accell Nederland B.V., Accell IT Services B.V. and Accell Global B.V. The General Meeting and the Works Councils are entitled to recommend nominees to the Supervisory Board for appointment as members of the Supervisory Board. The Supervisory Board will fill the nominations for one-third of the number of members of the Supervisory Board with persons recommended by the Works Councils acting jointly, unless the Supervisory Board objects to said recommendation and provides sound grounds for such objection.

A member of the Supervisory Board shall, in general, resign no later than on the day of the first General Meeting held four years after their appointment and immediately after the end of said meeting. A resigning member of the Supervisory Board may be reappointed immediately in accordance with the Company's articles of association and the internal regulations of the Supervisory Board.

The members of the Supervisory Board receive a remuneration to be determined by the General Meeting in accordance with the remuneration policy for the Supervisory Board as adopted by the General Meeting on 22 April 2020. The remuneration policy

and the Supervisory Board's 2020 remuneration report are available on the Accell Group website (under 'Corporate Governance/Remuneration') and will be put on the agenda of the General Meeting on 21 April 2021 for an advisory vote.

The Supervisory Board has drawn up a retirement schedule, which is published on the Accell Group website (under 'Corporate Governance/Supervisory Board').

As from 1 January 2020 onwards, the Supervisory Board consists of four members and has appointed two committees from its midst, each with two members. The Audit Committee consists of Ms Daniëlle Jansen Heijtmajer (chair) and Mr Gert van de Weerdhof. The Selection/Remuneration Committee currently comprises Mr Peter Ernsting (chairman) and Mr. Rob ter Haar.

These committees are tasked with preparatory activities as part of the Supervisory Board's decision-making process. By means of a resolution dated 4 March 2020, the Supervisory Board established revised regulations for the audit committee and the selection/remuneration committee. These regulations can be found on the website (under 'Corporate Governance/Supervisory Board'). It is the task of the committees to support and advise the Supervisory Board with respect to the items that are under the committees' responsibility and to prepare the Supervisory Board's decisions regarding those items. The Supervisory Board as corporate body remains responsible for how it performs its tasks and for the preparatory work carried out by the committees. The committees submit reports on all their meetings to the Supervisory Board.

The Supervisory Board has drawn up a profile of its size and composition, taking into account the nature, size and operations of Accell Group and the desired expertise and background of the members of the Supervisory Board. The previous profile was established in 2011 and can be found on the Accell Group website (under 'Corporate Governance/Supervisory Board'). This profile has been updated by means of a Supervisory Board resolution dated September 2020 and will be presented to the General Meeting (for information purposes) on 21 April 2021.

The Supervisory Board has appointed from its midst a chair and a vice-chair, and is assisted by a Company Secretary. The Supervisory Board aims to align the experience and expertise of its members effectively with the nature, activities and strategy of Accell Group. The Supervisory Board's composition is such that the members can operate independently and critically, vis-à-vis each other, the Board of Management and any Company interest whatsoever. The Company is responsible for an introduction programme for persons appointed to the Supervisory Board.

COMPOSITION BOARD OF MANAGEMENT AND SUPERVISORY BOARD

The Board of Management and Supervisory Board are composed in such a way that the required expertise, background, and competencies are independently represented to ensure it can fulfil its tasks effectively. With respect to the distribution of seats on the Board of Management and Supervisory Board, the Supervisory Board strives for diversity in terms of education, professional experience, age and gender. The appointments to the Supervisory Board and the Board of Management in 2018 increased the diversity of both bodies, although the current composition is not yet sufficiently balanced. The new profile for the Supervisory Board as defined in 2020 includes diversity aspects, such as a clear target for gender participation of at least 30 per cent female and at least 30 per cent male members. Besides gender, diversity in background, nationality, expertise and experience are equally important to maximising value in the Supervisory Board. These diversity requirements will be taken into account in the search for new Supervisory Board members.

The Supervisory Board also resolved that the diversity aspects defined in the profile for the Supervisory Board will apply equally to the Board of Management. Regrettably, the composition of the Executive Committee is not (yet) in line with the target as far as gender participation is concerned.

In 2020, the Company launched a Diversity & Inclusion policy, which can be found on our website, with the CEO taking the lead as sponsor. A group-wide programme to establish and embed diversity and inclusion is under construction and will be launched in 2021. The target for gender participation

in 2025 is to have at least 30 per cent female members in our most senior leadership team, which currently counts approximately 87 members, 18 of which are female. Besides gender, diversity in background, nationality, expertise, and experience are also important aspects. Accell will increase its attention to women in our management development programmes, to ensure that the increase in the number of women in senior management positions is warranted. In addition, external recruitment agencies will be instructed to identify capable female candidates for senior management positions. Finally, the Company will give preference to women in the event of equal suitability.

Notwithstanding the above, it should be noted that, especially at executive level, achieving the gender target is proving to be difficult due to the nature of our business and the lack of female candidates with sufficient management experience in the bike industry. It is therefore difficult to predict when we are likely to achieve this target.

GENERAL MEETING

Key powers, such as powers regarding resolutions to amend the articles of association, substantial legal mergers and/or spin-offs that change the character of the Company, and the adoption of the annual accounts, reside with the General Meeting. In addition, the General Meeting adopts the remuneration policy for the members of the Board of Management and Supervisory Board and sets the remuneration for the Supervisory Board. The dividend policy and discharge of the Board of Management and Supervisory Board are also regular items on the agenda of the General Meeting. Accell Group provides shareholders with reports on shareholders' meetings, as stipulated in the Code. Within 15 calendar days after each General Meeting, the results of the votes per agenda item are published on the Company's website. A General Meeting is convened at least once a year and is chaired by the chairman of the Supervisory Board.

Accell Group considers it important that as many shareholders as possible participate in the decision-making processes of the General Meeting and those entitled to vote are therefore given the opportunity to appoint proxies or to extend voting instructions ahead of the General Meeting. The engagement of many shareholders, participation in the decision-making process and the level of attendance at the General Meetings in recent years ensure that the corporate governance system operates effectively. At the General Meeting held on 22 April 2020, which was held by means of a webcast without shareholders being present, given the COVID-19 restrictions that were in place, 43.1% of the total number of issued shares was either present or represented.

FINANCIAL REPORTING, THE EXTERNAL AND INTERNAL AUDITOR

The Board of Management is responsible for the quality and completeness of the financial reports that are published. Before being presented to the General Meeting for adoption, annual financial statements as prepared by the Board of Management must be examined by an external certified public auditor.

The General Meeting has the authority to appoint the external independent auditor. The Supervisory Board nominates the auditor for (re-)appointment by the General Meeting once a year, taking into account the advice of the Audit Committee, while giving due consideration to the Board of Management 's considerations. The external auditor attends all Audit Committee meetings and the meetings of the Supervisory Board in which the annual financial statements are to be approved and in which the year-end report of the external auditor is discussed. Prior to publication, the external independent auditor reports its findings related to the audit of the annual accounts simultaneously to the Board of Management and the Supervisory Board and records the results of its findings in a statement. During the General Meeting, the external auditor will be present and may be questioned about its statement regarding the true and fair nature of the financial statements.

KPMG Accountants N.V. has been nominated and appointed as the external independent auditor for Accell Group since 2016 and up to and including the financial year 2021. The Supervisory Board has put forward KPMG Accountants N.V. for reappointment as external auditor for the financial year 2022 on the agenda for the General Meeting of 21 April 2021.

Accell Group has an internal audit function, which operates under the responsibility of the Board of

Management, with lines to the CEO, CFO, and the Audit Committee. The role of the internal audit function is to assess the design and the operation of the internal risk management and control systems. The scope of the internal audit function's work is regulated in an Internal Audit Charter. In line with the Code, both the appointment and dismissal of the Head of Internal Audit shall be submitted to the full Supervisory Board for approval, with a recommendation issued by the Audit Committee. In line with the Code, the Board of Management and the Audit Committee are involved in the preparation and approval of the annual internal audit plan, which is submitted to the Board of Management and Supervisory Board for approval. Internal Audit reports are discussed with the Audit Committee in the presence of the external auditor.

CODE OF CONDUCT

The Board of Management established a new internal code of conduct in 2018. This Code of Conduct incorporates the desired conduct expected of everyone within Accell Group every day. The Code of Conduct also includes instructions and recommendations on how employees should conduct themselves in certain specific situations. The full text of the internal code of conduct is available on the Accell Group website (under 'Corporate Governance').

Accell Group has laid down its requirements for suppliers and other parties involved in the production and sourcing process in a separate code of conduct. These requirements relate to issues including the prohibition of child labour, involuntary labour and discrimination, safety requirements, environmental requirements, and labour conditions. The code of conduct for suppliers is available on the Accell Group website (under 'Corporate Governance').

WHISTLE-BLOWER REGULATIONS

The Board of Management has established whistle-blower regulations, an internal compliance committee and an internal investigation procedure; in 2020, a whistle-blower line operated by an external professional party became operational, so employees can (anonymously) report alleged irregularities without harming their legal position. Relevant documents can be found on the Accell Group website (under 'Corporate Governance').

INSIDER TRADING REGULATION

The Insider Trading Regulation established by the Board of Management aims to provide rules to support the legal provisions aimed at preventing insider trading. The basic premise of the Insider Trading Regulation is that people should not execute or recommend transactions in Accell Group shares and other Accell Group financial instruments if they are in possession of inside information, such in accordance with Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (Market Abuse Regulation).

Pursuant to the Insider Trading Regulation, persons with a reporting obligation (including members of the Board of Management and the Supervisory Board) and the so-called designated persons at Accell Group are subject to various closed trading periods, announced by the Compliance Officer, in which they are not allowed to conduct any transactions, regardless of whether they are in possession of inside information or not. In line with the Insider Trading Regulation, persons with a reporting obligation and designated persons must report any transactions they have executed to the Compliance Officer. Those with a reporting obligation must also report their transactions to the Dutch Financial Markets Authority (AFM).

On 12 December 2014, the Supervisory Board established a regulation that includes several provisions related to the possession of and transactions in securities by members of the Board of Management and of the Supervisory Board, other than those issued by their 'own' Company. This is the regulation referred to in the last sentence of best practice provision 2.7.2 of the Code.

TRANSACTIONS INVOLVING POTENTIAL CONFLICTS OF INTEREST

Any form of appearance of conflicting interests between the Company and members of the Board of Management and/or Supervisory Board members must be avoided. Decisions to enter into transactions that might lead to a conflict of interest on the part of a member of the Board of Management and that are of material importance to the Company and/or the member of the Board of Management in question must be approved by the Supervisory Board.

In the financial year 2020, there were no transactions involving a conflict of interest with members of the Board of Management or the Supervisory Board or with majority shareholders as provided for in best practice provisions 2.7.4 and 2.7.5 of the Code. The Supervisory Board regulations include rules on how to deal with (potential) conflicts of interest involving members of the Board of Management or the Supervisory Board and the external auditor in relation to Accell Group and stipulate which transactions require the approval of the Supervisory Board.

PROTECTIVE MEASURES

The Supervisory Board will be involved closely and in a timely fashion in the process related to any offer for shares in the Company, and the Board of Management and the Supervisory Board will immediately discuss any request from a potential bidder to examine Company information.

With regard to the protection against undesirable developments that might affect the independence, continuity and/or identity of the Accell group of companies, the Company has the option to issue cumulative preference shares B. A call option has been granted to the Stichting Preferente Aandelen Accell Group for those cumulative preference shares B.

MORE INFORMATION

For more detailed information regarding this protective measure, see section Stichting Preferente Aandelen Accell Group.



CYCLING
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THE WORLD
FORWARD

2.7.4 COMPLIANCE WITH THE CODE

The Company is committed to the principles of corporate governance, and constantly seeks to enhance its corporate governance standards and framework. In 2020, Accell Group reviewed the principles and best practices of the Code and has, where feasible and relevant, taken actions to implement further improvements.

With respect to best practice provisions 2.1.5 and 2.1.6 (describing the existence of a diversity policy, as well as accountability on diversity), which was an exception to the Code in reporting year 2019, in 2020 Accell Group took steps to define targets and establish a group-wide programme to achieve the Company's Diversity & Inclusion ambition.

Taking this into account, Accell Group applied all principles and best practices of the Code throughout the year (insofar as these are applicable to the Company).

DECREE ARTICLE 10 OF THE TAKEOVER DIRECTIVE

The following information and explanations relate to the provisions of the Decree of 5 April 2006 implementing article 10 of Directive number 2004/25/EC of the European Parliament and the Council of the European Union dated 21 April 2004 and last revised on 13 October 2015:

CAPITAL STRUCTURE

The Company's authorised share capital amounts to € 1,200,000 divided into 120,000,000 shares with a nominal value of € 0.01 each, divided into 55,000,000 ordinary shares, 5,000,000 cumulative preference shares F, and 60,000,000 cumulative preference shares B. As of 4 March 2021, the issued and paid-up capital of Accell Group amounted to € 268,050.31, divided into 26,805,031 ordinary shares with a nominal value of € 0.01 each. Only ordinary shares have been issued. The ordinary shares are traded on the Euronext Amsterdam stock exchange. The rights attached to the shares into which the Company's capital is divided follow from the articles of association and the Dutch Civil Code.

There is no difference in the voting rights attached to an ordinary share, a cumulative preference share F and a cumulative preference share B. As all shares have the same nominal value (€ 0.01), every issued and outstanding share of a class gives the right to cast one (1) vote in the General Meeting and to cast one (1) vote in the meeting of holders of that specific class. Ordinary shares and cumulative preference shares F may only be issued against payment in full. Preference shares B may be issued against partial payment. Holders of ordinary shares and holders of cumulative preference shares F do have a pre-emptive right in respect of new ordinary shares and new cumulative preference shares F to be issued, unless restricted or excluded pursuant to a resolution of the competent corporate body. Holders of ordinary shares and holders of cumulative preference shares F do not have a pre-emptive right in respect of new cumulative preference shares B to be issued. Holders of preference shares B do not have a pre-emptive right in respect of shares to be issued. The relevant financial rights attached to the shares are related to the application of the profits in relation to the classes of cumulative preference shares (if issued). A brief summary of that article is provided in the following sub-section.

A BRIEF SUMMARY OF ARTICLE 25 OF THE ARTICLES OF ASSOCIATION

From the profit realised in any financial year (and if there is not enough profit, as far as possible from the distributable reserves), an amount will first be distributed on the cumulative preference shares B. That amount will be 3.5% above the average refinancing interest determined by the European Central Bank for the past year.

Subsequently, if possible, a dividend will be distributed on the cumulative preference shares F of a certain series, equal to the arithmetic average of the effective return on government bonds.

After the distributions referred to above on shares B and/or F, the Board of Management shall determine, with the approval of the Supervisory Board, what part of the profit will be added to the reserves. The part of the profit that remains thereafter is at the disposal of the General Meeting.

LIMITS ON THE TRANSFER OF SHARES

The Company has no statutory or contractual limitation on the transfer of shares, with the exception of the statutory blocking provision with respect to the transfer of cumulative preference shares F. According to the articles of association, the transfer of cumulative preference shares F requires the approval of the Board of Management.

SUBSTANTIAL INTERESTS

An overview of substantial interests in the equity of Accell Group, which have at the time of preparing this management report been reported under the provisions related to the reporting of controlling interests under the disclosure of the Dutch Financial Supervision Act (WFT), is included in section The Accell Share.

SPECIAL CONTROL RIGHTS

Since 2008 a long-term incentive plan based on performance shares has been introduced for the members of the Management Board. Early 2020, a long-term incentive plan was introduced for senior executive positions below the Management Board; that plan currently applies to approx. twenty five employees. The Company does not have any other employee share or employee option plans

The Company has not issued any shares with special controlling rights.

VOTING RIGHTS

There are no limitations or terms on the execution of the voting rights attached to ordinary shares.

There are no depositary receipts for shares issued with the cooperation of the Company.

SHAREHOLDERS' AGREEMENTS

The Company is not aware of any agreements involving a shareholder of the Company that may limit the transfer of shares or that may limit the voting rights.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE SUPERVISORY BOARD AND MEMBERS OF THE BOARD OF MANAGEMENT AND AMENDMENT OF THE ARTICLES OF ASSOCIATION

The General Meeting appoints the members of the Supervisory Board, based on a recommendation from the Supervisory Board. The Supervisory Board appoints the members of the Board of Management. A more detailed explanation of the appointment and dismissal of members of the Board of Management and the Supervisory Board can be found in the Company's articles of association. Resolutions to amend the articles of association and to dissolve the Company may only be adopted by the General Meeting pursuant to a proposal of the Board of Management and are subject to the approval of the Supervisory Board. Resolutions of the General Meeting to amend the articles of association and to dissolve the Company may be taken with a majority of the votes cast, but if less than half of the issued capital is represented the resolutions have to be taken with a majority of at least two/thirds of the votes cast.

POWERS OF THE BOARD OF MANAGEMENT

The company is managed by the Board of Management. The Board of Management's powers are those arising from legislation and regulations. See the Board of Management rules for a more detailed

description of duties. Resolutions on the issuance of shares are adopted by the General Meeting, insofar as and if it has not designated another corporate body. The corporate body authorised to adopt resolutions on the issuance of shares may limit or exclude the pre-emptive rights, provided that said authorisation is granted expressly to that corporate body. On 22 April 2020, a resolution of the General Meeting extended to 23 October 2021 the period during which the Board of Management is authorised, with the approval of the Supervisory Board, to: (i) issue ordinary shares up to a maximum of 10% of the outstanding share capital, and (ii) limit or exclude pre-emptive rights upon the issuance of ordinary shares. See also the section Corporate Governance of this report.

On 22 April 2020, the General Meeting granted the Board of Management the authority to repurchase Accell Group shares. The authorisation was granted under the following conditions: (i) the authorisation would be valid for 18 months (until 23 October 2021), (ii) the Supervisory Board's approval would be required for the acquisition of Accell Group shares, (iii) the number of shares would not exceed 10% of the issued share capital and (iv) the acquisition price would not exceed 110% of the average share price on the preceding five trading days. See also the section Corporate Governance of this report. Resolutions to amend the Articles of Association, or to dissolve the company may only be passed by the General Meeting on the basis of a proposal put forward by the Board of Management and approved by the Supervisory Board.

CHANGE OF CONTROL PROVISIONS IN SIGNIFICANT AGREEMENTS

Accell Group differentiates the following categories of agreements, as referred to in the Decree on Article 10 of the EU Takeover Directive:

- The Group has a financing agreement with a syndicate of banks. See for further details section 4.9.1.1 of the financial statements. This agreement stipulates that in the event of a change of control the lenders have the right to terminate the agreement and to reclaim the loans issued prematurely in the event of a substantial change in the control over the Company following a public bid as meant in article 5:70 of the Dutch Financial Supervision Act (WFT).
- Accell Group and its subsidiaries have entered into various agreements that contain clauses that in the event of a change of control the other party has the right to terminate the agreement. These agreements are in themselves not considered key agreements within the meaning of the Decree on Article 10 of the Takeover Directive, but jointly they may be considered significant.
- The terms and conditions of the conditional performance share plan stipulate that, upon the occurrence of a change of control, the Supervisory Board may decide to accelerate the vesting of the conditional performance shares on a pro rata basis, both in terms of time and performance. However, the Supervisory Board is also authorised to withdraw conditional and unconditional performance shares in exchange for a cash payment at market value.
- The Company is not aware of any agreements with members of the Board of Management or employees that provide for a payment in the event that the employment is terminated following a public bid as meant in article 5:70 of the Dutch Financial Supervision Act (WFT).

2.7.5 TAX AND REGULATIONS

Accell Group regards taxation as an integral part of its business and as an important contribution to Accell Group's position in business and society. Accell Group's attitude towards taxation is reflected in its vision 'corporate social responsibility at the heart of everything we do'. Accell Group takes a long-term view and carefully weighs the interest of all stakeholders. To clarify what this means in practice, Accell Group has developed a Tax Policy via a set of tax principles and tax guidelines. Below you will find a description of Accell Group's tax principles and tax guidelines.

ACCELL GROUP'S TAX PRINCIPLES:

- Accell Group pays taxes in a timely fashion and in accordance with all applicable laws and regulations. Accell Group is guided by international standards, such as the OECD Guidelines. Accell Group takes into account both the letter and the spirit of tax laws and regulations.
- Tax is an integral part of doing business. Taxes should follow business and profits are therefore allocated to the countries in which business value is created. Accell Group applies the at arm's length principle when calculating transfer prices. Accell Group does not use contrived or abnormal tax structures that are aimed at tax avoidance.
- Tax is one of the elements Accell Group takes into account in its commercial and economic activities.
- Wherever Accell Group operates, Accell Group seeks to establish and maintain an open and constructive dialogue with tax authorities and other government bodies, based on the disclosure of all relevant facts and circumstances. If necessary, Accell Group discusses important fiscal aspects with the tax authorities in an open and transparent manner.
- Accell Group seeks a competitive, stable, sustainable and explainable effective corporate tax rate and will when possible optimise the tax efficiency of its corporate structure. However, any optimisation will only be based on opportunities provided by law or case law and any tax planning will be discussed in an open and transparent manner with the relevant tax authorities.

  However, in doing so, due consideration needs to be given to Accell Group's legitimate interests, reputation, brand, and corporate social responsibility.
- Accell Group takes a prudent approach with respect to the tax charge in its financial statements.
- Accell Group is transparent about its approach to tax and its tax position. Disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards, such as IFRS.

CORPORATE INCOME TAX (CIT) BY REGION

	The Netherlands 2020	Germany 2020	Other Europe 2020	Other World 2020	Total 2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
CIT to be paid (received) 1 January 2020	2,420	498	1,089	-165	3,841
CIT paid (received) in 2020	2,154	8,296	450	-104	10,796
CIT to be paid (received) 31 December 2020	-2,431	2,238	1,648	97	1,552

2.7.6 STICHTING PREFERENTE AANDELEN ACCELL GROUP

Stichting Preferente Aandelen Accell Group (the Accell Group preference share trust, a Dutch foundation) has its registered office in Heerenveen and aims to protect the interests of Accell Group NV, hereinafter also referred to as the Company, its associated enterprise, including the enterprises maintained by the companies with which it forms a group and all persons involved therein. In the performance of its task, Stichting Preferente Aandelen Accell Group shall do its utmost to safeguard the interests of Accell Group NV and its associated enterprise and any parties involved therein, while at the same time doing its utmost to resist any influences that might affect the independence and/or the continuity and/or the identity of the Company and its associated enterprise in violation with those interests.

To protect the continuity of (the strategy of) Accell Group and its stakeholders, Accell Group NV entered into an option agreement with Stichting Preferente Aandelen Accell Group in May 2015. This agreement replaced the previous option agreement dating from December 1998, which was later amended in 2009.

Pursuant to the option agreement, Stichting Preferente Aandelen Accell Group shall have the right at any time to acquire such a number of cumulative preference shares B as is required to make Stichting Preferente Aandelen Accell Group, after the acquisition of said shares, the holder of one half, less one share, of the (increased) issued share capital (following the issue of shares). Stichting Preferente Aandelen Accell Group can exercise this right at any time (again and again) – partially or entirely up to the aforementioned maximum – if in its opinion the independence and/or the identity and/or the continuity of (the strategy of) the Company, its associated enterprise and any parties involved therein is threatened.

The option can be exercised, among other things, (1) to prevent or delay (the threat of) a public bid on the shares in the share capital of the Company that is deemed hostile, and/or (2) to prevent or oppose an unwanted concentration of voting rights in the General Meeting of Shareholders, and/or (3) to resist any unwanted influence or pressure from shareholders who wish to change the strategy of the Board of Management.

In these cases, the issue of cumulative preference shares B enables the Company, the Board of Management and the Supervisory Board to determine their standpoint vis-a-vis the bidder/hostile shareholder and any plans they may have, to investigate alternatives and to defend the interests of the Company and those of its stakeholders.

Within six months after any issue of cumulative preference shares B, the Board of Management shall convene a General Meeting to inform the shareholders regarding the current status and discuss the same with them.

Pursuant to article 2:346 section 1 sub e of the Dutch Civil Code, the Company has granted the Stichting Preferente Aandelen Accell Group the authority to submit a written request to the Enterprise Chamber of the Amsterdam Court of Appeal to initiate an inquiry into the policy and the general affairs of the Company, within the meaning of article 2:345 of the Dutch Civil Code.

The board of Stichting Preferente Aandelen Accell Group comprises three members, namely Mr. M.P. (Marco) Nieuwe Weme (Chairman), Mr. B. (Bart) van der Meer, and Mr. A.J.M. (Naud) van der Ven.

In the opinion of the Company and in the opinion of Stichting Preferente Aandelen Accell Group, Stichting Preferente Aandelen Accell Group is independent from the Company within the meaning of article 5:71 section 1 sub c of the Dutch Financial Supervision Act (in Dutch: Wet op het financieel toezicht).

Please be also referred to the website of Stichting Preferente Aandelen Accell Group: stichtingpreferenteaandelenaccellgroup.com

3 SUPERVISORY BOARD REPORT

It is our pleasure to present the report of the Supervisory Board for 2020, which provides an overview of our activities over the past 12 months.

3.1 COMPOSITION OF THE SUPERVISORY BOARD



ROB TER HAAR (1950)

CHAIRMAN

Mr. Ter Haar (Dutch) was appointed to the Supervisory Board and as Chairman on 24 April 2019. Rob ter Haar has ample experience as a non-executive board member with companies in the Netherlands and abroad. He served as a member of the supervisory boards of companies including FrieslandCampina, Univar, Maxeda and Sperwer, and was chairman of the supervisory boards of Unibail-Rodamco, Parcom, Mediq and VvAA. Previously, he was CEO of Hagemeyer and De Boer Unigro. Mr. Ter Haar started his career with Procter & Gamble in marketing and was appointed general manager at Mölnlycke and SaraLee | D.E. He currently holds supervisory or advisory positions with a number of non-listed companies and foundations. His term of office runs until the General Meeting due to be held in the spring of 2023.



GERT VAN DE WEERDHOF (1966)

VICE-CHAIRMAN

Mr. van de Weerdhof (Dutch) was appointed to the Supervisory Board on 25 April 2018. He currently serves as supervisory board member of Ctac NV (chairman), Sligro NV (Remco chairman) and Safestore Ltd. Until 2020 he was a member of the Wereldhave supervisory board (vice chairman). Previously, Mr. van de Weerdhof was CEO of RFS Holland Holding/Wehkamp BV and between 1992 and 2013 held various general management, marketing and sales positions at Esprit Holdings Ltd, Grandvision, PepsiCo International and Procter & Gamble Benelux NV. Mr. van de Weerdhof was appointed for a term of four years. His term of office runs until the General Meeting due to be held in the spring of 2022.



DANIËLLE JANSEN HEIJTMAJER (1960)

Ms. Jansen Heijtmajer (Dutch) was appointed to the Supervisory Board on 25 April 2018. Since 2014, she has been with FrieslandCampina, where she currently holds the position of global process director of finance, shared services, enterprise risk management & internal control, and real estate. Prior to this, Ms. Jansen Heijtmajer spent 23 years in various finance positions at Shell, including vice president group pensions, in countries including the UK and the US. In addition to her membership of the Supervisory Board of Accell Group, Ms. Jansen Heijtmajer also chairs the Supervisory Board of Aegon Nederland and is a member of the Supervisory Council of the Regional Public Broadcasting foundation. She is also a member of the EMFC curatorium of the Amsterdam Business School. Ms. Jansen Heijtmajer qualifies as an expert in the field of financial reporting and the auditing of financial statements as stipulated in article 2, section 3 of the decree establishing audit committees (Besluit instelling auditcommissie). Ms. Jansen Heijtmajer was appointed for a term of four years. Her term runs until the General Meeting due to be held in the spring of 2022.



PETER ERNSTING (1958)

Mr. Ernsting (Dutch) was appointed to the Supervisory Board at the General Meeting of 28 April 2011. Mr. Ernsting was appointed at the nomination of the Supervisory Board following a recommendation from the Works Councils. Until October 2017, Mr. Ernsting was senior vice president, group supply chain, and a member of the executive committee at Carlsberg. Mr. Ernsting previously held a number of management positions at Unilever N.V., both in the Netherlands and abroad. Mr. Ernsting was reappointed in 2019 for a third term of two years. His term of office runs until the General Meeting to be held on 21 April 2021.

3.2 SUPERVISORY BOARD REPORT

FOCUS ITEMS 2020

GENERAL

The developments and challenges Accell Group had to deal with in 2020 were not only unforeseen, but also unprecedented. The COVID-19 pandemic had a severe impact on Accell Group with a sharp drop in sales in March and April as dealer outlets across Europe had to shut down on government orders. Overnight, the company had to roll-out measures to create a safe working environment for its employees. Asian supply chains were severely disrupted, which had an immediate impact on production. Cash generation and cost control became overriding priorities.
By contrast, from May onwards Accell Group's bike sales recovered strongly as lock-down restrictions were eased. This trend continued throughout the remainder of the year and resulted in record sales for the full year of 2020.

The Supervisory Board is pleased how the Board of Management has guided Accell Group through this difficult period. We were informed on a frequent basis about developments and actions undertaken. Priorities were the health and safety of our people and the Company's financial position.

In September we held a full day meeting with management to review lessons learned and the strategy going forward. We concluded that there is a realistic expectation that our business will continue to grow. Both consumers and governments share a desire for green and healthy mobility with modern bikes as a favoured solution. Plans are in place to position the organisation for a leading role in this exciting development.

OVERVIEW ACTIVITIES AND MEETINGS

The Supervisory Board held five regular meetings in 2020 according to schedule, and we had thirteen additional meetings. Eleven of those additional meetings took place between the end of March and mid-June and were fully dedicated to COVID-19 developments and its impact on the Company. Focus was on the health of employees, the pressure on the supply chain and the extension of credit facilities, such as a loan under the GO-C guarantee. The other two additional meetings focussed on the review of the risk and control framework, investor relations and Accell Group's shareholder base. All meetings were attended by members of the Board of Management. We also held five closed sessions, in the absence of the Board of Management, either preceding or following our regular meetings.

In the hands-on, open and informal spirit that characterises Accell Group, our Board members actively engage with the Board of Management as well as the wider management group. This gives us an opportunity to share information on an informal basis and give advice when appropriate. The Chairman frequently interacts with the CEO and his colleagues and with the Company Secretary. Similarly, the chairs of the Audit committee and the Selection and Remuneration committee stay in touch with the managers in the areas that fall under their oversight.

The discussions in our Board are largely based on documents and presentations by the Board of Management and/or advisors. By way of preparation, many subjects are (also) extensively addressed in advance in the committee meetings.

Board attendance was high throughout 2020, with members rarely absent.

	Supervisory Board	Audit Committee	Selection and Remuneration Committee
Mr. Rob ter Haar	100%		100%
Mr. Peter Ernsting	100%		100%
Ms. Danielle Jansen Heijtmajer	100%	100%	
Mr. Gert van de Weerdhof*	95%	75%	

*On the absence from meetings, Mr. van de Weerdhof was forced to miss one day of meetings due to personal circumstances (sickness); he provided input for that meeting prior to that meeting.

To ensure that no important matters are overlooked in the discussions, we work with an annual calendar. In the 2020 meetings with the Board of Management, the Supervisory Board was updated on a number of recurring items, such as news regarding Accell Group, financial performance, net working capital and cash management developments, financial forecasts, the tracking of bank covenant ratios, reports on the operating companies, developments in the markets in which Accell Group operates, progress made with business projects and strategic initiatives, key legal contracts and divestment and acquisition opportunities. Other matters discussed included the 2020 interim report and interim statements.

In early March 2020 we discussed the 2019 annual report and financial statements, the reserve and dividend policy and the dividend proposal for 2019. In that meeting we also assessed the performance rating of the bonuses for the financial year 2019 and the vesting of the conditionally granted long-term (performance-based) shares over the past three years. We also set the performance criteria for the 2020 short term (bonus) and long term (conditional shares) remuneration for the Board of Management.

At the end of March 2020, we endorsed the Board of Management's proposal to withdraw the earlier 2019 dividend proposal from the General Meeting agenda. This decision was made for business continuity reasons, based on the severe impact of COVID-19 on our business and financial results and on the liquidity position at that time combined with limited visibility regarding the duration and impact of the pandemic.

For the same reasons, in April 2020 the Board of Management proposed unanimously to refrain from any form of regular variable remuneration over the 2020 financial year, while the CEO Ton Anbeek also decided to refrain from the proposed increase in his short-term (cash) bonus in general as included in the revised remuneration policy. Our Board endorsed these proposals.

In the context of the annual results 2020, in the meeting of the Supervisory Board held on 4 March 2021 we discussed and endorsed the 2020 annual report and financial statements. As communicated earlier, over the year 2020 no dividend proposal will be made to the General Meeting as dividend limitations apply as long as the GO-C credit facility is drawn.

RISK MANAGEMENT

Risk is an inherent part of doing business and pursuing the Company's strategy. We concluded in our annual risk management review meeting in December that the Company's risk and control systems are in place and working. We agreed with the Board of Management that Accell Group would take further steps to improve risk and internal control management with an emphasis on the formalisation and completeness of the controls and remedial measures, as well as the follow up to these measures.

INTEGRITY

Accell Group made various efforts in 2020 in the area of Integrity. The organisation still has opportunities to reinforce its culture in this area. During 2021, Accell will launch a comprehensive

programme aimed at raising awareness of and compliance with the Code of Conduct and other regulatory compliance requirements, including data privacy regulations.

SUSTAINABILITY

The Company once again increased its commitment to sustainability in 2020 through the explicit inclusion of challenging sustainability KPIs in the Board of Management long-term incentives. These were discussed and agreed with the Board of Management.

Our Board will monitor the progress made on the integrity and sustainability fronts in 2021.

STRATEGY AND OPERATIONAL PLAN

In its oversight of the management of the business, the Supervisory Board dedicated a good deal of time to monitoring the progress made by management on the implementation of the 2018-2022 strategic plan.

In September 2020 we discussed with the Board of Management an updated review of the '2022 Lead Global, Win Local' strategy. This discussion took into account experiences, setbacks and successes since the launch of the strategy in 2018, as well as COVID-19 lessons learned.

We agreed with the Board of Management that the fundamentals of the strategy remain valid, with process improvements in areas such as sales and operations planning as critical enablers. Other areas in which the Company is taking steps include the fine-tuning of the organisation's matrix model and innovation and design process, plus the creation of a shared IT and omnichannel infrastructure with increased emphasis on direct-to-consumer transactions. Members of our Board with subject knowledge had regular interactions with the digital team, a practice that we will continue in 2021.

Based on the strategy, the Company prepared an operational plan for 2021, which was discussed and approved in our meeting in December.

In January 2020, we visited the operations in Germany and had discussions with management about challenges and opportunities in their markets. Unfortunately, as from mid-March onwards COVID-19 restrictions prevented us from meetings in person with local management and from visiting any other operations.



SHAREHOLDERS AND INVESTOR RELATIONS

We believe that an open and regular dialogue with shareholders and investors is important to explain the Company's strategy and performance and to receive their feedback. We follow investor relations activities, trading updates, share price developments and the composition of the shareholder base, which we evaluate on a regular basis, along with feedback from investor roadshows. We discuss press releases related to the Company's performance prior to publication. In 2020, Accell updated its internal response manual related to a potential (hostile) takeover approach.

Together with the Board of Management, we prepared the General Meeting which, due to COVID-19 restrictions, could be followed via a webcast with a chatbox facility for questions. We evaluated this meeting after the event. We were pleased to note the General Meeting adopted all proposals submitted to a vote.

COMPOSITION AND FUNCTIONING OF THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

SUPERVISORY BOARD

The members of the Supervisory Board collectively represent a broad range of experience and expertise. This allows us to exercise effective oversight and to provide the management with support in their running of Accell Group's business..

As from 1 January 2020 onwards, the Supervisory Board consisted of four members and there were no changes in its composition.

According to the rotation schedule, Mr. Peter Ernsting is scheduled to step down in April 2021 due to the expiration of his third and final term. In recognition of the 10 years that he served on our Board, including his position as Chairman of the Selection and Remuneration committee, we would like to acknowledge his contribution to the Company during his tenure. His open attitude, his unwavering commitment and his business experience, especially in matters related to supply and production, have been very valuable.

Based on the updated profile of the Supervisory Board, we initiated a search for a new Supervisory Board member to fill the vacancy that will arise due to Mr. Ernsting's retirement. While aiming to maintain our combined skills and experience at the current level, diversity was an important consideration in this selection process. In our judgement this could best be achieved by extending the number of Supervisory Board members from four to five. We have identified suitable candidates and we aim to nominate them for appointment to the Board at the General Meeting in April 2021.

The Supervisory Board meets the requirements of the Dutch Corporate Governance Code on independence. It also complies with the rules to the effect that its members do not hold more than five supervisory board positions at "large" publicly listed Dutch companies. This gives the members sufficient time to fulfil their responsibilities properly, both individually and as a team. The Supervisory Board meets the requirements of the Code regarding the independence of its Chairman, the other Supervisory Board members and the Board as a whole. The Supervisory Board is not aware of any conflicts of interests between the Company and members of the Supervisory Board.

In the fourth quarter of 2020 we performed our annual self-assessment with the help of a specialised external consultant. The assessment was conducted in line with best governance standards and consisted of anonymous on-line questionnaires, followed by in-depth one on one interviews by the consultant with the individual members of our Board. The outcome of these interviews was presented by the consultant in an internal session of our Board and we discussed the conclusions and suggestions for further improvement. We extended this process to the members of the Management Board and the Company Secretary. We shared our and their conclusions and recommendations.

Areas of attention included the desire to resume team building activities post COVID-19. Building on the constructive dynamics among the Supervisory Board and with management, it was felt that there would be added value in further developing the

advisory role of the Supervisory Board. With the anticipated changes in the Supervisory Board composition in 2021, the continuity of the role of the Remuneration Committee should be actively managed. This role can be embedded in the frequent interactions between the members of the boards which are already common practice in the Company. Finally, the Supervisory Board feels that it would want to dedicate more time for reflective dialogue and personal development.

DIVERSITY

Both the Supervisory Board and the Board of Management recognise the benefits and importance of diversity in their composition, diversity is not limited to gender, but also includes skills, background, experience and nationality. The profile for our Board includes a target minimum of 30% for female and male board members. This target applies equally to the Board of Management.

Compliance with our target on gender diversity and the upcoming legal quota for female representation in the supervisory boards of Dutch listed companies is a priority. Neither the Supervisory Board nor the Board of Management currently meet the target for gender diversity. Therefore, In the search process to fill the upcoming vacancy in the Supervisory Board, this was an important consideration.

Our two boards recognise that gender diversity at the top should also come from a balanced composition in terms of gender at other layers in the organization. The Company therefore devotes specific attention to women in its management development program and recruitment process. However, it will take time before these measures lead to achieving the target on gender diversity at executive level, given the traditional overrepresentation of males in our industry.

BOARD OF MANAGEMENT

The Board of Management comprises of three members and did not change in 2020.

In March 2020 we set personal targets for each member of the Board of Management and we monitored their performance over the course of the year. In January 2021 we assessed their performance and interviewed the individual members of the Board of Management. We also consulted a number of major stakeholders. Based on our own observations and the information received, we provided the Board of Management with feedback. Our overall conclusion was that the relationship between the Board of Management and the Supervisory Board is good and constructive, while sufficiently critical. We cooperate in a spirit of transparency.

We concluded that none of the Board of Management members holds more than two supervisory positions at large organisations or a position as chairman of such a supervisory body. This is in line with the Dutch Management and Supervision Act and the Code. No conflicts of interest between the Company and member of the Board of Management were reported.

2020 FINANCIAL STATEMENTS AND DIVIDEND

The Board of Management has prepared this annual report, including the 2020 financial statements. The financial statements have been audited by the external auditor, KPMG Accountants N.V.; the unqualified independent auditor's report is included in Chapter 5 of this annual report.

The Supervisory Board discussed the 2020 draft financial statements with the Board of Management and KPMG in a meeting on 4 March 2021 and we concluded that we agree with the 2020 financial statements.

Accell Group will not make a dividend proposal will be made to the General Meeting 2020. This is based on the many uncertainties that still exist around the COVID-19 situation and on the GO-C credit facility dividend limitations that exist as long as this facility is drawn.

The members of the Supervisory Board and Board of Management have signed the 2020 financial statements pursuant to their statutory obligation under article 2:101.2 of the Dutch Civil Code. The members of the Board of Management have also issued the statements required under section 5:25c.2.c of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht).

The Supervisory Board recommends that the

General Meeting adopts the 2020 financial statements, and discharges the members of the Board of Management for their management of the Company and its affairs in 2020 and the members of the Supervisory Board for their supervision of said management.

CONCLUDING REMARKS

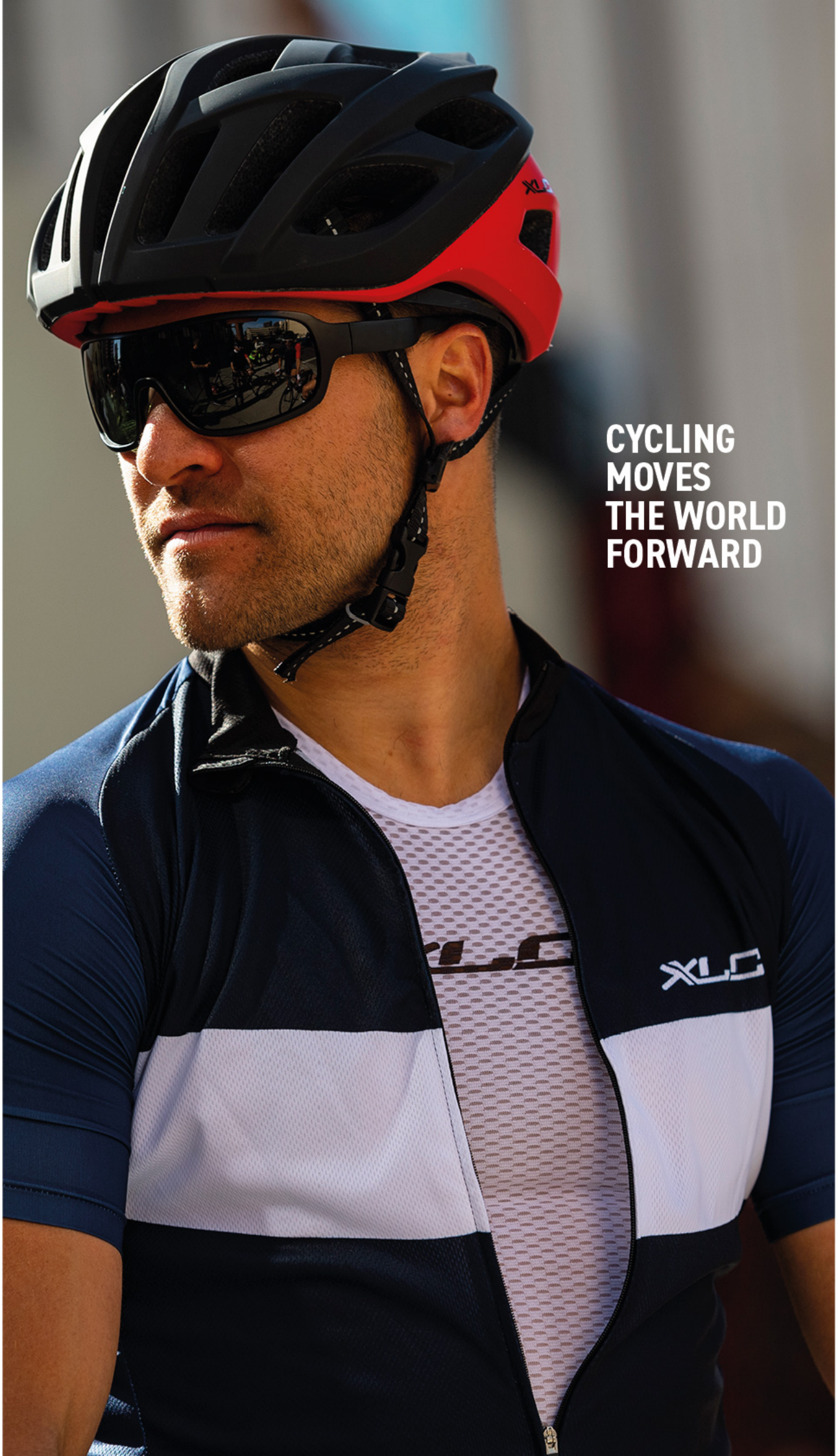
Primarily due to the COVID-19 pandemic, 2020 was a very eventful and challenging year. Accell Group has coped with this situation very well. The Company did this on the basis of strong and focussed leadership by the Board of Management, the flexibility and ingenuity of staff and management teams and last but not least the exceptional commitment of all the people working for Accell Group.

However, there is no time to be complacent. The pandemic is not over yet, supply chain bottlenecks still exist and Accell Group is still in the process of finetuning the implementation of its strategy.

Still, we are confident that by always keeping our customers and consumers in mind and with a strong focus on the strategic priorities, aided by the strength of Accell Group's brands and the quality of its products, its stated goals will be achieved. Trends are favourable: "Cycling moves the world forward" and Accell Group stated purpose "We make the world a better place", has never seemed more relevant than today.

Heerenveen, the Netherlands, 4 March 2021

Rob ter Haar, Chairman
Gert van de Weerdhof, Vice-chairman
Peter Ernsting
Daniëlle Jansen Heijtmajer


CYCLING
MOVES
THE WORLD
FORWARD

AUDIT COMMITTEE

The Audit Committee supports the Supervisory Board in the execution of its supervisory tasks and in the preparation of decision-making in the fields of financial reporting, risk management and internal controls.

The Audit Committee consists of the financial expert and at least one other member of the Supervisory Board. In 2020, the committee consisted of Ms. Jansen Heijtmajer (chair) and Mr. Van de Weerdhof (member). The chair of the Audit Committee is the first point of contact for the external auditor should the latter find any irregularities in the company's financial reporting.

In 2020, the Audit Committee met four times (2019: five times). All the meetings of the committee were also attended by the CFO, the Group Finance Director and the internal and external auditors.

The chair of the Committee had regular contact with the CFO in between meetings to discuss focus items such as the financial performance, cash-flow, the conditions for the new financing facilities under the GO-C guarantee, the progress on IT implementation and other business risks and matters. Similarly, the chair was in regular contact with the head of internal audit to discuss any issues and audit findings. The Committee shared its deliberations and findings in the Supervisory Board meeting following the Audit Committee meeting.

In the year under review, the Audit Committee executed the regular preparatory tasks and responsibilities, that were recurring items in most of the Committee's meetings, and were related to the:

- Company's financial performance and progress on budget and financial forecasts.
- Integrity and quality of the financial reporting.
- Discussion of the financial statements, the "in control statement" and the external auditor's report on 2020.
- Effectiveness of the internal risk management control systems and how these are embedded in the Company.
- Compliance with relevant bank covenants.
- Relationship with the internal auditor and external auditor, including the independence of the external auditor, as well as the progress and priorities on follow-up actions related to key audit findings and other recommendations in the 2020 management letter and in internal audit reports.
- Review and approval of the 2020 audit plan and related fee proposal as presented by the external auditor, as well as the effectiveness of the external audit process in 2020.
- Annual evaluation of the internal audit function, as well as advice on the internal audit plan.
- Effects of and preparations for and progress in alignment with new reporting standards, legislation and regulations.
- The 2020 annual report and financial statements, as well as the "in control statement" and the external auditor's report were discussed in the Audit Committee meeting held on 3 March 2021.

The outcomes of these items were reported to the Supervisory Board.

In 2020, the Audit Committee also discussed the progress on the optimisation and standardisation of the risk management and internal control framework, and provided advice on how to make further improvements. The Committee is pleased to see that Accell Group had recruited an additional resource to scale up these processes.

These were recurring items in all of the committee's meetings.

Other specific topics of review in 2020 included the modelling of cash management, as well as the process that led to the decision to terminate the implementation of a proposed new ERP system and the subsequent upgrading of the existing systems.

The Committee was kept closely informed on the implementation of the Company's data privacy and cyber security programme, as well as any (potential) integrity issues.

The Audit Committee extensively discussed the findings and results of the external auditor's 2020 management letter, including their observations, findings and recommendations. The main topics were related to the continued formalisation and roll-out of the internal control framework, the prioritisation and management of projects, and the IT strategy and related risk- and data management processes. The Board of Management endorsed these recommendations and they will be followed up on in 2021.

The chair of the Audit Committee regularly communicated on a one-to-one base with KPMG, the external auditor. In early 2021, the Committee conducted an extensive assessment of the performance of KPMG and discussed few improvement areas (for both KPMG and the Company). Based on the outcome of this assessment as well as the observations made by the Board of Management, the Audit Committee considers the relationship with the external auditor to be effective and proposed to the Supervisory Board that the external auditor be nominated for re-appointment by the General Meeting to audit the 2022 financial statements, which nomination was endorsed by the Supervisory Board.

SELECTION AND REMUNERATION COMMITTEE

The Selection and Remuneration Committee supports the Supervisory Board in the execution of its supervisory tasks and the preparation of decision-making in the field of selection and appointment procedures for members of the Supervisory Board and the Board of Management, the remuneration policy and the level of remuneration and employment contract terms for members of the Board of Management.

In 2020, the Selection and Remuneration Committee consisted of Mr. Ernsting (chair) and Mr. Ter Haar (member). The composition of the Committee is in line with the provisions of the Dutch Corporate Governance Code.

In 2020, the Committee met six times (2019: 10 times) and was also in frequent contact via video calls. All the members of the Committee were present at the meetings.

The search for and the nomination of new members to the Supervisory Board, to fill the upcoming vacancy due to the departure of Mr. Ernsting in April 2021 as well as the expansion of the Supervisory Board by one member, was a key focal point for the committee last year. In this regard, the Committee held two specific meetings with the Works Councils.

Other matters the Selection and Remuneration Committee focused on in 2020 included:

- Presentation and approval of the new remuneration policy for the Board of Management at the General Meeting in April 2020.
- Preparation of the proposals and the performance criteria regarding the fixed remuneration, and the short- and long-term variable remuneration of the members of the Board of Management over 2020.
- Preparing a proposal for setting the short-term variable remuneration (cash bonus) over 2019, as well as the long-term variable remuneration (vesting of previously granted conditional shares), based on the 2019 performance and the applicable criteria.
- Succession planning within the Company; the Committee held an extensive meeting in September with the Board of Management and the HR director present.
- The profile of the Supervisory Board was updated and also brought into line with latest legislative

requirements and with the Code.

- With regard to the composition of the Supervisory Board, we appointed an external professional recruiter to provide suitable candidates. Interviews were held and preferred candidates were presented to Board of Management and Works Council representatives. While the goal was to maintain the present level of skills in the Supervisory Board, we considered diversity an important factor in this selection process. In our view this could best be achieved by extending the number of Supervisory Board members to five from four, which was supported by our Board. In the meantime, we have identified suitable candidates and our Board intends to nominate them for appointment to the General Meeting in April 2021.
- We made preparations for the assessment of the functioning of the Board of Management over 2020, which was completed in early 2021.
- We drew up the 2020 remuneration report, which explains how the remuneration policies were implemented in practice.
- In December we were informed about the outcomes of the employee engagement survey, which showed considerable improvements compared with to the previous survey held in March 2019.

In April 2020, based on the severe impact of COVID-19 on our organisation, our employees and the financial results at that time, the Board of Management unanimously proposed to refrain from any form of regular variable compensation for the 2020 financial year, while the CEO Ton Anbeek also decided to refrain from the proposed increase of his short-term (cash) bonus in general as included in the revised remuneration policy.

We discussed this proposal in our Committee and we endorsed the proposal from the Board of Management.

The Supervisory Board discussed and adopted the remuneration package for the Board of Management for 2021 on 4 March 2021. At the same time, the Supervisory Board also determined the variable remuneration over the 2020 financial year, which was included in the 2020 financial statements.

Based on the preparatory work of the Committee, the Supervisory Board discussed and adopted the 2020 remuneration reports for the Board of Management and the Supervisory Board in its meeting in March 2021. These reports will be presented to the General Meeting on 21 April 2021 for an advisory vote. The full remuneration reports over 2020 can be found in section 3.3 of this Annual Report and on Accell Group's website.

The General Meeting of 22 April 2020 adopted the remuneration of the Board of Management and Supervisory Board, based on articles 2:135 and 2:135a of the Dutch Civil Code. The policies can be found on Accell Group's website.

3.3 REMUNERATION REPORT BY THE SUPERVISORY BOARD OF ACCELL GROUP N.V. OVER 2020

INTRODUCTION

The Supervisory Board of Accell Group N.V., upon the recommendation of the Selection and Remuneration Committee, determines the remuneration of the members of the Board of Management.

This Remuneration Report outlines the implementation of the current Remuneration Policy with respect to the remuneration of the members of the Board of Management in 2020. This Remuneration Report will be presented at the General Meeting of 21 April 2021 for an advisory vote.

This Remuneration Report also includes an overview of the remuneration of the members of the Supervisory Board. A separate remuneration report related to the remuneration of the Supervisory Board in 2020 will also be presented at the General Meeting of 21 April 2021 for an advisory vote.

ACCELL GROUP'S PERFORMANCE IN 2020

2020 was a turbulent and remarkable year for Accell Group. The COVID-19 pandemic had a huge impact on the revenues of Accell Group in the first two months, March and April, of the COVID-19 pandemic as we were facing lockdowns and subsequent shop closings in our sales countries. After the reopening of the shops in several countries, the COVID-19 pandemic acted as a catalyst for bicycle demand with governments, cities, companies and consumers firmly embracing the benefits of cycling for personal health, business and the environment.

Net turnover of Accell Group increased 17% fully organic to € 1.3 billion, due to a fast recovery after the first lockdowns and a sustained high demand, with particular strong contributions from the e-bike and e-cargo bike categories and from parts & accessories. Combined with strict costs and cash discipline and partly offset by pandemic-related supply chain inefficiencies, this led to an EBIT of € 74.7 million versus € 60.0 million in 2019. Driven by the higher EBIT and due to favourable tax effects, net profit for the year came in at € 64.8 million.

Trade working capital sharply improved from 32.4% to 19.4% of net turnover due to lower inventories and stricter cash management in response to COVID-19 pandemic. Free cash flow improved significantly to € 195.4 million compared to -/- € 61.6 million in 2019.

OVERVIEW 2020

In early 2020 the Supervisory Board completed the review of the remuneration policy for the Board of Management and the drafting of the remuneration policy for the Supervisory Board to ensure compliance with the revised EU Shareholders' Rights Directive, following its implementation in Dutch law as per 1 December 2019. The review resulted in adjustments to the remuneration policy for the Board of Management. The Works Council issued a positive advice in respect of the proposed Remuneration Policies for the Board of Management and the Supervisory Board. Both remuneration policies were submitted to and adopted by the General Meeting of Shareholders on 22 April 2020. Simultaneously, the General Meeting approved the arrangement for the allotment of performance related shares to the members of the Board of Management.

In 2020, Accell Group monitored to what extent COVID-19 impacted the Company's business and financial performance and discussed the potential impact of the pandemic on remuneration. Given the huge impact of COVID-19 on society in general and on Accell Group in particular in the period March to May 2020, the Board of Management stated during the General Meeting of 22 April 2020 that it had unanimously decided to refrain from any form of variable compensation over 2020. In addition, the CEO, Mr. Anbeek, noted during this General Meeting that he had decided to refrain from the proposed increase in his short-term incentive (cash bonus) in general. The Supervisory Board endorsed the decisions of the members of the Board of Management.

In 2020, there were no changes in the composition of the Board of Management. It consisted of three members: Mr. A.H. Anbeek, Mr. R.S. Baldew and Mr. J.J. Both.

OUTLOOK 2021

In September 2020, the Supervisory Board reconsidered the current remuneration policies of the Board of Management and Supervisory Board and decided that no adjustments were required for 2021.

From 2021 onwards Accell Group, as one of the main global bike manufacturers, wants to take a strong role in driving Corporate Social Responsibility in the bicycle industry. In this context, the Supervisory Board has set challenging and suitable performance criteria for the 2021 LTI. The relevant KPIs and their outcomes will be published in the 2021 Remuneration Report.

REMUNERATION POLICY BOARD OF MANAGEMENT

The Remuneration Policy for the Board of Management adopted by the General Meeting on 22 April 2020 and applicable as of 1 January 2020 onwards can be found on Accell Group's website under 'Corporate Governance' in the 'Remuneration' section.

To evaluate the market competitiveness of the Board of Management's pay levels, every three years, the Supervisory Board will conduct a remuneration benchmark review, comparing Accell Group's remuneration with the remuneration levels at a group of companies, that are headquartered in the Netherlands, comparable in terms of size, listed on Euronext Amsterdam and included in the Amsterdam Mid or Small Cap index or traded on the local market. Based on this approach, and with the exclusion of financial and real estate companies, the labour market reference group currently consists of: Arcadis, Besi, Brunel, Corbion, ForFarmers, Fugro, Heijmans, Kendrion, Neways, Ordina, Sligro, Stern and TomTom.

Within this established labour market reference group, the Supervisory Board aims to position Accell Group on average at the median in terms of revenue, market capitalisation, assets and number of employees. The Supervisory Board will regularly review the labor market reference group to ensure that its composition is still appropriate.

The remuneration policy aims to position the Accell's Total Direct Compensation levels of Accell Group (the sum of fixed compensation, at target short-term variable remuneration and at target long-term variable remuneration) around the median (approached from below) of the labour market reference group. The last remuneration benchmark review was conducted in 2019; it resulted in adjustments that were incorporated in the current Remuneration Policy.

TOTAL REMUNERATION OF MEMBERS OF THE BOARD OF MANAGEMENT

The Total Direct Compensation ('TDC') of the Board of Management consists of three components:

- Fixed remuneration (base salary);
- Short-term variable incentive (STI or cash bonus); and
- Long-term variable incentive (LTI or performance shares).

In addition to TDC, members of the Board of Management are entitled to other benefits such as a pension scheme. The three elements of the TDC are described in more detail below.

1. FIXED REMUNERATION (BASE SALARY)

The fixed remuneration, i.e. the "base salary", is set at a market competitive level within the context of TDC, taking into account the individual responsibilities, relevant experience and the remuneration principles. Each year, the Supervisory Board reviews and determines the development of the fixed remuneration of the individual members of the Board of Management and decides whether circumstances justify any adjustments. Considerations in the review may for instance include (general) market developments, inflation figures (CPI), internal pay ratios, personal performance and the extent to which the current fixed remuneration deviates from the benchmark.

2. SHORT-TERM VARIABLE INCENTIVE (STI)

The objective of the short-term incentive or cash bonus is to support Accell Group's strategy and incentivize Company performance targets in the shorter term. Each year, the Supervisory Board sets financial and non-financial target ranges reflecting the Accell Group's strategic ambitions for that year. The characteristics of the STI are summarised in table A.

3. LONG-TERM VARIABLE INCENTIVE (LTI)

The long-term variable incentive serves to align the interests of the members of the Board of Management with long-term interests of the Company and its stakeholders. Members of the Board of Management receive conditional performance shares each year. These will vest after three years, subject to the achievement of set performance criteria over three financial calendar years. Performance measurements are based on strategy alignment, long-term focus and societal impact. The characteristics of the LTI are summarised in table B.

TABLE A: CHARACTERISTICS OF THE STI

VEHICLE
Cash

PERFORMANCE PERIOD
One year

PERFORMANCE CRITERIA

80% FINANCIAL MEASURES, SUCH AS:
- Profit-related measures
- Working capital improvement
- Growth-related measure

20% NON-FINANCIAL MEASURES:
- Individual targets (specific measures annually selected at the discretion of the Supervisory Board to ensure alignment between the STI, corporate strategy and short- to mid-term agenda)

CIRCUIT BREAKER

Circuit breakers are applicable as a minimum requirement for payout of the individual STI measures. If this minimum is not achieved, the parameters will not lead to a payout.

Individual STI measures have a maximum stretch payout and total payout is based on the sum of the individual STI measures with the restriction that the total STI payout cannot exceed said maximum.

PERFORMANCE INCENTIVE ZONE

The maximum payout is equal to 65% of the annual fixed remuneration for the CEO and 50% for other members of the Board of Management. In case of at-target performance, the short-term incentive will be equal to 80% of the maximum payout.

Performance below threshold level is not generating a payout.

As stated above, the CEO, Mr. Anbeek, noted during this Annual General Meeting that he decided to refrain from the increase of his short-term cash bonus (from 50% to 65%) in general; therefor it remains 50%.

TABLE B: CHARACTERISTICS OF THE LTI

VEHICLE
PERFORMANCE SHARES

Performance period (conditional rights to Accell Group N.V. shares): three years

HOLDING PERIOD
Two years

PERFORMANCE CRITERIA

70%: FINANCIAL VALUE CREATION MEASURES
30%: SOCIETAL VALUE CREATION MEASURES

CIRCUIT BREAKER

Circuit breakers are applicable as a minimum requirement for payout of the individual LTI measures. If this minimum is not achieved, the parameters will not lead to a payout. Individual LTI measures have a maximum stretch payout and total payout is based on the sum of the individual LTI measures with the restriction that the total LTI payout cannot exceed this maximum, which is as described below.

PERFORMANCE INCENTIVE ZONE

- The initial conditional grant is equal to 100% of the annual fixed remuneration.
- The maximum opportunity for the LTI (i.e. final and unconditional grant) is 125% of the number of initially granted conditional shares.
- In case of at-target performance, the LTI will be equal to 80% of the initial conditional grant.
- Performance below threshold level is not generating any LTI (i.e. the initial grant is not becoming vested, but will lapse).

PENSION AND OTHER BENEFITS

The members of the Board of Management participate in the Accell Group pension scheme (insured via a third party pension insurance company) up to the maximum set by the tax authorities (in 2020: € 110,111); Accell Group pays the pension premium. In addition, they participate in a net pension or available contribution scheme. Accell Group has agreed a specific amount per year with each of the members of the Board of Management as a contribution to the net pension scheme.

Additional benefits awarded by Accell Group to members of the Board of Management are the same as those for other employees. These include an expense allowance, a health insurance premium reduction, accident insurance, disability schemes and a company car.

In addition, the company has a directors' and officers' liability insurance for the Board of Management in place.

Accell Group has not provided the members of the Board of Management with any loans or guarantees.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2020

The remuneration of the Board of Management for the financial year 2020 is based upon and complies with the Remuneration Policy, as explained above. As such, the remuneration of the Board of Management in 2020 contributed to the objectives of the Remuneration Policy, including Accell's focus on long-term value creation. The Supervisory Board conducted scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Board of Management. *The total remuneration of the members of the Board of Management in 2020 is shown in table 1 below.*

TABLE 1: TOTAL REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2020

Name of Director, position	Year	1 Fixed Remuneration			2 Variable remuneration		Total fixed	Total variable	3 Total Remuneration	4 Proportion of fixed and variable remuneration
		Base Salary € x 1	Fringe Benefits € x 1	Pension expense € x 1	One-year variable € x 1	Multi-year variable [1] € x 1	€ x 1	€ x 1	€ x 1	
A.H. Anbeek, CEO	2020	497,000	15,936	118,404	-	99,999	631,340	99,999	731,339	86.3%
	2019	484,000	14,213	119,558	96,800	57,848	617,771	154,648	772,419	80.0%
R.S. Baldew, CFO	2020	390,000	24,116	59,488	-	74,825	473,604	74,825	548,429	86.4%
	2019	380,000	16,869	59,873	171,000	11,841	456,742	182,841	639,583	71.4%
J.J. Both, CSCO	2020	328,000	17,423	70,734	-	66,147	416,157	66,147	482,304	86.3%
	2019	320,000	17,661	68,983	64,000	65,627	406,644	129,627	536,271	75.8%

1) these multi-year variable bonus amounts represent the cost allocation (services rendered) for the share-based payment plans. None of these underlying rights are vested nor paid out to the Board of Management during 2020.

FIXED REMUNERATION

In 2020, all members of the Board of Management received an increase of 2.7% (in line with CPI) in their fixed remuneration and rounded up to € 1,000.

SHORT-TERM VARIABLE INCENTIVE (STI)

As stated above, the members of the Board of Management have decided to refrain from the variable compensation over 2020. Therefore they did not receive any STI remuneration over 2020.

The financial performance criteria for each member of the Board of Management for STI over 2020 were set before the impact of COVID-19 on Accell Group became apparent and were related to EBIT, Average Trade Working Capital and Turnover. These targets were largely met at stretch performance level.

The non-financial performance criteria and personal targets over 2020 were related to demand planning, New Product Introduction planning, complexity reduction, Opex reduction and a reset of our IT contributions. These targets were partly met between threshold and stretch.

Notwithstanding that the performance criteria were largely met and this would have resulted in a 100% pay-out of the STI, this did not lead to any related pay-out due to the decision of the members of the Board of Management to refrain from variable compensation over 2020.

LONG-TERM VARIABLE INCENTIVE (LTI)

The applicable performance criteria for the LTI (conditional performance shares) awarded in March 2020 were related to:

1. Relative Total Shareholder Return;
2. Return on Capital Employed;
3. Average growth of earnings per share;
4. Reduction of CO_2 footprint;
5. Circular economy contributions; and
6. Employee satisfaction.

As stated above, the members of the Board of Management decided to refrain from taking their variable remuneration for 2020. Therefore, they did not receive any conditional performance shares over 2020.

SHARE OPTIONS

In 2020, for Mr. Both a number of 6,850 share options which have been awarded and vested in 2017, have reached the end of the holding period of three years. Therefore these 6,850 shares options are available to be exercised by Mr. Both till 9 March 2025.

Mr. Anbeek and Mr. Both did not receive any share options in 2020 because the conditions for awarding and vesting relating to bookyear 2019 were not met.

Based on contractual arrangements made between Accell Group N.V. and Mr. Baldew in 2018, the latter is entitled to the maximum long-term variable incentive (equal to 50% of his base salary) in the form of share options for the first 12 months of his service as CFO (1 November 2018 – 31 October 2019). Therefore Mr. Baldew was granted 8,000 share options: The equivalent of two months (1,650 share options) was awarded and vested in March 2019 and the remaining equivalent of 10 months (6,350 share options) was awarded and vested in March 2020. Also Mr. Baldew did not receive any share options in March 2020 over the period 1 November 2019 – 31 December 2019 as the conditions for awarding and vesting relating to bookyear 2019 were not met.

Following the award of the share options, they vest immediately, but the members of the Board of Management must retain them for at least three years (the lock-up period). The exercise period of the options is five years as from the end of the lock-up period.

Through 2019, the members of the Board of Management were entitled to receive share options in the event they met specific performance criteria at the end of the financial year. With the adoption of the new Board of Management Remuneration Policy in April 2020, this component of the Board of Management's remuneration lapsed and was replaced by the LTI plan of conditionally awarded performance shares. Therefore, the members of the Board of Management will not be awarded any new share options.

For details regarding the outstanding share options granted, see table 2.

TABLE 2: REWARDING AND VESTING OF SHARE OPTIONS IN 2020

	The main conditions of share option plans						Information regarding the reported financial year						
Name of Director, position	1 Specification of Plan	2 Performance Period	3 Award Date / 4 Vesting Date	5 End of Lock-up Period	6 Exercise Period	7 Strike price of share € x 1	Opening Balance 8 Share options awarded at the beginning of the year	During the year 9 Share options awarded	During the year 10 Share options vested	Closing Balance 11 Share options subject to a performance condition	Closing Balance 12 Share options awarded and unvested	Closing Balance 13 Share options subject to a lock-up period	Closing Balance 14 Share options that are available to be exercised
A.H. Anbeek, CEO	ROCE	2017	08/03/2018	08/03/2021	5 years	21.68	1,850	-	-	-	-	1,850	
R.S. Baldew, CFO	Contractual	N/A	05/03/2020	05/03/2023	5 years	25.00	-	6,350	-	-	-	6,350	
	Contractual	N/A	06/03/2019	06/03/2022	5 years	19.58	1,650	-	-	-	-	1,650	
J.J. Both, CSCO	ROCE	2017	08/03/2018	08/03/2021	5 years	21.68	2,950	-	-	-	-	2,950	
	ROCE	2016	09/03/2017	09/03/2020	5 years	22.05	6,850	-	6,850	-	-		6,850
	ROCE	2015	24/02/2016	24/02/2019	5 years	18.86	7,850	-	-	-	-		7,850
Total							**21,150**	**6,350**	**6,850**	-	-	**12,800**	**14,700**

CONDITIONALLY AWARDED PERFORMANCE SHARES

Based on the Remuneration policy, Mr. Anbeek was entitled to 19,360 conditional performance shares, Mr. Baldew to 15,200 conditional shares and Mr. Both to 12,800 conditional shares in 2020. Due to the decision of the members of the Board of Management to refrain from any form of variable remuneration over 2020, these conditional shares were not awarded.

In March 2020 the Supervisory Board awarded Mr. Anbeek 9,680 conditional shares, Mr. Baldew 7,600 conditional shares and Mr. Both 6,400 conditional shares as once-only compensation for the LTI gap of 50% over one year in accordance with the last transitional clause of the Remuneration Policy. These numbers of conditionally awarded shares are determined by dividing 50% of the 2019 fixed remuneration of the relevant member of the Board of Management, by the average closing prices over the last five trading days prior to the date the conditional shares are awarded. The percentage of those conditionally awarded shares that will vest definitively shall be determined in 2022.

The conditional shares that were awarded to Mr. Anbeek and Mr. Both in 2018 have not vested due to the fact that the set performance criteria have not been met. Since over the period 2018, 2019 and 2020 the Total Shareholder Return of Accell Group N.V. (16.3%) remained below the Total Shareholder Return for the Amsterdam Midcap index (19.6%), 0% of the awarded conditional shares were vested. This means that 100% of the shares that were conditionally awarded to Mr. Anbeek (1,830) and Mr. Both (7,265) in 2018, have lapsed.

For details regarding the conditional shares, see table 3.

TABLE 3: AWARDING AND VESTING OF SHARES FOR 2020

	The main conditions of share award plans					Information regarding the reported financial year					
Name of Director, position	1 Specification of Plan	2 Performance Period	3 Award Date	4 Vesting Date	5 End of Lock-up Period	Opening Balance 6 Shares awarded at the beginning of the year	During the year 7 Shares awarded	During the year 8 Shares vested	Closing Balance 9 Shares subject to a performance condition	Closing Balance 10 Shares awarded and unvested at year end	Closing Balance 11 Shares subject to a lock-up period
A.H. Anbeek, CEO	LTI criteria	2020 - 2022	05/03/2020	05/03/2022	05/03/2025	-	19,360	-19,360	-	-	-
	TSRA vs TSRM	2020 - 2021	05/03/2020	05/03/2022	05/03/2024	-	9,680	-	9,680	9,680	-
	TSRA vs TSRM	2019 - 2020	06/03/2019	06/03/2021	06/03/2023	12,155	-	-	12,155	12,155	-
	TSRA vs TSRM	2018 - 2019	08/03/2018	08/03/2020	08/03/2022	1,830	-	-1,830	-	-	-
R.S. Baldew, CFO	LTI criteria	2020 - 2022	05/03/2020	05/03/2022	05/03/2025	-	15,200	-15,200	-	-	-
	TSRA vs TSRM	2020 - 2021	05/03/2020	05/03/2022	05/03/2024	-	7,600	-	7,600	7,600	-
	TSRA vs TSRM	2019 - 2020	06/03/2019	06/03/2021	06/03/2023	1,617	-	-	1,617	1,617	-
J.J. Both, CSCO	LTI criteria	2020 - 2022	05/03/2020	05/03/2022	05/03/2025	-	12,800	-12,800	-	-	-
	TSRA vs TSRM	2020 - 2021	05/03/2020	05/03/2022	05/03/2024	-	6,400	-	6,400	6,400	-
	TSRA vs TSRM	2019 - 2020	06/03/2019	06/03/2021	06/03/2023	8,044	-	-	8,044	8,044	-
	TSRA vs TSRM	2018 - 2019	08/03/2018	08/03/2020	08/03/2022	7,265	-	-7,265	-	-	-
	TSRA vs TSRM	2017 - 2018	09/03/2017	09/03/2019	09/03/2021	-	-	-	-	-	1,632
Total						**30,911**	**71,040**	**-56,455**	**45,496**	**45,496**	**1,632**

OTHER ITEMS

The members of the Board of Management are also serving as director of several subsidiaries of Accell Group. The members of the Board of Management do not receive any remuneration for these directorships. In 2020, Accell Group did not grant any severance payments to (former) members of the Board of Management and did not claw back any variable remuneration.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The Remuneration Policy of the Supervisory Board adopted by the General Meeting on 22 April 2020 and applicable as of 1 January 2020 onwards can be found on Accell Group's website under 'Corporate Governance' in the 'Remuneration' section. The remuneration of the Supervisory Board for the 2020 financial year is based on and complies with this Remuneration Policy

Pursuant to article 21.13 of the Company's Articles of Association, the General Meeting sets the remuneration for the members of the Supervisory Board. On 25 April 2017 the General Meeting resolved that the remuneration of a member of the Supervisory Board amounted to € 52,000 per year. On 24 April 2019 the General Meeting resolved that the remuneration of Mr. ter Haar as chair of the Supervisory Board amounted to € 96,000 per year.

In addition to the (fixed) remuneration as explained above, the members of the Supervisory Board are reimbursed for travel/out-of-pocket expenses. In light of simplicity and the size of the Supervisory Board, the remuneration policy does not include any additional committee fees and/or attendance fees or (intercontinental) travel fees.

Given the nature of the responsibilities of the members of the Supervisory Board, their remuneration is not connected to the results of the Accell Group and they are not entitled to any variable remuneration.

For details on the remuneration of the members of the Supervisory Board, see table 4 below.

TABLE 4: REMUNERATION OF SUPERVISORY BOARD MEMBERS FOR 2020

	Year	Fixed Remuneration € x 1	Expenses € x 1	Total Remuneration € x 1
Name of Supervisory Board member				
R. ter Haar (chair)	2020	96,000	-	96,000
	2019	64,000	214	64,214
G. van de Weerdhof	2020	52,000	190	52,190
	2019	52,000	1,170	53,170
D. Jansen Heijtmajer	2020	52,000	248	52,248
	2019	52,000	785	52,785
P.B. Ernsting	2020	52,000	1,261	53,261
	2019	52,000	3,961	55,961
A.J. Pasman	2020	16,098	-	16,098
	2019	57,437	1,995	59,432

Mr. A.J. Pasman resigned as chairman of the Supervisory Board as per 24 April 2019 and remained a member of the Supervisory Board until 31 December 2019. Mr. Pasman received remuneration for his advisory services over the period 1 January - 22 April 2020.

RELATIONSHIP BETWEEN BOARD OF MANAGEMENT AND AVERAGE REMUNERATION (PAY RATIO)

The pay ratio from continuing operations of the Board of Management compared to the average employee compensation in 2020 was 13:1 (2019: 15:1). The pay ratios can vary over time as a result of the Accell Group's annual performance. This performance impacts the remuneration of the Board of Management more than that of all the other employees.

The ratio consists of the average remuneration of the Board of Management compared with the average cost of all other employees of Accell Group. The average remuneration of the Board of Management was calculated as one third of the sum of the fixed remuneration, short-term incentives, share-based payments, pensions and other benefits of all three members (three FTEs) of the Board of Management. The average cost of all other employees was calculated using the personnel costs as included in note 4.7.4 (Personnel Expenses) and the average number of employees during the year (3,139 FTEs) minus three.

DEVELOPMENTS IN REMUNERATION AND COMPANY PERFORMANCE

Table 5 set out below aims to provide insight into Accell Group's performance over the past five years and the development of the remuneration.

TABLE 5: ANNUAL CHANGE

	2016	2017	2018	2019	2020	Information regarding the RFY
	€ x 1	€ x 1	€ x 1	€ x 1	€ x 1	
Director's remuneration						
Total remuneration CEO	881,769	902,355	831,019	772,419	731,339	
Total remuneration CFO	632,711	634,417	262,280	639,583	548,429	
Total remuneration CSCO	494,896	481,396	510,657	536,271	482,304	
Total remuneration COO	534,697	496,330	403,811	N/A	N/A	
Company performance						
Net profit	32.3	10.5	20.3	2.8	64.8	in millions of euro
Net turnover	1,048	1,069	1,094	1,111	1,296	in millions of euro
Total FTE Accell Group	3,124	3,088	3,327	3,410	3,139	
Average remuneration on a full-time equivalent basis of employees						
Employees of the company	38.2	40.0	41.5	43.4	46.9	in thousands of euro

The roles and positions in the Board of Management changed over the past five years. A new position (CSCO) was created in 2015 and the position of COO was discontinued in 2018. In addition, the composition of the Board of Management changed; Mr. Anbeek started as the new CEO in November 2017 and Mr. Baldew was appointed CFO in November 2018. These changes do complicate a full comparison of the total remuneration of the members of the Board of Management over the years. Note that the severance payments received by the former CEO and CFO were not taken into account in the calculation of the total remuneration of CFO and CEO as shown in table 5.

INFORMATION ON SHAREHOLDER VOTE

The Remuneration Report for the 2019 financial year was submitted to the General Meeting for an advisory vote. On 22 April 2020 97.9% of the votes were cast in favour of this report. As a result there are no specific topics to be addressed in this Remuneration Report.

The Remuneration Reports of the Board of Management as well as the Supervisory Board will be submitted to the General Meeting of 21 April 2021 for advisory voting.

FINANCIAL STATEMENTS 2020

ANNUAL REPORT 2020



4.1 CONSOLIDATED BALANCE SHEET

(in thousands of euro)

	Notes	31/12/20	31/12/19
ASSETS			
Property, plant and equipment	*4.10.1*	66,152	64,426
Right-of-use assets	*4.10.2*	28,058	29,796
Goodwill and other intangible assets	*4.10.3*	127,001	132,617
Equity-accounted investees	*4.10.4*	6,433	5,469
Net defined benefit asset	*4.11.3*	21,096	22,383
Deferred tax assets	*4.15.2*	38,450	25,848
Other financial assets	*4.10.5*	1,958	4,369
Non-current assets		**289,148**	**284,907**
Inventories	*4.8.1*	285,314	386,830
Trade and other receivables	*4.8.2*	128,505	171,649
Current tax assets		3,068	1
Other financial instruments	*4.12*	164	4,284
Cash and cash equivalents	*4.9.1.2*	173,376	11,482
Current assets		**590,427**	**574,246**
Total assets		**879,575**	**859,154**

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

	Notes	31/12/20	31/12/19
EQUITY			
Share capital	*4.9.2*	268	268
Share premium		42,314	42,314
Reserves		333,370	280,614
Total equity		**375,953**	**323,196**
LIABILITIES			
Provisions	*4.11.1*	4,507	5,041
Contingent liabilities	*4.11.2*	-	-
Borrowings	*4.9.1.1*	184,749	75,100
Lease liabilities	*4.9.1.3*	20,158	22,240
Net defined benefit obligation and other long-term employee benefits	*4.11.3*	8,657	8,718
Deferred tax liabilities	*4.15.2*	15,909	16,794
Deferred revenue	*4.11.4*	1,529	1,185
Non-current liabilities		**235,509**	**129,078**
Provisions	*4.11.1*	10,848	5,996
Contingent liabilities	*4.11.2*	-	2,889
Borrowings	*4.9.1.1*	19,822	126,868
Lease liabilities	*4.9.1.3*	8,799	7,983
Deferred revenue	*4.11.4*	2,226	486
Trade payables and other current liabilities	*4.8.3*	186,909	210,918
Current tax liabilities		4,620	3,842
Other financial instruments	*4.12*	15,843	3,296
Bank overdrafts	*4.9.1.2*	19,046	44,603
Current liabilities		**268,113**	**406,880**
Total liabilities		**503,622**	**535,958**
Total equity & liabilities		**879,575**	**859,154**

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

4.2 CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	Notes	2020	2019
Continuing operations			
Net turnover	*4.7.1*	**1,296,453**	**1,111,028**
Other income	*4.7.2*	127	12,282
Cost of materials and consumables	*4.7.3*	-934,703	-769,493
Personnel expenses	*4.7.4*	-148,922	-150,053
Depreciation, amortisation and impairment losses	*4.7.5*	-24,928	-26,180
Net impairment losses on financial assets	*4.8.2*	1,251	-2,233
Other operating expenses	*4.7.6*	-114,546	-115,394
Operating result		**74,732**	**59,956**
Net finance cost	*4.9.3*	-12,825	-9,262
Share of profit from equity-accounted investees, net of tax	*4.10.4*	1,008	424
Result on the sale of subsidiaries		-	-60
Profit before taxes from continuing operations		**62,915**	**51,058**
Income tax expense	*4.15.1*	1,914	8,241
Result after taxes from continuing operations		**64,829**	**59,299**
Discontinued operations			
Result after taxes from discontinued operations	*4.16*	-	-56,495
Net profit		**64,829**	**2,804**

Earnings per share (in euro)

Basic earnings per share from continuing operations	*4.7.7*	2.42	2.22
Basic earnings per share including discontinued operations	*4.7.7*	2.42	0.10
Diluted earnings per share from continuing operations	*4.7.7*	2.41	2.21
Diluted earnings per share including discontinued operations	*4.7.7*	2.41	0.10

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

4.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	Notes	2020	2019
Net profit		**64,829**	**2,804**
Items that will never be reclassified to profit or loss			
Remeasurement of the defined benefit liability (asset)	*4.11.3*	-841	165
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment	*4.12*	-9,684	-3,268
Related tax	*4.15.2*	2,596	671
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		-3,403	1,689
Fair value gain/(loss) arising on cash flow hedges	*4.12*	-306	-1,375
Cumulative gains/(losses) on cash flow hedges reclassified to income statement	*4.12*	547	542
Reclassification of currency translation differences to profit or loss		-1,278	7,888
Related tax	*4.15.2*	-60	208
Other comprehensive income		**-12,430**	**6,519**
Total comprehensive income		**52,399**	**9,324**
Attributable to continuing operations		52,399	57,931
Attributable to discontinued operations		-	-48,607

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

4.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euro)

	Notes	2020	2019
Cash flows from operating activities			
Profit for the period		64,829	2,804
Adjustments for:			
- Depreciation, amortisation and (reversal of) impairments	*4.7.5*	24,928	27,599
- Net finance cost	*4.9.3*	12,825	9,262
- Share of profit from equity-accounted investees, net of tax	*4.10.4*	-1,008	-424
- Equity-settled share-based payment transactions	*4.17.4*	351	40
- Gain or loss on sale of property, plant and equipment	*4.10.1*	-10	192
- Gain or loss on divestment of intangible assets		-	-12,051
- Loss on the sale of subsidiaries		-	1,506
- Recycling of currency translation adjustment on sale of subsidiaries		-	7,888
- Tax expense	*4.15.1*	-1,914	-8,256
		100,001	**28,560**
Change in:			
- Inventories		102,951	-44,761
- Trade and other receivables		39,694	-22,809
- Trade and other payables		-20,828	-1,779
- Provisions, employee benefits and deferred revenue		5,825	-1,166
Cash flows from operations		**227,643**	**-41,955**
Interest received		8,309	3,125
Interest paid		-18,688	-10,618
Taxes paid		-10,796	-13,197
Net cash from operating activities		**206,468**	**-62,645**
of which is attributable to discontinued operations		-	-23,322

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

	Notes	2020	2019
Cash flows from investing activities			
Dividends received from equity-accounted investees	*4.10.4*	-	343
Proceeds from sale of property, plant and equipment		76	2,046
Acquisition of property, plant and equipment	*4.10.1*	-10,339	-9,301
Acquisition of intangible assets	*4.10.3*	-1,072	-4,234
Proceeds from sale of intangible assets		-	14,341
Acquisition of other financial fixed assets		-413	-1,949
Disposal of other financial fixed assets		876	542
Development expenditure	*4.10.3*	-226	-759
Free cash flow [1)]		**195,369**	**-61,616**
Proceeds from sales of subsidiaries		-	360
Acquisition of subsidiairies, net of cash acquired		-	-
Net cash from (used in) investing activities		**-11,098**	**1,389**
of which is attributable to discontinued operations		-	2,965
Cash flows from financing activities			
Proceeds from borrowings	*4.9.1.1*	197,736	134,090
Transaction costs related to borrowings	*4.9.1.1*	-1,767	-175
Repayment of borrowings	*4.9.1.1*	-190,227	-80,201
Payment of lease liabilities	*4.9.1.3*	-10,149	-10,401
Dividends paid		-	-8,532
Contingent liabilities paid	*4.11.2*	-2,932	-2,443
Net cash from (used in) financing activities		**-7,339**	**32,337**
of which is attributable to discontinued operations		-	-954
Net increase (decrease) in cash and bank overdrafts		**188,030**	**-28,919**
Cash and bank overdrafts at 1 January		-33,121	-2,177
Effect of exchange rate fluctuations on cash and bank overdrafts held		-579	-2,025
Cash and bank overdrafts at 31 December		**154,330**	**-33,121**

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

Cash reconciliation

	2020	2019
	€ x 1,000	**€ x 1,000**
Cash and cash equivalents	173,376	11,482
Bank overdrafts	-19,046	-44,603
Cash and bank overdrafts in the cash flow statement	**154,330**	**-33,121**

The figures following the various items refer to the notes. The explanatory notes form an integral part of the financial statements.

4.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)

	Share capital	Share premium	Hedge reserve	Translation reserve	Other legal reserve	Other reserve	Total equity
Balance as at 1 January 2019	**266**	**42,468**	**2,644**	**-22,184**	**3,273**	**295,925**	**322,391**
Total comprehensive income							
Net profit	-	-	-	-	-	2,804	2,804
Other comprehensive income	-	-	-3,076	9,577	-	18	6,519
Total comprehensive income	**-**	**-**	**-3,076**	**9,577**	**-**	**2,823**	**9,324**
Transactions with owners of the Company							
Dividends paid	2	-2	-	-	-	-8,532	-8,532
Share-based payments	-	-152	-	-	-	192	40
Other changes	-	-	-	1	-658	630	-27
Total	**2**	**-154**	**-**	**1**	**-658**	**-7,710**	**-8,519**
Balance as at 31 December 2019	**268**	**42,314**	**-432**	**-12,607**	**2,615**	**291,037**	**323,196**

	Share capital	Share premium	Hedge reserve	Translation reserve	Other legal reserve	Other reserve	Total equity
Balance as at 1 January 2020	**268**	**42,314**	**-432**	**-12,607**	**2,615**	**291,037**	**323,196**
Total comprehensive income							
Net profit	-	-	-	-	-	64,829	64,829
Other comprehensive income	-	-	-7,083	-4,681	-	-666	-12,430
Total comprehensive income	**-**	**-**	**-7,083**	**-4,681**	**-**	**64,163**	**52,399**
Transactions with owners of the Company							
Dividends paid	-	-	-	-	-	-	-
Share-based payments	0	-0	-	-	-	351	351
Other changes	-	-	-	-	1,675	-1,667	8
Total	**0**	**-0**	**-**	**-**	**1,675**	**-1,316**	**359**
Balance as at 31 December 2020	**268**	**42,314**	**-7,515**	**-17,288**	**4,290**	**353,885**	**375,953**

4.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2020.

4.6.1 GENERAL INFORMATION

Accell Group N.V. ("Accell Group") in Heerenveen, The Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2:379 and 2:414 of the Dutch Civil Code is enclosed in note 4.20.3. Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories.

4.6.2 BASIS OF PREPARATION

A | GENERAL

These consolidated financial statements:

- have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code;
- were authorised for issue by the Board of Management on 4 March 2021;
- have been prepared on a historical cost basis unless otherwise stated;
- are presented in euros, which is Accell Group's functional currency;
- are rounded to the nearest thousand, unless otherwise indicated. Calculations in the tables are based on unrounded figures; as a result, rounding differences can occur.

Accell Group has renamed some line items and reclassified and/or disaggregated line items in the consolidated statement of cash flows compared with 2019 to improve alignment with IFRS line items in the balance sheet:

STATEMENT OF CASH FLOWS	2019	Reclassification	2019 Adjusted
	€ x 1,000	€ x 1,000	€ x 1,000
Cash flows from operating activities			
Loss on divestment of intangible assets (US business)	2,290	-2,290	-
Loss on divestments of property, plant and equipment (US business)	543	-543	-
Gain on sale of property, plant and equipment	-351	351	-
Gain on the sale of trademarks (Canada)	-14,341	14,341	-
Gain or loss on the sale of property, plant and equipment	-	192	192
Gain or loss on the sale of intangible assets	-	-12,051	-12,051
Impact on cash flows from operating activities		-	
Cash flows from investing activities			
Proceeds from sale of intangible assets	-	14,341	14,341
Proceeds from the sale of trademarks (Canada)	14,341	-14,341	-
Impact on cash flows from investing activities		-	
Cash flows from financing activities			
Proceeds from revolving credit facility	134,090	-134,090	-
Repayment of revolving credit facility	-55,000	55,000	-
Repayment of term loan and other loans	-25,201	25,201	-
Proceeds from borrowings	-	134,090	134,090
Repayment of borrowings	-	-80,201	-80,201
Impact on cash flows from investing activities		-	

In the consolidated statement of changes in equity, the separate line item stock dividend has been included in dividend paid.

B | USE OF ESTIMATES

In preparing these consolidated financial statements, Accell Group has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimations of uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2020 is included in the following notes:

Note 4.8.2: trade and other receivables: measurement of discount accruals, bonus receivables and expected credit losses.
Note 4.10.3: goodwill and other intangible assets impairment test: key assumptions underlying recoverable

amounts, including the recoverability of development costs.
Note 4.11.1: recognition and measurement of provisions: key assumptions regarding the likelihood and magnitude of an outflow of resources.
Note4.11.3: measurement of defined benefit obligations: key actuarial assumptions.
Note 4.14: financial instruments - fair values.
Note 4.15.2: recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
Note 4.17.4: share-based payment estimates regarding the number of conditional shares that will vest (performance criteria and continuation of employment).

C | Changes in accounting policies

In 2019, Accell Group opted for the early adoption of amendments to IFRS 9, IAS 39 and IFRS 7 due to interest rate benchmark reform that are mandatory as of 1 January 2020. Accell Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss accumulated in the cash flow hedging reserve that existed at 1 January 2020. The details of the accounting policies for derivatives and hedge accounting are disclosed in note 4.12.

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

The amendments to IFRS 16 COVID-19 Related Rent Concessions applicable to annual reporting periods beginning on or after 1 June 2020 (earlier application permitted) had no impact on the consolidated financial statements, as Accell Group had no COVID-19 related rent concessions.

Mandatory upcoming changes and early adoption

Accell Group has not applied the following upcoming changes (effective for annual periods beginning on or after 1 January 2021) when preparing these consolidated financial statements: Interest rate benchmark reform (IBOR) —phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement, IFRS 7 Financial Instruments: disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in the aforementioned standards. Accell Group does not currently expect these changes to have any impact on its financial statements. Nor does Accell Group expect the following other upcoming standards and interpretations to have any significant impact on its financial statements:

- Effective for annual reporting periods beginning on or after 1 January 2022: Amendments to IAS 37: Onerous contracts – costs of fulfilling a contract, Annual improvements 2018-2020, Amendment to IAS 16: Property, plant and equipment, proceeds before intended use, and Amendment to IFRS 3: Reference to the conceptual framework and
- Effective for annual reporting periods beginning on or after 1 January 2023 Amendment to IAS 1: Classification of liabilities as current or non-current.

4.6.3 GENERAL ACCOUNTING POLICIES

This section describes Accell Group's general accounting policies relating to the consolidated financial statements and notes as a whole. If an accounting policy relates specifically to a note (balance or transaction) it is presented within the relevant note. Accell Group has applied these accounting policies consistently to all periods presented in these consolidated financial statements, taking into account the accounting policy changes mentioned in note 4.6.2C.

A | BASIS OF CONSOLIDATION

The consolidated financial statements are prepared as a consolidation of the financial statements of Accell Group N.V. and its subsidiaries. Subsidiaries are entities controlled by Accell Group. Accell Group controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with that entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Accell Group.

When Accell Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, as well as any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Upon consolidation, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Accell Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B | FOREIGN CURRENCY

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of group companies using the exchange rates at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured on a historical cost basis in a foreign currency are not translated again at a later stage.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges, to the extent the hedges are effective, are recognised in other comprehensive income (OCI).

FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates on the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates on the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If Accell Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Accell Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the unwinding of a monetary balance, that is either collectable from or payable to a foreign operation is neither planned nor probable in the foreseeable future, the foreign currency differences of this monetary balance is considered part of the net investment in the foreign operation. Accordingly, these currency differences are included in other comprehensive income and recorded in the translation reserve.

HEDGE OF A NET INVESTMENT IN A FOREIGN OPERATION

Accell Group does not apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and Accell Group's functional currency (euro).

C | OFF-SETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Accell Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

D | STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. Dividends paid are included in financing activities, together with the payment of the principal portion of lease liabilities. Dividends received are classified as investing activities. Interest paid and interest received are classified as operating activities. Accell Group has centralised its cash management with the execution of payments in the operations by group companies. Cash management includes cash pools, cash and bank overdrafts and these are components of the item cash and bank overdrafts in the cash flow statement.

4.7 PERFORMANCE

4.7.1 OPERATING SEGMENTS

Accell Group identified the following three operating segments: Bikes, Parts and Corporate/Eliminations. The table below provides information on these reportable segments:

	Bikes	Parts	Corporate/ Eliminations	Consolidated
	2020	2020	2020	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	951,695	344,414	344	1,296,453
Inter-segment net turnover	5,462	6,671	-12,133	-
Segment net turnover	**957,157**	**351,084**	**-11,789**	**1,296,453**
Other income	111	-	16	127
Contribution profit	**93,131**	**26,051**	**-5,227**	
Allocated cost central functions	-46,250	-5,059	12,086	
Segment profit (loss) before interest and tax	**46,881**	**20,992**	**6,859**	**74,732**
Net finance cost				-12,825
Share of profit (loss) of equity-accounted investees				1,008
Result on the sale of subsidiaries				-
Consolidated profit (loss) before tax from continuing operations	**46,881**	**20,992**	**6,859**	**62,915**
Segment assets	882,050	141,257	-143,732	879,575
Segment liabilities	399,019	107,301	-2,699	503,622
Depreciation and amortisation	14,056	5,409	5,463	24,928
Capital expenditure	9,755	1,210	672	11,637

	Bikes [1]	Parts [1]	Corporate/ Eliminations [1]	Consolidated [1]
	2019	2019	2019	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External net turnover	858,080	252,840	108	1,111,028
Inter-segment net turnover	4,976	7,621	-12,597	-
Segment net turnover	**863,056**	**260,462**	**-12,489**	**1,111,028**
Other income	12,262	2	18	12,282
Contribution profit	**103,982**	**14,945**	**-6,849**	
Allocated cost Corporate	-41,906	-6,184	-4,032	
Segment profit (loss) before interest and tax	**62,076**	**8,761**	**-10,881**	**59,956**
Net finance cost				-9,262
Share of profit (loss) of equity-accounted investees				424
Result on the sale of subsidiaries				-60
Consolidated profit (loss) before tax from continuing operations	**62,076**	**8,761**	**-10,881**	**51,059**
Segment assets	890,576	133,843	-165,265	859,154
Segment liabilities	439,598	106,825	-10,465	535,958
Depreciation and amortisation	18,526	5,590	2,064	26,180
Capital expenditure	6,627	3,703	3,804	14,133

1) 2019 figures have been restated for comparability purposes because Vartex was transferred to segment bikes from segment parts in 2020.

GEOGRAPHICAL INFORMATION

The sales to external customers reported in the geographical segments are based on the geographical location of the company and on the location of the customer. Both are reported for continuing operations thus excluding the net turnover from discontinued operations (see note 4.16.1).

	Net turnover based on company location		Net turnover based on location of customer	
	2020	2019	2020	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	314,934	260,525	264,078	222,354
Germany	535,009	549,865	424,076	404,310
Other Europe	427,185	276,560	591,887	464,355
Other World	19,325	24,078	16,411	20,008
Total	**1,296,453**	**1,111,028**	**1,296,453**	**1,111,028**

Geographical asset information is based on the physical location of the assets at 31 December:

	Non-current assets [1]	
	2020	2019
	€ x 1,000	€ x 1,000
The Netherlands	86,584	92,939
Germany	53,692	55,664
Other Europe	79,953	77,502
Other World	9,373	10,572
Total	**229,602**	**236,677**

1) The deferred tax assets and the net defined benefit asset are, in accordance with IFRS 8.33b, excluded from non-current assets.

ACCOUNTING POLICIES

Operating segments

Operating segments are reported in a manner consistent with the internal reporting to the Board of Management, which is considered to be Accell Group's chief operating decision-maker. The reportable segments Bikes and Parts are the main pillars of Accell Group and are supported by the central functions in the Corporate segment. Both the Bikes and Corporate segements report directly to the Board of Management, with dedicated regional Bikes directors. The Parts segement is managed by one dedicated director, who reports to the Board of Management, and is directly accountable for the functioning of the segment's assets, liabilities and results. The Board of Management reviews the performance of the segments via monthly internal management reports. The performance of the regional Bikes directors and the Parts director is measured based on contribution profit, as included in the internal management reports. The central functions, which report directly to the Board of Management, include procurement, marketing, innovation & technology (R&D), IT, e-commerce, HR and central G&A. The related cost are allocated to the reportable segments on a reasonable basis.

Unallocated result items comprise net finance expenses, share of profit (loss) of equity-accounted investees and results on the sale of subsidiaries.

Segment capital expenditure is the total cost incurred in the period under review to acquire property, plant and equipment and intangible assets other than goodwill.

Revenue

The majority of Accell Group's contracts are contracts with customers in which the sale of goods is generally expected to be the single performance obligation. The timing of the transfer of control varies depending on the individual terms of the sales agreement. For sales of bicycles, parts and accessories, transfer usually occurs when the product is delivered to the customer. However, for some international shipments the transfer occurs when the goods are loaded onto the relevant carrier at the port. Generally, the customer has no right of return for such products. Revenue is recognised at the point in time when control of the goods is transferred.

Accell Group provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. The warranties serve to guarantee that the bicycle, part or accessory functions as intended and meets the agreed specifications. As such, these warranties are assurance-type warranties that are accounted for under Provisions.

Some contracts with customers include customer programmes and incentives, such as special pricing agreements, promotions, advertising allowances and other volume-based incentives. Accell Group recognises revenue from the sale of bicycles, parts and accessories measured at the consideration received or receivable, net of accruals for customer incentives and returns (if the customer has a right of refund). If revenue cannot be reliably measured, Accell Group defers revenue recognition until the uncertainty is resolved.

ACCOUNTING ESTIMATES

Accell Group makes estimates in the measurement of discount accruals, included in trade receivables. When customers are given discounts, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognised for expected volume and year-end discounts payable to customers in relation to sales made until the end of the reporting period.

4.7.2 OTHER INCOME

Other income amounted to € 0.1 million in 2020 and is mainly attributable to rental income (2019: € 12.3 million, mainly a gain of €11.4 million on the sale of the Canadian intellectual property rights of the Raleigh, Diamondback, Redline and IZIP bike brands).

ACCOUNTING POLICY

Other income is reported on an accrual accounting basis, meaning when the revenues are incurred not necessarily when they are received.

4.7.3 COST OF MATERIALS AND CONSUMABLES

	2020	2019
	€ x 1,000	€ x 1,000
Materials	906,690	740,732
Freight and inbound costs	15,213	16,623
Warranty provisioning	5,448	8,544
Obsolete raw materials and semi-finished goods	5,110	1,629
External assemblies	2,241	1,964
Cost of materials and consumables	**934,703**	**769,493**

ACCOUNTING POLICY

Cost of materials and consumables are recognised in the same period as the revenues to which they relate e.g. when Accell Group sells goods (bikes or bike parts and accessories) or performs services. Expenses are recognised on an accrual accounting basis, meaning when the expenses are incurred, not necessarily when they are paid.

4.7.4 PERSONNEL COSTS

	Notes	2020	2019
		€ x 1,000	€ x 1,000
Wages and salaries		122,384	122,649
Social security charges		14,595	14,402
Pension contributions		7,422	6,787
Share-based payments	*4.17.4*	351	192
Other personnel costs		4,170	6,024
Personnel expenses		**148,922**	**150,053**

The average number of employees (FTEs) was 3,139 in 2020 (2019: 3,410).

ACCOUNTING POLICY

All expenses are reported on an accrual accounting basis, meaning when the expenses are incurred (services are received), not necessarily when they are paid. For more details on accounting policies regarding pension contributions and share-based payments see note 4.11.3 and note 4.17.4 respectively.

4.7.5 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

	Notes	2020	2019
		€ x 1,000	€ x 1,000
Amortisation of intangible assets	*4.10.3*	3,005	2,752
Impairment losses on intangible assets	*4.10.3*	3,936	-
Depreciation of property, plant and equipment	*4.10.1*	8,235	8,695
Depreciation of right-of-use assets	*4.10.2*	9,759	9,301
Gains & losses from lease modifications (remeasurement)	*4.10.2/4.9.1.3*	-8	-17
Capital loss on sale of property, plant and equipment	*4.10.1*	1	10
Capital loss on sale of intangible assets	*4.10.3*	-	5,440
Depreciation, amortisation and impairment losses		**24,928**	**26,181**

ACCOUNTING POLICY

For the accounting policy on amortisation, impairment and divestment losses on intangible assets, see note 4.10.3. For depreciation of property, plant and equipment, see note 4.10.1 and for depreciation of right-of-use assets see note 4.10.2.

4.7.6 OTHER OPERATING EXPENSES

	2020	2019
	€ x 1,000	€ x 1,000
Selling expenses	69,954	69,630
General and administrative expenses	7,278	10,390
Lease expenses	1,757	1,729
Research & development expenses	2,051	3,134
Maintenance and energy	4,635	5,068
Audit and consultancy costs	5,475	8,679
IT costs	7,974	9,347
Other	15,423	7,417
Other operating expenses	**114,546**	**115,394**

Selling expenses are primarily marketing costs, freight costs, other (outbound) logistics costs, delcredere costs and platform fees. For more details on lease expenses, see note 4.9.1.3.

Other expenses are primarily costs related to provisioning, tools, car costs and facility costs. The increase in the other expenses in 2020 compared to 2019 is mainly caused by additional provisioning for restructuring, legal and inventory related to trading and finished products.

ACCOUNTING POLICY

All expenses are reported on an accrual accounting basis, meaning when goods are received or services are provided, not necessarily when they are paid.

4.7.7 EARNINGS PER SHARE

The calculation of earnings per share and of diluted earnings per share is based on the following data:

	2020	2019
Net profit accruing to Accell Group N.V.'s shareholders		
- from continuing operations (€ x 1,000)	64,829	59,299
- from discontinued operations (€ x 1,000)	-	-56,495
Total net profit (€ x 1,000)	**64,829**	**2,804**
Number of issued shares as per 31 December	26,805,031	26,802,751
Weighted average number of basic shares for the earnings per share	26,804,632	26,726,268
Potential impact of share options and conditional shares on the issuance of shares under the share-based payments program	89,237	55,291
Weighted average number of issued shares (diluted)	**26,893,869**	**26,781,559**
Reported basic earnings per share from continuing operations (€ x 1)	2.42	2.22
Reported basic earnings per share from discontinued operations (€ x 1)	-	-2.11
Total reported basic earnings per share (€ x 1)	**2.42**	**0.10**
Reported diluted earnings per share from continuing operations (€ x 1)	2.41	2.21
Reported diluted earnings per share from discontinued operations (€ x 1)	-	-2.11
Total reported diluted earnings per share (€ x 1)	**2.41**	**0.10**
Adjustment factor according to IAS 33	1.000	1.000
Total earnings per share financial year (€ x 1)	2.42	0.10
Total earnings per share financial year (diluted) (€ x 1)	2.41	0.10

4.8 WORKING CAPITAL

	2020	2019
	€ x 1,000	€ x 1,000
Inventory	285,314	386,830
Trade receivables	104,006	140,740
Trade payables	-137,829	-167,530
Trade working capital (TWC)	**251,491**	**360,040**
Other receivables	24,499	30,909
Other current liabilities	-49,080	-43,389
Working capital	**226,910**	**347,561**

4.8.1 INVENTORIES

	2020	2019
	€ x 1,000	€ x 1,000
Components for the purpose of production	168,222	193,119
Semi-finished goods	2,494	2,831
Trading and finished products	114,599	190,880
Balance at 31 December	**285,314**	**386,830**

In 2020, Accell Group wrote down inventories by € 10.1 million to lower net realisable value (2019: € 4.0 million) of which € 5.3 million is recognised as cost of materials and consumables (2019: € 1.7 million) and € 4.8 million as other operating expenses (2019: € 2.3 million). In 2020 Accell Group reversed write-downs of € 1.0 million (2019: € 1.4 million) recognised as a reduction of cost of materials and consumables of € 0.1 million (2019: € 0.1 million) and € 0.9 million as a reduction of other operating expenses (2019: € 1.3 million). At the reporting date, inventories with a carrying amount of approximately € 7.9 million (2019: € 9.3 million) were valued at lower net realisable value. Furthermore, inventories include goods in transit of € 63.8 million (2019: € 70.3 million) related to shipped goods for which Accell Group had acquired the economic ownership, but which have not yet been received.

ACCOUNTING POLICY

Inventories are measured at the lower of cost, using the first-in first-out (fifo) principle, and net realisable value. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

4.8.2 TRADE AND OTHER RECEIVABLES

	2020	2019
	€ x 1,000	€ x 1,000
Trade receivables	104,006	140,740
Other receivables	24,499	30,909
Total	**128,505**	**171,649**

Trade receivables

	2020	2019
	€ x 1,000	€ x 1,000
Trade receivables	109,932	150,141
Allowance for credit losses	-5,927	-9,401
Balance at 31 December	**104,006**	**140,740**

The nominal value of trade receivables is considered close to the fair value. Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30 to 150-day payment term.

The group applies the IFRS 9 simplified approach to measure expected credit losses. This uses a lifetime expected loss allowance for all trade receivables. On that basis, the loss allowance was determined as follows:

	Weighted average loss rate	Trade receivables - gross	Credit loss allowance	Trade receivables - net
	2020	2020	2020	2020
		€ x 1,000	€ x 1,000	€ x 1,000
Current (not past due)	-0.3%	92,775	-310	92,465
Past due 0-90 days	-4.5%	10,118	-456	9,661
Past due 91-360 days	-25.8%	1,928	-497	1,431
Past due over 360 days	-91.2%	5,112	-4,664	448
Total at 31 December		**109,932**	**-5,927**	**104,006**

	Weighted average loss rate	Trade receivables - gross	Credit loss allowance	Trade receivables - net
	2019	2019	2019	2019
		€ x 1,000	€ x 1,000	€ x 1,000
Current (not past due)	-0.2%	119,949	-237	119,712
Past due 0-90 days	-15.3%	16,759	-2,561	14,198
Past due 91-360 days	-16.5%	7,711	-1,273	6,438
Past due over 360 days	-93.2%	5,722	-5,330	392
Total at 31 December		**150,141**	**-9,401**	**140,740**

The loss allowances for trade receivables reconciles to the opening loss allowances as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Balance at 1 January	9,401	8,749
Added through business combination	-	-
Amounts written off	-1,978	-4,511
Credit losses recognised [1)]	-1,251	5,066
Effect of movement in exchange rates	-245	98
Balance at 31 December	**5,927**	**9,401**

1) 2019: € 2,233 thousand is attributable to continuing operations and € 2,832 thousand is attributable to discontinued operations.

Other receivables

	2020	2019
	€ x 1,000	€ x 1,000
VAT receivable	2,225	7,301
Import duties receivable	2,890	35
Other taxes and social charges	482	99
Receivables from non-consolidated companies	727	261
Prepayments suppliers	3,940	4,311
Prepayments other	854	1,873
Bonus receivable	5,398	4,841
Receivables related to the sale of discontinued operations	-	3,600
Other current assets	7,984	8,589
Balance at 31 December	**24,499**	**30,909**

Other receivables were assessed for impairment and impairment was deemed immaterial.

ACCOUNTING ESTIMATES TRADE RECEIVABLES

For trade receivables, Accell Group applies a simplified approach to the calculation of expected credit losses by recognising a loss allowance based on lifetime expected credit losses at each reporting date. Individually significant trade receivables are tested for impairment on an individual basis. The remaining trade receivables are assessed collectively in groups that share similar credit risk characteristics and the days past due. Accell Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Accell Group makes estimates in the measurement of discount accruals, included in trade receivables. When customers are given discounts, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognised for expected volume and year-end discounts payable to customers in relation to sales made until the end of the reporting period.

ACCOUNTING ESTIMATES OTHER RECEIVABLES

For other receivables, Accell Group establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions using the general approach under IFRS 9.

Bonus receivables are the best estimate of the expected amount to be received from suppliers and are based on (annual) agreements. The bonus is usually a fixed or graduated percentage of the purchase value and advance payments received. When receipt of a bonus can be expected with a reasonable level of certainty, it is reflected in the carrying value of inventory or cost of goods sold.

ACCOUNTING POLICIES

Trade and other receivables are held in order to collect the related cash flows. These receivables are measured at fair value and subsequently at amortised cost less any impairment losses. Trade and other receivables are derecognised when substantially all risks and rewards are transferred or if Accell Group does not retain control over the receivables.

Impairment losses related to financial assets are presented separately in the consolidated income statement. When Accell Group considers that there are no realistic expectations of recovering a trade receivable, the relevant amount is written off. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Accell Group, and a failure to make contractual payments for a period longer than 360 days past due. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

4.8.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2020	2019
	€ x 1,000	€ x 1,000
Trade payables	137,829	167,530
VAT payable	13,975	9,165
Import duties payable	473	996
Taxes on wages and social charges	4,067	3,339
Payables to non-consolidated companies	1,391	158
Personnel-related liabilities	13,249	11,625
Freight cost payable	441	438
Claims payable	228	290
Other invoices receivable	8,535	8,345
Interest and bank cost payable	639	591
Other current liabilities	6,083	8,442
Balance at 31 December	**186,909**	**210,918**

Accell Group operates one (2019: two) supply chain finance programme that enables participating suppliers to discount their invoices for earlier payment with a participating bank based on individual contractual agreements between the supplier and the participating bank. Trade payables at 31 December 2020 include an amount of € 21.4 million (2019: € 22.4 million) related to the participating suppliers.

ACCOUNTING JUDGEMENT

Accell Group has analysed its supply chain finance programmes to determine whether it should derecognise its original liability, the trade payable to the supplier, and recognise a new interest-bearing liability to the bank. Based on the analysis of (a) the extinguishment criteria of the trade payable and/or (b) if the term of the trade payable had been substantially modified, Accell Group concluded that payment obligations to participating suppliers should remain in trade payables.

ACCOUNTING POLICY

Trade payables and other current liabilities are initially recognised at fair value (less any directly attributable transaction costs) and subsequently measured at amortised cost. A liability is recognised for the amount expected to be paid if Accell Group has a present legal or constructive obligation to pay this amount as a result of past service provided and the obligation can be reliably estimated. Trade payables and other liabilities are derecognised when the contractual obligation is either discharged or cancelled or has expired.

4.9 NET DEBT AND EQUITY

This note provides information on the contractual terms and conditions of the outstanding interest-bearing loans, other borrowings and net debt components and equity.

4.9.1 NET DEBT

	2020	2019
	€ x 1,000	€ x 1,000
Borrowings (non current)	184,749	75,100
Borrowings (current)	19,822	126,868
Total borrowings	**204,571**	**201,968**
Bank overdrafts	19,046	44,603
Cash and cash equivalents	-173,376	-11,482
Net debt excluding lease liabilities	**50,241**	**235,088**
Lease liabilities (non current)	20,158	22,240
Lease liabilities (current)	8,799	7,983
Net debt	**79,199**	**265,312**

4.9.1.1 Borrowings

	Currency	Interest rate	Year of maturity	Face value 2020	Carrying amount 2020	Face value 2019	Carrying amount 2019
				€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Term loan [1]	EUR	2.2%	2024	110,000	108,536	60,000	58,820
Term loan (GO-C facility) [1]	EUR	1.8%	2022	60,000	59,743	-	-
Term loan (Schuldschein)	EUR	3.8%	2024	15,000	14,932	15,000	14,900
Revolving credit facilities - Part I	EUR	variable		5,721	5,721	116,558	116,558
Borrowings under Group financing agreement				**190,721**	**188,932**	**191,558**	**190,278**
Other bank loans (secured)	EUR	1.4%	2027	1,487	1,487	1,574	1,574
Other bank loans (unsecured)	EUR	0,5% - 1,0%	2021 and 2024	5,938	5,938	-	-
Revolving credit facilities - Part II	EUR	mixed		8,214	8,214	10,115	10,115
Total borrowings				**206,360**	**204,571**	**203,248**	**201,968**

1) This is the interest rate at 31 December 2020. Each quarter the interest rate is determined based on the terms and conditions.

OTHER BORROWINGS

In December 2016, Accell Group entered into a financing agreement for its Lapierre Experience Centre, which is a secured loan (mortgage) of € 1.5 million as at 31 December 2020 (2019: € 1.6 million). In April 2020, Lapierre borrowed € 5.0 million under the French COVID-19 relief programme for a tenor of one year. In September 2020 Wiener Bike Parts borrowed € 1.0 million under a German sustainability programme for a tenor of four years (at 31 December € 0.9 million). In addition, since 2017 Accell Group has maintained its Turkish revolving credit facilities, which qualify as carve-out and permitted financial indebtedness in the Group financing agreement of € 8.2 million (2019: € 10.1 million).

BORROWINGS UNDER GROUP FINANCING AGREEMENT

In 2017, Accell Group entered into a financing agreement with a syndicate of six banks for the financing of the group. The banks participating in the syndicate are ABN AMRO Bank, BNP Paribas, Deutsche Bank, HSBC, ING Bank and Rabobank. The financing is unsecured and at 31 December 2020 consisted of € 125 million in term loans and a revolving credit facility ("RCF") of € 275 million (working capital financing), of which € 100 million in a seasonal facility from December to July, for an initial period of five years. An optional (uncommitted) accordion facility for the remaining sum of € 100 million forms part of the existing financing agreement.

After Accell Group exercised the extension option in 2018 and 2019 the finance agreement expires in March 2024.

In March 2020, Accell Group increased the term loan facility by drawing € 50 million under the uncommitted accordion facility (increasing the term loan facility to € 125 million and reducing the accordion facility to € 100 million).

In June 2020, Accell Group entered into an amendment to the existing facilities agreement with its syndicate of banks. In addition, five syndicate banks provided Accell Group with an additional two-year amortising term loan facility of € 115 million for the period from 30 June 2020 through 30 June 2022. The facility was partly drawn in June 2020 (€ 60 million); the remainder is available for drawing till 1 April 2021. This additional facility of € 115 million (“GO-C facility”) is for 80% backed by a Dutch state guarantee in favour of the banks under the so-called GO-C scheme. Furthermore, the existing seasonal revolving credit facility of € 100 million, normally available from 1 December each year till 15 July next year, was amended so that it would remain available during the entire calendar year 2020.

TERMS AND CONDITIONS

The existing covenants have been partly waived and partly amended:

1. The term loan (including the GO-C facility) leverage ratio has been waived for five consecutive quarters, starting 30 June 2020 and ending and including 30 June 2021; this ratio shall not exceed:
   - 4.64 in the 12-month period expiring 30 September 2021;
   - 3.11 in the 12-month period expiring 31 December 2021;
   - 2.50 in each 12-month periods expiring after 31 December 2021 (which was the original ratio).

2. The solvency ratio has been amended; this ratio shall be greater than:
   - 15.0% for the testing dates 30 June 2020 and 31 December 2020;
   - 16.2% for the testing date 30 June 2021;
   - 18.6% for the testing date 31 December 2021;
   - 25.0% for the testing dates after 31 December 2021 (which was the original ratio; testing takes place on a half-yearly basis over the previous twelve months on 30 June and 31 December).

3. The borrowing reference remains in place and is unchanged. The borrowing reference states that the net debt, after deduction of the outstanding amounts under the term loan (including Schuldschein and GO-C facility), currently € 185 million and the working capital financing used for approved acquisitions, may not exceed the lowest of:

a. The sum of:

i. the highest of 50% of the carrying amount of the qualifying inventories minus the total trade creditors of Accell Group and zero; and

ii. 65% of the carrying amount of the qualifying trade debtors;

b. The revolving credit facility commitment made available under the financing agreement.

In addition, the following temporary covenants have been agreed upon:

1. Normalised EBITDA shall not be lower than:

-/- € 30.0 million in the 12-month period expiring 30 June 2020;
-/- € 58.9 million in the 12-month period expiring 30 September 2020;
-/- € 70.6 million in the 12-month period expiring 31 December 2020;
-/- € 51.4 million in the 12-month period expiring 31 March 2021;
+ € 5.6 million in the 12-month period expiring 30 June 2021.

2. The liquidity (cash and available, undrawn commitments) shall not be less than € 25 million during the period through 31 March 2022 and as long as any amount under the GO-C facility is outstanding is to be tested on a quarterly basis.

Term loan leverage ratio

The term loan leverage is determined by dividing the designated outstanding loans under the financing agreement by normalised EBITDA. The 'designated loans outstanding under the financing agreement' include the outstanding amounts under the € 125 million term loan (including Schuldschein), the € 60 million GO-C loan and the working capital financing insofar as used for the acquisition of companies (excluding acquired working capital). The latter is permitted with the approval of the bank syndicate.

EBITDA
EBITDA is the result from operating activities (EBIT) plus the amount of the amortisation and depreciations on assets and the share in the result of non-consolidated participating interests. Normalised EBITDA is, with respect to a certain period, the EBITDA in that period adjusted for:

- EBITDA of acquired companies during the relevant period for the part of that period prior to the time of acquisition;
- EBITDA attributable to a group company (or any part of Accell Group) sold during the relevant period for the part prior to the date of sale;
- any exceptional, one off, non-recurring and extraordinary items which represent gains or losses including those arising on:
  - the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
  - disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment; and
  - disposals of assets associated with discontinued operations.

Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2020 and as of all earlier test dates.

The margins on all existing facilities have been increased by 30 bps; an extra increase of 10 bps applies to the seasonal RCF. Depending on the fulfilment of certain conditions, the increase of 30 bps may be reduced or removed in the coming years.

According to the GO-C Facility, no cash dividend distributions shall be made, unless: (i) the GO-C facility is repaid and cancelled and the original financial covenants that applied prior to June 2020 are complied with; or (ii) each member of the bank syndicate consents to the distribution, such consent not to be unreasonably withheld (it being understood that the withholding of such consent will be deemed to be unreasonable where the GO-C facility is not repaid but the original financial covenants that applied prior to June 2020 are complied with, and Accell Group provides evidence that it has sufficient liquidity to meet its payment obligations in respect of the GO-C facility after the distribution).

The banking syndicate has a positive pledge on receivables (including trade and intercompany receivables), inventory, IP, brand names, bank accounts, and other assets of Accell Group's Dutch and German subsidiaries.

RECONCILIATION OF MOVEMENTS IN BORROWINGS TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES 2020

	Revolving credit facilities	Term loans	Other bank loans	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2020	**126,674**	**73,720**	**1,574**	**201,968**
Changes in financing cash flows:				
Proceeds from loans and borrowings	81,799	110,000	5,938	197,736
Transaction costs related to loans and borrowings	-	-1,767	-	-1,767
Repayment of borrowings	-190,140	-	-87	-190,227
Total changes from financing cash flows	**-108,342**	**108,233**	**5,851**	**5,742**
The effect of changes in foreign exchange rates	-4,396	-	-	-4,396
Other liability-related changes:				
Changes as a result of the sale of subsidiaries	-	-	-	-
Interest expenses minus interest paid	-	1,258	-	1,258
Total liability-related other changes	**-112,738**	**109,491**	**5,851**	**2,604**
Total equity-related other changes	**-**	**-**	**-**	**-**
Balance at 31 December 2020	**13,936**	**183,211**	**7,425**	**204,571**

RECONCILIATION OF MOVEMENTS IN BORROWINGS TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES 2019

	Revolving credit facilities	Term loans	Other bank loans	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	**49,194**	**98,600**	**1,800**	**149,595**
Changes in financing cash flows:				
Proceeds from loans and borrowings	134,090	-	-	134,090
Transaction costs related to loans and borrowings	-	-175	-	-175
Repayment of borrowings	-55,000	-25,000	-201	-80,201
Total changes from financing cash flows	**79,090**	**-25,175**	**-201**	**53,713**
The effect of changes in foreign exchange rates	-1,610	-	-6	-1,616
Other liability-related changes:				
Changes as a result of the sale of subsidiaries	-	-	-18	-18
Interest expenses minus interest paid	-	295	-	295
Total liability-related other changes	77,480	-24,880	-226	52,374
Total equity-related other changes	**-**	**-**	**-**	**-**
Balance at 31 December 2019	**126,674**	**73,720**	**1,574**	**201,968**

ACCOUNTING POLICY

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these borrowings are measured at amortised cost using the effective interest method. Revolving credit facilities, bank overdrafts and cash and cash equivalents are initially recognised at fair value and subsequently at amortised cost.

4.9.1.2 Bank overdrafts, cash and cash equivalents

Accell Group's centralised cash management, including foreign exchange management, is executed using cash pools, cash and bank overdrafts. Term loans and revolving credit facilities are held for financing purposes. The centralised cash management aims to optimise the cash allocation within Accell Group, where excess cash in one entity is made available to be used in another entity.

Cash pools are an important element of cash management. The cash pools are made available by banks that participate in the syndicate that provides the group financing. The cash pools consist of a large number of bank accounts with fluctuating balances per account. On a monthly basis, different bank accounts form the (gross) credit balance and (gross) debit balance per cash pool. The net balance of a single cash pool, if overdrawn, reduces the available amount from the revolving credit facility, has the same conditions as the revolving credit facility. As a result, cash pools are of a hybrid nature; on the one hand they are a cash management tool and on the other hand they have a bridging nature at specific times.

In addition to the cash pools, Accell Group has other regular bank accounts and bank overdrafts at its disposal. However, these accounts only represent a limited part of the net cash balance. One part of the bank accounts and bank overdrafts are with banks from the syndicate that provide the group financing; the other part is with local banks for specific purposes.

4.9.1.3 Lease liabilities

	2020	2019
	€ x 1,000	€ x 1,000
Lease liabilities non-current	20,158	22,240
Lease liabilities current	8,799	7,983
Lease liabilities at 31 December	**28,957**	**30,223**

Lease liabilities at 1 January	30,223	32,618
Lease payments	-10,149	-10,401
Divestments as a result of outgoing business combinations	-	-142
Divestments from discontinuation of business	-	-2,396
Additions	5,844	5,694
Reassessment of lease liabilities and lease modifications	2,542	4,088
Unwind of the discount on the lease liabilities	521	618
Effect of foreign exchange rate changes	442	174
Currency translation	-465	-31
Lease liabilities at 31 December	**28,957**	**30,223**

The corresponding right-of-use assets are disclosed in note 4.10.2.

The cash flows from the following items are not included in the lease liabilities at 31 December:

	2020	2019
	€ x 1,000	€ x 1,000
Extension options	4,383	4,383
Termination options	-1,624	-1,624
Leases not yet commenced but to which Accell Group is committed	77	418

The following costs related to leases are included in the consolidated income statement:

		Continued operations	Discontinued operations	Total
	2020	2019	2019	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Depreciation of right-of-use assets (depreciations)	9,756	9,301	893	10,194
Unwind of the discount on the lease liabilities (net finance cost)	521	549	69	618
Loss (gain) related to lease modifications (depreciations)	-9	-17	-23	-40
Foreign exchange loss (gain) on lease liabilities (net finance cost)	442	174	-	174
Impairment of right-of-use assets (depreciations)	-	-	-	-
Short-term leases (other operating expenses)	1,372	1,682	-26	1,657
Leases of low-value assets (other operating expenses)	385	47	-	47
Total	**12,466**	**11,737**	**913**	**12,650**

ACCOUNTING ESTIMATES AND JUDGEMENTS

Accell Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.
The lease term includes periods covered by an option to extend or to terminate early if Accell Group is reasonably certain to exercise that option.
The incremental borrowing rate is determined each quarter based on current market interest rates per lease term and lease currency adjusted for Accell Group's annual budgeted loan spread, because all Accell Group financing is coordinated centrally.

ACCOUNTING POLICY

A right-of-use asset and a lease liability are recognised at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Accell Group's incremental borrowing rate. Generally, the incremental borrowing rate (IBR) is used as the discount rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from among other things a change in an index or rate, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or if the carrying amount of the right-of-use asset is reduced to zero an impairment loss is recognised in profit or loss.

4.9.2 EQUITY

The consolidated equity is equal to the equity in the company financial statements. The notes and movement schedules of equity are included in the company financial statements (see note 4.20.4).

Capital management
There were no major changes in Accell Group's approach to capital management in the year under review. The Board of Management's policy is to maintain a strong capital base, to maintain investor, creditor and market confidence and to sustain the future development of the business. Management monitors the return on capital and the level of dividends to ordinary shareholders.

To achieve this overall objective, Accell Group's capital management aims, among other things, to ensure that

the company meets financial covenants attached to borrowings that define capital structure requirements. Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2020 and as of all earlier test dates.

ACCOUNTING POLICY

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to the transaction costs of an equity transaction are accounted for in accordance with IAS 12.

4.9.3 NET FINANCE COST

	2020	2019
	€ x 1,000	€ x 1,000
Interest income	-8,408	-3,116
Interest expenses	18,323	10,869
Bank fees	2,273	997
Currency results	637	511
Net finance cost	**12,825**	**9,262**

The currency results include a positive effect for the reclassification of the foreign currency translation reserve of € 1.3 million upon the liquidation of Accell North America. The policy on interest and currency risks is covered in note 4.13.

ACCOUNTING POLICY

Interest income or expenses are recognised as they accrue, using the effective interest method. Dividend income is recognised in profit or loss on the date that Accell Group's right to receive payment is established.

4.10 NON-CURRENT ASSETS

4.10.1 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Under construction	Total property, plant and equipment
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Cost				
Balance at 1 January 2019	**67,469**	**91,373**	**1,924**	**160,767**
Investments	749	5,322	3,230	9,301
Divestments	-4,107	-213	-27	-4,347
Divestments from discontinuation of business	-	-3,689	-	-3,689
Divestments as a result of outgoing business combinations	-	-977	-	-977
From / to under construction	588	472	-1,060	-
Currency translation differences	110	9	-	119
Balance at 1 January 2020	**64,809**	**92,297**	**4,067**	**161,174**
Investments	1,433	6,018	2,888	10,339
Divestments	-	-157	-	-157
From / to under construction	4,204	439	-4,644	-
Currency translation differences	-119	-193	1	-310
Balance at 31 December 2020	**70,328**	**98,404**	**2,312**	**171,045**
Accumulated depreciation				
Balance at 1 January 2019	**24,748**	**69,506**	**-**	**94,254**
Depreciation [1]	1,377	7,548	-	8,925
Divestments	-2,619	-55	-	-2,674
Divestments from discontinuation of business	-	-3,112	-	-3,112
Divestments as a result of outgoing business combination	-	-645	-	-645
Balance at 1 January 2020	**23,506**	**73,242**	**-**	**96,748**
Depreciation [1]	1,322	6,913	-	8,235
Divestments	-	-90	-	-90
Balance at 31 December 2020	**24,828**	**80,065**	**-**	**104,893**
Carrying amount				
Balance at 1 January 2020	**41,304**	**19,055**	**4,067**	**64,426**
Balance at 31 December 2020	**45,500**	**18,339**	**2,312**	**66,152**

1) Total depreciation for 2019 includes € 8,695 thousand attributable to continuing operations and € 230 thousand attributable to discontinued operations.

Land and buildings with a carrying amount of € 4.5 million at 31 December 2020 (2019: € 4.7 million) have been pledged as security; on the one hand, to the trustees of the UK pension fund in the amount of € 2.8 million (2019: € 3.0 million) and, on the other hand, as security for a bank loan in the amount of € 1.7 million (2019: € 1.7 million).

Property under construction at 31 December 2020 represents € 1.2 million for Accell Hunland (building and machinery), € 0.9 million for Accell Germany (showroom) and € 0.2 million for Wiener Bike Parts (building). Those assets are not yet ready for use.

ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technological changes in production and expected restructurings.

The expected residual value is estimated per asset item and is the higher of the expected sales prices or the scrap value. The residual value is estimated based on recent market transactions involving the sale of similar items or on its material scrap value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives as Accell Group believes that straight-line depreciation most closely reflects the expected consumption pattern of the future economic benefits embodied in the asset.

ACCOUNTING POLICY

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss (depreciation). Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	40 years
Machinery and equipment	3 - 12 years

Property, plant and equipment is derecognised when it is sold or scrapped. Gains on sales are presented in other income (see note 4.7.2) and losses on sales are included in depreciation (see note 4.7.5)

4.10.2 RIGHT-OF-USE ASSETS

	Buildings	Machinery and equipment	Other tangible fixed assets	Total RoU assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Right-of-use assets at 1 January 2019	25,724	987	5,927	32,639
Divestments as a result of outgoing business combinations	-138	-	-	-138
Divestments from discontinuation of business	-2,240	-	-134	-2,374
Additions	1,097	411	4,279	5,787
Depreciation for the period [1)]	-6,686	-381	-3,127	-10,194
Reassessment of lease liabilities and lease modifications	4,445	-12	-334	4,099
Currency translation	-27	-11	16	-22
Right-of-use assets at 1 January 2020	**22,176**	**994**	**6,626**	**29,796**
Divestments as a result of outgoing business combinations	-	-	-	-
Divestments from discontinuation of business	-	-	-	-
Additions	1,986	301	3,624	5,911
Depreciation for the period	-6,006	-375	-3,378	-9,759
Reassessment of lease liabilities and lease modifications	3,165	-121	-494	2,550
Currency translation	-340	-48	-53	-441
Right-of-use assets at 31 December 2020	**20,981**	**751**	**6,326**	**28,058**

1) Total depreciation includes € 9,301 thousand attributable to continuing operations and € 893 thousand attributable to discontinued operations.

Lease liabilities are disclosed in note 4.9.1.3.

ACCOUNTING ESTIMATES AND JUDGEMENT

At the inception of a contract, Accell Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Accell Group has elected not to separate non-lease components and account for lease and non-lease components as a single lease component.

Right-of-use assets are depreciated to the earlier of the end of the useful life of the asset or the lease term using the straight-line method as Accell Group believes that this most closely reflects the expected consumption pattern of the future economic benefits. The lease term includes periods covered by an option to extend or to terminate early if Accell Group is reasonably certain to exercise that option.

ACCOUNTING POLICY

A right-of-use asset and a lease liability are recognised on the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset. The assets are depreciated over the lease term which currently varies from two to ten years. Right-of-use assets are tested for impairment.

4.10.3 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Brands	Customer lists and licenses	Software and development cost	Total intangible assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Cost					
Balance at 1 January 2019	**84,640**	**51,324**	**5,300**	**13,679**	**154,943**
Investments	-	-	-	4,993	4,993
Divestments	-	-5,375	-	-	-5,375
Divestments from discontinuation of business	-	-2,199	-	-3,121	-5,320
Currency translation differences	439	801	-41	61	1,260
Balance at 1 January 2020	**85,079**	**44,551**	**5,259**	**15,612**	**150,501**
Investments	-	-	-	1,298	1,298
Divestments	-	-	-	-2,672	-2,672
Currency translation differences	-	122	-95	-	27
Balance at 31 December 2020	**85,079**	**44,673**	**5,164**	**14,239**	**149,155**
Accumulated depreciation					
Balance at 1 January 2019	**2,306**	**4,180**	**3,082**	**6,656**	**16,224**
Amortisation [1]	-	693	325	2,101	3,119
Divestments from discontinuation of business	-	-	-	-1,458	-1,458
Balance at 1 January 2020	**2,306**	**4,873**	**3,407**	**7,299**	**17,885**
Amortisation [1]	-	693	310	2,001	3,005
Divestments				-2,672	-2,672
Impairment		300		3,636	3,936
Balance at 31 December 2020	**2,306**	**5,866**	**3,717**	**10,265**	**22,154**
Carrying amount					
Balance at 1 January 2020	**82,773**	**39,678**	**1,852**	**8,313**	**132,616**
Balance at 31 December 2020	**82,773**	**38,807**	**1,448**	**3,974**	**127,001**

1) € 2,752 thousand is attributable to continuing operations and € 367 thousand is attributable to discontinued operations.

(A) GOODWILL

Goodwill is tested for impairment annually or more frequently if there are indications of impairment losses. For the purposes of this test, goodwill is allocated to cash-generating units (CGU's). Goodwill is allocated to the (group of) CGU's that is expected to benefit from the business combination from which the goodwill arose. The CGU's used in the assessment correspond with the operational segments and are Bikes and Parts.

The carrying amount of goodwill at segment level is divided as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Bikes	65,411	65,411
Parts	17,362	17,362
Balance at 31 December	**82,773**	**82,773**

GOODWILL IMPAIRMENT TESTING

The following main assumptions are used to determine the value-in-use of the segments Bikes and Parts and are based on expected developments in specific markets and countries and the forecasted impact for Accell Group:

	Bikes 2020	Bikes 2019	Parts 2020	Parts 2019
Expected average annual, organic turnover growth in the plan period 2021-2023 (2019: 2020-2022)	13,6%	9,9%	9,0%	6,2%
Expected average operating margin in the plan period 2021-2023 (2019: 2020-2022)	8,3%	7,8%	6,0%	4,2%
Trade working capital, based on the current ratio in relation to turnover	25,2%	33,1%	25,2%	25,5%

After the plan period 2021-2023, cash flows are extrapolated using a perpetual growth rate of 0.0% (2019: 0.2%) which is equal to the risk-free interest rate with a minimum of zero (2020 actual -0.4%). The cash flows are discounted using a post-tax weighted average cost of capital of 7.2% (2019: 6.9%). The discounting rate applied corresponds with a pre-tax weighted average cost of capital of 9.8% (2019: 9.3%). The impairment test in 2020 showed a substantial headroom in goodwill for both segments Bikes and Parts.

SENSITIVITY TO CHANGES IN THE MAIN ASSUMPTIONS

Neither a 100 basis points adverse change in operating margin nor a 100 basis points higher discount rate resulted in a materially different outcome of the impairment test. Accell Group believes that any reasonably possible change in the main assumptions would not cause the carrying amount to exceed the recoverable amount of the cash-generating units Bikes or Parts.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The cash flow projections used in the value-in-use calculation for goodwill impairment testing contain various estimates and judgements (see table above). The robustness of the outcome of the goodwill impairment is tested via a sensitivity analysis on the main assumptions.

ACCOUNTING POLICY

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment. Impairment losses are recognised in profit or loss and are not reversed. Upon the disposal

of a cash generating unit, the carrying amount of the goodwill attributed to that cash generating unit is taken into account in the calculation of the book profit or loss.

(B) BRANDS

The brands recognised at 31 December 2020 are included in the operating segment Bikes and consist primarily of the Raleigh (€ 18.7 million), Babboe (€ 8.7 million) and Ghost (€ 9.4 million) brands. In addition, the Nishiki, Carraro and Van Nicholas brands are valued at a total amount of € 2.0 million.

With the exception of the relatively young Babboe brand (2007), which has a definite useful life of 15 years, all brands have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for Accell Group. The brands with indefinite useful lives are positioned in the middle and upper segments and have a long history and tradition in the regional and international markets in which they operate.

BRAND IMPAIRMENT TESTING

In the annual impairment testing for brands with an indefinite life, Accell Group applies the income approach to determine the value-in-use. It is a technique by which fair value is estimated based on cash flows that the brand can be expected to generate over its useful life and uses valuation techniques to convert future cash flows or earnings to a single present value (discounted). The valuation technique applied by Accell Group is the Relief-from-Royalty method, which is a common present value technique for valuing marketing-related intangibles such as brands. The income concept of this method is based on projected royalty savings. It assumes that if the subject brand was not in control of Accell Group, a royalty would have to be paid to a third party to (develop and) use a comparable alternative intangible asset.

In Accell Group's brand impairment model, the valuation base is set at sales, tax payments are deducted and the present value of the hypothetical royalty savings (ranging from 3.2%-4.0% in 2020; 2.6%-4.0% in 2019) are calculated by applying a post-tax weighted average cost of capital of 7.2% (2019: 6.9%), which corresponds with a pre-tax weighted average cost of capital of 9.8% (2019: 9.3%). If applicable the tax amortisation benefit is considered. Based on the value-in-use the 2020 impairment test showed sufficient headroom for all tested brands except for Van Nicholas, which led to an impairment of € 0.3 million. This meant that the Van Nicholas brand had a value of € 0.8 million at 31 December 2020.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The cash flow projections used in the value-in-use calculation for brand impairment testing include various estimates and judgements. Useful lives are estimated based on the market position of the brands and include an analysis of all relevant factors to determine whether there is a foreseeable limit to the period over which the asset is expected to generate net cash inflows.

ACCOUNTING POLICY

A brand is a group of complementary assets such as trademarks (or service marks) and their related trade names, formulas, recipes and technological expertise. Accell Group recognises a group of complementary intangible assets comprising a brand as a single asset if the individual fair value of the complementary assets is not reliably measurable. Brands, commonly arising on the acquisition of subsidiaries, are measured at cost less any accumulated depreciation and accumulated impairment losses. Brands can have an indefinite or definite useful life.

Brands with an indefinite useful life are tested annually for impairment, or more frequently if there are indications of impairment losses (same for a brand with definite life), by comparing its recoverable amount with its carrying amount. The recoverable amount is the higher of its fair value less cost to sell less cost of disposal and its value in use.

Brands with a definite useful life are amortised on a straight-line basis over the estimated useful life. Accell Group believes that straight-line depreciation most closely reflects the expected consumption pattern of the future economic benefits

embodied in the brand. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(C) CUSTOMER LISTS AND LICENSES

The customer lists and licenses consist of the Turkish dealer network, an extension of a licensing agreement and Comet's customer. The useful life of these assets is estimated at 20 years, 10 years and 20 years respectively and have been amortised as from 2012, 2013 and 2015 onwards. There were no impairment losses in 2020.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful lives are determined based on the estimated remaining useful life of the customer relationships or the period of the contractual arrangements.

ACCOUNTING POLICY

Customer relationships and licenses that are acquired by Accell Group and have definite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of these assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use.

Amortisation expenses and impairment losses are accounted for in the income statement within depreciation. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(D) SOFTWARE AND DEVELOPMENT COST

These include capital expenditure on both software and development. In 2020 Accell Group invested € 1.1 million in software, primarily related to CRM and single brand platforms, and capitalised € 0.2 million of development costs related to cargo-bikes and e-bikes. Impairments relate to the decision to cease the further development of the ERP system and return to previously used systems for the parts already implemented (€ 2.7 million in the corporate segment) and an innovation project in the bike segment (€ 1.0 million).

ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful lives are determined based on the estimates regarding technical and commercial developments.

ACCOUNTING POLICY

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Accell Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, this expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values (nil) using the straight-line method over their estimated useful lives from the date they are available for use. Amortisation expenses and impairment losses are accounted for in the income statement within depreciation. Amortisation methods, useful lives and

residual values are reviewed at each reporting date and adjusted if appropriate.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimated useful lives are as follows:

Brands	Indefinite or 15 years
Customer lists	10 - 20 years
Licenses	10 years
Software	3 - 7 years
Development costs	3 - 5 years

4.10.4 EQUITY-ACCOUNTED INVESTEES

	Notes	2020	2019
Equity-accounted investees			
Atala SpA, Monza, Italy [1)]		50%	50%
Raleigh SA (Pty) Ltd, Kensington, South Africa [2)]		20%	20%
Urbanvision BV, Amersfoort, The Netherlands [3)]		28%	32%

1) Atala SpA is a joint venture active in the development and sale of bicycles under its own brands.

2) Raleigh SA (Pty) Ltd is an associate that is active in the marketing and sale of bicycles.

3) Urbanvision BV is an associate that holds a 42% share in Carver BV ('s Gravendeel).

These associates and joint ventures are of strategic nature; the voting rights are equal to the percentage interest held.

The changes in the equity-accounted investees were as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Balance at 1 January	5,469	5,380
Investments	-	-
Dividend	-	-343
Net income	1,008	424
Remeasurement gain / (loss) on previously held equity interest	-	-
Fair value of equity interest held before the business combination	-	-
Currency translation differences	-44	8
Balance at 31 December	**6,433**	**5,469**

Summary of the financial data for the interests in equity accounted investees:

	Atala SpA		Raleigh SA		Urbanvision BV	
	2020	2019 [1)]	2020	2019 [1)]	2020	2019 [1)]
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Assets	32,607	29,429	3,263	2,763	57	1,960
Liabilities	20,447	20,291	1,502	1,272	53	59
Turnover	55,298	38,937	9,881	7,073	-	-
Net income	3,021	726	494	529	-1,901	-141
Accell Group's share in net income	1,511	363	99	106	-602	-45
Share of Accell Group	50%	50%	20%	20%	28%	32%

1) 2019 figures have been adjusted to present the full amounts (in line with IFRS requirements) instead of presenting the amount of our stake.

ACCOUNTING POLICY

Accell Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which Accell Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which Accell Group has joint control, whereby Accell Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include Accell Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there is a favourable change in the estimates used to determine the recoverable amount.

4.10.5 OTHER FINANCIAL ASSETS

The other financial assets of € 2.0 million (2019: € 4.4 million) consist primarily of agreed upon postponed considerations of € 0.8 million (2019: € 1.1 million) to be received from the sale of the fitness business of Tunturi Hellberg Oy in 2017 and of nil (2019: € 1.0 million) on Delta Metal, a postponed receivable with large bike business clients of € 0.4 million (2019: € 1.0 million) and a 10% investment in a company of € 0.5 million (2019: € 0.5 million).

ACCOUNTING ESTIMATES AND JUDGEMENTS

On each reporting date the impairment of other financial assets is determined using the general impairment model of IFRS 9 which estimates the credit losses over 12 months. The credit losses over the lifetime of the asset are only determined in the event of a significant increase in credit risk (e.g. more than 30 days overdue, change in credit rating). Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

ACCOUNTING POLICIES

Other financial assets are measured at fair value and subsequently at amortised cost less any impairment losses.

4.11 OTHER NON-CURRENT LIABILITIES

4.11.1 PROVISIONS

	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2020	**10,089**	**948**	**11,037**
Provisions used during the year	-5,006	-864	-5,871
Provisions made during the year	6,700	4,749	11,449
Provisions reversed during the year	-1,251	-5	-1,256
Currency translation differences	-4	-	-4
Balance at 31 December 2020	**10,527**	**4,828**	**15,355**
Non-current	4,397	110	4,507
Current	6,130	4,718	10,848

Warranty provisions represent the estimated costs under warranty obligations for goods delivered and services rendered as at the reporting date. The provision for warranty obligations are expected to have a duration of between one and five years. Other provisions are primarily related to an environmental provision, restructuring provisions and a legal provision with a duration of less than one year. Accell Group does not form a provision for product liability, because this risk is insured.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Accell Group needs to make estimates to determine the likelihood and timing of potential cash outflows. On the product liability front, Accell Group judges that the chance of cash outflows are highly unlikely, but has nevertheless insured this risk, so no product liability provisions are deemed necessary. The estimates of warranty provisions are based on historical warranty information. For large restructurings, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

ACCOUNTING POLICY

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

4.11.2 CONTINGENT LIABILITIES

	2020	2019
	€ x 1,000	€ x 1,000
Non-current	-	-
Current	-	2,889
Balance at 31 December	**-**	**2,889**

The fair value of the contingent liability arrangement of Velosophy stood at nil at 31 December 2020 (2019: € 2.9 million, which is paid in the first quarter of 2020 and includes the unwind of discount).

ACCOUNTING ESTIMATES

The fair value of the contingent liability arrangement is estimated by applying the income approach using significant not observable market inputs.

ACCOUNTING POLICY

The contingent liability in respect of the Velosophy acquisition is currently the only non-derivative financial liability at fair value through profit and loss.

4.11.3 DEFINED BENEFIT PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

	2020	2019
	€ x 1,000	€ x 1,000
Net defined benefit asset	-21,096	-22,383
Total employee benefit asset	**-21,096**	**-22,383**
Net defined benefit obligation	6,748	6,394
Other long-term employee benefits	1,909	2,324
Total employee benefit liabilities	**8,657**	**8,718**

DEFINED BENEFIT PLAN UNITED KINGDOM

Accell Group funds defined benefits for qualifying employees. The main defined benefit plan is the plan in the United Kingdom (UK), which accounts for approximately 92% of the defined benefit obligation and for more than 99% of the plan assets. The UK plan is subject to UK laws and is administered by a separate fund that is legally separated from the UK group company. The trustees of this fund are appointed by the company. Pension benefits are related to the member's final salary at retirement and their length of service. Since December 2002, the defined benefit section of this pension scheme has been closed to future accrual. On the basis of the deed and rules of the UK plan the company has an unconditional right in the form of refunds when there is a surplus and the fund has no further obligations or in case when there is a surplus at the time when the plan is wound up.

The UK scheme exposes the company to actuarial risks such as market risk, interest rate risk and inflation risk. The scheme does not expose the company to any unusual scheme-specific risk. Over the year, the most recent triennial valuation of the scheme was completed which revealed a surplus measured on the Trustees' prudent funding target. As such the Trustees chose to adopt a low-risk investment policy to protect this surplus from market movements. The scheme's revised investment strategy is to invest all of the scheme's assets in matching assets, with approximately 12% of asset invested in corporate bonds, with the remaining 88% in liability driven investment (LDI) and cash designed to hedge against movements in the liabilities due to changes in interest rates and inflation expectations. The cash assets are being used to meet the scheme's liquidity requirements and naturally de-leverages the LDI portfolio. This strategy reflects the scheme's risk profile and the Trustees' and the Company's attitude to risks.

GMP-equalisation United Kingdom
In line with the 2018 Lloyds judgement which ruled that GMPs must be equalised across males and females, 2.2% was added to the liabilities on the measurement date. This is consistent with last year's approach. If the allowance for GMP equalisation is changed to something other than 2.2%, the impact must be recognised through other comprehensive income.

OTHER DEFINED BENEFIT PLANS

In addition, Accell Group sponsors a funded defined benefit plan for qualified employees in Taiwan, a fixed unfunded defined benefit plan in Germany and an unfunded defined benefit plan in Hong Kong. Accell Group's defined benefit plans no longer involve contributions from employees, as the plans are mainly frozen.

The actuarial calculations were carried out at 31 December by actuaries from certified actuarial firms. The principal assumptions used for the purposes of the actuarial valuations are based on the following weighted averages:

	UK plan 2020	Other 2020	UK plan 2019	Other 2019
Discount rate	1.3%	0.7%	1.9%	0.8%
Expected rates of salary increase	2.0%	0.9%	2.0%	0.1%
Inflation pre 2030	2.3%	2.3%	2.4%	1.6%
Inflation post 2030	2.7%	2.3%	2.4%	1.6%
Average longevity at retirement age for current pensioners (years):				
Males	21.5	20.1	21.4	20.1
Females	24.6	23.3	24.4	23.4
Average longevity at retirement age for current employees (years):				
Males	23.5	22.6	23.3	22.7
Females	26.7	25.3	26.5	25.6

Amounts recognised in the income statement in respect of these defined benefit plans are as follows:

	2020 € x 1,000	2019 € x 1,000
Current service cost	39	31
Past service cost and losses (gains) from settlements	45	-
Administration expense	192	16
Net interest expense (income)	-371	-424
Total expenses defined benefit plans	**-95**	**-377**

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Remeasurement of the net defined benefit obligation (asset):		
Return on plan assets (excluding amounts included in net interest expenses)	-7,599	-7,628
Actuarial losses (gains) from changes in demographic assumptions	220	1,647
Actuarial losses (gains) arising from changes in financial assumptions	6,137	5,668
Actuarial losses (gains) arising from experience adjustments	2,082	148
Adjustments for restrictions on the defined benefit asset	-	-
Prior year(s) presentation adjustment	-	-
Remeasurement net defined benefit plans	**840**	**-165**

The defined benefit obligation and fair value of plan assets are specified as follows:

AT 31 DECEMBER 2019	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Present value of funded pension obligation	72,585	81	72,666
Minus: Fair value of plan assets	-94,926	-125	-95,051
Deficit/ (surplus)	**-22,341**	**-44**	**-22,385**
Present value of unfunded defined benefit obligations	-	6,394	6,394
Funded status	**-22,341**	**6,350**	**-15,991**
Restrictions on assets recognised	-	-	-
Net defined benefit obligation (asset) at 31 December 2019	**-22,341**	**6,350**	**-15,991**

AT 31 DECEMBER 2020	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Present value of funded pension obligation	74,159	43	74,202
Minus: Fair value of plan assets	-95,145	-153	-95,298
Deficit/ (surplus)	**-20,986**	**-110**	**-21,096**
Present value of unfunded defined benefit obligation	-	6,748	6,748
Funded status	**-20,986**	**6,638**	**-14,348**
Restrictions on assets recognised	-	-	-
Net defined benefit obligation (asset) at 31 December 2020	**-20,986**	**6,638**	**-14,348**

The movement in the present value of the defined benefit obligation was as follows:

	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	63,943	6,524	70,467
Current service cost	-	31	31
Past service costs, including (gains)/losses from curtailments	-	-	-
Interest cost	1,654	103	1,757
Actuarial (gains) and losses arising from changes in demographic assumptions	1,642	5	1,647
Actuarial (gains) and losses arising from changes in financial assumptions	5,042	626	5,668
Actuarial (gains) and losses arising from experience adjustments	-	148	148
Liabilities extinguished on settlements	-	-	-
Exchange differences on foreign plans	4,077	24	4,101
Benefits paid	-3,773	-986	-4,759
Defined benefit obligation at 31 December 2019	**72,585**	**6,475**	**79,060**
Current service cost	-	39	39
Past service costs, including (gains)/losses from curtailments	45	-	45
Interest cost	1,325	48	1,373
Actuarial (gains) and losses arising from changes in demographic assumptions	220	-	220
Actuarial (gains) and losses arising from changes in financial assumptions	5,554	583	6,137
Actuarial (gains) and losses arising from experience adjustments	2,138	-56	2,082
Liabilities extinguished on settlements	-	-	-
Exchange differences on foreign plans	-3,981	-13	-3,994
Benefits paid	-3,727	-285	-4,012
Defined benefit obligation at 31 December 2020	**74,159**	**6,791**	**80,950**

The movement in the fair value of the plan assets was as follows:

	UK plan	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	83,587	314	83,901
Interest income	2,178	3	2,181
Remeasurement gain (loss):			
Return on plan assets (excluding amounts included in net interest expense)	7,613	15	7,628
Plan assets distributed on settlements	-	-	-
Contributions from the employer	125	14	139
Administration expense	-16	-	-16
Assets distributed on settlements	-	-	-
Exchange differences on foreign plans	5,212	12	5,224
Benefits paid	-3,773	-233	-4,006
Fair value of the plan assets at 31 December 2019	**94,926**	**125**	**95,051**
Interest income	1,743	1	1,744
Remeasurement gain (loss):	-	-	-
Return on plan assets (excluding amounts included in net interest expense)	7,592	7	7,599
Plan assets distributed on settlements	-	-	-
Contributions from the employer	104	22	126
Administration expense	-192	-	-192
Assets distributed on settlements	-	-	-
Exchange differences on foreign plans	-5,301	-2	-5,303
Benefits paid	-3,727	-	-3,727
Fair value of the plan assets at 31 December 2020	**95,145**	**153**	**95,298**

The fair value of the plan assets can be specified as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Liability driven investment	76,889	20,597
Corporate bonds	12,126	12,151
Property bonds	-	12,564
Absolute return bonds	-	22,259
Diversified growth funds	-	20,582
Cash and cash equivalents	6,283	6,898
Total debt securities and equity investments	**95,298**	**95,051**

The fair values of the above equity investments and debt securities are determined on the basis of quoted market prices in active markets. The average duration of the defined benefit obligation stood at 17 years at 31 December 2020 (2019: 17 years).

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and expected salary increases. The sensitivity analyses below have been determined on the basis of reasonably possible changes of the respective assumptions at the end of the reporting period. The interdependence of inputs was not taken into account in the analyses:

	2020 € x 1 million	2019 € x 1 million
Impact on defined benefit obligation		
Discount rate + 0.1%	-1.1	-0.9
Discount rate - 0.1%	1.1	1.0
Expected salary growth + 0.1%	0.4	0.5
Expected salary growth - 0.1%	-0.5	-0.5

The sensitivity analyses are prepared at the end of the reporting period using the same methods as applied in the defined benefit obligation in the balance sheet. The sensitivity analyses may not be representative of the actual change in the defined benefit obligation. It is unlikely that the changes in the assumptions would occur in isolation from each other, as some of the assumptions are correlated.

Accell Group expects to contribute € 0.1 million to the defined benefit plans in 2021.

OTHER LONG-TERM EMPLOYEE BENEFITS

Other long-term employee benefits relate to the provision for future anniversary bonuses and resignation payments in some countries. The provision is based on contractual obligations and assumptions with respect to expectations of death and resignation. The provision for deferred employee benefits is expected to have a duration of between one and five years.

ACCOUNTING ESTIMATES AND JUDGEMENTS

To make the actuarial calculations for the defined benefit plans, Accell Group needs to make use of assumptions regarding discount rates, future pension increases and life expectancy as described in this note. The actuarial calculations are made by external actuaries on the basis of inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates used, mortality tables to determine life expectancy and inflation numbers to determine future salary and pension growth assumptions.

ACCOUNTING POLICIES

DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PLANS

Accell Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Accell Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately in other comprehensive income. Accell Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Accell Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

OTHER LONG-TERM EMPLOYEE BENEFITS

Accell Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

4.11.4 DEFERRED REVENUE

	2020	2019
	€ x 1,000	€ x 1,000
Non-current	1,529	1,185
Current	2,226	486
Balance at	**3,755**	**1,671**

Deferred revenue consists mainly of receipts in respect of extended warranty to be realised in the coming five years and advance payments or unearned revenue.

ACCOUNTING POLICY

The extended warranty fee received from insurance companies (a fee per insurance contract sold) is taken to deferred revenue and released to profit or loss over the time of the committed warranty service period on a straight-line basis.

Advance payments and unearned revenue, are recorded as a liability, until the services have been rendered or products have been delivered.

4.12 DERIVATIVES AND HEDGE ACCOUNTING

	2020	2019
	€ x 1,000	€ x 1,000
Current assets		
Forward exchange contracts - cash flow hedges	164	4,284
Current liabilities		
Forward exchange contracts - cash flow hedges	-14,224	-1,431
Interest rate swaps - cash flow hedges	-1,619	-1,865
Total	**-15,679**	**988**

ACCOUNTING ESTIMATES

Accell Group makes estimates to determine the fair value of derivative financial instruments (see accounting policies in note 4.14).

ACCOUNTING POLICY

Accell Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures and not as speculative investments. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss except when the derivate is designated as a qualifying cash flow hedging instrument. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

i. Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The accounting policy for the cash flow hedges is set out in section iv.

ii. Hedge reserves

The hedge reserve relates to cash flow hedges and can be specified as follows:

	Cost of hedging	Spot component of currency forward	Interest rate swaps	Total cash flow hedge reserve
	€ x 1.000	€ x 1.000	€ x 1.000	€ x 1.000
Balance at 1 January 2020	**-848**	**-119**	**1,399**	**432**
Change in fair value of hedging instrument recognised in OCI	-792	17,803	306	17,316
Reclassified to the cost of inventory	474	-7,566	-	-7,092
Reclassified to profit or loss (ineffectiveness)	-	5	-	5
Reclassified from OCI to profit or loss - included in the cost of materials	-	-	-	-
Reclassified from OCI to profit or loss - included in the net finance cost	-234	-	-552	-786
Deferred tax	138	-2,561	61	-2,361
Balance at 31 December 2020	**-1,262**	**7,562**	**1,215**	**7,515**

	Cost of hedging	Spot component of currency forward	Interest rate swaps	Total cash flow hedge reserve
	€ x 1.000	€ x 1.000	€ x 1.000	€ x 1.000
Balance at 1 January 2019	**-**	**-3,422**	**779**	**-2,643**
Change in fair value of hedging instrument recognised in OCI	-2,215	-7,083	1,374	-7,924
Reclassified to the cost of inventory	897	11,487	-	12,384
Reclassified to profit or loss (ineffectiveness)	5	-	-	5
Reclassified from OCI to profit or loss - included in the cost of materials	183	-	-	183
Reclassified from OCI to profit or loss - included in the net finance cost	-	-	-547	-547
Deferred tax	283	-1,101	-207	-1,025
Balance at 31 December 2019	**-848**	**-119**	**1,399**	**432**

In the year under review, there were no reclassifications from the cash flow hedge reserve to profit or loss with respect to the foreign currency forwards.

iii. Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged

item and the hedging instrument.

Forward exchange contracts
For hedges of foreign currency purchases (and sales), the group enters into hedge relationships where the critical terms of the hedging instrument exactly match the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer exactly match the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases (and sales), ineffectiveness may arise if the timing of the forecast transaction changes from the original estimate, or if there are changes in the credit risk of Accell Group or the derivative counterparty. In 2020 99% of the hedges were effective.

Interest rate swap
Accell Group holds an interest rate swap that has the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Accell Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

Hedge effectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. Accell Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by the upcoming interest rate benchmark reform (IBOR) as at 31 December 2020. The hedged items and hedging instruments, with an underlying notional amount of € 85 million, continue to be indexed to Euribor. This benchmark rate is quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019 and was granted authorisation in July 2019 by the Belgian Financial Services and Markets Authority. This allows market participants to continue to use Euribor for both existing and new contracts. Accell Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future. The impact on the financial statements of Accell Group is not expected to be material as the switch to the new benchmark will be at the same moment in time for the hedging instrument and the hedged item because the same counterparty is involved.

Ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps not matching the loans, and
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness with respect to the interest rate swaps in 2020 and 2019, because all critical terms matched during the years.

IV. ACCOUNTING POLICY

When a derivative is designated and qualifies as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the hedging reserve. The cost of hedging is a separate component in the cash flow hedging reserve and reflects the gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- When the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses (including forward points) are included in the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss through cost of materials.

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

4.13 FINANCIAL RISK MANAGEMENT

This note explains Accell Group's exposure to financial risks and how these risks could affect its future financial performance. Current year profit and loss information has been included where relevant to add further context.

Financial risk management is predominantly controlled by the central treasury department ('Group Treasury') under policies approved by the Board of Management. Those policies cover specific areas, such as foreign exchange risk, interest rate risk and credit risk. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group companies.

When all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in the recognition of interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT
Market risk - foreign exchange	• Future commercial transactions • Recognised financial assets and liabilities not denominated in functional currencies	• Cash flow forecasting • Sensitivity analysis	• Foreign currency forwards
Market risk - interest rate	• Long-term borrowings at variable rates	• Sensitivity analysis	• Interest rate swaps
Credit risk	• Cash equivalents • Trade receivables • Derivative financial instruments	• Ageing analysis • Credit ratings	• Credit limits • Title of retention • Credit insurance for customers with open balances > € 100k • Strict receivables collection and management
Liquidity risk	• Borrowings and other liabilities	• Cash flow forecasting	• Availability of committed credit lines and borrowing facilities

A. Market risk

i. Foreign exchange risk

Exposure

Accell Group's exposure to foreign currency risk from recognised financial assets and liabilities not denominated in functional currencies at the end of the reporting period is limited as the significant exposure to USD, JPY and TWD are respectively 77%, 78% and 100% hedged with foreign currency forwards.

Instruments used

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable purchase (or sales) transactions denominated in foreign currencies. The risk is hedged with the objective of minimising the volatility of Accell Group's currency cost of highly probable forecasted transactions.

Accell Group's strategy is to hedge 75%-100% of its forecasted purchases (or sales) in foreign currencies for one year ahead following a monthly rolling approach. This approach is currently applied to the USD and JPY exposures.

For the year ended 31 December 2020, approximately 103% (2019: 96%) of inventory purchases were hedged in respect of foreign currency risk. At 31 December 2020 100% (2019: 100%) of forecasted purchases (or sales) during 2021 qualified as 'highly probable' forecast transactions for hedge accounting purposes.

Accell Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

Only the spot component of the FX forwards is designated in the hedge relationships and the fair value change is accounted for in the hedge reserve (as far as the hedging relation is effective). The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material. When the critical terms of the FX forward match the hedge item, the forward component is accounted for as cost of hedging. When there is a mismatch in critical terms, the forward component is recognised as cost of hedging to the extent that the forward element is related to the hedged item (aligned forward element). The remainder is recognised in the income statement.

Hedge of net investment in foreign entity

Due to its international operations Accell Group holds net investments in foreign operations, mainly in CHF, GBP, DKK and TRY and to a smaller extent in USD, TWD, CNY and SEK, and as such is exposed to foreign exchange risk. The risk management strategy is not to hedge the foreign exchange risk in net investments in foreign operations.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on Accell Group's financial position and performance are as follows:

	USD		JPY		TWD		Other	
	2020	2019	2020	2019	2020	2019	2020	2019
Foreign currency forwards								
Hedge ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Carrying amount (€ x 1.000)	-9,720	1,375	-3,160	737	-975	1,480	-205	-739
Notional amount (€ x 1.000)	240,646	96,250	14,825,000	6,792,338	816,000	846,000		
Maturity date	Jan 2021 - Jan 2022	Jan 2020 - Jun 2020	Jan 2021 - Jan 2022	Jan 2020 - Jun 2020	Jan 2021 - Jun 2021	Jan 2020 - Jun 2020	Jan 2021 - Jun 2021	Jan 2020 - Jun 2020
Weighted average hedge rate for the year (including forward points)	1.17	1.19	122.98	128.39	32.61	35.31		

ii. Cash flow and fair value interest rate risk

Accell Group's main interest rate risk arises from borrowings at variable rates, which exposes the group to cash flow interest rate risk. Accell Group manages its exposure to interest rate risk through the proportion of fixed and variable rate debt in its total debt portfolio. Such a proportion is determined once each year by the Board of Management on the recommendation of Group Treasury as part of the annual budget process. In 2020 and 2019, Accell Group's borrowings at variable rate were mainly denominated in euro.

Accell Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates. The exposure of Accell Group's borrowing to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	2020 € x 1,000	2020 % of total loans	2019 € x 1,000	2019 % of total loans
Bank overdrafts	19,046	9%	44,603	18%
Other borrowings - repricing dates:				
6 months or less	177,256	79%	178,398	72%
6-12 months	9,891	4%	6,995	3%
1-5 years	15,938	7%	15,000	6%
Over 5 years	1,487	1%	1,574	1%
Total interest-bearing liabilities	**223,618**	**100%**	**246,571**	**100%**

An analysis by maturities is provided in note 4.9.1. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Instruments used by the group

The swap currently in place cover approximately 41% (2019: 37%) of the loan principal outstanding based on variable interest rates. The fixed interest rate of the swap is 0.64% (2019: 0.64%) and the variable margins of the loans are between 1.20% and 2.30% (2019: 1.20% and 1.85%) above the 3-month EURIBOR which at the end of the reporting period was -0.55% (2019: -0.38%). On the syndicate financing agreement (excluding GO-C facility) contains a floor of 0.0% regarding the 3-month EURIBOR.

The interest rate swap contract require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swap on the financial position and performance are as follows:

	2020	2019
Interest rate swaps		
Hedge ratio	1:1	1:1
Carrying amount (€ x 1.000)	-1,619	-1,865
Notional amount (€ x 1.000)	85,000	85,000
Maturity date	Mar 2024	Mar 2024
Weighted average hedged rate for the year (excluding margin):	0.64%	0.64%

iii. Sensitivity

In respect of foreign exchange risk Accell Group is primarily exposed to changes in the EURUSD and EURJPY and EURTWD exchange rates. The sensitivity of the profit or loss to changes in the exchange rates arises mainly from the unhedged portion (less than 25%) of highly probable purchase transactions denominated in USD, JPY and TWD. Equity changes as a result of profit or loss impact and from foreign exchange forward contracts designated as cash flow hedges. A strengthening of the EUR leads to a profit in profit or loss (foreign currency can be bought cheaper in the spot market) and to a loss in equity (profit or loss impact and the fair value of the forward contracts decreases). A weakening of the EUR leads to a loss in profit or loss (foreign currency must be bought more expensively in the spot market) and to a profit in equity (profit or loss impact and the fair value of the forward contracts increases).

The impact of foreign exchange risk from net investment risk is ignored.

In respect of interest rate risk, profit or loss is sensitive to higher/lower interest expenses from unhedged borrowings as a result of changes in interest rates. Equity changes as a result of profit or loss impact and an increase/decrease in the fair value of the cash flow hedges of borrowings through other comprehensive income. An increase in interest rates leads to a loss in the profit or loss (higher interest expense on unhedged borrowings) and to a profit in equity (profit or loss impact and the fair value of the interest rate swap increases). A decrease in interest rates leads to a profit in profit or loss (lower interest expense on unhedged borrowings) and a loss in equity (profit or loss impact and the fair value of interest rate swap decreases). This calculation ignores the floor in the interest rate swap.

	Profit before tax		Equity before taxes	
	Strengthening	Weakening	Strengthening	Weakening
	2020	2020	2020	2020
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
EURUSD (5% movement) [1]	3,089	-3,414	-6,947	7,678
EURJPY (5% movement) [1]	1,653	-1,827	-4,417	4,584
EURTWD (5% movement) [1]	6	-6	-1,125	1,244
Variable interest rate (100 bps movement) [1]	-864	600	-14	-250

1) Holding all other variables constant.

B. Credit risk

Credit risk arises from cash and cash equivalents and favourable derivative financial instruments with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

i. Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a rating between B+ to AA- based on Fitch or S&P ratings are accepted.

If wholesalers and retailers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Management. Line management regularly monitors compliance with the credit limits set for wholesalers and retailers. Wholesalers and retailers with accounts receivables balances greater than € 0.1 million are required to be insured through Accell Group's global credit insurance programme. Sales to consumers are required to be settled in cash or using major credit cards, mitigating credit risk.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The derivative contracts are entered into with banks and financial institution counterparties that are rated B+ to AA-, based on Fitch or S&P ratings.

ii. Impairment of financial assets

Accell Group’s trade receivables are subject to the simplified expected credit loss model (see note 4.8.2), while other financial assets, other receivables and cash and cash equivalents are subject to the general impairment requirements of IFRS 9. The identified impairment loss was deemed immaterial.

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Group Treasury provides daily reporting on Accell Group’s net debt position including inflows and outflows and usage of funding sources. Short-term and long-term cash flow forecasts are prepared on a monthly rolling basis. This includes projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i. Financing arrangements

Accell Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	Limit 2020 € x 1,000	Usage 2020 € x 1,000	Undrawn 2020 € x 1,000	Limit 2019 € x 1,000	Usage 2019 € x 1,000	Undrawn 2019 € x 1,000
Committed	515,000	201,768	313,232	350,000	231,347	118,653
Uncommitted	28,000	21,850	6,150	21,000	15,224	5,776
Total	**543,000**	**223,618**	**319,382**	**371,000**	**246,571**	**124,429**

Out of the € 275 million revolving credit facility, as set out in note 4.9.1, € 75 million is allocated to bank overdraft facilities. The bank overdraft facilities may be drawn at any time and are committed at the same tenor as the long-term funding facilities. The overview of committed and uncommitted borrowing facilities excludes the optional (uncommitted) undrawn accordion facility for the remaining sum of € 100 million.

ii. Maturities of financial liabilities

The tables below show an analysis of Accell Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

		Carrying amount	Total	< 1 year	1-5 year	> 5 year
			Contractual cash flows			
		2020	2020	2020	2020	2020
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Lease liabilities	4.9.1	-28,957	-30,036	-8,799	-18,389	-2,848
Revolving credit facility	4.9.1	-13,936	-13,936	-13,936	-	-
Bank overdrafts	4.9.1	-19,046	-19,046	-19,046	-	-
Term loans (including Schuldschein)	4.9.1	-183,211	-192,594	-39,125	-153,469	-
Other bank loans	4.9.1	-7,425	-7,445	-5,502	-1,471	-473
Trade and other payables	4.8.3	-186,909	-186,909	-186,909	-	-
Non-derivative financial liabilities		**-439,484**	**-449,967**	**-273,318**	**-173,329**	**-3,321**
Interest rate swaps used for hedging (net)	4.12	-1,619	-1,754	-540	-1,214	-
Forward exchange contracts used for hedging (net)	4.12	-14,060	-14,060	-14,010	-50	-
Derivative financial liabilities (assets)		**-15,679**	**-15,814**	**-14,550**	**-1,264**	**-**

		Carrying amount	Total	< 1 year	1-5 year	> 5 year
			Contractual cash flows			
		2019	2019	2019	2019	2019
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Lease liabilities	4.9.1	-30,223	-32,653	-7,983	-20,686	-3,984
Revolving credit facility	4.9.1	-126,674	-126,674	-126,674	-	-
Bank overdrafts	4.9.1	-44,603	-44,603	-44,603	-	-
Term loans (including Schuldschein)	4.9.1	-73,720	-81,348	-1,527	-79,821	-
Other bank loans	4.9.1	-1,574	-1,662	-214	-858	-590
Trade and other payables	4.8.3	-210,918	-210,918	-210,918	-	-
Non-derivative financial liabilities		**-487,712**	**-497,858**	**-391,919**	**-101,365**	**-4,574**
Interest rate swaps used for hedging (net)	4.12	-1,865	-2,278	-540	-1,738	-
Forward exchange contracts used for hedging (net)	4.12	2,853	2,853	2,853	-	-
Derivative financial liabilities (assets)		**988**	**575**	**2,313**	**-1,738**	**-**

4.14 FAIR VALUE MEASUREMENT

1. Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total fair value	Fair value hierarchy
		Carrying amount				
		2020	2020	2020	2020	
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	*4.12*	164	-	-	164	Level 2
Financial assets measured at fair value		**164**	**-**	**-**	**164**	
Other financial assets	*4.10.5*	-	1,958	-	1,958	
Trade and other receivables	*4.8.2*	-	128,505	-	128,505	
Cash and cash equivalents		-	173,376	-	173,376	
Financial assets not measured at fair value		**-**	**303,839**	**-**	**303,839**	
Interest rate swaps used for hedging	*4.12*	1,619	-	-	1,619	Level 2
Forward exchange contracts used for hedging	*4.12*	14,224	-	-	14,224	Level 2
Contingent liabilities	*4.11.2*	-	-	-	-	Level 3
Financial liabilities measured at fair value		**15,843**	**-**	**-**	**15,843**	
Term loans	*4.9.1*	-	-	108,536	108,536	
Term loan (GO-C facility)	*4.9.1*			59,743	59,743	
Term loan (Schuldschein)	*4.9.1*			14,932	15,981	Level 2
Other bank loans (secured)	*4.9.1*	-	-	1,487	1,487	
Other bank loans (unsecured)	*4.9.1*			5,938	5,938	
Lease liabilies	*4.9.1*	-	-	28,957	28,957	
Revolving credit facility	*4.9.1*	-	-	13,936	13,936	
Bank overdrafts	*4.9.1*	-	-	19,046	19,046	
Trade payables and other current liabilities	*4.8.3*	-	-	186,909	186,909	
Financial liabilities not measured at fair value		**-**	**-**	**439,484**	**440,533**	

		Fair value - hedging instruments	Loans and receivables	Other financial liabilities	Total fair value	Fair value hierarchy
		Carrying amount				
		2019	2019	2019	2019	
	Notes	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	4.12	4,284	-	-	4,284	Level 2
Financial assets measured at fair value		**4,284**	**-**	**-**	**4,284**	
Other financial assets	4.10.5	-	4,369	-	4,369	
Trade and other receivables	4.8.2	-	171,649	-	171,649	
Cash and cash equivalents		-	11,482	-	11,482	
Financial assets not measured at fair value		**-**	**187,501**	**-**	**187,501**	
Interest rate swaps used for hedging	4.12	1,865	-	-	1,865	Level 2
Forward exchange contracts used for hedging	4.12	1,431	-	-	1,431	Level 2
Contingent liabilities	4.11.2	-	-	2,889	2,889	Level 3
Financial liabilities measured at fair value		**3,296**	**-**	**2,889**	**6,185**	
Term loans	4.9.1	-	-	58,820	58,820	
Term loan (Schuldschein)	4.9.1			14,900	16,308	Level 2
Other bank loans (secured)	4.9.1	-	-	1,574	1,574	
Lease liabilies	4.9.1	-	-	30,223	30,223	
Revolving credit facility	4.9.1	-	-	126,674	126,674	
Bank overdrafts	4.9.1	-	-	44,603	44,603	
Trade payables and other current liabilities	4.8.3	-	-	210,918	210,918	
Financial liabilities not measured at fair value		**-**	**-**	**487,712**	**489,120**	

2. Transfers between Level 1 and 2

There were no transfers from Level 1 to Level 2 or from Level 2 to Level 1 in 2020 (or 2019).

ACCOUNTING ESTIMATES REGARDING FAIR VALUE MEASUREMENT

I. VALUATION TECHNIQUES

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

Forward exchange contracts

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

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

Contingent liabilities
The determination of the fair value of the contingent liabilities is explained in note 4.11.2.

Other financial liabilities
Values are determined using the discounted cash flow model. The valuation model takes into account the present value of expected payment, discounted using a risk-adjusted discount rate.

II. MEASUREMENT OF FAIR VALUES
A number of Accell Group's accounting policies and disclosures require fair value measurement, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, Accell Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Accell Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

4.15 TAX

4.15.1 INCOME TAX

The effective corporate income tax charge comprises the following:

	2020	2019	2020	2019
	€ x 1,000	€ x 1,000	%	%
Current taxes	10,948	16,226		
Deferred taxes	-12,862	-24,467		
Taxes in income statement	**-1,914**	**-8,241**		
Taxes based on the weighted average applicable rate	16,141	12,790	25.7	25.0
Participation exemption	-488	1,897	-0.8	3.7
Benefits from tax facilities	-1	-147	0.0	-0.3
Deferred tax assets not carried forward	1,417	861	2.3	1.7
Derecognition of deferred tax assets	350	186	0.6	0.4
Recognition of deferred tax assets	-17,396	-22,942	-27.7	-44.9
Adjustment of current taxes of prior years	133	-658	0.2	-1.3
Adjustment of deferred taxes of prior years	-648	-	-1.0	0.0
Adjustment in tax rate	-2,174	-394	-3.5	-0.8
Non-deductible amounts	752	166	1.2	0.3
Taxes in income statement	**-1,914**	**-8,241**	**-3.0**	**-16.1**

The effective tax rate consists of the reported tax charge for the current year, divided by the profit before taxes. The effective tax rate in 2020 amounted to -3.0% (2019: -16.1%). The calculated weighted average tax rate of 25.7% declined to the effective tax rate of -3.0% primarily due to the recognition of the deferred tax assets of € 17.4 million (-27.7%). In 2020, € 16.2 million was added to the deferred tax asset for the application of the Dutch liquidation loss facility (2019: € 21.4 million) with regard to the US business. See note 4.15.2 for more details on the recognition of the deferred tax assets.

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

4.15.2 DEFERRED TAXES

	2020	2019
	€ x 1,000	€ x 1,000
Deferred tax assets	38,450	25,848
Deferred tax liabilities	-15,909	-16,794
Net deferred taxes	**22,541**	**9,054**

The movement in the deferred tax assets was as follows:

	Loss carry forwards consolidated companies	Financial instruments	Net defined benefit obligation	Other long-term employee benefits	Trademark valuation	Other deferred taxes	Total deferred tax assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	**948**	**-**	**888**	**401**	**-**	**459**	**2,696**
Outgoing business combinations	-53	-	-	-	-	-	-53
Charged through other comprehensive income	-	144	179	-	-	-	323
Reclassification	-	-	-	-	-	-	-
Charged through income statement	23,012	-	-43	83	-	-150	22,902
Change in income tax rate	-	-	-	-	-	-	-
Transfer from/to current tax	-	-	-	-	-	-	-
Currency translation differences	-3	-	-	-15	-	-2	-20
Balance at 31 December 2019	**23,904**	**144**	**1,024**	**469**	**-**	**307**	**25,848**
Outgoing business combinations	-	-	-	-	-	-	-
Charged through other comprehensive income	-	2,361	63	-	-	-	2,424
Charged through income statement	7,347	-	-68	-34	595	1,817	9,657
Change in income tax rate	2,567	-	-	-	-	-	2,567
Transfer from/to current tax	-2,430	-	-	-	-	-	-2,430
Reclassification	157	-	-	-	-	330	487
Currency translation differences	3	-	-	-52	-	-54	-103
Balance at 31 December 2020	**31,548**	**2,505**	**1,019**	**383**	**595**	**2,400**	**38,450**

The movement in the deferred tax liabilities was as follows:

	Revaluation of property, plant and equipment	Financial instruments	Trademark valuation and customer lists	Net defined benefit asset	Other deferred taxes	Total deferred tax liabilities
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	**-1,632**	**-881**	**-8,362**	**-6,875**	**-1,172**	**-18,922**
Added through business combination	-	-	-	-	467	467
Reclassification	-	-	-		-	-
Charged through other comprehensive income	-	881	-	-325	-	556
Charged through income statement	386	-	670	-222	350	1,184
Change in income tax rate	-	-	394	-	-	394
Transfer from/to current tax	-	-	-	-	-	-
Currency translation differences	6	-	-63	-397	-19	-473
Balance at 31 December 2019	**-1,240**	**-**	**-7,361**	**-7,819**	**-374**	**-16,794**
Added through business combinations	-	-	-	-	-	-
Reclassification	-	-	-	-	-323	-323
Charged through other comprehensive income	-	-	-	112	-	112
Charged through income statement	-3	-	1,142	-99	-16	1,024
Change in income tax rate	-	-	-386	-	-	-386
Transfer from/to current tax	-	-	-	-	-	-
Currency translation differences	-7	-	-	461	5	459
Balance at 31 December 2020	**-1,250**	**-**	**-6,605**	**-7,345**	**-708**	**-15,908**

Deferred tax assets and deferred tax liabilities are offset for the right-of-use assets and lease liabilities.

Unrecognised tax assets

For some subsidiaries Accell Group has insufficient assurance that future taxable profits will be available to realise the related tax benefits of carry forward losses of € 44.7 million (2019: € 45.5 million). As a result, no deferred tax assets are recognised for these carry forward losses. These unused carry forward losses are mainly carry forward losses in the United Kingdom and are partly related to the global results of the Raleigh group before the acquisition by Accell Group in 2012. The carry forward period of these unused tax benefits is 30 years for € 0.2 (2019: € 1.1 million) and indefinite for € 44.5 million (2019: € 44.4 million).

Recognised tax assets
The Group has recognised deferred tax assets for tax loss carry-forwards in several jurisdictions for the total amount of € 31.5 million (2019: € 23.9 million). The main jurisdiction in this respect is the Netherlands € 29.7 million.

The Netherlands
In 2019, Accell Group reached agreement with a private equity firm on the sale of its loss-making US business, Accell North America Inc. and Accell North America was liquidated on 27 October 2020. Accell Group incurred a liquidation loss of € 160.5 million. Accell Group currently expects qualification for the requirements of the Dutch liquidation loss facility. Due to the increased profitability of the Dutch fiscal unity management considers it probable that future taxable profits will be available against which these losses can be used, based on the business plans, profitability gained in the past and current estimates of future taxable profits. Therefore, management recognised the full taxable effect in 2020 which had a positive impact of € 16.2 million. This results, after deduction of taxable profits, in a deferred tax asset of € 29.7 million (2019: € 21.4 million).

The Dutch corporate income tax rate has increased from 21.7% to 25.0% for the years 2021 and 2022. This new legislation means that deferred tax assets for loss carry-forwards as per 31 December 2020 have been revalued, with an additional positive impact of € 2.6 million.

The Dutch tax loss carry-forwards as per 31 December 2020 amounted to € 118.7 million (2019: € 150.8 million of which € 95.5 million was recognised).

ACCOUNTING ESTIMATES AND JUDGEMENTS
The tax legislation in the countries in which Accell Group operates is often complex and subject to interpretation. Judgement is required to determine the current and deferred income tax position. New information may become available that causes Accell Group to change its judgement regarding the adequacy of existing tax liabilities and the recoverability of deferred tax assets; such changes will impact the income tax expense in the period that such a determination is made. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

ACCOUNTING POLICY
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that Accell Group is not able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Accell Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.16 ACQUISITIONS AND DISPOSALS

4.16.1 DISCONTINUED OPERATIONS

In August 2019, Accell Group 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.

As required by IFRS, the North American operations were presented as discontinued operations in the 2019 financial statements. Accell North America was liquidated on 27 October 2020. The benefits and costs incurred between 1 January 2020 through the liquidation date totalled a gain of € 2.9 million before taxes and is included in continuing operations. The gain primarily relates to the currency translation adjustment (net finance cost) and the release of a bad debt provision.

	Discontinued operations
	2019
	€ x 1,000
Net turnover	37,542
Allocated corporate general overhead expenses	-2,252
Operational result (normalised, refer to items below)	-14,357
Operational result excluding corporate general overhead	**-12,105**
Gain on sale of the Canadian brand registrations	3,021
Net transaction result on the sale of discontinued operations and sale Diamondback	-39,672
Closing and restructuring costs	-7,754
Income tax expense	15
Net profit (loss) from discontinued operations	**-56,495**

Earnings per share (in euro)

Basic earnings per share from discontinued operations	-2.11
Diluted earnings per share from discontinued operations	-2.11

ACCOUNTING POLICY

Discontinued operations comprise those activities that were disposed of during the period (or that were classified as held for sale at the end of the period), and represent a separate major line of business or geographical area that can be clearly distinguished for operational and financial reporting purposes. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. The income and expenses from discontinued operations are presented in the income statement as profit or loss from discontinued operations below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are adjusted accordingly and net cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed separately in the cash flow statement.

4.17 OTHER

4.17.1 DIVIDEND

In light of the unforeseen and unprecedented impact of COVID-19 on economic activity and the markets Accell Group is operating in, and the uncertainty regarding the length and depth of the pandemic, the Board of Management decided on 25 March 2020 to withdraw the 2019 dividend proposal from the Annual General Meeting agenda.

In June 2020, Accell Group entered into an additional € 115 million loan facility with five syndicate banks, which was partially backed by a Dutch state guarantee in favor of the banks under the so-called GO-C scheme (Garantie Ondernemingsfinanciering Corona). The GO-C facility has a term of up to two years. In June 2020, € 60 million was drawn under this facility; the remainder is available until April 1, 2021. According to the GO-C Facility, no cash dividend distributions shall be made, unless the GO-C facility is repaid and cancelled and the original financial covenants that applied prior to June 2020 are complied with. For further details regarding the covenants see note 4.9.1.1.

As a result, no dividend will be distributed over the 2020 financial year.

4.17.2 OFF-BALANCE SHEET COMMITMENTS

The total off-balance sheet commitments, presented at nominal value, consist of:

	Total	< 1 year	1-5 year	> 5 year	Total
	2020	2020	2020	2020	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Operational lease commitments	297	164	123	10	711
Property, plant and equipment ordered	-	-	-	-	1,080
Marketing and merchandising commitments	5,779	1,982	3,797	-	2,060
Other off-balance sheet commitments	11,958	7,618	4,340	-	10,382
Total	**18,033**	**9,764**	**8,260**	**10**	**14,233**

Accell Group has commitments from operating lease agreements for buildings and land, IT equipment, machinery and vehicles for use in its normal business operations. The commitments arising from marketing and merchandising are primarily related to sponsoring obligations. The other liabilities not included in the balance sheet consist primarily of software licensing commitments and commitments related to e-commerce initiatives.

4.17.3 CONTINGENT ASSETS AND LIABILITIES

Accell Group's most significant contingent assets and liabilities are described below.

EARN-OUTS

In the Stock Purchase Agreement between Accell North America and Beeline Bikes Acquisition Company, LLC is included an earn-out arrangement of 10% of the operation profit for each calendar year during the term 01-01-2021 - 31-12-2024.

In the Asset Purchase Agreement between (among others) Accell North America and Alta Cycling Group LLC is included an earn-out arrangement of 15% of the operating profits for each calendar year during the term 01-01-2022 - 31-12-2026, with a maximum amount of US$ 15 million.

Accell Group has concluded a project agreement for future product developments with a manufacturer. This agreement includes a commitment on the part of Accell Group to purchase a number of products in return for exclusivity. In the event Accell Group does not (fully) comply with this purchase commitment, Accell Group is required to pay compensation for damages with a maximum of € 6 million.

OTHER CONTINGENT ASSETS AND LIABILITIES

Per 31 December 2020, Accell Group holds a contingent claim of € 0.9 million in respect of custom duties. Furthermore, Accell Group has provided a number of corporate/ parent guarantees in the ordinary course of its business, together with a number of rental guarantees (€ 0.3 million).

4.17.4 SHARE-BASED PAYMENTS

Accell Group has three conditional share plans and an option plan.

Conditional share plans

Accell Group has three conditional share plans whereby conditional shares can be granted:

- share plan for members of the Board of Management and directors of subsidiaries: granting ended in 2019 and therefore the last vesting will take place in March 2021;
- share plan for members of the Board of Management 2020 as approved by the General Meeting of Shareholders on 22 April 2020;
- share plan for a selected group of executives (active as of 1 January 2020).

All three plans are share-based payment plans with vesting conditions. The grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The conditions were incorporated into the fair value at the grant date by applying a discount to the valuation obtained. A third of the share plan for the selected group of executives vests after one year and another third vests in each of the following two years, subject to a negative adjustment based on the ex-post risk analysis and on continued employment with Accell Group until the variable remuneration is paid.

The shares that have been conditionally granted comprise the following:

	Number at 31-12-19	Number at 31-12-20	Granting date	Expiry date	Share price at granting date	Fair value at granting date
					x € 1	x € 1
Conditional shares						
Conditional shares granted in 2017 [1]	2,280	-	09/03/2017	2-3 years	22.05	208,000
Conditional shares granted in 2018 [2]	10,045	950	08/03/2018	2-3 years	21.68	100,000
Conditional shares granted in 2019 [3]	21,816	21,816	06/03/2019	2 years	19.58	178,000
Conditional shares granted in 2020 [4]	-	14,458	01/01/2020	3 years	25.63	296,000
Conditional shares granted in 2020 [5]	-	23,680	05/03/2020	2 years	25.00	247,000

1) 2,280 conditional shares were paid to a member of the Board of Management in 2020.

2) A total of 9,095 shares were conditionally granted to members of the Board of Management in 2018 and 950 to directors of subsidiaries.

3) All conditional shares were granted to members of the Board of Management.

4) All conditional shares were granted to selected executive employees.

5) Conditional shares granted to the Board of Management under the new plan were forfeited in 2020 based on their decision to waive those rights at the General meeting of shareholders on 22 April 2020. The granted shares presented are the compensation for the transition from the old share-based payment plan to the new share-based payment plan for the Board of Management.

The fair value will be charged to the income statement according to the straight-line method spread over the period between the grant date and the time that the shares are made unconditional, whereby adjustment will be made for the expected number of shares to be distributed. After final award, a lock-up period of two years applies for members of the Board of Management and three years for directors of subsidiaries under the terminated plan.

Option plan

The granting under the option plan ceased after the approval of the new remuneration policy of the Board of Management at the General Meeting of Shareholders on 22 April 2020. The last grant under the option scheme for the Board of Management took place in March 2020. The Supervisory Board bases awards pursuant to the option scheme on the realisation of the targets agreed with the Board of Management. The outstanding and granted option rights are explained and specified in note 4.17.5.

The fair value of the employee share options was measured using an option valuation model (Black-Scholes-Merton). Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at the grant date of the equity-settled share-based payment plans were as follows:

	2020	2019
Expected volatility (weighted average)	28.11%	27.73%
Expected life (weighted average)	3.8	3.9
Expected dividends	1.20%	2.70%
Risk-free interest rate (based on government bonds)	-0.50%	0.22%

Expected volatility was based on an evaluation of the historical volatility of the Accell Group N.V.'s share price, in particular over the historical period commensurate with the expected term. The expected term of the instruments is based on historical experience and general option holder behaviour.

The reconciliation to personnel expenses was as follows:

	2020	2019
	€ x 1,000	€ x 1,000
Conditional shares management 2016	-	48
Conditional shares management 2017	6	6
Conditional shares executives 2020	105	-
Conditional shares Board of Management 2017	-	41
Conditional shares Board of Management 2018	89	89
Conditional shares Board of Management 2019	122	-
Options Board of Management	29	8
Total expense recognised in personnel expenses	**351**	**192**

In the event of the full exercise of the option entitlements granted to date and the vesting of the conditional shares the number of issued shares would increase by 0.3% (2019: 0.2%). According to company policy, the options and shares granted are not covered by the company's purchase of its own shares. In the event of equity-settlement, the company issues new shares at the moment options are exercised.

ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

4.17.5 REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

BOARD OF MANAGEMENT

The company's remuneration policy is reflected in the remuneration report that has been presented to the General Meeting of Shareholders for approval. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. As announced on 22 April 2020 in the Annual Meeting of Shareholders, the members of the Board of Management have decided to refrain from any variable compensation over 2020, due to the impact of COVID-19 on society and on Accell Group in particular. In this context, the members of the Board of Management did not receive any STI remuneration or a LTI reward over 2020.

The remuneration of the individual members of the Board of Management is as follows:

	Salary	Fringe benefits (lease car)	Termination benefit	Bonus	Pension contributions	Share-based payments	Total 2020	Total 2019
	in €	in €	in €	in €	in €	in €	in €	in €
A.H. Anbeek	497,000	15,936	-	-	118,404	99,999	731,339	772,419
R.S. Baldew	390,000	24,116	-	-	59,488	74,825	548,429	639,583
J.J. Both	328,000	17,423	-	-	70,734	66,147	482,304	536,271
Total	**1,215,000**	**57,475**	**-**	**-**	**248,626**	**240,971**	**1,762,072**	**1,948,273**

The stock option entitlements that have been granted comprise the following:

	Award date	Number at 01-01-20	Issued in 2020	Exercised 2020	Forfeited in 2020	Number at 31-12-20	Exercise price	Expiration date	Liability at 31-12-20
A.H. Anbeek	08/03/2018	1,850	-	-	-	1,850	21.68	08/03/2026	6,697
R.S. Baldew	06/03/2019	1,650		-	-	1,650	19.58	06/03/2027	5,247
R.S. Baldew	05/03/2020	-	6,350	-	-	6,350	25.00	05/03/2028	28,645
J.J. Both	08/03/2018	2,950	-	-	-	2,950	21.68	08/03/2026	10,679
J.J. Both	09/03/2017	6,850	-	-	-	6,850	22.05	09/03/2025	18,564
J.J. Both	24/02/2016	7,850	-	-	-	7,850	18.96	24/02/2024	18,762
		21,150	**6,350**	**-**	**-**	**27,500**			**88,593**

After awarding the options, the options vest immediately but remain in lock-up for three years. After the lock-up period there is an exercise period of five years. At 31 December 2020 the intrinsic value of the options was € 115,876, as the share price of Accell Group N.V. stood at € 25.85, which was higher than the exercise prices of the options.

The conditional shares that have been granted comprise the following:

	Award date	Number at 01-01-20	Granted in 2020	Vested 2020	Forfeited in 2020	Number at 31-12-20	Vesting date	Fair value at award date	Liability at 31-12-20
A.H. Anbeek	05/03/2020	-	19,360	-	-19,360	-	05/03/2023	201,667	-
A.H. Anbeek	05/03/2020	-	9,680	-	-	9,680	05/03/2022	100,833	50,417
A.H. Anbeek	06/03/2019	12,155	-	-	-	12,155	06/03/2021	99,185	99,185
A.H. Anbeek	08/03/2018	1,830	-	-	-1,830	-	08/03/2020	16,531	-
R.S. Baldew	05/03/2020	-	15,200	-	-15,200	-	05/03/2023	158,333	-
R.S. Baldew	05/03/2020	-	7,600	-	-	7,600	05/03/2022	79,167	39,584
R.S. Baldew	06/03/2019	1,617	-	-	-	1,617	06/03/2021	13,195	13,195
J.J. Both	05/03/2020	-	12,800	-	-12,800	-	05/03/2023	133,333	-
J.J. Both	05/03/2020	-	6,400	-	-	6,400	05/03/2022	66,667	33,334
J.J. Both	06/03/2019	8,044	-	-	-	8,044	06/03/2021	65,639	65,639
J.J. Both	08/03/2018	7,265	-	-	-7,265	-	08/03/2020	65,627	-
		30,911	**71,040**	**-**	**-56,455**	**45,496**		**1,000,177**	**301,352**

Conditional shares granted to the members of the Board of Management under the new plan were forfeited in 2020 on the basis of their decision to waive those rights at the General Meeting of Shareholders on 22 April 2020. The conditional shares that were granted in 2018 were forfeited due to the fact that the set performance criteria were not met.

After vesting, the shares are subject to a lock-up period of two years.

At the end of 2020 Mr. Anbeek held 7,000 shares in Accell Group N.V. and Mr. Both held 7,399 shares.

INTERNAL PAY RATIO

The pay ratio from continuing operations of the Board of Management compared with the average employee compensation in 2020 was 13:1 (2019: 15:1). The pay ratios can vary over time as a result of the Accell Group's annual performance. This performance impacts the remuneration of the Board of Management more than that of all other employees.

The ratio consists of the average remuneration of the Board of Management compared with the average cost of all other employees of Accell Group. The average remuneration of the Board of Management is calculated from the sum of the fixed salary, short-term incentives, share-based payments, pensions and other benefits of the three members (3 FTEs) of the Board of Management. The average cost of all other employees is calculated from the personnel costs (see note 4.7.4) and the average number of employees during the year (3,139 FTEs) minus 3.

SUPERVISORY BOARD

The remuneration of the individual members of the Supervisory Board was as follows:

	2020	2019
	in €	in €
R. ter Haar [1]	96,000	64,000
P.B. Ernsting	52,000	52,000
D. Jansen Heijtmajer	52,000	52,000
G. van de Weerdhof	52,000	52,000
A.J. Pasman [2]	16,098	57,437
Total	**268,098**	**277,437**

1) Assigned as chairman of the Supervisory Board on 24 April 2019.

2) Member of the Supervisory Board until 31 December 2019. Payment 2020 for advisory services until 22 April 2020.

4.17.6 RELATED PARTIES

IDENTIFICATION OF RELATED PARTIES

In addition to the Board of Management and the Supervisory Board (see note 4.17.5) Accell Group recognises related party relationships with its associates and joint ventures (see note 4.20.3).

ASSOCIATES AND JOINT VENTURES

The transactions during the financial year and balances outstanding at year-end between group companies and associates and joint ventures are presented below:

	Transaction values for the year		Balance outstanding at year-end	
	2020	2019	2020	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Sale of goods and services				
Atala SpA	1,142	4,284	727	261
Purchase of goods				
Atala SpA	9,769	3,916	1,391	158
Dividends received				
Atala SpA	-	343	-	-

The amounts outstanding are not provided for and will be settled in cash and cash equivalents. No guarantees

have been given or received. No expense has been recognised for bad or doubtful debts in respect of the amounts owed by related parties. All sales and purchases are priced on an arm's length basis. Transactions and balances between Accell Group and its non-consolidated companies have not been eliminated for consolidation purposes.

4.17.7 AUDITOR FEES

The total costs for the services rendered by KPMG Accountants N.V. and its network consist of:

	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
	2020	2020	2020	2019	2019	2019
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Audit of the financial statements	873	479	1,352	754	463	1,217
Other audit assignments	-	-	-	20	2	23
Tax services	-	18	18	-	19	19
Other non-audit services	-	-	-	-	-	-
Total costs	**873**	**496**	**1,370**	**775**	**484**	**1,259**

4.17.8 SUBSEQUENT EVENTS

In February 2021, Accell Group reached an agreement on the sale of the fitness and motorcycle parts business of Vartex AB, Sweden. This business is not part of Accell Group's strategic activities and reported third-party revenue of € 8.3 million in 2020 (allocated to the Bikes segment). The business-related assets (including real estate) with a carrying amount of € 4.2 million will be transferred in March 2021.


CYCLING
MOVES
THE WORLD
FORWARD

4.18 COMPANY BALANCE SHEET

Before profit appropriation (in thousands of euro)

	Notes	31/12/20	31/12/19
ASSETS			
Property, plant and equipment		432	530
Right-of-use-assets		92	120
Goodwill	*4.20.1*	10,502	10,502
Other intangible assets		-	39
Deferred tax assets	*4.20.2*	33,865	21,544
Financial fixed assets	*4.20.3*	534,677	497,830
Other investments		444	178
Non-current assets		**580,012**	**530,743**
Loans to group companies	*4.20.7*	135,354	268,787
Receivables from group companies	*4.20.6*	7,857	2,434
Current tax assets		2,431	1,014
Other receivables		504	430
Other financial instruments	*4.20.8*	164	4,284
Cash and cash equivalents		146,953	-
Current assets		**293,263**	**276,949**
Total assets		**873,275**	**807,692**
EQUITY			
Share capital		268	268
Share premium		42,314	42,314
Hedging reserve		-7,514	-432
Translation reserve		-17,289	-12,607
Other legal reserve		4,290	2,615
Other reserves		289,055	288,234
Unappropriated result		64,829	2,804
Total equity	*4.20.4*	**375,953**	**323,196**
PROVISIONS			
Provisions	*4.20.5*	-	**72,857**
LONG-TERM LIABILITIES			
Borrowings	*4.20.9*	183,211	73,720
Loans from group companies		-	-
Lease liabilities		93	120
Deferred tax liabilities		-	-
Long-term liabilities		**183,304**	**73,840**
CURRENT LIABILITIES			
Revolving credit facility	*4.20.9*	-	110,000
Loans from group companies	*4.20.7*	296,290	188,154
Liabilities to group companies	*4.20.6*	59	360
Other current liabilities		1,826	1,333
Other financial instruments	*4.20.8*	15,843	3,296
Bank overdrafts		-	34,656
Current liabilities		**314,018**	**337,799**
Total equity and liabilities		**873,275**	**807,692**

The reference numbers following the various items refer to the notes to the company financial statements. The explanatory notes form an integral part of the financial statements.

4.19 COMPANY INCOME STATEMENT

(in thousands of euro)

	Notes	2020	2019
Net turnover		-	-
Personnel expenses	*4.20.10*	-2,437	-2,390
Net impairment losses on financial assets		2,107	-
Other expenses	*4.20.11*	-2,566	-2,894
Total operating expenses		**-2,896**	**-5,284**
Operating profit		**-2,896**	**-5,284**
Financial income		11,733	4,851
Financial expenses		-10,992	-1,944
Net finance cost	*4.20.12*	**741**	**2,907**
Profit before taxes		**-2,155**	**-2,377**
Income tax expense	*4.20.2*	19,079	22,611
Income from subsidiaries, net of tax		46,627	-9,542
Reclassification of foreign currency translation reserve	*4.20.4*	1,278	-7,888
Net profit		**64,829**	**2,804**

The reference numbers following the various items refer to the notes to the company financial statements. The explanatory notes form an integral part of the financial statements.

4.20 NOTES TO THE COMPANY FINANCIAL STATEMENTS

A. GENERAL

The company financial statements are part of the 2020 financial statements of Accell Group N.V.

B. BASIS OF PREPARATION

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. To set the principles for the recognition and measurement of assets and liabilities and the determination of the result for its company financial statements, Accell Group makes use of the option provided in section 2:362(8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Accell Group are the same as those applied for the consolidated EU-IFRS financial statements. See note 4.6 Notes to the consolidated financial statements for a description of these principles.

I. RESULT OF PARTICIPATING INTERESTS

Participating interests in group companies are accounted for in the company financial statements according to the net equity value, with separate presentation of the goodwill component under intangible fixed assets.

Participations with a negative net asset value are valued at nil. If Accell Group N.V. guarantees the debts of the relevant participations, a provision is formed.

II. RESULT OF PARTICIPATING INTERESTS

The share in the result of participating interests consists of the share of Accell Group in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between Accell Group and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

4.20.1 GOODWILL

Changes in goodwill were as follows:

	2020 € x 1,000	2019 € x 1,000
Cost		
Balance at 1 January	10,502	10,330
Investments as a result of business combinations	-	-
Currency translation differences	-	172
Balance at 31 December	**10,502**	**10,502**
Accumulated impairments		
Balance at 1 January	-	-
Impairments	-	-
Balance at 31 December	**-**	**-**
Carrying amount		
Balance at 1 January	**10,502**	**10,330**
Balance at 31 December	**10,502**	**10,502**

4.20.2 DEFERRED TAX ASSETS

Deferred tax assets consist primarily of € 29.7 million (2019: € 21.4 million) for a liquidation loss (see note 4.15.2 Deferred taxes of the consolidated financial statements).

4.20.3 FINANCIAL FIXED ASSETS

Changes in financial fixed assets were as follows:

	Notes	2020	2019
		€ x 1,000	€ x 1,000
Subsidiaries			
Balance at 1 January		454,093	417,200
Profit of participating interests		46,627	-9,542
Investments (divestments)		75,514	-
Received dividend participating interests		-	-
Translation differences		-3,674	1,517
Actuarial gains and losses		-666	18
Legal restructuring		-568	-
Reclassification subsidiary to provision	*4.20.5*	-72,857	63,506
Repayments of semi-permanent loans		-	-21,532
Other movements		-2,973	2,925
Balance at 31 December		**495,495**	**454,093**
Loans to group companies			
Balance at 1 January		43,737	43,127
Loans provided		4,460	1,720
Loans repaid		-9,015	-1,110
Translation differences		-	-
Balance at 31 December		**39,182**	**43,737**
Total financial fixed assets		**534,677**	**497,830**

The long-term loans to group companies are provided as long-term financing and are interest-bearing with an interest rate of 2.7% (2019: 2.6%).

The 2020 consolidated financial statements include Accell Group N.V., in Heerenveen, as well as the financial information of the following companies:

	Participation Percentage
Consolidated subsidiaries	
Accell Bisiklet Sanayi ve Ticaret A.S., Manisa, Turkey	100%
Accell Hunland Kft, Toszeg, Hungary	100%
Accell IT B.V., Heerenveen, The Netherlands	100%
Accell Nederland B.V., Heerenveen, The Netherlands	100%
Accell Suisse AG, Alpnach Dorf, Switzerland	100%
Accell Asia Ltd (Taiwan Branch), Taipei, Taiwan	100%
Accell Asia Ltd, Hong Kong, People's Republic of China	100%
Babboe B.V., Amersfoort, The Netherlands	100%
Comet Distribuciones Commerciales S.L., Urnieta, Spain	100%
Cycle Services Nordic ApS, Odense, Denmark	100%
Cycles Lapierre S.A.S., Dijon, France	100%
Cycles France-Loire S.A.S., Saint-Cyprien, France	100%
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100%
Ghost-Bikes GmbH, Waldsassen, Germany	100%
Raleigh UK Ltd, Nottingham, United Kingdom	100%
Swissbike Vertriebs GmbH, Alpnach Dorf, Switzerland	100%
Tunturi Oy Ltd, Turku, Finland	100%
Vartex AB, Varberg, Sweden	100%
Winora Staiger GmbH, Sennfeld, Germany	100%

Accell North America Inc. and Etablissement Th. Brasseur S.A. were liquidated in 2020.

Subsidiaries that are immaterial to the consolidated financial statements are not included in the overview above. A complete list of subsidiaries is filed with the Trade Register of the Chamber of Commerce in Leeuwarden, The Netherlands.

4.20.4 SHAREHOLDERS' EQUITY

The movements in shareholders' equity in 2020 were as follows:

	Share capital	Share premium	Hedging reserve	Translation reserve	Other legal reserve	Other reserve	Unappropriated result	Total equity
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2020	**268**	**42,314**	**-432**	**-12,607**	**2,615**	**288,232**	**2,804**	**323,195**
Net profit	-	-	-	-	-	-	64,829	64,829
Other comprehensive income	-	-	-7,083	-4,681	-	-666	-	-12,430
Total comprehensive income	**-**	**-**	**-7,083**	**-4,681**	**-**	**-666**	**64,829**	**52,399**
Transfer to other reserve	-	-	-	-	-	2,804	-2,804	-
Dividends paid	-	-	-	-	-	-	-	-
Share-based payments	0	-0	-	-	-	351	-	351
Other changes	-	-	-	-	1,675	-1,667	-	8
Balance at 31 December 2020	**268**	**42,314**	**-7,515**	**-17,288**	**4,290**	**289,055**	**64,829**	**375,953**

The movements in shareholders' equity in 2019 were as follows:

	Share capital	Share premium	Hedging reserve	Translation reserve	Other legal reserve	Other reserve	Unappropriated result	Total equity
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2019	**266**	**42,468**	**2,644**	**-22,184**	**3,273**	**275,654**	**20,271**	**322,391**
Net profit	-	-	-	-	-	-	2,804	2,804
Other comprehensive income	-	-	-3,076	9,577	-	18	-	6,519
Total comprehensive income	**-**	**-**	**-3,076**	**9,577**	**-**	**18**	**2,804**	**9,323**
Transfers to other reserves						20,271	-20,271	0
Dividends paid	2	-2	-	-	-	-8,532	-	-8,532
Share-based payments	-	-152	-	-	-	192	-	40
Other changes	-	-	-	1	-658	630		-27
Balance at 31 December 2019	**268**	**42,314**	**-432**	**-12,607**	**2,615**	**288,232**	**2,804**	**323,196**

Accell Group has issued share options (note 4.17.4 Share-based payments of the consolidated financial statements).

ORDINARY SHARES

At 31 December 2020, the authorised capital consists of 55,000,000 ordinary shares, 5,000,000 cumulative preference shares F and 60,000,000 cumulative preference shares B, each with a nominal value of € 0.01. Of these, 26,805,031 (2019: 26,802,751) ordinary shares have been issued and duly paid at 31 December 2020. As a result, the issued and paid-up share capital amounted to € 268,050 (2019: € 268,028).

SHARE PREMIUM RESERVE

The share premium is the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income).

HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

TRANSLATION RESERVE

The legal translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The income statement includes a reclassification gain of € 1.3 million

(2019: loss of € 7.9 million) related to the liquidation of Accell North America (2019: US discontinued operations).

OTHER LEGAL RESERVES

Other legal reserves consist of a legal reserve for participating interests and a legal reserve for capitalised development costs.

The legal reserve for participating interests, which amounted to € 3.6 million (2019: € 1.9 million), pertains to participating interests that are accounted for according to the equity accounting method. The reserve represents the difference between the participating interests' retained profit and direct changes in equity, as determined on the basis of Accell Group's accounting policies, and the share thereof that Accell Group may distribute. The legal reserve is determined on an individual basis.

In accordance with applicable legal provisions, a legal reserve for the carrying amount of € 0.7 million (2019: € 0.7 million) has been recognised for capitalised development in the Netherlands.

PROPOSAL FOR PROFIT APPROPRIATION (UNAPPROPRIATED RESULT)

The Board of Management proposes to the General Meeting that the result after tax for 2020 of € 64.8 million (profit) should be allocated to the other reserves. The 2020 result after tax is presented as unappropriated profit in shareholders' equity.

DIVIDEND

In light of the unforeseen and unprecedented impact of COVID-19 on economic activity and the markets Accell Group is operating in, and the uncertainty regarding the length and depth of the pandemic, the Board of Management decided on 25 March 2020 to withdraw the 2019 dividend proposal from the Annual General Meeting agenda.

In June 2020, Accell Group entered into an additional € 115 million loan facility with five syndicate banks, which was partially backed by a Dutch state guarantee in favor of the banks under the so-called GO-C scheme (Garantie Ondernemingsfinanciering Corona). The GO-C facility has a term of up to two years. In June 2020, € 60 million was drawn under this facility; the remainder is available until April 1, 2021. According to the GO-C Facility, no cash dividend distributions shall be made, unless the GO-C facility is repaid and cancelled and the original financial covenants that applied prior to June 2020 are complied with. For further details regarding the covenants see note 4.9.1.1.

As a result, no dividend will be distributed over the 2020 financial year.

4.20.5 PROVISIONS

In 2019 the negative net asset value of Accell North America Inc. was included under the provisions and at 31 December 2020 this no longer exists due to the liquidation of Accell North America on 27 October 2020.

4.20.6 RECEIVABLES FROM AND LIABILITIES TO GROUP COMPANIES

The receivables from and liabilities to group companies are current receivables and current liabilities (no interest).

4.20.7 LOANS TO AND FROM GROUP COMPANIES

The short-term loans to and from group companies relate to current accounts arising from cash management within Accell Group N.V. The loans are interest-bearing (3-month EURIBOR plus margin, with an applicable floor of 0% regarding the 3-month EURIBOR).

4.20.8 OTHER FINANCIAL INSTRUMENTS

See note 4.12 Derivatives and hedge accounting, note 4.13 Financial risk management and note 4.14 Fair values measurement of the consolidated financial statements for the note on other financial instruments; other financial instruments consist of forward exchange contracts (net financial liability) of € 14.1 million (2019: net financial asset € 2.9 million) and interest rate swaps (financial liabilities) of € 1.6 million (2019: € 1.9 million), both used for hedging purposes.

4.20.9 BORROWINGS AND REVOLVING CREDIT FACILITY

See note 4.9 Net debt, note 4.13 Financial risk management and note 4.14 Fair value measurement of the consolidated financial statements for the note on borrowings of € 183.2 million (2019: € 73.7 million) and for the term and conditions of the revolving credit facility of nil (2019: € 110.0 million). The revolving credit facility amount presented in the consolidated financial statements relates to the Turkish subsidiary. For the note on Accell Group's policies in respect of liquidity risk and market risk, consisting of currency risk and interest risk, see note 4.13 Financial risk management of the consolidated financial statements.

4.20.10 PERSONNEL EXPENSES

Personnel expenses pertain solely to the Board of Management. The remuneration of the Board of Management, including pension charges as referred to in Section 2: 383, subsection 1 of the Dutch Civil Code, charged in the financial year to Accell Group N.V. amounted to € 1.8 million (2019: € 1.9 million) and to € 0.3 million (2019: € 0.2 million) for the members of the Supervisory Board. For more details on the remuneration of the Board of Management and the Supervisory Board see note 4.17.5 Remuneration of the Board of Management and the Supervisory Board of the consolidated financial statements.

Personnel costs also include an amount of € 351 thousand (2019: € 54 thousand) for conditional shares. For details on this conditional share plan, see note 4.17.4 Share-based payments of the consolidated financial statements.

4.20.11 OTHER EXPENSES

Other expenses include IT costs, consultancy costs, audit costs and travel expenses.

4.20.12 NET FINANCE COST

Financial income amounted to € 11.7 million (2019: € 4.9 million) and consists primarily of results from treasury activities for group companies and interest income related to loans to group companies. The financial expenses amounted to € 11.0 million (2019: € 1.9 million) and included interest expenses, bank fees and currency results on bank balances and overdrafts.

4.20.13 CONTINGENT ASSETS AND LIABILITIES

SEVERAL LIABILITY AND GUARANTEES

The legal entity Accell Group N.V. has issued declarations of joint and several liabilities for debts arising from the actions of Dutch consolidated participating interests. Notices to that effect have been filed with the chamber of commerce where the legal entity on whose behalf the notice of liability has been given is registered.

At 31 December 2020, Accell Group N.V. holds a group guarantee to the trustees of the UK defined benefit plan, whereby in the event of the bankruptcy of the UK subsidiary, Accell Group N.V. guarantees any deficits in the UK pension scheme up to a maximum of £ 8.7 million. In addition, Accell Group has provided a rental guarantee, whereby in the event of a bankruptcy of the Dutch subsidiary, Accell Group guarantees any rental income up to a maximum of € 1.3 million. The other contingent liabilities consist of a number of smaller customs guarantees, bank guarantees and rental guarantees totalling € 3.9 million.

In addition, declarations of joint and several liability have been issued for debts to suppliers arising from the purchase transactions of consolidated participating interests.

EARN-OUTS

In the Stock Purchase Agreement between Accell North America and Beeline Bikes Acquisition Company, LLC is included an earn-out arrangement of 10% of the Operation Profit for each calendar year during the term 01.01.2021 - 31.12.2024.

In the Asset Purchase Agreement between (amongst others) Accell North America and Alta Cycling Group LLC is included an earn-out arrangement of 15% of the operating profit for each calendar year during the term 01.01.2022 - 31.12.2026, with a maximum amount of US$ 15 million.

FISCAL UNITY

The Company constitutes the fiscal unity ‘Accell Group N.V.’ with its subsidiaries for corporate income tax purposes and value added tax; the standard conditions prescribe that each of the companies is liable for the corporate income tax payable by all companies belonging to the fiscal unity.

4.20.14 SUBSEQUENT EVENTS

In February 2021, Accell Group reached an agreement on the sale of the fitness and motorcycle parts business of Vartex AB, Sweden. This business is not part of Accell Group's strategic activities and reported third-party revenue of € 8.3 million in 2020 (allocated to the Bikes segment). The business-related assets (including real estate) with a carrying amount of € 4.2 million will be transferred in March 2021.

Supervisory Board
R. ter Haar, chairman
G. van de Weerdhof, vice-chairman
P.B. Ernsting
D. Jansen Heijtmajer

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

Heerenveen, 4 March 2021

5 OTHER INFORMATION

5.1 INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders and the Supervisory Board of Accell Group N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

WHAT WE HAVE AUDITED

We have audited the financial statements 2020 of Accell Group N.V. (the Company) based in Heerenveen, The Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2020;
2. the following consolidated statements for 2020: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as 31 December 2020;
2. the company profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Accell Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDIT APPROACH

SUMMARY

Materiality
— Materiality of EUR 3 million — 4.8% of profit before tax from continuing operations

Group audit
— 82% of total assets — 81% of revenue

Key audit matters
— Valuation of deferred tax asset related to the liquidation losses of Accell North America

Opinion
Unqualified

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 3 million (2019: EUR 2.75 million). The materiality is determined with reference to profit before tax from continuing operation (4.8%). We consider profit before tax from continuing operations as the most appropriate benchmark because the main stakeholders are primarily focused on profit before tax from continuing operations. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Management and the Supervisory Board that misstatements that impact the income statement in excess of EUR 150,000 and classification misstatements in excess of EUR 750,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Accell Group N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Accell Group N.V.

Our group audit mainly focused on significant components. Based on the size and/or risk profile of the group components or activities, we have performed full scope audit procedures (audit of the complete reporting package) on the financial information for the significant components in the Netherlands, Germany, France, the UK, Turkey and Hungary.

We performed specified audit procedures related to inventory in Spain, Sweden, Denmark and Finland. In addition, we have performed specific audit procedures at group level aimed at amongst others deferred taxes, goodwill and other intangible assets and derivatives.

Overall, this has resulted in a coverage of 81% of the total revenue and 82% of the balance sheet total. The remaining 19% of the total revenue and 18% of the balance sheet total concern a number of reporting components, each accounting for less than 4.6% of the total revenue or balance sheet total. For these remaining components, we have performed a number of procedures, including analytical reviews, to corroborate that our scoping remained appropriate throughout the audit.

The group audit team provided detailed instructions to all component auditors who were part of the group audit, covering the 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.

In view of restrictions on the movement of people across borders, and also within significantly COVID-19 affected countries, the group audit team has considered making changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. According to our original audit plan, we intended to visit the components in countries Hungary, France, Germany and the Netherlands to review selected component auditor documentation. Due to the aforementioned restrictions, this was not practicable in the current environment. As a result, we have requested those component auditors to provide us with access to audit workpapers to perform these evaluations. In addition, due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails and virtual meetings. During these meetings and email conversations, the audit approach, findings and observations reported to the group audit team were discussed in more detail.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:



OUR FOCUS ON THE RISK OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

OUR OBJECTIVES

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses;
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, due to fraud; and
- to respond appropriately to fraud or suspected fraud identified during the audit.
- With respect to non-compliance with laws and regulations:
- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Board of Management, with oversight by the Supervisory Board.

OUR RISK ASSESSMENT

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We, together with our forensics specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and we inquired with the Board of Management and the Audit Committee of the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the following areas as those most likely have such an indirect effect, being: product quality, environmental, data privacy, labor and safety, anti-bribery and corruption laws and regulations.

In accordance with the auditing standard we evaluated the following fraud risks that are relevant to our audit:

- revenue recognition, in relation to the overstatement of revenue, specifically on fraudulent (non-routine) journal entries (a presumed risk);
- management override of controls (a presumed risk).

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud identified at group level.

In all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Board of Management that may represent a risk of material misstatement due to fraud.

We communicated our risk assessment and audit response to the Board of Management and the Audit Committee of the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

OUR RESPONSE

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- With respect to the risk of fraud in revenue recognition we have performed a search for fraudulent (non-routine) journal entries impacting revenues.
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or

misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.

Our audit is based on the procedures described in line with applicable auditing standards.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that The Board of Management is responsible for such internal control as The Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compared to last year the key audit matter with respect to the disposal of the US businesses is no longer included as a key audit matter as this only applied to the 2019 financial statements.

Valuation of deferred tax asset ('DTA') related to the liquidation losses of Accell North America ('ANA')

DESCRIPTION

For the deferred tax asset of EUR 29.7 million recorded per 31 December 2020 that relates to the liquidation losses of Accell North America Inc., the risk exists that future fiscal profits will not be sufficient to fully recover the deferred tax asset recognized. Refer to note 4.15.2 of the consolidated financial statements.

We identified the valuation of the deferred tax asset as a significant risk and key audit matter because of its significance to the consolidated financial statements and because of the significant management judgement and estimation required related to the availability of sufficient future taxable profits in the Dutch fiscal unity.

OUR RESPONSE

- Test of design and implementation and, if applicable, test the operating effectiveness of related controls.
- Assess, challenge and test the appropriateness of the Board of Management's assumptions and estimates in relation to deferred taxes asset.

- Determine that the projections agree to the strategic plan, evaluate the historical accuracy of forecasts and analyse the sensitivities in the projections.
- Evaluate whether the intended tax planning, if any, is feasible and economically reasonable.
- Assess whether the tax disclosures are adequate based on EU-IFRS.
- Involve a tax specialist in our team to assist us with our audit procedures.

OUR OBSERVATIONS

- We have not identified formal controls relating to the valuation of the DTA.
- We found management's assumptions and estimates including, but not limited to, the future available fiscal profits to be within the reasonable range.
- We note that management has not included tax planning opportunities in the measurement of the DTA given management's expectation that sufficient taxable profits from regular operations are available.
- We determined that the tax disclosures are based on EU-IFRS.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

the Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We are the auditor of Accell Group N.V. since 2016. We were re-engaged by the General Meeting of Shareholders as auditor of Accell Group N.V. on 22 April 2020 for the years 2020 and 2021.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

Accell Group N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Accell Group N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The Board of Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby The Board of Management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;

examining the information related to the consolidated financial statements in the reporting package to determine whether all required tagging have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 4 March 2021

KPMG Accountants N.V.

T. van der Heijden RA

Appendix:
Description of our responsibilities for the audit of the financial statements

APPENDIX

DESCRIPTION OF OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

5.2 STATUTORY PROVISIONS RELATED TO PROFIT APPROPRIATION

ARTICLE 25 (IN PART)

SECTION 4

Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine which proportion of the profit will be reserved after payment of dividend to holders of both preference shares B and preference shares F.

SECTION 5

The profit then remaining shall be at the disposal of the General Meeting of Shareholders for holders of ordinary shares. At the proposal of the Board of Management, approved by the Supervisory Board, the General Meeting of Shareholders may decide to make any dividend to holders or ordinary shares payable not in cash, but rather in part or entirely in shares in the company's capital.

6 ADDITIONAL DISCLOSURES

6.1 HISTORICAL OVERVIEW

(in millions of euro, unless stated otherwise)

	2020	2019	2018	2017	2016
Result					
Net turnover [1]	1,296.5	1,111.0	1,033.3	1,068.5	1,048.2
Operating profit (EBIT) [1]	74.7	60.0	51.4	38.0	60.4
Depreciation, amortisation and impairments [1]	24.9	26.2	11.3	11.1	10.3
EBITDA [1]	99.7	86.1	62.7	49.1	70.7
Net finance cost [1]	-12.8	-9.3	-7.6	-8.2	-8.3
Taxes [1]	-1.9	-8.2	15.7	19.7	20.4
Result after taxes from discontinued operations		-56.5	-18.8		
Net profit	64.8	2.8	20.3	10.5	32.3
Balance sheet					
Balance sheet total [2]	879.6	859.2	761.9	705.3	703.4
Property, plant and equipment	66.2	64.4	66.5	69.4	71.7
Average capital employed [3]	511.3	528.2	476.9	474.3	494.5
Group equity	376.0	323.2	322.4	299.3	319.4
Net debt	79.2	265.3	151.8	161.0	147.3
Net debt adjusted [4]	50.2	235.1	151.8	161.0	147.3
Data per share (in euros)					
Group equity	14.03	12.09	12.18	11.47	12.46
Net profit [5]	2.42	0.10	0.76	0.39	1.22
Dividend [6]	-	-	0.50	0.50	0.72
Closing price of share	25.85	25.80	18.84	23.43	21.91
Ratios (in %)					
EBIT/Average capital employed [1]	14.6	11.4	10.8	8.0	12.2
Operating profit/turnover [1]	5.8	5.4	5.0	3.6	5.8
Net profit/turnover [1]	5.0	0.3	2.0	1.0	3.1
Solvency (based on group capital) [2]	42.7	37.6	42.3	42.4	45.4
Net debt/EBITDA [1]	0.8	3.1	3.4	3.3	2.1
Working capital/turnover [1] [7]	19.4	32.4	28.0	29.5	29.2
Other information					
Average number of employees (fte) [1]	3,139	3,410	3,227	3,088	3,124
Number of issued shares at year-end	26,805,031	26,802,751	26,597,354	26,255,179	25,834,236
Weighted average number of issued shares	26,804,632	26,726,268	26,474,308	26,101,222	25,623,405
Market capitalization	692.9	691.5	501.1	615.2	566.0

1) The 2018 figure has been restated due to the classification of North America as a discontinued operation (see Annual Report 2019 note 6.16.1).

2) Balance sheet total and solvency 2016 are determined after offsetting the balances in the notional cash pooling arrangements.

3) Capital employed is the sum of Goodwill and other intangible fixed assets, Property, plant and equipment, Right-of-use assets, Inventories, Trade and other current receivables and Trade payables and other current liabilities.

4) Net debt adjusted is the reported net debt adjusted for the IFRS 16 impact.

5) The net profit per share is calculated based on the weighted average number of issued shares. The net profit per share for the years 2015-2019 has been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2019 and for previous years is 1.00000.

6) The dividend per share relating to the financial year 2020 concerns the proposal to be submitted to the General Meeting of Shareholders.

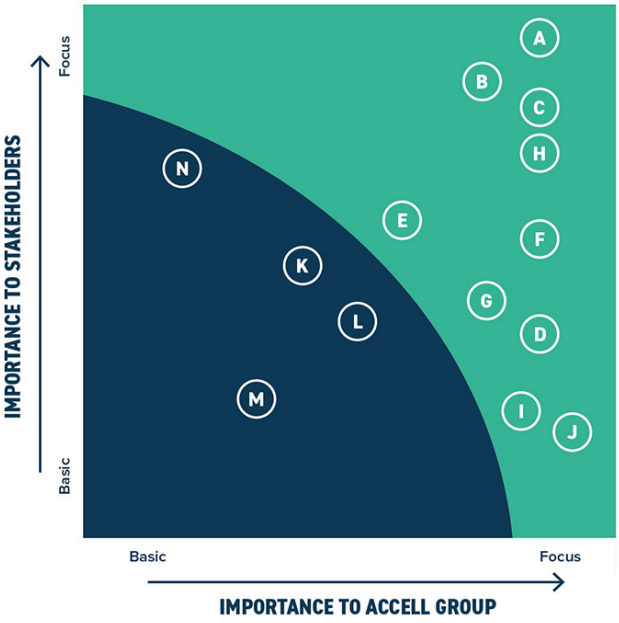
7) The turnover 2018 is excluding US business (see note 1), Working capital 2018 is including US business, the ratio both excluding US business would be 26.3.

6.2 MATERIAL TOPICS

Accell Group is always in contact with society via its participation in a wide range of networks and its continuous dialogue with its stakeholders. Based on the feedback we receive from our stakeholders, trends & developments in society and the Accell Group strategy, the Board of Management reviews the materiality matrix annually. During this review we take into account the four Principles of Reporting of the GRI Standard, namely stakeholder inclusiveness, sustainability context, materiality and completeness.

For 2020, no additional adjustment are made. The matrix below illustrates the specific topics that we and our stakeholders deem important. Issues plotted towards the top right corner are the most material issues, while the ones in the bottom left section are seen as less important in relative terms.

MATERIAL TOPICS



Topics from A to J are the most material topics. In our annual report we cover these topics in detail. Topics from K to N are covered briefly. Boundaries for each material issue are noted in our GRI Content Index.

BRANDS & PRODUCT

- A Customer satisfaction
- B Healthy, safe & green mobility
- C Innovation & design

PROCESSES & PRODUCTION

- D Carbon footprint reduction
- E Sustainable production
- F Supply chain

ORGANIZATION & PEOPLE

- G Job satisfaction and wellbeing
- H Health & safety
- I Diversity

ECONOMY

- J Profitability

OTHER MATERIAL TOPICS

- K Bicycle infrastructure
- L Distribution
- M Community involvement
- N Recycling / upcycling

MATERIAL TOPICS IDENTIFIED BY INTERNAL AND EXTERNAL STAKEHOLDERS	STAKEHOLDER GROUPS THAT PRIORITISE THIS TOPIC	KEY FIGURES AND PERFORMANCE INDICATORS
A CUSTOMER SATISFACTION		
In addition to satisfaction with a high-quality product, service and buying convenience and availability, good information and a focus on customer safety are key factors, both in terms of regulations and product development and in use, that make an implicit contribution to client satisfaction.	• Consumers • Retail trade network	• Brands have their own methods for monitoring this
B HEALTHY, SAFE & GREEN MOBILITY		
Playing a leadership role when it comes to increasing sustainability in mobility, reducing congestion, reducing CO_2 emissions and improving living conditions in urbanised areas. Playing a proactive role in society to promote more exercise, sports and a healthier lifestyle, safety in terms of cycling conditions, infrastructure and bicycle products.	• Retail trade network • Shareholders and banks • Industry organisations • Consumers • Public sector • Suppliers • Staff	• Promoting sustainable commuter traffic • Amount in sponsoring
C INNOVATION & DESIGN		
We design simple innovative solutions inspired by people. Providing distinctive products that surprise customers without compromising on safety and sustainability.	• Consumers • Retail trade network • Industry bodies	• Number of prizes and awards • Number of patents and model protections
D CARBON FOOTPRINT REDUCTION		
Sustainable and less energy consumption in our production facilities, warehouse and offices, optimizing our logistics and business travelling, focus on more European production.	• Public sector • Industry organisations • Shareholders and banks	• Amount of energy consumption • Amount of emissions • % of sustainable energy
E SUSTAINABLE PRODUCTION		
Production of bicycles with the lowest possible impact on the environment, reduction of waste and energy consumption, and attention paid to the use of packaging and safe materials.	• Industry organisations • Suppliers • Public sector • Shareholders and banks	• Environmental impact packaging materials • Environmental impact waste • Single-use plastic reduction

MATERIAL TOPICS IDENTIFIED BY INTERNAL AND EXTERNAL STAKEHOLDERS	STAKEHOLDER GROUPS THAT PRIORITISE THIS TOPIC	KEY FIGURES AND PERFORMANCE INDICATORS
F SUPPLY CHAIN		
Optimisation of the supply chain to increase reliability of deliveries and reduce lead times and respond more effectively to changes in consumer demand. Accept responsibility as a significant player in the mobility chain to encourage sustainable operations among partners on both the suppliers' side and the distribution side.	• Shareholders and banks • Public sector • Industry organisations • Suppliers	• Assessment of suppliers in terms of employment practices, human rights and environmental impact
G JOB SATISFACTION AND WELLBEING		
Providing an open and professional culture in combination with an inspiring working environment that suits the personal abilities, talents and ambitions of employees. Providing good training and career prospects with attention for personal circumstances, health and a safe working environment.	• Staff • Public sector	• Hours of absenteeism • Number of hours of training and education • Employee evaluation in terms of satisfaction, engagement and enthusiasm
H HEALTH & SAFETY		
Improving the health and safety culture within the company, as well as compliance with legislation and regulations.	• Staff • Public sector • Industry organisations	• Hours of absenteeism • Hours of absenteeism as a result of accidents
I DIVERSITY		
Diversity and inclusion are about appreciating and incorporating the unique life experience that every Accell colleague brings to work.	• Public sector • Shareholders and banks • Staff	• Balance between male and female staff
J PROFITABILITY		
Improving profitability by implementing our strategy, always from the perspective of customer satisfaction, so this actually bolsters our relevance in the long term, rather than undermining it.	• Shareholders and banks	• EBIT margin • Net profit • ROCE • Net turnover

6.3 NETWORKS AND STAKEHOLDER ENGAGEMENT

Throughout the year, Accell Group maintains a constant dialogue with its stakeholders and is actively involved in a large number of networks in which we frequently take a leading role.

NETWORK INVOLVEMENT

We are affiliated with various national and international industry organisations and initiatives, focused on several fields of corporate social responsibility. Below you will find an overview, organised per theme, of the industry and advocacy organisations where we have a seat on the board or for which we actively participate in working groups:

CONSUMER SAFETY

- ISO / TC 149 (Technical Committee of the International Organisation for Standardisation in the field of bicycles, their components and accessories).
- CEN TC 333 Cycles (Technical Committee of the European Committee for Standardisation).
- CENELEC (European Committee for Electrotechnical and Battery Standardisation).
- Relevant national standard Institutions in the field of bicycle safety.

THEFT PREVENTION

- SAFE (foundation concerning bicycle and e-bike theft).
- Foundation ART (bicycle locks).

BICYCLE INDUSTRY – HEALTHY & GREEN MOBILITY

- CONEBI (Confederation of the European Bicycle Industries), including CSR expert group.
- WBIA (World Bicycle Industry Association).
- CIE (Cycling Industries Europe).
- Relevant national associations in the field of industry & cycling advocacy.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- WFSGI (World Federation of the Sporting Goods Industry): application of the WFSGI Code of Conduct.
- RSI (Responsible Sports Initiative): social & environmental audit platform.
- Relevant local organisations in the field of (bicycle) battery recycling: financial commitment.
- Relevant local organisations in the field of electronic equipment recycling: financial commitment.

STAKEHOLDER INITIATIVES

CONSUMERS - CYCLISTS

- Mix of online distribution channels and dealers.
- Different brand sites social media.
- Consumer service via the different brands.
- Fairs, (sport)events.
- Consumer panels to remain in touch with relevant consumer insights and developments.

RETAIL TRADE NETWORK

- Visits from sales staff.
- Workshops about our latest products and technological applications.
- Trade fairs and house shows.
- Internet sites, e-mail, newsletter.
- Annual events about the changes in the bicycle industry.

LOCAL GOVERNMENT BODIES-REGULATORS

- Dialogue with various local and national governmental bodies. Via industry associations and at our own initiative.
- Discussions/meetings with regulators if needed.

INDUSTRY ASSOCIATIONS AND ADVOCACY GROUPS

- Seat on various boards of industry organisations.
- Active engagement during bicycle events and trade fairs.

SUPPLIERS

- Cooperation with suplliers to roll out innovations faster.
- Special workshops with our largest suppliers sharing insights and exploring ways for more cooperation.
- International trade fairs.

STAFF

- Town halls, meetings, newsletters, digital information screens, one on ones.
- Various meetings with the works council and trade unions.
- Employee engagement surveys on an annually basis.

INVESTORS / FINANCERS AND FINANCIAL ANALYSTS

- Annual shareholder meeting.
- Sessions for analysts and investors.
- (Inter) national conferences and roadshows for investors.
- Periodic sessions with our banking consortium.
- Annual report, half year results, press releases, trading updates, other reports, updates on significant developments on Group level.



6.4 EMPLOYEE AND SUSTAINABILITY DATA

Accell Group reports its non-financial data, such as employee and sustainability information, for the period 1 December 2019 through 30 November 2020. On the reference date of 30 November 2020, we had 2,624 employees (FTEs). This figure differs somewhat from the average number of FTEs in 2020, partly because we work with a fixed reference date and partly because not all companies are included in the data collection related to corporate social responsibility for 2020. On the reference date, 52% of our employees were covered by a collective labour agreement. From this year on Accell Group activities by Velosophy are included in the figures.

The tables below show the data collected. All major Accell Group companies and premises are included in the figures. Figures have been rounded off to improve readability and data has been extrapolated where necessary. This may result in minor rounding differences. Data is derived from various HR information systems and financial administration.

EMPLOYMENT

AGE OF EMPLOYEES (FTEs) IN 2020 IN TERMS OF REGION AND GENDER

	EUROPE			ASIA			WORLDWIDE		
AGE	**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**TOTAL**
< 30 years	208	329	537	5	2	7	213	331	544
30 - 50 years	407	941	1,348	26	24	50	433	965	1,398
> 50 years	174	503	677	2	3	5	176	506	682
Total	**789**	**1,773**	**2,562**	**33**	**29**	**62**	**822**	**1,802**	**2,624**

TYPE OF EMPLOYEE CONTRACT (FTEs) IN 2020 BY REGION AND GENDER

		EUROPE			ASIA			WORLDWIDE		
CONTRACT		**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**TOTAL**
Permanent	Part-time	120	81	202	0	0	0	120	81	202
	Full-time	603	1,554	2,157	33	29	62	636	1,583	2,219
Temporary	Part-time	29	33	62	0	0	0	29	33	62
	Full-time	36	105	141	0	0	0	36	105	141
Subtotal		**789**	**1,773**	**2,562**	**33**	**29**	**62**	**822**	**1,802**	**2,624**

EMPLOYMENT (FTEs) IN 2020 BY REGION AND GENDER

	EUROPE			ASIA			WORLDWIDE		
EMPLOYMENT	**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**SUBTOTAL**	**FEMALE**	**MALE**	**TOTAL**
Accell employees	789	1,773	2,562	33	29	62	822	1,802	2,624
Contract workers*	120	366	486	0	0	0	120	366	486
Subtotal	**909**	**2,139**	**3,048**	**33**	**29**	**62**	**942**	**2,168**	**3,110**

* Contract workers are defined as persons who are working for a company that provides services to Accell Group (they have no employment contract with Accell Group). Contract workers are mainly used for assembly activities in the Netherlands, Hungary, Turkey and Germany during peak season.

TRAINING

TRAINING HOURS PER FTE

	2018	2019	2020
Hours / fte	13.3	13.7	**15.0**

TRAINING HOURS PER FTE IN 2020 BY GENDER AND REGION

	EUROPE	ASIA	WORLDWIDE
Female	14.4	37.2	15.3
Male	14.6	26.1	14.8
Total	**14.6**	**32.0**	**15.0**

TRAINING HOURS PER FTE IN 2020 BY TYPE OF WORK* AND REGION

	EUROPE	ASIA	WORLDWIDE
Direct personnel	7.4	0.0	7.4
Indirect personnel	20.8	32.0	21.2
Total	**14.6**	**32.0**	**15.0**

* Direct: Employees active in production. Indirect: Employees not active in production.

ABSENTEEISM AND SAFETY PERFORMANCE

ABSENTEEISM AND LOST DAYS IN HOURS AND RATE* IN 2020 BY GENDER AND REGION

		EUROPE		ASIA		WORLDWIDE	
	GENDER	HOURS	RATE	HOURS	RATE	HOURS	RATE
Total sick leave due to accidents (lost days)	Female	1,463	0.09%	0	0.00%	1,463	0.09%
	Male	7,733	0.11%	0	0.00%	3,733	0.11%
	Subtotal	**5,195**	**0.10%**	**0**	**0.00%**	**5,195**	**0.10%**
Total sick leave (absenteeism)**	Female	90,244	5.79%	6	0.01%	90,250	5.55%
	Male	184,513	5.28%	0	0.00%	184,513	5.19%
	Subtotal	**274,757**	**5.43%**	**6**	**0,00%**	**274,763**	**5.30%**

* Rate is defined as the period of absence divided by total working hours in a 50 week period.
** Including sick leave due to accidents.

PERCENTAGE ABSENTEEISM DUE TO ACCIDENTS AS PERCENTAGE OF TOTAL WORKING HOURS OF ALL ACCELL GROUP STAFF ON PAYROL

	2018	2019	2020
Absenteeism due to accidents	0.10%	0.17%	0.10%

PERCENTAGE OF ABSENTEEISM AS PERCENTAGE OF TOTAL WORKING HOURS OF ALL ACCELL GROUP STAFF ON PAYROLL

	2018	2019	2020
Absenteeism	4.36%	4.65%	5.30%

SAFETY PERFORMANCE* IN REGISTERED NUMBER OF INJURIES

	EMPLOYEES			CONTRACT WORKERS			SUBTOTAL		
TYPE OF INJURY	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
Minor injuries (< 3 days)	47	75	32	8	10	4	55	85	36
Major injuries (< 3 days)	37	51	27	5	6	5	42	57	32
Injuries resulting in permanent damage	1	2	0	1	0	0	2	2	0
Work-related fatalities	0	0	0	0	0	0	0	0	0
Total average	**85**	**128**	**59**	**14**	**16**	**9**	**99**	**144**	**68**

* From next year on, we will report according to the 2018 version of the OHS Topic Standard of the GRI Standards.

The number of registered injuries decreased in 2020. The majority of accidents are related to inattentiveness, not being fully focused and not following work instructions, including the use of personal protection equipment. In addition to optimising safety of machinery & equipment, training and safety instructions remain one of our top priorities.

ENERGY AND CARBON FOOTPRINT

ENERGY CONSUMPTION WITHIN THE ORGANISATION IN TERAJOULES

	2018	2019	2020
	TJ	**TJ**	**TJ**
From non-renewable sources			
Fuel - Mobile combustion*	25.7	29.0	24.4
Fuel - Stationary combustion (company facilities)**	79.6	74.6	69.8
Purchased electricity	39.7	32.3	29.2
Purchased heating & cooling	8.0	9.0	8.2
Total non-renewable energy consumption	**153.0**	**144.9**	**131.7**
From renewable sources			
Fuel / biomass heating (Stationary combustion)	0.1	0.2	0.6
Purchased electricity / self generated electricity	3.3	6.9	7.4
Purchased heating & cooling			0.7
Total renewable energy consumption	**3.5**	**7.0**	**8.7**
Total	**156.4**	**151.9**	**140.3**
Percentage of electricity from renewable sources	**7.7%**	**17.5%**	**20.1%**
Percentage of energy from renewable sources* **	**2.7%**	**5.7%**	**7.5%**

* Includes both fleet owned cars & trucks, lease cars and business travel by car (employee owned).
** Only includes energy consumption of the buildings.
*** Excluding mobile combustion.

CARBON FOOTPRINT - GHG EMISSIONS TONNES CO_2-EQ

	2018	2019	2020
Scope 1			
Stationary combustion (company facilities)	4,626	4,423	3,967
Biogenic emissions	16	17	68
Fleet (owned cars, trucks) *	131	188	169
Scope 2			
Electricity **	4,266	3,430	3,322
Heating & cooling	470	508	462
Total (scope 1 & 2)	**9,509**	**8,565**	**7,987**
Scope 3			
Business travel by car (employee owned)*	85	92	99
Lease cars *	1,683	1,694	1,526
Use of packaging materials	6,328	6,166	6,536
Total (scope 3 registered)	**8,096**	**7,952**	**8,161**

Source conversion factors: Dutch list of energy carriers and standard CO_2 emission factors 2017 (fuel), Defra 2018 (transport), IEA 2017 (electricity). CO_2 conversion databases packaging: EPA 2014, Eurostat 2016 and 2017, Ecoinvent 3.3.
* Includes the electricity use of company owned vehicles.
** Excludes the electricity use of company owned vehicles.

CARBON FOOTPRINT - USE OF PACKAGING MATERIALS TONNES CO_2-EQ

	2018	2019	2020
Paper and paperboard	5,556	5,405	5,686
Foil and plastic	772	761	849
Bioplastic			0
Total	**6,328**	**6,166**	**6,536**

USE OF PACKAGING MATERIALS TONNES

	2018	2019	2020
Paper and paperboard	4,842	4,710	4,955
Foil and plastic	258	255	285
Bioplastic			0
Total	**5,100**	**4,965**	**5,240**

WASTE

WASTE PRODUCTION & PROCESSING TONNES AND % OF TOTAL WEIGHT

	WASTE (IN 1,000 KG)			REUSE	RECYCLING & COMPOSTING	RECOVERY*	INCENARATION	LANDFILL
	2018	2019	2020	2020	2020	2020	2020	2020
Rubber	1	5	0					
Carbon fibres	2	0	0					
Hazardous waste	137	127	136		6%	5%	89%	
Foil and plastic	140	190	200		89%		2%	9%
Wood (pallets)	277	297	222	12%	59%	5%	5%	19%
Residual waste	456	440	527		2%	42%	14%	42%
Metals	305	365	367		100%			
Paper and paperboard	2,603	2,918	2,545		100%			
Other**			*(2,150)*					
Total	**3,921**	**4,341**	**3,997**	**1%**	**81%**	**6%**	**5%**	**7%**

Data is derived from the waste processor. For readability purposes, percentage less than 1% are not shown.

* Including energy recovering.
** One-time construction waste - excluded in overall waste figures.

6.5 SCOPE OF THE REPORTING

This annual report provides an overview of the performance of Accell Group and the main developments in the organisation in 2020. All the reported financial data pertain to the 2020 financial year that ran from 1 January to 31 December. As in previous years, non-financial data is reported for the period 1 December 2019 to 30 November 2020.

REPORTING FRAMEWORK AND DATA COLLECTION

This annual report is intended for all our stakeholders and in particular for our shareholders and staff and reports on aspects highly material to Accell Group. The financial data in this report is generated by a standardised and automated reporting system. The internal risk management system safeguards the reliability of these financial data.

The data related to Corporate Social Responsibility is collected once a year. The collected data and reporting are not verified by the external auditor. In 2020, the sustainability-related data collection covered 97% of our operations. This percentage is related to number of employees and turnover. The quantitative and qualitative information related to Corporate Social Responsibility is based on qualitative interviews and quantitative data requests. To this end, we address the responsible staff members at our companies and staff departments. The persons responsible at our companies provide the requested quantitative data and direct the sustainability aspects and priority actions.

The team responsible for Corporate Social Responsibility at Group level uses a plausibility check to verify the data obtained. Most of the employee data are derived from various HR information systems, some data comes from other means of administration and estimations based on interviews. Having different systems and not all data registered within these systems will influence the reliability of the presented figures.

DEVIATIONS FROM PREVIOUS CSR REPORTING

During collecting the data for 2020, some minor mistakes in the 2019 data were registered. Where necessary, we have adjusted the figures for previous years in the tables for comparison purposes. This may result in some tables deviating from those presented in the 2019 annual report.

6.6 REPORTING STANDARDS AND GUIDELINES

The following standards, policies and guidelines have been applied in full or in part in this annual report.

- Integrated Reporting Framework. Accell Group applies several fundamental concepts, guidelines and content elements of the Integrated Reporting framework of the International Integrated Reporting Council (IIRC) in its reporting.
- International Financial Reporting Standards (IFRS). Accell Group's financial reporting is based on International Financial Reporting Standards. All Accell Group companies and Accell Group itself comply with these standards.
- Global Reporting Initiative (GRI). The Global Reporting Initiative is the international standard in the field of sustainability reporting. This report has been prepared in accordance with the GRI Standards – Core option.
- Dutch Corporate Governance Code. Compliance with the Dutch Corporate Governance Code is described in the section Compliance with the Code of this report. We report on this subject on the basis of the 'comply or explain' principle.
- Non-Financial Reporting Directive. As of the 2017 reporting year, there are tightened legal requirements for transparency regarding non-financial data in the annual reports of large public interest entities. We report on this on the basis of the 'comply or explain' principle.
- OECD guidelines for Multinational Enterprises. Recommendations addressed by governments providing non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards.

GRI CONTENT INDEX

GRI STANDARD	Disclosure Number	Disclosure Title	Cross-reference
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organisational Profile	102-1	Name of the organisation	Accell Group
	102-2	Activities, brands, products, and services	1.1 Profile 1.2 Our premium brands Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories.
	102-3	Location of headquarters	6.7 Location and addresses
	102-4	Location of operations	6.7 Location and addresses
	102-5	Ownership and legal form	4.6 Notes to the consolidated financial statements
	102-6	Markets served	1.2 Our premium brands 2.5 'Lead Global, Win Local' progress
	102-7	Scale of the organisation	1.3 2020 Facts and Figures
	102-8	Information on employees and other workers	6.4 Employee and sustainability data
	102-9	Supply chain	2.5 'Lead Global, Win Local' progress(Fit to Compete) 1.7 Value Creation Model Accell Group is sourcing materials from professional high-quality suppliers in Europe, Asia and Turkey. Our own production is focused on assembly and spray painting. We have a number of large-scale production hubs complemented by smaller local production facilities. 96% of the bicycles sold are finished at our production plants. The remaining 4% are purchased as ready-made products.
	102-10	Significant changes to the organisation and its supply chain	There were no significant changes to Accell Group and its supply chain except those minor changes mentioned under the title "Fit to Compete" in Chapter 2.5 'Lead Global, Win Local' progress
	102-11	Precautionary Principle or approach	2.5 'Lead Global, Win Local' progress 2.7. Governance and Compliance (Product Liability)
	102-12	External initiatives	2.6 Moving forward responsibly 6.3 Networks and stakeholder engagement 6.6. Reporing Standards and Guidelines
	102-13	Membership of associations	6.3 Networks and stakeholder engagement
Strategy	102-14	Statement from senior decision-maker	1.4 Message from the CEO
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	1.5 Our purpose and mission 2.6.5 Moving the world forward, together
Governance	102-18	Governance structure	2.7.3 Corporate governance
Stakeholder Engagement	102-40	List of stakeholder groups	6.3 Networks and stakeholder engagement
	102-41	Collective bargaining agreements	6.4 Employee and sustainability data
	102-42	Identifying and selecting stakeholders	6.3 Networks and stakeholder engagement
	102-43	Approach to stakeholder engagement	6.3 Networks and stakeholder engagement
	102-44	Key topics and concerns raised	6.2 Material topics
Reporting Practice	102-45	Entities included in the consolidated financial statements	4.20 Notes to the company financial statements
	102-46	Defining report content and topic boundaries	6.2 Material topics
	102-47	List of material topics	6.2 Material topics
	102-48	Restatements of information	6.5 Scope of the reporting
	102-49	Changes in reporting	6.5 Scope of the reporting (There were no ignificant changes from previous reporting periods)
	102-50	Reporting period	6.5 Scope of the reporting
Reporting Practice	102-51	Date of most recent report	March 2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Colophon
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
	102-55	GRI content index	6.6 Reporting standards and guidelines
	102-56	External assurance	6.5 Scope of the reporting

GRI STANDARD	Disclosure Number	Disclosure Title	Cross-reference
Material Topics			
Environmental Topics			
Energy			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.3 Reducing our carbon footprint Boundary: Internal: All Accell Group companies and staff
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	6.4 Employee and sustainability data
Emissions			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.3 Reducing our carbon footprint Boundary: Internal: All Accell Group companies and staff / External: Consumer
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	6.4 Employee and sustainability data
	305-2	Energy indirect (Scope 2) GHG emissions	6.4 Employee and sustainability data
	305-3	Other indirect (Scope 3) GHG emissions	6.4 Employee and sustainability data
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.7 Moving forward responsibly Boundary: Internal: All Accell Group companies and staff / External: Suppliers
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	6.4 Employee and sustainability data
Social Topics			
Occupational Health & Safety			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data Boundary: Internal: All Accell Group companies and staff / External: Suppliers
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data
Training and Education			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data Boundary: Internal: All Accell Group companies and staff
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	6.4 Employee and sustainability data

GRI STANDARD	Disclosure Number	Disclosure Title	Cross-reference
Social Topics			
Diversity & Inclusion			
GRI 103: Management Approach 2016	103-1 103-2 103-3	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data Boundary: Internal: All Accell Group companies and staff
GRI 405: Diversity & Inclusion 2016	405-1	Diversity of governance bodies and employees	2.6.5 Moving the world forward, together 3.2 Supervisory Board Report 6.4 Employee and sustainability data
Accell-Specific Topic: Job satisfaction and well-being			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.5 Moving the world forward, together Boundary: Internal: All Accell Group companies and staff
		Employee engagement survey results	2.6.5 Moving the world forward, together
Accell-Specific Topic: Healthy, safe & green mobility			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.2 Promoting bicycle use Boundary: Internal: All Accell Group companies and staff / External: Consumers, Community
	N.A.	Amount (EUR) in sponsoring	2.6.2 Promoting bicycle use
Accell-Specific Topic: Customer Satisfaction & Innovation and design			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.3 Key market trends 2.5 'Lead Global, Win Local' progress 2.6.2 Promoting bicycle use Boundary: Internal: All Accell Group companies and staff / External: Consumers, Community
	N.A.	Number of prizes and awards	1.7 Value creation model
	N.A.	Number of patents and model protections	1.7 Value creation model
Accell-Specific Topic: Supply chain			
GRI 103: Management Approach 2016	N.A.	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	2.6.5 Moving the world forward, together Boundary: Internal: All Accell Group companies and staff / External: Suppliers, Consumers
	N.A.	Assessment of suppliers in terms of employment practices, human rights and environmental impact	2.6.5 Moving the world forward, together

Note: The GRI Content Index contains the material topics identified during our materiality analysis. These include GRI Standards topics and Accell-specific topics.

SUMMARY TABLE EU DIRECTIVE ON THE DISCLOSURE OF NON-FINANCIAL INFORMATION AND INFORMATION ON DIVERSITY

CURRENT/FORESEABLE IMPACTS (GRI INDICATOR)	Material Aspect	Reference to the relevant chapter
Environment		
Energy use (302-1)	Carbon footprint reduction	2.6.3 Reducing our carbon footprint 6.4 Employee and sustainability data
Greenhouse gas emissions (305-1, 305-2, 305-3)	Carbon footprint reduction	6.4 Employee and sustainability data
Waste by type and disposal method (306-2)	Sustainable production	2.7 Moving forward responsibly 6.4 Employee and sustainability data
Social & Employee		
Diversity & inclusion (405-1) (including Board of Management and Supervisory Board)	Diversity	2.6.5 Moving the world forward, together 4 Corporate Governance 3.2 Supervisory Board Report 6.4 Employee and sustainability data
Occupational health & safety (403-2)	Health and Safety	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data
Employee training (404-1)	Job satisfaction and well-being	2.6.5 Moving the world forward, together 6.4 Employee and sustainability data
Employee engagement	Job satisfaction and well-being	2.6.5 Moving the world forward, together
Sustainable commuting	Healthy, safe and green mobility	2.6.5 Moving the world forward, together
Respect for Human Rights and Supply chain		
Code of conduct for Suppliers (102-16)	Supply chain	2.6.5 Moving the world forward, together
Assessment of suppliers in terms of employment practices, human rights and environmental impact	Supply chain	2.6.5 Moving the world forward, together
Anti-corruption and bribery		
Code of conduct for employee and for suppliers	Profitability	2.6.5 Moving the world forward, together

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THANK
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