ACCELL GROUP

CYCLING MOVES THE WORLD FORWARD

H1 2021 RESULTS

Ton Anbeek, CEO
Ruben Baldew, CFO

23 July 2021

ACCELL GROUP

Ton Anbeek - CEO

KEY MESSAGES H1 2021

1.

Demand for bikes and parts remains strong across countries and categories.

2.

Accell brands continue to win innovation awards. Our order portfolio remains strong.

3.

Global supply shortages and logistical issues have hampered sales as expected. Growth H1 3.3%.

4.

Added value% recovering (up 246 bps) thanks to lower discounts and pricing actions taken.

KEY MESSAGES H1 2021

5.

EBIT reported up 35% to € 61 mln (8.7%). Underlying EBIT up 29%.

6.

TWC at 29.6% slightly down vs PY (-16 bps) but up versus Dec. 2020. Longer cash conversion cycle due to delay of critical components.

7.

Execution strategy continues according to plan and 2022 targets are in sight.

STRATEGIC OBJECTIVES AND FINANCIAL TARGETS

Strategic objectives

- **Increasing dealer and consumer satisfaction**
- **Increasing market share**
- **Increasing net profit**
- **Strong and healthy balance sheet**
- **Corporate Social Responsibility**

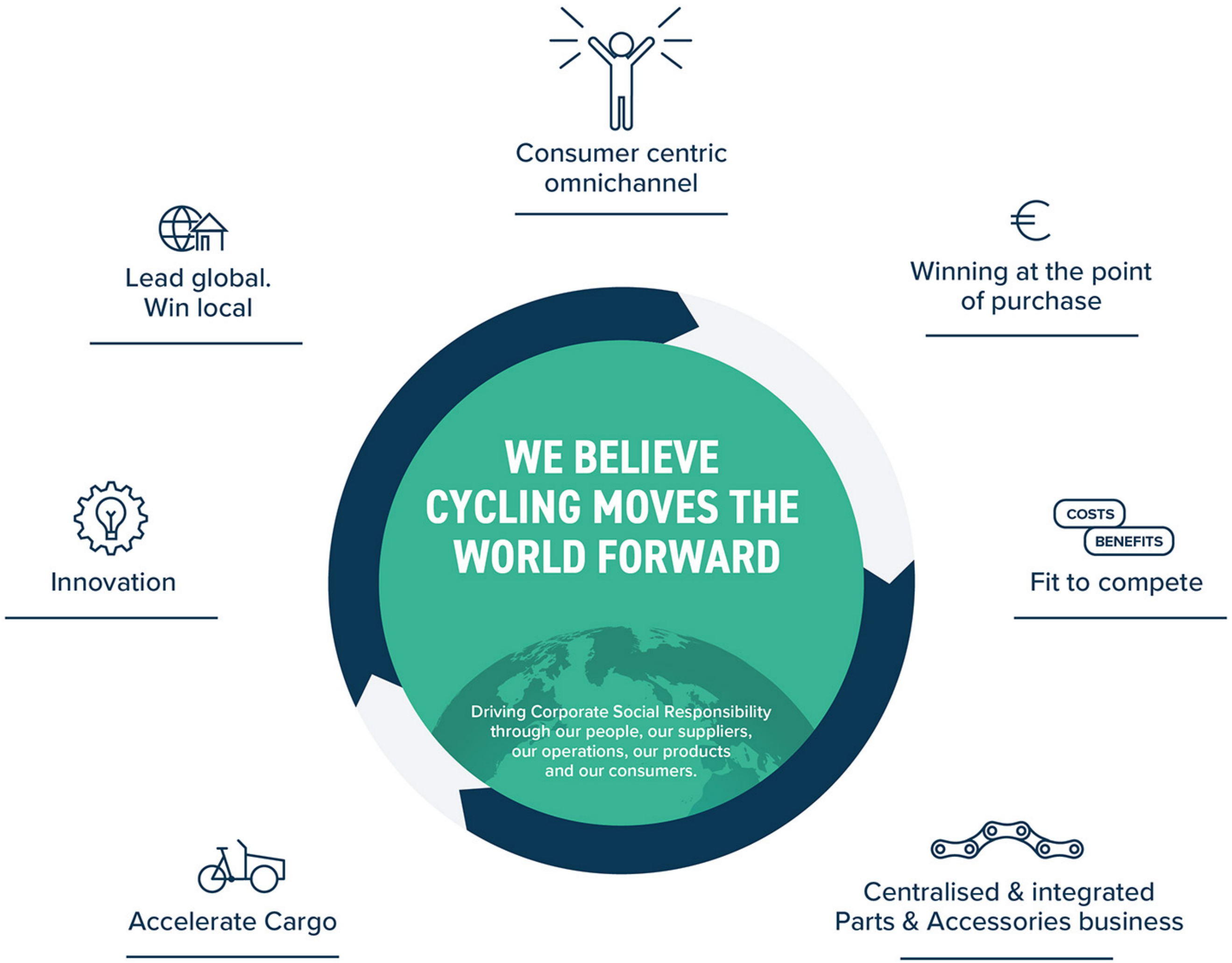
2022 financial targets

- **Turnover**
  € 1.4 - € 1.5 bn
- **Added value / Turnover**
  31%
- **EBIT / Turnover**
  8%
- **TWC / Turnover**
  < 25%
- **Return on Capital Employed**
  > 15%

GOALS OF OUR SUSTAINABLE STRATEGY IN 2025

- 60% of our energy consumption of all Accell Group owned premises will come from renewable sources in 2025 (100% by 2035).
- Accell Group end-to-end carbon footprint is reduced by 30% (base-year 2018 relative to turnover) in 2025.
- Accell Group outbound brand & transport packaging is single-use (fossil-based) plastics free.
- Single-use (fossil-based) plastics are banned out of 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 towards 2035, including intermedium targets for 2025 and 2030.
- As part of our Diversity & Inclusion policy, >30% of the Accell Leadership Forum will be female in 2025.

OUR STRATEGY 'LEAD GLOBAL. WIN LOCAL' DRIVEN BY OUR PURPOSE



STRATEGY PROGRESS H1 2021

Lead global. Win local

- Group coordinates brand development and e-commerce. IT, supply chain and innovation report directly into group.
- Regions lead brand development, marketing, sales, e-commerce and give input to brand innovation teams. Four key bike regions focusing on execution.
- Further focus and simplification:
  - Disposal of fitness & motorcycle equipment business in Sweden concluded.
  - Closure of smaller entities (France and Germany), activities transferred in H1.

Winning at the point of purchase

- Despite shop closures and/or sales restrictions, underlying demand remained strong. Service & availability are key to win at point of purchase.
- Service organised through key regions with central coordination and oversight.
- COVID-19 impact continued to lead to supply chain disruptions causing lower availability. Actions taken:
  - Improvement plan on Sales and Operational Planning (S&OP) e.g., systems and data management enhancements implemented.
  - Complexity reduction progressing.
  - Bill of material (BOM) changes applied enabling alternative component supply.
  - Scenarios on sales and working capital requirements (additional stock allowed within bandwidths) in order to serve customers.

Consumer centric omnichannel

- Lapierre website 'go live' in March 2021.
- Sparta website 'go live' in June 2021.
- Full CRM sales and service 'go live' in the Netherlands, CRM service further optimised in France and Germany.
- D2C Raleigh progressing further, conversion up, now at 32%.
- Order tool (Accentry) further enhanced with pre-order functionality.

STRATEGY PROGRESS H1 2021

Innovation

- Focus on e-bike innovation, smart technology (IoT) and urban mobility solutions.
- 3 global innovation centers for Sport, Lifestyle and Cargo.
- Continue to win awards and consumer test review in 2021 such as:
  - ✓ Design & Innovation Award
    Haibike AllMtn 7 and Lapierre Overvolt.
  - ✓ German Innovation Award
    Winora Sinus 5.
  - ✓ Bike of the Year Netherlands
    Batavus Dinsdag.
  - ✓ Reddot Award
    Koga Pace B10 & E-Nova EVO.

Centralised & integrated Parts & Accessories business

- H1 2021 sales growth 29%.
- XLC sales growth 40% within Parts & Accessories.
- Growth driven by both dealers as well as online players.
- Logistical excellence and online presence are key competitive advantages. Steps taken are:
  - Launch of virtual warehouse, driving pan-European logistics.
  - Creation of XLC digital & content team.
  - Launch of omnichannel website.

KOGA Pace B10 & E-Nova EVO
Reddot winner 2021

Batavus Dinsdag
Bike of the Year Netherlands winner 2021

STRATEGY PROGRESS H1 2021

COSTS
BENEFITS
Fit to compete

- Further optimisation of product and component platforms through standardisation.
- Availability key driver to competitiveness. Actions (a.o.) taken:
    - Alternative supply.
    - BOM optimisation allowing flexibility.
    - Sytems upgrade (e.g., to allow longer planning horizons).
- Bottom line savings agenda will be limited in 2021.

Accelerate Cargo

- H1 43% sales growth. Cargo now 4% of total business (and 5% within bikes).
- New Carqon model ‘Cruise’ presented in June.
- Smart cargo concepts under brands Raleigh, Winora, Batavus have been rolled out and will be delivered to dealers and consumers in H2.
- Launching of business-2-business (B2B) concepts to capture the last mile delivery opportunities in cities (‘Babboe Pro’).

Winora Sinus N5
German Innovation award winner 2021

Lapierre Overvolt
Design & Innovation Award winner 2021

SUMMARY OF OUR PROGRESS H1 2021

ON TRACK

- Underlying continued strong demand for our products and brands.
- Growth of Cargo continued across Europe.
- P&A continuing strong growth record driven by competitive drivers (e.g. logistics) and strong demand.
- Recovery of variable margin thanks to lower discounts and pricing actions taken.
- Increase of EBIT.

TO BE IMPROVED

- Availability of critical components in order to:
    - Increase output factories and therefore increase sales.
    - Increase efficiencies at our assembly locations.
    - Shorten current cash conversion cycles (TWC%).

Ruben Baldew- CFO

IMPROVEMENTS ON ALL KEY METRICS

Net Sales Growth vs PY	Added value % vs PY	EBIT / EBIT excl. one-offs vs PY	TWC YoY / Avg TWC
+3.3%	+246 bps	+ € 16 mln + € 14 mln	-16 bps -972 bps

NET SALES AND PROFIT

NET SALES

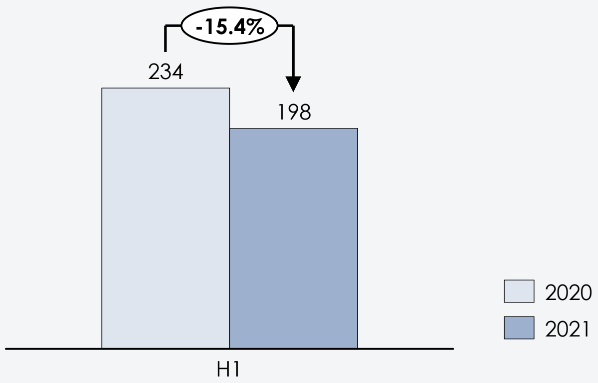
	% Growth
H1 2021	+3.3%
H1 2020	+4.0%

PROFIT

	% Added value Y-o-Y	EBIT	EBIT excl one-offs
H1 2021	+246 bps	€ 61 mln	€ 61 mln
H1 2020	-359 bps	€ 45 mln	€ 48 mln

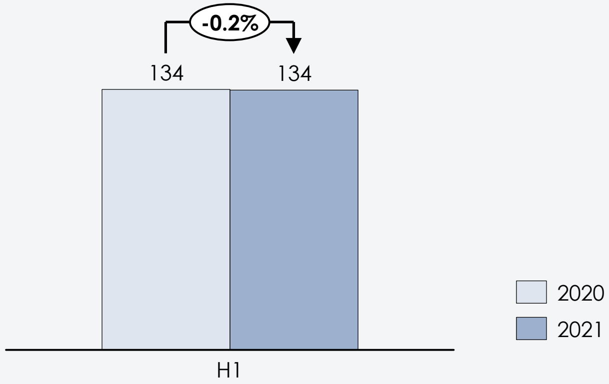
PERFORMANCE PER REGION

CENTRAL



- Limited availability by component shortages for sports segment but also for the Winora brand (limited alternatives for critical parts).
- Demand much higher than supply, covid-19 related closure of shops had limited impact.
- Promising order book.

BENELUX

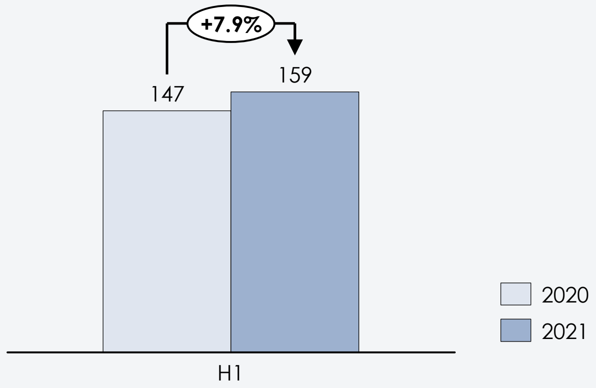


- Supply chain constraints partially countered by alternative supplies.
- Growth for cargo e-bike sales.

Net sales in € mln. based on location of the customer by segment

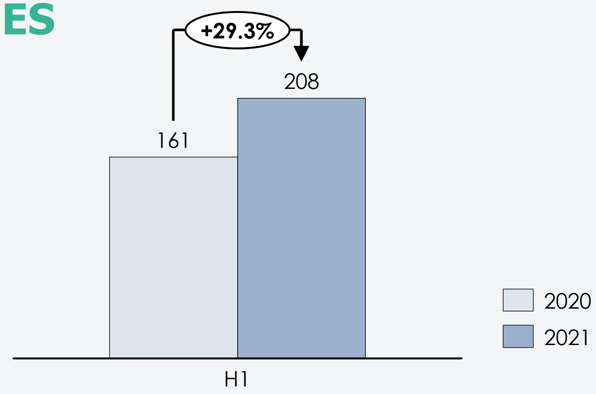
PERFORMANCE PER REGION

OTHER BIKE REGIONS



- Growth driven by Southern Europe as sales recovered well after prior year lockdown issues.
- Nordics and UK sales hampered by supply chain constraints.

PARTS & ACCESSORIES

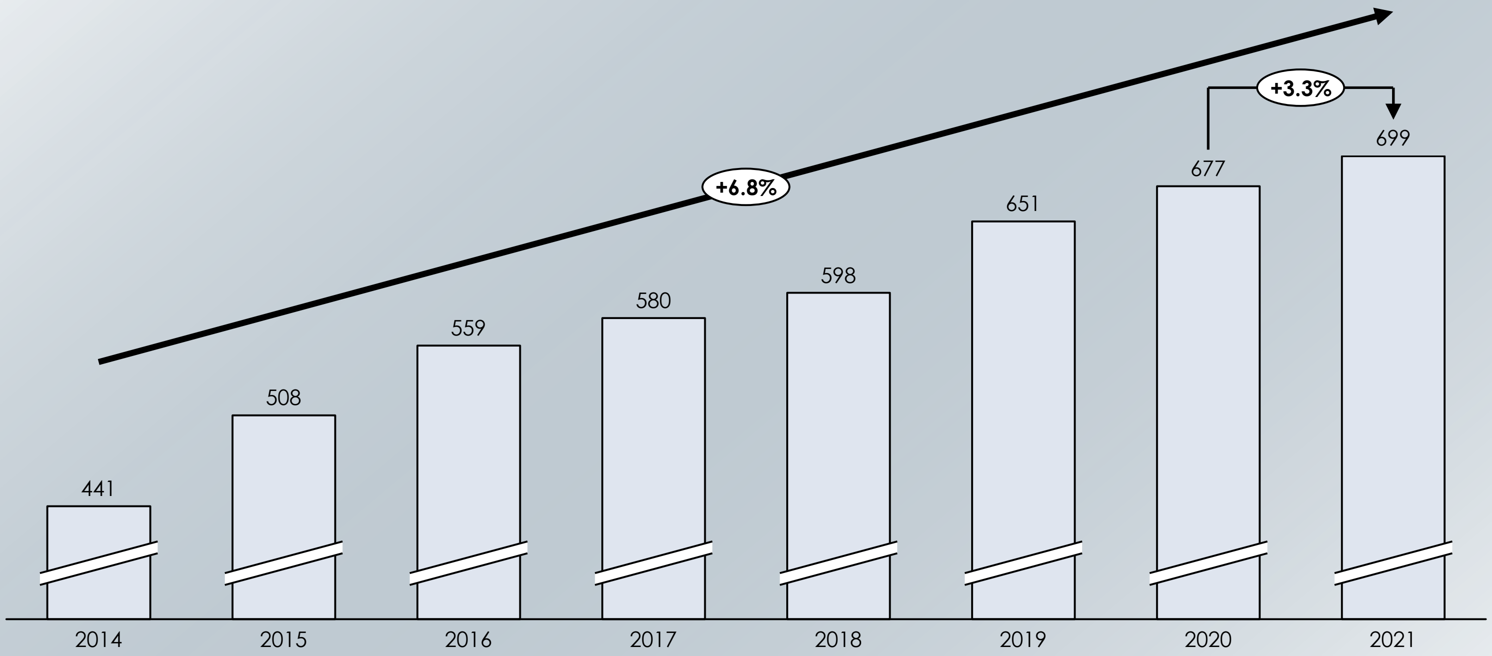


- Excellent growth driven by:
  - Strong replacement market.
  - Additional sales through (new) online channel.
- XLC brand Growth of 40.1%.

Net sales in € mln. based on location of the customer by segment

GROWTH TRACK CONTINUES

NET SALES 2014 - 2021



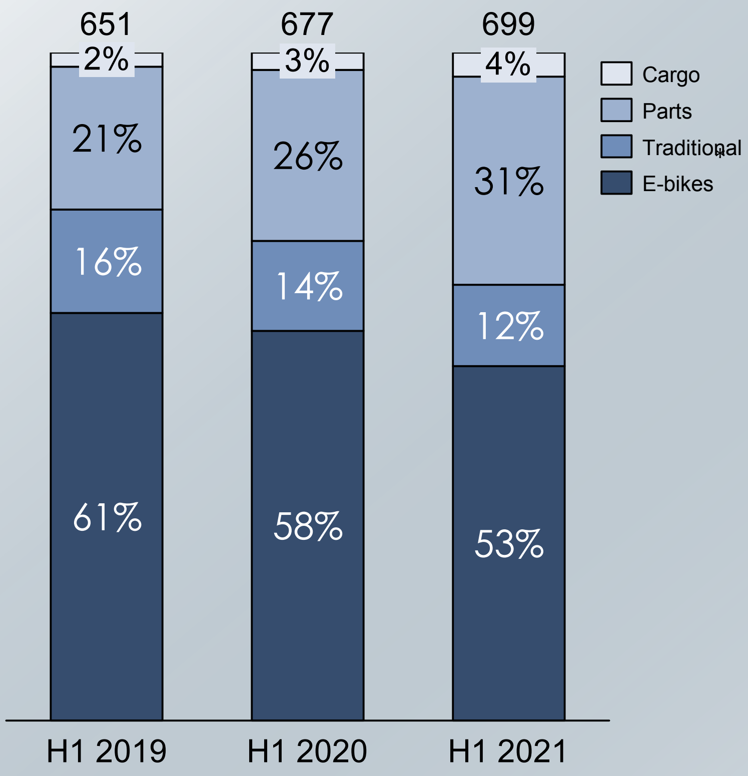
2014-2017 core (Accell Group excl. North America); 2018 - 2021 continuing operations

Comments

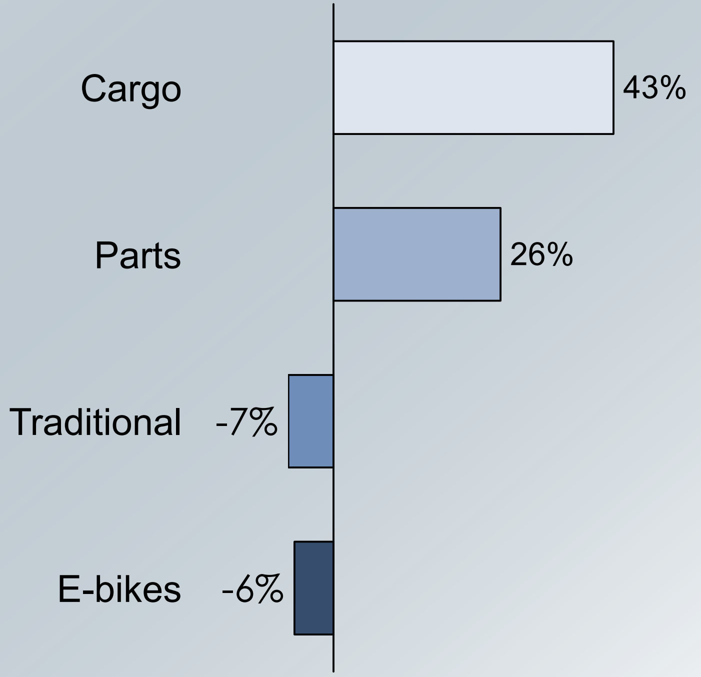
- Average growth over last 7 years 6.8%.
- 2021 slow down to 3.3% by supply and logistical issues hampering further uplift.
- Disposal of fitness & motorcycle equipment business impacting growth with -0.4%. Organic growth therefore 3.7% in H1 2021.

PRODUCT PERFORMANCE

AS % OF NET SALES



% GROWTH FY



- Parts category includes some sales of accessories in Bikes segment
- Other products (mainly royalties & fitness) included in E-bikes (amounting less than 1% of Net sales)

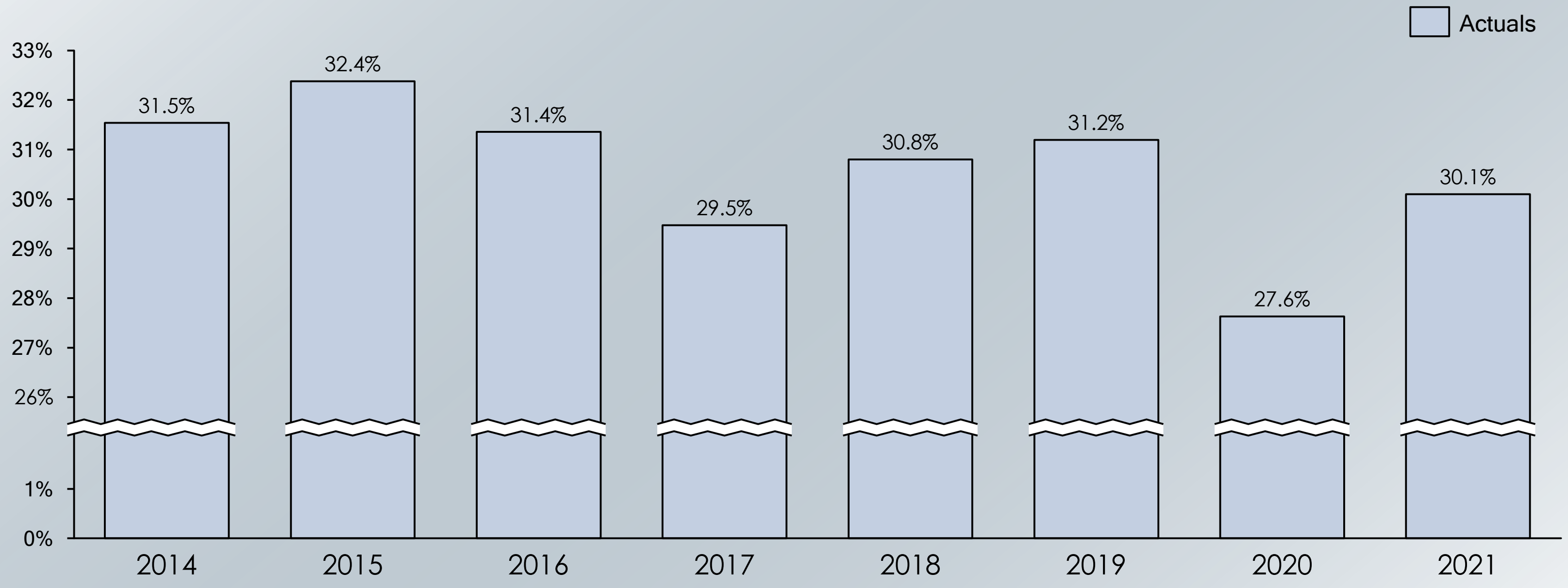
Comments

- Cargo bikes now at 4% of total net sales, further growth towards 5-7% is expected. Majority of cargo (97%) are e-bikes.
- Parts now at 31% of total net sales. For the next period we expect growth to decrease given higher comparative and availability issues.
- Traditional bikes down 7% following historical trend. In the long term, we expect traditional bikes to become 8 -10% of total net sales.
- E-bikes down 6% hampered by supply chain constraints. We expect this to recover given strong structural demand and trends.

% of net sales based on sales per product category

ADDED VALUE UP TO 30.1%

ADDED VALUE % 2014 - 2021



2014-2017 core (Accell Group excl. North America); 2018 - 2021 continuing operations.

Comments

Added value up +246 bps and back to normal levels due to:

- Higher pricing including passing through of increased costs of materials.
- Lower discounts (2020 higher discounts, COVID-19 related).

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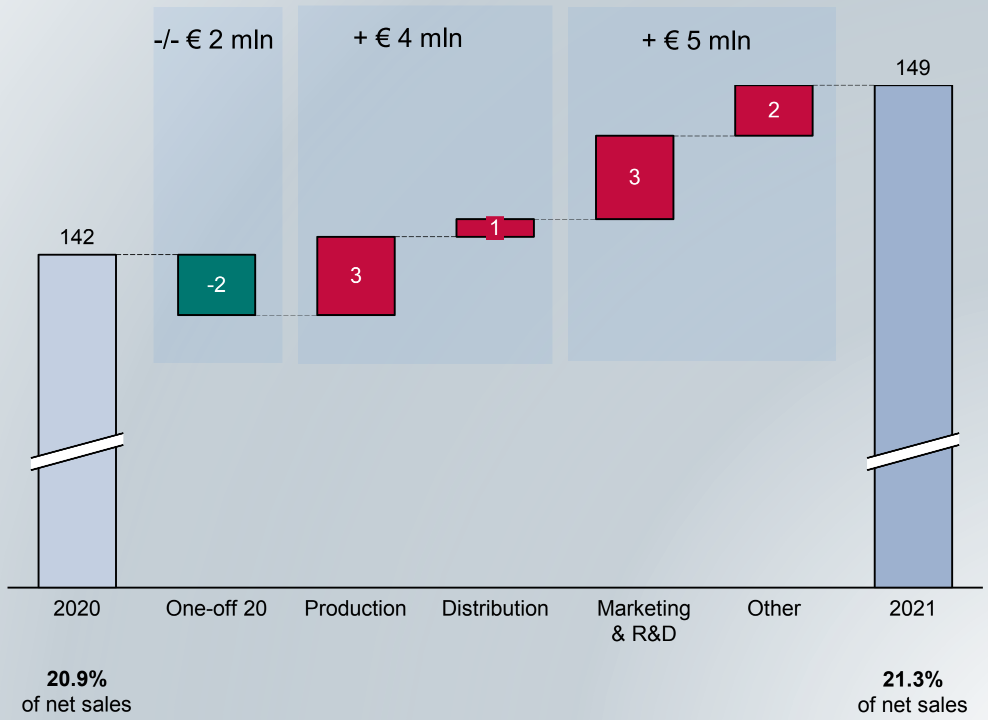
OPEX INCREASED BY € 7 mln

OPEX H1 2020 - 2021

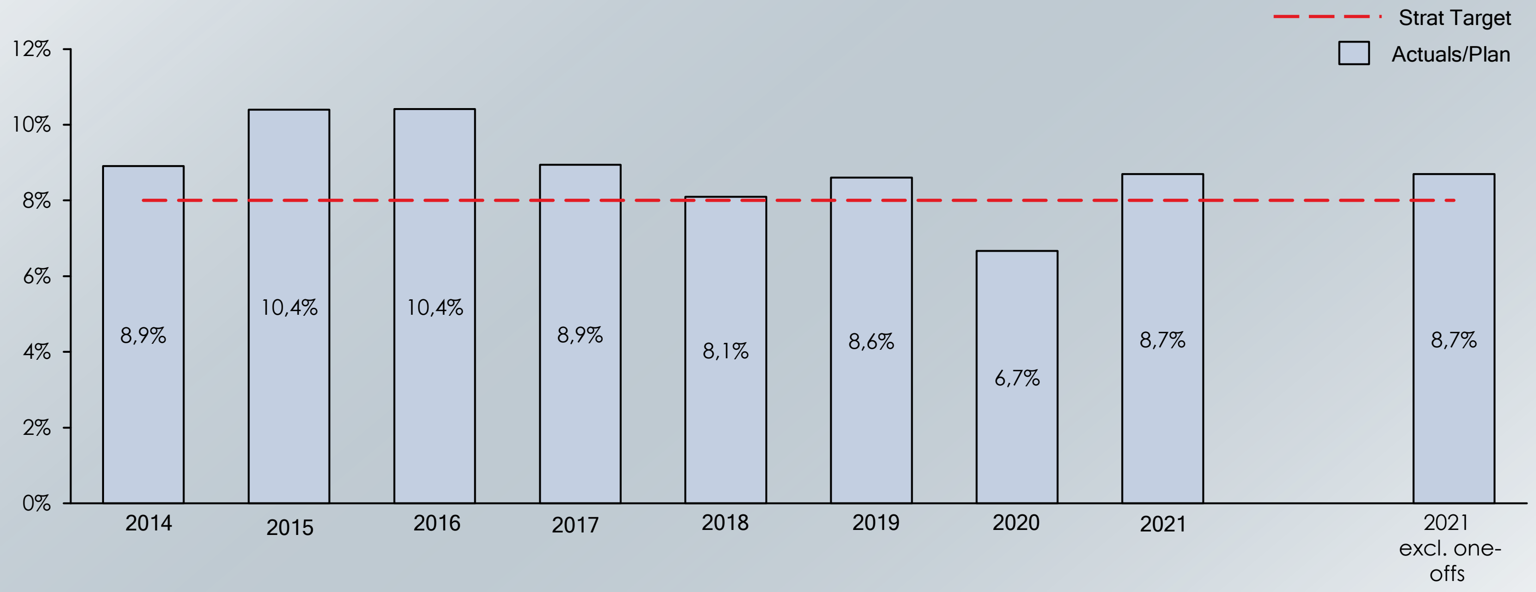


Comments

- **Opex** increased by € 7 mln to € 149 mln. As a percentage of net sales, opex increased 38 bps to 21.3%.
- **One-off** up -/- **€ 2 mln**:
  Prior year one-off mainly due to IT impairment approx. € 2.4 mln.
- **Variable costs** (35%-40% of total OPEX) up + **€ 4 mln**:
  - Higher production costs of € 3 mln by less efficiency due to supply and logistical limitations.
  - Distribution increase of € 1 mln attributable in full to volume growth mainly in P&A.
- **Other cost** up + **€ 5 mln:**
  - + € 3 mln by investments back in marketing and R&D. Marketing expenses still not back at pre-COVID level given shop closures and supply chain constraints.
  - Other € 2 mln amongst other inflation.

EBIT-MARGIN UP AT 8.7%

EBIT-MARGIN % 2014 - 2021



2014-2017 core (Accell Group excl. North America); 2018 - 2021 continuing operations.

Comments

- EBIT 8.7% up 35.5% in absolute terms and + 208 bps versus H1 2020, back to pre-COVID level.
- Increase vs H1 2020 driven by: Higher sales and improved added value (higher pricing, lower discounts) partly offset by higher opex.
- Underlying EBIT also 8.7%, up 28.6% up in absolute terms and + 172 bps versus H1 2020.

HIGHER EBIT DUE TO INCREASED SALES AND ADDED VALUE

Profit & Loss

in millions of euro	H1 2021	H1 2020
Net turnover	**699.1**	**676.9**
Other income	0.0	0.0
Net sales growth% vs py	3.3%	4.0%
Added value	**210.2**	**186.9**
Added value%	30.1%	27.6%
Added value bps vs py	246	-359
OPEX	-149.1	-141.8
EBIT	**61.1**	**45.1**
EBIT%	8.7%	6.7%
Net finance costs	-6.0	-6.4
Income from equity-accounted investees, net of tax	2.3	0.4
Result from sale of subsidiaries	0.7	-
Income tax expense	-14.0	-10.5
Net profit	**44.2**	**28.6**
Basic earnings per share (in €)	€ 1.65	€ 1.07

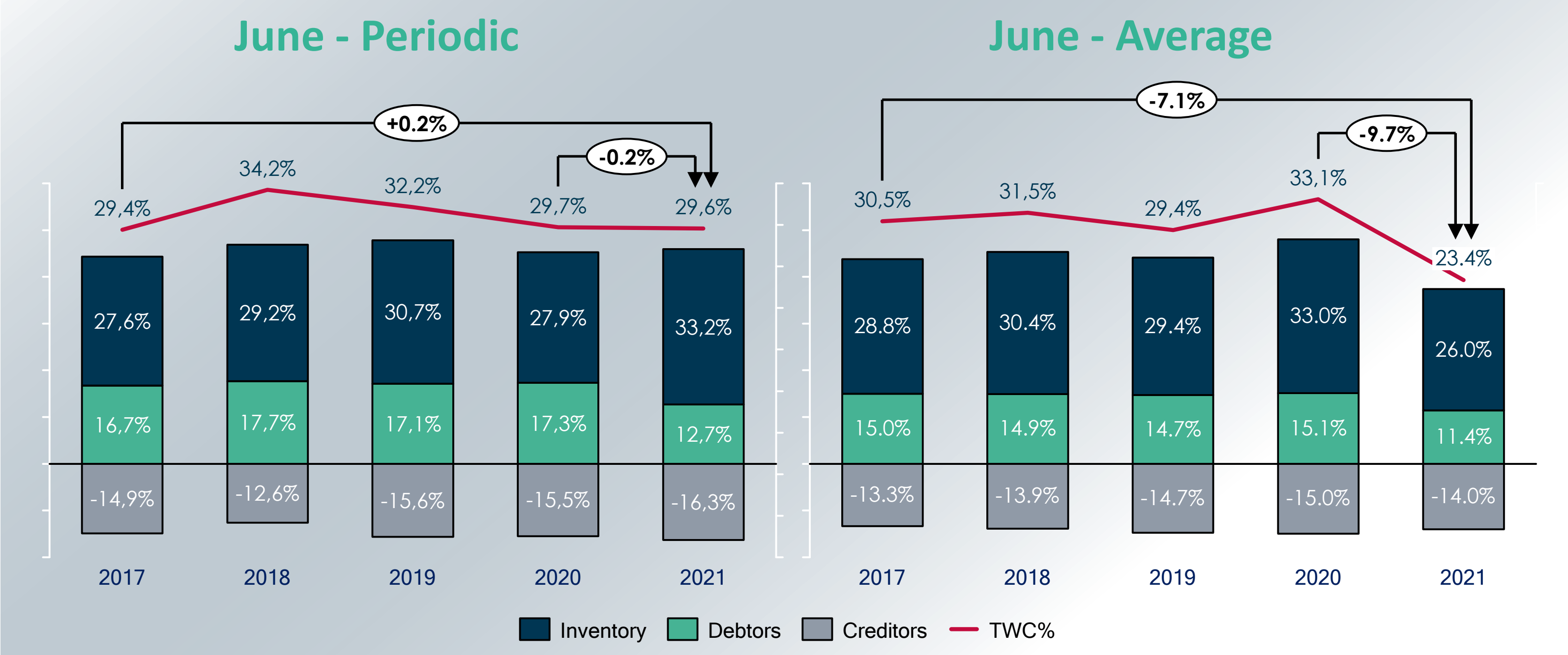
EBIT

in millions of euro	H1 2021	H1 2020
EBIT reported	**61.1**	**45.1**
One-off	-	2.4
Underlying EBIT	**61.1**	**47.5**

Comments

- Top line 3.3% with EBIT reported € 61.1 mln underlying EBIT.
- Net finance costs of € 6.0 mln; higher commitment fee fully offset by lower interest margin.
- Income from equity accounted € 2.3 mln mainly up thanks to increased profit from Atala participation (€ 1.5 mln).
- Tax expense at € 14.0 mln as a result of higher profit before taxes, this is an effective tax rate of 24.1% last year 26.8%.
- Net profit € 44.2 mln, up 54.3%.

TWC IMPROVED BY LOWER DEBTOR POSITIONS, DESPITE HIGHER COMPONENT INVENTORY



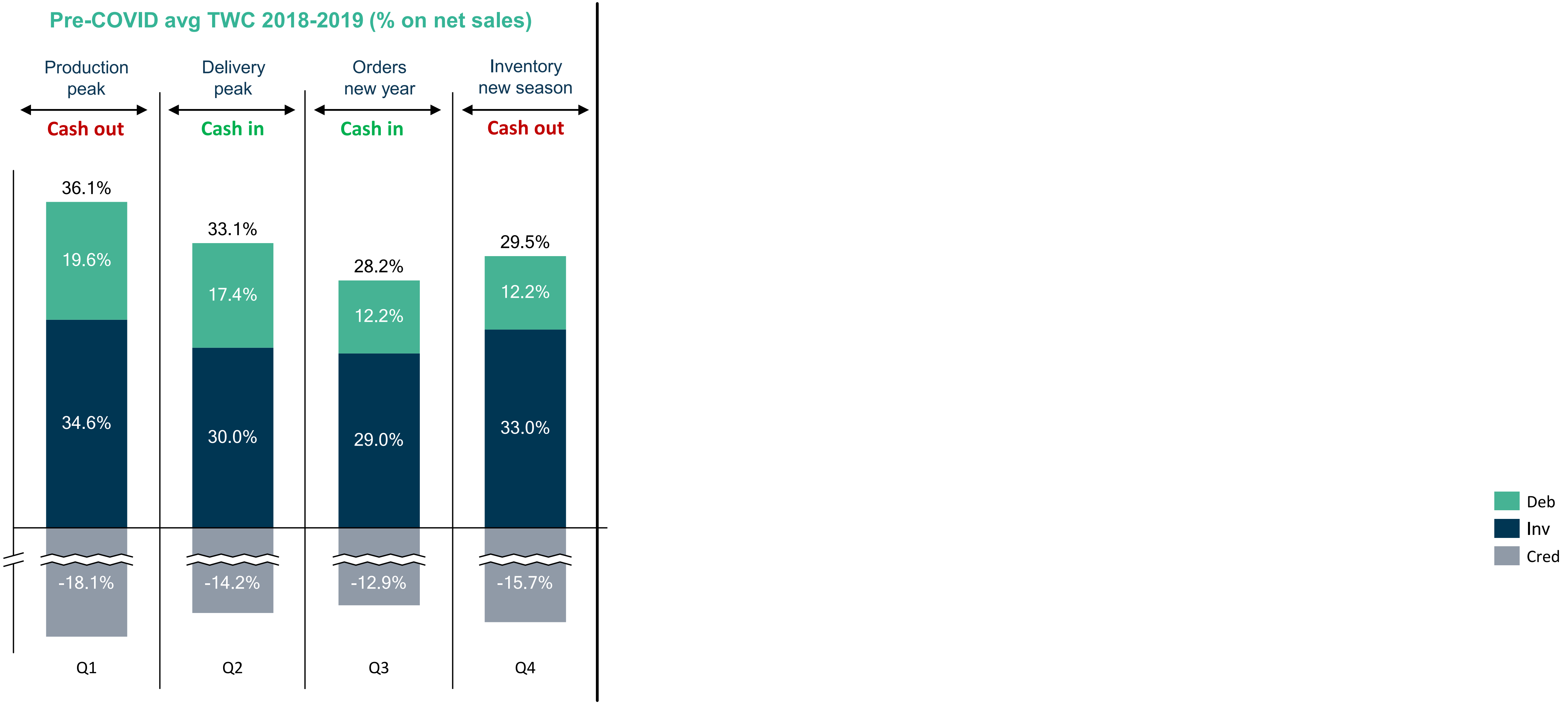
2017 core (Accell Group excl. North America); 2018 -2021 continued operations

Comments

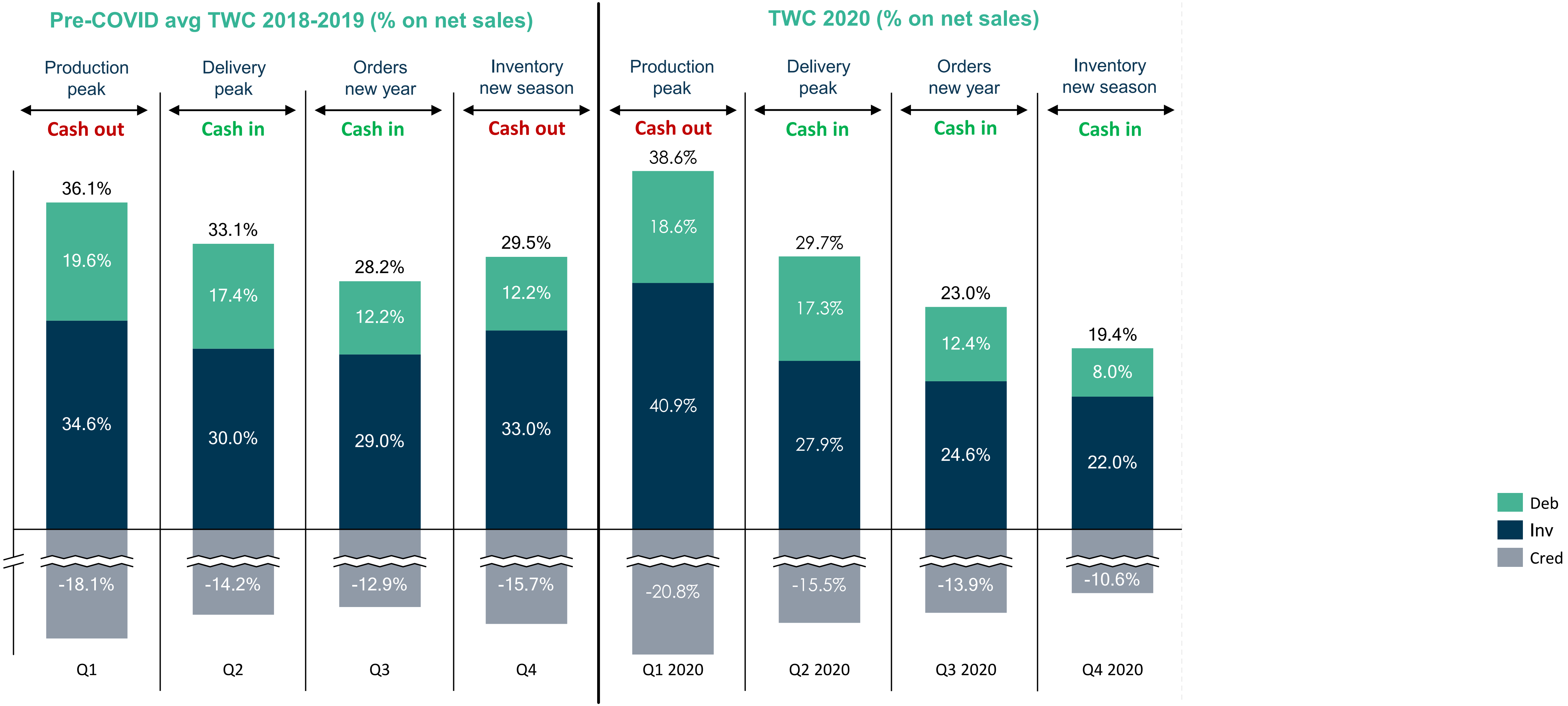
June Periodic
- Working capital end of June down with 16 bps at 29.6% of net sales.
- Reduction driven by lower debtors (-467 bps), higher inventory (+530 bps) and higher creditors (-79 bps).
- Higher inventories driven by longer lead times at components suppliers and disrupted supply chain.

June Average
- Average at -972 bps driven by inventory -700 bps.
- Low inventory positions avg last 12 months caused by H2 2020.

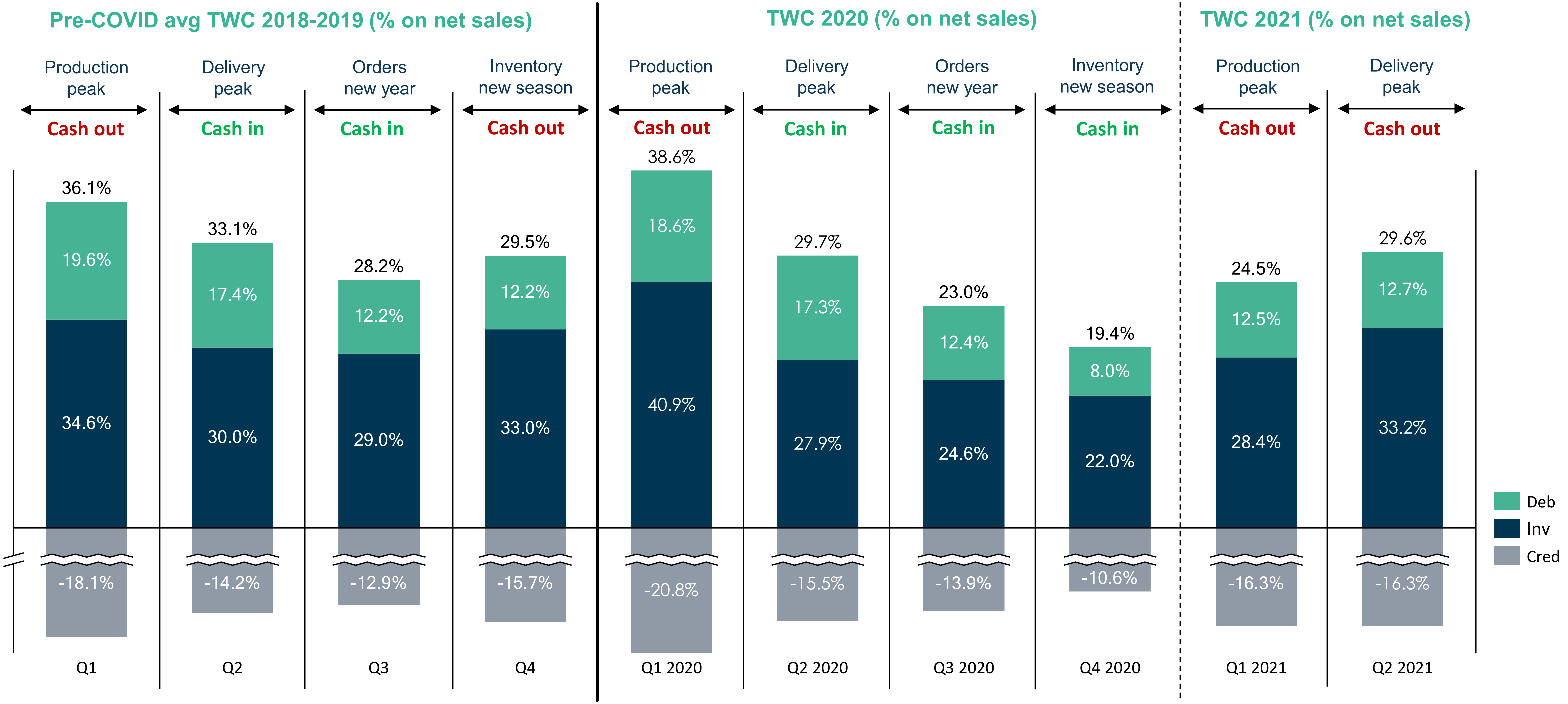
TWC INCREASE DURING H1 DRIVEN BY HIGHER COMPONENT INVENTORY, CASH CONVERSION DELAYED



TWC INCREASE DURING H1 DRIVEN BY HIGHER COMPONENT INVENTORY, CASH CONVERSION DELAYED



TWC INCREASE DURING H1 DRIVEN BY HIGHER COMPONENT INVENTORY, CASH CONVERSION DELAYED



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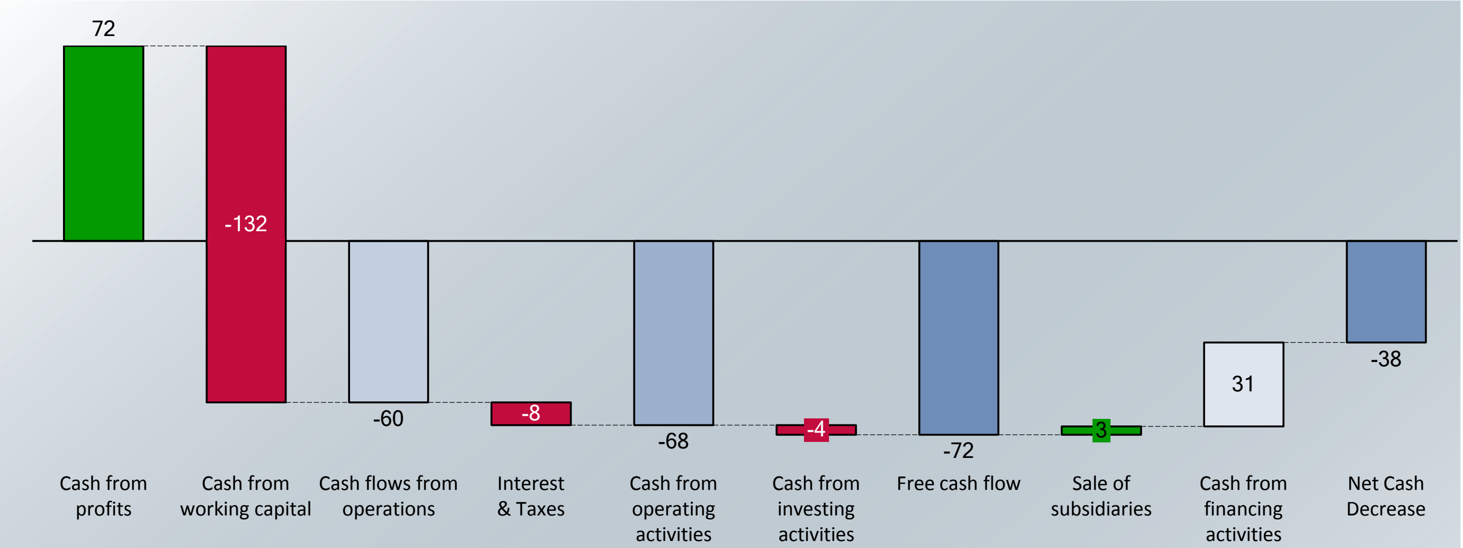
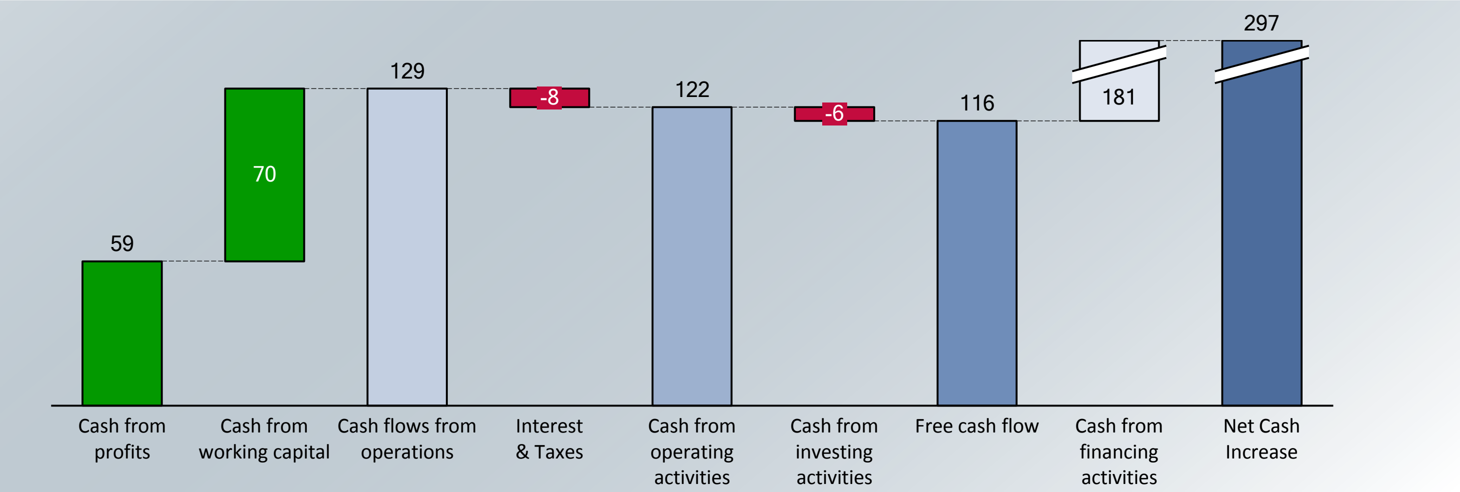
NEGATIVE FREE CASH FLOW DUE TO INCREASED COMPONENT INVENTORY VERSUS LOW END POSITION 2020

Cash flow 2021



Cash flow 2020



Comments

Net cash decrease € -38 mln driven by:

- Operating cash flow € -60 mln:
  - Profit corrected for non-cash items € 72 mln.
  - Change in working capital € -129 mln.
  - Other € -3 mln.
- Interest & Taxes € -8 mln roughly equally split between taxed and interest paid.
- Investing activities mainly related to investments in plant and equipment € -4 mln.
- The divestment of the fitness & motorcycle business in Sweden € 3 mln.
- Cash from financing € 31 mln mainly relates to GO-C financing € 55 mln and first repayment of the GO-C € -23 mln.

Decrease cash at bank € -38 mln driven by

- Free cash flow € -72 mln.
- Financing activities € 31 mln.
  - GO-C financing € 55 mln.
  - Repayment GO-C € -23 mln.
  - Other € -1 mln.

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HEADROOM SECURED AND COVENANTS ADJUSTED

Financing

Financing Q1 2020:

1. Term Loan € 125 mln (incl. € 50 mln drawn in March under the Accordion).
2. Revolving Facility A € 175 mln.
3. Revolving Facility B € 100 mln seasonal facility running from 1 December to 15 July.

Additional financing Q2 2020 and Q1 2021:

1. GO-C bank loan € 115 mln until 30 June 2022. Government backed loan (80%).
   - Drawings: € 60 mln H2 2020 and € 55 mln in Q1 2021.
   - First scheduled repayment of € 23 mln made in Q2 2021
   - Agreed repayment schedule is € 23 mln per quarter, starting on 30 June 2021 with last payment on 30 June 2022
2. France government bank backed (90%) loan of € 5 mln.
   - Fully repaid in Q2 2021.

Other conditions during GO-C and back to original covenants:

- No dividend distribution.
- Limitations on disposals and acquisitions; approval needed above certain thresholds.
- Margin increase of 30 bps (10 bps permanently on seasonal facility).

Covenants

1.Term loan leverage ratio:

Q2 2021 = 2.02

Relevant Period ending	Outstandings/EBITDA
30-Sep-21	4.64:1
31-Dec-21	3.11:1
Each Relevant Period thereafter	2.50:1

2. Solvency ratio:

Q2 2021 = 33.3%

Relevant Period ending	Solvency Ratio
30-Jun-20	15.0%
31-Dec-20	15.0%
30-Jun-21	16.2%
31-Dec-21	18.6%
Each Relevant Period thereafter	25.0%

3. LTM Adjusted EBITDA:

Q2 2021 = € 107 mln

Relevant Period ending	LTM EBITDA (EUR)
30-Jun-20	-30,000,000
30-Sep-20	-58,900,000
31-Dec-20	-70,600,000
31-mar-21	-51,400,000
30-Jun-21	5,600,000

4. Minimum liquidity: € 393 mln (not less than € 25 mln).

5. Borrowing reference: Headroom € 313 mln (remains unchanged).

6. Leverage: Q2 2021 = 1.1

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HIGHER ROCE AND LOWER LEVERAGE THANKS TO INCREASED PROFIT

Total group return on capital and net debt H1 2021

ROCE	Net debt / rolling EBITDA	Net debt
17.0%	1.4	€ 154 mln
18.4% Excl. IFRS 16 & one-offs	1.2 Excl. IFRS 16 & one-offs	€ 122 mln Excl. IFRS 16
H1 2020: 9.1%	**H1 2020: 2.0**	**H1 2020: € 154 mln**
Excl. IFRS 16 & one-offs 9.0%	**Excl. IFRS 16 & one-offs 1.9**	**Excl. IFRS 16 € 123 mln**

Comments

- ROCE at 17.0% (excl. one-offs and IFRS16 18.4%); increased versus last year mainly due to higher EBIT.
- Net debt / rolling EBITDA at 1.4 (1.2 excl. one-offs and IFRS 16). Decrease thanks to operating profit increase.
- Net debt excl. IFRS increased by € 75 mln vs year-end 2020. Increased component inventory as main driver.

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CONCLUSIONS

- **Net sales** up 3.3% despite supply and logistical issues hampering uplift.
- **Added value** up +246 bps thanks to to higher pricing and lower discounts.
- **Opex** increased +38 bps by less one- off but mainly due to higher ‘variable’ costs and re-investments in marketing & R&D.
- **EBIT** up 35% to € 61 mln (8.7% of net sales) – an increase of 208 bps vs LY. Underlying EBIT up 29% vs LY, up 172 bps.
- **TWC** (Trade working capital) improved slightly to 29.6% from 29.7% last year H1 driven by lower debtor positions offset by higher component inventory.
  - Versus end of 2020 TWC is up due to needed replenishment from low- end position Dec. 2020 as well as longer conversion times due to delay of specific components.
  - Due to higher TWC vs end of 2020 negative free cash flow of € -72 mln
- **ROCE** is at 17.0% (18.4% excl IFRS and one-off’s) up versus previous year 9.1% (9.0% excl IFRS 16 and one-off’s) thanks to improved profit

Ton Anbeek - CEO

OUTLOOK

- The positive impact of cycling has been firmly recognised by governments, businesses and consumers alike. Electrification, bicycle infrastructure investments, government fiscal incentives and subsidies will remain solid growth drivers for the years to come. Combined with our strong portfolio, these favorable secular trends translate into high demand for our bicycle brands and products.

- Our order books are strong and well-filled and we expect that the traditional bike season will extend into the second half of 2021. However, global supply chain constraints will continue and sales levels both on bikes as well as on P&A will be strongly dependent on the timely arrival of certain components, particularly from the Asia region where the spread of the Delta variant has been prompting new lockdowns recently.

- Backed by strong bicycle sector tailwinds, our strong portfolio and all supply and sales & operations planning (S&OP) actions taken, we are well on track to deliver on our 2022 targets.


THANK
YOU
ACCELL NEDERLAND
KOGA

LAPIERRE
RALEIGH
HAIBIKE

CARQON
SPARTA
XLC

GHOST
WINORA
BATAVUS

BABBOE
KOGA

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