



PRESS RELEASE

Semi-annual 2019 results

Number of pages: 26

ACCELL GROUP DELIVERS HIGHER SALES AND PROFIT IN H1 2019

HEERENVEEN (THE NETHERLANDS), 19 JULY 2019 – Accell Group N.V., the leading European bicycle company with well-known brands such as Haibike, Koga, Batavus and Raleigh, today announces that its core business progresses well with net turnover up 8.8% at € 650.9 mio, added value up 27 bps to 31.2% and EBIT coming in 12.6% higher at € 57.8 mio in H1 2019. Trade working capital as a % of net turnover decreased by 200 bps to 32.2%.

The non-core North American business decreased by 15.9% to € 31.8 mio (5% of group net turnover) with EBIT coming in at € -11.3 mio compared to € -8.5 mio in H1 2018. Total group net turnover grew by 7.4% to € 682.6 mio and EBIT increased by 8.9% to € 46.5 mio. Net profit for the group was up 16.5% at € 29.7 mio.

Ton Anbeek, CEO Accell Group: “Our ‘Lead global. Win local’ strategy is paying off with all key performance indicators moving in the right direction reflecting sound growth, stable volumes, margin expansion, a higher EBIT and lower working capital as % of net turnover for both our core business and the total group. Also cost as a % of net turnover has stabilized.

Driven by a better availability of our key products, we have seen double digit growth in most of our core regions. In the Netherlands we’ve reversed the downward turnover and volume trend with double digit growth and strong contributions from our Koga, Sparta and Batavus brands. In the DACH region growth was hampered due to delayed Haibike and Ghost innovative new model introductions. In all our other core European regions we saw strong double digit turnover growth in e-bikes. The performance in North America did not improve and in the course of this quarter we expect to complete the strategic review of this non-core business and announce our way forward.

Our supply chain team is on track with creating efficiencies and delivering the targeted € 12 mio savings for 2019. The work on complexity reduction and the introduction of our frame platform strategy are also progressing according to plan. Finally, we have started the roll out of our new IT systems which will improve our operational performance and pave the way for our digital roadmap.”

FINANCIAL HIGHLIGHTS

	Accell Group		Core	
	H1 2019	H1 2018	H1 2019	H1 2018
in millions of euro				
Net turnover	682.6	635.9	650.9	598.1
Net sales growth% vs py	7.4%	0.3%	8.8%	3.2%
Added value	211.3	191.6	203.0	185.0
Added value%	31.0%	30.1%	31.2%	30.9%
Added value bps vs py	82	124	27	126
OPEX	-164.8	-148.9	-145.3	-133.6
EBIT	46.5	42.7	57.8	51.3
EBIT%	6.8%	6.7%	8.9%	8.6%
Net finance costs	-4.5	-3.6		
Income from equity-accounted investees, net of tax	0.4	0.4		
Income tax expense	-12.8	-14.0		
Net profit	29.7	25.5		

in millions of euro	Accell Group		Core		
	H1 2019	H1 2018	H1 2019	H1 2018	
	EBIT reported	46.5	42.7	57.8	51.3
	One-off	1.0	2.5	-	2.5
	EBIT excl. one-off	47.5	45.2	57.8	53.8
TWC% net sales	32.6%	34.1%	32.2%	34.2%	
TWC in bps vs py	-150	390	-200	460	

PERFORMANCE CORE BUSINESS

Net turnover of our core business came in 8.8% higher at € 650.9 mio on the back of significantly improved key product availability, sound organic growth in the majority of our core markets and the acquisition of Velosophy. The negative volume trend has been stopped with stabilized volumes in H1 2019 reflecting good market momentum and the continuing shift in consumer demand from traditional bikes to e-bikes and (e-)cargo bikes. While e-bike and (e-)cargo bike sales were up +16% and +47% (like-for-like) in value, respectively, traditional bike sales in H1 2019 were down 13% in value, now representing only 16% of our core business net turnover.

Added value as a % of net turnover increased with 27 bps to 31.2% driven by positive forex and supply chain savings offsetting inflation of material cost. Operating expenses as a % of net turnover came in flat at 22.3% and increased in absolute terms by € 12 mio to € 145 mio, driven by:

- Velosophy (€ 5 mio), which was acquired in August 2018
- Strategy related costs regarding digital and IT platforms (€ 4 mio)
- Additional logistic costs (€ 1 mio) driven by sales growth
- Marketing costs (€ 1 mio)
- Inflation and other costs (€ 1 mio)

EBIT landed 12.6% higher at € 57.8 mio, reflecting an EBIT-margin expansion of 30 bps to 8.9%, with no material one-offs.

Trade working capital as a % of net turnover improved by 200 bps compared to 30 June 2018, mainly driven by creditors also as a result of changed payment terms.

Net sales - Core

in millions of euro

	H1 2019	H1 2018	Growth%
Accell - Bicycles Europe	516.3	471.5	9.5%
Benelux	135.4	124.7	8.6%
DACH	272.6	268.8	1.4%
Other Core	91.5	78.0	17.3%
Velosophy	16.9	-	
Accell - Parts	134.5	126.6	6.2%
Accell Group - Core	650.9	598.1	8.8%

Based on physical location of entity

Turnover growth returned in the Benelux at +8.6% including double digit growth in the Netherlands, thanks to an improved product availability and the introduction of various award-winning and innovative new e-bike models by Koga, Sparta and Batavus. Growth in our DACH region came in at +1.4% with turnover growth in Germany at +6%. Sales in the DACH region were hampered by the delayed introductions of innovative Haibike and Ghost bicycle models. Other European core markets continued to show excellent growth of +17.3% driven by strong Raleigh and

Lapierre sales. Our Parts & Accessories business grew by 6.2% with growth of our own brand XLC coming in at 8.0%. E-cargo specialist Velosophy with its main brand Babboe, which was acquired in August 2018, continued to perform very well contributing € 17 mio in turnover across Europe in H1 2019.

PERFORMANCE NON-CORE BUSINESS

in millions of euro

	H1 2019	H1 2018
Net turnover	31.8	37.8
Net sales growth% vs py	-15.9%	-30.5%
Added value	8.3	7.2
Added value%	26.0%	19.0%
Added value bps vs py	696	-259
OPEX	-19.5	-15.7
EBIT	-11.3	-8.5
EBIT%	-35.5%	-22.5%

in millions of euro

	H1 2019	H1 2018
EBIT reported	-11.3	-8.5
One-off	1.0	-
EBIT excl. one-off	-10.3	-8.5
TWC% net sales	67.1%	45.3%
TWC in bps vs py	2,186	-1,444

Net turnover of our North American business declined by -15.9% to € 31.8 mio, representing 5% of group net turnover. Added value as a % of net turnover came in at 26.0% up 696 bps. Operating expenses increased by € 3.8 mio; including a € 1.0 mio charge related to the strategic review. EBIT came in at € -11.3 mio (including € 2.0 mio of corporate allocated charges), compared to € -8.5 mio in H1 2018. Trade working capital as a % of net turnover stood at 67.1% due to the relatively high inventory position.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

in millions of euro

	H1 2019	H1 2018
ROCE (Rolling EBIT / Average capital employed) ¹⁾	6.7%	6.8%
Net debt	224.3	177.4
Net debt / Rolling EBITDA	4.1	3.9
Excluding IFRS 16 impact:		
Adjusted ROCE (Rolling EBIT / Average capital employed)	6.8%	6.8%
Adjusted net debt	194.6	177.4
Adjusted net debt / Adjusted rolling EBITDA	4.0	3.9

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

ROCE came in at 6.7%. ROCE excluding IFRS 16 impact is flat versus last year with a higher profit offset by increased capital, mainly due to the higher working capital in absolute terms. ROCE excluding the North American profit dilution is approximately 11%. Net debt came in at € 224 mio versus € 177 mio at 30 June 2018 due to the higher working capital in absolute terms and the adoption of the new IFRS 16 leases accounting rule (+€ 30 mio liabilities).

in millions of euro

	H1 2019	H1 2018
Goodwill	82.5	61.4
Other intangible fixed assets	57.3	42.3
Property, plant and equipment	66.9	69.1
Right-of-use assets	29.6	-
Inventories	358.7	314.1
Trade and other current receivables	221.3	208.9
Trade payables and other current liabilities	-233.1	-185.8
Period-end capital employed	583.3	510.0
Average capital employed for the period	546.6	488.8
Rolling EBIT (12 months)	36.8	33.2
Rolling EBITDA (12 months)	54.6	45.1
Excluding IFRS 16 impact:		
Adjusted average capital employed for the period	531.8	488.8
Adjusted rolling EBIT (12 months)	36.4	33.2
Adjusted rolling EBITDA (12 months)	48.9	45.1

Goodwill and other intangible assets increased mainly as a result of the acquisition of Velosophy in H2 2018. Inventories were up as a result of our growth and slower than anticipated June sales.

BANK COVENANTS

Accell Group complies with the terms and conditions of the financial ratios as of 30 June 2019 as well as for all earlier test dates.

Development of the covenant ratios 2019-2018

in millions of euro

	30-06-19	31-12-18	30-06-18
Term loan	60.0	85.0	85.0
Schuldschein	15.0	15.0	15.0
Permitted acquisitions	18.2	15.8	-
Outstandings	93.2	115.8	100.0

	12 months rolling	12 months rolling	12 months rolling
EBITDA reported	54.6	45.3	45.1
Frozen GAAP adjustment (IFRS 16)	-5.7	-	-
Income from equity-accounted investees, net of tax	1.0	1.3	0.5
EBITDA covenants	49.9	46.6	45.6
Exceptional items	3.4	4.9	12.5
Acquisitions	0.5	2.3	-1.4
Disposals	-	-	-1.4
Normalized EBITDA	53.8	53.8	55.3

Term loan leverage ratio (outstandings / normalized EBITDA)	1.7	2.2	1.8
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in millions of euro

	30-06-19	31-12-18	30-06-18
Consolidated tangible net worth	200.9	183.7	220.0
Balance sheet total (adjusted)	724.5	623.2	657.7

Solvency	28%	29%	33%
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SUBSEQUENT EVENTS

On 12 July 2019, Accell Group reached agreement on the sale of its Canadian brand registrations of Raleigh, Diamondback, Redline and IZIP to Canadian Tire Corporation for a cash consideration of US\$ 16 million. The agreement is part of the ongoing strategic review of our North American business. The transaction will be recognised in Accell Group's H2 2019 earnings.

MANAGEMENT AGENDA AND OUTLOOK

Accell Group management continues to see strong market growth in the cycling industry. Consumers are choosing bicycles as a comfortable and sustainable solution for mobility. Especially interest in electric bikes and cargo bikes will continue to grow fast. Consumers will also continue to look for more convenient and digital solutions in finding, researching, buying and servicing their bikes. The strategy 'Lead Global. Win Local' remains key to position ourselves at the centre of these trends. Successful innovations and improved availability of our key products will continue to fuel growth. Our Parts & Accessories business will drive the further roll out of the XLC brand expanding into new channels. We expect our 'Fit to compete' program to continue to drive cost savings next to strict cost control on all our discretionary expenditure.

Based on our management agenda and barring unforeseen circumstances we expect continued net turnover growth and an increase in EBIT of our core business for the year 2019.

We expect to announce the outcome of the strategic review of our non-core North American business in Q3 2019. Any potential consequences of this strategic review are excluded from the above outlook.

ABOUT ACCELL GROUP

Accell Group focuses on the mid-range and higher segments of the market for bicycles and bicycle parts and accessories. We are the European market leader in e-bikes and the European number two player in bicycle parts and accessories. Our bicycles and related products are sold to dealers and consumers in more than 80 countries worldwide. Well-known bicycle brands in our portfolio include Babboe, Batavus, Diamondback, Haibike, Ghost, Koga, Lapierre, Raleigh, Sparta and Winora. XLC is our brand for bicycle parts and accessories. Accell Group employs approximately 3,300 people across 18 countries. In 2018, we sold around 1.1 million bicycles and recorded a turnover of over € 1 billion. www.accell-group.com.

NOTE FOR EDITORS, NOT FOR PUBLICATION

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ANALYST MEETING

Today, Accell Group will host an analyst meeting beginning at 11.00 CET in Amsterdam to discuss the company's strategy, semi-annual 2019 results and outlook. The presentation materials will be available on our corporate website before the meeting begins. An audio webcast replay of the analyst meeting will also be made available on the corporate website.

AGENDA

6 March 2020: Publication annual report 2019

22 April 2020: General Meeting of Shareholders

PUBLICATION 2019 SEMI-ANNUAL 2019 RESULTS

The semi-annual 2019 results (incl. interim financial statements) will be available from 19 July 2019 on the Accell Group website (www.accell-group.com).

REPORTING STANDARDS

The results in this press release are derived from the Accell Group interim financial statements 2019, which have not been audited by the external auditor, and have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS).

SUPERVISION

In view of the fact that shares can be freely traded on EURONEXT Amsterdam, Accell Group operates under the supervision of the Financial Markets Authority (AFM) and the company acts in accordance with the prevailing regulations for share-issuing companies.

ENCLOSURES

- Interim financial statements 2019
- Directors' statement

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements regarding Accell Group's results, capital and liquidity positions. In addition, forward-looking statements may include, but are not limited to, phrases such as "intends", "expects", "is taking into account", "targets", "plans", "estimates" and words with a similar meaning. These statements pertain to or may have an effect on future events, such as Accell Group's future financial results, company plans and strategies. Forward-looking statements are subject to certain risks and uncertainties, which may lead to material differences between the actual results and performances, and the expected future results 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 developments in legislation, technology, taxes, jurisprudence and regulations, stock exchange fluctuations, legal procedures, investigations by regulatory bodies, competition and general economic conditions. These and other factors, risks and uncertainties, which may have an effect on any forward-looking statement or the actual results of Accell Group, are discussed in Accell Group' annual report. The forward-looking statements contained in this document refer exclusively to statement from the date of this document and Accell Group does not accept any liability for or obligation to amend the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless Accell Group is under a legal obligation to do so.

INTERIM FINANCIAL STATEMENTS 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ending 30 June

(in thousands of euro)

	Notes	2019	2018
Net turnover		682,636	635,872
Other income		513	-
Cost of materials and consumables		-471,338	-444,272
Personnel expenses		-82,357	-73,590
Depreciation, amortization and impairment losses		-11,425	-5,909
Net impairment losses on financial assets		-447	-231
Other operating expenses		-71,062	-69,150
Operating result		46,521	42,720
Net finance cost		-4,464	-3,595
Income from equity-accounted investees, net of tax		423	389
Profit before taxes		42,480	39,514
Income tax expense	8	-12,781	-14,029
Net profit		29,700	25,485
Earnings per share (in euro)			
Earnings per share		1.11	0.97
Weighted average number of issued shares		26,649,026	26,349,223
Earnings per share (diluted)		1.11	0.96
Weighted average number of issued shares (diluted)		26,709,777	26,442,707

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED BALANCE SHEET

(in thousands of euro)

		Notes	30-06-19	31-12-18	30-06-18
ASSETS					
Property, plant and equipment			66,925	66,512	69,136
Right-of-use assets	11		29,604	-	-
Goodwill			82,463	82,334	61,384
Other intangible fixed assets			57,330	56,385	42,264
Equity-accounted investees			5,803	5,379	6,898
Net defined benefit asset			22,144	19,644	15,349
Deferred tax assets			3,308	2,696	962
Other financial assets			2,540	3,212	3,097
Non-current assets			270,118	236,162	199,090
Inventories			358,728	340,014	314,067
Trade receivables			199,028	128,343	187,300
Current tax receivables			-	387	-
Other receivables			22,250	21,387	21,623
Other financial instruments	12		2,489	8,913	5,274
Cash and cash equivalents	10		41,350	26,708	33,958
Current assets			623,845	525,752	562,222
Total assets			893,963	761,914	761,312

The interim financial statements are unaudited.

(in thousands of euro)

		Notes	30-06-19	31-12-18	30-06-18
EQUITY					
Share capital			268	266	266
Share premium			42,380	42,468	42,501
Reserves			298,092	279,657	280,896
Total equity	9		340,741	322,391	323,663
LIABILITIES					
Provisions			4,977	6,056	5,303
Contingent consideration			-	2,662	-
Interest-bearing loans	10		75,037	100,190	100,240
Lease liabilities	10/11		20,045	-	-
Net defined benefit obligation and other long-term employee benefits			8,067	8,258	8,534
Deferred tax liabilities			17,182	18,922	12,994
Deferred revenue			979	1,215	1,199
Non-current liabilities			126,288	137,303	128,271
Provisions			6,469	4,655	4,969
Contingent consideration	12		2,784	2,407	-
Revolving credit facility and interest-bearing loans	10		118,263	49,404	80,196
Lease liabilities	10/11		9,659	-	-
Deferred revenue			788	1,307	1,089
Trade payables			186,041	179,125	136,664
Current tax liabilities			9,192	1,228	5,675
Other current liabilities			47,013	33,793	49,144
Other financial instruments	12		4,053	1,416	692
Bank overdrafts	10		42,671	28,885	30,950
Current liabilities			426,934	302,220	309,379
Total liabilities			553,222	439,523	437,649
Total equity & liabilities			893,963	761,914	761,312

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ending 30 June

(in thousands of euro)

	2019	2018
Net profit	29,700	25,485
Items that will never be reclassified to profit or loss		
Remeasurement of the defined benefit liability (asset)	2,050	133
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment	-4,300	8,927
Related tax	367	-2,270
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations - foreign currency translation differences	-160	-1,407
Fair value gain/(loss) arising on cash flow hedges	-1,282	-818
Cumulative gains/(losses) on cash flow hedges reclassified to income statement	273	326
Related tax	252	123
Total comprehensive income	26,899	30,499

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ending 30 June

(in thousands of euro)

	2019	2018
	Total equity	Total equity
Balance as at 1 January	322,391	299,321
Initial application IFRS 9	-	1,810
Revised balance as at 1 January	322,391	301,131
Total comprehensive income		
Net profit	29,700	25,485
Other comprehensive income	-2,801	5,014
Total comprehensive income	26,899	30,499
Transactions with owners of the Company		
Dividends paid	-13,302	-13,141
Stock dividends	4,770	5,771
Other changes	-17	-597
Total	-8,549	-7,967
Balance as at 30 June	340,741	323,663

The interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ending 30 June

(in thousands of euro)

	Notes	2019	2018
Cash flows from operating activities			
Profit for the period		29,700	25,485
Adjustments for:			
- Depreciation, amortisation and (reversal of) impairments		11,425	5,909
- Net finance cost		4,464	3,595
- Other adjustments		-423	-971
- Tax expense		12,781	14,029
		57,946	48,047
Change in:			
- Inventories, trade receivables/payable and other receivables/payables		-68,213	-39,740
- Provisions, employee benefits and deferred revenue		-587	1,571
Cash flows from operations		-10,855	9,878
Interest paid		-5,692	-4,176
Taxes paid		-6,068	-8,739
Cash from operating activities		-22,615	-3,037
Cash flow from investing activities			
Interest received		1,385	699
Acquisition of subsidiaries, net of cash acquired		-	-2,373
Payment of contingent consideration		-2,443	-
Acquisition and disposal of fixed assets		-6,573	-5,307
Net cash from (used in) investing activities		-7,631	-6,981
Free cash flows ¹⁾			
		-30,246	-10,018
Cash flow from financing activities			
Proceeds from (repayment of) interest-bearing loans and transaction costs	10	-25,110	-286
Principal portion of lease liabilities	11	-5,552	-
Dividends paid	9	-8,532	-7,371
Proceeds from (repayment of) revolving credit facility	10	70,165	40,000
Net cash from (used in) financing activities		30,971	32,343
Net increase (decrease) in cash and bank overdrafts		725	22,325
Cash and bank overdrafts at 1 January		-2,177	-20,507
Effect of exchange rate fluctuations on cash and bank overdrafts held		131	1,190
Cash and bank overdrafts at 30 June		-1,321	3,007

1) Free cash flows is defined as the balance of net cash from operating activities and net cash used in investment activities.

The interim financial statements are unaudited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Accell Group N.V. ("Accell") is a company domiciled in Heerenveen, the Netherlands. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2019 comprise Accell and its subsidiaries (together referred to as "Accell Group"). Accell Group is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles and bicycles parts and accessories.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the group's annual consolidated financial statements 2018 ("last financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Accell Group's financial position and performance since the last financial statements. Accounting policies and methods of computation applied to these interim financial statements are the same as those applied in the last financial statements except for the changes as set out in note 4. Calculations in the tables are made based on unrounded figures; as a result, rounding differences can occur.

These interim financial statements are unaudited.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, Accell Group has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by Accell Group in applying Accell Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the last financial statements.

a. Measurement of fair values

When measuring the fair value of an asset or liability, Accell Group uses market observable data as far as possible. Fair values are categorized 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 are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in note 12 – financial instruments.

4. CHANGE IN ACCOUNTING POLICIES

Accell Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of amendments and annual improvements to IFRS standards are effective from 1 January 2019 but they did not have an effect on the Accell Group's interim financial statements.

IFRS 16 is adopted using the modified retrospective approach, which means that the prior-year figures are not adjusted. Accell Group as a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. In contrast to the

presentation until 2018 of operating lease expenses, depreciation charges on right-of-use assets and the interest expense from unwinding of the discount on the lease liabilities are recognized in the income statement. The ability to meet bank covenants is not impacted by the implementation of IFRS 16, because IFRS 16 is excluded in the covenants. Although IFRS 16 has no impact on the cash position, it will impact the classification within the statement of cash flows: improvement of ‘net cash flow from operating activities’ due to the cancellation of lease costs and integration of the reimbursement of the lease liability in ‘net cash flow from financing activities’.

Accell Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied the recognition exemption for low value assets (smaller or equal to € 5,000);
- applied the exemption not to recognize right-of-use assets and lease liabilities for lease terms shorter than 12 months;
- applied a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The following table shows the impact on the consolidated balance sheet with a weighted-average discount rate used of 1.67%. Line items not affected by the change have not been included.

	31-12-18	IFRS-16	1-1-2019
	€ x 1,000	€ x 1,000	€ x 1,000
Balance sheet			
Right-of-use assets	-	32,983	32,983
Lease liabilities	-	-32,962	-32,962
Provisions	-10,711	-14	-10,725
Other current liabilities	-33,793	-7	-33,800

The reconciliation of operating lease commitments (off-balance sheet commitments 31 December 2018) to the lease liabilities recognized at 1 January 2019 is as follows:

	€ x 1,000
Operational lease commitments at 31 December 2018	35,036
Excluded low value assets and short term leases	-143
Extension options certain to be exercised and termination options reasonably certain to be exercised (net)	92
Estimated cost of dismantling and removing the asset	16
Discounting impact	-2,004
Other	-35
Lease liabilities on balance sheet at 1 January 2019	32,962

Further financial impact for the period can be found in note 11 of these interim financial statements 2019.

5. OPERATING SEGMENTS

The operating segments are the same as those identified in the last financial statements: (1) Bikes Core, (2) Parts Core, (3) Bikes Non-core and (4) Corporate. The information for earlier periods is restated.

Information about reportable segments for the six months ending 30 June 2019

	Bikes Core	Parts Core	Bikes Non-core	Corporate/ Elimination	Consolidated
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External revenues	516,338	134,475	31,767	56	682,636
Inter-segment revenue	7,092	2,113	66	-9,271	-
Segment revenue	523,430	136,588	31,833	-9,215	682,636
Segment profit (loss) before interest and tax (before allocation)	71,668	7,421	-9,285	-23,283	46,521
Allocated cost Corporate	19,505	3,639	1,984	-25,128	-
Segment profit (loss) before interest and tax (after allocation)	52,163	3,782	-11,269	1,845	46,521
Net finance cost					-4,464
Share of profit (loss) of equity-accounted investees					423
Consolidated profit (loss) before tax					42,480
Segment assets	896,470	149,633	50,132	-202,272	893,963
Segment liabilities	448,818	127,076	80,864	-103,535	553,222
Depreciation and amortization	6,424	2,908	1,264	829	11,425
Capital expenditure	3,176	2,298	148	1,657	7,279

Bikes Non-core assets and liabilities

The non-core assets of € 50.1 million can be broken down into leasehold improvements of € 0.6 million, right-of-use assets of € 2.5 million, brands of € 2.2 million, software of € 1.7 million, other non-current assets of € 0.3 million, inventories of € 25.7 million, trade and other receivables of € 15.6 million and € 1.5 million of bank balances. The non-core liabilities of € 80.9 million can be broken down into: € 58.1 million of intercompany financing, intercompany (trade) payables of € 16.6 million, lease liabilities of 2.6 million, other non-current liabilities liabilities of € 1.2 million and other (trade) payables of € 2.4 million.

Information about reportable segments for the six months ending 30 June 2018

	Bikes Core	Parts Core	Bikes Non-core	Corporate/ Elimination	Consolidated
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
External revenues	471,349	126,608	37,765	150	635,872
Inter-segment revenue	8,381	1,372	329	-10,082	-
Segment revenue	479,730	127,980	38,094	-9,932	635,872
Segment profit (loss) before interest and tax (before allocation)	52,242	6,785	-7,666	-8,640	42,720
Allocated cost Corporate	5,062	1,520	814	-7,395	-
Segment profit (loss) before interest and tax (after allocation)	47,180	5,265	-8,480	-1,245	42,720
Net finance cost					-3,595
Share of profit (loss) of equity-accounted investees					389
Consolidated profit (loss) before tax					39,514
Segment assets	736,878	127,962	47,071	-150,599	761,312
Segment liabilities	341,074	102,053	55,273	-60,752	437,649
Depreciation and amortization	3,132	1,948	467	362	5,909
Capital expenditure	3,475	671	353	26	4,525

6. SEASONALITY OF OPERATIONS

Accell Group operates in an international bicycle market, which has a fixed seasonal pattern but can still vary per country. The bicycle season in Europe, where the company has most of its operations, runs from September till August. Each year at the start of the new season Accell Group launches its new bicycle collections.

Peaks in bicycle deliveries across the season vary from year to year, but are virtually always – and partly depending on the weather – in the period from March through August. The season for parts and accessories has a more level sales pattern and runs from February through November, also with differences per sales market. Due to this seasonality more turnover is generated in the six months ending 30 June than in the six months ending 31 December.

7. CHANGES IN COMPOSITION OF ACCELL GROUP

No material changes in the composition of Accell Group occurred in the six months ending 30 June 2019.

In the Annual Report 2018 it was announced as a subsequent event that an agreement was reached on the sale of Delta Metal Technology Ltd with an anticipated transfer of shares at 1 April 2019. Due to local circumstances both the buyer and Accell Group agreed to postpone the transfer of shares to the fourth quarter of 2019. The transfer will still be at net book value and have no adverse effect on turnover or result. Background of the anticipated divestment by Accell Group is that component production does not belong to its strategic activities in combination with the perspective of sustained cost increases.

8. TAX EXPENSE

Tax expense is based on Accell Group's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The effective tax rate for the six months ended 30 June 2019 amounts to 30.1% (for the six months ended 30 June 2018: 35.5%). The tax rate was negatively impacted by not recognizing deferred tax assets from tax losses in North America (-10.3%). A partial offset (+3,0%) came from the recognition of unused tax benefits in Finland.

9. CAPITAL AND RESERVES

Issues of ordinary shares

As per 31 December 2018 26,597,354 ordinary shares have been issued and paid in full. In March a total of 6,072 ordinary shares were issued as a result of the vesting of conditional shares arising from the restricted share program by the Board of Directors and managing directors. In May 196,691 ordinary shares were issued in respect of stock dividend and added to the outstanding share capital.

As per 30 June 2019, the number of outstanding shares amounted to 26,800,117; the weighted average number of outstanding shares amounted to 26,649,026 over the six months ended 30 June 2019. The company has a long-term incentive plan for the Board of Directors and a number of managing directors. In event of full exercise of the option entitlements granted to date and the vesting of the conditional shares the number of issued ordinary shares would increase by 0.2%.

Dividends

On 24 April 2019, the Annual General Meeting of Shareholders approved a dividend payment of € 0.50 per ordinary outstanding share for the financial year 2018 to be paid out in cash or stock. Following the expiration of the option period shareholders representing 36% of the total number of outstanding ordinary shares have chosen to receive the dividend in stock. As a result 196,691 shares were issued and added to the outstanding ordinary shares and a cash dividend of € 8.5 million was paid out.

10. NET INTEREST-BEARING DEBT POSITION

Net interest-bearing debt position

	30-06-19	31-12-18	30-06-18
	€ x 1,000	€ x 1,000	€ x 1,000
Term loans	73,549	98,600	98,431
Other bank loans (secured)	1,478	1,574	1,809
Other interest-bearing loans	11	16	-
Lease liabilities	20,045	-	-
Current portion other bank loans (secured)	208	191	196
Current portion other interest-bearing loans	11	19	-
Current portion lease liabilities	9,659	-	-
Revolving credit facility	118,044	49,194	80,000
Bank overdrafts	42,671	28,885	30,950
-/- Cash and cash equivalents	-41,350	-26,708	-33,958
Net interest-bearing debt position	224,326	151,771	177,428

In the first quarter of 2019 Accell Group made a voluntary repayment of € 25 million on the term loans of € 100 million (nominal) as well as extended the financing agreement by 12 months to March 2024. As of 1 January 2019 also lease liabilities were introduced in the net debt position; this accounting policy change is set out in note 4 and 11.

Description of financial covenants

Accell Group has a financing agreement with a syndicate of six banks for a total group financing. The financial covenants (based on Frozen GAAP) in the financing agreement are:

- a. The Term loan leverage ratio, which is determined by dividing the designated outstanding loans under the financing agreement by the normalized EBITDA. The Term loan leverage ratio may not exceed 2.5 (tested on a quarterly basis over the previous 12 months).
 - Designated outstanding loans are the term loans (including Schuldschein) and the working capital financing in so far as used for acquisitions of companies (excluding the acquired working capital).
 - Normalized EBITDA means that the EBITDA is adjusted for, on indication of Accell Group, exceptional costs as well as adjusted for acquisitions and divestments by including or excluding their EBITDA contributions on a 12-month basis.
- b. The Solvency ratio is determined by the net assets divided by the balance sheet total, both adjusted for intangible fixed assets and the related deferred taxes. The solvency ratio may not be lower or equal to 25% (tested on a half-yearly basis over the previous 12 months).

In addition, a 'borrowing reference' is applicable, being a dynamic limit on the working capital financing. Net debt (based on Frozen GAAP), after deduction of the outstanding amounts under the € 93.2 million term loan (including Schuldschein) and the working capital financing used for approved acquisitions, may not exceed the lowest of the reference amount (based on working capital position) and the available revolving credit facility. At 30 June 2019 the borrowing reference headroom was € 105 mio (30 June 2018: € 128 mio).

11. LEASES

Changes in the right-of-use assets in the six months ended 30 June 2019 are as follows:

	€ x 1,000
Right-of-use assets at 1 January 2019	32,983
Additions	2,178
Depreciation for the period	-5,386
Reassessment of lease liabilities and lease modifications	-60
Currency translation	-111
Right-of-use assets at 30 June 2019	29,604

Accounting policies

At 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 the lease and non-lease components as a single lease component.

At the lease commencement date a right-of-use asset and a lease liability are recognized. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at 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 to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if Accell Group is reasonably certain to exercise that option. Currently lease terms vary from 2 to 10 years. Right-of-use assets will be tested for impairment.

Changes in the lease liabilities in the six months ended 30 June 2019 are as follows:

	€ x 1,000
Lease liabilities non-current	20,045
Lease liabilities current	9,659

Lease liabilities at 1 January 2019	32,962
Lease payments	-5,552
Additions	2,128
Reassessment of lease liabilities and lease modifications	-65
Unwind of the discount on the lease liabilities	346
Effect of foreign exchange rate changes	-4
Currency translation	-111
Lease liabilities at 30 June 2019	29,704

Accounting policies

The lease liability is initially measured at the present value of the lease payments that are not 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. Subsequently the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from among others 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 recorded in profit or loss.

Amounts recognized for leases in the income statement in the six months ended 30 June 2019 are as follows:

	€ x 1,000
Depreciation of right-of-use assets	5,386
Unwind of the discount on the lease liabilities	346
Loss (gain) related to lease modifications	-5
Foreign exchange loss (gain) on lease liabilities	-4
Short-term leases	842
Leases of low-value assets	27
Total	6,592

Cash flows for leases recognized in the statement of cash flows for the six months ended 30 June 2019 are as follows:

	€ x 1,000
Cash flow from operating activities	
Short-term leases	842
Leases of low-value assets	27
	869
Cash flom from financing activities	
Cash outflow for principal portion of lease liabilities	5,552
Total cash outflow for leases	6,421

12. FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

1. Accounting classification and fair values

The following table shows the fair values of financial instruments valued at fair value. It does not include fair value information for financial instruments not measured at fair value.

	30-06-19	31-12-18	30-06-18	
	€ x 1,000	€ x 1,000	€ x 1,000	
Forward exchange contracts used for hedging	2,489	8,913	5,274	Level 2
Financial assets measured at fair value	2,489	8,913	5,274	
Interest rate swaps used for hedging	2,054	1,046	692	Level 2
Forward exchange contracts used for hedging	1,999	370	-	Level 2
Contingent consideration	2,784	5,069	-	Level 3
Financial liabilities measured at fair value	6,837	6,485	692	

2. Fair value measurement

i. Valuation techniques

The fair value of the forward exchange contracts and interest rate swaps is determined on the basis of other inputs than quoted rates/prices that are observable (Level 2). For the determination of the fair value, generally accepted valuation methods are used. The determined value in this way is equal to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Forward exchange contracts

Discounted future cash flow model is used as valuation technique. The fair value is determined using (interpolated) quoted forward exchange rates at the reporting date and discounted with the appropriate discount factor derived from the appropriate swap curve.

Interest rate swaps

Discounted future cash flow model is used as valuation technique. The market value of a swap is calculated as the sum of two different loans. In case 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 with the appropriate discount factor. The individual future cash flows are based on the rate from 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 consideration

The fair value of the contingent consideration arrangement is estimated by applying the income approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Key assumptions include a discount rate range of 9%-30% and an assumed probability-adjusted, cumulative EBITDA (frozen GAAP) of Babboe and Carqon of € 5 million. During the six months ending 30 June 2019 an unwind of the discount of € 0.2 million was recorded in net finance cost in Accell Group's income statement, resulting in a contingent consideration of € 2.8 million per 30 June 2019. During the six months ending 30 June 2019 neither the amount recognized for the contingent consideration arrangement, nor the range of outcomes or the assumptions used to develop the estimates has changed.

ii. Transfers between Level 1 and 2

In the six months ended 30 June 2019 no transfers occurred between the levels of the fair value hierarchy.

13. RELATED PARTIES

Accell Group's relationships with its related parties did not change significantly in terms of amounts and/or scope.

14. SUBSEQUENT EVENTS

On 12 July 2019, Accell Group reached agreement on the sale of its Canadian brand registrations of Raleigh, Diamondback, Redline and IZIP to Canadian Tire Corporation for a cash consideration of US\$ 16 million. The agreement is part of the ongoing strategic review of our North American business. The transaction will be recognised in Accell Group's H2 2019 earnings.

DIRECTORS STATEMENT

DIRECTORS' STATEMENT

In accordance with statutory provisions, the directors state that, to the best of their knowledge:

1. The interim financial statements, as shown on pages 9-25 of this report, provide a true and fair view of the assets, liabilities, financial position and result for the first half-year of Accell Group N.V. and its subsidiaries included in the condensed consolidated statements.
2. The interim report, as shown on pages 1-6 of this report, provides a true and fair overview of the information required pursuant to section 5:25d, subsections 8 and 9, of the FMSA.

This press release contains information that qualifies as inside information in the sense of article 7 paragraph 1 of the European Market Abuse Regulation (596/2014).

Heerenveen, 19 July 2019

Board of Directors

A.H. Anbeek, CEO

R.S. Baldew, CFO

J.J. Both, CSCO