

Regulatory Announcement

Company Accsys Technologies PLC
TIDM AXS
Headline Interim Management Statement
Released 30 July 2013
Number 4373K07



AIM: AXS
NYSE Euronext Amsterdam: AXS

30 July 2013

ACCSYS TECHNOLOGIES PLC ("Accsys" or the "Company")

Interim Management Statement

Accsys, the environmental science and technology company whose primary focus is on the production and technology licensing of Acccoya[®] wood and Tricoya[®] wood elements, today issues its Interim Management Statement to 30 July including the first quarter trading period. Highlights include:

- Total revenue increased by 76 per cent to €7.9m in the quarter to June compared to the same quarter last year, and included licence revenue of €0.5m;
- Revenue from sales to Acccoya[®] customers (excluding Medite) increased by 53 per cent to €6.1m in the quarter to June compared to the same quarter last year;
- Tricoya Technologies limited ('TTL') entered into a joint development, production and distribution licence agreement with Medite Europe Ltd to build and operate a plant to manufacture, market and sell Tricoya[®];
- Continued progress with Solvay towards fully effective licence agreement; continue to expect agreement to become unconditional this year;
- Further International patent application filed to protect the Acccoya wood manufacturing process and plant; US Acccoya patent grant expected within weeks; and further strengthened the patent position in other important markets, including Indonesia, with the acceptance of Acccoya process and product claims for grant.
- Total of 44 Acccoya[®] distributor and agency agreements now in place covering most of Europe, Australia, Chile, China, India, Israel, North America, New Zealand and parts of South-East Asia;
- Cash balance of €18.4m at 30 June 2013 (March 2013: €20.5m); and
- TRADA has extended the service life of Acccoya[®] windows to at least 70 years; and further performance testing continues to augment the Acccoya[®] position at wood industry testing institutes BRE, SCION and AFRC, demonstrating Acccoya performs significantly better than even the most durable hardwood timbers.

Trading update

During the period Accsys has made further progress towards achieving its long term objectives.

Solvay continues to progress with plant planning and further market seeding activities. Safety and regulatory reviews have been completed and key equipment and supplier selection is proceeding. Accsys has continued to develop the full Process Design Package which will enable Solvay to complete the planning and engineering design required for them to construct their initial plant. The agreement remains conditional on the formal approval of Solvay's board of directors; however this continues to be expected later this year. Solvay's trial introduction of an Acccoya decking product in key stores of leading DIY and professional building materials retailers in France and Germany is understood to have

progressed well with plans being developed for expanding the introduction for next year's decking season.

Revenue from Accoya® customers increased by 53 per cent in the first quarter to €6.1m (Quarter to June 2012: €4m) reflecting continuing growth in demand and the on-going investment in sales and marketing activities such as targeting architectural audiences across multiple countries. We expect revenue growth to continue due to a combination of increasing sales volumes and recent price increases implemented in all locations. Together with associated economies of scale and our on-going focus on improving efficiency, we expect profitability to further improve at Group level and continue to expect our Arnhem manufacturing facility to move into profit on an EBITDA basis this year; a level which demonstrates the potential returns a prospective licensee can generate.

Tricoya Technologies Limited

INEOS and Accsys Technologies joint venture, TTL, has made strong progress since its formation in October 2012 with work progressing in all areas including engineering, product development, marketing and business development.

In July TTL entered into a joint development, production and distribution licence agreement with Medite to build and operate a plant to manufacture, market and sell Tricoya®. The agreement grants Medite a licence to build and operate a plant to manufacture an initial capacity plant of 30,000 metric tonnes per annum of Tricoya, with a time limited option to increase capacity upon payment of additional fees, in return for a series of technology-based licence payments that Medite has begun making to TTL following signature of the agreement, and royalty fees payable per metric tonne of production. Medite will have exclusive rights to market and sell in Ireland, The Netherlands, and the United Kingdom and non-exclusive rights, subject to restrictions, in other territories. The licence is conditional upon Medite obtaining approval from its Board of Directors, which is expected mid-2014, prior to plant construction.

Accsys and TTL continue to develop a number of new and existing potential Accoya® and Tricoya® licence opportunities respectively, with counterparties whose combined existing total wood product manufacturing or processing capacity is in excess of 10 million m3 per annum. While these discussions remain on-going, the complex nature and investment required by a licensee, means that the timing and certainty of their completion remains difficult to predict.

Intellectual Property

A further International patent application has been filed to protect the Accoya wood manufacturing process and plant. In addition, the issue fee has been paid in respect of a US Accoya patent application and the grant of this patent is expected within weeks. We have further strengthened our patent position in other important markets, including in Indonesia, with the acceptance of Accoya process and product claims for grant. Accsys' IP strategy continues to protect its advanced acetylation technology for its own benefit and that of its worldwide licensees and distributors.

Financial results

Total revenue for the quarter ended 30 June 2013 increased by 76 per cent to €7.9m (quarter ended June 2012: €4.5m). Total revenue included €0.5m of licence income and €0.6m of sales of Accoya to Medite to enable them to produce Medite Tricoya®.

In the same period, sales to Accoya® customers (excluding Medite) increased by 53 per cent to €6.1m (2012: €4.0m). This also represented a 24 per cent increase compared the quarter ended 31 March 2013 (quarter ended March 2013: €4.9m). Including sales to Medite, sales of Accoya increased by 67 per cent to €6.7m compared to the same quarter in the prior year (2012: €4.0m), and by 33 per cent when compared to the quarter ended 31 March 2013 (quarter ended March 2013: €5.0m).

Cash balance as at 30 June 2013 of €18.4m represents a decrease of €2.1m since 31 March 2013. The decrease is after taking account of €0.4m additional investment in Tricoya Technologies Ltd, Accsys' joint venture with INEOS and also reflects an increase in working capital.

Commenting, Paul Clegg, CEO of Accsys, said:

"We have once again demonstrated impressive sales progress, with revenue significantly increased on both the previous quarter and the corresponding quarter in our prior financial year. On the licensing front, we continue to move closer to our relationship with Solvay being ratified and TTL has also signed its first Tricoya[®] licence agreement with Medite, subject to their Board approval."

"Our business is building momentum on all fronts and I look forward to providing further updates as the year progresses."

Ends

For further information, please contact:

Accsys Technologies PLC	Paul Clegg, CEO Hans Pauli, COO Will Rudge, FD	via Blythe Weigh Communications
Numis Securities	Nominated Adviser: Oliver Cardigan Corporate Broking: Christopher Wilkinson Ben Stoop	+44 (0) 20 7260 1000
Blythe Weigh Communications	Paul Weigh Tim Blythe	+44 (0) 20 7138 3204 +44 (0) 7989 129658 +44 (0) 7816 924626
Off the Grid (The Netherlands)	Frank Neervoort Giedo Van Der Zwan	+31 20 794 4700 +31 681 734 236 +31 624 212 238

Notes to editors:

Accsys Technologies PLC (www.accsysplc.com) is an environmental science and technology company whose primary focus is on the production of Accoya[®] wood and technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in Windsor, United Kingdom, and an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc). All group subsidiaries are ultimately 100% owned by Accsys and trade as Accsys Technologies. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the London Stock Exchange AIM market and on Euronext Amsterdam by NYSE Euronext, under the symbols 'AXS'. Accsys' operations comprise three principal business units: (i) Accoya[®] wood production; (ii) technology development, focused on a programme of continuous development of and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iii) the licensing of technology for the production of Accoya[®] wood and Tricoya[®] wood elements across the globe.

Accoya[®] wood (www.accoya.com) is produced using Accsys' proprietary patented acetylation technology, that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya[®] wood is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet light. Moreover, the Accoya[®] wood production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya[®] wood offers a wealth of

new opportunities to architects, designers and specifiers. For marine uses where weight is also important, Accoya® wood for the first time provides boat builders with a wood that is strong, lightweight, durable and retains its natural beauty for far longer. For a full archive of Accoya® news, visit www.accoya.com/news.asp.

Tricoya® Wood Elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips, and particles for use in the fabrication of wood based composites, including panel products. These composites demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya® Wood Elements is carried out through Tricoya Technologies Limited, a joint venture between Accsys and INEOS Industries Holdings Limited. Tricoya® Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

Wood Acetylation is a process which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. When carried out to a sufficient level throughout the wood, this process protects wood from rot by making it "inedible" to most micro-organisms and fungi, without - unlike conventional treatments - making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that, when painted, it requires dramatically reduced maintenance.

INEOS (www.ineos.com) is one of the world's leading chemicals companies; a global manufacturer of petrochemicals, specialty chemicals and oil products. Comprising 15 businesses, with a production network spanning 51 manufacturing facilities in 11 countries. The company produces more than 40 million tonnes of petrochemicals. INEOS employs 15,000 people and had sales in 2011 of \$42bn. Through its Joint Venture with PetroChina (petroineos) it produces 20 million tonnes per annum of crude oil refined products (fuels). It also operates joint ventures with BASF, PQ Corp and Total. The investment in the new joint venture is being made by INEOS Industries Limited.

Accsys Technologies is the trading name of Titan Wood Limited. ACCOYA®, TRICOYA® and the Trimarque Device are registered trademarks owned by Titan Wood Limited ("TWL"), a wholly owned subsidiary of Accsys Technologies PLC, and may not be used or reproduced without written permission from TWL, or in the case of the Tricoya® registered trademark, from Tricoya Technologies Limited, a joint venture between TWL and INEOS Industries Holdings Limited with exclusive rights to exploit the Tricoya® brand.