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ACCSYS TECHNOLOGIES PLC
(“Accsys” or the “Company”)

**Firm Placing and Placing and Open Offer
to raise gross proceeds of approximately €46.3 million**

**Funding for fourth Accoya® reactor at Arnhem and
completion of the Tricoya® plant at Hull**

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, today announces that it has conditionally raised €46.3 million (before expenses) in aggregate by way of an underwritten Firm Placing and Placing and Open Offer of 44,095,238 New Ordinary Shares at the Offer Price of €1.05 per New Ordinary Share (the “Issue”).

Highlights

- The net proceeds of the Issue will be used to fund the following as part of the Group’s continued growth strategy:
 - (i) the further expansion and enhancement of the Arnhem Plant by the addition of a fourth Accoya® acetylation reactor, increasing annual production capacity to approximately 80,000m³, new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment
 - (ii) the Company’s expected share of the increase in construction costs associated with the completion of the Tricoya® Hull Plant, which is expected to be operational in the second half of the 2020 calendar year with a targeted annual production capacity of approximately 30,000 metric tonnes
 - (iii) preliminary evaluation work relating to the Group’s potential Accoya® plant in the United States
 - (iv) the increased working capital requirements of the Group resulting from (i) and (ii) above

- 27,239,764 New Ordinary Shares will be issued through the Firm Placing at the Offer Price to raise gross proceeds of approximately €28.6 million and 16,855,474 New Ordinary Shares will be issued through the Placing and Open Offer at the Offer Price to raise gross proceeds of approximately €17.7 million
- The Offer Price of €1.05 represents a 10.3% discount to the closing middle-market price of an Existing Ordinary Share listed on Euronext Amsterdam, and a 7.6% discount to the closing middle-market price of an Existing Ordinary Share quoted on AIM on 27 November 2019, being the last practicable date prior to the publication of this announcement
- The Issue is being fully underwritten by Numis Securities Limited (“**Numis**”), Investec Bank plc (“**Investec**”) and NIBC Bank N.V. (together the “**Joint Underwriters**”)
- The Issue is conditional on, among other things, the approval by the Company’s shareholders of resolutions authorising the Directors to allot, and to disapply pre-emption rights in respect of, the New Ordinary Shares at a general meeting of the Company which will take place at 9:00 a.m. (GMT) on 20 December 2019, and admission of the New Ordinary Shares to listing and trading on Euronext Amsterdam and to trading on AIM becoming effective by no later than 8:00 a.m. (GMT) on 23 December 2019 (or such later time and/or date as the Company and the Joint Underwriters may determine)

The Group expects to publish a Prospectus, setting out full details of the Issue and incorporating a Notice of General Meeting, later today. Shareholders should read the Prospectus in full before making any application for Open Offer Shares and/or Excess Open Offer Shares.

Accsys will today also announce its interim results for the period ended 30 September 2019. The key highlights of those results are:

- Group revenue up 39% compared with the same period in the previous year, with continued strong demand for Accoya® and Tricoya® products
- Gross profit up 83% to €12.8m with gross margins up 6.9 percentage points as a result of higher sales volumes, an improved product mix and higher selling prices
- Underlying Group EBITDA of €2.5m (H1 FY19: loss of €1.4m)
- Accoya® underlying EBITDA up 171%, to €7.6m (H1 FY19: €2.8m) showing the benefit of the third Accoya® reactor coming on stream
- Cash-flow generated from operations continued to improve with a positive cash inflow for the half of €2.6m (H1 FY 19: €0.7m)
- All customers continue to remain on allocation

Paul Clegg, commented:

“Sustainability is increasingly at the forefront of construction and the environmental credentials of our products support our belief that we are changing wood to change the world. Today’s proposed equity fundraise represents further progress on our strategy and will allow us to increase the production of our high-performance and sustainable products for which demand continues to exceed supply.

The third reactor constructed at Arnhem last year is now operating at capacity and the fourth reactor will allow us to increase output significantly. In addition, the placing will allow us to complete the construction of our Tricoya® plant in Hull, which will be the first plant of its kind ever constructed, and will address a highly exciting market.

On behalf of my Accsys colleagues, I would like to thank our existing shareholders for their continued support of our fast-growing business, and welcome new investors who will become shareholders as a result of this Issue.”

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SOUNDINGS (AS DEFINED IN MAR) WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION AS PERMITTED BY MAR. THAT INSIDE INFORMATION IS SET OUT IN THIS ANNOUNCEMENT AND HAS BEEN DISCLOSED AS SOON AS POSSIBLE IN ACCORDANCE WITH PARAGRAPH 7 OF ARTICLE 17 OF MAR. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THE INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION IN RELATION TO THE COMPANY AND ITS SECURITIES.

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Information on the Tricoya[®] Project, the ongoing expansion of the Arnhem Plant and the Firm Placing and Placing and Open Offer is set out below.

Capitalised terms in this announcement are defined in the Appendix to this announcement. A Prospectus is expected to be published and made available on the Company's website (www.accsysplc.com) later today.

1. INTRODUCTION

The Company has today announced that it has conditionally raised €46.3 million (before expenses) in aggregate by way of an underwritten Firm Placing and Placing and Open Offer, comprising €28.6 million (before expenses) through the issue of 27,239,764 New Ordinary Shares pursuant to a Firm Placing and €17.7 million (before expenses) through the issue of 16,855,474 New Ordinary Shares pursuant to a Placing and Open Offer.

The Firm Placing and Placing and Open Offer, which are fully underwritten, will be at an offer price of €1.05 per New Ordinary Share (the "**Offer Price**"). The Offer Price was set having regard to the prevailing market conditions and the size of the Firm Placing and Placing and Open Offer.

The net proceeds of the Firm Placing and Placing and Open Offer will be used to fund the following as part of the Group's continued growth strategy:

- (i) the further expansion and enhancement of the Arnhem Plant by the addition of a fourth Accoya[®] acetylation reactor, increasing annual production capacity to approximately 80,000m³, new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment;
- (ii) the Company's expected share of the increase in construction costs associated with the completion of the Tricoya[®] Hull Plant, which is expected to be operational in the second half of the 2020 calendar year with a targeted annual production capacity of approximately 30,000 metric tonnes;
- (iii) preliminary evaluation work relating to the Group's potential Accoya[®] plant in the United States; and
- (iv) the increased working capital requirements of the Group resulting from (i) and (ii) above.

2. INFORMATION ON THE COMPANY

The Company is incorporated in England and Wales and has its shares admitted to trading on Euronext Amsterdam and AIM. The Company combines chemistry, technology and ingenuity to make high performance wood products that are both durable and stable, sustainable and which open new opportunities for the global built environment. In October 2019, Accsys became one of the first companies to be awarded the new Green Economy Mark, developed by the London Stock Exchange to recognise London-listed companies that generate between 50% and 100% of their total annual revenues from products and services that contribute to the global green economy.

The Group continues to invest in the generation and protection of intellectual property relating to the innovation associated with its acetylation processes and products, seeking to ensure ongoing

differentiation and competitive advantage in the market place. Patenting and/or maintaining valuable know-how as a trade secret remains the typical route through which the Group's innovation is protected, alongside trademark protection for its valuable brands.

The Group has an extensive patent portfolio of 329 patent family members in over 40 countries, with 167 granted patents, including in relation to key technologies, in various countries throughout the world. The Group's trademark portfolio is now well established and covers the key distinctive brands Accoya[®], Tricoya[®] and the unique "Trimarque Device" trademarked logo under which products are marketed, alongside the corporate Accsys brand. All of the Group's key brands have now been registered in over 60 countries, becoming recognisable names in the timber and panel industries.

The Group's principal products are:

- Accoya[®], a unique modified timber in which the acetylation process, a patented technology, enables it to defy the elements and stay strong for decades. It is stable, durable and resists rot. Warranted for 50 years for use above ground and 25 years in ground or freshwater, Accoya[®]'s properties match or exceed those of the best tropical hardwoods, manufactured from abundantly available, Forest Stewardship Council[®] ("FSC[®]") certified wood species and is Cradle to Cradle Certified[™] at the Gold level. Accoya[®] is the material of choice for a wide range of demanding applications from windows and doors, decking to cladding, bridges to exterior structures and applications that are presently only otherwise feasible with non-sustainable or man-made materials on account of its excellent dimensional stability and Class 1 durability; and
- Tricoya[®] wood chips, which are produced using sustainable, FSC[®] certified wood species and are used to manufacture Tricoya[®] panel products by the Group's licensees. Tricoya[®] panels demonstrate significantly-enhanced durability and exceptional dimensional stability, allowing specifiers such as architects, designers and joineries greater flexibility and scope when designing. Tricoya[®] panels are used in a wide variety of applications such as window components and door skins, façade cladding, wet interiors, kitchen carcasses and art installations. Tricoya[®] is also warranted by licensees for 50 years for use above ground and 25 years in ground or freshwater.

The Group operates the Arnhem Plant, an Accoya[®] production facility in Arnhem in the Netherlands, which, following the successful completion of the construction of a third acetylation reactor in 2018, currently has production capacity of approximately 60,000m³ of Accoya[®] per annum. The completion of this reactor at the Arnhem Plant was a notable milestone for the Company and led to increased sales from the additional production capacity, helping the Group to achieve an EBITDA positive result for the year ending 31 March 2019. The current financial year should see the further benefits of this expansion as the Arnhem Plant reached full capacity in the fourth quarter of the financial year ended 31 March 2019.

Currently, approximately 24% of the capacity-constrained Accoya[®] production volumes produced are being sold to MEDITE, the Group's longstanding Tricoya[®] joint development partner and a member of the Tricoya[®] Consortium, for chipping into Tricoya[®] and the subsequent production and sale by MEDITE of MEDITE Tricoya[®], and to FINSA to support seeding of key European markets ahead of Tricoya[®] production in Hull.

The Tricoya[®] Consortium was successfully formed in March 2017 and saw the Company attract equity investment from BP Ventures, MEDITE, as well as financial investors BGF and Volantis into its subsidiary company, TTL, in order for TTL to accelerate the global exploitation of the Company's Tricoya[®] wood chip acetylation technology. TTL's first project has been the construction of the world's first dedicated Tricoya[®] wood chip acetylation plant in Hull through its subsidiary company TVUK, into which MEDITE and BP Chemicals have also invested. The Company currently has a 76.1% interest in TTL (held by TWL), which in turn has a 60.7% interest in TVUK.

Construction of the Hull Plant has been substantially progressed since the formation of the Tricoya[®] Consortium, with €54 million invested to date and several significant milestones reached. TVUK is the owner of the plant and responsible for the overall delivery of the project. It is expected that the plant will be operational in the second half of the 2020 calendar year.

The Hull Plant has a targeted annual production capacity of 30,000 metric tonnes of acetylated Tricoya® chips per annum, enough to produce approximately 40,000m³ of Tricoya® panel products per annum, with the potential to expand at a later date.

In addition, the Group is working with Eastman Chemical Company (“**Eastman**”) to evaluate the feasibility of jointly constructing and operating an Accoya® wood production facility in North America (the “**Project**”). Eastman is the world’s largest producer of acetic anhydride, the key chemical used in the production of acetylated wood. By establishing a production plant in the US, Accsys would be able to provide increased volumes of locally-produced Accoya®, supply new customers, and improve logistical efficiency in the region. A decision as to whether or not to proceed with the next stage of the Project is expected to be taken by each party following conclusion of the evaluation, and subject to entering into legally binding agreements, during the course of 2020. Demand for Accoya® remains very strong in the Americas, with sales volumes in the region increasing by 39% from 2,241m³ in the six months to 30 September 2018 to 3,111m³ in the six months to 30 September 2019, in what the Directors believe is the largest Accoya® market opportunity. The Group intends that approximately €1.5 million of the net proceeds of the Issue will be applied to fund preliminary evaluation work relating to the Group’s potential Accoya® plant in the United States over the next 12 to 18 months prior to making a final investment decision.

Work is also progressing with PETRONAS Chemicals Group Berhad, the leading integrated chemicals producer in Malaysia and one of the largest in South East Asia, to evaluate the feasibility of jointly funding, designing, building and operating an integrated acetic anhydride and Tricoya® wood chip production plant in Malaysia. The commencement of the feasibility study represents an important milestone as the Company looks to expand into new markets. It is envisaged that Tricoya® wood elements produced at the Malaysian plant would use acetic acid from PCG’s existing joint venture in Malaysia. The plant would then supply the wood panel industry within South East Asia, under licence, as the key raw material for the formation of Tricoya® panels for use in the substantial construction industry in the region. Since entering into a feasibility evaluation agreement in January 2019, TTL and PCG have been progressing work on the various work streams, which include evaluating preliminary engineering studies and regional customer and market feasibility assessments. Under the terms of this agreement, the evaluation is expected to last for a period of at least another 9 months with a decision to be made as to whether to proceed further taken after the Hull Plant becomes operational. Approximately €1.5 million is expected to be incurred by Accsys on the feasibility study activities during this period.

In June 2019, the Company announced that Paul Clegg would step down as Chief Executive Officer (“**CEO**”) and a Board member with effect from 31 December 2019. In October 2019, the Company announced that Robert Harris had been appointed CEO of the Company with effect from 20 November 2019. Robert will join the Board as an executive director on 29 November 2019.

3. CURRENT TRADING AND PROSPECTS

The Group today also announced its interim results for the six months from 31 March 2019 to 30 September 2019. In that announcement, the Group stated that demand for Accoya® was strong, with sales from Arnhem reaching 28,113m³, increasing from 21,379m³ in the six months to 30 September 2018 and increasing by 16.5% in the 12 months to 31 March 2019, notwithstanding price increases implemented to manage demand, which also increased margins.

Furthermore, with the Arnhem Plant now operating at or near maximum production capacity of approximately 60,000m³ per annum, in the six months from 31 March 2019 to 30 September 2019, total revenue for the Group increased 39% to €44 million compared with the same period in the previous year.

The increase in sales volumes is attributable to consistent and growing demand for the Group’s products, with sales volumes at present limited only by the Group’s manufacturing capacity throughout the year, even after the expansion of the Arnhem Plant by the addition of a third acetylation reactor in 2018. The Company continues to effectively manage this situation, with all customers being on allocation and as the Company works to increase its production capabilities and the market for Accoya® in the longer term, the Company is supported by the knowledge that Accsys offers a specialty product that its distributors can sell at consistently high margins throughout the cycle.

Underlying EBITDA for the six months ended 30 September 2019 was €2.5 million (2018: €1.4 million loss). Group revenues increased by 39% over this period, evidencing continued strong demand for the Group’s Accoya® and Tricoya® products. Gross margin improved to 29.1% in the first half (September 2018: 22.2%), positively impacted by higher volumes, an improved product mix and higher selling

prices. Accoya® underlying EBITDA increased by 171% to €7.6 million for the first half (September 2018: €2.8m), showing the benefit of the third Accoya® reactor coming on stream.

Net debt as at 30 September 2019 was €59.3m. The net proceeds of the Issue are expected to result in a significant reduction in net debt in the short term. While the majority of the net proceeds are expected to be invested in the Hull Plant and the further expansion of the Arnhem Plant, the investment in the fourth Accoya® acetylation reactor will take place over the next two years. The Company is targeting further gross profit growth in the short to medium term, in particular as the Company benefits from the expansion projects, resulting in an improved EBITDA to net debt ratio.

The Group's interim results for the six months from 31 March 2019 to 30 September 2019, coupled with the Firm Placing and Placing and Open Offer, mark an exciting and important milestone for the Company and the Directors expect to build upon the 12 months of positive EBITDA trading with real momentum across the Group. Accsys is now well positioned to take advantage of its sustainable products and substantial market opportunity.

The second half of the financial year has started well and the Directors expect this to benefit from production at capacity levels as well as further improvement to the Group's sales product mix. The Group is targeting further improvement to gross margins over the medium term, with the anticipated benefit from the Hull Plant becoming operational, enabling an increase in higher-priced sales to replace the volume currently being sold to Tricoya® licensees.

The expansion of the Arnhem Plant by the addition of a fourth reactor and the completion of the Hull Plant will enable Accsys to significantly increase its sales over time, targeting Group revenues of €160 million over the medium term. While the significant increase in production capacity enables the Group to grow to meet increasing demand, the Directors believe it is essential to plan for the next phase of expansion and will continue to develop the discussions concerning potential new manufacturing plants in the US and Malaysia.

As explained in section 6 below, the Company's expected share of the increase in construction costs associated with the completion of the Tricoya® Hull Plant amounts to approximately €12 million. This figure may be subject to change depending on a number of factors, including reaching final agreement on the additional costs to complete the Tricoya® Project, the willingness and ability of the other members of the Tricoya® Consortium, MEDITE and BP Chemicals to fund their expected respective share of those additional costs and the ability of TVUK to obtain any additional financing on commercially acceptable terms. These uncertainties, should they result in a material change to the construction costs associated with the completion of the Tricoya® Hull Plant (and/or the Company's share thereof) and/or the ability of the Tricoya® Consortium, MEDITE and/or BP Chemicals to fund their expected respective share of any additional costs, are reasonably likely to have a material effect on the Company's prospects for at least the current financial year. Please refer to section 7 below for further information.

4. REASONS FOR THE FIRM PLACING AND PLACING AND OPEN OFFER AND USE OF PROCEEDS

The Company proposes to raise €46.3 million (before expenses) in aggregate by way of the Issue, comprising €28.6 million (before expenses) by way of the Firm Placing and €17.7 million (before expenses) by way of the Placing and Open Offer.

The Directors have given careful consideration as to how to structure the proposed issuance of equity and, following advice from the Joint Underwriters, have concluded that a Firm Placing and Placing and Open Offer is the most suitable option available to the Company and its Shareholders at this time.

The Group is in the process of executing its growth strategy, a core component of which is the steady ramp up of production capacity for both Accoya® and Tricoya® to meet market demand. The Group has therefore decided to undertake the Firm Placing and Placing and Open Offer to raise additional equity capital to support its growth ambitions with the net proceeds of the Issue to be applied to:

- (i) the further expansion of the Arnhem Plant, through the construction of a fourth Accoya® acetylation reactor and enhancements to the Arnhem Plant through new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment. This will increase production capacity by approximately 33% with targeted annual production capacity of approximately 80,000m³ when the fourth reactor is at capacity which is currently expected during the financial year ending 31 March 2024. As part of the site's expansion, wood handling and storage equipment will be upgraded in order to be able to process higher levels of output and improve efficiency;

- (ii) the Company's expected share of the increase in construction costs associated with the completion of the Tricoya® Hull Plant, which is expected to be operational in the second half of the 2020 calendar year with a targeted annual production capacity of approximately 30,000 metric tonnes;
- (iii) funding for preliminary evaluation work relating to its potential Accoya® plant in the United States. Demand for Accoya® remains very strong in the Americas, with sales volumes in the region increasing by 39% compared with the same period last year, being an increase from 2,241m³ in the six months to 30 September 2018 to 3,111m³ in the six months to 30 September 2019, in what continues to be a priority market for the Company. The Company intends to fund preliminary evaluation work over the next 12 to 18 months prior to making a final investment decision; and
- (iv) supplementing the additional working capital requirements of the Group resulting from (i) and (ii) above, particularly as inventory levels rise to support increased production and sales to customers.

The table below summarises the estimated amounts for each of the above:

	Estimated expenditure (EUR million)
Additional costs the Company is expected to fund in relation to the completion of the Hull Plant by TVUK	12
Design, construction and commissioning of a fourth Accoya® acetylation reactor at the Arnhem Plant	20
Purchase and installation of new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment at the Arnhem Plant	6
Preliminary evaluation work for Accoya® plant in the US	1.5
General working capital	3.5
<u>TOTAL</u>	<u>43</u>

5. ARNHEM ACCOYA® PLANT EXPANSION

The Group's existing Accoya® site in Arnhem increased its production capacity during the financial year ended 31 March 2019 by 50% to 60,000m³ per annum ("Reactor 3") and detailed planning for a fourth Accoya® acetylation reactor, providing approximately an additional 20,000m³ per annum, has commenced ("Reactor 4").

With Reactor 3 operating at or near full capacity and with customers all on allocation, the Reactor 4 expansion is required to satisfy the continued high demand in the market for Accoya®. With the Front End Engineering and Design work expected to commence in the second half of the financial year ending 31 March 2020 and construction expected to commence in the second half of the financial year ending 31 March 2021, Reactor 4 is expected to be operational in the second half of the financial year ending 31 March 2022 and reach full capacity during the financial year ending 31 March 2024.

The Reactor 3 project included the construction of some of the chemical infrastructure required for the addition of Reactor 4. In addition, further work beyond the core Reactor 4 unit is required to support full speed operation of four acetylation reactors simultaneously. This additional work will have the potential to improve the efficiency of the entire Arnhem operation, with the new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment expected to be operational by the second half of the financial year ending 31 March 2022. The Board expects the addition of Reactor 4 to further improve operating margins over the medium term as a result of the economies of scale of operating on the same site, and with only a limited increase in related overhead costs. The payback on the Reactor 4 investment is expected to be approximately three years, allowing for a period of ramp up of operations.

The Group plans to invest approximately €20 million towards the capital costs of Reactor 4, which will increase overall production capacity to approximately 80,000m³ per annum, enabling Accoya[®] revenues of €120 million to be achievable over the medium term. In addition, approximately €6 million will be spent on purchasing new chemical storage facilities and upgrading wood stacking and automatic wood handling equipment at the Arnhem Plant. The Group intends to fund this €26 million investment from part of the proceeds of the Issue. These figures represent anticipated funding requirements for the expansion of the Arnhem Plant and may be subject to change depending on a number of factors.

The Reactor 4 expansion and further enhancement of the Arnhem Plant follow a number of years of sustained and significant growth in Accoya[®] sales. The Arnhem Plant now operates at or near to its current maximum production capacity of approximately 60,000m³ per annum. In the six months from 31 March 2019 to 30 September 2019, the sales volume of Accoya[®] was 28,113m³, an increase of approximately 32% compared with the same period in the previous year (31 March 2018 to 30 September 2018: 21,379m³). The Directors believe that the long-term market opportunity remains substantial, with annual demand in excess of 1 million cubic metres of Accoya[®] per annum being achievable in the long term and average gross margins of at least 30% being achievable in the medium to longer term in view of the reduced costs per unit which could result from increased production and as a result of the expected change in sales mix over the medium term following the start-up of the Hull Plant, resulting in Tricoya[®] material no longer being produced in Arnhem and instead replaced by sales of normal Accoya[®].

Additional capacity at the Arnhem Plant is required to enable the Group to meet increasing market demand for Accoya[®] and to maintain momentum in growth. The increased manufacturing capacity will allow for an increase in the volume and mixture of Accoya[®] inventory, enabling the Group to increase sales and to better service customer needs both before and after the expansion. The increased capacity will also provide the Company with greater flexibility for targeting new markets, as well as producing material in the short term for production of MEDITE Tricoya[®]. The expansion will facilitate lower costs per unit and should further increase the overall efficiency of the Arnhem Plant to the benefit of the performance of the Group's manufacturing segment.

6. TRICOYA[®] HULL PLANT

The construction of the first dedicated Tricoya[®] wood chip acetylation plant in Hull has been substantially progressed since the formation of the Tricoya[®] Consortium in 2017, with approximately €54 million invested to date and several significant milestones reached. Most of the wood-handling aspects of the plant have been constructed and all equipment has been ordered, with most now on site already. TVUK has recruited the first employees who will make up the operations team of 31, and they are currently planning the commissioning and start-up of the plant.

As announced previously, delays in construction mean that TVUK expects the Tricoya[®] Hull Plant to be operational in the second half of the 2020 calendar year with construction progressing and the previously-reported issue concerning civil engineering works being addressed. The civil works issue does not relate to Accsys' Tricoya[®] acetylation technology, meaning that there is no impact on the long-term expected profitability of the project, with gross margins of approximately 40% expected to be achievable once the plant reaches near capacity, which is expected to occur during the financial year ending 31 March 2024.

Whilst the issues concerning engineering and related works are being addressed, the delay has resulted in additional forecast costs of approximately €28 million associated with the lead contractor, the project team and related activities being required for a longer period. Of this amount, under the Tricoya[®] Consortium structure, the Company's expected share amounts to approximately €12 million, with the balance of equity into TTL expected to be funded by other members of the Tricoya[®] Consortium and then into TVUK by TTL, MEDITE and BP Chemicals, alongside debt funded to TVUK by RBS under the existing RBS Facility Agreement and an additional facility expected to be entered into between TVUK and RBS. As such, the total project cost is expected to amount to a total of approximately €89 million, with approximately €54 million invested to date, including pre-operating costs. These figures represent anticipated funding requirements for the Tricoya[®] Project and may be subject to change depending on a number of factors, including reaching final agreement on the additional costs to complete the Tricoya[®] Project, the willingness and ability of the other members of the Tricoya[®] Consortium, MEDITE and BP Chemicals to fund their expected respective share of those additional costs and the ability of TVUK to obtain any additional financing on commercially acceptable terms.

The RBS Facility Agreement, entered into with TVUK on 29 March 2017, contains certain obligations and other provisions, including events of default, relating to the timing and manner of funding any cost overruns by TVUK in relation to the construction of the Hull Plant. The inability of TVUK to hitherto fund the cost overruns referred to above with equity has resulted in a technical breach by TVUK of the RBS

Facility Agreement. However, RBS has not taken any action to enforce any right or remedy under the RBS Facility Agreement in connection with this technical breach, has continued to fund TVUK and has confirmed in discussions that it remains supportive of the Tricoya[®] Project. As explained above, the balance of equity required to meet such cost overruns is expected to be funded into TTL by the other members of the Tricoya[®] Consortium and then into TVUK by TTL, MEDITE and BP Chemicals, all of which remain committed to achieving the market potential of Tricoya[®], at which point TVUK is expected to cure the technical breach under the RBS Facility Agreement.

The Company anticipates that demand from MEDITE and FINSA will utilise the majority of the capacity of the Hull Plant as it ramps up operation. Under a committed off-take agreement with MEDITE, in the first year of production at the Hull Plant, a minimum of 6,000 tonnes of Tricoya[®] wood chips, representing 20% of the Hull Plant design capacity, is to be sold or paid for by MEDITE. As production at the plant ramps up, this off-take agreement provides for the ramp up in MEDITE's commitment, reaching a minimum of 12,000 tonnes of Tricoya[®] per annum, representing 40% of total design capacity, by year six.

The Hull Plant has a targeted annual production capacity of 30,000 metric tonnes of acetylated Tricoya[®] chips per annum, enough to produce approximately 40,000m³ of Tricoya[®] panel products per annum. Based on this targeted capacity of 30,000 metric tonnes of acetylated Tricoya[®] chips per annum, the Hull Plant is anticipated to reach EBITDA breakeven at approximately 40% design capacity. It is expected to take approximately three years to reach full capacity following start-up, after which there will be scope for expansion. The modular design of the Hull Plant is expected to allow for an efficient expansion when market conditions dictate. The Company anticipates numerous Tricoya[®] revenue streams from the start-up of the Hull Plant, including:

- (i) licensee and sales agreements with a number of parties (which includes the licensee and sale agreements already secured with MEDITE and FINSA);
- (ii) the sale of acetylated wood chips;
- (iii) licence and royalty fees received by TTL for the right to use Tricoya[®] intellectual property to manufacture Tricoya[®] chips; and
- (iv) the sale of acetic acid, which is a by-product of the Tricoya[®] manufacturing process.

7. WORKING CAPITAL AND IMPORTANCE OF THE VOTE

The Company is of the opinion that, taking into account existing available facilities and the net proceeds of the Issue, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this announcement.

Under its current business plan, the Company's expected capital investments over the short to medium term include: (i) the Company's expected share of the increase in construction costs associated with the completion of the Tricoya[®] Hull Plant, being approximately €12 million, with funding required by the end of 2019 and the plant expected to become operational in the second half of the 2020 calendar year; and (ii) the commencement of investment in the addition of a fourth Accoya[®] wood acetylation reactor in Arnhem, together with new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment for a total expected cost of approximately €26 million, with the Front End Engineering and Design work expected to commence in the second half of the financial year ending 31 March 2020, construction expected to commence in the second half of the financial year ending 31 March 2021 and Reactor 4 expected to be operational in the second half of the financial year ending 31 March 2022.

In relation to these projects:

- (i) The Tricoya[®] Hull Plant is a key part of the Group's growth strategy with the objective of selling significant volumes of Tricoya[®] and generating further revenues from the licensing of its valuable intellectual property related to Tricoya[®], both in connection with the Hull Plant and potential future plants, including in Malaysia. The Hull Plant is critical to this and although the Group is not contractually committed to investing further in TVUK, it intends to do so, alongside its Tricoya[®] Consortium partners, given the amount of capital already invested in the project. The Company's expected share of the increase in construction costs associated with the completion of the Tricoya[®] Hull Plant is approximately €12 million, which is to be funded from

the Issue by the end of 2019. If the Issue does not proceed for any reason, the Company would need to seek alternative equity and/or debt financing in order to complete the project. Without this financing there are likely to be significant delays to the Tricoya[®] Project which would significantly impact the Group's ability to generate both Tricoya[®] sales volumes and licensing revenues in the short to medium term. The liabilities of TVUK in respect of the Hull Plant are ring-fenced (including, without limitation, under the RBS Facility Agreement) and non-recourse to the Company, giving the Company some flexibility to adjust the timing and extent of its commitments in respect of this project.

- (ii) The expansion of the Group's manufacturing capacity in Arnhem is also a key part of the Group's growth strategy with the objective of driving significant increases in Accoya[®] sales volumes. The proposed fourth reactor in Arnhem is critical to this and, although the Group is not currently contractually committed to building the fourth reactor (and new chemical storage facilities, a new wood stacker and associated automatic wood handling equipment), it intends to fund the total expected cost of approximately €26 million from the Issue. Investment is expected to commence in the first half of the 2020 calendar year with the expansion targeted for completion by the second half of the financial year ending 31 March 2022. It is expected that the significant majority of the approximate €26 million total cost will be invested or committed to in the next 18 months. If the Issue does not proceed for any reason, the Company would need to seek alternative equity and/or debt financing in order to complete the proposed fourth reactor and associated equipment installation. Without this financing there are likely to be significant delays to the expansion of the Group's manufacturing capacity in Arnhem which will significantly impact the Group's ability to grow its Accoya[®] sales volumes from current levels in the medium term. The capital expenditure in respect of the fourth reactor and the enhancements to the Arnhem Plant currently remains uncommitted, giving the Company full flexibility to adjust the timing and extent of its commitments in respect of this project.

As such, the Group intends to invest or commit to the vast majority of the net proceeds of the Issue over the next 18 months under its growth strategy. Based on the Company's current cash flow forecasts, the Company is of the opinion that, taking into account its existing cash balances, existing available facilities and the net proceeds of the Issue, the Group will have sufficient working capital for its requirements under (i) and (ii) above. However, without the net proceeds of the Issue, the Group would only have sufficient working capital to the end of December 2019 as this is when the investment in the Hull Plant under (i) is expected to be required. At such time, in order to continue to carry out its current business plan, the Company would need to raise additional capital (or obtain appropriate alternative financing). In such a scenario, the shortfall at the end of December 2019 would be approximately €12 million, being the Group's expected share of TVUK's liabilities relating to the completion of the construction of the Hull Plant.

The auditors' report on the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 published today contain an emphasis of matter, which in summary states (without modifying the auditors' conclusion) that, if Shareholders do not vote in favour of the Resolutions or the Issue has not otherwise taken place in December 2019, or if the gross aggregate proceeds of the Issue are less than expected, the Group may be unable to complete the construction of the Hull Plant and may be unable to meet its liabilities as they fall due unless alternative financing arrangements are obtained. The auditors reported that those factors, along with other factors described in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Company primarily intends to raise this required additional capital and thereby address the auditors' emphasis of matter through the Issue. The Issue is being fully underwritten by the Joint Underwriters, subject to the conditions set out in the Underwriting Agreement. In addition, the Company consulted with a significant number of its Shareholders before announcing the Issue. Following this consultation, the Company has conditionally raised €46.3 million (before expenses) in aggregate from existing and new Shareholders by way of an underwritten Firm Placing and Placing and Open Offer. Accordingly, the Company is confident that the Issue will be successful, subject to the passing by Shareholders of Resolutions 1 and 3 at the General Meeting.

If Resolutions 1 and 3 are not passed and the Firm Placing and Placing and Open Offer do not proceed, the Company will not receive the net proceeds from the Issue and the Group would need to obtain appropriate alternative financing by the end of 2019 in order to be able to fund its expected share of

TVUK's liabilities relating to the completion of the construction of the Hull Plant. In addition, the Company's expected share of the increase in construction costs associated with the completion of the Tricoya® Hull Plant may be subject to change depending on a number of factors, including reaching final agreement on the additional costs to complete the Tricoya® Project, the willingness and ability of the other members of the Tricoya® Consortium, MEDITE and BP Chemicals to fund their expected respective share of those additional costs and the ability of TVUK to obtain any additional financing on commercially acceptable terms. These uncertainties may result in changes to the construction costs associated with the completion of the Tricoya® Hull Plant (and/or the Company's share thereof) and/or the ability of the Tricoya® Consortium, MEDITE and/or BP Chemicals to fund their expected respective share of any additional costs, in which case the Group may need to raise additional finance to fund the project.

In the event that the Group is unable to obtain alternative equity and/or debt financing (or such alternative financing is only achievable on terms which are not acceptable to the Company), the Company would not be able to fund its expected share of the costs of completing the construction of the Hull Plant within the forecast timetable, which may result in significant delays to the Group's growth strategy and adversely impact the Group's returns from the Tricoya® Project. In such a scenario, due to the Hull Plant being a material asset of the Group and a key component of the Group's growth strategy, this could result in costly reputational harm to the Company or loss of trust from the Group's customers, employees and/or other stakeholders, all of which could have a material adverse effect on the Group's business, revenues, financial condition or results of operations and, accordingly, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern (as noted by the Company's auditors in their emphasis of matter). If it is not possible for the Group to obtain the required additional financing or the Group determines that it does not wish to fund its expected share of the construction costs associated with the completion of the Hull Plant for any reason, the other members of the Tricoya® Consortium may fund the shortfall such that the construction of the Hull Plant may continue. This would have the effect of, among other things, diluting the Group's economic interest in TVUK and its returns therefrom. Otherwise, the Tricoya® Project may be abandoned altogether and TVUK could eventually be sold or another corporate solution found, which may result in the Group losing part or all of its investment in TVUK.

Furthermore, the RBS Facility Agreement with TVUK contains certain obligations and other provisions, including events of default, relating to the timing and manner of funding any cost overruns by TVUK in relation to the construction of the Hull Plant. As explained in section 6 above, delays in the construction of the Hull Plant have resulted in additional forecast costs of approximately €28 million (of which the Company's expected share is approximately €12 million) associated with the lead contractor, the project team and related activities being required for a longer period, with the delay meaning that the Hull Plant is now expected to be operational in the second half of the 2020 calendar year. The inability of TVUK to hitherto fund these cost overruns with equity has resulted in a technical breach by TVUK of the RBS Facility Agreement. However, RBS has not taken any action to enforce any right or remedy under the RBS Facility Agreement in connection with this technical breach, has continued to fund TVUK and has confirmed in discussions that it remains supportive of the Tricoya® Project. The balance of equity required to meet such cost overruns is expected to be funded into TTL by the other members of the Tricoya® Consortium and then into TVUK by TTL, MEDITE and BP Chemicals, all of which remain committed to achieving the market potential of Tricoya®, at which point TVUK is expected to cure the technical breach under the RBS Facility Agreement.

In the event that TVUK is unable to comply with the terms of its debt facilities and secure new equity funding from its shareholders (including from TTL) or procure required amendments or waivers under its existing or future debt facilities, it may default under its facilities, following which the relevant bank(s) may have the right to withdraw the relevant facility and/or enforce any charges over shares in TVUK. This could result in a sale or other corporate solution being found in respect of TVUK, which may ultimately cause the Group to lose part or all of its investment in TVUK. As explained above, the liabilities of TVUK in respect of the Hull Plant (including, without limitation, under the RBS Facility Agreement) are ring-fenced and non-recourse to the Company.

In addition, if the Issue does not proceed, the Group would need to delay the development of the fourth Accoya® acetylation reactor in Arnhem until appropriate alternative financing is secured. In the event that the Group is unable to obtain alternative equity and/or debt financing, the expansion of the Group's manufacturing capacity in Arnhem is likely to be materially delayed, which will significantly impact the Group's ability to grow its Accoya® sales volumes from current levels in the medium term. Consequently, the Arnhem Plant would continue to operate at or near to its current maximum production capacity of approximately 60,000m³ per annum.

If the Firm Placing and Placing and Open Offer do not proceed for any reason, the Company would primarily intend to raise the €43 million required to effect its growth strategy over the next 18 months

through other equity and/or debt fundraisings. In those circumstances, the Directors would need to determine the appropriate timing, structure, size and other terms of such proposed equity and/or debt fundraising taking into account all relevant factors, including the reasons for the Issue not having proceeded and prevailing market conditions. The Directors currently believe that any such other equity or debt fundraisings would be achievable on acceptable terms on the basis of the following factors:

- (i) the Directors believe that the current business plan presents an attractive investment proposition and that the Company's assets are increasingly valuable and may be of interest to new investors;
- (ii) the Directors believe that a number of the Company's existing Shareholders may be interested in taking up Ordinary Shares in future fundraisings to prevent dilution of their holdings and to show their continued support for the Group's business plan, as a number of them have done in relation to past equity financings;
- (iii) the Company has raised a total of: (i) approximately €28 million (net of expenses) by way of a Firm Placing and Placing and Open Offer in February 2011; and (ii) approximately €14 million (before expenses) by way of a Firm Placing and Open Offer in March 2017;
- (iv) €34 million of funding was agreed with the other members of the Tricoya® Consortium in March 2017; and
- (v) the Directors believe that the Company's Ordinary Shares are attractive to UK and Dutch institutional investors on the basis that the Ordinary Shares are traded on Euronext Amsterdam and on AIM.

If necessary, the Group would also consider the implementation of mitigating actions as a method of ameliorating the working capital position of the Group until appropriate financing is secured. Such mitigating actions may include reducing R&D, sales and marketing costs, cutting back on discretionary expenditure, postponing future plans for the further expansion of the Group's manufacturing capacity (in the US, for example) and/or asset disposals. At a minimum, the Company reviews its cash position and working capital requirements on a regular basis to determine its financial position, so decisions on cost reductions take place as required as part of that process. The timing and means of execution of any decisions regarding cost reductions would therefore take place in the context of the Company's financial position at such time. The Directors are confident in the Company's ability to effect cost reductions since such costs are monitored on an ongoing basis and action can be taken to reduce costs as and when required.

For the reasons set out above, the Directors believe that the Firm Placing and Placing and Open Offer are in the best interests of Shareholders as a whole. In order for the Firm Placing and Placing and Open Offer to proceed, Resolutions 1 and 3 to be proposed at the General Meeting must be passed.

8. PRINCIPAL TERMS AND CONDITIONS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

The Firm Placing and Placing and Open Offer are conditional upon:

- the passing of the first and third resolutions to be proposed at the General Meeting;
- Admission becoming effective by no later than 8:00 a.m. (GMT) on 23 December 2019 (or such later time and/or date as the Company and the Joint Underwriters may determine); and
- the Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

The shareholder approvals necessary for the Firm Placing and Placing and Open Offer will be sought at the General Meeting to be held at 9:00 a.m. (GMT) on 20 December 2019, the full details of which are set out in the Notice of General Meeting at the end of the Prospectus, expected to be published later today.

27,239,764 New Ordinary Shares will be placed with the Firm Placees at the Offer Price of €1.05 per Ordinary Share subject to, and in accordance with, the Underwriting Agreement. The Firm Placing is expected to raise gross proceeds of approximately €28.6 million. The Firm Placing Shares are not subject to clawback and are not part of the Placing and Open Offer.

The Firm Placing and Placing and Open Offer are being fully underwritten by the Joint Underwriters, subject to the conditions set out in the Underwriting Agreement.

Open Offer Entitlements

The Directors propose to offer Open Offer Shares by way of the Open Offer to all Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders and persons in the United States) on the following basis:

1 Open Offer Share at €1.05 each for every 7 Existing Ordinary Shares

held and registered in that Shareholder's name as at the Record Time, and so in proportion to any other number of Existing Ordinary Shares that each Qualifying Shareholder then holds and otherwise on the terms and conditions as set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Application Form.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements and will be aggregated and made available under the Excess Application Facility.

Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. Qualifying Shareholders may apply for Excess Open Offer Shares up to a maximum number of Excess Open Offer Shares equal to 10 times the number of Existing Ordinary Shares held and registered in their name as at the Record Time. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Placing

Any Open Offer Shares which are not applied for under the Open Offer may be allocated to Conditional Placees (subject to the Excess Application Facility) at the Offer Price, with the proceeds retained for the benefit of the Company. 16,855,474 Open Offer Shares will be conditionally placed to Conditional Placees at the Offer Price, subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders under the Open Offer.

Miscellaneous

Open Offer Entitlements and Excess Open Offer Entitlements set out in an Application Form may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST and an Application Form may be used instead.

The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions made, paid or declared in respect of the Ordinary Shares after their issue. The ability of the Company to pay dividends on its Ordinary Shares in the future will be a function of its profitability and cash flow and the extent to which, as a matter of law, it has available to it sufficient distributable reserves out of which any proposed dividend may be paid. Future dividends to Shareholders will be at the discretion of the Board after taking into account various factors including the Group's business prospects, cash requirements, level of distributable reserves, financial performance, new product development and plans for international expansion. The Board deems it prudent for the Company to maintain as strong a financial position as possible during the current phase of the Company's growth strategy and therefore the Company does not expect to pay a dividend in the near term.

Applications will be made for the New Ordinary Shares to be admitted to listing and trading on Euronext Amsterdam and to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on Euronext Amsterdam and on AIM at 8:00 a.m. (GMT) on 23 December 2019. Following Admission, the total number of Ordinary Shares in issue in the Company will be 162,083,543. Accsys currently holds no Ordinary Shares in treasury, and, therefore, following Admission, the total number of Ordinary Shares will be 162,083,543. This figure may be used by Shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure Guidance and Transparency Rules.

If a Qualifying Shareholder who is not a Placee does not take up any of his Open Offer Entitlements or Excess Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the enlarged share capital, will be diluted by 27.2% as a result of the Issue. If a Qualifying Shareholder who is not a Placee takes up his Open Offer Entitlements in full (assuming it does not participate in the Excess Application Facility), such Qualifying Shareholder's holding, as a percentage of the enlarged share capital, will be diluted by 16.8% as a result of the Firm Placing. Subject to certain exceptions, Shareholders in the United States and the Restricted Jurisdictions will not be able to participate in the Open Offer.

Details of the further terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of entitlements not taken up, are set out in the Prospectus expected to be published later today.

9. GENERAL MEETING

The Firm Placing and Placing and Open Offer are subject to a number of conditions, including Shareholder approval of the first and third resolutions to be proposed at the General Meeting.

The second resolution seeks a new general authority for the Directors to allot Ordinary Shares and the fourth resolution seeks a new general authority for the Directors to disapply statutory pre-emption rights on the allotment of a limited number of equity securities for cash, each to apply until the Company's annual general meeting to be held in 2020 or, if earlier, the date that is 15 months after 30 September 2019, being the date of the annual general meeting of the Company held in 2019.

For the avoidance of doubt, the Firm Placing and Placing and Open Offer are not conditional upon Shareholder authority being given for any Resolutions besides the first and third resolutions.

Notice convening the General Meeting to be held at 9:00 a.m. (GMT) on 20 December 2019 at Brettenham House, 19 Lancaster Place, London, WC2E 7EN is set out at the end of the Prospectus and is expected to be published later today.

First resolution – Authority to allot Ordinary Shares in respect of the Firm Placing and Placing and Open Offer

The first resolution is an ordinary resolution authorising the Directors to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares up to a nominal amount of €2,204,762 in connection with the Firm Placing and Placing and Open Offer. This authority will expire on the date that is six months after the date of the General Meeting.

Second resolution – Authority to allot Ordinary Shares

The second resolution is an ordinary resolution that, in addition to all existing authorities, the Directors be generally and unconditionally authorised to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares up to a nominal amount of €734,920. This authority will expire on the date of the annual general meeting of the Company to be held in 2020 or, if earlier, the date that is 15 months after 30 September 2019, being the date of the annual general meeting of the Company held in 2019. Together with the existing authority granted at the Company's 2019 annual general meeting, this general authority will give the Directors the power to allot Ordinary Shares up to an aggregate nominal amount equivalent to approximately one third of the Company's enlarged share capital following the Firm Placing and Placing and Open Offer.

Third resolution – Disapplication of pre-emption rights in respect of the Firm Placing and Placing and Open Offer

The third resolution is a special resolution that, subject to the first resolution being passed, authorises the Directors to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares pursuant to the authority given by the first resolution, as if section 561 of the Companies Act 2006 did not apply to such allotment. This authority will be limited to the allotment of New Ordinary Shares in connection with the Firm Placing and Placing and Open Offer (on the terms and conditions set out in the Prospectus). This authority will expire on the date that is six months after the date of the General Meeting.

Fourth resolution – Disapplication of pre-emption rights

The fourth resolution is a special resolution that, subject to the second resolution being passed, authorises the Directors to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares pursuant to the authority given by the second resolution, as if section 561 of the Companies Act 2006 did not apply to such allotment. This authority will be limited to the allotment of equity securities up to a nominal amount of €220,476. This authority will expire on the date of the annual general meeting of the Company to be held in 2020 or, if earlier, the date that is 15 months after 30 September 2019, being the date of the annual general meeting of the Company held in 2019. Together with the existing authority granted at the Company's 2019 annual general meeting, this authority will give the Directors the power to allot equity securities for cash, as if section 561 of the Companies Act 2006 did not apply to such allotment, up to an aggregate nominal amount equivalent to 10% of the Company's enlarged share capital following the Firm Placing and Placing and Open Offer.

10. DIRECTORS' PARTICIPATION AND RELATED PARTY TRANSACTION

The Directors beneficially own, in aggregate, 1,118,566 Ordinary Shares (including Ordinary Shares held by their immediate families) representing approximately 0.95% of the issued Ordinary Share capital of the Company as at 27 November 2019 (being the Last Practicable Date). The Directors intend to subscribe for an aggregate of 188,887 New Ordinary Shares through the Firm Placing as outlined below:

	As at the Last Practicable Date		Firm Placing Shares	As at Admission	
	Number of Ordinary Shares	% of issued share capital		Number of Ordinary Shares	% of issued share capital
Patrick Shanley	70,981	0.06	44,444	115,425	0.07%
Robert Harris	-	-	44,444	44,444	0.03%
Michael Sean Christie	72,258	0.06	11,111	83,369	0.05%
Montague John Meyer	29,745	0.03	44,444	74,149	0.05%
Geertrui Elizabeth Schoolenberg	-	-	44,444	44,444	0.03%

Teslin Capital Management B.V. ("**Teslin**") intends to subscribe for up to 19,811,740 New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer (assuming full take-up under the Open Offer). On this basis, as at Admission, funds advised and managed by Teslin will directly and indirectly hold up to 22% of the issued share capital of the Company.

Teslin is a related party of Accsys for the purposes of the AIM Rules for Companies as it is a substantial shareholder of the Company which is entitled to exercise, or control the exercise of, 10% or more of the votes able to be cast at general meetings of the Company. The Board considers, having consulted with Numis as the Company's nominated adviser, that the terms of Teslin's participation in the Firm Placing and Placing and Open Offer are fair and reasonable insofar as Shareholders are concerned.

11. DIRECTORS' RECOMMENDATION

The Directors consider the Firm Placing and Placing and Open Offer and the Resolutions to be in the best interests of Shareholders taken as a whole.

The Board believes that the net proceeds of the Firm Placing and Placing and Open Offer are necessary to fund the two significant capital projects that the Group is undertaking, alongside funding the feasibility review for a new Accoya® plant in the United States and providing additional working capital for the Group as it increases in size. The Issue allows this substantial investment to take place without putting additional pressure on the Company's balance sheet. If the Group does not proceed with the Firm Placing and Placing and Open Offer, the Group will need to delay or curtail its intended growth plans in order to operate with an appropriate level of headroom within its existing resources and facilities. This

will include delaying the development of Reactor 4 and pausing the construction of the Hull Plant until appropriate financing is secured which will significantly impact the Group's ability to grow both its Accoya® and Tricoya® sales volumes from current levels in the short to medium term. In order for the Firm Placing and Placing and Open Offer to proceed, Resolutions 1 and 3 to be proposed at the General Meeting must be passed. The Directors believe that it is important that Shareholders vote in favour of all the Resolutions at the General Meeting. The Directors consider the Firm Placing and Placing and Open Offer and the Resolutions to be in the best interests of Shareholders taken as a whole.

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be put to the General Meeting, as they intend to do, or procure, in respect of any of their own beneficial holdings, amounting to 1,118,566 Ordinary Shares (including Ordinary Shares held by their immediate families) in aggregate, representing approximately 0.95% of the Existing Ordinary Shares as at the Last Practicable Date.

12. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Time for entitlement under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders	6:00 p.m. on 26 November 2019
Announcement of the Firm Placing and Placing and Open Offer	7:00 a.m. on 28 November 2019
Publication and posting of the Prospectus (including the Notice of General Meeting) and Forms of Proxy, and despatch of Application Forms to Qualifying Non-CREST Shareholders	28 November 2019
Record Time for entitlement under the Open Offer for Qualifying Euroclear Shareholders	6:00 p.m. (CET) on 28 November 2019
Existing Ordinary Shares marked "ex" by AIM and Euronext Amsterdam	8:00 a.m. on 29 November 2019
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	29 November 2019
Open Offer Entitlements and Excess Open Offer Entitlements enabled in CREST	29 November 2019
Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements credited to appropriate stock accounts held with Intermediaries for Qualifying Euroclear Shareholders	8:00 a.m. (CET) on 29 November 2019
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4:30 p.m. on 13 December 2019
Latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3:00 p.m. on 16 December 2019
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 17 December 2019
Latest time for receipt of Forms of Proxy by registered Shareholders for the General Meeting	9:00 a.m. on 18 December 2019
Latest time for election and payment in full by applying Qualifying Euroclear Shareholders via their Intermediaries	2:00 p.m. (CET) on 18 December 2019
Latest time for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11:00 a.m. on 19 December 2019
General Meeting	9:00 a.m. on 20 December 2019
Announcement of the result of the Firm Placing and Placing and Open Offer through a Regulatory Information Service	20 December 2019

Date of Admission and dealings in New Ordinary Shares commences on AIM	23 December 2019
Commencement of dealings in New Ordinary Shares on Euronext Amsterdam	23 December 2019
New Ordinary Shares credited to CREST stock accounts (Qualifying CREST Shareholders only) and to stock accounts held with Intermediaries (Qualifying Euroclear Shareholders only)	23 December 2019
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	8 January 2020

13. KEY STATISTICS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

Offer Price	€1.05 per New Ordinary Share
Basis of Open Offer	1 New Ordinary Share for every 7 Existing Ordinary Shares ¹
Number of Existing Ordinary Shares ²	117,988,305
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	27,239,764
Number of Open Offer Shares to be issued pursuant to the Placing and Open Offer	16,855,474
Number of Ordinary Shares in issue immediately following the Firm Placing and Placing and Open Offer ³	162,083,543
Firm Placing Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Placing and Open Offer ³	16.8%
Open Offer Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Placing and Open Offer ³	10.4%
Estimated gross proceeds of the Firm Placing and Placing and Open Offer ³	€46.3 million
Estimated proceeds receivable by the Company from the Firm Placing and Placing and Open Offer, after deduction of expenses ^{3,4}	€43 million

Notes:

- Fractions of New Ordinary Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.
- In issue as at 27 November 2019, being the Last Practicable Date.
- Unless otherwise stated, for the purposes of the table above and this announcement, the number of New Ordinary Shares to be issued under the Firm Placing and Placing and Open Offer is stated on the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under any share plan, or otherwise, between the date of the Prospectus and the relevant time. In addition, the gross and net proceeds of the

Firm Placing and Placing and Open Offer have been calculated on the basis that 27,239,764 New Ordinary Shares are issued under the Firm Placing and that 16,855,474 New Ordinary Shares are issued under the Placing and Open Offer.

4. Expenses are expected to be approximately €3.3 million (inclusive of VAT).

The person responsible for arranging for the release of this announcement on behalf of Accsys is Angus Dodwell, Legal Counsel & Company Secretary.

For further information, please contact:

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Notes to editors:

Accsys Technologies PLC (www.accsysplc.com) is a fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products. Accsys’ primary focus is on the production of Accoya® wood and Tricoya® wood elements, 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 London, United Kingdom, an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc.) and technology licensing associated with the acetylation of wood elements via its subsidiary Tricoya Technologies Limited. 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, under the symbols 'AXS'. Accsys' operations comprise four principal business units: (i) Accoya® wood production; (ii) building and operating of Tricoya® wood chip acetylation plant in Hull; (iii) 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 (iv) the licensing of technology for the production of Accoya® wood and Tricoya® wood elements across the globe.

Tricoya® Consortium In March 2017, Accsys announced the formation of the Tricoya® Consortium to fund, build and operate the Tricoya® plant in Hull, UK. Members of the consortium include BP and the leading manufacturer of sustainable wood-based panels, MEDITE Europe DAC. Tricoya Ventures UK Ltd (TVUK), a subsidiary of Accsys, owns and will operate the Tricoya® plant. TTL exploits all Tricoya® related intellectual property and benefits from any Tricoya® related revenues other than those generated by the Tricoya® plant. The Tricoya® plant has a targeted annual production capacity of 30,000 metric tonnes of Tricoya® chips per annum, enough to produce approximately 40,000m³ of Tricoya® panel products per annum. The Tricoya® plant is expected to reach EBITDA breakeven at approximately 40% design capacity and to take approximately three years to reach full capacity following start-up. The location of the Tricoya® plant at Saltend Chemicals Park in Hull allows for expansion when market conditions dictate.

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. Moreover, the Accoya® wood production process does not compromise the wood's strength or machinability. The combination of dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Accoya® news, visit www.accoya.com/news.

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 panel products such as medium density fibreboard and particle-board. These products 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. 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.

'Accsys' and 'Accsys Technologies' are trading names of Titan Wood Limited. Accsys, 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 subsidiary of TWL with exclusive rights to exploit the Tricoya® brand.

APPENDIX
DEFINITIONS

The following definitions apply throughout this announcement (unless the context otherwise requires):

“1985 Act”	the Companies Act 1985 of England and Wales;
“2017 General Meeting”	the general meeting of the Company held at 11:00 a.m. on 21 April 2017;
“2017 Prospectus”	the prospectus published by the Company on 29 March 2017, available at https://www.accsysplc.com/wpcontent/uploads/sites/2/2017/09/Accsys-Technologies-March-2017-Prospectus.pdf ;
“Admission”	the admission of the New Ordinary Shares to listing and trading on Euronext Amsterdam and to trading on AIM;
“Admitted Institution”	an admitted institution (<i>aangesloten instelling</i>) of Euroclear Nederland within the meaning of the Dutch Securities Giro Act (<i>Wet giraal effectenverkeer</i>), which holds a collective depot (<i>verzameldepot</i>) in relation to Euroclear Shares;
“AIM”	the Alternative Investment Market, a market operated by the London Stock Exchange;
“AIM Rules for Nominated Advisers”	the rules published by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or reissued from time to time;
“Application Form”	the personalised application form on which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;
“Arnhem Plant”	the Group’s Accoya® production facility in Arnhem, the Netherlands;
“BGF”	BGF Investments LP, a limited partnership with number LP14928 whose registered office is at 13-15 York Buildings, London, WC2N 6JU;
“Board” or “Directors”	the directors of the Company as at the date of this announcement;
“BP Chemicals”	BP Chemicals Limited, a company incorporated in England and Wales with company number 00194971, whose registered office is at Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP;
“BP Ventures”	BP Technology Ventures Limited, a company incorporated in England and Wales with company number 09534543, whose registered office is at Chertsey Road, Sunbury On Thames, Middlesex, TW16 7BP;
“Class 1 durability”	the highest classification of wood durability defined within European Standard EN 350-1;

“Conditional Placee”	any person who has agreed to conditionally subscribe for Open Offer Shares (subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders under the Open Offer) pursuant to the Placing;
“CREST”	the United Kingdom paperless share settlement system and system for the holding of shares in uncertificated form in respect of which Euroclear UK is the operator;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“Euroclear Nederland”	the Dutch Central Institute for Giro Securities Transactions (<i>Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.</i>), trading as Euroclear Nederland;
“Euroclear Open Offer Entitlement”	the entitlement of a Qualifying Euroclear Shareholder, pursuant to the Open Offer, to apply to acquire an interest in Open Offer Shares pursuant to, and subject to the terms of, the Open Offer;
“Euroclear Shares”	interests in and corresponding to the Existing Ordinary Shares which at the Record Time are registered in the name of Euroclear Nederland and which are traded on Euronext Amsterdam;
“Euroclear UK”	Euroclear UK & Ireland Limited, the operator of CREST;
“Euronext Amsterdam”	the regulated market operated by Euronext Amsterdam N.V.;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements;
“Excess Euroclear Open Offer Entitlements”	in respect of each Qualifying Euroclear Shareholder, the conditional entitlement to apply for Excess Open Offer Shares under the Excess Application Facility, which are subject to allocation in accordance with the Prospectus;
“Excess Open Offer Entitlements”	in respect of each Qualifying Shareholder, the conditional entitlement to apply for Excess Open Offer Shares under the Excess Application Facility, which are subject to allocation in accordance with the Prospectus;
“Excess Open Offer Shares”	the New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Excess Application Facility, or (in the case of Qualifying Euroclear Shareholders) an interest in such shares;
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this announcement;
“FCA”	the Financial Conduct Authority of the UK;

“FCA Handbook”	the FCA’s Handbook of Rules and Guidance, as amended from time to time;
“Financial Conduct Authority”	the Financial Conduct Authority of the UK;
“Firm Placee”	any person who has agreed to subscribe for Firm Placing Shares pursuant to the Firm Placing;
“Firm Placing”	the placing of 27,239,764 New Ordinary Shares with the Firm Placees;
“Firm Placing Shares”	the 27,239,764 New Ordinary Shares which are the subject of the Firm Placing;
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies the Prospectus;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“General Meeting”	the general meeting of the Company to be convened pursuant to the Notice of General Meeting;
“Group”	Accsys and its existing subsidiary undertakings (and, where the context permits, each of them);
“Hull Plant”	a wood chip acetylation plant with a targeted annual production capacity of approximately 30,000 metric tonnes currently being built at the Saltend Chemical Park in Hull;
“Intermediary”	an Admitted Institution or an investment firm or bank within the meaning of the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>), which holds a collective depot (<i>verzameldepot</i>) in relation to Euroclear Shares;
“Last Practicable Date”	27 November 2019, being the Last Practicable Date prior to the publication of this announcement;
“London Stock Exchange”	London Stock Exchange plc;
“Market Abuse Regulation”	Regulation (EU) No 596/2014;
“MEDITE”	MEDITE Europe DAC (formerly MEDITE Europe Limited);
“MEDITE Tricoya®”	Extreme Durable Medium Density Fibreboard panels produced by MEDITE using Tricoya® under licence from TTL;
“New Ordinary Shares”	the Firm Placing Shares and/or the Open Offer Shares and/or the Excess Open Offer Shares, as the context requires;
“Notice of General Meeting”	the notice convening the General Meeting, set out at the end of the Prospectus;

“Offer Price”	€1.05 (£0.90) per New Ordinary Share;
“Open Offer”	the conditional invitation to Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders and persons in the United States) to apply to acquire the Open Offer Shares and Excess Open Offer Shares pursuant to, and subject to the terms of, the Open Offer set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Application Form;
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder, pursuant to the Open Offer, to apply to acquire Open Offer Shares pursuant to, and subject to the terms of, the Open Offer or (in the case of Qualifying Euroclear Shareholders) the entitlement to acquire an interest in Open Offer Shares;
“Open Offer Shares”	the 16,855,474 New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Open Offer, or (in the case of Qualifying Euroclear Shareholders) an interest in such shares;
“Ordinary Shares”	the ordinary shares of €0.05 each in the capital of Accsys;
“PCG”	PETRONAS Chemicals Group Berhad;
“Placee”	a Conditional Placee or a Firm Placee;
“Placing”	the conditional placing of Open Offer Shares as described in the Prospectus and subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders under the Open Offer;
“Prospectus”	the prospectus expected to be published later today in connection with the Issue (incorporating the Notice);
“Qualifying CREST Shareholders”	Qualifying Shareholders (other than Qualifying Euroclear Shareholders) holding Ordinary Shares in uncertificated form in CREST;
“Qualifying Euroclear Shareholders”	holders of a stock account with an Intermediary which at the Record Time includes Euroclear Shares, resulting in the holders having an interest in the relevant Intermediary’s collective depot (<i>verzameldepot</i>) of Euroclear Shares;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders (other than Qualifying Euroclear Shareholders) holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company at the Record Time but including, where the context permits, Qualifying Euroclear Shareholders;
“R&D”	research and development;
“RBS”	The Royal Bank of Scotland plc;

“RBS Facility Agreement”	the facility agreement between (1) TVUK as borrower, (2) RBS as mandated lead arranger, (3) RBS as original lender, (4) RBS as agent of the other finance parties, (5) Natwest Markets plc as security trustee for the secured parties and (6) National Westminster Bank plc as original hedge counterparty dated 29 March 2017, as amended and restated on 17 May 2018;
“Record Time”	(i) in respect of Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders, 6:00 p.m. on 26 November 2019 and (ii) in respect of Qualifying Euroclear Shareholders, 6:00 p.m. (CET) on 28 November 2019;
“Regulatory Information Service”	one of the regulatory information services approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange website www.londonstockexchange.com ;
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
“Restricted Jurisdictions”	Australia, Canada, Japan, the Republic of South Africa and Switzerland, and “Restricted Jurisdiction” shall be construed accordingly;
“Restricted Shareholders”	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, any Restricted Jurisdiction;
“Shareholder”	a holder of Ordinary Shares;
“SLC Registrars”	SLC Registrars of Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS, United Kingdom in its capacities as registrar and receiving agent in respect of the Firm Placing and Placing and Open Offer;
“Tricoya[®] Consortium”	the consortium of equity investors subscribing for shares in TTL pursuant to the TTL SSA, being TWL, BP Ventures, MEDITE, BGF and Volantis;
“Tricoya[®] Project”	the Tricoya [®] Consortium’s project to, among other things, finance, construct and operate the Hull Plant and to exploit all Tricoya [®] related intellectual property;
“TTL”	Tricoya Technologies Limited, a company incorporated in England and Wales with company number 08231894, whose registered office is at Brettenham House, 19 Lancaster Place, London, WC2E 7EN, United Kingdom;
“TTL SSA”	shareholder and subscription agreement dated 2 February 2016 relating to TTL and made between TWL, BP Ventures and TTL, as amended on 20 October 2016 and 20 December 2016 and as amended and restated on 29 March 2017 and 11 December 2017;
“TVUK”	Tricoya Ventures UK Limited, a company incorporated in England and Wales with company number 10087465, whose registered

office is at Brettenham House, 19 Lancaster Place, London, WC2E 7EN, United Kingdom;

“TWL”	Titan Wood Limited, a company incorporated in England and Wales with company number 04738951, whose registered office is at Brettenham House, 19 Lancaster Place, London, WC2E 7EN, United Kingdom;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“Underwriting Agreement”	the agreement dated 28 November 2019 between the Company and the Joint Underwriters relating to the Firm Placing and Placing and Open Offer, a summary of which is set out in paragraph 8(a) of Part XI (Additional Information) of the Prospectus;
“US” or “United States”	the United States of America, its possessions and territories, any state of the United States of America and the District of Columbia;
“VAT”	value added tax; and
“Volantis”	Alphagen Capital Limited, a company incorporated in England and Wales with company number 00962757, whose registered office is at 201 Bishopsgate, London, EC2M 3AE.

GLOSSARY OF TECHNICAL TERMS

acetic acid	a commodity chemical made from natural gas, used in food preservation, solvent manufacture and chemical derivatives;
acetic anhydride	a highly active form of acetic acid made by eliminating water from acetic acid; used in the manufacture of acetate fibres and DMT, a raw material for polyester;
acetylation	the chemical process where acetyl groups are chemically bonded to cellulose pulp and to chemical components in wood;
cladding	exterior boards and panels on buildings and houses (known in the US as “siding”), which serves both as a decorative material and as a weather barrier;
m ³	cubic metres; and
MDF	medium density fibreboard.

IMPORTANT NOTICE

This announcement has been issued by and is the sole responsibility of Accsys. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

This announcement is not a prospectus but is an advertisement. Any decision to purchase, subscribe for, otherwise acquire, sell or otherwise dispose of any New Ordinary Shares referred to in this announcement must be made only on the basis of the information contained in and incorporated by reference into the Prospectus to be published by Accsys in connection with the Firm Placing and Placing and Open Offer. Copies of the Prospectus will, following publication, be available from the registered office of the Company and on its website at www.accsysplc.com.

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to sell, allot or issue, or any offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, any securities in the United States, Australia, Canada, Japan, Switzerland, the Republic of South Africa or in any jurisdiction to whom or in which such offer or invitation is unlawful, nor does the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to such securities, the Company or otherwise.

Neither this announcement nor any copy of it nor the information contained in it and any related materials is for publication, distribution or release, in whole or in part, directly or indirectly, in or into or from the United States (including its territories and possessions, any State of the United States and the District of Columbia), Australia, Canada, Japan, Switzerland, the Republic of South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recipients of this announcement and/or the Prospectus who are considering acquiring New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer are reminded that they should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or the Prospectus. This announcement does not constitute a recommendation concerning any investor's options with respect to the Firm Placing and Placing and Open Offer. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

This announcement is directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments and: (i) if in a member state of the European Economic Area, are, unless otherwise agreed with the Banks (as defined below), qualified investors within the meaning of article 2(e) of the Prospectus Regulation; and (ii) if in the United Kingdom, fall within: (a) article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order; or (c) any other person to whom it may lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This announcement must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. This announcement does not itself constitute an offer for sale or subscription of any securities in Accsys.

Notice to all investors

Numis Securities Limited ("**Numis**") is authorised and regulated in the United Kingdom by the Financial Conduct Authority (the "**FCA**"). Investec Bank plc ("**Investec**") is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated in the United Kingdom by the PRA and the FCA. Numis, Investec and NIBC Bank N.V. (together, the "**Banks**") are acting for Accsys and are acting for no one else in connection with the Firm Placing and Placing and Open Offer and will not regard any other person as a client in relation to the Firm Placing and Placing and Open Offer and will not be responsible

to anyone other than Accsys for providing the protections afforded to their respective clients, nor for providing advice in connection with the Firm Placing and Placing and Open Offer or any other matter, transaction or arrangement referred to herein.

Numis' responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person.

Apart from the responsibilities and liabilities, if any, which may be imposed upon the Banks by the Financial Services and Markets Act 2000, none of the Banks nor any of their subsidiary undertakings, affiliates or any of their directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever and makes no representation or warranty, express or implied, for the contents of this announcement, including its accuracy, fairness, sufficiency, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with Accsys or the New Ordinary Shares or the Firm Placing and Placing and Open Offer and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. The Banks accept no liability or responsibility for any such information or opinions or for any errors or omissions or any loss howsoever arising, directly or indirectly, from any such or opinions or otherwise arising in connection therewith. Each of the Banks and their subsidiary undertakings, affiliates or any of their directors, officers, employees, advisers and agents accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this announcement or any such statement.

In connection with the Firm Placing and Placing and Open Offer, the Banks and any of their affiliates, acting as investors for their own accounts, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Firm Placing and Placing and Open Offer or otherwise. Accordingly, references to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt in should be read as including any offer to, or subscription, acquisition, placing or dealing by the Banks and any of their affiliates acting as investors for their own accounts. In addition, the Banks or their affiliates may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of Ordinary Shares. The Banks have no intention to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by Accsys or the Banks.

Cautionary statement regarding forward-looking statements

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of Accsys and the Group.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". The words "believe," "estimate," "target," "anticipate," "expect," "could," "would," "intend," "aim," "plan," "predict," "continue," "assume," "positioned," "may," "will," "should," "shall," "risk", their negatives and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company or the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this announcement and/or information incorporated by reference into this announcement. In addition, even if the Company's or the Group's results of operation, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this announcement, these results or developments may not be indicative of results or developments in subsequent periods. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue.

Past performance of the Company cannot be relied on as a guide to future performance. A variety of factors may cause the Company's or the Group's actual results to differ materially from the forward-looking statements contained in this announcement. The Group and the Banks and any of their respective directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where required to do so under applicable law.

No statement in this announcement is intended as a profit forecast, project, prediction or estimate and no statement in this announcement should be interpreted to mean that earnings per share of Accsys for the current or future financial years would necessarily match or exceed the historical published earnings per share of Accsys.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Firm Placing and Open Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.