

Regulatory Announcement

Company Accsys Technologies PLC
TIDM AXS
Headline Licence Option Agreement
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ACCSYS TECHNOLOGIES PLC (“Accsys” or the “Company”)

Licence Option Agreement

Accsys, the environmental science and wood technology company, is pleased to announce that it has entered into a licence option agreement with a leading MDF and Particle Board manufacturer in Latin America for the production and sale of Tricoya[®] based panels. Paul Clegg, Accsys’ Chief Executive Officer, noted that, “this licence option is a milestone for the Company, confirming that Accsys’ Tricoya[®] wood elements technology has global applicability and is opening up new opportunities to further penetrate the worldwide panel products market estimated to be worth more than EUR 60 billion annually.”

Tricoya[®] based panels are ultra-high performance medium density fibreboards (MDF) that have outstanding durability and stability even in the most extreme and challenging outdoor environments. The Tricoya[®] technology represents a major innovation in the wood panel industry, and is leading to a new generation of wood based panel products.

Through this agreement, Accsys has granted an option of exclusive production and distribution rights for an initial volume of approximately 60,000 metric tonnes of Tricoya[®] per annum. This equates to around 90,000 m³ of Tricoya[®] branded MDF exclusively for the Latin American market (excluding Brazil, for which rights are non-exclusive). During the two-year term of the option agreement, the option holder will carry out an extensive evaluation of Tricoya material, including market testing, production testing and the development of end-products. If this evaluation is successful, a full licence agreement may be entered into. All substantial terms of the licence agreement, including licence fees, brand rights, and mutual obligations of the parties have been agreed.

Mr Clegg further noted that “this Agreement represents a further important step forward for our Company, confirming the significant growth potential that the Tricoya[®] technology adds to our existing wood modification technology platform. With the recent successful launch of Medite Tricoya[®] there has been burgeoning interest from potential licensees around the world. Our technology enables MDF to be used in challenging exterior applications, creating completely new market opportunities for manufacturers operating in the 293 million m³ global wood based panel sector. It is already clear that Tricoya[®] based MDF will compete with many higher cost, non-renewable construction materials currently used for exterior and wet environment applications. We are optimistic that the pipeline we are developing will bring additional value to Accsys’ shareholders in the coming years.”

In addition to the licence option agreement, a distribution and marketing agreement and a tripartite evaluation and supply agreement, to which Medite Europe Limited is also signatory, have been concluded. Gerry Britchfield, Managing Director of Coillte Panel Products, Medite Europe’s parent company, expressed his support for the agreement. “We have now produced more than 100,000 m² of Medite Tricoya panels in thicknesses ranging from 4-18mm, sold in Ireland, the UK and the

Netherlands, and have enjoyed very positive feedback from our initial customers. Medite Tricoya panels, assessed by independent researchers as offering a 60 year exterior service life, have already been deployed in a wide range of applications in the construction and infrastructure markets that were previously unimaginable. These include façade cladding, exterior trim applications (mouldings and fascias, soffit panels), interior wet areas, exterior door skins, garden furniture, and even for an animal pen in a safari park. We look forward to supporting the option holder and sharing ideas about this exciting new product and seeing its success spread around the world."

Ends

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Notes to Editors:

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

Medite Europe Ltd. (www.medite-europe.com) is part of Coillte Panel Products and owned by Coillte, the Irish forestry and forest products company. Medite products are recognised as the benchmark for quality, consistency and performance in MDF, as well as being Forest Stewardship Council (FSC) certified. Medite has led the market in technical innovation, introducing such advances as moisture resistant, flame retardant, exterior grade, zero-added formaldehyde and flooring quality MDF varieties, and their programme of innovation is continuous.

Coillte Panel Products (www.coillte.ie) is a significant and powerful player in Europe's composite board marketplace. Its brands Medite MDF and SmartPly OSB are FSC certified which differentiates them from many competitor and substitute products, and enables them to meet environmental standards which are becoming increasingly important to designers, specifiers, architects and clients for both public and private projects.

Tricoya® Wood Elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips, and particles for use in the fabrication of wood based composites, including panel products. These composites demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Tricoya® Wood Elements is 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. The 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.

Accoya® wood (www.accoya.com) is produced using Accsys' proprietary patented acetylation technology, that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya® wood is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet light. Moreover, the Accoya® wood production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers and specifiers. For marine uses where weight is also important, Accoya® wood for the first time provides boat builders with a wood that is strong, lightweight, durable and retains its natural beauty for far longer. For a full archive of Accoya® news, visit www.accoya.com/news.asp.

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