

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document, which has been approved by the FCA in accordance with section 85 of FSMA, comprises: (a) a prospectus, prepared in accordance with the Prospectus Rules made under section 73A of FSMA; (b) an admission document prepared in accordance with the AIM Rules for Companies; and (c) notice of a General Meeting. A copy of this document has been filed with the FCA in accordance with Rule 3.2.1 of the Prospectus Rules. The Company has also requested that the FCA certify to the AFM that this document is a prospectus drawn up in accordance with the Prospectus Rules. This document has been made available to the public in accordance with Rule 3.2.1 of the Prospectus Rules and Rule 27 of the AIM Rules for Companies and Article 5:21 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. Numis Securities Limited is acting as nominated adviser to the Company in connection with the Firm Placing and Open Offer.

You should read the whole of this document and the documents incorporated herein by reference. In particular, your attention is drawn to the risk factors set out in Part II (Risk Factors) of this document, which you should read in full.



ACCSYS
GROUP

ACCSYS TECHNOLOGIES PLC

(Incorporated and registered in England and Wales with registered no. 5534340)

Firm Placing of 17,400,000 New Ordinary Shares at €0.69 per share and Open Offer of 2,923,986 New Ordinary Shares at €0.69 per share and Notice of General Meeting

Underwriter, Nominated Adviser and Broker Numis Securities Limited

The Existing Ordinary Shares are traded on the regulated market operated by Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) and on AIM under the symbol ‘AXS’. Application 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 AIM and Euronext Amsterdam at 8:00 a.m. (BST) on 24 April 2017. No application is currently intended to be made for the New Ordinary Shares to be admitted to trading or traded on any other exchange.

Subject to the restrictions set out below, if you sell or have sold or otherwise transferred all of your Ordinary Shares in certificated form before 8:00 a.m. on 30 March 2017 being the date upon which the Ordinary Shares were marked “ex” the entitlement to the Open Offer by Euronext Amsterdam and AIM (the “**Ex-Entitlements Date**”), please send this document together with the Form of Proxy and any Application Form, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the Restricted Jurisdictions and the United States. If you sell or have sold or otherwise transferred all or some of your Ordinary Shares held in uncertificated form before the Ex-Entitlements Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements (if relevant) to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your

holding of Ordinary Shares held in certificated form before the Ex-Entitlements Date, you should refer to the instruction regarding split applications in Part X (Terms and Conditions of the Open Offer) of this document and in the Application Form.

ABN AMRO Bank N.V. is acting as the Listing Agent and Subscription Agent to the Company in connection with the Firm Placing and Open Offer and is not advising any person or treating any person as its customer or client in relation to the Firm Placing and Open Offer and will not be responsible to any such person for providing the protections afforded to its customers or clients or for providing advice in connection with the Firm Placing and Open Offer. No representation or warranty, express or implied, is made by ABN AMRO Bank N.V. or any of their respective affiliates or any of their respective directors, officers or employees or any other person as to the accuracy, completeness and fairness of any of the contents of this document and ABN AMRO Bank N.V. does not accept any responsibility for the contents of this document. Nothing in this document or any statements made in connection therewith is, or shall be relied upon as a promise or representation by the Listing Agent and Subscription Agent or any of their respective affiliates whether as to the past or future. Accordingly, the Listing Agent and Subscription Agent disclaim to the fullest extent possible permitted by applicable law, all and any liability, whether arising in tort or contract or otherwise which they might otherwise be found to have in respect of this document and/or any such statement.

Although the Listing Agent and Subscription Agent are party to various agreements pertaining to the Firm Placing and Open Offer and ABN AMRO Bank N.V. has or might enter into a financing arrangement with the Company, this should not be considered as a recommendation by any of them to invest in the New Ordinary Shares.

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as Underwriter, Nominated Adviser and Broker to the Company in connection with the Firm Placing and Open Offer and is not advising any other person or treating any other person as its customer or client in relation to the Firm Placing and Open Offer and will not be responsible to any such other person for providing the protections afforded to its customers or clients or for providing advice in connection with the Firm Placing and Open Offer. No representation or warranty, express or implied, is made by Numis Securities Limited as to any of the contents of this document and Numis Securities Limited does not accept any responsibility for the contents of this document.

The distribution of this document and/or any Application Form and/or the transfer of the New Ordinary Shares in or into jurisdictions other than the United Kingdom and the Netherlands may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, neither this document nor any Application Form should be distributed, forwarded to, or transmitted in or into any Restricted Jurisdiction or the United States. In particular, the New Ordinary Shares referred to in this document have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States or under the securities laws of any Restricted Jurisdiction and may not be offered or sold in the United States or any Restricted Jurisdiction absent registration or an exemption from registration. The New Ordinary Shares and the Application Forms have not been approved or disapproved by the US Securities and Exchange Commission, any US state securities commission or other regulatory authority, nor have the foregoing authorities passed upon or endorsed the merits of the Firm Placing and Open Offer or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful and is a criminal offence in the United States. Overseas Shareholders are referred to Part XI (Overseas Shareholders) of this document for further information.

Certain information in relation to the Company is incorporated by reference into this document. Capitalised terms used herein have the meanings ascribed to them in the section of this document entitled 'Definitions'. Certain abbreviated and technical terms that are commonly used in the wood industry and which appear in this document are defined in the section of this document entitled 'Glossary of Technical Terms'. Unless the context otherwise requires, all references in this document to "we", "us", "our" and similar terms refer to the Company or the Group, as the context requires.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

The contents of the Company's website do not form part of this document. This document will be published in the English language only.

This document is dated 29 March 2017.

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PART I

SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	<i>Warning:</i>	<p>This summary should be read as an introduction to the prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of the prospectus as a whole by the investor including the information incorporated by reference.</p> <p>Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<i>Subsequent resale of securities or final placement:</i>	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this document.
Section B – Issuer		
Element	Disclosure requirement	Disclosure
B.1	<i>Legal name:</i>	The legal and commercial name of the issuer is Accsys Technologies PLC.
B.2	<i>The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation:</i>	The Company is a public limited company domiciled and incorporated in England and Wales under the Companies Act 1985 with registered number 05534340. The Company’s registered office is at Brettenham House, 19 Lancaster Place, London, England, WC2E 7EN.

<p>B.3</p>	<p><i>A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes:</i></p>	<p>The Company is a chemical technology group focused on the development and commercialisation of a range of innovative technologies based upon the acetylation of solid wood and wood elements.</p> <p>The Group's principal products are:</p> <ul style="list-style-type: none"> ● Accoya[®], a unique, leading high technology long life solid wood. Accoya[®] is typically used for windows, external doors, cladding, siding, decking and structural and civil engineering projects on account of its world class dimensional stability and Class 1 durability. ● Tricoya[®] wood elements, which are produced using the Company's proprietary technology for the acetylation of wood chips, fibres and particles, primarily for use in the fabrication of panel products. Typical usages include façade cladding/siding and other secondary exterior applications, window components, door components and door skins and wet interiors, including wall linings. <p>The Group operates the Arnhem Plant, an Accoya[®] production facility in Arnhem, the Netherlands, which currently has production capacity for approximately 40,000m³ of Accoya[®] per annum. An expansion of the Arnhem Plant has begun, involving the addition of a third reactor which will increase the capacity of the plant to approximately 60,000m³. Accoya[®] produced in Arnhem is now being sold across Europe, North America, Canada, Chile, Australia, New Zealand, China, India, Israel, Mexico, Morocco, Middle East, South Africa and South East Asia under 61 Accoya[®] distributor, supply or agency agreements.</p> <p>Limited volumes of this Accoya[®] production are also being sold to Medite Europe DAC ("Medite"), the Group's historic Tricoya[®] joint development partner, for chipping into Tricoya[®] and the subsequent production and sale by Medite of Tricoya[®] Extreme Durable MDF panels ("Medite Tricoya[®]").</p>
<p>B.4a</p>	<p><i>A description of the most significant recent trends affecting the issuer and the industries in which it operates:</i></p>	<p>Global demand for Accoya[®] and Tricoya[®] continues to grow. The products have been widely tested in Europe and North America by scientific experts, manufacturers and end-users, and confirmed as extremely desirable products in the wood and timber industry.</p> <p>In the ten months from 31 March 2016 to 31 January 2017, sales volume of Accoya[®] was 31,599m³, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³). The Board believes that long-term market opportunity remains substantial, with demand in excess of 1 million m³ of Accoya[®] per annum being ultimately achievable in the long term.</p> <p>The global market for Tricoya[®] panel products is estimated by the Directors to be in excess of 1.6 million m³ per annum. To put this in context, this would represent around 1% of global MDF manufacturing capacity. Tricoya[®] panels were introduced to the market by Medite in 2012, manufactured using chipped Accoya[®]. Sales have increased significantly each year since, and total panel sales to date exceed 17,200m³ / 1,585,000m², representing a sales value of approximately €26 million.</p>

<p>B.5</p>	<p><i>If the issuer is part of a group, a description of the group and the issuer's position within the group:</i></p>	<p>The Accsys Group comprises Accsys Technologies PLC and its six subsidiaries:</p> <ul style="list-style-type: none"> • Titan Wood Limited (“TWL”) – focused on the licensing of wood acetylation technology and the development of the Accoya® and Tricoya® brands; • Titan Wood B.V. (“TWBV”) – focused on the production of Accoya® to develop end-product applications of Accoya® in major markets and to supply the early product needs of potential licensees; • Titan Wood Technology B.V. (“TWTBV”) – focused on research and the development of acetylation technologies; • Titan Wood Inc. (“TWInc”) – focused on the sale and marketing of Accoya® across the United States and Canada; • Tricoya Technologies Limited (“TTL”) – focused on the commercialisation of technology for the production of Tricoya® wood elements around the world; and • Tricoya Ventures UK Limited (“TVUK”) – focused on the construction and expected future operation of the Hull Plant, the first manufacturing plant for Tricoya®. <p>The following table contains a list of the principal subsidiaries of the Company as at the date of this document.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">% ownership interest</th> </tr> </thead> <tbody> <tr> <td>Titan Wood Limited (UK)</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Titan Wood B.V. (Netherlands)</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Titan Wood Technology B.V. (Netherlands)</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Titan Wood Inc. (USA)</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Tricoya Technologies Limited (UK)</td> <td style="text-align: right;">74.6</td> </tr> <tr> <td>Tricoya Ventures UK Limited (UK)</td> <td style="text-align: right;">61.8*</td> </tr> </tbody> </table> <p style="text-align: right;">*(held by TTL)</p> <p>The shares in TWBV, TWInc, TTL and TVUK are held indirectly by the Company.</p>		% ownership interest	Titan Wood Limited (UK)	100	Titan Wood B.V. (Netherlands)	100	Titan Wood Technology B.V. (Netherlands)	100	Titan Wood Inc. (USA)	100	Tricoya Technologies Limited (UK)	74.6	Tricoya Ventures UK Limited (UK)	61.8*																						
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<p>B.6</p>	<p><i>In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest:</i></p>	<p>As at the Last Practicable Date, except as disclosed in the table below, in so far as is known to the Company, no person is or will, immediately following the Firm Placing and Open Offer, be directly or indirectly interested in 3% or more of the Company's capital or voting rights.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="2" style="text-align: center;">Ordinary Shares owned at the Last Practicable Date</th> </tr> <tr> <th></th> <th style="text-align: center;">Number of Ordinary Shares</th> <th style="text-align: center;">% of existing issued share capital</th> </tr> </thead> <tbody> <tr> <td>Henderson Group PLC</td> <td style="text-align: right;">5,339,467</td> <td style="text-align: right;">5.89</td> </tr> <tr> <td>Royal Bank of Canada</td> <td style="text-align: right;">5,150,698</td> <td style="text-align: right;">5.68</td> </tr> <tr> <td>OP-Pohjola Group Central Cooperative</td> <td style="text-align: right;">4,988,896</td> <td style="text-align: right;">5.50</td> </tr> <tr> <td>INEOS</td> <td style="text-align: right;">4,881,028</td> <td style="text-align: right;">5.38</td> </tr> <tr> <td>Majedie UK Equity Fund</td> <td style="text-align: right;">4,548,435</td> <td style="text-align: right;">5.02</td> </tr> <tr> <td>FIL Limited (formerly known as Fidelity International Limited)</td> <td style="text-align: right;">4,431,578</td> <td style="text-align: right;">4.89</td> </tr> <tr> <td>Invesco Limited</td> <td style="text-align: right;">4,377,644</td> <td style="text-align: right;">4.83</td> </tr> <tr> <td>The London & Amsterdam Trust Company Limited</td> <td style="text-align: right;">4,054,040</td> <td style="text-align: right;">4.47</td> </tr> <tr> <td>Saad Investments Company Limited</td> <td style="text-align: right;">3,523,689</td> <td style="text-align: right;">3.89</td> </tr> <tr> <td>Zurab Lysov</td> <td style="text-align: right;">3,334,920</td> <td style="text-align: right;">3.68</td> </tr> </tbody> </table>		Ordinary Shares owned at the Last Practicable Date			Number of Ordinary Shares	% of existing issued share capital	Henderson Group PLC	5,339,467	5.89	Royal Bank of Canada	5,150,698	5.68	OP-Pohjola Group Central Cooperative	4,988,896	5.50	INEOS	4,881,028	5.38	Majedie UK Equity Fund	4,548,435	5.02	FIL Limited (formerly known as Fidelity International Limited)	4,431,578	4.89	Invesco Limited	4,377,644	4.83	The London & Amsterdam Trust Company Limited	4,054,040	4.47	Saad Investments Company Limited	3,523,689	3.89	Zurab Lysov	3,334,920	3.68
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	Different voting rights:	All Ordinary Shares have the same voting rights and, accordingly, the Shareholders in the table above will not have voting rights different from those of any other Shareholders.																																																																																																																																										
	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled, by whom and describe the nature of such control:	The Company and the Directors are not aware of any persons, who, as at the Last Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor are they aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company.																																																																																																																																										
B.7	Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information:	<p>Selected historical financial information relating to the Group for the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 and the six months ended 30 September 2015 and 30 September 2016 is set out in the following table:</p> <p>Consolidated Income Statement</p> <table border="1"> <thead> <tr> <th></th> <th>Year ended 31 March 2014 €'000</th> <th>Year ended 31 March 2015 €'000</th> <th>Year ended 31 March 2016 €'000</th> <th>Six months ended 30 September 2015 €'000</th> <th>Six months ended 30 September 2016 €'000</th> </tr> </thead> <tbody> <tr> <td>Accoya® wood revenue</td> <td>29,293</td> <td>40,661</td> <td>43,466</td> <td>21,862</td> <td>22,534</td> </tr> <tr> <td>Licence revenue</td> <td>1,134</td> <td>389</td> <td>2,849</td> <td>328</td> <td>500</td> </tr> <tr> <td>Other revenue</td> <td>3,085</td> <td>5,027</td> <td>6,454</td> <td>4,104</td> <td>2,025</td> </tr> <tr> <td>Total revenue</td> <td>33,512</td> <td>46,077</td> <td>52,769</td> <td>26,294</td> <td>25,059</td> </tr> <tr> <td>Total Cost of sales</td> <td>(25,753)</td> <td>(33,842)</td> <td>(34,597)</td> <td>(16,916)</td> <td>(18,236)</td> </tr> <tr> <td>Gross profit</td> <td>7,759</td> <td>12,235</td> <td>18,172</td> <td>9,378</td> <td>6,823</td> </tr> <tr> <td>Other operating costs</td> <td>(14,973)</td> <td>(18,922)</td> <td>(18,460)</td> <td>(9,389)</td> <td>(10,176)</td> </tr> <tr> <td>Other gains</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>601</td> </tr> <tr> <td>Operating loss</td> <td>(7,214)</td> <td>(6,687)</td> <td>(288)</td> <td>(11)</td> <td>(2,752)</td> </tr> <tr> <td>Share of joint venture loss</td> <td>(905)</td> <td>(1,098)</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>Gain on acquisition of subsidiary</td> <td>—</td> <td>267</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>Finance income</td> <td>155</td> <td>73</td> <td>13</td> <td>17</td> <td>1</td> </tr> <tr> <td>Finance expense</td> <td>(226)</td> <td>(208)</td> <td>(191)</td> <td>(98)</td> <td>(104)</td> </tr> <tr> <td>Loss before tax</td> <td>(8,190)</td> <td>(7,653)</td> <td>(466)</td> <td>(92)</td> <td>(2,855)</td> </tr> <tr> <td>Tax expense</td> <td>(699)</td> <td>(607)</td> <td>(402)</td> <td>(240)</td> <td>(373)</td> </tr> <tr> <td>Loss for the period</td> <td>(8,889)</td> <td>(8,260)</td> <td>(868)</td> <td>(332)</td> <td>(3,228)</td> </tr> <tr> <td>(Loss) / Gain arising on translation of foreign operations, which could subsequently be reclassified into profit or loss</td> <td>(36)</td> <td>158</td> <td>(27)</td> <td>33</td> 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revenue	33,512	46,077	52,769	26,294	25,059	Total Cost of sales	(25,753)	(33,842)	(34,597)	(16,916)	(18,236)	Gross profit	7,759	12,235	18,172	9,378	6,823	Other operating costs	(14,973)	(18,922)	(18,460)	(9,389)	(10,176)	Other gains	—	—	—	—	601	Operating loss	(7,214)	(6,687)	(288)	(11)	(2,752)	Share of joint venture loss	(905)	(1,098)	—	—	—	Gain on acquisition of subsidiary	—	267	—	—	—	Finance income	155	73	13	17	1	Finance expense	(226)	(208)	(191)	(98)	(104)	Loss before tax	(8,190)	(7,653)	(466)	(92)	(2,855)	Tax expense	(699)	(607)	(402)	(240)	(373)	Loss for the period	(8,889)	(8,260)	(868)	(332)	(3,228)	(Loss) / Gain arising on translation of foreign operations, which could subsequently be reclassified into profit or loss	(36)	158	(27)	33	—	Total comprehensive loss for the period	(8,925)	(8,102)	(895)	(299)	(3,228)	Total comprehensive loss for the period is attributable to:						Owners of Accsys	(8,925)	(8,102)	(885)	(299)	(3,186)	Non-controlling interests	—	—	(10)	—	(42)	Total 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Consolidated Statement of Financial Position

	As at 31 March 2014 €'000	As at 31 March 2015 €'000	As at 31 March 2016 €'000	As at 30 September 2016 €'000
Non-current assets				
Intangible assets	8,333	10,014	10,980	10,945
Investment in joint venture	340	—	—	—
Property, plant and equipment	20,740	19,548	20,272	16,914
Available for sale investments	—	—	—	—
	<u>29,413</u>	<u>29,562</u>	<u>31,252</u>	<u>27,859</u>
Current assets				
Inventories	6,053	7,894	8,345	10,184
Trade and other receivables	4,477	4,998	5,647	6,441
Cash and cash equivalents	15,185	10,786	8,186	7,866
Corporation tax	446	388	412	545
	<u>26,161</u>	<u>24,066</u>	<u>22,590</u>	<u>25,036</u>
Current liabilities				
Trade and other payables	(5,557)	(9,625)	(8,063)	(9,455)
Obligation under finance lease	(264)	(264)	(354)	(347)
Corporation tax	—	(812)	(1,425)	(1,929)
	<u>(5,821)</u>	<u>(10,701)</u>	<u>(9,842)</u>	<u>(11,731)</u>
Net current assets	20,340	13,365	12,748	13,305
Non-current liabilities				
Obligation under finance lease	(1,871)	(1,799)	(1,947)	(1,868)
	<u>(1,871)</u>	<u>(1,799)</u>	<u>(1,947)</u>	<u>(1,868)</u>
Net assets	<u>47,882</u>	<u>41,128</u>	<u>42,053</u>	<u>39,296</u>
Equity				
Share capital – ordinary shares	4,392	4,440	4,495	4,531
Share premium account	128,648	128,714	128,792	128,792
Other reserves	107,090	106,855	107,441	107,421
Accumulated loss	(192,223)	(199,022)	(198,842)	(201,586)
Own shares	(47)	(39)	(47)	(34)
Foreign currency translation reserve	22	180	153	153
	<u>47,882</u>	<u>41,128</u>	<u>41,992</u>	<u>39,277</u>
Capital value attributable to owners of Accsys				
Non-controlling interest in subsidiaries	—	—	61	19
Total equity	<u>47,882</u>	<u>41,128</u>	<u>42,053</u>	<u>39,296</u>

		<i>Consolidated Cash Flow Statement</i>				
		Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000	Six months ended 30 September 2016 €'000
		Cash flows (used in) / generated from operating activities before changes in working capital	(3,567)	(2,912)	3,456	1,831 (1,545)
		Cash flow generated from / (used for) changes in working capital	310	(961)	(3,004)	(3,153) (1,106)
		Tax received / (paid)	344	263	229	(2) (2)
		Net cash flows (used in) / generated from operating activities	(2,913)	(3,610)	681	(1,324) (2,653)
		Net cash flows (used in) / generated from investing activities	(2,130)	(700)	(4,047)	(1,915) 2,473
		Net cash flows (used in)/generated from financing activities	(210)	(157)	783	(30) (140)
		Net decrease in cash and cash equivalents	(5,253)	(4,467)	(2,583)	(3,269) (320)
		Effect of exchange rate changes on cash and cash equivalents	(29)	68	(17)	(16) —
B.7	<i>Narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information:</i>	On 29 December 2016 the Company received €2 million, this being the first part of the €9.5 million payable to the Company under the Solvay Acetow Loan Agreement, to fund the expansion of the Arnhem Plant. Save as described in this section, there has been no significant change in the financial or trading position of the Group since 30 September 2016, the date to which the Company's last unaudited condensed consolidated interim financial statements incorporated into this document by reference, as explained in Part XIII (Documentation Incorporated by Reference), are prepared.				
B.8	<i>Pro forma information:</i>	Not applicable.				
B.9	<i>Profit forecasts:</i>	Not applicable.				
B.10	<i>Qualifications in the audit report:</i>	Not applicable; the audit reports on the historical financial information contained in, or incorporated by reference into, this document are not qualified.				
B.11	<i>Working capital explanation:</i>	Not applicable; the Company is of the opinion that, after taking into account existing available facilities and the net proceeds of the Firm Placing, 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 document.				

Section C – Securities		
Element	Disclosure requirement	Disclosure
C.1	<i>A description of the type and the class of securities being admitted to trading, including any security identification number:</i>	<p>The Firm Placing and Open Offer comprises in aggregate 20,323,986 New Ordinary Shares of which 17,400,000 New Ordinary Shares are proposed to be issued under the Firm Placing and of which up to 2,923,986 New Ordinary Shares are proposed to be issued under the Open Offer, in each case at €0.69 per New Ordinary Share.</p> <p>When admitted to trading, the New Ordinary Shares will be registered with the following ISIN: GB00BQQFX454.</p>
C.2	<i>Currency of the securities issue:</i>	The Existing Ordinary Shares are denominated in Euro and quoted in sterling on AIM and in Euro on Euronext and the New Ordinary Shares will be traded and quoted in the same way.
C.3	<i>The number of shares issued and fully paid and issued but not fully paid:</i>	On the Last Practicable Date, the Company had 90,643,585 Existing Ordinary Shares of €0.05 each in issue (all of which were fully paid or credited as fully paid).
C.4	<i>A description of the rights attached to the securities:</i>	<p>The New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with each other and will rank in full for all dividends and other distributions thereafter declared, made or paid in respect of the Ordinary Shares.</p> <p>There are no special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares.</p>
C.5	<i>A description of any restrictions on the free transferability of the securities:</i>	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares.
C.6	<i>Admission to trading:</i>	Application 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. (BST) on 24 April 2017.
C.7	<i>A description of the dividend policy:</i>	<p>The Company's general dividend policy is to pay dividends at levels consistent with factors such as future earnings, financial condition, capital adequacy and liquidity. The Company does not expect to pay a dividend in respect of the current financial year.</p> <p>The Board deems it prudent for the Company to maintain as strong a balance sheet as possible during the current phase of the Company's growth strategy.</p>

Section D – Risks		
Element	Disclosure requirement	Disclosure
D.1	<i>Key information on the key risks that are specific to the issuer or its industry:</i>	<p>Prior to investing in the Ordinary Shares, prospective investors should consider the associated risks. The key risks specific to the Company or its industry are:</p> <p>Industry-specific risks</p> <ul style="list-style-type: none"> • Macroeconomic conditions and global factors beyond the Group’s control may have a detrimental impact both on demand in the building and construction industry for the Group’s products and on the price and availability of key inputs, which may affect the Group’s growth and financial condition and the quality of its products. • The Group faces risks relating to the UK’s proposed exit from the European Union, which could generate further increased political, economic and currency volatility and uncertainty in the markets. • The Group may be unable to expand into new markets. • The Group is exposed to the risk of changes in tax laws, or the interpretation thereof, and changes in government legislation or policy. <p>Group-specific risks</p> <ul style="list-style-type: none"> • The success of the Group in building a profitable business depends in large part on its ability to achieve continued wider adoption of Accoya® and further market acceptance of Tricoya®. There is a risk that the Group’s current and potential competitors may develop and introduce new competing products and services that could be priced lower or achieve greater market acceptance. • The Group’s inability to protect adequately its proprietary technology and brand names could have a material adverse effect on its business. • Significant delays or cost overruns in the expansion of the Arnhem Plant or the construction of the Hull Plant, or disruptions to their operation, may adversely impact the viability of these projects. • The success of the Tricoya® Project is partly dependent on the actions of the Group’s partners in the Tricoya® Consortium. Disputes within the Tricoya® Consortium, or failure by the Tricoya® Consortium partners to meet their financial obligations in relation to the Tricoya® Project, may have a material adverse impact on the success of the Tricoya® Project. • The BGF/Volantis Subscription Agreement places certain restrictions on the Company which may constrain the Company’s ability to react swiftly to business risks and take advantage of opportunities as they arise. • The Group relies significantly on the skills and expertise of its key personnel. The loss of these individuals and/or the inability to attract, train and motivate highly skilled technical, sales and support staff could harm the Group’s business. • Any default by a material customer, business partner, licensee or supplier, or a failure by a business partner or licensee to perform as expected, may have a material adverse effect on the Group’s prospects, results of operations and financial condition. • The Group also faces environmental, health and safety and product liability risks, in particular in relation to its operation in the chemical industry.

		<ul style="list-style-type: none"> • The Company's indebtedness, including under the Solvay Acetow Loan Agreement, exposes the Company to the risks associated with borrowing.
D.3	<p>Key information on the key risks that are specific to the securities:</p>	<p>Risks relating to the Firm Placing and Open Offer and the Ordinary Shares</p> <ul style="list-style-type: none"> • Prospective investors should be aware that the value of an investment in the Company may go down as well as up. The market value of the Ordinary Shares can fluctuate substantially and may not always reflect the underlying value or prospects of the Group. • The Ordinary Shares are denominated in Euro, and quoted in sterling on AIM and Euro on Euronext. An investment in Ordinary Shares may expose the investor to exchange rate risks. • The Company cannot predict whether substantial numbers of Ordinary Shares will be sold in the open market. A sale of a substantial number of Ordinary Shares, or the perception that such sales could occur, could materially and adversely affect the market price of the Ordinary Shares. • There is no guarantee that there will be sufficient liquidity in the Ordinary Shares to sell or buy any number of Ordinary Shares at a certain price level. • Certain institutional Shareholders (see also Part XII (Additional Information) of this document) currently hold, and may continue to hold after the Firm Placing and Open Offer, and other investors may acquire pursuant to the Firm Placing and Open Offer, a significant proportion of the Ordinary Shares. These Shareholders may, if they act together, exercise significant influence over all corporate matters requiring Shareholder approval after the Firm Placing and Open Offer, including the election of Directors and the determination of significant corporate actions. • The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. • There is no assurance that Admission will take place when anticipated. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, not waived, Admission will not be implemented. • Following the issue of the New Ordinary Shares to be allotted pursuant to the Firm Placing and Open Offer, Shareholders may experience dilution in their ownership of the Company. • The ability of an Overseas Shareholder to bring an action against the Group may be limited under law.

Section E – Offer		
Element	Disclosure requirement	Disclosure
E.1	<i>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror:</i>	<p>The Company’s total maximum net proceeds from the Firm Placing and Open Offer are expected to be approximately €12.2 million (assuming the Open Offer is fully subscribed for in cash).</p> <p>The Company’s total minimum net proceeds from the Firm Placing and Open Offer are expected to be approximately €10.2 million (assuming there is nil subscription under the Open Offer).</p> <p>The total estimated costs and expenses of the Firm Placing and Open Offer payable by the Company are approximately €1.6 million (excluding recoverable VAT).</p> <p>No expenses will be charged by the Company to Shareholders who acquire New Ordinary Shares.</p>
E.2	<i>Reasons for the offer, use of proceeds and estimated net amount of the proceeds:</i>	<p>The estimated net proceeds are as set out in E.1 above.</p> <p>The Group intends that the net proceeds of the Firm Placing will be applied to fund working capital in respect of the Group’s operations, including to maintain optimal inventory levels to support expected sales growth, and to strengthen the Company’s balance sheet in the context of the two significant capital projects that it is undertaking, being the expansion of the Arnhem Plant and the construction by TVUK of the Hull Plant.</p> <p>Any further proceeds raised on subscription under the Open Offer will supplement the working capital resources of the Group.</p>
E.3	<i>Description of the terms and conditions of the offer:</i>	<p>Firm Placing</p> <p>The Company intends to raise €12 million (gross) through the Firm Placing of 17,400,000 New Ordinary Shares at the Offer Price to certain institutional investors. The Firm Placing is not subject to clawback. The Firm Placing is subject to the same conditions and termination rights which apply to the Open Offer.</p> <p>Open Offer</p> <p>The Company may raise up to €2 million (gross) through the Open Offer of 2,923,986 New Ordinary Shares at the Offer Price.</p> <p>Subject to the fulfilment of the conditions below, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares <i>pro rata</i> to their existing shareholdings on the basis of:</p> <p>1 Open Offer Share at €0.69 each for every 31 Existing Ordinary Shares held and registered in that Shareholder’s name as at the Record Time.</p> <p>Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders’ Open Offer Entitlement and will be aggregated and made available under the Excess Application Facility.</p> <p>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 registered in their name 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.</p>

		<p>General</p> <p>The Firm Placing and Open Offer is conditional upon:</p> <ul style="list-style-type: none"> • the passing of the First and Fourth Resolutions at the General Meeting; • Admission becoming effective by no later than 8:00 a.m. (BST) on 24 April 2017 (or such later time and/or date, being not later than 8 May 2017, as the Company and the Underwriter 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. <p>The Firm Placing is being underwritten by Numis subject to the conditions set out in the Underwriting Agreement. The Open Offer is not underwritten.</p> <p>The New Ordinary Shares, when issued and fully paid will rank <i>pari passu</i> with the Existing Ordinary Shares, including the right to receive dividends or distributions made, paid or declared after the date of their issue.</p>
E.4	<i>A description of any interest that is material to the issue/offer including conflicting interests:</i>	Not applicable. There are no interests, including any conflicting interests, known to the Company that are material to the Company or the Firm Placing and Open Offer.
E.5	<i>Name of the person or entity offering to sell the security:</i> <i>Details of any lock-up agreements:</i>	Not applicable. The Firm Placing and Open Offer comprises New Ordinary Shares being issued by the Company and no lock-up agreements have been executed.
E.6	<i>Dilution:</i>	<p>As a result of the Firm Placing, a Qualifying Shareholder that takes up its Open Offer Entitlements in full (assuming it does not participate in the Excess Application Facility) will suffer a dilution to its interests in the Company of 15.7%, assuming full take up under the Open Offer.</p> <p>As a result of the Firm Placing and Open Offer, a Qualifying Shareholder that does not take up any of its Open Offer Entitlements will suffer a more substantial dilution to its interests in the Company of 18.3%, assuming full take up under the Open Offer.</p> <p>Subject to certain exceptions, Shareholders in the United States and the Restricted Jurisdictions will not be able to participate in the Open Offer.</p>
E.7	<i>Estimated expenses charged to the investor by the issuer:</i>	Not applicable. Investors will not be charged expenses by the Company in respect of the Firm Placing and Open Offer.

PART II

RISK FACTORS

Any investment in Accsys or in the New Ordinary Shares carries a number of risks. Prospective investors should review this document carefully and in its entirety (together with any documents incorporated by reference into it) and consult with their professional advisers before acquiring any New Ordinary Shares. You should carefully consider the risks and uncertainties described below, in addition to the other information in this document and the information incorporated into this document by reference, before making any investment decision. Prospective investors should note that the risks relating to the Group, its industry and the New Ordinary Shares summarised in the section of this document headed ‘Summary’ are the risks that the Directors believe to be most essential to an assessment by a prospective investor of whether to consider an investment in such securities. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the ‘Summary’ but also, among other things, the risks and uncertainties below.

The order in which these risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group’s business, operating results, financial condition or prospects. The risks and uncertainties described below represent all those known to the Directors as at the date of this document which the Directors consider to be material. However, these risks and uncertainties are not the only ones facing the Group; additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, could also impair the business of the Group. If any or a combination of these risks actually occurs, the business, financial condition and operating results of the Group could be adversely affected. In such case, the market price of the Ordinary Shares could decline and you may lose all or part of your investment.

1. Risks relating to the industry of the Group

(a) *The Group faces risks relating to the UK’s proposed exit from the European Union*

The UK’s June 2016 referendum vote to leave the European Union (the “EU”) (the “**EU Referendum Result**”) has created some uncertainty regarding the UK’s relationship with the EU.

Although the EU Referendum Result has not led to any immediate material changes to the Group’s current operations and structure, it could generate political, economic and currency volatility and uncertainty in the markets. Whilst the Group may be less exposed to the same, given its cross listing on Euronext Amsterdam and given the fact that its Accoya[®] manufacturing facilities are located in the Netherlands and the fact that its functional currency is Euro, the effect of the EU Referendum Result could include the following: (i) damage to customers’, licensees’ and investors’ confidence in the Group; (ii) increased compliance and operating costs for the Group; (iii) a reduction in the share price of the Company; (iv) a reduction in the net asset value of the Company; (v) exposure to major currency movements (given that the Group has historically generated a significant proportion of its revenue in Euros in EU Member States); or (vi) a material negative impact on the Group’s tax position or business, results of operation and financial position more generally.

Until the terms and timing of the UK’s exit from the EU are confirmed, it is not possible to determine the full impact that the EU Referendum Result, the UK’s exit from the EU and/or any related matters may have on general economic conditions in the UK. The negotiation of the UK’s exit terms is likely to take a number of years.

(b) *The Group may be adversely affected by macroeconomic conditions*

Economic conditions significantly influence the demand for building and construction materials, including wood. The current uncertainty following the US presidential election and the EU Referendum Result regarding the strength and longevity of economic recovery, international trade and the pace of growth in the countries and industries in which the Group’s existing and prospective customers, business partners and licensees operate may negatively affect the level of demand for the Group’s products. Future economic policies and downturns may lead to a rise in the number of customers who are unable to pay for the Group’s products, business partners who are unable to fulfil their obligations or licensees who are unable to pay their licence fees, any of which in turn may have an adverse impact on the Group’s pace of growth or on its business, financial condition and operating results.

In addition, the Group's ability to operate profitably is affected by the cost and availability of key inputs. The costs of wood and of commodities generally, such as acetyls and energy, are volatile. The factors that influence the cost of these inputs are unpredictable and include operational issues, natural disasters, weather and economic conditions. Fluctuations in the availability and prices of raw materials and commodities could have a material effect on the Group's earnings and its financial condition and on the quality of its products. The Group's gross margins could be affected if these types of costs increase substantially. In the longer term, the Group may be unable to pass along a portion of any higher raw materials costs to the Group's customers because of competitive pressures.

(c) *The Group may not be able to expand into new markets*

An element of the Group's strategy for growth envisages the Group selling or licensing new or existing products, processes, brands and services into other territories or countries or into new markets. However, there can be no assurance that the Group will successfully execute this strategy for growth or that such products, processes, brands or services will achieve commercial success. The development of a mass market for a new product, brand or process is affected by many factors, most of which are beyond the control of the Group, including the emergence of newer and more competitive products or processes, the future price of raw materials, the tax regime on the materials and chemicals required to produce such products and develop such processes, the costs of the products or processes developed by third parties, regulatory requirements (including future regulatory changes) and the propensity of end-users to try new products or processes. If a mass market for any product, brand or process fails to develop or develops more slowly than anticipated, the Group may fail to achieve profitability with respect to the technology associated with such product, brand or process and suffer a material adverse effect on future revenue and profitability. In addition, the Group may not continue to develop such technology if market conditions do not support the continuation of the product, brand or process.

(d) *The Group is exposed to the risk of changes in government legislation or policy*

The Group's manufacturing operations, products and services are subject to industry driven standards and governmental regulation. Changes to such standards and regulation in the future, now potentially more likely in the aftermath of the EU Referendum Result, could give rise to increased costs being incurred by the Group associated with required remedial measures or production stoppage, any of which could have a material adverse effect on the business and financial performance of the Group.

New legislation or regulations, or a more stringent interpretation of existing laws and regulations, may also require the Group's potential customers, licensees, partners or suppliers to change operations significantly or incur increased costs, which could have a material adverse effect on the financial results of the Group.

2. Risk factors relating to the business and operations of the Group

(a) *The Group's success depends significantly on its ability to achieve wider adoption of Accoya[®] and further market acceptance of Tricoya[®] and, if the Group is unable to achieve this, it may be unable to maintain a sustainable or profitable business*

The success of the Group in building a profitable business depends in large part on its ability to achieve wider adoption of Accoya[®]. Whilst Accoya[®] is well-established in the market, and demand for the product is strong, the current manufacturing capacity of the Arnhem Plant is limited to approximately 40,000m³ per annum. Due to the relatively small current capacity of the Arnhem Plant in the short term compared to potential demand, sales may be adversely impacted by an inability to meet or manage demand within such capacity constraints, which may in turn limit any growth in the adoption of Accoya[®]. Although the Group is in the first stage of expanding the Arnhem Plant, adding a third reactor and chemical infrastructure for a fourth reactor in order to increase production capacity, there is no guarantee that once the expanded Arnhem Plant becomes fully functional, there will be sufficient demand to maximise the potential of the increased production either at all or in the time frames envisaged by the Company.

The Group's success also depends significantly on the Group achieving wide-spread market acceptance of Tricoya[®]. The Tricoya[®] Consortium has been established to design, build and operate the Hull Plant, a Tricoya[®] plant in Saltend, Hull, in order to enable Tricoya[®] to be manufactured on a commercial scale and to further develop Tricoya[®] in the marketplace. Whilst the Tricoya[®] process is based on the Group's core acetylation knowledge, there is a risk that unexpected process issues may arise, which may adversely affect production volumes and costs in relation to Tricoya[®] and potential

customers', business partners' and licensees' perception of Tricoya[®]. Furthermore, there is no guarantee that there will be large scale market acceptance of the product.

Further, if the speed of further developing the Group's technologies and products compares unfavourably to directly competing technologies or products, the Group's business, results from operations or financial condition may be materially adversely affected.

(b) *The Group faces competitive pressures*

The Group's products, Accoya[®] and Tricoya[®], have material performance attributes which enable them to be considered as alternative building materials in major end-product applications. Materials specifiers will evaluate their choice of materials based upon a number of factors, including stability, durability, availability, machineability, aesthetics, environmental sustainability and price. Materials that compete with Accoya[®] include durable hardwood, PVC (vinyl), softwoods, engineered woods, wood plastic composites, concrete and aluminium. Alternative materials to Tricoya[®] include conventional wood based panels, such as plywood and solid wood, and other non-wood materials, such as metal, fibre-cement, vinyl, high pressure laminate, glass fibre reinforced plastic and rockpanel. Improvements to the properties of these competing and alternative materials may be developed which increase the competitive pressure faced by Accoya[®] and Tricoya[®]. New materials with enhanced properties may also be developed. Competitors may be able to respond more quickly to new or changing technologies and client demands and/or to devote greater resources to the development, promotion and sales of their products and services than the Group. The Group's current and potential competitors may develop and introduce new competing products and services that could be priced lower, provide superior performance or achieve greater market acceptance than the Group's products and services. The Group's current and potential competitors may establish financial and strategic relationships among themselves or with existing or potential clients or other third parties to increase the ability of their products to address client needs. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share, which, in turn, may adversely affect demand for Accoya[®] and Tricoya[®] and the ability of the Group to licence or otherwise exploit its technology.

(c) *The Group's inability to protect adequately its proprietary technology and brand names could have a material adverse effect on its business*

The Group relies substantially on proprietary technology, patent rights, confidential information, trade secrets, know-how, branding and market positioning, laboratory research data and field research data to conduct its business, and to attract and retain customers and licensees. The success of the Group's business depends on its ability to protect its know-how and its intellectual property portfolio, and maintain and obtain patents without infringing the proprietary rights of others. If the Group does not effectively protect its know-how and intellectual property, its business and operating results could be harmed materially.

The Group now holds over 60 granted patents and over 170 pending patents relating to its acetylation technology in many major markets, including the United Kingdom, including in relation to its current acetylation processes and products. However, the Group's existing patents and its pending and future patent applications may be challenged, circumvented or invalidated or may be unenforceable. Patent applications run the risk of being refused on account of prior applications by competitors that have not yet become public. Furthermore, patents may only be granted for certain claims, thereby limiting the scope of protection. Competitors may develop similar technology or succeed in circumventing the Group's existing patents, enabling them to manufacture and sell products which compete directly with those of the Group. This could cause a decline in the Group's revenues and operating results. There is therefore no guarantee that the Group's patent protection will exclude competitors, or that a patent granted in favour of the Group will withstand challenge, or that third parties will not in the future claim rights in, or ownership of, the patents and other proprietary rights from time to time held by the Group.

The Group uses the brand names Accoya[®] and Tricoya[®] for its products worldwide. The brands are increasingly valuable assets for the Group and the Group operates on an increasingly global basis. The Group has registered both Accoya[®] and Tricoya[®] as trademarks in numerous jurisdictions, but further applications for trademark registration may be refused or challenged in jurisdictions where a similar trademark for wood products has been registered prior to the filing of the Group's application. Furthermore, the existing trademarks may be infringed or otherwise come under attack from third parties. An inability to use its brand names or continual infringement may adversely affect the Group's business in the relevant jurisdiction. As with the Group's technical intellectual property,

the brands are carefully managed via the Group's qualified in house intellectual property manager working with external trade mark attorneys where appropriate.

The Group also seeks to protect its technology and processes in part by entering into confidentiality agreements with customers, business partners, licensees and employees and by limiting (broad) access to the Group's proprietary technologies and processes to its licensees. However, the remedies available to the Group in the event of a breach of such confidentiality agreements may be inadequate to protect its technology and processes. In addition, the restrictive covenants contained in key employees' employment contracts may not be enforceable in all cases. Furthermore, the Group's trade secrets may become known by other means or may be discovered independently by competitors. Unauthorised disclosure of the Group's trade secrets could enable competitors to use some of its proprietary technologies, which could harm the Group's competitive position and could cause its revenues and operating results to decline. A substantial cost may be incurred if the Group is required to defend its intellectual property rights.

In addition, a third party could claim that the Group's technology infringes that third party's proprietary rights. These claims, even if without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group. A third party asserting infringement claims against the Group and its customers could require the Group to cease the infringing activity and/or require the Group to enter into licensing and royalty arrangements. The third party could also take legal action which could be costly to the Group. In addition, the Group may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims will not have a material adverse effect on the Group's business, financial condition or results.

The use of information technology and the effectiveness of the Group's proprietary technology platforms are critical to the ability of Accsys to continue to grow the business. By their nature, information technology systems are susceptible to cyber-attacks. Security breaches may involve unauthorised access to the Group's networks, systems and databases, exposing information about the Group's proprietary technology. It is possible that the measures taken by Accsys to protect its proprietary information may not be sufficient to prevent unauthorised access to, or disclosure of, such data.

(d) *Significant delays or cost overruns in the expansion of the Arnhem Plant or the construction of the Hull Plant, or disruptions to their operation, may impact the profitability of these projects*

Problems may arise in relation to the expansion of the Arnhem Plant or the construction of the Hull Plant or in relation to their operation. There is no certainty that these proposed projects will be operational at the levels anticipated within the expected timeframe or within the budgeted cost. Factors such as disputes with workers or contractors, price increases, shortages of construction materials, permitting requirements, technical or engineering difficulties, accidents, or unforeseen difficulties or changes in government policies may give rise to delays or cost overruns, which could have an adverse effect on the Group's financial position and results of operations. Should delays or problems persist, in the longer term (i.e. more than 12 months from the date of this document) in order to maintain sufficient working capital for its existing operations, the Group may need to fund the projects by raising additional equity or debt finance, which may adversely impact the Group's returns from such projects. Should the necessary funding be unavailable on acceptable terms, or at all, the viability of the proposed projects may be adversely impacted.

In addition, the operation of the Group's production facilities during and following an increase in capacity or the installation of a new plant will involve significant risks and uncertainties beyond the Group's control. For example, the quality and consistency of the Group's products may vary unexpectedly as production volumes are increased, resulting in lower demand for the Group's products or lower than planned production volumes. Likewise, the actual operating and manufacturing capacity of the expanded Arnhem Plant and the new Hull Plant may be less than expected due to currently unknown process issues or equipment reliability. The occurrence of any of these risks could significantly affect the Group's operating results.

(e) *The Tricoya[®] Consortium may be unsuccessful*

The Company's partners in the Tricoya[®] Consortium may have economic or business interests that are inconsistent with those of the Company. Any disputes between the Tricoya[®] Consortium partners may create impasses on decisions and lead to delays in the development and completion of the Tricoya[®] Project or may lead to the Tricoya[®] Project being developed in such a way that it will not

achieve its highest potential rate of return. Disputes may also potentially result in litigation or arbitration which may distract the Board and management team from their managerial tasks.

Participation in ventures such as the Tricoya[®] Project also subjects the Company to the risk of a partner breaching project-related agreements. Any default under the loan financing documentation relating to the Hull Plant could result in the loss of all or a substantial portion of the investment made by the Company. In addition, if any of its Tricoya[®] Consortium partners were to fail to provide financing when required, the Company may be required to make up such shortfall out of its own resources to avoid additional cost or delay to the construction of the Hull Plant, which may adversely impact the Group's returns from the Tricoya[®] Project. If the Company had insufficient resources to make such additional investment whilst ensuring sufficient working capital for its existing operations, it would need to raise additional equity or debt finance in order to complete construction of the Hull Plant. There can be no guarantee that the necessary funds will be available when required or on acceptable terms, in which case the viability of the Tricoya[®] Project may be adversely impacted, resulting in possible delay or cancellation of the Tricoya[®] Project.

Should any of the aforementioned events occur, they could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

(f) *The Group could be adversely affected if it is unable to procure raw materials from specific suppliers*

The Group procures raw materials, principally timber, from selected raw wood suppliers for the acetylation process. The timbers are of a specific quality preferable for the acetylation process. As these timbers are only available from certain suppliers, the Group's access to these raw materials is limited. If the Group is required to source raw materials from other suppliers, or use raw materials produced from other sources, then this may affect manufacturing costs and efficiencies, and may have an adverse effect on the Group's business, financial condition and results from operations.

(g) *The Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future*

The Company cannot guarantee that the Group's disaster recovery and business continuity plans will be adequate in the future for its critical business processes nor that they will adequately address every potential event. In particular, there is no guarantee that the Group's disaster recovery and business continuity plans will adequately address any issues arising at the Hull Plant.

Although the Group has insured major risks, the Company can give no assurance that the Group's present insurance coverage is sufficient to meet any claims to which it may be subject, that it will in the future be able to obtain or maintain insurance on acceptable terms or at appropriate levels or that any insurance maintained will provide adequate protection against potential liabilities. Any losses that the Group incurs that are not adequately covered by insurance may decrease the Group's future operating income. In addition, defending the Group against such claims may strain management resources, affect the Group's reputation and require the Group to expend significant sums on legal costs.

Business continuity plans are intended to ensure that business-critical processes are protected from disruption and will continue even after a disastrous event (such as a major fire or weather, political, war or labour event). Without these plans, or if these plans prove to be inadequate, there is no guarantee that the Company or any of its operating subsidiaries would be able to compete effectively or even to continue in business after a disastrous event or major disruption to one or more of its operating subsidiaries. The Group's business is currently operated out of one plant, which is crucial for the production of Accoya[®] and Tricoya[®] market development material. Therefore, in case of a calamity, all of the Group's operations would be at risk. Accordingly, if critical business processes fail or are materially disrupted as a result of a disastrous event or otherwise and cannot recover quickly, this could have a material adverse effect on the Group's business, financial condition and results of operations.

(h) *The Group's technological advantages may be outweighed by additional costs*

The Group's technologies are highly innovative and at different stages of development, from concept to commercial plant. In the case of Tricoya[®] there is a risk that the targeted achievement of performance at full operational size will involve additional cost and/or time requirements beyond those that have been budgeted, with consequent effects upon the funds required, or will result in higher unit production costs than projected, therefore reducing profitability.

As timber is an organic material, each different wood species requires its own acetylation recipe. For each specific dimension, a detailed recipe must be developed and tested for production conditions.

The Group will not release products that do not meet its stringent quality controls. If species testing takes longer than expected, or if the Group does not meet its own quality controls in a timely manner or at all, the Group's competitive advantage, its business, results from operations and financial condition may be adversely affected.

(i) *The Group is exposed to environmental risks*

The environmental risks of the Group's processes are related to proper process and product containment and the inherent risks of operating these types of processing facilities, in addition to risks associated with the use of hazardous toxic chemicals and the risk of explosion of facilities that run under heat and pressure. The Directors have taken, and will endeavour to take, appropriate measures to ensure that the Group's facilities are and will be constructed and operated in compliance with applicable environmental laws and regulations and that there are mitigation plans in place to minimise the effect of environmental risks. Changes to environmental laws and regulations, however, may increase the Group's costs of operation. Although the Directors believe that the Group's procedures comply with applicable regulations, any failure to comply with environmental laws and regulations could result in the Group incurring costs and/or liabilities, including as a result of regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events, which could adversely affect the Group's results of operations and financial condition.

(j) *The Group may not be able to take advantage of government permits or any applications for governmental permits may be denied*

Permit requirements must continue to be satisfied and there is no guarantee that this will always be possible. In addition, any application for governmental permits may be denied and the grant of any such permit may be delayed or be made subject to onerous conditions. Further, following the EU Referendum Result, there may be additional permit requirements that the Group will have to comply with. Any of these factors could have a material adverse effect on the Group's business, financial condition and prospects.

(k) *The Group is exposed to health and safety risks*

The Group's business exposes it to health and safety risks that are inherent to any industrial chemicals company, such as the risks associated with the use of hazardous toxic chemicals and the risk of explosion of facilities that run under heat and pressure, together with the risks associated with handling large volumes of timber. The Group cannot guarantee that the measures taken to ensure employee health and safety and to ensure compliance with the relevant regulations will be sufficient in the future, or that the Group will not be required to incur significant health and safety-related expenses in the future. Any such expenses could have an adverse effect on the Group's business, financial condition and results from operations.

(l) *The Group is exposed to risks relating to fluctuations in currency exchange rates*

The Group's financial statements are expressed in Euro. Given that the Group's current largest and strongest market is the UK, and that it operates in many different regions around the world, it is subject to movements in currency exchange rates on the translation of financial information of businesses whose operational currencies are other than Euro. Some of the Company's subsidiaries may incur costs in currencies other than those in which revenues are earned. The relative movements between the exchange rates in the currencies in which costs are incurred and the currencies in which revenues are earned can affect the profits of those subsidiaries. Fluctuations in the exchange rates between the Euro and other currencies could therefore affect the Group's reported results from year to year. This could have a material adverse effect on an investor's ownership interests in the Group, as well as the Group's business, financial condition and results from operations, and the effects may be more pronounced in the aftermath of the EU Referendum Result.

(m) *The Group relies significantly on the skills and experience of its key personnel and the loss of these individuals could harm its business*

The Group's future success depends on the ability of its key personnel, including sales, product development, business development, engineering and technical personnel to operate effectively, both individually and as a group. If the Group were to lose the services of any of these key employees, it may encounter difficulties in finding a suitable replacement for that person.

(n) *The retention of the services of these people cannot be guaranteed. In order to develop, support and maintain its business, the Group must recruit suitably qualified people.*

The Group's future success depends also on the ability to attract, train, retain and motivate highly skilled technical, engineering, product development, business development, sales and support staff.

Competition for personnel with appropriate qualifications is intense and may become even more so in the future. The Group may not be able to attract and secure sufficient numbers of suitable personnel in the future.

(o) *The Group is exposed to risks relating to potential tax liabilities*

The Group is subject to income taxes in the United Kingdom, the Netherlands, the United States and potentially other jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. In the ordinary course of business, there are many transactions, including inter-company transactions, where the ultimate tax determination is uncertain. Additionally, the Group's calculation of income taxes is based in part on the Company's interpretation of applicable tax laws in the jurisdictions in which the Group operates. Although the Company believes its tax estimates are reasonable, there is no assurance that the final determination of the Group's income tax liability will not be materially different from what is reflected in the Group's income tax provisions and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation in respect of a relevant tax jurisdiction, tax litigation or an audit, if the effective tax rate should change as a result of changes in tax laws, or if the Group were to change the locations in which it operates, there could be a material adverse effect on the Group's income tax provision and results. Any change in the Group's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post-tax returns to Shareholders.

(p) *The Group's ability to pay a dividend is not certain*

The ability of the Company to pay dividends on its Ordinary Shares is 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. As a result of the above, the Company does not expect to pay a dividend in the near term.

(q) *The Group is exposed to potential product liability claims*

There can be no assurance that long-term unforeseen technical problems will not be encountered with the Group's wood acetylation technology and acetylated wood produced on the basis of that technology. If a product of the Group or of one of its customers does not conform to agreed specifications or is otherwise defective, the Group may be subject to claims by its customers arising from end-product defects, injury to individuals or property damage or other such claims, which may have a material adverse effect on the Group's business, reputation, financial condition and results of operations.

(r) *The Group may suffer losses if a licensee or other counterparty were to fail to perform as contracted*

The Group transacts business with and through a number of counterparties, including customers, business partners, licensees, suppliers, financiers and insurers. The financial failure of one or more of the Group's key customers, business partners, licensees or suppliers may have an adverse effect on the viability of the Group to carry on its business. Any default by a material customer, business partner (such as Solvay Acetow, which is also a debt provider to the group), financier, licensee or supplier, or a failure by a business partner or licensee to perform as expected, may have a material adverse effect on the Group's prospects, results of operations and financial condition.

(s) *Requirement for further investment*

The Company is of the opinion that, after taking into account existing available facilities and the net proceeds of the Firm Placing, 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 document.

The Group's ability to generate sufficient cash flow over the longer term (that is, more than 12 months from the date of this document) to invest in growth opportunities and to implement its strategies is dependent on the future operating performance of the Group. The Group's operating performance is, to a certain extent, subject to market conditions and business factors that are beyond the Group's control and may vary over time. There can be no assurance that the Group's cash flow from operations will be sufficient to fund the Group's planned investments or to allow the Group to implement new strategies. If the Group's cash flows are constrained in this way, the Group may need to reduce or delay capital expenditures, forego growth opportunities, sell assets or raise additional capital from equity or debt sources in order to carry forward its plans.

If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pre-emptive basis to then existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. In addition, any debt financing may require restrictions to be placed on the Group's future financing and operating activities.

There can be no guarantee that the necessary funds will be available when required or on acceptable terms. If, for whatever reason, the Group is unable to obtain additional funding, it may need to cut back its growth plans or retrench its operations. If this situation were to arise, it may have a material adverse impact on the Group's business, development, financial condition, operating results, prospects and share price.

(t) *The Group's indebtedness exposes the Group to risks associated with borrowing*

TVUK has a six-year €17.2 million (€15 million net) facility agreement in place with The Royal Bank of Scotland Plc in respect of the construction and operation of the Hull Plant. In addition, the Company has issued £16,250,000 in aggregate principal amount of Loan Notes to BGF and Volantis, as part of the financing arrangements for the Tricoya[®] Project. The Group also has a €9.5 million term loan facility agreement in place with Solvay Acetow to finance the expansion of the Arnhem Plant.

The Group's level of indebtedness may potentially:

- (i) curtail the Group's ability to pay dividends;
- (ii) limit the Group's flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industries in which it operates;
- (iii) require the Group to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness; or
- (iv) as a fixed cost, make the Group more vulnerable in the event of a downturn in its business or the wider economy that negatively impacts its revenues.

The Company is of the opinion that, after taking into account existing available facilities and the net proceeds of the Firm Placing, 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 document. The Group's ability to generate sufficient cash flow over the longer term (that is, more than 12 months from the date of this document) to invest in growth opportunities and to implement its strategies is dependent on the future operating performance of the Group. If the Group fails to achieve its anticipated long-term sales targets in respect of the Arnhem Plant or the Hull Plant, it may become unable to service its debt obligations or to repay principal as it falls due. In these circumstances, the Group's borrowings may become repayable prior to the dates on which they are scheduled for repayment or may otherwise become subject to early termination. If the Group is required to repay bank finance or other borrowings early either in full or in part, the Group may be subject to financial penalties. In order to make the repayments, the Group may be forced to sell assets when it would not otherwise choose to do so and the Group may therefore not achieve the price expected for these assets. In addition, the Group's costs may increase where it is subject to a floating rate of interest and the underlying rate increases or where interest rates are higher when any indebtedness is refinanced or default occurs. Any of the foregoing events could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

(u) *The BGF/Volantis Subscription Agreement places restrictions on the Group's operations*

Under the terms of the BGF/Volantis Subscription Agreement, the Company has agreed that it will not undertake certain actions, such as taking any steps to wind up any Group company, varying the share capital of any Group company, making certain material corporate acquisitions or disposals or increasing debt, without the consent of the holders of at least 60% in principal of the Loan Notes (disregarding Loan Notes held by any noteholder with less than £4,000,000 in principal of the Loan Notes). Such restrictions may constrain the Group's ability to react swiftly to business risks or take advantage of opportunities as and when they arise.

3. Risk factors relating to the Firm Placing and Open Offer and the Ordinary Shares

(a) *The market value of the Ordinary Shares may fluctuate and may not reflect the underlying value or prospects of the Group*

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. The market value of the Ordinary Shares can fluctuate and may not always reflect the

underlying value or prospects of the Group. A number of factors outside of the control of the Company may materially adversely affect its performance and the price of the Ordinary Shares including, *inter alia*, the operations and share price performance of other companies in the industries and markets in which the Company operates; speculation about the Company's business in the press, media or investment community; changes to the Company's sales or profit expectations or the publication of research reports by analysts and general market conditions.

(b) *Shareholders may experience dilution in their ownership of the Company*

As a result of the Firm Placing, a Qualifying Shareholder that takes up its Open Offer Entitlements in full (assuming it does not participate in the Excess Application Facility) will suffer a dilution to its interests in the Company of 15.7%, assuming full take up under the Open Offer.

As a result of the Firm Placing and Open Offer, a Qualifying Shareholder that does not take up any of its Open Offer Entitlements will suffer a more substantial dilution to its interests in the Company of 18.3%, assuming full take up under the Open Offer.

Subject to certain exceptions, Shareholders in the United States and the Restricted Jurisdictions will not be able to participate in the Open Offer.

Furthermore, Shareholders may experience immediate and substantial dilution by future share issues. Save for the issue of the New Ordinary Shares, the grant of the BGF Option, the Volantis Option, the BGF Additional Option and the Volantis Additional Option and the exercise of options or warrants under the Share Option Schemes, the Directors have no current plans for an offering of Ordinary Shares. However, it is possible that the Directors may decide to offer additional shares in the future. Any additional offering could have a material adverse effect on the market price of the Ordinary Shares.

(c) *The Company may issue securities in respect of the BGF Option or the Volantis Option, and (if granted) the BGF Additional Option or the Volantis Additional Option, which may dilute the interests of Shareholders*

The Company will in the future need to issue up to 5,838,954 Ordinary Shares (subject to adjustments) pursuant to the BGF Option and up to 3,217,383 Ordinary Shares (subject to adjustments) pursuant to the Volantis Option if the option holder(s) elect(s) to exercise their options.

Likewise, if BGF is granted the BGF Additional Option and Volantis is granted the Volantis Additional Option, the Company will need to issue up to 2,610,218 further Ordinary Shares (subject to adjustments) pursuant to the BGF Additional Option and up to 1,438,284 further Ordinary Shares (subject to adjustments) pursuant to the Volantis Additional Option if the option holder(s) elect(s) to exercise their options.

An issue of Ordinary Shares may significantly dilute the value of the Ordinary Shares held by existing Shareholders and/or adversely affect the market price of the Ordinary Shares.

(d) *If shareholder authority is not obtained for the grant of the BGF Additional Option and the Volantis Additional Option, the Company may be liable to make a cash settlement to BGF and Volantis*

The Company has agreed to use its reasonable endeavours to obtain shareholder authorities to grant to BGF the BGF Additional Option and to grant to Volantis the Volantis Additional Option.

In the case of BGF, if the Company is unable to obtain shareholder approval to grant the BGF Additional Option at the third meeting at which it is proposed, or has not obtained shareholder approval at any time prior to that time when the BGF Loan Notes are to be redeemed in full, BGF may instead become entitled to a cash settlement from the Company. The amount of any such cash settlement would depend upon the relevant number of BGF Additional Option Securities and the market value of Ordinary Shares at the relevant time as compared to the exercise price per Ordinary Share under option (being £0.62 on the date of this document). By way of illustration, if BGF serves a BGF Further Option Exercise Notice on the Company in respect of the full number of BGF Additional Option Securities currently under the BGF Additional Option, being 2,610,218, at a time when the market value of an Ordinary Share is £0.70, the Company would be obliged to pay to BGF a cash settlement of £208,817.44, being 2,610,218 multiplied by £0.08 (£0.70 less £0.62).

Volantis, or the lawful assignee(s) of the Volantis Additional Option, will likewise be entitled to receipt of a cash settlement in equivalent circumstances.

(e) ***Future sales, or the possibility of future sales, of a substantial number of Ordinary Shares by Shareholders may lead to a decline of the price of the Ordinary Shares***

Future sales of Ordinary Shares by Shareholders could cause a decline in the market price of the Ordinary Shares. The Company cannot predict whether substantial numbers of Ordinary Shares will be sold in the open market. A sale of a substantial number of Ordinary Shares, or the perception that such sales could occur, could materially and adversely affect the market price of the Ordinary Shares and could also impede the ability of the Company to raise capital through the issue of equity securities.

The volume of trading in the Ordinary Shares has historically been low. The share price of the Ordinary Shares is subject to volatility and investors may be unable to sell Ordinary Shares at or above the price they pay for them.

The Ordinary Shares are traded on Euronext Amsterdam and on AIM. There is no guarantee that there will be sufficient liquidity in the Ordinary Shares to sell or buy any number of Ordinary Shares at a certain price level. The Company cannot predict the extent to which an active market for the Ordinary Shares will develop or be sustained, or how the development of such a market might affect the market price for the Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment. The market price of the Ordinary Shares could fluctuate substantially due to a number of factors, including, but not limited to:

- (i) disruption or termination of the Group's relationships with key suppliers, customers or licensees;
- (ii) fluctuations in the Group's semi-annual or annual operating results;
- (iii) actual or expected changes in the Group's growth rates or competitors' growth rates;
- (iv) changes in the composition of the management;
- (v) fluctuations in currency exchange rates;
- (vi) changes in the financial performance, conditions or market valuation of the Group's suppliers, customers or licensees;
- (vii) the issue of additional shares by the Company or a significant increase in the Group's debt obligations;
- (viii) publication of research reports about the Group or the Group's industry by securities or industry analysts;
- (ix) failure to meet or exceed securities analysts' expectations relating to the Group's financial results;
- (x) speculation in the press or investment community generally;
- (xi) general economic conditions, particularly as they impact consumer spending patterns;
- (xii) macro-economic conditions in the countries in which the Group may do business;
- (xiii) adoption or modification of the regulations, policies, procedures or programs applicable to the Group's business; and
- (xiv) war, acts of terrorism and other man-made or natural disasters.

Past trends have indicated that where a company experiences a period of volatility in the market price of its shares, or where investors incur a loss on the value of their investment in a company's shares, such a company may be vulnerable to litigation activity by Shareholders endeavouring to recoup their losses. If instituted against the Company or one of its subsidiaries, such litigation activity could result in substantial costs and a diversion of the Group's management's attention and resources.

(f) ***A limited number of Shareholders may collectively own a substantial percentage of the Ordinary Shares after the Firm Placing and Open Offer, and could significantly influence matters requiring Shareholder approval***

Certain institutional Shareholders (see also Part XII (Additional Information) of this document) currently hold, and may continue to hold after the Firm Placing and Open Offer, and other investors may acquire pursuant to the Firm Placing and Open Offer, a significant proportion of the Ordinary Shares. Likewise, if BGF and Volantis (or their assignees) exercise in full the BGF Option and/or the Volantis Option respectively and the BGF Additional Option and/or the Volantis Additional Option, they will each acquire a substantial holding of the Ordinary Shares. These Shareholders may, if they act together, exercise significant influence over all matters requiring Shareholder approval after the Firm Placing and Open Offer, including the election of Directors and significant corporate actions.

These Shareholders may vote their Ordinary Shares in a way with which investors do not agree and this concentration of ownership could adversely affect the trading volume and market price of the Ordinary Shares or delay or prevent a change of control that could be otherwise beneficial to the Shareholders.

- (g) ***If securities or industry analysts do not publish research or reports about the Group's business, or if they downgrade their recommendations regarding the Ordinary Shares, the Company's share price and trading volume could decline.***

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or its business. If one or more of the analysts who covers the Company or the Group's industry downgrades the Ordinary Shares in their report, the market price of the Ordinary Shares would probably decline. If one or more of these analysts were to stop covering the Company or fail to publish reports regularly on the Company, the Company could lose visibility in the financial markets. This could cause a decline in the market price or trading volume of the Ordinary Shares.

- (h) ***The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List***

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. A prospective investor should be aware of the risks of investing in an AIM listed company and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

- (i) ***The listing and admission to trading of the New Ordinary Shares on Euronext Amsterdam or AIM may not occur when expected***

Until the New Ordinary Shares are admitted to listing and trading on Euronext Amsterdam and AIM, they will not be fungible with existing Ordinary Shares currently traded on such exchanges. There is no assurance that Admission will take place when anticipated. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, not waived, Admission will not be implemented. See "Expected Timetable of Principal Events" for further information on the expected dates of these events.

- (j) ***Shareholders may be exposed to exchange rate risks***

The Ordinary Shares are denominated in Euro and quoted in sterling on AIM and in Euro on Euronext. An investment in Ordinary Shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange risk. Any depreciation of the Euro in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms, and any appreciation of the Euro will increase the value in foreign currency.

- (k) ***The ability of Overseas Shareholders to bring actions, or to enforce judgments, against the Group, the Directors or the officers of the Group may be limited***

The ability of an Overseas Shareholder to bring an action against the Group may be limited under law. Ordinary Shares are governed by English law and the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and the Group's executive officers. The majority of the Company's Directors and the Group's executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and the Group's executive officers within the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or the Group's executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or the Group's executive officers in any original action based solely on foreign securities laws brought against the Group or the Directors or the Group's executive officers in a court of competent jurisdiction in England or other countries.

IMPORTANT INFORMATION

Without prejudice to the Company's obligations under FSMA, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the AIM Rules for Companies, the Market Abuse Regulation and other applicable regulations, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by the Underwriter.

Investors must not treat the contents of this document or any subsequent communications from the Company or the Directors or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

The section headed "Summary" should be read as an introduction to this document. Any decision to invest in Ordinary Shares should be based on consideration of this document as a whole by the investor. In particular, investors must read the section headed "Section D – Risks" of the Summary together with the risks set out in the section headed "Risk Factors" in Part II of this document.

DATA PROTECTION

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with the data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and
- (d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to investors; and
- (b) transfer personal data out of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

FORWARD-LOOKING STATEMENTS

This document and the information incorporated by reference into this document include certain "forward-looking statements". Words such as "believes", "anticipates", "estimates", "expects", "intends", "aims", "potential", "will", "would", "could", "considered", "likely", "estimate" and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. All statements other than statements of historical fact included in this document are forward-looking

statements. Forward-looking statements appear in a number of places throughout this document and include statements regarding the Directors' or the Company's intentions, beliefs or current expectations concerning, among other things, operating results, financial condition, prospects, growth, expansion plans, strategies, the industry in which the Group operates and the general economic outlook. Forward-looking statements include, but are not limited to:

- statements about the costs of, and the Company's ability to successfully execute, the Tricoya[®] Project and the expansion of the Arnhem Plant;
- statements about the expected production capacity of the expanded Arnhem Plant and the Hull Plant; and
- estimates of future demand for and production and sales volumes of Accoya[®] and Tricoya[®].

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future and are therefore based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance. Investors are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, those discussed in Part II (Risk Factors) and Part VII (Information on the Accsys Group). In particular, this document includes figures representing anticipated funding requirements for the Tricoya[®] Project and the expansion of the Arnhem Plant. The actual capital requirements of the Tricoya[®] Project and the expansion of the Arnhem Plant are subject to multiple factors, including, but not limited to, those discussed in Part II (Risk Factors). Accordingly, the figures presented herein may differ from the capital expenditure incurred.

Neither the Company nor any member of the Accsys Group undertakes any obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the AIM Rules for Companies, the Market Abuse Regulation and other applicable regulations.

MARKET DATA

Where information contained in this document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION AND NON-FINANCIAL OPERATING DATA

Historical financial information

The historical financial information presented in this document consists of:

- the audited consolidated financial statements of the Group as of and for the years ended 31 March 2014, 31 March 2015 and 31 March 2016; and
- the unaudited interim condensed consolidated financial statements of the Group as of and for the six months ended 30 September 2015 and 30 September 2016.

The basis of preparation and significant IFRS accounting policies are explained in the notes to the consolidated financial statements which are incorporated by reference into this document as explained in Part XIII (Documentation Incorporated by Reference) of this document.

The Group presents its annual accounts as of 31 March in each financial year.

Non-IFRS financial measures

The Group has included certain measures in this document that are not measures defined by IFRS or any other generally accepted accounting principles such as EBITDA.

The Directors believe that these measures provide important alternative measures with which to assess the Group's performance and are measures that the Board uses to manage the Group's business. These measures are defined as follows:

EBITDA represents operating loss, including a share of joint venture loss and excluding depreciation and amortisation.

The reconciliation of EBITDA to operating loss is set out in the following table:

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000 (unaudited)	Six months ended 30 September 2016 €'000 (unaudited)
Operating loss	(7,214)	(6,687)	(288)	(11)	(2,752)
Share of joint venture loss	905	(1,098)	—	—	—
Depreciation and amortisation	2,377	2,475	2,672	1,325	1,423
EBITDA	(5,742)	(5,310)	2,384	1,314	(1,329)

The non-IFRS financial measures included in this document do not alone provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating income or any other generally accepted measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, these measures should not be used instead of, or considered as alternatives to, the Group's historical financial information incorporated by reference into this document. As there are no generally accepted principles governing the calculation of this measure, the Company's calculation of EBITDA may be different from the calculation of similar titled measure disclosed by other companies and therefore comparability may be limited.

Non-financial operating data

The non-financial operating data included in this document has been extracted without material adjustment from the management records of the Company and is unaudited.

Currency presentation

Unless otherwise indicated, all references in this document to "Euro", "EUR", "€" or "euro" are to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in application of the European Economic Community Treaty.

The Group prepares its consolidated financial statements incorporated by reference into this document in euros. Unless otherwise indicated, the financial information contained in this document has been expressed in euros.

Rounding

Certain data in this document including financial, statistical and operating information as well as the financial information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal place. Therefore, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data and the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

PART III

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND FIRM PLACING AND OPEN OFFER STATISTICS

Each of the times and dates in the table below is indicative only and may be subject to change. The times and dates set out in the expected timetable of principal events below and mentioned throughout this document may be adjusted by the Company in which event details of the new times and dates will be notified to Euronext Amsterdam and the London Stock Exchange and, where appropriate, Qualifying Shareholders. References to times in this document are to London time unless otherwise stated. If you have any queries on the procedure for acceptances and payment, you should contact the Shareholder Helpline on +44 (0)1903 706150 between 9:00 a.m. and 5:00 p.m. Monday to Friday (excluding bank holidays). Calls from within the United Kingdom are charged at the standard geographic rate. International call charges will apply if you are calling from outside the United Kingdom.

Record Time for entitlement under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders	6:00 p.m. on 24 March 2017
Announcement of the Firm Placing and Open Offer	29 March 2017
Publication and posting of this document (including the Notice of General Meeting) and Forms of Proxy, and despatch of Application Forms to Qualifying Non-CREST Shareholders	29 March 2017
Record Time for entitlement under the Open Offer for Qualifying Euroclear Shareholders	6:00 p.m. (CEST) on 29 March 2017
Existing Ordinary Shares marked “ex” by Euronext Amsterdam and AIM	8:00 a.m. on 30 March 2017
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST and Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements credited to appropriate stock accounts with Intermediaries for Qualifying Euroclear Shareholders	30 March 2017
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4:30 p.m. on 12 April 2017
Latest time for depositing Open Offer Entitlements into CREST	3:00 p.m. on 13 April 2017
Latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 18 April 2017
Latest time for receipt of Forms of Proxy by registered Shareholders for the General Meeting	11:00 a.m. on 19 April 2017
Latest time and date for payment in full by applying Qualifying Euroclear Shareholders via their Intermediaries	5:40 p.m. (CEST) on 19 April 2017
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 20 April 2017
General Meeting	11.00 a.m. on 21 April 2017
Announcement of the result of the Firm Placing and Open Offer through a Regulatory Information Service	21 April 2017
Date of Admission and dealings in New Ordinary Shares commences on AIM	8:00 a.m. on 24 April 2017
Commencement of dealings in New Ordinary Shares on Euronext Amsterdam	8:00 a.m. on 24 April 2017

New Ordinary Shares credited to CREST stock accounts (Qualifying CREST Shareholders only) and to stock accounts held with Intermediaries (Qualifying Euroclear Shareholders only)

8:00 a.m. on 24 April 2017

Despatch of definitive share certificates for the New Ordinary Shares in certificated form

Not later than 9 May 2017

Notes:

1. The times and dates set out in the expected timetable of principal events above and mentioned in this document, the Application Form and in any other document issued in connection with the Firm Placing and Open Offer are subject to change by the Company, in which event details of the new times and dates will be notified to Euronext Amsterdam and the London Stock Exchange and, where appropriate, to Qualifying Shareholders.
2. Any reference to a time in this document is to London time, unless otherwise specified.
3. The ability to participate in the Open Offer is subject to certain restrictions relating to Shareholders with registered addresses or located or resident in countries outside the UK and the Netherlands, details of which are set out in Part X (Terms and Conditions of the Open Offer).

FIRM PLACING AND OPEN OFFER STATISTICS

Offer Price	€0.69 per New Ordinary Share
Basis of Open Offer	1 New Ordinary Share for every 31 Ordinary Shares ¹
Number of existing Ordinary Shares ²	90,643,585
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	17,400,000
Minimum number of Open Offer Shares to be issued pursuant to the Open Offer	0
Maximum number of Open Offer Shares to be issued pursuant to the Open Offer	2,923,986
Estimated minimum gross proceeds of the Firm Placing and Open Offer ³	€12,006,000
Estimated maximum gross proceeds of the Firm Placing and Open Offer	€14,023,550
Estimated minimum proceeds receivable by the Company from the Firm Placing and Open Offer, after deduction of expenses ^{3,4}	€10,206,000
Estimated maximum proceeds receivable by the Company from the Firm Placing and Open Offer, after deduction of expenses ^{3,4}	€12,223,550
Firm Placing Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Open Offer assuming nil take-up of the Open Offer ^{3,4}	16.1%
Firm Placing Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Open Offer assuming maximum take up of the Open Offer ^{3,4}	15.7%
Open Offer Shares as a percentage of the enlarged issued share capital of the Company immediately following the Firm Placing and Open Offer assuming maximum take up of the Open Offer	2.6%
Minimum number of Ordinary Shares in issue immediately following the Firm Placing and Open Offer ³	108,043,585
Maximum number of Ordinary Shares in issue immediately following the Firm Placing and Open Offer	110,967,571

Notes:

1. 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.
2. In issue as at 28 March 2017, being the Last Practicable Date.
3. Unless otherwise stated, for the purposes of the table above and this document, the number of New Ordinary Shares to be issued under the Firm 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 this document and the relevant time. In addition the gross and net proceeds of the Firm Placing and Open Offer have been calculated on the basis that 17,400,000 New Ordinary Shares are issued under the Firm Placing and that nil or 2,923,986 (maximum number) New Ordinary Shares are issued under the Open Offer (as applicable).
4. Expenses are expected to be approximately €1.8 million (inclusive of VAT).

PART IV
DIRECTORS, SECRETARY AND ADVISERS

Directors	Patrick Shanley (<i>Non-executive Chairman</i>) Paul Clegg (<i>Chief Executive Officer</i>) William Rudge (<i>Finance Director</i>) Johannes Pauli (<i>Executive Director, Corporate Development</i>) Michael Sean Christie (<i>Non-executive Director</i>) Susan Farr (<i>Non-executive Director</i>) Montague John Meyer (<i>Non-executive Director</i>)
Registered office	Brettenham House 19 Lancaster Place London WC2E 7EN United Kingdom
Company Secretary	Angus Dodwell
Underwriter, Nominated Adviser and Broker	Numis Securities Limited The London Stock Exchange 10 Paternoster Square London EC4M 7LT United Kingdom
Listing Agent & Subscription Agent	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 1082 PP Amsterdam The Netherlands
UK legal advisers to the Company	Slaughter and May One Bunhill Row London EC1Y 8YY United Kingdom
UK legal advisers to the Underwriter, Nominated Adviser and Broker	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF United Kingdom
Dutch legal advisers to the Company	Rutgers Posch Visée Endedijk N.V. Herengracht 466 1017 CA Amsterdam The Netherlands
Auditors and reporting accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Registrars and receiving agent	SLC Registrars 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ United Kingdom

PART V
CHAIRMAN'S LETTER

ACCSYS
GROUP

ACCSYS TECHNOLOGIES PLC

(registered in England & Wales with registered number 05534340)

Directors

Patrick Shanley (Non-executive Chairman)
Paul Clegg (Chief Executive Officer)
William Rudge (Finance Director)
Johannes Pauli (Executive Director, Corporate Development)
Michael Sean Christie (Non-executive Director)
Susan Farr (Non-executive Director)
Montague John Meyer (Non-executive Director)

Registered Office

Brettenham House
19 Lancaster Place
London WC2E 7EN
United Kingdom

29 March 2017

Dear Shareholder

Successful entry into Tricoya[®] Project agreements and launch of Firm Placing and Open Offer

1. INTRODUCTION

The Company has today announced:

- (A) an update on trading, with sales volumes of Accoya[®] reaching 31,599m³ in the ten months from 31 March 2016 to 31 January 2017, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³);
- (B) the entry into and successful completion of its agreements for the financing, construction and operation of the world's first Tricoya[®] wood elements acetylation plant in Hull (the "**Hull Plant**") with its Tricoya Technologies Limited consortium investors, being BP, Medite, BGF and Volantis (together with the Company, the "**Tricoya[®] Consortium**") (the "**Tricoya[®] Project**");
- (C) progress with the expansion of the Group's Accoya[®] production facility in Arnhem in the Netherlands (the "**Arnhem Plant**"); and
- (D) its proposal to raise €12 million (before expenses) through the issue of 17,400,000 New Ordinary Shares pursuant to a Firm Placing and up to €2 million (before expenses) through the issue of up to 2,923,986 New Ordinary Shares pursuant to an Open Offer.

The Firm Placing and the Open Offer will be at an offer price of €0.69 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 Open Offer, and is equal to the Closing Price of €0.69 per Ordinary Share on the Last Practicable Date.

The net proceeds of the Firm Placing will be used to fund working capital and to strengthen the Company's balance sheet in the context of the two significant capital projects that it is undertaking, being the expansion of the Arnhem Plant and the construction by Tricoya Ventures UK Limited of the Hull Plant. Any further proceeds raised on subscription under the Open Offer will supplement the working capital resources of the Group.

The Firm Placing and Open Offer requires the approval of Shareholders to proceed. I am therefore writing to you to provide information regarding the Firm Placing and Open Offer and the General Meeting to be held at 11:00 a.m. on 21 April 2017.

Details of the Firm Placing and Open Offer can be found in section 4 of this letter and in Part X (Terms and Conditions of the Open Offer) of this document. In addition, Part VI of this document contains some questions and answers about the Firm Placing and Open Offer. The full details of the General Meeting are set out in the Notice of General Meeting at the end of this document.

In addition, the expansion of the Arnhem Plant and the entry into the Tricoya[®] Project agreements represent transformational developments for the Group and an endorsement of the Company's technologies and future prospects. This letter provides information both in respect of the Arnhem Plant expansion, the first stage of which will increase Accoya[®] manufacturing capacity by 50%, and in respect of the Tricoya[®] Project, which will be comprehensively funded by the Tricoya[®] Consortium in a manner to the benefit of the Group.

Details of the Arnhem Plant expansion can be found in section 5 of this letter and in Part VII (Information on the Accsys Group) of this document. Details of the Tricoya[®] Project can be found in section 6 of this letter and in Part VII (Information on the Accsys Group) of this document.

You should read the whole of this document and not rely only on any part of it. In particular, your attention is also drawn to the risk factors set out in Part II (Risk Factors) of this document, which you should read carefully and in full.

2. INFORMATION ON THE COMPANY

The Company is incorporated in England and Wales and has its shares admitted to trading on AIM and Euronext. The Company is a chemical technology group focused on the development and commercialisation of a range of innovative technologies based upon the acetylation of solid wood and wood elements (wood chips, fibres and particles) for use as class leading and high performance environmentally sustainable construction materials.

The Group's principal products are:

- Accoya[®], a unique, leading high technology long life solid wood. Accoya[®] is typically used for windows, external doors, cladding, siding, decking and structural and civil engineering projects on account of its world class dimensional stability and Class 1 durability; and
- Tricoya[®] wood elements, which are produced using the Company's proprietary technology for the acetylation of wood chips, fibres and particles, primarily for use in the fabrication of panel products. Typical usages include façade cladding/siding and other secondary exterior applications, window components, door components, door skins and wet interiors, including wall linings.

The Group operates the Arnhem Plant, an Accoya[®] production facility in Arnhem in the Netherlands, which currently has production capacity of approximately 40,000m³ of Accoya[®] per annum. Accoya[®] produced in Arnhem is now being sold across Europe, North America, Chile, Australia, New Zealand, China, India, Israel, Mexico, Morocco and South East Asia under 61 Accoya[®] distributor, supply or agency agreements.

Limited volumes of the Accoya[®] produced are also being sold to Medite, the Group's historic Tricoya[®] joint development partner and a member of the Tricoya[®] Consortium, for chipping into Tricoya[®] and the subsequent production and sale by Medite of Tricoya[®] Extreme Durable MDF panels ("Medite Tricoya[®]"). Production and sale of Medite Tricoya[®] from 2012 to date has been limited to market development, following successful market testing carried out prior to 2012, but exceeds 17,200m³ / 1,585,000m² to date.

Further details of the Group's current products and operations are contained in Part VII (Information on the Accsys Group) of this document.

3. CURRENT TRADING AND PROSPECTS

In the 12 months to 30 September 2016, demand for Accoya[®] was strong despite unexpected supply chain bottleneck issues, with sales from Arnhem reaching 34,532m³, increasing from 33,464m³ in the 12 months to 30 September 2015 and from 30,129m³ in the 12 months to 30 September 2014, notwithstanding price increases implemented to manage demand, which also increased margins.

In the ten months from 31 March 2016 to 31 January 2017, sales volume of Accoya[®] was 31,599m³, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³). In the ten months from 31 March 2016 to 31 January 2017, total revenue for the Company increased 10% to €45.3 million compared with the same period in the previous year (source: internal management accounting records). The strong sales of Accoya[®] during this period were in part helped by the resolution of the unexpected supply chain bottleneck. This continued recent increase in sales volumes means that the Arnhem Plant now operates at or near to maximum production capacity of approximately 40,000m³.

EBITDA for the six months ended 30 September 2016 was €(1.3 million) (2015: €1.3 million). A number of factors contributed to a lower EBITDA, including lower licence related income, a change in timing of the annual plant maintenance stop (which fell in the first half of the year whereas it fell in the second half of the previous year), a new pricing regime with Solvay Acetow and higher costs associated with the formation of the Tricoya[®] Consortium.

Sales of Medite Tricoya[®] have increased as follows in recent years:

Year (to 31 December)	Sales Volume (m ³)
2012	949
2013	2,199
2014	3,853
2015	4,150
2016	5,245

Medite Tricoya[®] production volume and sales have, however, to date been constrained by the limited volume of Accoya[®] available to produce Tricoya[®], and the significantly higher cost of producing Tricoya[®] from chipping Accoya[®], as compared to continuous acetylated chip production in a dedicated plant.

Demand for both Accoya[®] and Tricoya[®] has therefore been growing over a number of years but is now approaching the point where further growth is constrained by production capacity. The Directors believe that sales and revenue will continue to grow when supply increases to meet demand. To capture this growth opportunity, increased production of Accoya[®] at Arnhem and a dedicated Tricoya[®] production plant are now required.

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

The Company proposes to raise €12 million (before expenses) by way of the Firm Placing and up to €2 million (before expenses) by way of the Open Offer.

The Group intends that the net proceeds of the Firm Placing will be applied to fund working capital in respect of the Group's operations, including to maintain optimal inventory levels to support expected sales growth, and to strengthen the Company's balance sheet in the context of the two significant capital projects that it is undertaking, being the expansion of the Arnhem Plant and the construction by TVUK of the Hull Plant.

Any further proceeds raised on subscription under the Open Offer will supplement the working capital resources of the Group.

Comprehensive financing arrangements fully fund the construction of the Hull Plant and the first stage of the Arnhem Plant expansion. The below table summarises the estimated capital expenditure and other costs associated with these two significant capital projects, together with the related funding sources:

	<u>Debt</u>	<u>Equity</u>	<u>Other</u>	<u>Total</u>
<u>Significant capital projects – estimated funding uses</u>				
(EUR million)				
Arnhem Plant expansion (first stage) capital expenditure				22.0
Tricoya [®] Project funding requirement				68.2
Working capital and strengthening the balance sheet				10.2
				10.2
<u>TOTAL</u>				100.4
<u>Related funding sources</u>				
(EUR million)				
Tricoya [®] Consortium	33.4	34.4	0.4	68.2
Solvay Acetow Loan Agreement and licence fees and sale and leaseback of land at Arnhem	9.5	—	9.2	18.7
Group cash and facilities	—	—	3.3	3.3
Net proceeds from the Firm Placing	—	10.2	—	10.2
				10.2
<u>TOTAL</u>	42.9	44.6	12.9	100.4

5. ARNHEM PLANT EXPANSION

The Group has begun operations to expand the production capacity of the Arnhem Plant from current levels of 40,000m³ per annum to 80,000m³ per annum in a two-stage expansion programme. Increased manufacturing capacity resulting from the expansion of the Arnhem Plant will enable the supply of the growing Accoya[®] market. In the short term, prior to the Hull Plant becoming commercially operational and whilst the expanded Arnhem Plant ramps up its production and sales, the expansion of the Arnhem Plant will enable the Group to continue to supply greater volumes of Accoya[®] for use in developing the market for Medite Tricoya[®].

The Group has planned to invest approximately €22 million towards the capital costs of the first stage of the Arnhem Plant expansion, which will increase production capacity to 60,000m³ per annum. The Group intends to fund this €22 million investment from the following sources: (i) borrowings of approximately €9.5 million and licence fees of approximately €5 million, in each case from the Group's European Accoya[®] licensee, Solvay Acetow, and (ii) the proceeds from the sale and leaseback of the Group's land at Arnhem in August 2016, being approximately €4.2 million. The balance, and the Company's working capital requirements, are to be met by the Company's cash resources.

In November 2015 the Company entered into a number of new agreements with Solvay Acetow which will facilitate the expansion of the Arnhem Plant. Under the €9.5 million Solvay Acetow Loan Agreement, there is a two year interest payment holiday during which time any accrued interest is to be capitalised into principal debt. In addition to the Solvay Acetow Loan Agreement, the new agreements that the Company entered into with Solvay Acetow include an off-take agreement, pursuant to which Solvay Acetow has agreed to purchase a minimum of 76,000m³ of Accoya[®] from the Arnhem Plant in aggregate during the years 2016 to 2020 (inclusive), with annual minimum volumes increasing each year in this period.

The agreements with Solvay Acetow follow a number of years of sustained and significant growth in Accoya[®] sales. The Arnhem Plant now operates at or near to maximum production capacity of approximately 40,000m³ per annum. In the ten months from 31 March 2016 to 31 January 2017, sales volume of Accoya[®] was 31,599m³, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³), notwithstanding price increases implemented to manage demand, which also increased margins. The Directors believe that the long-term market opportunity remains substantial, with annual demand in excess of 1 million m³

of Accoya® per annum being achievable in the long term and average gross margins of around 30% being achievable in the medium term in view of the reduced costs per unit which could result from increased production.

Work has commenced in respect of the first of the two stages of the Arnhem Plant expansion. This first stage includes both installing a third reactor that will increase capacity to a total of approximately 60,000m³ per annum and installing the back-bone infrastructure necessary for further expansion. This first stage of expansion comprises two key phases: the first of these, which has involved reconfiguring chemical infrastructure stations, has now been completed, and allows space for the installation of the third reactor. The second phase, which will involve the construction and installation of the third reactor, is expected to complete towards the end of calendar year 2017.

As the second stage of the Arnhem Plant expansion, a fourth reactor may be added at a later date, as demand requires. As the fourth reactor would use the back-bone infrastructure built at the first stage, it could be added at relatively low cost and the Group would expect to be able to fund construction from its own resources.

Additional capacity at the Arnhem Plant is required to enable the Group to meet increasing market demand for Accoya® and to continue the momentum of 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.

Further details of the arrangements with Solvay Acetow are contained in paragraph 11 (Material Contracts) of Part XII (Additional Information), and additional details of the Arnhem Plant are contained in paragraph 2 of Part VII (Information on the Accsys Group).

6. TRICOYA® PROJECT

Hull Plant

The Company has today announced the entry into and successful completion of a number of agreements pertaining to the financing, construction and operation of the Hull Plant, the world's first dedicated Tricoya® wood chip manufacturing plant and sales facility, in Saltend Chemical Park in Hull, UK. Whilst the production of Tricoya® wood elements has to date been on a small scale (for market development feedstock derived from Accoya® wood), sales have significantly increased year on year since supplies of market development Tricoya® panel commenced in 2012. Despite this success, the manufacturing costs of producing Tricoya® wood elements from chipped Accoya® wood are approximately 50% higher than the expected cost of producing Tricoya® wood elements in a dedicated, continuous process flow plant and the lack of dedicated Tricoya® facility has constrained sales.

The Company has therefore established the Tricoya® Consortium to fund, build and operate the Hull Plant. The total funding requirements for the Tricoya® Project are expected to be approximately €68 million. Pre-construction engineering and design work for the Hull Plant was finished in 2016 and its construction is expected to be completed by early 2019.

The Hull Plant is expected to have an initial capacity of 30,000 metric tonnes of acetylated Tricoya® chips per annum, enough to produce approximately 40,000m³ of Tricoya® panel products per annum. The Hull Plant is expected to reach EBITDA breakeven at approximately 40% design capacity. It is expected to take approximately four years to reach full capacity following completion 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.

Funding of the Tricoya[®] Project

The following table sets out management's expectation of the uses and sources of funding in respect of the Tricoya[®] Project:

USES

(EUR million)

	<u>Total</u>	<u>Comments</u>
TTL operating expenses (in relation to global exploitation of Tricoya [®])	7.5	Excludes licence fee from TVUK
TVUK – Hull Plant capex	58.9	
TVUK – working capital/operating losses to breakeven	1.8	
	68.20	

SOURCES

(EUR million)

	<u>Debt</u>	<u>Equity</u>	<u>Income/ Other</u>	<u>Total</u>	<u>Comments</u>
BGF (net of fees)	11.85	2.01		13.86	Debt comprises loan notes issued by Accsys; equity comprises investment into TTL
Volantis (net of fees)	6.53	1.11		7.64	Debt comprises loan notes issued by Accsys; equity comprises investment into TTL
BP Ventures		6.60		6.60	Investment into TTL; €2.2 million received to date
BP Chemicals		13.70		13.70	Investment into TVUK
Medite		11.00		11.00	Investment into TTL and TVUK
Life+ subsidy			0.40	0.40	EU subsidy awarded to the Tricoya [®] Project
RBS	15.00			15.00	€17.2 million total TVUK facility allows for rolled up interest and fees
				68.20	

The equity investments made by the members of the Tricoya[®] Consortium are split between Tricoya Ventures UK Limited (“TVUK”) and Tricoya Technologies Limited (“TTL”). TVUK will own and operate the Hull Plant. TTL will continue to exploit all Tricoya[®] related intellectual property and will benefit from any future Tricoya[®] related revenues other than those generated by the Hull Plant.

The equity funding commitments and post-funding equity interests of the Tricoya[®] Consortium in TTL and TVUK are as follows:

Into TTL: Investor	Equity funding commitments (€m)	Post-funding equity interests (%)¹
Accsys	18.4	74.6
Medite	7.0	12.1
BP Ventures	6.6	9.0
BGF	2.1	2.8
Volantis	1.1	1.5

Into TVUK: Investor	Equity funding commitments (€m)	Post-funding equity interests (%)
TTL	28.5	61.8
BP Chemicals	13.7	30.0
Medite	4.0	8.2

Further details on the members of the Tricoya[®] Consortium and the funding committed by them is set out below:

a) BP

BP Chemicals has been a key partner of the Company since agreeing a collaborative strategic relationship in 2012, supplying acetic anhydride for the Arnhem Plant. Under the Tricoya[®] Project agreements, BP Chemicals will be the sole supplier of acetic anhydride to the Hull Plant from its anhydride production facility located adjacent to the Hull Plant under a minimum six year supply agreement.

BP will invest a total of €20.3 million in the Tricoya[®] Project. BP Chemicals will contribute up to a total of €13.7 million as equity into TVUK, aligning its interest with the plant it is supplying. BP Ventures, BP's venture capital arm, will invest €6.6 million as equity into TTL to benefit from the long term opportunity that the Tricoya[®] Consortium believes exists in respect of exploiting Tricoya[®] globally. €2.2 million of this has already been invested by BP Ventures in TTL and €0.3 million has already been invested into TVUK by BP Chemicals.

b) Medite

Medite, part of the Coillte group, has been the Company's long term development partner for Tricoya[®] since 2009 and has been successfully selling Medite Tricoya[®] panels since 2012. Sales have increased each year, and total Medite Tricoya[®] sales to date exceed 17,200 m³ / 1,585,000 m², representing a sales value of approximately €26 million.

Under the Tricoya[®] Project arrangements, Medite has agreed an off-take agreement under which, in the first year of production at the Hull Plant, a minimum of 6,000 tonnes of Tricoya[®] per annum, representing 20% of the Hull Plant design capacity (30,000 tonnes per annum), is to be sold or paid for by Medite. As production at the Hull Plant increases, this off-take agreement provides for the ramp up in Medite's commitment, reaching a minimum of 12,000 tonnes, representing 40% of the total Hull Plant design capacity, by year six.

Medite will invest €7 million as equity into TTL and up to €4 million as equity into TVUK, thereby aligning its interest in both the manufacturing and the longer term global success of Tricoya[®].

c) Company

In October 2012, the Company contributed all of its Tricoya[®] intellectual property into TTL by way of exclusive licence, with rights for TTL to exploit the same on a global basis.

In February 2016, BP Ventures invested into TTL at a price which implied a pre-funding TTL valuation of €35 million. The Company has agreed a cash investment of €18.4 million by way of equity subscription in TTL. This equity subscription, together with the pre-funding value attributed by the Tricoya[®] Consortium to TTL and the value associated with the Group's historical supply of lower priced Accoya[®] for market development, result in the Group maintaining a total equity interest

¹ Note that, for the purposes of this illustrative column, the TTL Series A preference shares and the TTL ordinary shares have been aggregated on the basis of direct equivalence in order to calculate percentages, notwithstanding the different rights enjoyed by holders of the two classes.

of 74.6%. The equity subscription is funded by the Company's issue of the Loan Notes to BGF and Volantis, details of which are set out below.

In addition, the Company can generate up to approximately 6.1% additional equity in TTL over the next two years as a result of the continued supply by the Company of lower priced Accoya® to Medite to enable continued market development ahead of the completion of the Hull Plant.

d) BGF and Volantis

BGF is an investment company that provides long-term equity funding to growing UK companies to enable them to execute their strategic plans. Volantis is managed by AlphaGen Capital Limited, which is a global asset management firm specialising in alternative investment strategies and is wholly owned by Henderson Global Investors.

BGF and Volantis will invest an aggregate of £19 million as financial investors following an extensive review of financing options by the Company in conjunction with its financial advisors, Opus Corporate Finance. BGF and Volantis have agreed to invest on similar terms but are investing separately, with BGF accounting for 65% of the £19 million total.

Specifically:

- (i) BGF has been issued £10,476,974 in principal of unsecured fixed rate loan notes due 2021 by the Company (the "**BGF Loan Notes**"); and
 - (ii) BGF has subscribed for 1,028,355 Series A preference shares in TTL for an aggregate subscription price of €2,056,710 (satisfied by payment of £1,773,026.32),
- ((i) and (ii) together, the "**BGF Financing**").

Likewise:

- (i) Volantis has been issued £5,773,026 in principal of unsecured fixed rate loan notes due 2021 by the Company (the "**Volantis Loan Notes**"); and
 - (ii) Volantis has subscribed for 566,645 Series A preference shares in TTL for an aggregate subscription price of €1,133,290 (satisfied by payment of £976,973.68),
- ((i) and (ii) together, the "**Volantis Financing**").

In addition, the Company has granted BGF an option to subscribe for up to 5,838,954 Ordinary Shares, exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026, subject to customary anti-dilution protections and reductions to the exercise price in certain circumstances (the "**BGF Option**"). The Ordinary Shares underlying the BGF Option represent 6.4% of the current issued share capital of the Company, and will represent 5.3% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).

Likewise, the Company has granted the Volantis Option to subscribe for up to 3,217,383 Ordinary Shares exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026, subject to customary anti-dilution protections and reductions to the exercise price in certain circumstances (the "**Volantis Option**"). The Ordinary Shares underlying the Volantis Option represent 3.5% of the current issued share capital of the Company, and will represent 2.9% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).

The Company has agreed to use its reasonable endeavours to obtain shareholder authorities at the General Meeting to grant to BGF a further option in respect of 2,610,218 Ordinary Shares (the "**BGF Additional Option**") and to grant to Volantis a further option in respect of 1,438,284 Ordinary Shares (the "**Volantis Additional Option**"). If Resolutions 2 and 5 are not passed at the General Meeting in respect of the BGF Additional Option and the Volantis Additional Option, the Company has agreed to use its reasonable endeavours to obtain the necessary shareholder authorities at the next annual general meeting of the Company (the "**Second Meeting**") and, if the Company is unable to obtain the shareholder authorities at the Second Meeting, at the next annual general meeting of the Company thereafter (the "**Third Meeting**").

In the case of BGF, if the Company is unable to obtain shareholder approval to grant the BGF Additional Option at the Third Meeting, or has not obtained shareholder approval at any time prior to that meeting when the BGF Loan Notes are to be redeemed in full, and to the extent that the market value of an Ordinary Share exceeds £0.62 (subject to adjustment), BGF will become entitled to a cash settlement that will be payable by the Company in accordance with the process set out in

paragraph 11 (Material Contracts) of Part XII (Additional Information). Volantis will likewise be entitled to receipt of a cash settlement in equivalent circumstances.

Further details of the Tricoya[®] Consortium contractual arrangements are set out in paragraph 11 (Material Contracts) of Part XII (Additional Information).

In addition, TVUK has entered a six-year €17.2 million (€15 million net) finance facility agreement with The Royal Bank of Scotland Plc (“RBS”) in respect of the construction and operation of the Hull Plant (the “RBS Facility Agreement”). Interest payable under the RBS Facility Agreement is rolled up until the Hull Plant is expected to be cash-flow generative. Further details of the RBS Facility Agreement are provided in paragraph 11 (Material Contracts) of Part XII (Additional Information).

Global exploitation of Tricoya[®]

Since 2012, TTL has benefited from an exclusive licence granted by the Company for the exploitation of the Tricoya[®] technology on a global basis.

TTL has now granted TVUK a sub-licence to manufacture Tricoya[®] at the Hull Plant and sell the same on an exclusive basis in the UK and on a non-exclusive basis in certain other countries (the “Production Licence”), in each case where customers have first entered into a licence agreement with TTL, providing for the use of Tricoya[®] in the production of panels and the marketing of the same (the “User Licence”).

TTL will therefore receive a combination of (i) up-front licence fees and on-going production royalties from TVUK under the Production Licence and (ii) royalties under the User Licences from third party customers buying Tricoya[®] from TVUK.

Additional licence or consortium agreements are expected to be agreed in the future by TTL in respect of the manufacture and sale of Tricoya[®] elsewhere in the world to exploit a market which the Directors believe to be currently in excess of 1.6 million m³ per annum. In this respect Tricoya[®] panels have now been sold in more than 25 countries worldwide to date, exceeding 17,200m³/1,585,000m² in volume, representing a sales value to Medite of c. €26 million.

The construction and operation of the Hull Plant is expected not only to address existing supply constraints but also to promote the increased supply of Tricoya[®], which in turn is expected to lead to demand for additional Tricoya[®] production plants worldwide.

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

The Firm Placing and Open Offer is conditional upon:

- the passing of the First and Fourth Resolutions at the General Meeting;
- Admission becoming effective by no later than 8:00 a.m. (BST) on 24 April 2017 (or such later time and/or date as the Company and the Underwriter 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 Open Offer will be sought at the General Meeting to be held at 11:00 a.m. on 21 April 2017, the full details of which are set out in the Notice of General Meeting at the end of this document.

17,400,000 New Ordinary Shares (the “Firm Placing Shares”) will be placed with the Firm Placees at the Offer Price of €0.69 per Ordinary Share subject to, and in accordance with, the Underwriting Agreement. The Firm Placing is expected to raise gross proceeds of approximately €12 million. The Firm Placing Shares are not subject to clawback and are not part of the Open Offer.

The Firm Placing is underwritten by Numis subject to the conditions set out in the Underwriting Agreement. The Open Offer is not being underwritten. A summary of the principal terms of the Underwriting Agreement is set out in paragraph 11 of Part XII (Additional Information) of this document.

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 Shares at €0.69 each for every 31 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 Ordinary Shares that each Qualifying Shareholder then holds and otherwise on the terms and conditions as set out in this document 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' entitlement 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 registered in their name 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.

Miscellaneous

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 or a renunciation of those rights or otherwise). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST and an Application Form used instead.

The New Ordinary Shares, when issued and fully paid, will rank *pari passu* with the Existing Ordinary Shares including the right to receive dividends or distributions made, paid or declared after the date of their issue. Application 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. (BST) on 24 April 2017.

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 Part X (Terms and Conditions of the Open Offer) of this document and, where relevant, will also be set out in the Application Form.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST (in respect of Qualifying CREST Shareholders) and Euroclear Nederland (in respect of Qualifying Euroclear Shareholders). It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be credited to stock accounts of Qualifying CREST Shareholders and to the stock accounts of Intermediaries on 30 March 2017. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK's Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility.

8. OVERSEAS SHAREHOLDERS

Qualifying Shareholders who have registered addresses outside of the United Kingdom or the Netherlands or who are citizens or residents of countries other than the United Kingdom or the Netherlands, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or, when issued, an Application Form to such persons, should read Part XI (Overseas Shareholders) of this document.

In particular, Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consent, or need to observe any other formalities, to enable them to take up their entitlements under the Open Offer.

This document has been sent to all Shareholders on the register of members of the Company at the Record Time. However, this document does not constitute an offer to sell or the solicitation of any offer to purchase securities in any jurisdiction in which it may be unlawful to do so, and, in these circumstances, this document and/or any Application Form must be treated as sent for information only and should not be copied or redistributed.

9. TAXATION

The taxation consequences for Qualifying Shareholders of the Firm Placing and Open Offer will depend upon the jurisdiction in which the relevant Qualifying Shareholder is resident for tax purposes. Certain information about UK and Dutch taxation is set out in paragraph 16 of Part XII (Additional Information) of this document. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom or the Netherlands, you should consult your own independent tax adviser without delay.

10. GENERAL MEETING

The Firm Placing and Open Offer is subject to a number of conditions, including Shareholders' approval of the First and Fourth Resolutions to be proposed at the General Meeting.

At the General Meeting the approval of the Shareholders will also be sought in connection with the grant of the BGF Additional Option and the Volantis Additional Option (the Second and Fifth Resolutions).

In addition, the grant of the BGF Option and the Volantis Option has utilised the Directors' existing authority from the Company's 2016 annual general meeting to allot Ordinary Shares and has expended in full the Directors' existing authority from the Company's 2016 annual general meeting to allot equity securities for cash as if the statutory pre-emption rights did not apply. Therefore, the Third Resolution seeks a new general authority for the Directors to allot Ordinary Shares and the Sixth 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 2017.

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

Notice convening the General Meeting to be held at 11.00 a.m. on 21 April 2017 at Brettenham House, 19 Lancaster Place, London WC2E 7EN is set out at the end of this document.

First Resolution – Authority to allot Ordinary Shares in respect of the Firm 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 €1,016,199.30 in connection with the Firm 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 in respect of the grant of the BGF Additional Option and the Volantis Additional Option

The second 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 €130,510.90 in connection with the grant and exercise of the BGF Additional Option and up to a nominal amount of €71,914.20 in connection with the grant and exercise of the Volantis Additional Option. This authority will expire on the date that is six months after the date of the General Meeting. Full details of the BGF Additional Option and the Volantis Additional Option, and

the consequences for the Company if the Resolutions approving the grant and exercise of the BGF Additional Option and the Volantis Additional Option are not passed at the General Meeting, are provided in paragraph 11 (Material Contracts) of Part XII (Additional Information) of this document.

Third Resolution – Authority to allot Ordinary Shares

The third 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 €1,497,268.50. This authority will expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016. Together with the existing authority granted at the Company's 2016 annual general meeting (to the extent it remains unused after the grant of the BGF Option and the Volantis Option), 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 Open Offer, assuming full take up under the Open Offer.

The Directors have no present intention to allot shares under the authorities requested pursuant to these Resolutions other than in connection with the Firm Placing and Open Offer, the BGF Option and BGF Additional Option and the Volantis Option and Volantis Additional Option.

Fourth Resolution – Disapplication of pre-emption rights in respect of the Firm Placing and Open Offer

The fourth 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 Open Offer (on the terms and conditions set out in this document). This authority will expire on the date that is six months after the date of the General Meeting.

Fifth Resolution – Disapplication of pre-emption rights in respect of the grant of the BGF Additional Option and the Volantis Additional Option

The fifth 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 grant of the BGF Additional Option and the Volantis Additional Option and the allotment and issue of Ordinary Shares pursuant thereto. This authority will expire on the date that is six months after the date of the General Meeting if the BGF Additional Option and the Volantis Additional Option have not been granted by such time.

Sixth Resolution – Disapplication of pre-emption rights

The sixth resolution is a special resolution that, subject to the third 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 third resolution, as if section 561 of the Companies Act 2006 did not apply to such allotment. This power will be limited to the allotment of equity securities up to a nominal amount of €540,217.90. This authority will expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016. 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 approximately 10% of the Company's enlarged share capital following the Firm Placing and Open Offer (assuming full take up under the Open Offer).

The Directors have no present intention to exercise these authorities other than in connection with the Firm Placing and Open Offer, the BGF Option and BGF Additional Option and the Volantis Option and Volantis Additional Option.

11. ACTION TO BE TAKEN

In respect of the General Meeting

You will find enclosed with this document a Form of Proxy. Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it, along with any power of attorney or other authority under which it is signed, to SLC Registrars, 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom, using the accompanying pre-paid envelope (for use in the UK only), or by sending a completed, signed and dated scanned version of the Form of Proxy by email to accsysproxy@davidvenus.com as soon as possible and, in any event, so as to be received by no later than 11:00 a.m. (BST) on 19 April 2017. **The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.**

In respect of the Open Offer

Qualifying Non-CREST Shareholders (other than a Qualifying Non-CREST Shareholder who is a Restricted Shareholder or a person in the United States) will receive an Application Form with this document giving details of their Open Offer Entitlements and Excess Open Offer Entitlements and containing instructions on how to take up their entitlements under the Open Offer. If a Qualifying Non-CREST Shareholder wishes to apply for Open Offer Shares and Excess Open Offer Shares under the Open Offer (whether in respect of all or part of their Open Offer Entitlement and Excess Open Offer Entitlement), they should complete the Application Form in accordance with the procedure for application set out in Part X (Terms and Conditions of the Open Offer) and on the Application Form itself. Completed Application Forms should be returned together with a cheque or banker's draft in Euro or sterling made payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only", for the full amount payable on acceptance, by post or by hand (during normal business hours only) to SLC Registrars, 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom, so it is received by no later than 11:00 a.m. (BST) on 20 April 2017.

Third party cheques may not be accepted. Such payments will be held by the Receiving Agent to the order of the Company. Cheques or banker's drafts must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sorting code in the top right-hand corner. Neither post-dated cheques nor payments via CHAPS, BACS or electronic transfer will be accepted.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a bankers' draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds. The name of such account holder should be the same as the name of the Shareholder shown on page 1 or page 4 of the Application Form.

If you are a Qualifying CREST Shareholder, you will not be sent an Application Form. It is expected that SLC Registrars will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than such Qualifying CREST Shareholders who are Restricted Shareholders or persons in the United States) with such Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements on 30 March 2017. CREST members who wish to apply to acquire some or all of their pro-rata entitlements to Open Offer Shares and Excess Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions to take up the entitlements to Open Offer Shares and Excess Open Offer Shares of CREST sponsored members. The latest time for settlement of the relevant CREST instruction is 11:00 a.m. (BST) on 20 April 2017.

If you are a Qualifying Euroclear Shareholder, no Application Form will be sent to you and you will receive a credit to your appropriate stock account held with your Intermediary in respect of the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements. You should refer to the procedure for application set out in paragraph 6 of Part X (Terms and Conditions of the Open Offer) of this document. The relevant application and payment in full in Euro for Open Offer Shares and Excess Open Offer Shares must have been received by the Subscription Agent by no later than 5:40 p.m. (CEST) on 19 April 2017. Your Intermediary may set an earlier deadline for

application in order to enable it to communicate your application to the Subscription Agent in a timely manner.

If you have sold or do sell or have otherwise transferred or do transfer all of your Existing Ordinary Shares held in certificated form before the Ex-Entitlements Date, which is 8:00 a.m. on 30 March 2017, please forward this document together with the Form of Proxy and any Application Form, if and when received, at once to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was/is effected for onward transmission to the purchaser or transferee except that such document when issued, should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to any of the Restricted Jurisdictions or the United States. If you have sold or do sell or have otherwise transferred or do transfer only part of your holding of Existing Ordinary Shares (other than ex-entitlements) held in certificated form, please contact immediately the stockbroker, bank or other agent through whom the transfer was/is effected and refer to the instructions regarding split applications set out in the Application Form.

If you have sold or do sell or have otherwise transferred or do transfer all or some of your Existing Ordinary Shares held in uncertificated form before the Ex-Entitlements Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee.

If you sell or otherwise transfer all or some of your existing Ordinary Shares after the Ex-Entitlements Date, then they will be sold or transferred without the entitlement to participate in the Open Offer, that is, the Open Offer Entitlements and Excess Open Offer Entitlements will not transfer with the Ordinary Shares sold or transferred. Accordingly, you will continue to be entitled to take up your Open Offer Entitlements and Excess Open Offer Entitlements in accordance with the procedure set out in Part X (Terms and Conditions of the Open Offer).

The latest time for acceptance under the Open Offer is expected to be 11:00 a.m. on 20 April 2017. The procedure for acceptance and payment is set out in Part X (Terms and Conditions of the Open Offer) of this document. Further details also appear in the Application Form that will be sent to all Qualifying Non-CREST Shareholders (other than Qualifying Non-CREST Shareholders who are Restricted Shareholders or persons in the United States).

If you are in any doubt as to the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised pursuant to FSMA if you are resident in the UK or, if not, from another appropriate authorised independent financial adviser.

12. DIRECTORS' INTENTIONS

The Directors beneficially own, in aggregate, 1,283,861 Ordinary Shares representing approximately 1.42% of the issued Ordinary Share capital of the Company as at 28 March 2017 (being the Last Practicable Date). Patrick Shanley, Paul Clegg, Nick Meyer and Sean Christie intend to take up their entitlements in full to subscribe for Open Offer Shares under the Open Offer.

13. DIRECTORS' RECOMMENDATION

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

The Company has secured attractive equity and debt financing from external parties to fund the Arnhem Plant expansion capital expenditure and the construction of the Hull Plant. In the context of these two significant capital projects that the Group is undertaking, the Board believes that the net proceeds of the Firm Placing and Open Offer are necessary to fund working capital in the Group and to strengthen the Company's balance sheet. If the Group does not proceed with the Firm Placing and Open Offer, the Group may 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. In order for the Firm Placing and Open Offer to proceed, Resolutions 1 and 4 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 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 approximately 1,283,861 Ordinary Shares in aggregate, representing approximately 1.42% of the Existing Ordinary Shares as at the Last Practicable Date.

Yours faithfully,

Patrick Shanley
Chairman

PART VI

SOME QUESTIONS AND ANSWERS ABOUT THE FIRM PLACING AND OPEN OFFER

The questions and answers set out in this Part VI are intended to be generic guidance only and, as such, you should also read Part X (Terms and Conditions of the Open Offer) of this document for full details of what action you should take. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from your stockbroker, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA. The attention of Overseas Shareholders is drawn to Part XI (Overseas Shareholders) of this document.

This Part VI deals with general questions relating to the Firm Placing and Open Offer, as well as more specific questions about the Firm Placing and Open Offer relating to Ordinary Shares held by persons resident in the UK who hold their Ordinary Shares in certificated form only. If you hold your Ordinary Shares in uncertificated form (that is, through CREST) your attention is drawn to paragraph 5 of Part X of this document (Terms and Conditions of the Open Offer) which contains full details of what action you should take. If you are a CREST sponsored member, you should consult your CREST sponsor. If you hold your Ordinary Shares through Euroclear Nederland, your attention is drawn to paragraph 6 of Part X (Terms and Conditions of the Open Offer) of this document which contains full details of what action you should take.

If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please call the Shareholder Helpline (see Part III (Expected timetable of principal events and firm placing and open offer statistics) of this document for details).

1. What is a firm placing? Am I eligible to participate in the Firm Placing?

A firm placing is where specific investors agree to subscribe for firm placing shares. A firm placing provides a company with an opportunity to introduce new shareholders onto its shareholder register. The Company proposes to issue the Firm Placing Shares at a price of €0.69 per Firm Placing Share. This is the same price as the Open Offer Shares. The Firm Placing Shares do not form part of the Open Offer and are not subject to clawback. Unless you are a Firm Placee, you will not participate in the Firm Placing.

2. What is an open offer?

An open offer is a way for companies to raise money, by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings.

3. What is the Company's Open Offer?

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 2,923,986 Open Offer Shares at a price of €0.69 per Open Offer Share. If you hold Ordinary Shares at the Record Time or have a *bona fide* market claim, and are not, subject to certain limited exceptions, a Shareholder located in the United States or any other Restricted Jurisdiction, as set out in Part XI (Overseas Shareholders) of this document, you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Shares at €0.69 per Open Offer Share for every 31 Ordinary Shares held by Qualifying Shareholders at the Record Time. If your entitlement to Open Offer Shares is not a whole number, your fractional entitlement will be disregarded in calculating your entitlement to Open Offer Shares. Fractional entitlements will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. The Offer Price of €0.69 per Open Offer Share is equal to the Closing Price of €0.69 on the Last Practicable Date. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlement and will be aggregated and made available under the Excess Application Facility.

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares through the Excess Application Facility, up to a maximum number of Excess Open Offer Shares equal to 10 times the number of Existing Ordinary Shares registered in their name 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. The Open Offer is not underwritten.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK's Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility.

4. When will the Open Offer take place?

The Open Offer is subject to Admission becoming effective by not later than 8:00 a.m. (BST) on 24 April 2017 (or such later time and date as the Company and the Underwriter may determine).

5. What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Ordinary Shares in certificated form. It sets out your entitlement to subscribe for the Open Offer Shares and contains a form for you to complete if you want to participate.

6. What if I have not received an Application Form?

If you have not received an Application Form and you do not hold your Ordinary Shares in CREST or through Euroclear Nederland, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including:

- (A) Qualifying CREST Shareholders and Qualifying Euroclear Shareholders;
- (B) Qualifying Non-CREST Shareholders who bought Ordinary Shares before 8:00 a.m. on 30 March 2017 but were not registered as the holders of those Ordinary Shares at the Record Time; and
- (C) certain overseas Shareholders.

7. If I buy Ordinary Shares before 8:00 a.m. on 30 March 2017 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?

If you buy Ordinary Shares before 8:00 a.m. on 30 March 2017 (the Ex-Entitlements Date) but you are not registered as the holder of those Ordinary Shares at the Record Time you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the Open Offer Shares in respect of any Ordinary Shares acquired on or after 8:00 a.m. on 30 March 2017 (the Ex-Entitlements Date).

8. I hold my Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part X (Terms and Conditions of the Open Offer) of this document. Persons who hold Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Ordinary Shares of the number of Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

9. I hold my Existing Ordinary Shares in uncertificated form in Euroclear Nederland. What do I need to do in relation to the Open Offer?

Qualifying Euroclear Shareholders should be informed by the Intermediary through which they hold their Euroclear Shares of the number of Open Offer Shares for which they are entitled to apply under the Open Offer. Qualifying Euroclear Shareholders should contact their Intermediary if they have

received no information in relation to their Euroclear Open Offer Entitlements. If a Qualifying Euroclear Shareholder wishes to apply for Open Offer Shares under the Open Offer, it must instruct its Intermediary with respect to application and payment (in Euro) in accordance with the procedures of that Intermediary, which will be responsible for instructing the Subscription Agent accordingly.

10. I hold my Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain limited exceptions, are not a holder with a registered address in a Restricted Jurisdiction or the United States, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Ordinary Shares before 8:00 a.m. on 30 March 2017 (the Ex-Entitlements Date).

11. I hold my Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Ordinary Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in a Restricted Jurisdiction or the United States, you will be sent an Application Form that shows:

- in Box 1, how many Ordinary Shares you held at the Record Time;
- in Box 2, how many Open Offer Shares are comprised in your Open Offer Entitlement;
- in Box 3, how much you need to pay in Euro and sterling if you want to take up your right to subscribe for all your Open Offer Entitlement; and
- in Box 4, how many Excess Open Offer Shares you can apply for under the Excess Application Facility.

If you would like to apply for any or all of the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post to the SLC Registrars, 42-50 Hershams Road, Walton-on-Thames, Surrey, KT12 1RZ, United Kingdom so as to be received by 11:00 a.m. on 20 April 2017 or returned by hand (during normal office hours only) so as to be received by SLC Registrars by no later than 11:00 a.m. on 20 April 2017, after which time Application Forms will not be valid.

12. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?

(a) *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up your Open Offer Entitlement you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11:00 a.m. on 20 April 2017, your application will not be processed and your Open Offer Entitlements will lapse. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or completing and returning the Form of Proxy enclosed with this document.

If you do not take up your Open Offer Entitlement then following the issue of the New Ordinary Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 16.1% as a consequence of the New Ordinary Shares issued under the Firm Placing or by approximately 18.3% in the event that the Open Offer is subscribed in full.

(b) *If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in Box A of your Application Form; for example, if you have an Open Offer Entitlement for 50 New Ordinary Shares but you only want to apply for 25 New Ordinary Shares, then you should write '25' in Box A. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, '25') by €0.69 (being 69 cents) giving you an amount of €17.25, in this example. You should write this total sum in Box B, rounding down to the nearest whole Euro cent and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post or by hand (during normal office hours only), to SLC Registrars (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11:00 a.m. on 20 April 2017, after which time Application Forms will not be valid.

All payments may be in sterling or Euro and made by cheque or banker's draft made payable to "SLC Registrars re Accsys Technologies" and crossed "A/C payee only". Terms for subscription and payment in sterling are set out in Part X, paragraph 4.4 of this document. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted. Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the Shareholder. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct SLC Registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 9 May 2017.

(c) *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only", in the accompanying pre-paid envelope by post or by hand to SLC Registrars, 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ, United Kingdom so as to be received by SLC Registrars by no later than 11:00 a.m. on 20 April 2017, after which time Application Forms will not be valid. If you post your Application Form, it is recommended that you allow sufficient time for delivery.

13. I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be

reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to answers (a), (b) and (c) of question 12 for further information.

14. Will I be taxed if I take up my entitlements?

If you are resident in the United Kingdom for tax purposes, you will not have to pay UK tax when you take up your right to receive New Ordinary Shares, although the Firm Placing and Open Offer will affect the amount of UK tax you may pay when you sell your Ordinary Shares.

Further information for Qualifying Shareholders in the United Kingdom or the Netherlands for tax purposes is contained in paragraph 16 of Part XII (Additional Information) of this document. **Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any jurisdiction other than the United Kingdom or the Netherlands should consult their professional advisers immediately.**

15. What should I do if I live outside the United Kingdom?

Your ability to apply to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses in the United States or any Restricted Jurisdiction are, subject to certain limited exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in Part XI (Overseas Shareholders) of this document.

16. Further assistance

If you have any other questions, please telephone the Shareholder Helpline on +44 (0)1903 706150. This helpline is available between the hours of 9:00 a.m. and 5:00 p.m. Monday to Friday. Calls from within the United Kingdom are charged at the standard geographic rate. International call charges will apply if you are calling from outside the United Kingdom. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Firm Placing and Open Offer or to provide financial advice. Shareholder Helpline staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

Your attention is drawn to the further terms and conditions in Part X (Terms and Conditions of the Open Offer) of this document and (in the case of Qualifying Non-CREST Shareholders) in the Application Form.

PART VII

INFORMATION ON THE ACCSYS GROUP

1. Introduction

Accsys is a chemical technology group focused on the development and commercialisation of a range of innovative technologies based upon the acetylation of solid wood and wood elements (wood chips, fibres and particles) for use as class leading, environmentally sustainable construction materials.

The Group has two principal products, Accoya[®] and Tricoya[®].

Accoya[®] is the world's leading high technology long life solid wood. It is created via the Group's proprietary acetylated wood modification process, which is a sustainable process which uses sustainably grown timber. The Accoya[®] acetylation process creates a modified wood that matches or exceeds the durability and stability of the first class tropical hardwoods, alternative treated and modified woods and some man-made materials. Accoya[®] wood is typically used for windows, external doors, cladding, siding, decking and structural and civil engineering projects on account of its enhanced dimensional stability and Class 1 durability.

Tricoya[®] wood elements were introduced to the market in 2012. Whilst the production of Tricoya[®] wood elements has been on a relatively small scale for market development feedstock derived from Accoya[®] wood, sales have significantly increased year on year since, extending into more than 25 countries. Tricoya[®] is produced using the Company's 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, using existing MDF and particle-board production lines and processes without the need for significant capital expenditure. These products demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to tropical hardwood or resource intensive man-made products. Tricoya[®] overcomes all of the key shortcomings associated with conventional wood based panels, including performance failure, suffering in moist environments, swelling and shrinking in response to changes in humidity and being susceptible to degradation due to attack by microorganisms and fungi. Tricoya[®] panels have similar durability and stability to materials such as fibre-cement, HPL-compact and sheet metal.

Growth in Tricoya[®] revenues is constrained by a lack of production capacity. Accordingly, the Group has invested in the Tricoya[®] Project, which, amongst other things, will construct a dedicated Tricoya[®] wood chip acetylation plant. Further details are contained in Part V (Chairman's Letter) of this document and paragraph 2 of this Part VII (Information on the Accsys Group).

Accoya[®] and Tricoya[®] products represent environmentally friendly building solutions over their full life cycle, made from resources that are abundantly available, fast growing, sustainably sourced and renewable. They are natural building materials that are low maintenance and have qualities that match those of some non-sustainable, resource-intensive man-made materials. Accoya[®] and Tricoya[®] products benefit from all the positive attributes of wood (such as sustainability and strength) without the downfalls (such as poor durability and stability).

2. Business structure

The Group's operations comprise four principal business units: (a) the commercial scale Accoya[®] wood production and sales facility in Arnhem, the Netherlands (the "**Arnhem Plant**"); (b) the construction and operation of a commercial scale Tricoya[®] wood chip production and sales facility in Hull, UK (the "**Hull Plant**"); (c) the Group's work with third parties to develop and grow the sales of Accoya[®] and Tricoya[®]; and (d) technology and product development.

(a) *The Arnhem Plant and its expansion*

The Group designed and developed the Arnhem Plant drawing upon the extensive experience it had gained from operating a pilot plant over a period of several years. The Arnhem Plant provides technical validation of the processes and technology required to produce Accoya[®] and Tricoya[®] on a commercial basis, providing a platform from which to launch the Group's manufacturing, licensing and other business activities. Physical construction of the Arnhem Plant commenced in April 2006 and the first batch of Accoya[®] was produced in March 2007. Today the Arnhem Plant has an annual commercial production capacity of approximately 40,000m³ of Accoya[®]. The Arnhem Plant generates a substantial profit on a standalone basis, being break even at only approximately 50% of its current capacity.

Accoya[®] produced in Arnhem is sold across Europe, North America, Chile, Australia, New Zealand, China, India, Israel, Mexico, Morocco and South East Asia under 61 Accoya[®] distributor, supply and agency agreements.

After several years of steady growth in Accoya[®] sales, the Arnhem Plant is now approaching its maximum annual production capacity. The Group has therefore begun a two-stage process of expansion. For the first stage of the expansion, a third reactor and the chemical infrastructure for the future addition of a fourth reactor are now being built. This first stage of expansion comprises two key phases: the first phase, which has involved reconfiguring chemical infrastructure stations, has now been completed, and allows space for the installation of the third reactor. Completion of the second phase, being the construction and installation of the third reactor, is expected towards the end of calendar year 2017. In addition, as part of this first stage of expansion, new offices and warehousing are being built for the sole use of the Company by, and at the cost of, its landlord in Arnhem, Bruil. These facilities, to be delivered by 2018, will provide the space to house the Group's expanding inventory and operational growth in a single location in Arnhem. In respect of the second stage of the Arnhem Plant expansion, it is intended that a fourth reactor can be added at a later date, at relatively low cost and funded out of the Group's resources, as and when demand requires.

The net proceeds of the Firm Placing and Open Offer will add to available working capital for utilisation prior to, and immediately following, the completion of the Arnhem Plant expansion. The net proceeds of the Firm Placing in turn will allow for an increase in the volume and mixture of Accoya[®] inventory to better service customer needs, as well as optimise production scheduling and contribute to production efficiency.

Further details of the proposed Arnhem Plant expansion are contained in Part V of this document (Chairman's Letter) and paragraphs 3, 4 and 5 of this Part VII (Information on the Accsys Group).

(b) ***Construction and operation of the Hull Plant***

The Company has historically focused the majority of its resources on the acetylation of Accoya[®]. After several years of research and development by its business and technical teams, the Company formally established a joint development agreement with Medite in 2009 in respect of Tricoya[®]. Following the successful production of acetylated wood chips at the Arnhem Plant, Medite officially began the supplies of market development Tricoya[®] panel in 2012. All production of Tricoya[®] to date has been conducted using chipped Accoya[®] wood supplied by the Company. Manufacturing costs, however, are approximately 50% higher than the expected cost of producing Tricoya[®] wood elements in a dedicated, continuous process plant.

As a result of the lack of capacity and high manufacturing costs, during the past three years, the Group has worked closely with BP and Medite to form the Tricoya[®] Consortium, which will enable, amongst other things, the design, construction and operation of the Hull Plant, the world's first Tricoya[®] wood elements acetylation plant in Saltend, Hull, owned and operated by TVUK, a subsidiary of TTL.

TVUK's principal customers are expected to be the major panel manufacturers, including Medite, the Group's historic Tricoya[®] joint development partner. Tricoya[®] wood chips can be manufactured into panels using existing medium density fibreboard (MDF) production lines without the need for significant capital expenditure. TTL has built relationships with a number of key panel manufacturers and will assist TVUK in translating these into supply arrangements as the Tricoya[®] business develops. As with TTL's investment into TVUK, TTL will consider taking equity positions in other prospective licensees operating outside the scope of TVUK's exclusivity, as well as providing add on services where opportunities allow. In the near term, sales are likely to be primarily in Europe where the panel product is marketed as "Medite Tricoya Extreme[®]".

Further details of the Hull Plant are contained in Part V of this document (Chairman's Letter) and in paragraphs 3, 4 and 5 of this Part VII (Information on the Accsys Group).

(c) ***Working with third parties to develop and grow Accoya[®] and Tricoya[®]***

The Company invests in its relationships with third parties at every level of the business, with an emphasis on those who are able to help the Company to develop its technology and products and their position in the market. Such third parties include equipment manufacturers, wood suppliers, testing and certification bodies and other system supply specialists.

The Group engages with third parties in its acetylated wood manufacturing activities and in the licensing of its technology. Where possible and appropriate, the Group also intends to engage with partners as an equity participant in third party plants operating under licence from the Group. In parallel, the Group aims to continue to grow the service side of its business by providing revenue generating sales and marketing, engineering, technical and operational support to third party Accoya[®] and Tricoya[®] licensees, enabling them to develop and grow their Accoya[®] or Tricoya[®] businesses as effectively as possible.

Accoya[®] wood is currently distributed into China and ASEAN territories by the Group's exclusive Accoya[®] licensee for that region, Diamond Wood China Limited (“**Diamond Wood**”). Diamond Wood's exclusive sales rights for the ASEAN territories are contingent on its completion of the construction of Accoya[®] manufacturing facilities with a production capacity of at least 114,000m³ of Accoya[®] per annum by no later than 1 July 2020. The Group understands that Diamond Wood remains committed to raising the necessary finance to build such an Accoya[®] manufacturing plant in the region. To the extent that Diamond Wood does build this production capacity, under the terms of its licence agreement with the Group, further licence fees and thereafter royalties on Accoya[®] produced and sold will be payable to the Group by Diamond Wood. However, to the extent that such 114,000m³ of annual production capacity is not constructed by 1 July 2020, under the terms of the licence agreement, Accsys will resume the right to sell and market directly into the ASEAN territories, opening up the potential for the Group to establish new sales and marketing opportunities in that region.

Under a revised Accoya[®] licence agreement, Solvay Acetow remains obliged to construct its own 63,000m³ annual capacity Accoya[®] manufacturing plant in Europe after the expanded Arnhem Plant becomes operational. Solvay Acetow has now taken over responsibility for Accoya[®] sales and marketing in a revised region covering most of central Europe and Scandinavia and has committed to purchase a minimum of 76,000m³ of Accoya[®] from the Company over five years, with annual minimum purchase obligations ratcheting upwards annually over the period.

Under the terms of its agreements with Solvay Acetow, the Company provides sales and marketing support services, as well as technical assistance. Likewise, TTL has contracted to provide sales and marketing services to its subsidiary, TVUK. These revenue-generating services are expected to form an important part of the Group's business as its footprint grows, alongside the potential for the provision of other services, including in the engineering, technical and operational spheres of third party Accoya[®] and Tricoya[®] licensed businesses.

(d) ***Technology and product development***

The Company continues to undertake R&D and product development activities in order to generate future revenue growth. In particular, the Directors believe that the development of new products remains an important element of the Group's manufacturing and licensing strategy.

3. Group structure

The Accsys Group comprises Accsys Technologies plc (“**the Company**”) and its six subsidiaries:

- (a) Titan Wood Limited (“**TWL**”) – wholly owned subsidiary of the Company, owner of key Accoya[®] and Tricoya[®] intellectual property, focused on the licensing of wood acetylation technology and establishing global market penetration of Accoya[®] and Tricoya[®] as the premium wood and wood elements brands respectively for external applications requiring durability, stability and reliability through the licensing of the Group's proprietary process for wood acetylation;
- (b) Titan Wood B.V. (“**TWBV**”) – indirectly wholly owned by the Company, focused on the manufacture and sale of Accoya[®] in major markets;
- (c) Titan Wood Technology B.V. (“**TWTBV**”) – wholly owned subsidiary of the Company, focused on research and the technical development of acetylation opportunities;
- (d) Titan Wood Inc. (“**TWInc**”) – indirectly wholly owned by the Company, focused on the sale and marketing of Accoya[®] across the United States and Canada;
- (e) Tricoya Technologies Limited (“**TTL**”) – majority owned by the Company, engaged in the commercialisation of technology for the production of Tricoya[®] wood elements around the world under an exclusive Tricoya[®] intellectual property licence from TWL; and

- (f) Tricoya Ventures UK Limited (“TVUK”) – majority owned by TTL, focused on the construction and expected future operation of Hull Plant and operating under a Tricoya® sub-licence from TTL.

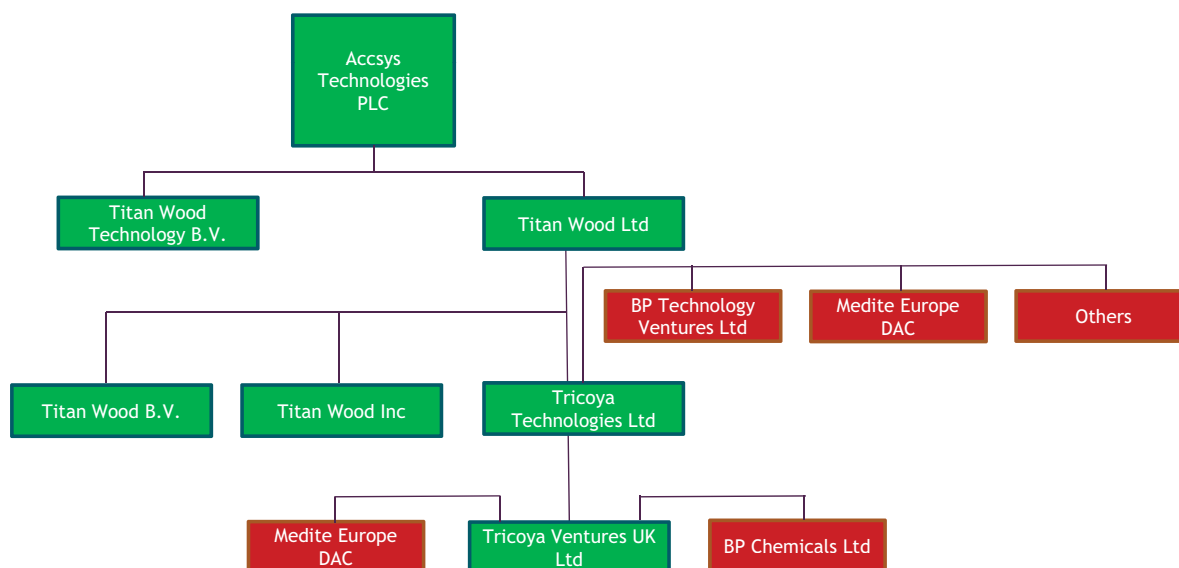
The Company was incorporated on 11 August 2005 for the purpose of, among other things, acquiring the group of companies of which the trading subsidiaries TWL, TWBV and TWTBV formed part.

On completion of the investments from the members of the Tricoya® Consortium, investment into TTL and TVUK will be as follows:

Into TTL: Investor	Equity funding commitments (€m)	Post-funding equity interests (%)¹
Accsys	18.4	74.6
Medite	7.0	12.1
BP Ventures	6.6	9.0
BGF	2.1	2.8
Volantis	1.1	1.5

Into TVUK: Investor	Equity funding commitments (€m)	Post-funding equity interests (%)
TTL	28.5	61.8
BP Chemicals	13.7	30.0
Medite	4.0	8.2

The Group’s structure both at the date of this document and on completion of the investments from the members of the Tricoya® Consortium (those parts shaded in red below) is illustrated in the following diagram:



4. Group strategy

The Company’s business model is leveraged on the Company’s unique capabilities and ability to develop and commercialise its wood acetylation technology. The Group’s proprietary technology can be used on several different solid woods and panel products which allow it to trade under its two brand names, Accoya® and Tricoya®.

The Group intends to engage in direct acetylated wood manufacturing activities and pure licensing, and, where possible and appropriate, to engage with partners as an equity participant in third party plants operating under licence from the Group. In parallel, the Group aims to continue to grow the

¹ Note that, for the purposes of this illustrative column, the TTL Series A preference shares and the TTL ordinary shares have been aggregated on the basis of direct equivalence in order to calculate percentages, notwithstanding the different rights enjoyed by holders of the two classes.

service side of its business by providing revenue generating sales and marketing, engineering and technical and operational support to third party Accoya® and Tricoya® licensees.

The Group's strategy is underpinned by investment in the generation and protection of intellectual property relating to the innovation associated with its acetylation processes and products to ensure ongoing differentiation and competitive advantage in the market place. Further details of the Group's intellectual property are given below in paragraph 5 of this Part VII (Information on the Accsys Group).

More specifically, the Group's strategic focus is on the following areas:

- *Manufacturing* – increasing the production of Accoya® at the Arnhem Plant and establishing the Hull Plant, a dedicated Tricoya® plant, through the Tricoya® Project;
- *Meeting global demand* – licensing of, and partnering in projects for the exploitation of Accoya® technology and its development of an extended global distributor network, and owning and controlling production capacity of Tricoya®, coupled with a licensing strategy in other markets;
- *Brand* – developing, advancing and protecting its established Accoya® and Tricoya® brands; and
- *Research and development* – continuing to invest in R&D to create additional and enhanced applications.

(a) **Manufacturing**

The Group has completed pre-construction engineering and design work and is now in the process of expanding the Arnhem Plant. Facilitated by increasing demand for Accoya® and a five year purchase commitment from its key licensee, Solvay Acetow, the Company is undertaking work to double its existing manufacturing capacity in Arnhem in two stages.

The first stage of the expansion will result in a third reactor that is expected to add 50% to the Arnhem Plant's existing capacity, as well as the construction of the chemical infrastructure for a fourth reactor in the future. This first stage of the expansion is being funded through a combination of loans and fees from Solvay Acetow, proceeds from a sale and leaseback of land to the Group's landlord in Arnhem, Bruil (completed in August 2016), together with the Group's internal resources. Completion of construction of the third reactor is expected by the end of calendar year 2017. In addition, new offices and warehousing are being built in this first stage of the expansion for the Company's sole use by, and at the cost of, Bruil. These facilities, expected to be delivered by 2018, will provide the space to house the Group's expanding inventory and will provide for operational growth in a single location in Arnhem.

The second stage of the Arnhem Plant expansion involves the addition of a fourth reactor, at relatively low cost and funded out of Group resources, as and when demand requires. This will result in a total manufacturing capacity in Arnhem of approximately 80,000m³, which, if produced and sold in a year, is expected to generate revenues in excess of €120 million and Accoya® manufacturing EBITDA in excess of €30 million.

The net proceeds of the Firm Placing and Open Offer will add to available working capital for utilisation prior to, and immediately following, the completion of the Arnhem Plant expansion. The net proceeds of the Firm Placing in turn will allow for an increase in the volume and mixture of Accoya® inventory to better service customer needs, as well as optimise production scheduling and contribute to production efficiency.

The Group has also announced further investment to exploit the potential of Tricoya® wood elements for use in the production of high performance Tricoya® MDF and particle-board panels. To date, Tricoya® panel sales have been limited to market development efforts undertaken principally by the Group's historic Tricoya® joint development partner Medite, a recognised leader in panel manufacture and innovation. Growth in sales has been constrained by the lack of a dedicated Tricoya® production facility, with reliance placed to date on producing Tricoya® by chipping Accoya®, a short-term production solution that is unsustainable economically in the longer term. The Company has therefore invested in the Tricoya® Project to fund, build and operate the Hull Plant. The Company's long-term co-investors in the Tricoya® Project are Medite and BP, a global Fortune 100 company that produces acetic anhydride at the Saltend Chemical Park, where the Hull Plant is located, and is a long-term chemicals supplier to the Group. The Hull Plant is expected to have an initial capacity of 30,000 metric tonnes of acetylated Tricoya® chips per annum, enough to produce approximately 40,000m³ of Tricoya® panel products per annum. The Saltend site has been selected to enable the addition of further

capacity to meet the expected growth in demand for Tricoya[®]. The modular design of the Hull Plant is expected to allow for an efficient expansion of the Hull Plant when market conditions dictate.

The Tricoya[®] Consortium, acting through TTL, is also mandated to seek out other opportunities, including manufacturing, for the exploitation of Tricoya[®] globally. 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 remaining output of the Hull Plant will be sold either to Medite or to other customers in other markets. The Hull Plant is expected to be EBITDA breakeven when operating at around 40% of its 30,000 tonne annual design capacity.

Further details of the expansion of the Arnhem Plant and the construction of the Hull Plant are contained in Part V (Chairman's Letter) and paragraphs 3, 4 and 5 of this Part VII (Information on the Accsys Group).

(b) ***Meeting global demand***

In addition to manufacturing, the Group's strategy is to continue to actively pursue opportunities to licence Accoya[®] and its associated acetylation production technology to satisfy global demand for solid wood and to continually extend its global distributor network. The Board expects that the Group will grant limited new distribution agreements in the short term given the current capacity restrictions at the Arnhem Plant, and will instead focus on and work closely with its existing distributor base to optimise sales and marketing methods.

The Group intends not only to engage in direct acetylated wood manufacturing activities and pure licensing, but also to address demand, where possible and appropriate, by partnering as an equity investor in third party plants operating under licence from the Group.

In respect of Tricoya[®], demand will be addressed by TTL, with whom the Group has entered into a long-term world-wide exclusive licence agreement for the exploitation of the Tricoya[®] product and associated technology. TTL will own a controlling interest in the Hull Plant, the world's first continuous Tricoya[®] manufacturing plant, owned and operated by TVUK under licence from TTL. The Hull Plant is expected to meet demand for Tricoya[®] in the near term and will be expanded when demand and market conditions allow.

TTL is mandated to explore further licensing and partnering opportunities and roll out the Tricoya[®] brand globally. TTL's business model deploys two varieties of Tricoya[®] licence, each of which is central to the Tricoya[®] Project:

- (i) a production licence for acetylated wood chip production and sales using TTL's intellectual property rights. This involves the payment of an initial fee based on plant production capacity, plus an index linked stream of future royalties linked to production volume over the period of the licence; and
- (ii) a user licence for the right to use the Tricoya[®] panel forming intellectual property (including the potential to benefit from Medite's support on panel forming) and to use the Tricoya[®] brand in order to gain access to global Tricoya[®] marketing services.

(c) ***Brand***

The Group invests in the development, advancement and protection of its brand identity, specifically the established Accoya[®] and Tricoya[®] brands. These brands are supported by the Trimarque Device and by a range of tags denoting product attributes. The Group's key brands have now been registered in over 50 countries and have become valuable household names in the timber and panel industries. The Board believes that strong branding and trademark protection has been important in enabling the Group's products to generate a significant presence in a relatively short time in a fragmented market. The Board believes that the brand portrays products that are revolutionary, class leading and sustainable, while offering value for money, given the performance benefits and product lifecycle.

The Group has set up in-country marketing campaigns, tailored for select audiences, to increase brand loyalty and penetration, and has also established a network of joinery manufacturers and architects in North America. The Group's ongoing strategy is to introduce a consumer facing

online presence to target homeowners and to employ a digital campaign to reach new audiences, develop new markets and establish an online presence with Accoya[®] accredited joinery manufacturers.

(d) ***Research and development***

The Group aims to continue R&D and product development activities to generate future value via development of additional and enhanced applications. Over the past year the Group has made progress in meeting US building code requirements for decking, has worked with coating companies to lengthen their warranties and has validated Accoya[®] for use within velodromes.

Accoya[®] wood is one of the very few building products to have acquired Cradle to Cradle[™] Certification at the Gold level. Cradle to Cradle (C2C) provides a means to tangibly and credibly measure achievement in environmentally intelligent design, including the use of environmentally safe and healthy materials and the introduction of strategies for social responsibility. In January 2017, the United States Environmental Protection Agency (“EPA”) recognised the Cradle to Cradle Certified[™] Product Standard at the highest level on its new list of recommendations of standards and eco-labels for US federal sustainable purchasing.

The Group aims to continue work on completing other product specifications, including for decking and structural applications.

Additionally, the Group intends to continue to carry out R&D into additional species to be commercially acetylated, which will aid licensing discussions and increase market and supply opportunities. For example, the Group has carried out tests using species such as beech and alder in a number of test projects around the world in various applications, including bridges (in the case of beech) and decking (in the case of alder). While commercialisation of these and other species is yet to occur, development of the same continues.

5. The Accsys Group

(a) ***History and background***

Most fast-growing, temperate climate wood species have very limited natural durability when exposed to high levels of moisture. The preservation of wood aims to enhance the properties of such species so that they may be used in applications which are otherwise only suitable for durable (typically hardwood) species, or artificial, non-sustainable alternatives, such as plastics and composite materials. The Directors believe that durable hardwoods will become increasingly scarce from sustainable resources.

Historically, the main approach to wood preservation has been to thwart the natural decaying process by creating toxic environments. Acetylation significantly reduces the ability of wood to absorb moisture, which creates an environment that is inhospitable for microbes but not toxic. Wood-eating insects and microbes lack the ability to digest acetylated wood, which eliminates it as a continuous food source. The hydrophobic nature of acetylated wood imparts a superior dimensional stability to that of the unacetylated parent wood, resulting in far less swelling and shrinkage. Acetylation transforms low durability woods into a new kind of high durability, dimensionally stable wood.

The Group began working on acetylation chemistry in 1999. TWL was formed in April 2003 to pursue the acetylation of wood following more than a year of market and technical due diligence. In June 2003, TWL acquired a scale pilot production plant and all associated intellectual property rights for the production of acetylated wood. The Group completed the construction of its existing, two reactor plant in 2007, which has subsequently been enhanced and currently has a production capacity of approximately 40,000m³ of Accoya[®] per annum and breaks even at approximately only 50% of capacity utilisation.

Although the process of acetylation of wood has been known for many decades, as far as the Directors are aware, no other company in the world besides the Company has successfully developed a working, economically viable method of producing acetylated wood on an industrial scale. The modified wood created by the process of acetylation has been branded by the Group as Accoya[®], in respect of its solid wood offering, and Tricoya[®], in respect of the acetylated wood elements that are used in the production of panel products such as MDF and particle-board. The Group owns the proprietary and intellectual property rights for the production of Accoya[®] and Tricoya[®].

Accoya[®] offers properties that are very similar to or better than high grades of tropical hardwoods, such as mahogany or teak. These properties are desirable for construction or aesthetic use. Major applications of acetylated wood include decking, cladding, window frames, doors, veneers (the outer wood skin used in many wood applications), bridges and fresh or salt water use (such as canal linings).

Accoya[®] and Tricoya[®] offer three significant improvements compared with either untreated or treated wood: class leading durability, dimensional stability and reliability. In the case of Accoya[®], these attributes are superior to many hardwoods. In the case of Tricoya[®], the Directors believe there is no comparable wood based panel product on the market.

Acetylation greatly improves the durability, UV-resistance and dimensional stability of wood, and is particularly suited to permeable wood species, which are typically fast-growing.

Perhaps most importantly, acetylation does not damage the wood nor, unlike other wood treatments, dramatically increase its weight or raise its toxicity. A summary of the main effects of acetylation is provided below.

(b) **Accoya[®] production and performance attributes**

(i) *Durability*

Perhaps the most important desirable attribute for any material is its resistance to decay. A summary technical measure is durability class, with 5 being the lowest and 1 the highest (best) durability. In producing Accoya[®], durability is increased to Class 1, which provides resistance to virtually all rot, water and insect degradation. Accoya[®] is more durable than teak wood or dark red meranti, both considered to be highly durable woods.

(ii) *Dimensional stability*

Dimensional stability is improved considerably by acetylation, with swelling and shrinkage reduced by at least 80% compared with untreated wood. Overall, dimensional stability affects coatings adhesion and mechanical properties, as swelling causes paint to break and doors and windows to jam in their frames. The volumetric dimensional stability of Accoya[®] is nearly three times better than teak and four times better than dark red meranti, both considered to be stable woods.

(iii) *Consistency and reliability*

Accoya[®] is typically made from fast-growing, farmed wood, such as pine, but can also be made out of a wide-ranging variety of hardwoods. Softwoods such as radiata pine are readily available from well managed sustainable forests. Reliability of supply is increasingly a challenge for importers of tropical hardwoods. One of the significant advantages of Accoya[®] is that its quality can be readily measured.

(iv) *Coatings adhesion*

Coatings adhesion of Accoya[®] in long-term trials is significantly better than for untreated wood. After nine and a half years of outdoor exposure, untreated wood samples showed substantial cracking and flaking and, in one case, complete erosion of the coating. By contrast, Accoya[®] samples showed no meaningful deterioration of coatings. This is expected to have a significant impact on the competitive potential of Accoya[®] as, in many countries, wood has been replaced by alternatives, such as PVC or vinyl, in part because of the maintenance issues associated with wood. During the period from 1994 to 2005, the United Kingdom private residential housing market saw the share of wooden windows decline from 85% to 12% while the share of PVC rose from 9% to 82%, a significant change in share for each material (Source: “Inspiration & Aspiration – a look at private sector development” – British Woodworking Foundation (2007)). The Directors believe that Accoya[®], Tricoya[®] and other modified woods have the potential to reverse this trend.

The following table indicates coating manufacturers who presently offer warranties on factory applied coatings to Accoya®.

Coatings manufacturer	Duration of warranty (years)	Website reference
Drywood	15 opaque	https://www.accoya.com/wp-content/uploads/2015/09/leaflet-drywood-coatings-accoya-15-years_EN.compressed.pdf
	15 translucent	
PPG	12 opaque	PPG Wood Finishes Secura Check Card, Accoya®
	12 translucent	
Teknos	12 solid (opaque)	https://www.accoya.com/wp-content/uploads/2015/09/Teknos_Accoya_brochure_8page_2014_DE_v2.pdf
	10 translucent	

(v) Gluability

Accoya® has been proven to have excellent gluability properties. Under testing required for the Sneek Bridges programme for the Province of Friesland in the Netherlands (conforming to European Committee testing standards EN 386 and BRL 1701), the ability to glue Accoya® was tested with wood glues provided by Dynea and Purbond. Accoya® demonstrated suitable outcomes in delamination testing, such that it has been deemed suitable for the construction of two heavy road bridges with large dimension laminated beams.

(vi) Thermal resistivity

The thermal resistance of a wood species is affected greatly by the wood’s density and moisture content. The equilibrium moisture content of Accoya® is significantly reduced. This results in far better thermal resistance (lower heat conductivity) compared to “durable” tropical hardwood species. Official testing of Accoya® wood according to EN standard 12667 gives a thermal conductivity of X – 0.13 W/mK, whereas typical tropical hardwood species have a value of 0.18 W/mK for a near 40% difference. Thermal performance versus non-durable softwoods that are clad or treated with toxins is also improved. Without compromising performance in respect of durability (resistance against fungi), Accoya® is therefore a good choice for improvement of thermal isolation over “durable” tropical hardwood species.

(vii) Ultraviolet stability

UV stability of unfinished Accoya® has been independently investigated and, although the wood is still susceptible to UV breakdown, the process actually lightens the wood, rather than the usual dark (brownish) discoloration.

(viii) Hardness

Accoya® is made from underlying wood species which are generally fast-growing, such as pine, and which typically have moderate levels of natural hardness. The process of manufacturing Accoya® improves the hardness of such soft species, without significant loss of strength. Testing has shown hardness improvements in the radial, tangential and end-grain orientation of the wood of 47%, 52% and 81% respectively, placing Accoya® made from pine in the same hardness range as dark red meranti and teak (flat surface) which are far superior in hardness to the Scots pine, Oregon pine and Western Red Cedar that are commonly used in the wood industry. These improvements are not at the expense of other properties of the wood, as the acetylation treatment has no negative impact on the strength, appearance or toxicity of the material.

The Directors believe that the combination of the favourable attributes of Accoya® and the lack of negative effects make acetylation appealing to potential consumers. Many, if not all, other wood modifications and treatments either reduce the wood’s strengths, harm its appearance or have harmful environmental impacts (see further under the heading ‘(k) Competition’ below in this section 5). This is not true for acetylation.

Acetylation alters the actual chemical structure of the wood, rather than its simple ‘chemical content’. By contrast, to achieve similar benefits to those offered by acetylation, many other treatments merely insert chemicals (such as oils, ammonia or metal compounds) into the cell walls of the wood, with the chemicals held in place by a typically weak chemical bond.

Unlike preservative treatments, acetylation does not introduce any chemicals that are not already naturally occurring in wood. Acetylation involves the attachment of ‘acetyl’ molecules to the naturally occurring free hydroxyls within the wood. Acetyl molecules comprise simply carbon, hydrogen and oxygen. Most wood already contains approximately 2 to 5% acetyl before acetylation (source: “Timber: Structure Properties, Conversion and Use” by H.E. Desch and J.M. Dinwoodie). By increasing already present, natural chemicals, acetylation enables the use of softwoods in a range of applications for which they are not normally considered suitable.

(c) **Tricoya[®] production and performance attributes**

(i) *Durability*

Tricoya[®] is produced to achieve the same high standard of durability (“Class 1” equivalent) as Accoya[®], providing resistance to virtually all rot, water and insect degradation. When formed into a panel with appropriate resins, such as PMDI (polymeric methylene diphenyl diisocyanate, the high performance resin used in most formaldehyde free wood based panels), Tricoya[®] panels are expected to have a service life of 60 years or longer. Medite Smartply presently provides a 50-year warranty on Medite Tricoya[®] panels.

(ii) *Dimensional stability*

As with Accoya[®], dimensional stability is improved considerably by acetylation, with swelling and shrinkage considerably reduced compared with untreated wood. Tricoya[®] wood elements, when formed into panels, have been shown to have shrink-swell properties that are the same as, or indeed superior to, those of Accoya[®] wood.

(iii) *Consistency and reliability*

Tricoya[®] is made from fast-growing, farmed wood and a wide range of commercially grown wood species, including spruce, which is traditionally known as being refractive, or hard to penetrate. As with Accoya[®], the quality of Tricoya[®] wood elements can be readily measured through a range of proven analytical techniques, giving confidence to panel formers that the feedstock will deliver the durability and stability attributes associated with Accoya[®] lumber.

(iv) *Coatings adhesion*

Coatings adhesion to Medite Tricoya[®] panels has been extensively tested by third party coatings suppliers, with a number offering extended warranties on factory applied coatings. These include one manufacturer offering a 16-year warranty. The following table indicates warranties presently provided by coatings manufacturers on Medite Tricoya[®] panels.

Coatings manufacturer	Duration of warranty for Opaque	Website reference
Teknos	Up to 12 years	http://www.meditetricoya.com/images/uploads/product_downloads/Medite_Tricoya_Coating_GuaranteeTeknos.pdf
AkzoNobel (Sikkens)	Up to 10 years	http://www.meditetricoya.com/images/uploads/product_downloads/Medite_Tricoya_Coating_GuaranteeSikkens.pdf
Drywood	Up to 15 years	http://www.meditetricoya.com/images/uploads/product_downloads/Drywood_Coatings_Warranty_Medite_Tricoya.pdf

(v) *Gluability*

Tricoya[®] wood elements have been extensively tested with different adhesives and panels can be formed with various resin formulations. Finished panel product gluability accords with conventional MDF, but with recommendations for fractionally longer pressing durations to compensate the lower rate of surface moisture transfer with Tricoya[®] wood.

(vi) *Thermal resistivity and ultraviolet stability*

Owing to its lower equilibrium moisture content, like Accoya[®], Tricoya[®] has better thermal resistance (lower heat conductivity) when compared with conventional MDF. Densification reduces the UV stability for Tricoya[®] based benefits from the stabilisation properties of acetylation. Final colour and UV stability is also related to the type of resin that is used.

(vii) *Hardness*

The hardness of wood based panels is greatly affected by pressing conditions and density; Tricoya[®] panels can achieve similar properties to other MDF type panels.

The Directors believe that the combination of the favourable attributes of Accoya[®] and Tricoya[®] based panels and the lack of negative effects make acetylation appealing to potential consumers. Many, if not all, other wood modifications and treatments either reduce the wood's strengths, harm its appearance or have harmful environmental impacts (see further under the heading '(k) Competition' in this section 5 below). This is not true for acetylation.

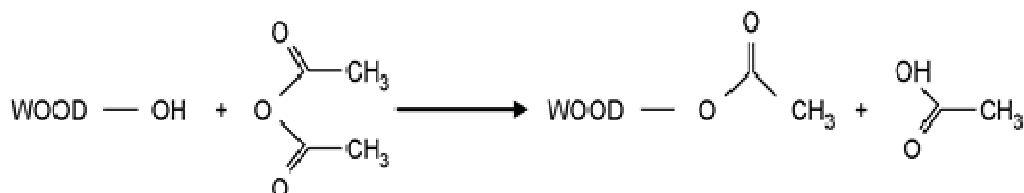
Acetylation alters the actual chemical structure of the wood, rather than its simple 'chemical content'. By contrast, to achieve similar benefits to those offered by acetylation, many other treatments merely insert chemicals (such as oils, ammonia or metal compounds) into the cell walls of the wood, with the chemicals held in place by a typically weak chemical bond.

Unlike preservative treatments, acetylation does not introduce any chemicals that are not already naturally occurring in wood. Acetylation involves the attachment of 'acetyl' molecules to the naturally occurring free hydroxyls within the wood. Acetyl molecules comprise simply carbon, hydrogen and oxygen. Most wood already contains approximately 2 to 5% acetyl before acetylation (source: "Timber: Structure Properties, Conversion and Use" by H.E. Desch and J.M. Dinwoodie). By increasing already present, natural chemicals, acetylation enables the use of softwoods in a range of applications for which they are not normally considered suitable.

(d) *The basic chemistry and process steps*

During the reaction of the wood with acetic anhydride, hydroxyl groups of the cell wall polymers are converted into acetyl groups. Wood already contains minor amounts of acetyl groups. During the reaction, acetic acid is formed as a by-product that can be converted into acetic anhydride again.

Like untreated timber, the modified wood consists only of carbon, hydrogen and oxygen and it contains no toxic elements. The disposal of Accoya[®] therefore presents no problems additional to the disposal of normal wood.



wood + acetic anhydride acetylated wood (Accoya[®]) + acetic acid

To achieve this reaction the following steps are required:

- (1) Acetic anhydride is reacted with wood at high pressure.
- (2) This produces acetylated wood. The by-products are unreacted acetic anhydride mixed with acetic acid formed from the reaction.
- (3) The acetylated wood is treated to remove any internal residual acetic acid or anhydride, and then dried.
- (4) Acetic anhydride and acetic acid remaining after the reaction are recycled.

- (5) Surplus acetic acid is converted into acetic anhydride by heating it to a very high temperature and removing unwanted water, which is cleaned and sent for waste treatment. This completes a reaction loop.

(e) ***Product uses***

Since the 1930s, the worldwide wood industry has expended considerable effort researching wood acetylation in recognition of its superior performance and development potential. Actual usage indicates that acetylated wood is suitable for a wide range of joinery products and for use as a building material.

Moreover, Accoya[®] is preferable to existing alternatives, including higher-cost hardwoods, laminated softwoods and artificial alternatives, thanks to the combination of favourable attributes and the lack of negative effects described above.

The Directors believe that the principal advantages of Accoya[®] and Tricoya[®] that have been identified by end-users are the combination of its superior durability, its dimensional stability, and – perhaps most importantly – its consistency and reliability.

Accoya[®] wood is ideal for windows, external doors, cladding, siding, decking and structural and civil engineering projects on account of its world class dimensional stability and Class 1 durability.

The potential applications for Tricoya[®] are far ranging and are expected to increase, particularly in environments where humidity and weather are usually concerns. Typical applications include façade cladding/siding and other secondary exterior applications, window components, door components and door skins and wet interiors, including wall linings.

In addition, there is an abundant availability of the raw material for acetylation, with Accoya[®] and Tricoya[®] being produced from wood grown in sustainable plantation forests. The Directors believe that this is in sharp contrast with many tropical timbers and other panel products which have large fluctuations in availability, sustainability and price.

(f) ***Intellectual property and know-how***

The Company continues to focus on and invest in the generation and protection of intellectual property relating to the innovation associated with its acetylation processes and products to ensure ongoing differentiation and competitive advantage in the market place. Whilst each new innovation is carefully considered, patenting and/or maintaining valuable know-how as a trade secret remains the typical route through which the Company's innovation is protected.

The Company currently has an extensive patent portfolio with over 60 granted patents in various countries throughout the world and over 170 pending patent applications across more than 20 patent families covering all major markets. Significant R&D resources are employed to maximise the scope of the Company's patent rights not only to cover the products that the Group and its distributors and licensees sell, and the processes by which these products are made, but also to prevent competitors from commercialising similar products and processes.

Management of the Company's know-how remains an essential element of safeguarding the Company's innovation, with confidentiality protocols in place to prevent unauthorised access to such know-how and to impose strict contractual obligations on third parties collaborating with the Company. Increasing Company-wide awareness of the importance of protecting and controlling the Company's know-how is a key initiative with particular focus on minimising risks when collaborating with third parties.

The Company's well-established trademark portfolio covers the key distinctive brands – Accoya[®], Tricoya[®] and the Trimarque Device under which products are marketed – alongside the corporate Accsys[®] brand, including transliterations in Arabic, Chinese and Japanese. All the Group's key brands have now been registered in over 50 countries and have become valuable household names in the timber and panel industries.

The Company continues to maintain an active watch on the commercial and intellectual property activity of third parties to monitor and take action if its intellectual property rights are being infringed, to identify potentially valuable third party intellectual property which could be exploited via a strategic alliance, in-licence or purchase and to obtain an early insight into third party intellectual property which could potentially hinder the Group's proposed commercial activity.

Both the patent and trademark portfolios, together with other protected intellectual property, including material under copyright and domain names, continue to be reviewed regularly to ensure alignment with the Company's objectives and to confirm that obligations to licensees are being fulfilled.

Careful intellectual property management, effected via the Group's qualified in-house intellectual property manager working in close conjunction with the Group's technology, engineering, product development, marketing and commercial groups, and supported where appropriate by external patent and trademark attorneys, ensures that the Company's IP portfolio is not only maintained and protected, but is grown in a cost effective manner, adding value to the Group's manufacturing and licensing businesses.

(g) *Arnhem Plant and its expansion*

The Group started work on the design of its wood modification plant during the summer of 2005, with basic engineering, incorporating learning from its pilot reactor system, completed by the end of that year. Following a decision to acquire a freehold site adjacent to its existing operations in Arnhem, the Netherlands, site access was achieved in April 2006. Construction and initial commissioning tests allowed the first batch of Accoya[®] to be produced in March 2007.

As planned, the Group then spent considerable time optimising operating protocols, refining detailed recipes for each dimension of radiata pine (the Group's preferred timber) and pre-production drying and post-production conditioning and optimising utilisation of acetyls and utilities. The Company engaged in an extensive testing programme to optimise logistics, wood handling and the modification process in order to achieve a robust and economically viable process for the volume production of Accoya[®]. This testing process has now been successfully concluded and the Arnhem Plant is now capable of commercially producing approximately 40,000m³ of Accoya[®] per annum, validating the use of the Group's proprietary technology.

Sales of Accoya[®] have been restrained by the lack of production capacity at the Arnhem Plant. Facilitated by strong demand, and new arrangements with a key licensee, Solvay Acetow, the Group is now in the first stage of expanding the Arnhem Plant. In aggregate, the two-stage expansion is expected to double the Arnhem Plant's existing manufacturing capacity.

Work has commenced in respect of the first stage of the Arnhem Plant expansion, consisting of the construction of a third reactor, which will add 50% additional capacity (to a total of more than 60,000m³). This first stage of expansion comprises two key phases: the first phase, which has involved reconfiguring chemical infrastructure stations, has now been completed and allows space for the installation of the third reactor. The second phase, which involves the construction and installation of the third reactor, is expected to complete towards the end of calendar year 2017. This first stage of the Arnhem Plant expansion also includes the building of new offices and warehousing for the sole use of the Company (by, and at the cost of, its landlord in Arnhem, Bruil), together with the construction of chemical infrastructure enabling a fourth reactor to be added as a second stage of the expansion at a later date. This first stage of expansion is being funded through a combination of loans and fees from Solvay Acetow, proceeds from a sale and leaseback of land to the Group's landlord in Arnhem, Bruil (completed in August 2016), together with the Group's internal resources. As the fourth reactor would use the back-bone infrastructure currently being built, it could be added at the second stage at relatively low cost and the Group would expect to be able to fund construction from its own resources.

The majority of the chemical part of the expansion will be undertaken by Fabricom BV pursuant to an engineering, procurement and construction (EPC) contract. This EPC contract provides what the Directors believe is a reasonable degree of certainty as to the total cost of the first stage of the expansion, which is expected to be approximately €22 million.

The new offices and warehousing that are being built in this first stage of expansion are expected to be delivered by 2018. These facilities will provide the space to house the Group's expanding inventory and provide for operational growth in a single location in Arnhem.

The net proceeds of the Firm Placing and Open Offer will add to available working capital for utilisation prior to, and immediately following, the completion of the Arnhem Plant expansion. The net proceeds of the Firm Placing in turn will allow for an increase in the volume and mixture of Accoya[®] inventory to better service customer needs, as well as optimise production scheduling and contribute to production efficiency.

Under a revised Accoya[®] licence agreement, Solvay Acetow remains obliged to construct its own 63,000m³ annual capacity Accoya[®] manufacturing plant in Europe after the expanded Arnhem Plant becomes operational. Solvay Acetow has now taken over responsibility for Accoya[®] sales and marketing in a revised region covering most of central Europe and Scandinavia and has committed to purchase a minimum of 76,000m³ of Accoya[®] from the Company over five years, with annual minimum purchase obligations ratcheting upwards annually over the period. The arrangement provides the Company with increased Accoya[®] manufacturing capacity in a faster timescale than was previously possible and enables the Company to generate higher returns from manufacturing a higher volume of Accoya[®] over the next few years than was previously envisaged.

(h) **Tricoya[®] Project and the Hull Plant**

(i) *Background*

The Company has historically focused the majority of its resources on the acetylation of Accoya[®] solid wood. After several years of research and development by its business and technical teams, it formally established a joint development agreement with Medite in 2009 in respect of Tricoya[®]. Following successful production of acetylated wood chips at the Arnhem Plant, and of acetylated wood panels at both pilot and full scale, Medite officially launched Medite Tricoya[®] in late 2011, beginning supplies of Tricoya[®] panel market development material in 2012.

Sales of Medite Tricoya[®] grew from 949m³ in the 12 months to 31 March 2012 to 4,150m³ in the 12 months to 31 March 2015, limited by the lack of raw material supply from the Arnhem Plant. In spite of this, Tricoya[®] panels have been sold in more than 25 countries worldwide to date, exceeding 17,200m³ / 1,585,000m², representing a sales value to Medite of c. €26 million. This equates to approximately 11,000 tonnes of wood chips. Sales in 2015 and 2016 have been held back by the limited availability of Accoya[®], with Medite's customers regularly being placed "on allocation" in this period.

All production of Tricoya[®] wood elements has to date been conducted through a process of chipping Accoya[®] wood supplied by the Company. Chipping Accoya[®] creates an identical product but manufacturing costs are significantly higher (approximately 50%) than what it is expected to cost if produced in a dedicated, continuous process plant capable of supporting volume manufacture of panels.

With market appetite proven, the Company, Medite and BP have agreed to invest in the Tricoya[®] Project to, amongst other things, fund the construction of the Hull Plant, the world's first dedicated Tricoya[®] chip manufacturing plant in Saltend Chemical Park in Hull, UK, adjacent to BP's existing acetyls facility, and to support sales and marketing of the product.

The pre-construction engineering and design work has been completed, and an engineering, procurement and construction (EPC) contractor appointed. Planning consents have now been received and detailed engineering is underway for the Hull Plant. Third party analysis and due diligence has stress tested the feasibility of the Hull Plant, from a technology, cost, engineering, timetable and overall deliverability perspective, and the results have been positive.

BP's involvement results from a historical interest in acetylation, having conducted research and development into wood acetylation at its Hull site in the past. BP Chemicals has also been a key partner of the Company, supplying acetic anhydride for the Arnhem Plant since it began operations and entering into a collaborative strategic relationship in 2012.

Medite is part of the Coillte group and was the first European entrant into the MDF production market in 1976. Medite continues to seek out innovative opportunities in the wood panel sector. Medite has worked with the Group on the development of Tricoya[®] technology since 2009, with sales of the product having commenced in 2012.

The Hull Plant will have an initial design capacity of 30,000 tonnes per annum (sufficient to manufacture 40,000m³ of panels) with scope for expansion. 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 design capacity, is to be sold or paid for by Medite. As production at the Hull Plant ramps up, this off-take agreement provides for the ramp up in Medite's commitment, reaching a minimum of 12,000 tonnes per annum, representing 40% of total Hull Plant design capacity, by year six. The remaining plant output

will be sold either to Medite or to customers in other markets. The Hull Plant is expected to be EBITDA breakeven when operating at around 40% of its 30,000 tonne per annum design capacity.

(ii) Structure and Funding

The Tricoya[®] Project will be funded through a mixture of equity and debt financing.

Structurally, BP Ventures, Medite and the Company have invested into the Company's subsidiary, Tricoya Technologies Limited ("TTL"). TTL has invested, alongside BP Chemicals and Medite, in Tricoya Ventures UK Limited ("TVUK"), a special purpose subsidiary of TTL that will construct, own and operate the Hull Plant.

BP will invest a total of €20.3 million in the Tricoya[®] Project. BP Ventures, BP's venture capital arm, will invest €6.6 million as equity into TTL to benefit from the long-term opportunity that the Tricoya[®] Consortium believes exists in respect of exploiting Tricoya[®] globally. €2.2 million of this has already been invested by BP Ventures in TTL and €0.3 million has already been invested into TVUK by BP Chemicals. BP Chemicals will contribute up to a total of €13.7 million as equity in TVUK, aligning its interest with the plant it is supplying.

Medite will invest €7 million as equity into TTL and up to €4 million as equity into TVUK, thereby aligning its interest in both the manufacturing and the longer term global success of Tricoya[®].

In October 2012 the Company contributed all of its Tricoya[®] intellectual property and historical development into TTL by way of exclusive licence, with rights for TTL to exploit the same on a global basis.

The Company has agreed a further €18.4 million of cash investment by way of equity subscription in TTL, resulting in a total equity interest of 74.6%. This equity subscription is funded by the Company's issue of the Loan Notes to BGF and Volantis.

The Company will generate up to approximately 6.1% additional equity in TTL over the next two years as a result of the continued supply by the Company of lower priced Accoya[®] to Medite to enable continued market development ahead of the completion of the Hull Plant.

BGF and Volantis will invest an aggregate of £19 million as financial investors into both the Company and TTL. BGF and Volantis have agreed to invest on similar terms but are investing separately, with BGF accounting for 65% of the £19 million total.

Specifically:

- (i) BGF has been issued £10,476,974 in principal of unsecured fixed rate loan notes due 2021 by the Company; and
- (ii) BGF has subscribed for 1,028,355 Series A preference shares in TTL for an aggregate subscription price of €2,056,710 (satisfied by payment of £1,773,026.32).

Likewise:

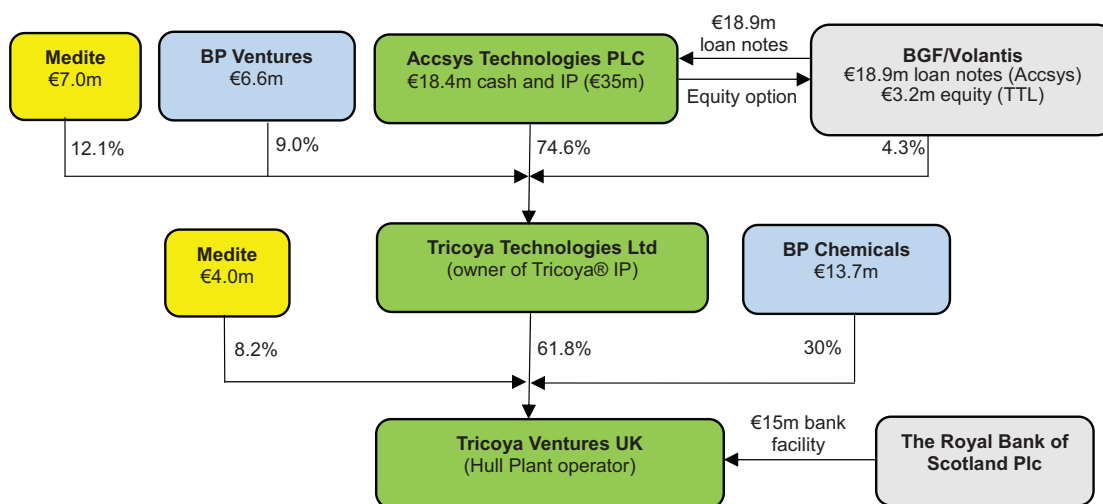
- (i) Volantis has been issued £5,773,026 in principal of unsecured fixed rate loan notes due 2021 by the Company; and
- (ii) Volantis has subscribed for 566,645 Series A preference shares in TTL for an aggregate subscription price of €1,133,290 (satisfied by payment of £976,973.68).

In addition, TVUK has entered a six-year €17.2 million (€15 million net) finance facility agreement with The Royal Bank of Scotland Plc in respect of the construction and operation of the Hull Plant.

The equity funding commitments and post-funding equity interests of the Tricoya[®] Consortium in TTL and TVUK are set out below:

Into TTL:		Equity funding commitments	Post-funding equity interests (%) ¹
Investor		(€m)	
Accsys		18.4	74.6
Medite		7.0	12.1
BP Ventures		6.6	9.0
BGF		2.1	2.8
Volantis		1.1	1.5

Into TVUK:		Equity funding commitments	Post-funding equity interests (%)
Investor		(€m)	
TTL		28.5	61.8
BP Chemicals		13.7	30.0
Medite		4.0	8.2



Further details of the sources and uses of funding in respect of the Tricoya[®] Project and the Arnhem Plant can be found in Part V (Chairman's Letter) of this document and a summary of the investment documentation is set out in paragraph 11 (Material Contracts) of Part XII (Additional Information).

(i) **Sales and marketing strategy**

The Group's primary objective is to maximise its returns through a combination of direct sales and the international licensing of its technology. The Group's Accoya[®] and future Tricoya[®] production facilities have a vital role to perform in realising this by:

- (i) providing physical demonstration of the technology and production processes;
- (ii) increasing demand for the use of Accoya[®] and Tricoya[®], particularly for key end-product applications (e.g. external doors, windows, decking and cladding) in large national markets;
- (iii) providing samples of Accoya[®] and Tricoya[®] to potential licensees for testing and developing local and export market end-product applications; and
- (iv) providing suitable quantities of Accoya[®] and Tricoya[®] to allow for direct sales and to stimulate licensees' distribution pipelines ahead of their own production facilities coming online.

¹ Note that, for the purposes of this illustrative column, the TTL Series A preference shares and the TTL ordinary shares have been aggregated on the basis of direct equivalence in order to calculate percentages, notwithstanding the different rights enjoyed by holders of the two classes.

Until the first continuous Tricoya[®] production plant is operational, production and supply of Tricoya[®] wood elements is constrained. Limited volumes are, however, produced by chipping Accoya[®] solid wood, a work-around process which is uneconomic in the long term (it being approximately 50% more costly than production in the planned continuous process), but which, in the short term, allows for limited volumes of Tricoya[®] to be produced for the production and sale of Tricoya[®] panel products by the Group's historic Tricoya[®] joint development partner in Europe, Medite.

Accoya[®] produced in Arnhem, the Netherlands, is sold across Europe, North America, Chile, Australia, New Zealand, China, India, Israel, Mexico, Morocco and South East Asia under 61 Accoya[®] distributor, supply and agency agreements.

Accoya[®] wood is currently distributed into China and ASEAN territories by the Group's exclusive Accoya[®] licensee for that region, Diamond Wood China Limited ("**Diamond Wood**"). Diamond Wood's exclusive sales rights for the ASEAN territories are contingent on its completion of the construction of Accoya[®] manufacturing facilities with a production capacity of at least 114,000m³ of Accoya[®] per annum by no later than 1 July 2020. The Group understands that Diamond Wood remains committed to raising the necessary finance to build such an Accoya[®] manufacturing plant in the region. To the extent that Diamond Wood does build this production capacity, under the terms of its licence agreement with the Group, further licence fees and thereafter royalties on Accoya[®] produced and sold will be payable to the Group by Diamond Wood. However, to the extent that such 114,000m³ of annual production capacity is not constructed by 1 July 2020, under the terms of the licence agreement, Accsys will resume the right to sell and market directly into the ASEAN territories, opening up the potential for the Group to establish new sales and marketing opportunities in that region.

In January 2016, Solvay Acetow assumed responsibility for sales and marketing in its exclusive region, which includes Germany, France, Italy, Spain, Poland and Scandinavia, and has committed to purchase a minimum of 76,000m³ of Accoya[®] from the Company over a five year period to help support the development of its region. The Group will continue to work closely with Solvay Acetow, supporting the transition and developing marketing campaigns and strategy with it, building on the Group's success over recent years. Sales volumes in Solvay Acetow's region marginally reduced in the period to 30 September 2016 as a result of the transition and some de-stocking of key customers, but sales volumes have since increased.

This arrangement with Solvay Acetow enables the Group to redeploy some of its resources. The Group will continue to focus on the UK, its largest and strongest market, as well as the Benelux market which has underperformed. In addition, the Group has hired new, highly experienced staff to its North American sales team as the Board believes this market provides the greatest opportunity for growth in the longer term.

The Group continues to develop its sales and marketing methods which vary depending on the market and preferences for particular applications. The Group will continue to transfer knowledge and practices between markets in order to understand how best to take advantage of the market opportunity as new manufacturing capacity becomes available.

(j) **Markets**

Market size

Approximately 3.7 billion m³ of round wood was consumed in 2014, of which 1.9 billion m³ was consumed as fuel and 1.8 billion m³ classified as industrial round wood (Source: FAO Yearbook of Forest Products 2014, Food and Agriculture Organization of the United Nations), Approximately 439 million m³ of sawn wood was manufactured in 2014 (Source: FAO Yearbook of Forest Products 2014, Food and Agriculture Organization of the United Nations).

Demand for Accoya[®] continues to grow: in the ten months from 31 March 2016 to 31 January 2017, sales volume of Accoya[®] was 31,599m³, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³). These strong sales of Accoya[®] were in part helped by the resolution of the unexpected supply chain bottleneck which had resulted in lower growth in Accoya[®] sales in the first half of the year to 30 September 2016. The Board expects that long-term market opportunity remains substantial, with demand in excess of 1 million m³ of Accoya[®] per annum being ultimately achievable in the long term. The total global solid wood market is understood to exceed 400 million m³ annually. Accoya[®] captures the market share in those applications which require rot, insect and water resistance, i.e. primarily outdoor products. The Group is focused on the higher-value end of

these applications, where the dual qualities of durability and dimensional stability offered by Accoya® are most highly valued. The majority of Accoya® sales is to a network of timber distributors which in turn supply a variety of industries, principally for joinery (windows and doors) and for decking and cladding (known in the US as “siding”). Global demand for windows and doors alone was estimated in 2014 to be worth \$175 billion and, in the same year, a 4.8 billion m² demand existed for siding and cladding globally (Source: The Freedonia Group 2015, World Windows and Doors to 2024 and World Siding (Cladding) to 2024).

Tricoya® panels’ enhanced performance and moisture resistance make them particularly suited to external applications including facades and cladding, soffits and eaves, exterior joinery, wet interiors, door skins, flooring, signage and marine uses. Tricoya® displaces alternative more expensive or less easily handled products and opens up major new market opportunities in the construction sector.

The global market for Tricoya® panel products is estimated by the Directors to be in excess of 1.6 million m³ per annum. This would represent around 1.5% of global MDF manufacturing capacity. Tricoya® panels were introduced to the market by Medite in 2012, manufactured using chipped Accoya®. Sales have increased significantly each year since, and total panel sales to date exceed 17,200m³ / 1,585,000m², representing a sales value of approximately €26 million.

The wide diversity of end-applications combined with the geographically fragmented nature of the wood products industry means that there is no single readily available source of statistical information covering all the market segments in which Accoya® and Tricoya® has value. Data presented in this document is based upon information gathered by the Group’s sales and marketing team through primary market contacts and published literature research, combined with various commissioned work from leading industry experts.

Global demand for Accoya® and Tricoya® continues to grow. The products have been widely tested in Europe and North America by scientific experts, manufacturers and end-users, and confirmed as extremely desirable products in the wood and timber industry.

The Directors believe that a total licensed and owned volume for Accoya® and Tricoya® wood in the region of 2.6 million m³ is potentially achievable. Actual volumes will be a function of market acceptance and cost competitiveness, and may be affected by the launch of rival technologies.

To set the Director’s beliefs about growth potential in context, wood-plastic composites grew from virtually zero sales to more than 1.5 million m³ of wood equivalent (Source: Global Information, Inc.) in a five year period; single manufacturers of fibre cement or engineered wood siding (cladding) products produce over 1 million m³ wood equivalent siding each. Decking, siding, windows and doors are among numerous applications in which Accoya® and Tricoya® are already successfully competing against both wood and non-wood products. Other examples include cabinetry, furniture, toys, marine products (e.g. boats and boat decks and furnishings), structural products (e.g. house foundations, columns and pedestrian and road bridges), civil products (e.g. lampposts and canal and riverbank lining), fencing, façades, signage, velodromes, pagodas, garden houses and musical instruments.

Analysis of revenue by geographical area

	Year ended 31 March 2014 €’000	Year ended 31 March 2015 €’000	Year ended 31 March 2016 €’000	Six months ended 30 September 2015 €’000	Six months ended 30 September 2016 €’000
UK and Ireland	11,300	17,760	21,426	9,571	10,577
Rest of Europe	7,501	10,704	14,085	7,868	5,924
Benelux	8,822	8,431	7,764	3,904	3,762
Americas	3,376	5,522	4,846	2,449	2,849
Asia-Pacific	1,901	3,151	4,382	2,345	1,814
Rest of World	612	509	266	156	133
Total revenue	33,512	46,077	52,769	26,294	25,059

Further details relating to the Group's consolidated income statements (including a breakdown of revenue) are set out in Part IX (Operating and Financing Review) of this document.

(k) **Competition**

In addition to the well-known chemical impregnations which rely on toxicity to improve durability, there are other preservation techniques that are either in relative commercial infancy or in various stages of pilot-scaled work. These can be divided into the categories of heat treatment and chemical modification of components within the wood. None of these treatments achieves the combination of durability, dimensional stability or colour stability that acetylation offers. They include:

Thermal modification

Thermal modification uses high temperatures to alter the chemical structure of the wood, breaking down long molecular chains in a way that is similar to charring or coking for coal. The modification mechanism directly damages the structural properties (i.e. elasticity, rupture) of the wood, since it reduces strength through molecular shortening. Because of the reduced strength of the boards and the restrictions in the production process, the application possibilities are limited. Independent research (Source: Holz-Zentralblatt, 20 September 2005) has shown that the durability of two types of thermally modified wood averaged Class 4 – only “slightly durable”. Thermally modified wood is therefore not suitable for applications requiring durability; it is also generally unsuitable for any applications involving meaningful physical stresses on account of its reduced strength.

Furfurylation

Furfurylation is a process where furfuryl alcohol is pressure-driven into the cell walls of the wood and heated to achieve polymerisation. Independent research indicates that commercially available furfurylated wood has greatly inferior durability performance when compared to Accoya[®] acetylated wood (source: IRG/WP 16-20576, May 2016). In addition, tests conducted at Exova (formerly known as TRADA) indicate both inferior movement (shrink and swell) properties and higher levels of distortion (cupping) when compared to Accoya[®] (source: EXOVA BM TRADA assessment for Modified Wood ‘Wood Information Sheet’ to be published February 2017). After modification by furfurylation, the wood colour is darker than the original wood, turning silver-grey (like Accoya[®] and other wood) when outdoors.

Other modifications

There are a wide variety of other modifications and impregnations (including oil, wax and silica based impregnations and various combinations of approaches seeking to introduce different attributes). The Group is not aware of any that offer the combination of performance attributes of Accoya[®], particularly the combination of exceptionally positive improvements to durability, dimensional stability, coatings adhesion, gluability, thermal resistivity, UV stability and hardness, without the negative effects associated with other treatments (excessive hardness, coatings adhesion problems, strength loss or undesirable weight gains). It is possible that other modification techniques will find market acceptance in due course. In the opinion of the Directors, any such acceptance is likely to benefit Accoya[®], as it would validate the acceptance of wood modification in general.

Plastics

Plastic materials are used in the window and door industry as alternatives for timber. These alternatives entered the market long ago and have established significant market share. In the future, modified wood is expected to capture some of this market because of its greater thermal efficiency, carbon sink benefits, sustainability and the absence of toxins (such as lead, cadmium and chlorine) that are found in PVC.

Composite materials

During the past few years, there has been considerable investigation into composite materials as alternatives for solid wood. Many different mixtures have been developed. These products approach mainly the cladding and decking market. The uptake of wood plastic composites (WPCs) and “capped” WPCs (often involving a layer of PVC) has demonstrated that there is a willingness to pay a significant premium for higher performance decking products in particular.

The achievement by Accoya® of independent certification for decking in the USA (by far the largest market for decking) now means that there is a real opportunity to gain traction in this domain.

In relation to Tricoya®, the openness of consumers to composite materials suggests a long-term opportunity to capture market from lower performance and often similarly or even higher priced materials presently widely used, such as fibre cements (a blend of wood fibre and cement), plastics and laminated paper / resin compunts (sometimes referred to as high pressure laminates or compact laminates). The launch of Medite Tricoya® has seen multiple projects in which Tricoya®-based panels have successfully substituted these materials, as well as much lower cost (and much lower performance) wood based materials.

Chemically impregnated wood

During the past few years, the use of chemicals for the preservation of wood has been restricted. For example, in the US and Europe the use of CCA is now largely prohibited for residential applications. The use of CCA is becoming increasingly restricted elsewhere, with regulations also introduced, for example, in Australia.

At the same time, the wood industry has been developing alternatives to CCA. These chemical preservations, which include alkaline copper quaternary (ACQ) and copper azoles, do not improve dimensional stability and UV-resistance, generally limiting their usage to lower value applications. There will continue to be a place for such materials, largely owing to their low costs of production. Since, however, these treatments rely on toxicity to provide the preservative effect, it is expected that increasingly legislation will continue to erode the share of markets occupied by such basic chemical treatments.

Neither Accoya® nor Tricoya® directly competes with these chemically impregnated materials, which tend to have a much lower price point. However, some studies suggest that the new chemical preservations have a reduced protective ability when compared to arsenic based compounds, such as CCA. This is expected to enhance the opportunity for acetylated wood products to capture market share over time.

In addition to the above, Accoya® competes with a number of naturally occurring tropical hardwood species. In all cases, Accoya® matches or exceeds the durability and stability of the very best tropical hardwoods and provides significant other advantages including reduced maintenance costs and enhanced coatings performance and machinability, together with the highest level of environmentally sustainable accreditations.

(l) ***Sustainability***

The Company aims to reduce the use of environmentally unfriendly building materials and products through its proprietary technology. The Group's acetylated wood products offer alternative, sustainable new materials that resolve many of the environmental limitations that commonly used building materials have, whilst not compromising on performance. In fact, Accoya® is the first natural product from the bio-cycle that can match the high performance of the manmade materials used in the techno-cycle.

As noted in paragraph 4(d) above, the United States Environmental Protection Agency ("EPA") has now recognised the Cradle to Cradle Certified™ Product Standard, for which Accoya® wood holds a "Gold" certification, at the highest level on its new list of recommendations of standards and eco-labels for US federal sustainable purchasing.

The Company is also committed to continuing R&D concerning its products (applications and new wood species) and processes. This ongoing development is designed to increase their use and applicability and improve their efficiency and environmental benefits which in turn will benefit many of its stakeholders.

6. Summary of financial information on the Accsys Group

The financial information set out below has been extracted from the Group's audited consolidated financial statements as at and for each of the three years ended 31 March 2014, 31 March 2015 and 31 March 2016 and from the Group's unaudited interim condensed consolidated financial statements as at and for each of the six months ended 30 September 2015 and 30 September 2016, which are incorporated by reference into this document as explained in Part XIII (Documentation Incorporated by Reference) of this document. The financial information set out below does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act.

Further details relating to the Group's consolidated income statements (including a breakdown of revenue) are set out in Part IX (Operating and Financing Review)

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000	Six months ended 30 September 2016 €'000
Consolidated income statements					
Revenue	33,512	46,077	52,769	26,294	25,059
Cost of sales	(25,753)	(33,842)	(34,597)	(16,916)	(18,236)
Gross profit	7,759	12,235	18,172	9,378	6,823
Other operating costs	(14,973)	(18,922)	(18,460)	(9,389)	(10,176)
Other gains	—	—	—	—	601
Operating loss	(7,214)	(6,687)	(288)	(11)	(2,752)
Share of joint venture loss	(905)	(1,098)	—	—	—
Gain on acquisition of subsidiary	—	267	—	—	—
Finance income	155	73	13	17	1
Finance expense	(226)	(208)	(191)	(98)	(104)
Loss before tax	(8,190)	(7,653)	(466)	(92)	(2,855)
Tax expense	(699)	(607)	(402)	(240)	(373)
Loss for the period	(8,889)	(8,260)	(868)	(332)	(3,228)

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2016 €'000
Consolidated balance sheets				
Intangible assets	8,333	10,014	10,980	10,945
Investment in joint venture	340	—	—	—
Property, plant and equipment	20,740	19,548	20,272	16,914
Available for sale investments	—	—	—	—
Inventories	6,053	7,894	8,345	10,184
Trade and other receivables	4,477	4,998	5,647	6,441
Cash and cash equivalents	15,185	10,786	8,186	7,866
Corporation tax assets	446	388	412	545
Trade and other payables	(5,557)	(9,625)	(8,063)	(9,455)
Obligation under finance lease	(2,135)	(2,063)	(2,301)	(2,215)
Corporation tax liabilities	—	(812)	(1,425)	(1,929)
Total net assets	47,882	41,128	42,053	39,296

7. Current trading and prospects

In the 12 months to 30 September 2016, demand for Accoya® was strong despite unexpected supply chain bottleneck issues, with sales from Arnhem reaching 34,532m³, increasing from 33,464m³ in the 12 months to 30 September 2015 and from 30,129m³ in the 12 months to 30 September 2014, notwithstanding price increases implemented to manage demand, which also increased margins.

In the ten months from 31 March 2016 to 31 January 2017, sales volume of Accoya® was 31,599m³, an increase of approximately 20% compared with the same period in the previous year (31 March 2015 to 31 January 2016: 26,262m³). In the ten months from 31 March 2016 to 31 January 2017, total revenue for the Company increased 10% to €45.3 million compared with the same period in the previous year (source: internal management accounting records). The strong sales of Accoya® during this period were in part helped by the resolution of the unexpected supply chain bottleneck. This continued recent increase in sales volumes means that the Arnhem Plant now operates at or near to maximum production capacity of approximately 40,000m³.

EBITDA for the six months ended 30 September 2016 was €(1.3 million) (2015: €1.3 million). A number of factors contributed to a lower EBITDA, including lower licence related income, a change in timing of the annual plant maintenance stop (which fell in the first half of the year whereas it fell in the second half of the previous year), a new pricing regime with Solvay Acetow and higher costs associated with the formation of the Tricoya[®] Consortium.

Sales of Medite Tricoya[®] have increased as follows in recent years:

Year (to 31 December)	Sales Volume (m ³)
2012	949
2013	2,199
2014	3,853
2015	4,150
2016	5,245

Medite Tricoya[®] production volume and sales have to date been constrained by the limited volume of Accoya[®] available to produce Tricoya[®], and the significantly higher cost of producing Tricoya[®] from chipping Accoya[®], as compared to continuous acetylated chip production in a dedicated plant.

Demand for both Accoya[®] and Tricoya[®] has therefore been growing over a number of years but is now approaching the point where further growth is constrained by production capacity. The Directors believe that sales and revenue will continue to grow when supply increases to meet demand. To capture this growth opportunity, increased production of Accoya[®] at Arnhem and a dedicated Tricoya[®] production plant are now required.

8. Dividend policy

The Company's general dividend policy is to pay dividends at levels consistent with factors such as future earnings, financial condition, capital adequacy and liquidity. The Company has not paid a dividend since a maiden dividend of €1,553,000 was paid in 2009 relating to the final dividend proposed in 2008. This amounted to €0.01 per Ordinary Share at the date the dividend was paid. The Company does not expect to pay a dividend in respect of the current financial year.

9. Capitalisation and indebtedness

The following tables show the Group's indebtedness as at 31 December 2016 and the capitalisation as at 30 September 2016.

	€'000
Indebtedness⁽¹⁾	
Current debt	
– Guaranteed	—
– Secured ⁽²⁾	348
– Unguaranteed / unsecured	—
Total current debt	348
Non-current debt (excluding current portion of long-term debt)	
– Guaranteed	—
– Secured ⁽²⁾	3,822
– Unguaranteed / unsecured	—
Total non-current debt (excluding current portion of long-term debt)	3,822
Total indebtedness at 31 December 2016	4,170

(1) This statement of indebtedness has been extracted without material adjustment from the Group's unaudited underlying accounting records at 31 December 2016.

(2) Current secured debt comprises obligations under finance lease. Non-current secured debt comprises obligations under finance lease and the amount payable under the Solvay Acetow Loan Agreement.

	€'000
Capitalisation ⁽¹⁾⁽³⁾	
Share capital – ordinary shares	4,531
Share premium account	128,792
Own shares	(34)
Legal reserves ⁽²⁾	106,536
Other reserves	885
Total capitalisation at 30 September 2016	240,710

(1) This statement of capitalisation has been extracted without material adjustment from the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016.

(2) Legal reserves include capital redemption reserve and merger reserve.

(3) This does not include accumulated loss, foreign currency translation reserve and non-controlling interests.

There has been no material change to the Group's total indebtedness since 31 December 2016 or to the Group's total capitalisation since 30 September 2016, other than that, following completion of the Tricoya[®] Project, the proceeds due from the Loan Notes were received immediately. The proceeds will be used by the Company to fund its investment in TTL. The Chairman's Letter at Part V of this document provides further details of the Loan Notes.

The following table sets out the Group's net financial indebtedness at 31 December 2016:

	€'000
Net financial indebtedness⁽¹⁾⁽²⁾	
Cash	7,369
Cash equivalents	—
Trading securities	—
Liquidity	7,369
Current financial receivable	—
Current bank debt	—
Current portion of non-current debt	(348)
Other current financial debt ⁽³⁾	—
Current financial debt	(348)
Net current financial indebtedness	7,021
Non-current loans	(2,000)
Bonds issued	—
Other non-current debt ⁽⁴⁾	(1,822)
Non-current financial indebtedness	(3,822)
Net financial indebtedness as at 31 December 2016	3,199

(1) This statement of net financial indebtedness has been extracted without material adjustment from the Group's unaudited underlying accounting records at 31 December 2016.

(2) The Group has no indirect or contingent indebtedness at 31 December 2016.

(3) This includes obligations under finance lease.

(4) This includes obligations under finance lease and the amount payable under the Solvay Acetow Loan Agreement.

10. Existing AIM and Euronext quotations

In October 2005, the Ordinary Shares were admitted to trading on AIM and, in September 2007, the Ordinary Shares were listed on Euronext Amsterdam. The Ordinary Shares, quoted in sterling on AIM and in Euro on Euronext, are completely fungible between AIM and Euronext.

Application 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. (BST) on 24 April 2017. No application is currently intended to be made for the New Ordinary Shares to be admitted to trading or traded on any other exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in an AIM listed company and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM listed company is required by the AIM Rules for Companies to have a nominated adviser. The Company's nominated adviser is Numis. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List.

Dutch law provides that certain obligations governing the disclosure of substantial shareholdings apply to the Company and the Shareholders by virtue of the fact that the Ordinary Shares are listed on Euronext Amsterdam, a regulated market. Further information is provided at paragraph 15 (Disclosure of information) of this Part VII (Information on the Accsys Group).

11. Directors and senior management

The Company has been able to draw upon an experienced team of engineering professionals with backgrounds in process, chemical, mechanical, textile engineering, micro-fibre technology, wood science and cellulose chemistry. Members of this team have successfully obtained patents or been named as the inventor in relation to chemical manufacturing processes, wood and chip technology, and new products made from cellulosic materials.

In addition to technological expertise, the Company's management team has experience ranging from very large multinationals to entrepreneurial start-ups. Experience includes managing fast-growing businesses as well as the construction, engineering and commissioning of new plants, operational plant management, raw materials procurement and product marketing.

Directors

Patrick Shanley – (aged 62) is Chairman.

Patrick, born April 1954, has extensive board room experience in the chemicals sector, having previously been Chief Financial Officer of Courtaulds plc and Acordis bv, Chief Executive Officer of Corsadi bv, Chairman of Cordenka Investments bv and Chairman of Finacor bv. Patrick began his career working for British Coal where he qualified as a Chartered Management Accountant. He has a strong operational, restructuring, merger and acquisition background within a manufacturing environment, and is currently also Chairman of Gattaca plc.

Paul Hugh Anthony Clegg – (aged 56) is Chief Executive Officer.

Paul, born May 1960, assumed the role of Chief Executive Officer on 1 August 2009. Paul had been a Non-executive Director of the Company since April 2009 and had been working with the Group as part of the Chairman's Office since mid-2008. Prior to this, he was Chief Executive Officer of Cowen International, after its sale by Société Générale in 2006. From 2000 to 2006, he ran SG Cowen International, part of the Société Générale Group. Paul started in investment banking in 1981 at The First Boston Corporation. Since then he has held senior positions at various investment banks including James Capel and Schröders. Paul is also a Non-Executive Director at Synairgen and Peel Hunt LLP, as well as being Chairman of Tricoya Technologies Limited.

William Bickerton Rudge – (aged 40) is Finance Director.

William, born February 1977, was the Financial Controller for the Company since joining the Company in January 2010 before being appointed Finance Director on 1 October 2012. Prior to this he qualified as a chartered accountant with Deloitte in 2002 and subsequently gained a further six years' experience in Deloitte's audit and assurance department, focusing on technology companies including small growth companies and multinational groups. William spent a year working at Cadbury plc, including as financial controller at one of its business units, before joining the Company in 2010.

Johannes (Hans) Catharina Hermanus Leonardus Pauli – (aged 57) is Executive Director, Corporate Development.

Hans, born March 1960, has held senior financial positions across the banking and bio-tech sectors and has significant experience in investment, manufacturing, licensing and distribution. Hans holds a BA in Business Administration and has completed an MA in Fiscal Economics from the University of Amsterdam. His commercial career began in the banking sector, during which time he worked for various institutions including Barclays, where he gained investment and M&A experience. He then worked for a number of bio-tech companies, including, most recently, Euronext-listed OctoPlus N.V. Hans is a non-executive director of BioTech VC, MedSciences. Hans now divides his time between the Group's Arnhem Plant and its London headquarters.

Montague (Nick) John Meyer - (aged 72) is a Non-executive Director.

Nick, born December 1944, has considerable board room experience in the timber industry, having previously been Chairman of Montague L Meyer Limited and Deputy Chairman and Chief Executive of Meyer International PLC. Nick is currently Executive Chairman of Consolidated Timber Holdings Limited, an innovative and substantial group of companies which imports, distributes and processes sustainable timber and timber products. Nick is also a former president of the Timber Trade Association of the United Kingdom.

Susan (Sue) Jane Farr – (aged 61) is a Non-executive Director.

Sue, born Leap Year Day 1956, is a highly experienced marketing and communications professional who joined the Accsys Board in November 2014. Sue was part of the executive management team at Chime Communications plc since 2003 and is now a Special Advisor. Prior to that she was Europe MD of leading PR firm Golin Harris, the BBC's first ever Director of Marketing and Communications, and Director of Corporate Affairs for Thames Television. She is a Non-Executive Director of British American Tobacco plc, Dairy Crest Group plc, Millennium & Copthorne Hotels plc and Dolphin Capital Investors Ltd. She was a Non-Executive Director of Motivcom plc from 2008 to 2014 and a Trustee of the Historic Royal Palaces from 2007 to 2013. She has been Chairman of both the Marketing Group of Great Britain and The Marketing Society. A previous Advertising Woman of the Year, she was awarded an Honorary Doctorate by the University of Bedfordshire in 2010.

Michael Sean (Sean) Christie – (aged 59) is a Non-executive Director.

Sean, born October 1957, is currently a Non-Executive Director of Applied Graphene Materials Plc, Produce Investments plc and Turner and Townsend Ltd. From 2006 to 2015 he was Group Finance Director of Croda International plc, a global manufacturer of speciality chemicals. Prior to joining Croda in 2006, Sean was Group Finance Director of Northern Foods plc. He also served as a Non-Executive Director of KCOM Group plc until 2007, of Eminate Limited, a wholly owned subsidiary of The University of Nottingham, and of Cherry Valley Farms Limited until its sale in 2010. He is a Fellow of both the Chartered Institute of Management Accountants and the Association of Corporate Treasurers. Sean has extensive knowledge of all aspects of finance and strategy in major businesses and is an experienced Audit Committee Chairman.

Further information on the Directors is set out in Part XII (Additional Information) of this document.

12. Corporate governance

The principles set out in the UK Corporate Governance Code are not compulsory for companies whose shares are traded on AIM or Euronext. However, the Directors recognise the importance of sound corporate governance and, as at the date of this document, the Board has applied the principles of the UK Corporate Governance Code insofar as they are practicable and appropriate for a relatively small public company. Accordingly, the Company has appointed audit, remuneration and nomination committees in order to ensure the independent consideration and review of various corporate governance matters.

As the Company is a company incorporated under the laws of England and Wales, the Dutch Corporate Governance Code is not applicable to it.

The Directors have been briefed on their statutory duties under the Companies Act. The core duty is to act in good faith and in a way most likely to promote the success of the Company for the benefit of its members as a whole. The following principles of corporate governance apply:

- (a) the Board meets regularly and is responsible for strategy, performance and approval of major capital projects and the framework of internal controls. All risks identified by this process have been reviewed and amended as appropriate to reflect the current market conditions;
- (b) the Board meets at least quarterly and has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings;
- (c) in addition to the scheduled meetings there is frequent contact between all the Directors in connection with the Company's business including Audit Committee and Nomination & Remuneration Committee meetings which are held as required, but as a minimum twice per annum;
- (d) committees of the Board have been established to deal with the day-to-day matters of the Company and specific areas of responsibility;
- (e) day-to-day operating decisions are made by the senior managers, including the Chief Executive Officer, the Finance Director and the Executive Director, Corporate Development;
- (f) independent advisers have been appointed by the Company;
- (g) all Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense;
- (h) all Directors are subject to re-election by Shareholders on a rotating basis at annual general meetings of the Company. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board submits to re-election at intervals of three years; and
- (i) the Board has adopted a share dealing code in relation to share dealings by Directors and applicable employees (as defined in the AIM Rules for Companies) to facilitate compliance with Rule 21 of the AIM Rules for Companies and the requirements of the Market Abuse Regulation. The Board is responsible for taking all proper and reasonable steps to ensure compliance with it by such persons. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

Audit Committee and Nomination & Remuneration Committee

The Board has established a properly constituted Audit Committee and Nomination & Remuneration Committee with formally delegated duties and responsibilities.

The Audit Committee consists of Sean Christie (Chairman), Patrick Shanley, Nick Meyer and Sue Farr. The Audit Committee meets at least twice a year and is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Audit Committee also discusses the scope of the audit and its findings and considers the appointment and fees of the external auditors. The Audit Committee believes that it is not currently appropriate for the Company to maintain an internal audit function on account of its size.

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services. The non-audit fees are considered by the Board not to affect the independence or objectivity of the auditors. The Audit Committee monitors such costs in the context of the audit fee for the period, ensuring that the value of non-audit services does not increase to a level where it could affect the auditors' objectivity and independence. The Board also receives an annual confirmation of independence from the auditors.

The Nomination & Remuneration Committee consists of Sue Farr (Chairman, following appointment on 19 November 2015), Patrick Shanley, Sean Christie and Nick Meyer. The Nomination & Remuneration Committee's role is to consider and approve the nomination of Directors and the remuneration and benefits of the Executive Directors, including the award of share options and bonus

share awards. In framing the Company's remuneration policy, the Nomination & Remuneration Committee has given full consideration to Section D of the UK Corporate Governance Code.

Internal financial control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- (a) the Company's organisational structure has clear lines of responsibility;
- (b) the Company prepares a comprehensive annual budget that is approved by the Board. Monthly results are reported against the budget and variances are closely monitored by the Directors; and
- (c) the Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

13. Takeovers and mergers

Dutch bidding rules

The Directive on Takeover Bids (2004/25/EC) has been implemented in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and certain rules promulgated thereunder, including the Dutch Decree on Takeover Bids (*Besluit openbare biedingen Wft*). The Dutch takeover provisions are applicable to the Company as the Ordinary Shares are admitted to trading on Euronext Amsterdam, subject to certain exemptions given that the Company is not a company incorporated under the laws of the Netherlands.

In general, under the Dutch takeover provisions, it is prohibited to launch a public offer for securities that are admitted to trading on a Dutch regulated market, such as the Ordinary Shares, unless an offer document has been approved by, in the case of the Company, the AFM and has subsequently been published. The Dutch takeover provisions are intended to ensure that, in the event of a public offer, sufficient information will be made available to the Shareholders, that the Shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. The Dutch takeover provisions regarding mandatory takeover bids, in terms of when a mandatory takeover bid is triggered, do not apply to the Company, as the Company is not incorporated under the laws of the Netherlands. However, matters concerning the consideration offered and matters relating to the offer procedure are governed by the Dutch takeover provisions, also in the event of a mandatory takeover bid.

UK City Code on Takeovers and Mergers

The City Code on Takeovers and Mergers (the "**City Code**") is issued and administered by the Panel on Takeovers and Mergers (the "**Takeover Panel**"). The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers and merger transactions pursuant to the Directive on Takeover Bids (2004/25/EC). Following the implementation of the Directive on Takeover Bids by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the City Code, which are derived from that Directive, now have a statutory basis.

The City Code applies to all takeovers and merger transactions, howsoever effected, where, among other things, the offeree company is a public company (except an open-ended investment company) which has its registered office in the United Kingdom, the Channel Islands or the Isle of Man.

However, the City Code only applies to the Company in respect of matters relating to the information to be provided to its employees and matters relating to company law (in particular the percentage of voting rights which confers control and any derogation from the obligation to launch an offer, as well as the conditions under which the Board may undertake any action which might result in the frustration of an offer). This includes Rule 9 of the City Code, under which any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with such person are interested) carry 30% or more of the voting rights of a company subject to the City Code, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the

balance of the shares not held by such person and any person acting in concert with that person. An offer under Rule 9 of the City Code must be in cash or be accompanied by a cash alternative at not less than the highest price paid within the 12 months prior to the announcement of the offer for any shares by the person required to make the offer or any person acting in concert with that person.

In relation to matters concerning the consideration offered (in particular the price) and matters relating to the offer procedure (in particular the information on the offeror's decision to make an offer, the contents of the offer document and the disclosure of the offer) the Dutch takeover provisions, as described above, will apply.

For the purposes of the City Code:

- “**persons acting in concert**” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company; and
- “**control**” means an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

14. Compulsory acquisition rules relating to the Ordinary Shares

Squeeze-out

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire not less than 90% in value and voting rights of the shares to which such offer related, it could then compulsorily acquire the remaining offer shares. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless members can show that the offer value is unfair.

Sell-out

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a Takeover Offer. If a Takeover Offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

15. Disclosure of information

Dutch Rules on the disclosure of substantial holdings

Shareholders may be subject to notification obligations under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). Pursuant to chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, any person whose capital interest and/or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the Company's outstanding share capital or in the votes that can be cast on the Ordinary Shares, as notified to the AFM by the Company, should notify the AFM no later than on the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital or in the votes that can be cast on the

Ordinary Shares. Furthermore, any person whose capital interest and/or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the composition of its capital interest and/or voting rights as a result of (i) exercising any option or other right to acquire shares or exchanging shares in depositary receipts for shares; and/or (ii) exercising any right to acquire voting rights, should notify the AFM no later than on the fourth trading day after the date on which such person became aware, or should have become aware, of reaching, exceeding or falling below the abovementioned thresholds.

For the purpose of calculating the percentage of capital interest and/or voting rights, the following interests must, among others, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities; (iii) voting rights held (or acquired or disposed of) by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; and (v) shares and/or voting rights which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares and/or the attached voting rights.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares; (ii) such person may be obliged to purchase shares on the basis of an option; or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

Under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Company is required to notify the AFM promptly of any change of 1% or more in its issued and outstanding share capital or voting rights since the previous notification. The AFM must be notified of other changes in the Company's issued and outstanding share capital or voting rights within eight days after the end of the quarter in which the change occurred. The AFM will publish all notifications of the Company's issued and outstanding share capital and voting rights in a public register.

Short positions

Each person holding a net short position attaining 0.2% of the issued share capital of a listed company must report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. There is also an obligation to notify the AFM of gross short positions. The notification thresholds are the same as those that apply in respect of the notification of actual or potential capital interests and/or voting rights, as described above. The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received.

UK Disclosure Guidance and Transparency Rules

A shareholder in a UK company whose shares are admitted to trading on AIM is required, pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules, to notify the company when the percentage of the voting rights he or she holds as a shareholder or is deemed to hold through his or her direct or indirect holding of financial instruments (or a combination of such holdings) reaches, exceeds or falls below 3%, 4%, 5% and each 1% threshold thereafter up to 100% as a result of an acquisition or disposal of shares or financial instruments.

As Euronext Amsterdam is a regulated market (as defined in Article 4.1(14) of EU Directive 2004/39/EC of 21 April 2004 on markets in financial instruments), the Company must also comply with Rule

4 (Periodic financial reporting) and Rule 6 (Information requirements for issuers of shares and debt securities) of the Disclosure Guidance and Transparency Rules. Rule 4 of the Disclosure Guidance and Transparency Rules requires the Company to publish its annual financial report at the latest four months after the end of each financial year and its half-yearly financial report no later than two months after the end of the period to which the report relates.

Market Abuse Regulation

The Company must also comply with article 19 of the Market Abuse Regulation which requires prompt disclosure to the public of all transactions in the Company's shares or debt instruments by its "persons discharging managerial responsibilities" and "persons closely associated" with them (such terms being defined in the Market Abuse Regulation).

16. Market regulation

The market regulator in the Netherlands is the AFM, insofar as the supervision of market conduct is concerned. The AFM has supervisory powers with respect to the publication of information by listed companies and the application of takeover regulations. It also supervises financial intermediaries (such as credit institutions and investment firms) and investment advisers. The AFM is also the competent authority for approving all prospectuses published for the admission of securities to trading on Euronext Amsterdam, except for prospectuses approved in other EEA States that are used in the Netherlands in accordance with applicable passporting rules. The surveillance unit of Euronext Amsterdam and the AFM supervise all trading operations.

17. Taxation

Your attention is drawn to paragraph 16 of Part XII (Additional Information) of this document. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser without delay.

PART VIII

FINANCIAL INFORMATION RELATING TO THE ACCSYS GROUP

Financial information relating to the Group as at and for each of the three years ended 31 March 2014, 31 March 2015 and 31 March 2016, and as at and for each of the six months ended 30 September 2015 and 30 September 2016, is incorporated into this document by reference to the Group's audited consolidated financial statements as at and for each of the three years ended 31 March 2014, 31 March 2015 and 31 March 2016, and the Group's unaudited interim condensed consolidated financial statements as at and for each of the six months ended 30 September 2015 and 30 September 2016, as explained in Part XIII (Documentation Incorporated by Reference) of this document.

PART IX

OPERATING AND FINANCIAL REVIEW

Introduction

Some of the information contained in this review and elsewhere in this document includes forward-looking statements that involve risks and uncertainties. See “Forward-looking statements” in Part II (Risk Factors) of this document for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this document.

This review should be read in conjunction with (i) the Group’s audited consolidated financial statements as at and for each of the three years ended 31 March 2014, 31 March 2015 and 31 March 2016 and the Group’s unaudited interim condensed consolidated financial statements as at and for each of the six months ended 30 September 2015 and 30 September 2016; and (ii) the notes thereto explaining such financial statements, which are incorporated by reference into this document as explained in Part XIII (Documentation Incorporated by Reference) of this document.

Unless otherwise indicated, the selected financial information included in this Part IX has been extracted without material adjustment from the Group’s audited consolidated financial statements as at and for each of the three years ended 31 March 2014, 31 March 2015 and 31 March 2016 and from the Group’s unaudited interim condensed consolidated financial statements as at and for each of the six months ended 30 September 2015 and 30 September 2016. The financial information set out in this Part IX does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act.

Shareholders should read the whole of this document and the documents incorporated herein by reference and should not rely solely on the summary operating and financial information set out in this Part IX.

Principal activities and business review

During the past three years, the Group has focused on: (i) increasing Accoya[®] wood production and sales, most notably through the on-going expansion of the Arnhem Plant; (ii) growing the sales of Tricoya[®] wood elements on a commercial scale by partnering with BP and Medite to construct and operate the Hull Plant, the world’s first dedicated Tricoya[®] plant; and (iii) working with third parties to develop and grow Accoya[®] and Tricoya[®].

(a) *Increasing Accoya[®] wood production and sales*

The Group designed and developed the Arnhem Plant, a dedicated Accoya[®] production facility located in Arnhem, the Netherlands. The Arnhem Plant provides technical validation of the processes and technology required to produce Accoya[®] and Tricoya[®] on a commercial basis. Physical construction of the plant commenced in April 2006, the first batch of Accoya[®] was produced in March 2007 and today the plant has an annual commercial production capacity of approximately 40,000m³ of Accoya[®]. During the past three years, the sales of Accoya[®] wood have been strong. In the 12 months to 30 September 2016, sales from Arnhem reached 34,532m³, increasing from 33,464m³ in the 12 months to 30 September 2015 and from 30,129m³ in the 12 months to 30 September 2014, notwithstanding price increases implemented to manage demand, which also increased margins. However, the volume of sales has been constrained by the limited production capacity at the Arnhem Plant.

Facilitated by strong demand, and new arrangements with a key licensee, Solvay Acetow, the Group is now in the first stage of expanding the Arnhem Plant, adding a third reactor with infrastructure to be put in place for a future fourth reactor. The expansion, in aggregate, is expected to double the plant’s existing manufacturing capacity. The Group expects that the expanded capacity will help to manage demand and supply, and additionally, the Directors believe that the higher volumes resulting in improved economies of scale, together with price increases, will help to improve average gross margin, with a target of around 30% being achievable in the medium term. The expansion will be funded through a combination of loans and fees from Solvay Acetow, in addition to those due under the off-take commitment, with the balance expected to be met by the Group’s own resources.

(b) *Commercialising Tricoya[®] by building the world’s first dedicated Tricoya[®] plant*

The Company has historically focused the majority of its resources on the acetylation of Accoya[®]. After several years of research and development by its business and technical teams, it formally

established a joint development agreement with Medite in 2009 in respect of Tricoya[®]. Following successful production of acetylated wood chips at the Arnhem Plant, Medite officially began the supplies of market development Tricoya[®] panel in 2012. Sales of Medite Tricoya[®] have grown from 949m³ in the 12 months to 31 March 2012 to 4,150 m³ in the 12 months to 31 March 2015 and to 5,245m³ in the 12 months to 31 March 2016. Tricoya[®] panels have been sold in more than 25 countries worldwide to date, exceeding 17,200m³ / 1,585,000m², representing a sales value to Medite of c. €26 million since the official launch of Medite Tricoya[®] in 2012. This equates to approximately 11,000 tonnes of wood chips. Sales in 2015 and 2016 have been held back on account of limited Accoya[®] availability, with Medite's customers regularly being placed "on allocation" in this period.

All production of Tricoya[®] wood elements to date has been conducted using chipped Accoya[®] wood supplied by the Company. Manufacturing costs for this production method, however, are approximately 50% higher than the expected cost of producing Tricoya[®] in a dedicated, continuous process plant.

In view of the lack of capacity and high manufacturing costs, during the past three years the Group has worked closely with BP and Medite to form the Tricoya[®] Consortium, which will enable, amongst other things, the design, construction and operation of the Hull Plant. Further details are contained in Part V (Chairman's Letter) of this document and paragraphs 3, 4 and 5 of Part VII (Information on the Accsys Group) of this document.

(c) *Working with third parties to develop and grow Accoya[®] and Tricoya[®]*

The Company has established relationships with third parties in order to meet its long-term strategic targets. Although the Company aims to retain a direct interest in manufacturing, as demonstrated by the expansion of the Arnhem Plant and the investment in the Tricoya[®] Project to design, construct and operate the first dedicated Tricoya[®] plant, the Company will continue to work with appropriate partners, particularly where such partners have resources or technologies which are complementary to those of the Company.

Consolidated income statements

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000	Six months ended 30 September 2016 €'000
Accoya® wood revenue	29,293	40,661	43,466	21,862	22,534
Licence revenue	1,134	389	2,849	328	500
Other revenue	3,085	5,027	6,454	4,104	2,025
Total revenue	33,512	46,077	52,769	26,294	25,059
Total cost of sales	(25,753)	(33,842)	(34,597)	(16,916)	(18,236)
Gross profit	7,759	12,235	18,172	9,378	6,823
Other operating costs	(14,973)	(18,922)	(18,460)	(9,389)	(10,176)
Other gains	—	—	—	—	601
Operating loss	(7,214)	(6,687)	(288)	(11)	(2,752)
Share of joint venture loss	(905)	(1,098)	—	—	—
Gain on acquisition of subsidiary	—	267	—	—	—
Finance income	155	73	13	17	1
Finance expense	(226)	(208)	(191)	(98)	(104)
Loss before tax	(8,190)	(7,653)	(466)	(92)	(2,855)
Tax expense	(699)	(607)	(402)	(240)	(373)
Loss for the period	(8,889)	(8,260)	(868)	(332)	(3,228)
(Loss) / gain arising on translation of foreign operations, which could subsequently be reclassified into profit or loss	(36)	158	(27)	33	—
Total comprehensive loss for the period	(8,925)	(8,102)	(895)	(299)	(3,228)
Total comprehensive loss for the period is attributable to:					
Owners of Accsys	(8,925)	(8,102)	(885)	(299)	(3,186)
Non-controlling interests	—	—	(10)	—	(42)
Total comprehensive loss for the period	(8,925)	(8,102)	(895)	(299)	(3,228)

Revenue

Total revenue for the year ended 31 March 2016 (“FY2016”) increased by 15% to €52.8 million from €46.1 million in the year ended 31 March 2015 (“FY2015”) and from €33.5 million in the year ended 31 March 2014 (“FY2014”). Within this total, Accoya® wood revenue increased by 7% to €43.5 million in FY2016 from €40.7 million in FY2015 and from €29.3 million in FY2014, with each increase largely as a result of increases in pricing. Accoya® revenue for FY2016 included €6.5 million of sales to Medite for the manufacture of Tricoya®, an increase from €5.5 million in FY2015 and from €2.9 million in FY2014. Licence income increased from €1.1 million in FY2014 to €2.8 million in FY2016, reflecting licence income received under the new agreements with Accoya® licensee Solvay Acetow during the period.

Other revenue of €6.5 million in FY2016 included €1.3 million in respect of a global marketing agreement (the “Global Marketing Agreement”) with Solvay Acetow which was signed in FY2014, expiring in the current financial year. €0.9 million of other revenue was recorded in respect of the

monies received attributable to the Tricoya[®] project, with the remainder of other revenue largely attributable to sales of acetic acid, a by-product from the acetylation process.

Total revenue decreased by 5% to €25.1 million for the six months ended 30 September 2016 (“HY2017”) compared to €26.3 million for the six months ended 30 September 2015 (“HY2016”). Manufacturing revenue increased by 1% to €24.4 million in HY2017, with revenue from Accoya[®] increasing by 3% to €22.5 million, largely as a result of higher sales volumes. Included in this is revenue attributable to Medite for the manufacture of Tricoya[®], which decreased by 4% to €2.7 million in HY2017 (HY2016: €2.8 million) largely due to timing of deliveries, noting that Medite’s own sales continued to grow in excess of 30%. Licensing management and business development revenue of €0.7 million in HY2017 (HY2016: €2.2 million) was attributable to the Group’s Accoya[®] licensee, Solvay Acetow, in respect of the commencement of the expansion of the Arnhem Plant and marketing services. HY2016 included €1.3 million in respect of the expired Global Marketing Agreement with Solvay Acetow with a further €0.5 million of income recorded in respect of monies received attributable to the Tricoya[®] project, neither of which was repeated in HY2017.

Gross margin

Gross profit margin steadily improved from 23% in FY2014 to 27% in FY2015 to 34% in FY2016, resulting from higher licence revenue, price increases and improved operating efficiencies. The gross manufacturing margin increased from 20% in FY2014 to 25% in FY2015 to 27% in FY2016, largely as a result of price increases implemented part way through the 2014-5 financial year together with the benefit of improved operating efficiencies.

Gross margin decreased from 36% in HY2016 to 27% in HY2017 largely due to the reduction in licence related income as described above and an increase in cost of sales. Gross manufacturing margin decreased from 30% in HY2016 to 25% in HY2017 due to the impact of the timing of the annual maintenance stop, noting that the gross manufacturing margin in the second half of the financial year ended 31 March 2016, which included the annual maintenance stop, was 23%. In addition there was a reduction in pricing to Solvay Acetow effective from 1 January 2016 on the assumption by Solvay Acetow of responsibility for sales and marketing associated with its 76,000m³ five year off-take agreement.

Other operating costs

Other operating costs excluding exceptional items increased to €18.5 million in FY2016 from €16.0 million in FY2015 and from €14.2 million in FY2014. The increase excluding exceptional items in FY2016 included €1.6 million of fully consolidated operating costs from TTL, which were previously reported separately under the share of joint venture loss (FY2015: share of loss was €1.1 million). In addition, payroll and sales and marketing costs increased largely as a result of higher activity levels.

Headcount increased to an average of 121 in FY2016 (of which 84 employees were involved with manufacturing, 25 with licensing, management and business development and 12 with research and development) from 111 in FY2015 and from 101 in FY2014. The headcount increase of ten between FY2016 and FY2015 includes the addition of three employees who have transferred to the Company from INEOS following the acquisition of INEOS’ 50% interest in TTL on 31 March 2015. Staff costs increased to €11.1 million in FY2016 from €10.1 million in FY2015. This included a share-based payment charge of €1.0 million (FY2015: €1.3 million; FY2014: €1.2 million). €0.3 million of the increase in staff costs in FY2016 was attributable to foreign exchange, with a further €0.4 million of the increase in other operating costs in FY2016 also attributable to foreign exchange.

Other operating costs increased from €9.4 million in HY2016 to €10.2 million in HY2017. Staff costs increased by €0.2 million to €4.8 million in HY2017 due to annual inflation salary increases, an increase in headcount and a change to management bonuses in which a larger proportion was paid in cash rather than deferred shares compared to previous periods. This increase was mitigated as the Company’s UK cost base benefited from the strengthening of the Euro against sterling during HY2017. The Group has undertaken various business development projects including incurring costs associated with the expansion of the Arnhem Plant, the proposed Tricoya[®] Consortium and pursuing other long-term opportunities which also contributed to the increase by €0.4 million. The remaining increase in costs was largely attributable to corporate head office costs. Average headcount increased to 124 in HY2017, with the increase predominantly attributable to temporary staff supporting the two major projects. An exceptional item of €2.9 million was also recorded in FY2015 (2014: €0.7 million of legal costs were incurred) in respect of the arbitration with Diamond Wood China Limited

(“**Diamond Wood**”), which concluded in that period. On 25 July 2014 the Company announced that the arbitration tribunal (the “**Tribunal**”) appointed in relation to the dispute between the Company and Diamond Wood had issued its award. In response to Diamond Wood’s claim against the Company, namely for damages in excess of €140 million as previously published by Diamond Wood, and for the continuation of the licence agreement, the Tribunal ruled that Diamond Wood could only claim for limited damages (if any) up to a maximum of €0.3 million. However, the Tribunal also ruled that the licence agreement between the two parties is to continue. In addition the Tribunal issued a final award in respect of costs payable to Diamond Wood as well as any remaining own legal costs.

A detailed analysis of other operating costs is set out below:

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000	Six months ended 30 September 2016 €'000
Sales and marketing	2,882	3,191	3,743	1,805	2,006
Research and development	1,151	1,205	1,863	764	571
Depreciation and amortisation	2,377	2,475	2,672	1,326	1,423
Other operating costs	2,243	2,395	3,554	2,097	2,259
Administration costs	5,594	6,719	6,628	3,397	3,917
Exceptional items	726	2,937	—	—	—
Total other operating costs	14,973	18,922	18,460	9,389	10,176

Other gain

Agreements were reached in August 2016 for the sale and leaseback of the land in Arnhem resulting in proceeds of €4.2 million received in HY2017. A resulting gain of €635,000 was recognised as a result of the book value of the land being lower than the sale price. Under the arrangements, the landlord has agreed to construct a new warehouse and office building which will be connected to the Company’s existing manufacturing site. This building will be built by the landlord and leased to the Company over a 20 year period with further option to renew. The landlord is the same landlord to whom the Company sold land and buildings in 2011 and 2012 associated with the existing manufacturing plant.

Operating loss

The operating loss decreased to €0.3m in FY2016 from a loss of €6.7m in FY2015, and from a loss of €7.2m in FY2014, with each such decrease due to the improvement in gross margin described above, offset by the increase in operating costs and exceptional costs of €2.9m in FY2015, as explained above. Excluding exceptional costs, the operating loss decreased by 92% to €0.3m in FY2016 from €3.8m in FY2015. The operating loss increased to €2.8m in HY2017.

Share of joint venture loss and gain on acquisition of subsidiary

During FY2015, TTL had been accounted for in the Accsys Group accounts using the equity method. In FY2015 TTL recorded revenue of €0.5m and total costs of €2.7m resulting in the Company’s share of loss of €1.1m.

On 31 March 2015, the Company acquired the remaining 50% equity interest in TTL held by INEOS and as a result owned 100% at the end of the prior period and TTL was consolidated throughout FY2016. The acquisition was accounted for as an acquisition of a subsidiary and the assets and liabilities recorded at fair value. A gain of €0.3m was recorded as a result of the difference between the consideration paid, the investment in joint venture immediately prior to the acquisition and the fair value of the net assets acquired.

Taxation

The net tax charge of €0.4m in FY2016 (FY2015: €0.6m; FY2014: €0.7m) primarily represented a tax charge arising from manufacturing offset by R&D tax credits of €0.2m (2015: €0.2m; 2014: €0.2m) attributable to activities carried out in the current financial year.

The tax charge of €0.4m in HY2017 (HY2016: €0.2m) is based on the expected tax rate for the year and was attributable to the profits arising from manufacturing operations, offset by expected research and development tax credits.

Dividends

No final dividend is proposed in FY2016 (FY2015 final dividend: €nil; FY2014 final dividend: €nil). The Board deems it prudent for the Company to maintain as strong a balance sheet as possible during the current phase of the Company's growth strategy.

Consolidated balance sheets

	As at 31 March 2014 €'000	As at 31 March 2015 €'000	As at 31 March 2016 €'000	As at 30 September 2016 €'000
Non-current assets				
Intangible assets	8,333	10,014	10,980	10,945
Investment in joint venture	340	—	—	—
Property, plant and equipment	20,740	19,548	20,272	16,914
Available for sale investments	—	—	—	—
	<u>29,413</u>	<u>29,562</u>	<u>31,252</u>	<u>27,859</u>
Current assets				
Inventories	6,053	7,894	8,345	10,184
Trade and other receivables	4,477	4,998	5,647	6,441
Cash and cash equivalents	15,185	10,786	8,186	7,866
Corporation tax	446	388	412	545
	<u>26,161</u>	<u>24,066</u>	<u>22,590</u>	<u>25,036</u>
Current liabilities				
Trade and other payables	(5,557)	(9,625)	(8,063)	(9,455)
Obligation under finance lease	(264)	(264)	(354)	(347)
Corporation tax	—	(812)	(1,425)	(1,929)
	<u>(5,821)</u>	<u>(10,701)</u>	<u>(9,842)</u>	<u>(11,731)</u>
Net current assets	20,340	13,365	12,748	13,305
Non-current liabilities				
Obligation under finance lease	(1,871)	(1,799)	(1,947)	(1,868)
	<u>(1,871)</u>	<u>(1,799)</u>	<u>(1,947)</u>	<u>(1,868)</u>
Net assets	<u>47,882</u>	<u>41,128</u>	<u>42,053</u>	<u>39,296</u>
Equity				
Share capital ordinary shares	4,392	4,440	4,495	4,531
Share premium account	128,648	128,714	128,792	128,792
Other reserves	107,090	106,855	107,441	107,421
Accumulated loss	(192,223)	(199,022)	(198,842)	(201,586)
Own shares	(47)	(39)	(47)	(34)
Foreign currency translation reserve	22	180	153	153
Capital value attributable to owners of Accsys	<u>47,882</u>	<u>41,128</u>	<u>41,992</u>	<u>39,277</u>
Non-controlling interest in subsidiaries	—	—	61	19
Total equity	<u>47,882</u>	<u>41,128</u>	<u>42,053</u>	<u>39,296</u>

Intangible assets

Intangible assets increased by 10% to €11.0m as at 31 March 2016 from €10.0m as at 31 March 2015, which itself was an increase of 20% from €8.3m as at 31 March 2014. Intangible asset additions of €1.5m in FY2016 (FY2015: €0.2m; FY2014: €0.5m) included €1.0m relating to the Front End Engineering Design (“FEED”) document for the construction of the Hull Plant. In addition €0.5m related to capitalised internal development costs for both Accoya® and Tricoya® related activities. Acquisitions of €1.9m in FY2015 related to TTL’s net capitalised development costs incurred since TTL’s incorporation in October 2012, including €0.6m of additions in the period relating to the Tricoya® process.

In HY2017 intangible assets balance remained largely unchanged with €0.2m of capitalised internal development costs, which consisted predominantly of capitalised costs in respect of TTL, offset by amortisation. HY2016 included €1.1m of capitalised costs associated with the pre-construction engineering for the Hull Plant.

Available for sale investments

The Company had previously purchased a total of 21,666,734 unlisted ordinary shares in Diamond Wood. The historical cost of the unlisted shares held at 31 March 2016 and 30 September 2016 was €10m (31 March 2015: €10m; 31 March 2014: €10m). However, a provision for the impairment of the entire balance of €10m continued to be recorded as at 31 March 2016 (FY2015: €10m; FY2014: €10m).

Property, plant and equipment

Property, plant and equipment net additions of €2.8m as at 31 March 2016 (31 March 2015: €0.9m; 31 March 2014: €0.6m) included €1.2m relating to the expansion of the Arnhem Plant, predominantly relating to engineering work. In addition €1.0m related to technology improvements and items of maintenance equipment at the Arnhem Plant, and €0.4m related to office equipment in London, including in respect of the move to the Company’s new head office in London.

HY2017 investment in tangible fixed assets of €1.5m (HY2016: €0.7m) consisted predominantly of equipment and services in respect of the Arnhem Plant expansion and equipment subsequently installed during the maintenance stop in September 2016 which is expected to result in improved efficiency and reliability of the Arnhem Plant.

Inventories

The Group had total inventory balances of €8.3m as at 31 March 2016 (31 March 2015: €7.9m; 31 March 2014: €6.1m). As at that date, finished goods consisting of Accoya® represented €5.8m (31 March 2015: €4.8m; 31 March 2014: €2.6m) and raw materials and work in progress, primarily consisting of unprocessed lumber, represented €2.5m (31 March 2015: €3.1m; 31 March 2014: €3.5m). The increase in the balances from 31 March 2015 was attributable to the planned increase in sales in the year ending 31 March 2017 together with overstocking of certain items in previous financial years. The utilisation of these items commenced in the second half of FY2016 and will continue in the new financial year.

The Group inventory balance of €10.2m as at 30 September 2016 increased compared to 31 March 2016 due to the expectation that sales are due to increase in the second half of the financial year ending 31 March 2017.

Trade and other receivables

Trade and other receivables increased to €5.6m as at 31 March 2016 from €5.0m as at 31 March 2015 (31 March 2014: €4.5m). Within this, trade receivables increased from €3.0m as at 31 March 2015 to €4.0m in as at 31 March 2016 due to higher sales in March 2016.

Trade and other receivables increased further to €6.4m as at 30 September 2016 largely as a result of an increase in pre-paid inventory due to be received shortly after the period end in order to satisfy the expected higher sales in the second half of the year compared to the second half of the prior year.

Cash and cash equivalents

The Group had cash and bank deposits of €8.2m as at 31 March 2016 (31 March 2015: €10.8m; 31 March 2014: €15.2m). The decrease from 31 March 2015 to 31 March 2016 was mainly due to the changes in working capital of €3.0m in FY2016 (FY2015: €1.0m), which included €1.7m revenue

released from deferred income, plus increases of €0.7m in trade and other receivables, and €0.4m in inventories. The decrease in cash and bank deposits from 31 March 2014 to 31 March 2015 included €2.9m in respect of the exceptional costs associated with the arbitration with Diamond Wood.

€1.3m of cash was recorded as a result of fully consolidated TTL as at 31 March 2015, with TTL having received a second tranche of funding in March 2015 from the European Community for the Life+ subsidy in respect of the Tricoya[®] Project.

At 30 September 2016, the Group held cash balances of €7.9m, representing a €0.3m reduction compared to 31 March 2016. The reduction in cash in the period is attributable to an increase in working capital of €1.1m, investment in tangible and intangible fixed assets of €1.8m, out-flows from operating activities before changes in working capital of €1.5m and offset by the proceeds from the sale of land of €4.2m.

Trade and other payables

Trade and other payables decreased to €8.1m as at 31 March 2016 (31 March 2015: €9.6m; 31 March 2014: €5.6m). Included within this, the trade payables balance increased to €4.3m (31 March 2015: €3.8m; 31 March 2014: €3.8m). In addition, accruals and deferred income decreased from €4.6m as at 31 March 2015 to €3.0m as at 31 March 2016 due to the release of €1.3m of deferred income relating to the Global Marketing Agreement with Solvay Acetow and €0.1m of revenue in TTL, which reflected funding received from the European Community in respect of a Life+ subsidy relating to the Tricoya[®] Project. Other payables decreased from €1.0m as at 31 March 2015 to €0.4m as at 31 March 2016, reflecting the recognition of income associated with licensing activities.

In respect of FY2015, accruals and deferred income increased from €1.7m as at 31 March 2014 to €4.6m as at 31 March 2015 as a result of €2m of funding received from Solvay Acetow in respect of the Global Marketing Agreement, and due to the inclusion of balances of TTL which reflect funding received from the European Community in respect of a Life+ subsidiary relating to the Tricoya[®] Project.

The increase in trade and other payables to €9.5m at 30 September 2016 included the expenses associated with various projects undertaken by the Group in HY2017 such as the Arnhem Plant expansion, the Hull Plant construction and business development activities.

Obligation under finance lease

The Group had entered into a sale and leaseback agreement for the Arnhem land and buildings. The first phase resulted in proceeds of €2.2m, which was accounted for as a finance lease. The sale and leaseback completed in August 2016 and resulted in proceeds of €2.0m. In addition, the Group entered into a finance lease arrangement in respect of the fit out and furniture in respect of the London office resulting in a liability of €0.3m as at 31 March 2016 (31 March 2015 and 2014: €nil).

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

In addition to the sale and leaseback of the Arnhem land and buildings described above, the Group has finance facilities available which are secured on trade receivables and inventories.

On 11 August 2016 the Group consolidated its two previous working capital facilities into one agreement with ABN AMRO Commercial Finance N.V. The €3m facility agreement is secured on both trade receivables and inventory relating to the Arnhem Plant's operations.

The facility is subject to interest at 2% above the ABN AMRO base rate. At 30 September 2016 and 31 March 2016, the Group had €nil (2015: €nil) borrowed under both of the facilities.

In addition, on 25 August 2016 the Group revised its credit facility agreement with ABN AMRO Bank N.V. The facility agreement has a limit of €1.5m for contingent liabilities (bank guarantees).

Solvay Acetow Loan Agreement

On 25 November 2015, the Group entered a €9.5m term loan facility agreement with Solvay Acetow to finance the extension of the Arnhem Plant (the "**Solvay Acetow Loan Agreement**"). Monies advanced to the Group under the Solvay Acetow Loan Agreement are secured against the new

reactor and associated assets. The interest rate under the Solvay Acetow Loan Agreement is 7.5% per annum. At 31 March 2016 and 30 September 2016, the Group had €nil borrowed under the Solvay Acetow Loan Agreement. €2m under the Solvay Acetow Loan Agreement was paid by Solvay Acetow to the Company in December 2016. Further information is set out in paragraph 11 (Material Contracts) of Part XII (Additional Information) of this document.

Capital structure

The Company has one class of Ordinary Shares which carry no right to fixed income. Each Ordinary Share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of the Ordinary Shares, which are both governed by the general provisions of the Articles of Association and by prevailing legislation. The Directors are not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities or on voting rights. Details of employee share schemes are set out in paragraph 7 of Part XII (Additional Information).

	As at 31 March 2014 €'000	As at 31 March 2015 €'000	As at 31 March 2016 €'000	As at 30 September 2016 €'000
Allotted – equity share capital				
90,627,283 Ordinary Shares of €0.05 each (31 March 2016: 89,890,019; 31 March 2015: 88,800,894 Ordinary Shares of €0.05 each; 31 March 2014: 439,219,864 Ordinary Shares of €0.01 each)	4,392	4,440	4,495	4,531
	<u>4,392</u>	<u>4,440</u>	<u>4,495</u>	<u>4,531</u>

Further to the passing of all resolutions at the Company's AGM held on 11 September 2014, the entire issued share capital of the Company was consolidated on a 5:1 basis with effect from 12 September 2014. Accordingly, all figures concerning the number of shares stated below represent the new €0.05 Ordinary Shares.

Details of changes in the share capital of the Company since 1 April 2013 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference) are set out below:

In FY2014 -

- On 5 July 2013, a total of 953,133 Ordinary Shares were issued to an Employee Benefit Trust ("EBT"), the beneficiaries of which were to be the executives, Directors and senior managers.
- On 13 September 2013, a total of 83,066 Ordinary Shares were issued and released to employees together with 99,570 Ordinary Shares issued to a trust on 12 August 2013.
- On 20 January 2014, a total of 73,884 Ordinary Shares were issued and released to employees.

In FY2015 -

- 783,597 Ordinary Shares were issued to an EBT at nominal value on 18 August 2014. 953,133 Ordinary Shares had been issued to the EBT at nominal value on 9 July 2013 of which 945,133 Ordinary Shares vested on 8 August 2014.
- On 18 August 2014, a total of 27,825 Ordinary Shares were issued to a trust under the terms of the Employee Share Participation Plan.
- On 12 August 2014, a total of 99,559 Ordinary Shares were issued and released to employees together with the 99,559 Ordinary Shares issued to a trust on 12 August 2013.
- On 19 January 2015, a total of 53,922 Ordinary Shares were issued to a trust under the terms of the Employee Share Participation Plan.

In FY2016 -

- 891,044 Ordinary Shares were issued on 6 July 2015 and 16,123 Ordinary Shares were issued on 10 December 2015 to an EBT at nominal value.
- On 6 July 2015, a total of 20,000 Ordinary Shares were released to an employee following the exercise of options granted in a prior year.

- On 14 August 2015, a total of 27,825 Ordinary Shares were issued and released to employees together with 27,825 Ordinary Shares issued to a trust on 18 August 2014.
- On 14 August 2015, a total 63,909 Ordinary Shares were issued to a trust under the terms of the Employee Share Participation Plan. On 11 December 2015, a total of 16,302 Ordinary Shares were issued to a trust under the terms of the Employee Share Participation Plan.
- On 20 January 2016, a total of 53,922 Ordinary Shares were issued and released to employees together with 53,922 Ordinary Shares issued to a trust on 19 January 2015.

In HY2017 -

- On 4 July 2016 673,355 Ordinary Shares were issued to the EBT at nominal value.
- Of the Ordinary Shares which had been issued to the EBT the previous year, 938,449 Ordinary Shares vested on 15 July 2016. Of these, beneficiaries elected to sell 498,318 Ordinary Shares in the market.
- On 15 August 2016, a total of 63,909 Ordinary Shares were issued and released to various employees under the terms of the Employee Share Participation Plan.

Liquidity and capital resources cash flow

Consolidated cash flow

	Year ended 31 March 2014 €'000	Year ended 31 March 2015 €'000	Year ended 31 March 2016 €'000	Six months ended 30 September 2015 €'000	Six months ended 30 September 2016 €'000
Cash flows (used in) / generated from operating activities before changes in working capital	(3,567)	(2,912)	3,456	1,831	(1,545)
Cash flow generated from / (used for) changes in working capital	310	(961)	(3,004)	(3,153)	(1,106)
Tax received / (paid)	344	263	229	(2)	(2)
Net cash flows (used in) / generated from operating activities	<u>(2,913)</u>	<u>(3,610)</u>	<u>681</u>	<u>(1,324)</u>	<u>(2,653)</u>
Net cash flows (used in) / generated from investing activities	(2,130)	(700)	(4,047)	(1,915)	2,473
Net cash flows (used in) / generated from financing activities	(210)	(157)	783	(30)	(140)
Net decrease in cash and cash equivalents	(5,253)	(4,467)	(2,583)	(3,375)	(320)
Effect of exchange rate changes on cash and cash equivalents	(29)	68	(17)	(16)	—

Summary

€3.5m of cash in-flow in FY2016 was attributable to cash flows generated from operating activities before changes in working capital (FY2015: €0.2m of cash out-flow excluding exceptional items), as a result of the reduction in operating loss to €0.3m (FY2015: €3.8m excluding exceptional items). This was offset by €4.0m of cash flows used in investing activities (FY2015: €0.7m), including €0.4m in respect of capitalised internal development costs (FY2015: €0.2m; FY2014: €0.5m) and €2.6m in respect of tangible fixed assets (FY2015: €0.9m; FY2014: €0.6m) including in respect of the expansion of the Arnhem Plant. In addition €1.1m of cash out-flow was in respect of intangible fixed assets (FY2015: €nil) in TTL, relating to the completed FEED study for the Hull Plant. In respect of

FY2015, there was €1.0m investment in TTL (FY2014: €1.2m), which was accounted as a joint venture during that period.

At 30 September 2016, the Group held cash balances of €7.9m, representing a €0.3m reduction compared to 31 March 2016. The reduction in cash in the period is attributable to an increase in working capital of €1.1m, investment in tangible and intangible fixed assets of €1.8m, cash flows used in operating activities before changes in working capital of €1.5m and offset by the proceeds from the sale of land of €4.2m.

Cash flow (used in) / generated from operating activities

The cash balance of €8.2m at 31 March 2016 (2015: €10.8m; 2014: €15.2m) reflects an improvement in the cash flow (used in) / generated from operating activities before changes in working capital, which improved from an outflow of €2.9m in FY2015 to an inflow of €3.5m in FY2016. The improvement in FY2016 is attributable to the increased profitability resulting from higher sales of Accoya® together with an increase in licensing income in the period.

Cash flow used in operating activities before changes in working capital of €1.5m in HY2017 represented a decrease compared to €1.8m cash flow generated from operating activities in HY2016, reflecting the underlying decline in profits of the Group for the reason set out above.

The cash flows used for changes in working capital in HY2017 of €1.1m (HY2016: €3.2m) included an increase relating to an increase in inventories of €1.7m in HY2017 due to the expected increase in sales in the second half of the year and the Company's need to build inventory levels generally to satisfy customer demand. There was also an increase in trade and other receivables of €0.8m and trade and other payables of €1.4m due to shorter-term working capital fluctuations.

Cash flow (used in) / generated from investing activities

The Company invested €4.0m in FY2016 principally for engineering work for the Arnhem Plant expansion and the proposed Hull Plant, together with maintenance and improvements to the existing Arnhem Plant.

The cash flows generated from investing activities in HY2017 reflect investment in tangible and intangible fixed assets of €1.8m, offset by the proceeds from the sale of land of €4.2m.

Cash flow (used in) / generated from financing activities

The net cash generated from financing activities in the year ended 31 March 2016 of €0.8m included €1m in respect of the investment by BP Ventures into TTL. The investment, for 3% of the equity of TTL, represented an initial investment ahead of the expected completion of the Tricoya® Consortium. Net cash used in financing activities in each of the years ended 31 March 2015 and 31 March 2014 was €0.2m and was largely attributable to interest attributable to the Arnhem sale and leaseback arrangement.

Cash resources

	As at 31 March 2014 €'000	As at 31 March 2015 €'000	As at 31 March 2016 €'000	As at 30 September 2016 €'000
Cash and cash equivalents	15,185	10,786	8,186	7,866
Total cash resources	<u>15,185</u>	<u>10,786</u>	<u>8,186</u>	<u>7,866</u>

Capital expenditure

The gross annual capital expenditure incurred on each major project during the period reviewed is analysed below:

Expenditure on property plant and equipment of €2.6m in the year ended March 2016. €1.2m of this balance related to the pre-construction and design work in respect of the expansion of the Arnhem Plant including the Front End Engineering and Design associated with the third reactor and chemical infrastructure for the fourth reactor. €1.0m related to technology improvements and items of maintenance equipment at the Arnhem Plant, with a further €0.4m relating to office equipment in London, including in respect of the move to the new head office.

Expenditure on intangible assets of €1.5m in the year ended March 2016 included €1.0m relating to the Front End Engineering and Design for the construction of the Hull Plant. A further €0.5m relates to capitalised internal development costs for both Accoya[®] and Tricoya[®] related activities.

Expenditure on property plant and equipment of €1.0m in the year ended March 2015 and €0.6m in the year ended 31 March 2014 predominantly relate to technology improvements and items of maintenance equipment at the Arnhem Plant.

€1.8m was invested during HY2017 in the Group's existing manufacturing operations together with the initial stages and planning work associated with the Arnhem Plant and the proposed Hull Plant.

Indebtedness

On 25 November 2015, the Group entered a €9.5m term loan facility agreement with Solvay Acetow to finance the extension of the Arnhem Plant (the "**Solvay Acetow Loan Agreement**"). Monies advanced to the Group under the Solvay Acetow Loan Agreement are secured against the new reactor and associated assets. The interest rate under the Solvay Acetow Loan Agreement is 7.5% per annum. At 31 March 2016 and 30 September 2016, the Group had €nil borrowed under the Solvay Acetow Loan Agreement. €2m under the Solvay Acetow Loan Agreement was paid by Solvay Acetow to the Company in December 2016. Further information is set out in paragraph 11 (Material Contracts) of Part XII (Additional Information) of this document.

PART X

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in Part V (Chairman's Letter), the Company is proposing to raise €12 million (before expenses) through the issue of 17,400,000 New Ordinary Shares pursuant to the Firm Placing and up to €2 million (before expenses) through the issue of up to 2,923,986 New Ordinary Shares pursuant to the Open Offer. The Firm Placing and the Open Offer will be at an offer price of €0.69 per New Ordinary Share (the "Offer Price"). Further details of the Firm Placing and Open Offer are set out in paragraphs 2 to 11 of this Part X.

The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate up to 2,923,986 Open Offer Shares *pro rata* to their current holdings at the Offer Price.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares will together represent approximately 18.3% of the enlarged issued share capital of the Company immediately following the Firm Placing and Open Offer (assuming subscription in full under the Open Offer).

As a result of the issue of the New Ordinary Shares, the Company's net assets will be increased by up to approximately €12.2 million (assuming subscription in full under the Open Offer). The issue of the New Ordinary Shares will have no effect on the Company's earnings, save for interest earned on the net proceeds of the Firm Placing and Open Offer.

Had the Firm Placing and Open Offer completed on 30 September 2016 (being the last day of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII (Documentation Incorporated by Reference) of this document), the net assets of the Company would have been increased by the net proceeds of the Firm Placing and Open Offer. Neither the Firm Placing nor the Open Offer would have had any effect on earnings, save for any interest earned on the net proceeds of the Firm Placing and Open Offer.

The New Ordinary Shares will be created under the Companies Act.

2. Terms and conditions of the Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder (other than, subject to certain exceptions, Restricted Shareholders and persons in the United States) is being given an opportunity to apply for the Open Offer Shares at the Offer Price (payable in full and free of all expenses) on the following *pro rata* basis:

1 Open Offer Share(s) at €0.69 each for every 31 Existing Ordinary Shares

held and registered in their name at the Record Time and so in proportion to any other number of Existing Ordinary Shares then held.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlement and will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 31 Existing Ordinary Shares will not be entitled to take up any Open Offer Shares but may be able to apply for Excess Open Offer Shares under the Excess Application Facility. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements.

Provided they choose to take up their Open Offer Entitlements in full, Qualifying Shareholders may also apply for Excess Open Offer Shares, at €0.69 each, through the Excess Application Facility up to a maximum number of Excess Open Offer Shares equal to 10 times the number of Existing Ordinary Shares registered in their name 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. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. 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.

The Offer Price is equal to the Closing Price for an Ordinary Share of €0.69 on 28 March 2017 (being the Last Practicable Date).

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders and Qualifying Euroclear Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST and Euroclear Nederland respectively, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear UK's Claims Processing Unit. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer. Qualifying Shareholders who do not apply to take up their Open Offer Entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to other Qualifying Shareholders under the Excess Application Facility.

The attention of Qualifying Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK or the Netherlands is drawn to Part XI (Overseas Shareholders) which forms part of the terms and conditions of the Open Offer. In particular, subject to the provisions of paragraph 1.4 of Part XI (Overseas Shareholders), Restricted Shareholders and persons in the United States will not be sent the Application Forms and will not have their CREST stock accounts credited with Open Offer Entitlements.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Application 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. (BST) on 24 April 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service and sent to Euronext Amsterdam).

The Firm Placing has been fully underwritten by Numis. The Open Offer is not underwritten. The Firm Placing and Open Offer is conditional upon:

- (A) the passing of the First and Fourth Resolutions at the General Meeting;
- (B) Admission becoming effective by not later than 8:00 a.m. (BST) on 24 April 2017 (or such later time and/or date, being not later than 8 May 2017, as the Company and the Underwriter may determine); and
- (C) the Underwriting Agreement otherwise having become unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

In the event that these conditions are not satisfied or waived (where capable of waiver), the Firm Placing and Open Offer will be revoked and will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

After Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). The Underwriter may arrange sub-underwriting for some, all or none of the Firm Placing Shares in accordance with the terms of the Underwriting Agreement. A summary of the principal terms of the Underwriting Agreement is set out in paragraph 11 of Part XII (Additional Information) of this document. No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 9 May 2017.

The Existing Ordinary Shares are already CREST-enabled and Euroclear Nederland-enabled. No further application for admission to CREST or Euroclear Nederland is required for the New

Ordinary Shares. All of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST or Euroclear Nederland.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST and Euroclear Nederland as participating securities. Euroclear UK requires the Company to confirm to it that certain conditions are satisfied before Euroclear UK will admit any security to CREST. As soon as practicable after the satisfaction of these conditions, the Company will confirm this to Euroclear UK. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Entitlements are expected to be credited to their CREST stock accounts, or to the appropriate stock accounts held with Intermediaries via Euroclear Nederland, by 8:00 a.m. on 30 March 2017.

Save as otherwise provided in this Part X (Terms and Conditions of the Open Offer), it is expected that:

- (A) SLC Registrars will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Restricted Shareholders and persons in the United States) with such Shareholders' CREST Open Offer Entitlements and Excess CREST Open Offer Entitlements, with effect from 8:00 a.m. (BST) on 30 March 2017;
- (B) Qualifying Euroclear Shareholders will have their Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements credited to the appropriate stock accounts held with Intermediaries on 30 March 2017, as soon as practicable after the Company has confirmed to Euroclear UK that all the conditions for admission of such rights to CREST have been satisfied;
- (C) in respect of Qualifying CREST Shareholders who validly take up their rights, subject to the conditions above being satisfied, New Ordinary Shares in uncertificated form will be credited to the appropriate stock accounts of such Qualifying CREST Shareholders by 8:00 a.m. (BST) on 24 April 2017;
- (D) in respect of Qualifying Euroclear Shareholders who validly take up their rights, subject to the conditions above being satisfied, New Ordinary Shares in uncertificated form will be credited to the stock accounts held with Intermediaries of such Qualifying Euroclear Shareholders by 8:00 a.m. (BST) on 24 April 2017; and
- (E) share certificates for the New Ordinary Shares will be despatched by 9 May 2017 to Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements. Such certificates will be despatched at the risk of such Qualifying Shareholders.

Qualifying Shareholders taking up their Open Offer Entitlements and Excess Open Offer Entitlement will be deemed to have given the representations and warranties set out in paragraph 4.7 below (in the case of Qualifying Non-CREST Shareholders), paragraph 5.10 below (in the case of Qualifying CREST Shareholders) and paragraph 6.6 below (in the case of Qualifying Euroclear Shareholders) unless, in each case, such requirement is waived by the Company. All Qualifying Shareholders taking up their rights under the Open Offer will be deemed to have given the representations and warranties set out in paragraph 2 of Part XI (Overseas Shareholders) of this document.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to Part XI (Overseas Shareholders) which forms part of the terms and conditions of the Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service and send the press announcement to Euronext Amsterdam giving details of the revised dates but Qualifying Euroclear Shareholders may not receive any further written communication.

3. Action to be taken in connection with the Open Offer

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of his entitlement under the Open Offer or has had his Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account or to his stock account held with Intermediaries via Euroclear Nederland.

If you are a Qualifying Non-CREST Shareholder and you are not a Restricted Shareholder or a person in the United States, please refer to paragraph 4 and paragraphs 7 to 11 (inclusive) of this Part X (Terms and Conditions of the Open Offer).

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder or a person in the United States, please refer to paragraph 5 and paragraphs 7 to 11 (inclusive) of this Part X (Terms and Conditions of the Open Offer) and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

If you are a Qualifying Euroclear Shareholder and you are not a Restricted Shareholder or a person in the United States, please refer to paragraph 6 and paragraphs 7 to 11 (inclusive) of this Part X (Terms and Conditions of the Open Offer).

4. Action to be taken in relation to Open Offer Shares represented by Application Forms

4.1 General

Save as provided in Part XI in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Forms sent to such persons set out:

- (A) in Box 1, the number of Existing Ordinary Shares registered in such persons' name at the Record Time (on which a Qualifying Non-CREST Shareholder's entitlement to New Ordinary Shares is based);
- (B) in Box 2, the maximum number of Open Offer Shares for which such persons are entitled to apply under the Open Offer, taking into account that they will not be entitled to take up any fraction of a New Ordinary Share arising when their entitlement was calculated, such fractions being aggregated and made available under the Excess Application Facility;
- (C) in Box 3, how much they would need to pay in Euro or sterling if they wish to take up their Open Offer Entitlement in full;
- (D) in Box 4, the maximum number of Excess Open Offer Shares under the Excess Application Facility;
- (E) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (F) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. Applications by Qualifying Non-CREST Shareholders for Excess Open Offer Shares under the Excess Application Facility will be limited to a maximum number of Excess Open Offer Shares equal to 10 times the number of Existing Ordinary Shares registered in their name as at the Record Time. Applications under the Excess Application Facility may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the number of Excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11:00 a.m. on 20 April 2017.

The New Ordinary Shares are expected to be issued on 24 April 2017. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual common term, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the enclosed Form of Proxy (either in hard copy or by email).

4.2 *Bona fide* market claims

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Ordinary Shares through the market prior to 8:00 a.m. on 30 March 2017 (the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3:00 p.m. on 18 April 2017.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, being 8:00 a.m. on 30 March 2017, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to the Record Time should, if the market claim is to be settled outside CREST, complete Box 5 on page 4 of the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction or the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5.2 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown on Box 1 of their Application Form prior to the Record Time should, if the market claim is to be settled outside CREST, complete Box 5 on page 4 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to SLC Registrars, 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom so as to be received by 11:00 a.m. on 20 April 2017. The Receiving Agent will then create new Application Forms, mark the Application Forms “Declaration of sale or transfer duly made” and send them by post to the person submitting the original Application Form. The Application Form and this document should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction and the United States.

4.3 Application procedures

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlement must return the Application Form in accordance with the instructions thereon. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to the Registrar (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11:00 a.m. on 20 April 2017, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand

will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Completed Application Forms should be returned together with a cheque or banker's draft in Euro or sterling made payable to "SLC Registrars re Accsys Technologies" and crossed "A/C payee only", for the full amount payable on acceptance, by post or by hand (during normal business hours only) to SLC Registrars, 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom so as to be received as soon as possible and, in any event, not later than 11:00 a.m. on 20 April 2017. A reply-paid envelope for use within the UK only will be sent with the Application Form.

4.4 Payment in Euro or sterling

Qualifying Non-CREST Shareholders may pay for any New Ordinary Shares which they wish to take up under the Open Offer in either Euro or sterling. If you wish to subscribe for New Ordinary Shares in Euro, you should follow the instructions set out below.

If you wish to subscribe for New Ordinary Shares in sterling, you will be required to submit a cheque or bankers draft in accordance with the provisions below for 62 pence for every New Ordinary Share subscribed for. This sum is based upon an exchange rate of £1 = 1.11 Euros. This exchange rate has been chosen to seek to ensure, to the extent possible, that, when the payment is converted into Euro on the Closing Date, on conversion there will be sufficient proceeds in Euros to meet the total subscription price for the New Ordinary Shares subscribed for under the Open Offer.

SLC Registrars may present any remittance for payment on, or at any time after, receipt. At noon on 20 April 2017 (or as soon as possible thereafter), SLC Registrars will so far as necessary convert the proceeds of the remittance into Euro at the best rate then available to them via their bank, HSBC Bank plc. However, the Company reserves the right not to so convert the payment amount.

To the extent that a remittance in sterling for New Ordinary Shares would, on conversion, exceed the subscription amount required in Euro for such New Ordinary Shares, SLC Registrars will not convert the excess into Euro but, on or as soon as reasonably practicable after 9 May 2017, will send a sterling return money cheque for the excess to the relevant Qualifying Non-CREST Shareholder without interest at the risk of the relevant Qualifying Non-CREST Shareholder. In no case, however, will a cheque for less than £5 be sent. Instead, the amount shall be retained by the Company and donated to charity.

If, however, the funds in Euro obtained on conversion are insufficient to meet the subscription price for the New Ordinary Shares which the relevant Qualifying Non-CREST Shareholder has applied to take up in the Open Offer, such Shareholder will be deemed to have applied to take up only the number of whole New Ordinary Shares for which there are sufficient funds and will therefore receive less than their full entitlement to the Open Offer Shares. The provisions of this Part X (Terms and Conditions of the Open Offer) will apply to any New Ordinary Shares which are deemed not to have been taken up in accordance with this section 4.4. The Open Offer Entitlements in connection with any Open Offer Shares which are not applied for under the Open Offer will lapse.

All payments must be made by cheque or banker's draft in Euro or sterling payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only". Qualifying Non-CREST Shareholders who wish to pay in sterling should refer to this paragraph 4.4 of Part X (Terms and Conditions of the Open Offer). Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the Shareholder. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque & Credit Clearing Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be paid on payments made before they are due and any interest on such

payments will be paid to the Company. It is a term of the Firm Placing and Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Firm Placing and Open Offer are fulfilled, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Firm Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Firm Placing and Open Offer.

If New Ordinary Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part X in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All enquires in connection with the Application Forms should be addressed to SLC Registrars on +44 (0)1903 706150. Calls will be charged at the standard geographic rates. Other providers' costs may vary and international call charges will apply if you are calling from outside the United Kingdom.

4.5 Discretion as to rejection and validity of acceptances

If payment is not received in full by 11:00 a.m. on 20 April 2017, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, the Company may, but shall not be obliged to, treat as valid (a) Application Forms and accompanying remittances that are received through the post not later than 10:00 a.m. on 21 April 2017 (the cover bearing a legible postmark not later than 11:00 a.m. on 20 April 2017); and (b) acceptances in respect of which a remittance is received prior to 11:00 a.m. on 20 April 2017 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 10:00 a.m. on 21 April 2017 and such Application Form is lodged by that time.

The Company may also (in its absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the New Ordinary Shares pursuant to the Open Offer that appears to the Company to have been executed in or despatched from, or that provides an address for delivery of definitive share certificates for New Ordinary Shares in, a Restricted Jurisdiction or the United States.

4.6 Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at €0.69 each 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 registered in their name 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. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. 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.

Qualifying Non-CREST Shareholders who wish to apply for Excess Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed 2,923,986, each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

4.7 Effect of application

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and the Excess Open Offer Entitlements (if relevant) and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for the Open Offer Shares or the Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company and the Underwriter that all applications under the Open Offer and the Excess Open Offer Entitlements (if relevant) and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms with each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);
- (iv) confirms that in making the application he is not relying and has not relied on the Underwriter or any other person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (vi) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that he received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) requests that the Open Offer Shares and/or Excess Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the Articles of Association;
- (viii) represents and warrants to the Company and the Underwriter that, if he has received some or all of his Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;

- (ix) except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome, represents and warrants to the Company and the Underwriter that:
 - (a) he is not, nor is he applying on behalf of any person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law;
 - (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares and/or Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law; and
 - (c) he is not acting on behalf of any such person on a non-discretionary basis or on behalf of any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares under the Open Offer;
- (x) represents and warrants to each of the Company, the Underwriter and the Registrar that (i) he is not in the United States, nor is he applying for the account of any person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares and/or Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Open Offer Shares and/or Excess Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares and/or Excess Open Offer Shares into the United States;
- (xi) represents and warrants to each of the Company and the Underwriter that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association.

4.8 Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, SLC Registrars may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of SLC Registrars. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (the “**applicant**”), including any person who appears to SLC Registrars to be acting on behalf of some other person, shall thereby be deemed to agree to provide SLC Registrars with such information and other evidence as SLC Registrars may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance

of remittance and an undertaking by the applicant to provide promptly to SLC Registrars such information as may be specified by SLC Registrars as being required for the purpose of the Money Laundering Regulations.

If SLC Registrars determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Firm Placing and Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. SLC Registrars is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither SLC Registrars nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, SLC Registrars has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (A) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (B) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 91/308/EEC) as amended by Directives 2001/97/EC and 2005/60/EC; or
- (C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (D) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in that directive; or
- (E) the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Underwriter from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in Euro or sterling drawn on a branch of a bank or building society in the UK and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to SLC Registrars re Accsys Technologies and crossed "A/C payee only". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the Shareholder; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (B) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, Japan, Mexico, Luxembourg, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances

that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to SLC Registrars and/or any relevant regulatory or investigatory authority; or

- (iii) if an Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact SLC Registrars. The telephone number of SLC Registrars is +44 (0)1903 706150. Calls from within the United Kingdom are charged at the standard geographic rate. International call charges will apply if you are calling from outside the United Kingdom.

4.9 Issue of New Ordinary Shares in certificated form

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by 9 May 2017, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

5. Action to be taken in relation to Open Offer Shares in CREST

5.1 General

Save as provided in Part XI (Overseas Shareholders) in relation to certain Restricted Shareholders and persons in the United States, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlements equal to the maximum number of Open Offer Shares which he is entitled to apply to acquire under the Open Offer and also Excess Open Offer Entitlements equal to 10 times the number of Existing Ordinary Shares registered in his name as at the Record Time. Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlement and will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Time by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 30 March 2017 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates and will send the press announcement to Euronext Amsterdam but Qualifying Euroclear Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their Open Offer Entitlements and Excess Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlements, as only your CREST sponsor will be able to take the necessary action to take up your Open Offer Entitlements and Excess Open Offer Entitlements. If you have any queries on the procedure for acceptances and payment, you should contact the Shareholder Helpline on +44 (0)1903 706150, between 9:00 a.m. and 5:00 p.m. Monday to Friday (excluding bank holidays).

In accordance with the instructions of this paragraph 5, the CREST instruction must have been settled by 11:00 a.m. on 20 April 2017.

5.2 *Bona fide* market claims

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be

made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by Euroclear UK's Claims Processing Unit as "cum" the Open Offer Entitlements and the Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlements will be transferred. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional Unmatched Stock Event ("USE Instruction") must be sent in respect of any application under the Excess Application Facility.

A Qualifying CREST Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Open Offer Shares has been received, will receive a Euro amount equal to the number of Excess Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

5.3 USE Instructions

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

5.4 Content of USE Instructions in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlements being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlements. This is GB00BD8DHZ59;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 2RA36;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA238001;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 20 April 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 20 April 2017. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction: (i) a contact name and telephone number (in the free format shared

note field); and (ii) a priority of at least 80. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 20 April 2017 in order to be valid is 11:00 a.m. on that day. After 24 April 2017, the New Ordinary Shares will be registered and freely transferable in electronic form under the CREST system.

If the conditions to the Firm Placing and Open Offer are not fulfilled at or before 8:00 a.m. on 24 April 2017, or such other time and/or date as may be agreed between the Company and Underwriter, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5.5 CREST procedures and timings

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. on 20 April 2017. In this connection, Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11:00 a.m. on 20 April 2017 will constitute a valid application under the Open Offer.

5.7 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 Excess Application Facility

Qualifying CREST Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at €0.69 each 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 registered in their name 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. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. 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 CREST Shareholders will be met in full or in part or at all.

5.9 Content of USE Instruction in respect of Excess Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of New Ordinary Shares for which application is being made (and hence the number of Excess Open Offer Entitlements being delivered to the Registrar);
- (ii) the ISIN of the Excess Open Offer Entitlements. This is GB00BD8DJ155;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (v) the participant ID of the Registrar in its capacity as a CREST receiving agent. This is 2RA32;
- (vi) the member account ID of the Registrar in its capacity as a CREST receiving agent. This is RA238002;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 20 April 2017; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 20 April 2017 in order to be valid is 11:00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Open Offer Entitlement security.

5.10 Effect of application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company and the Underwriter to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (iii) agrees with each of the Company and the Underwriter that all applications and contracts resulting therefrom, and any non-contractual obligations relating thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms that in making the application he is not relying and has not relied on the Underwriter or any other person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to each of the Company and the Underwriter that in making the application he is not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such

information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (vi) represents and warrants to the Company and the Underwriter that if he has received some or all of his Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that he has received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome, represents and warrants to the Company and the Underwriter that:
 - (a) he is not, nor is he applying on behalf of any person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law;
 - (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares and/or Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law; and
 - (c) he is not acting on behalf of any such person on a non-discretionary basis or on behalf of any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares under the Open Offer;
- (ix) represents and warrants to each of the Company, the Underwriter and the Registrar that (i) he is not in the United States, nor is he applying for the account of a person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares and/or Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Open Offer Shares and/or Excess Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares and/or Excess Open Offer Shares into the United States;
- (x) requests that the Open Offer Shares and/or Excess Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association; and
- (xi) represents and warrants to each of the Company and the Underwriter that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

5.11 Discretion as to rejection and validity of acceptances

The Company may:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in paragraph 5.10 of this Part X (Terms and Conditions of the Open Offer). Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11:00 a.m. on 20 April 2017 (or by such later time and date as the Company and the Underwriter may determine), the Company shall be entitled to assume, for the purposes of its right to reject an acceptance as described in this paragraph 5.11(i), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 5.10 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
- (ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;
- (iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph 5.11 (iv), the “first instruction”) as not constituting a valid acceptance if, at the time at which SLC Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or SLC Registrars has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, the Qualifying CREST Shareholder or CREST sponsor is unable validly to take up all or part of his Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by SLC Registrars in connection with CREST.

5.12 Money Laundering Regulations

If you hold your Open Offer Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, SLC Registrars is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact SLC Registrars before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company, the Underwriter and SLC Registrars to provide promptly to SLC Registrars any information SLC Registrars may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to SLC Registrars as to identity, SLC Registrars, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, SLC Registrars will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence).

5.13 Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlements set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlements prior to 11:00 a.m. on 20 April 2017. After depositing their Open Offer Entitlements into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Open Offer Entitlements, which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the Open Offer Entitlements set out in such Application Form as Open Offer Entitlements and Excess Open Offer Entitlements in CREST, is 3.00 p.m. on 13 April 2017 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 12 April 2017, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, following the deposit or withdrawal (whether as shown in an Application Form or held in CREST), to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11:00 a.m. on 20 April 2017. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlements and their Excess Open Offer Entitlements.

Delivery of an Application Form with the CREST Deposit Form at Box 8 duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and SLC by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed Application Letter on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not located in, or citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, and that it/they is/are not located in the United States and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.14 Right to allot/issue in certificated form

Despite any other provision of this document, the Company reserves the right to allot and to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by SLC Registrars in connection with CREST.

6. Action to be taken in respect of Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements

6.1 General

If you are a Qualifying Euroclear Shareholder and not a Restricted Shareholder or a person in the United States and you hold an interest in Euroclear Shares at the Record Time, the Intermediary through whom you hold such interest will customarily give you details of the aggregate number of Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements to which you are entitled. If you are a Qualifying Euroclear Shareholder and not a Restricted Shareholder or a person in the United States, you will be entitled to take up your Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements. Your Intermediary will supply you with this information

in accordance with its usual customer relations procedures. You should contact your Intermediary if you are a Qualifying Euroclear Shareholder but have received no information with respect to the Firm Placing and Open Offer. The latest time and date for application and payment in full by applying Qualifying Euroclear Shareholders via their Intermediaries is 5:40 p.m. (CEST) on 19 April 2017.

If for any reason it is impracticable to credit the stock accounts of Qualifying Euroclear Shareholders held with Intermediaries via Euroclear Nederland by 8:00 a.m. on 30 March 2017 or such later time as the Company shall decide, Application Forms shall, unless the Company agrees otherwise, be sent out in substitution for the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates and will send the press announcement to Euronext Amsterdam, but Qualifying Euroclear Shareholders may not receive any further written communication.

6.2 *Bona fide* market claims

The Euroclear Open Offer Entitlements and the Excess Euroclear Open Offer Entitlements will constitute a separate security for the purposes of Euroclear Nederland. Although Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements will be admitted to Euroclear Nederland and be enabled for settlement, the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements are non-tradeable and will not be listed on Euronext Amsterdam, and applications in respect of Euroclear Open Offer Entitlements and the Excess Euroclear Open Offer Entitlements may only be made by the Qualifying Euroclear Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions will not be identified by Euroclear Nederland as “cum” the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements and will not generate an appropriate market claim transaction and the relevant Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements will thereafter not be transferred accordingly. Intermediaries are therefore responsible for the settlement of *bona fide* market claims.

6.3 Euroclear Open Offer Entitlements

Existing Ordinary Shares traded on Euronext Amsterdam are registered in the name of Euroclear Nederland. Euroclear Nederland is a CREST member and will hold legal title to the Euroclear Open Offer Entitlements issued to it for the benefit of the Qualifying Euroclear Shareholders in accordance with the Dutch Securities Giro Act (*Wet giraal effectenverkeer*). Euroclear Nederland will credit the accounts of the Intermediaries with the relevant number of Euroclear Open Offer Entitlements and the Intermediaries will credit the appropriate stock accounts of the Qualifying Euroclear Shareholders held with Intermediaries on 24 April 2017. Euroclear Nederland will, as a Qualifying CREST Shareholder, be invited to take up the CREST Open Offer Entitlements held by it.

6.4 Application and payment

Qualifying Euroclear Shareholders should be informed by the Intermediaries through which they hold their Existing Ordinary Shares of the number of New Ordinary Shares for which they are entitled to apply under the Open Offer. Any such application will be conditional on the Open Offer becoming unconditional. Qualifying Euroclear Shareholders should contact their Intermediaries if they have received no information in relation to their Euroclear Open Offer Entitlements or Excess Euroclear Open Offer Entitlements. If a Qualifying Euroclear Shareholder wishes to apply for New Ordinary Shares under the Open Offer, he must instruct his Intermediary with respect to application and payment in accordance with the procedures of that Intermediary, which will be responsible for instructing the Subscription Agent accordingly.

Applications and payments in Euro for New Ordinary Shares must be received by the Subscription Agent as soon as possible but in any event no later than 5:40 p.m. (CEST) on 19 April 2017. **The last date and/or time before which notification of exercise instructions may be validly given may be earlier, depending on the Intermediary through which your Euroclear Open Offer Entitlements are held.** Applications under the Open Offer are, subject to the very limited withdrawal rights set out in this document, irrevocable and will not be acknowledged or confirmed.

6.5 Excess Application Facility

The Excess Application Facility enables Qualifying Euroclear Shareholders, provided they take up their Open Offer Entitlements in full, to apply for New Ordinary Shares in excess of their Open Offer Entitlements. The Subscription Agent will instruct Euroclear Nederland, as registered holder of the Existing Ordinary Shares traded on Euronext Amsterdam, to apply for Excess Open Offer Shares on behalf of the Qualifying Euroclear Shareholders pursuant to their Excess Euroclear Open Offer Entitlements up to a maximum number of Excess Open Offer Shares equal to 10 times the number of Existing Ordinary Shares in which they hold an interest 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 Euroclear Shareholders will be met in full or in part or at all. In addition, Qualifying Euroclear Shareholders may be scaled back in accordance with the customary procedures of their Intermediaries. This scale back ratio may not be *pro rata* to the number of Excess Open Offer Shares applied for by Qualifying Euroclear Shareholders and could deviate per Intermediary. Qualifying Euroclear Shareholders are therefore instructed to contact their Intermediaries, should they have any questions regarding their scale back ratio.

6.6 Effect of application

By applying to take up Euroclear Open Offer Entitlements and, if applicable, Excess Euroclear Open Offer Entitlements in the Open Offer, including under the Excess Application Facility, a Qualifying Euroclear Shareholder (in relation to his Intermediaries), also on behalf of any person he is acting for or otherwise representing, and an Intermediary (in relation to the Subscription Agent):

- (i) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, English law, provided that if and to the extent that (a) the provisions of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) or the procedures determined by Euroclear Nederland from time to time otherwise require, and/or (b) the applicable procedures of the Intermediary through which he holds his Euroclear Shares apply, the same shall be governed by the laws of the Netherlands (or, in respect of the procedures referred to in (b), any other applicable law);
- (ii) represents and warrants to each of the Company and the Underwriter that he has the right, power and authority, and has taken all action necessary, to make the application and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (iii) agrees with each of the Company, the Underwriter and the Subscription Agent to pay the amount payable on application in accordance with the Euroclear Nederland payment arrangements (it being acknowledged that the payment to the Subscription Agent's payment bank in accordance with the Euroclear Nederland payment arrangements shall, to the extent of the payment, discharge in full the obligation of the Intermediaries to pay the amount payable on application);
- (iv) agrees with each of the Company and the Underwriter that all applications and contracts resulting from the Open Offer, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (v) confirms to each of the Company and the Underwriter that, in making the application, he is not relying on any information or representation other than is contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);
- (vi) confirms to each of the Company and the Underwriter that, in making the application, he is not relying on any information or representation other than is contained in this document, and accordingly agrees that no person responsible solely or jointly for this document or any part

thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained in this document, and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (vii) represents and warrants to each of the Company and the Underwriter that he is the Qualifying Shareholder originally entitled to the Euroclear Open Offer Entitlements and/or that he has received such Euroclear Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) represents and warrants to each of the Company and Underwriter that, if he has received some or all of his Euroclear Open Offer Entitlements and/or Excess Euroclear Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Euroclear Open Offer Entitlements and/or Excess Euroclear Open Offer Entitlements (if applicable) by virtue of a *bona fide* market claim;
- (ix) except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation free of any requirement which the Company (in its absolute discretion) regards as unduly burdensome, represents and warrants to the Company and the Underwriter that:
 - (a) he is not, nor is he applying on behalf of any person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law;
 - (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares and/or Excess Open Offer Shares which are the subject of his application to, or for the benefit of, a person who/which is:
 - (i) located in; or
 - (ii) a citizen or resident of; or
 - (iii) a corporation, partnership or other entity created or organised in or under any laws of
any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares or Excess Open Offer Shares is prevented by law; and
 - (c) he is not acting on behalf of any such person on a non-discretionary basis or on behalf of any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares under the Open Offer;
- (x) represents and warrants to each of the Company and the Underwriter that (i) he is not in the United States, nor is he applying for the account of a person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares and/or Excess Open Offer Shares in an “offshore transaction” within the meaning of Regulation S; and (ii) he is not applying for the Open Offer Shares and/or Excess Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares and/or Excess Open Offer Shares into the United States;
- (xi) represents and warrants to each of the Company and the Underwriter that he is not, nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (xii) confirms to each of the Company and the Underwriter that he is or is representing the Qualifying Shareholder of the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements used to apply for New Ordinary Shares and that he is acting in accordance with relevant securities laws; and

(xiii) requests that the New Ordinary Shares to which he will become entitled be credited to his stock account held with an Intermediary on the terms set out in this document, subject to the Articles of Association of the Company.

All questions concerning the timelines, validity and form of instruction and payment to the Intermediary of a Qualifying Euroclear Shareholder in relation to the application for New Ordinary Shares will be determined by such Intermediary in accordance with its usual terms of business or as it otherwise notifies to such Qualifying Euroclear Shareholder.

Any Qualifying Euroclear Shareholder who does not wish to take up his entitlement under the Open Offer should not make an application. The Company reserves the right to treat an application as valid and binding on the person(s) by whom or on whose behalf it is made, even if it is not made in accordance with the relevant instructions and is not accompanied by the required payment or verification of identity satisfactory to the Company to ensure that the Money Laundering Regulations would not be breached by acceptance of the payment submitted in connection with the application.

6.7 Subscription Agent

ABN AMRO Bank N.V. will act as Subscription Agent for the receipt of subscriptions for the New Ordinary Shares through the exercise of Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements via the Excess Application Facility. The Intermediary through which you hold your Euroclear Open Offer Entitlements and your Excess Euroclear Open Offer Entitlements will be responsible for collecting exercise instructions from you and for informing the Subscription Agent of your subscription in a timely manner.

6.8 Listing Agent

ABN AMRO Bank N.V. is the Listing Agent with respect to the New Ordinary Shares on Euronext Amsterdam.

7. Taxation

Information on taxation in the United Kingdom and the Netherlands with regard to the Firm Placing and Open Offer is set out in paragraph 16 of Part XII (Additional Information) of this document. The information contained in paragraph 16 of Part XII (Additional Information) is intended only as a general guide to the current tax position in the United Kingdom and the Netherlands and Qualifying Shareholders in the United Kingdom and the Netherlands should consult their own tax advisers regarding the tax treatment of the Firm Placing and Open Offer in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

8. Withdrawal rights

Qualifying Shareholders wishing to exercise the withdrawal rights under section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal which shall not include a notice sent by facsimile or any other form of electronic communication. The notice of withdrawal must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder with SLC Registrars, 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom. The notice of withdrawal must not be received later than two business days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by SLC Registrars after the expiry of such period will not constitute a valid withdrawal. Furthermore, based on advice received, it is the Company's view that Qualifying Shareholders who have validly taken up their Open Offer Entitlements and, if applicable, Excess Open Offer Entitlements in accordance with the procedure laid down for acceptance and payment in this Part X shall not be entitled to withdraw any such acceptance. In such circumstances, any such accepting Qualifying Shareholder, or renounee, wishing to withdraw is advised to seek independent legal advice. Persons may have withdrawal rights on the basis of Article 5:23 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and are advised to seek independent legal advice in the event that a prospectus supplementing this document is published.

9. Times and dates

The Company shall in its discretion be entitled to amend the dates that Application Forms are despatched or dealings in New Ordinary Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document. In such circumstances the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates and will send the press announcement to Euronext Amsterdam but Qualifying Euroclear Shareholders may not receive any further written communication.

10. Governing law

The terms and conditions of the Open Offer as set out in this document and the Application Form shall be governed by, and construed in accordance with, the laws of England and Wales.

11. Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual which may arise out of or in connection with the Firm Placing and Open Offer, this document and the Application Form. By accepting entitlements under the Firm Placing and Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART XI

OVERSEAS SHAREHOLDERS

1. Overseas Shareholders

This document has been approved by the FCA, being the competent authority in the UK. The Company has requested the FCA to certify to the AFM that this document is a prospectus drawn up in accordance with the Prospectus Rules.

Accordingly, the making of the Open Offer to persons located or resident in, or who are citizens of, or who have a registered address in, countries other than the UK or the Netherlands, may be affected by the law or regulatory requirements of the relevant jurisdiction.

1.1 General

The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of, countries other than the UK or the Netherlands or to persons who are nominees of or custodians, trustees or guardians for citizens of, residents in or nationals of, countries other than the UK or the Netherlands may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult with their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer and Excess Open Offer Shares under the Excess Application Facility.

No action has been or will be taken by the Company, the Underwriter, or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Forms relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK and the Netherlands. It is the responsibility of all persons outside the UK and/or the Netherlands receiving this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or to a stock account held with an Intermediary via Euroclear Nederland and wishing to accept the offer of New Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

The Company, the Underwriter and their respective representatives have not made and are not making any representations to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

This paragraph 1 of this Part XI (Overseas Shareholders) sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the UK or the Netherlands, who are citizens or residents of countries other than the UK or the Netherlands, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the UK or the Netherlands, or who hold Ordinary Shares for the account or benefit of any such person. New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including all Restricted Shareholders and persons in the United States. However, Application Forms have not been, and will not be, sent to, and Open Offer Shares will not be credited to CREST accounts or stock accounts held with an Intermediary via Euroclear Nederland of, Restricted Shareholders or persons in the United States, or to their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in such jurisdiction.

Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or to a stock account held with an Intermediary via Euroclear Nederland will not constitute an offer in or into a Restricted Jurisdiction or the United States and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST and/or a stock account held with an Intermediary via Euroclear Nederland in any territory other than the UK

or the Netherlands may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form or deal with Open Offer Entitlements and Excess Open Offer Entitlements unless, in the relevant territory, such an invitation or offer could lawfully be made to him and the Application Form or Open Offer Entitlements and Excess Open Offer Entitlements could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons receiving a copy of this document and/or an Application Form or whose stock account in CREST and/or held with an Intermediary via Euroclear Nederland is credited with Open Offer Entitlements and Excess Open Offer Entitlements should not, in connection with the Firm Placing and Open Offer, distribute or send the same in or into, or transfer Open Offer Entitlements and Excess Open Offer Entitlements to any person in or into any Restricted Jurisdiction or the United States. If an Application Form or credit of Open Offer Entitlements and Excess Open Offer Entitlements is received by any person in any Restricted Jurisdiction or the United States, or by their agent or nominee in any such territory, he must not seek to take up the entitlements referred to in the Application Form or in this document or must renounce the Application Form and must not transfer the Open Offer Entitlements and Excess Open Offer Entitlements unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or an Application Form into any such territories (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 1 of this Part XI (Overseas Shareholders).

Subject to this paragraph 1 of this Part XI (Overseas Shareholders), any person (including, without limitation, nominees, agents and trustees) outside the UK or the Netherlands wishing to take up his entitlements under the Firm Placing and Open Offer (or to do so on behalf of someone else) must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 1 of this Part XI (Overseas Shareholders) are intended as a general guide only and any Qualifying Shareholder who is in doubt as to his position should consult his own independent professional adviser without delay.

The Company may treat as invalid any acceptance or purported acceptance of the offer of the Open Offer Entitlements and Excess Open Offer Entitlements which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares in a Restricted Jurisdiction or the United States, or if, in the case of a credit of New Ordinary Shares in CREST or to a stock account held with an Intermediary via Euroclear Nederland, the Qualifying Shareholder's registered address is in a Restricted Jurisdiction or the United States, or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements. The attention of Restricted Shareholders and Qualifying Shareholders holding shares on behalf of persons with addresses in Restricted Jurisdictions or the United States is drawn to this paragraph 1 of this Part XI (Overseas Shareholders).

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder (other than, subject to certain limited exceptions, Restricted Shareholders and persons in the United States) to take up his entitlements if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Qualifying Shareholder to be sent an Application Form if he is a Qualifying Non-CREST Shareholder or, if he is a Qualifying CREST Shareholder, arrange for the CREST Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to the relevant CREST stock account, or if he is a Qualifying Euroclear Shareholder, arrange for the Euroclear Open Offer Entitlements and Excess Euroclear Open Offer Entitlements to be credited to his stock account held with an Intermediary via Euroclear Nederland.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4, 5 and 6 of Part X (Terms and Conditions of the Open Offer).

The provisions of paragraph 5 of Part X (Terms and Conditions of the Open Offer) will apply generally to Restricted Shareholders and persons in the United States and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them.

1.2 United States

None of the New Ordinary Shares has been nor will they be registered under the US Securities Act, any US State security laws, or with any securities regulatory authority of any US State or other jurisdiction in the United States and, as set out below, are being offered and sold only outside the United States in offshore transactions in reliance on the exemptions from registration provided by Regulation S promulgated under the US Securities Act.

Except as otherwise agreed by the Company in writing, each person who subscribes for the New Ordinary Shares pursuant to the Firm Placing and Open Offer will be deemed to have represented, agreed and acknowledged as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (i) it is acquiring the New Ordinary Shares in an offshore transaction in accordance with Rule 903 under the US Securities Act;
- (ii) it is aware that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States; and
- (iii) the Company will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements.

1.3 Switzerland

This document does not constitute a prospectus within the meaning of Art. 652a of the Swiss Code of Obligations. The New Ordinary Shares may not be publicly offered, sold or advertised, directly or indirectly, in or into Switzerland except in a manner which will not result in a public offering within the meaning of the Swiss Code of Obligations. None of this document, any Application Form, or any other offering materials relating to the Company, the Open Offer Entitlements and Excess Open Offer Entitlements or the New Ordinary Shares may be distributed, published or otherwise made available in Switzerland except in a manner which would not constitute a public offer in Switzerland.

1.4 Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Restricted Shareholders and persons in the United States) and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the stock accounts of Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, any country other than a Restricted Jurisdiction or the United States. No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into any of the Restricted Jurisdictions or the United States. Qualifying Shareholders in jurisdictions other than those specified above may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Firm Placing and Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom or the Netherlands should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and Excess Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

EEA States (other than the UK and the Netherlands)

In relation to EEA States which have implemented the Prospectus Directive (except for the UK and the Netherlands) (each, a “relevant member state”), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”), no New Ordinary Shares have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that relevant member state or, where

appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Ordinary Shares may be made to the public in that relevant member state at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Ordinary Shares shall require the Company or the Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For this purpose, the expression “an offer of any New Ordinary Shares to the public” in relation to any New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Firm Placing and Open Offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The Company has requested the FCA to certify to the AFM that this document is a prospectus drawn up in accordance with the Prospectus Rules.

2. Representations and warranties relating to overseas territories

2.1 Qualifying Non-CREST Shareholders

Any person accepting an Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s use of the Application Form will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting an Application Form from within the United States or any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address of any Restricted Jurisdiction or the United States for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representation and warranty required by this paragraph.

2.2 Qualifying CREST Shareholders

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 5 of Part X (Terms and Conditions of the Open Offer) represents and warrants to the Company that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he is not within any of the Restricted Jurisdictions or the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or a Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate any applicable legal or regulatory requirement; or (b) purports to exclude the representation and warranty required by this paragraph.

2.3 Qualifying Euroclear Shareholders

A Qualifying Euroclear Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 6 of Part X (Terms and Conditions of the Open Offer) represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he is not within any of the Restricted Jurisdictions or the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any Restricted Jurisdiction or any territory referred to in (ii) above.

2.4 Waiver

The provisions of this paragraph 2 and paragraph 1 of Part X (Terms and Conditions of the Open Offer) and of any other terms of the Firm Placing and Open Offer relating to Restricted Shareholders and persons in the United States may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 2 and paragraph 1 of Part X (Terms and Conditions of the Open Offer) which refer to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 2 and paragraph 1 shall apply jointly to each of them.

2.5 Payment

All payments must be made in the manner set out in paragraphs 4, 5 and 6 of Part X (Terms and Conditions of the Open Offer) (as applicable).

PART XII

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and principal functions appear in section 11 of Part VII (Information on the Accsys Group) of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company

- (a) The Company was incorporated in England and Wales on 11 August 2005 under the 1985 Act (with registered number 5534340) as a public company limited by shares with an authorised share capital of €2,000,000 divided into 200,000,000 ordinary shares of €0.01 each and £100,000 divided into 1,000,000 deferred shares of 10p each.
- (b) The Company's registered office and principal place of business is at Brettenham House, 19 Lancaster Place, London, WC2E 7EN, United Kingdom and its telephone number is +44 (0) 207 421 4300.
- (c) The principal legislation under which the Company operates, and pursuant to which the New Ordinary Shares will be created, is the Companies Act and regulations thereunder.

3. Share capital

- (a) As at 30 September 2016, the Company's issued share capital was €4,531,364.15 comprising 90,627,283 Ordinary Shares of €0.05 each. Since 30 September 2016, 16,302 Ordinary Shares have been issued under the Employee Share Participation Plan. As at the Last Practicable Date, 90,643,585 Ordinary Shares have been issued. Each Existing Ordinary Share is credited as fully paid. Following Admission, the Company's enlarged issued share capital will comprise 108,043,585 Ordinary Shares of €0.05 each, assuming take up under the Open Offer is nil, and 110,967,571 Ordinary Shares of €0.05 each, assuming full take up under the Open Offer. As at the date of this document, the Company held no shares in treasury.
- (b) Details of changes in the share capital of the Company since 1 April 2013 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII (Documentation Incorporated by Reference) of this document are set out in the paragraph entitled 'Capital Structure' in Part IX (Operating and Financial Review) of this document. Save as set out in that paragraph, there have been no changes in the issued share capital of the Company since 1 April 2013.
- (c) The Company has granted BGF the BGF Option. The unissued Ordinary Shares currently underlying the BGF Option, and which would be allotted and issued under the BGF Option upon its exercise, represent 6.4% of the current issued share capital of the Company, and will represent 5.3% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).
- (d) The Company has granted Volantis the Volantis Option. The unissued Ordinary Shares currently underlying the Volantis Option, and which would be allotted and issued under the Volantis Option upon its exercise, represent 3.5% of the current issued share capital of the Company, and will represent 2.9% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).
- (e) The Company has agreed to use its reasonable endeavours to obtain shareholder authority at the General Meeting to grant BGF the BGF Additional Option. The Ordinary Shares currently underlying the BGF Additional Option, and which would be newly allotted and issued under the BGF Additional Option upon its exercise, represent 2.9% of the current issued share capital of the Company, and will represent 2.4% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).
- (f) The Company has agreed to use its reasonable endeavours to obtain shareholder authority at the General Meeting to grant Volantis the Volantis Additional Option. The Ordinary Shares currently underlying the Volantis Additional Option, and which would be newly allotted and

issued under the Volantis Additional Option upon its exercise, represent 1.6% of the current issued share capital of the Company, and will represent 1.3% of the issued share capital of the Company after the completion of the Firm Placing and Open Offer (assuming full take up under the Open Offer).

- (g) In 2012 the Company executed a warrant instrument in favour of INEOS, allowing INEOS the opportunity to purchase up to a further 3,293,647 shares at a price of €1.05 per share at certain times up until 19 October 2016. All 3,293,647 warrants lapsed on 31 March 2015.
- (h) Save as set out in the section of Part IX (Operating and Financial Review) headed “Indebtedness” and in this Part XII (Additional Information), since 1 April 2013 (being the commencement date of the period covered by the historical financial information incorporated into this document by reference, as explained in Part XIII (Documentation Incorporated by Reference):
 - (i) no share or loan capital of the Company has been issued or is now proposed to be issued fully or partly paid for cash or otherwise; and
 - (ii) neither the Company nor any of its subsidiaries has granted any options over its share or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such option.
- (i) The Directors were generally and unconditionally authorised at the annual general meeting of the Company held on 21 September 2016 to allot Ordinary Shares and to grant rights to subscribe for or convert any security into Ordinary Shares up to an aggregate nominal amount of €1,509,390 (representing 30,187,791 Ordinary Shares of €0.05 each), such authority to expire on the date of the annual general meeting of the Company to be held in 2017 or 15 months after 21 September 2016, whichever is the earlier. In granting both the BGF Option and the Volantis Option, the Directors have granted rights to subscribe for an aggregate nominal amount of €452,816.85 under this authority, thereby reducing the remaining authority accordingly.
- (j) Section 561 of the Companies Act (which, to the extent not disappplied, confers on Shareholders statutory rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) applies to the Company. At the annual general meeting of the Company held on 21 September 2016, pursuant to section 570 of the Companies Act, the Shareholders granted the Directors the authority to allot equity securities for cash up to an aggregate nominal amount of €452,817 (representing approximately 10% of the Company’s issued share capital at the date of the annual general meeting), as if section 561(1) of the Companies Act did not apply to such allotment, such authority to expire on the date of the annual general meeting of the Company to be held in 2017 or 15 months after 21 September 2016, whichever is the earlier. In granting both the BGF Option and the Volantis Option, the Directors have allotted equity securities for cash of an aggregate nominal amount of €452,816.85 under this authority, thereby reducing the remaining authority accordingly.

4. Resolutions, authorisations and approvals relating to the Firm Placing and Open Offer

In summary, the Resolutions to be proposed at the General Meeting are as follows:

First Resolution – Authority to allot Ordinary Shares in respect of the Firm 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 €1,016,199.30 in connection with the Firm 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 in respect of the grant of the BGF Additional Option and the Volantis Additional Option

The second 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 €130,510.90 in connection with the grant and exercise of the BGF Additional Option and up to a nominal amount of €71,914.20 in connection with the grant and exercise of the Volantis Additional Option. This authority will expire on the date that is six months after the date of the General Meeting. Full details of the BGF Additional Option and the Volantis Additional Option, and the consequences for the Company if the Resolutions approving the grant and exercise of the BGF

Additional Option and the Volantis Additional Option are not passed at the General Meeting, are provided in paragraph 11 (Material Contracts) of Part XII (Additional Information) of this document.

Third Resolution – Authority to allot Ordinary Shares

The third 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 €1,497,268.50. This authority will expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016. Together with the existing authority granted at the Company's 2016 annual general meeting (to the extent it remains unused after the grant of the BGF Option and the Volantis Option), this general authority will give the Directors the power to allot Ordinary Shares up to an aggregate nominal amount equivalent to one third of the Company's enlarged share capital following the Firm Placing and Open Offer.

The Directors have no present intention to allot shares under the authorities requested pursuant to these Resolutions other than in connection with the Firm Placing and Open Offer, the BGF Option and BGF Additional Option and the Volantis Option and Volantis Additional Option.

Fourth Resolution – Disapplication of pre-emption rights in respect of the Firm Placing and Open Offer

The fourth 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 Open Offer (on the terms and conditions set out in this document). This authority will expire on the date that is six months after the date of the General Meeting.

Fifth Resolution – Disapplication of pre-emption rights in respect of the grant of the BGF Additional Option and the Volantis Additional Option

The fifth 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 grant of the BGF Additional Option and the Volantis Additional Option and the allotment and issue of Ordinary Shares pursuant thereto. This authority will expire on the date that is six months after the date of the General Meeting if the BGF Additional Option and the Volantis Additional Option have not been granted by such time.

Sixth Resolution – Disapplication of pre-emption rights

The sixth resolution is a special resolution that, subject to the third 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 third resolution, as if section 561 of the Companies Act 2006 did not apply to such allotment. This power will be limited to the allotment of equity securities up to a nominal amount of €540,217.90. This authority will expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016. 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 Open Offer.

5. Subsidiaries

The Company is the holding company of the following subsidiary undertakings:

Name	Activity	Date of incorporation	Country of incorporation	Proportion of ownership interest
Titan Wood B.V.	Manufacture and sale of Accoya [®] acetylated wood.	18 June 2003	The Netherlands	100%
Titan Wood Limited	Licensing, brand and market development of Accoya [®] and Tricoya [®] .	17 April 2003	England and Wales	100%
Titan Wood Technology B.V. (formerly International Chemical Company B.V.)	The technical development of acetylation opportunities.	11 December 2000	The Netherlands	100%
Titan Wood Inc.	Provision of Sales, Marketing and Technical services	19 November 2009	United States	100%
Tricoya Technologies Limited	Commercialisation of technology for the production of Tricoya [®] wood elements around the world.	27 September 2012	England and Wales	74.6%
Tricoya Ventures UK Limited	The construction and expected future operation of the Hull Plant for manufacturing Tricoya [®] wood chips.	29 March 2016	England and Wales	61.8% (held by TTL)

6. Articles of Association

The Company has no statement of objects in its Articles of Association and accordingly its objects are unrestricted in accordance with the provisions of the Companies Act.

The following is a summary of the Articles of Association, which are available for inspection at the address specified in paragraph 19 of this Part XII. The Articles of Association, which were adopted on 14 August 2008 and amended by special resolution of the Shareholders on 27 July 2010, contain provisions, among others, to the following effect:

(a) Voting

Subject to paragraph (e) below, and to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every Shareholder present in person or by representative or proxy shall have one vote for every Ordinary Share in the capital of the Company held by him. A proxy need not be a Shareholder.

Where there are joint holders of a share, any one of them may vote at a meeting either personally or by proxy in respect of the share as if they were solely entitled to it, but if more than one joint holder is present, that one of them whose name appears first in the register of members in respect of the share shall alone be entitled to vote, to the exclusion of the votes of the other joint holders.

(b) Transfer

A Shareholder may transfer all or any of his shares (i) in the case of certificated shares, by instrument in writing in any usual or common form and (ii) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated

share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may (only in exceptional circumstances approved by the London Stock Exchange) refuse registration of the transfer of a certificated share provided the exercise of such powers does not disturb the market.

The Directors may refuse to register a transfer of an uncertificated share in any circumstances permitted by the CREST Regulations, the CREST Rules or the AIM Rules for Companies. The Directors may, in their absolute discretion and without giving any reason, refuse to register a transfer of shares which are not fully paid. In relation to a certificated share, the Directors may decline to register any instrument of transfer unless (i) the instrument of transfer, duly stamped, is deposited at the Company's registered office or such other place as the Directors may appoint accompanied by the certificate of the shares to which it relates; (ii) it is in respect of one class of share only; and (iii) is in favour of not more than four joint holders as transferees.

(c) Dividends

The Company may by ordinary resolution in general meeting declare dividends to Shareholders provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay such interim dividends on shares of any class as appear to the Directors to be justified by the profits of the Company.

The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the Shareholders in accordance with their respective rights and priorities.

No unpaid dividend, bonus or interest shall bear interest as against the Company.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years after they became due for payment shall, unless the Directors otherwise resolve, be forfeited and shall revert to the Company.

There is no fixed date on which an entitlement to dividend arises.

(d) Liquidation

Subject to any special rights attaching to any class of shares, on a winding-up, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Companies Act and subject to any special rights attaching to any class of shares, shall be applied in repaying to the Shareholders of the Company the amounts paid up on the shares held by them. A liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

(e) Suspension of rights

If a member or any other person appearing to be interested in shares held by such member has been duly served with notice under section 793 of the Companies Act and is in default in supplying to the Company, within 14 days provided that the holding represents at least 0.25% of the relevant class of shares, and 28 days where the holding represents less than 0.25% of the relevant class of shares, the information thereby required, then the sanctions available are the suspension of voting rights conferred by membership in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of a shareholding representing at least 0.25% of the relevant class of shares, the withholding of payment of any dividends, and such member shall not be entitled to transfer such shares otherwise than pursuant to an arm's length sale.

(f) Share capital

The Shareholders shall have the right to participate in all dividends declared, to attend and vote at general meetings of the Company and to receive all monies and property falling to be distributed on a winding up or other return of capital.

(g) *Modification of rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders. The quorum at any such separate meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one sixth of the issued shares of the relevant class and at an adjourned meeting those persons present shall constitute a quorum.

(h) *Pre-emption rights*

There are no rights of pre-emption under the Articles of Association in respect of transfers of shares. In certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company (save to the extent not previously disapplied by Shareholders). These statutory pre-emption rights would require the Company to offer new shares for allotment for cash to existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to Shareholders of the Company.

Sections 974 to 991 of the Companies Act contain provisions, which apply in certain circumstances to require and entitle persons making a Takeover Offer for the shares in the Company and who acquire 90% or more of the shares to which such offer relates (if all other conditions of that offer have been satisfied or waived) to acquire, and for the holders of shares in the Company to be entitled and required to sell, the shares held by the non-acceptors of that offer, in each case on a mandatory basis and on the same terms as the Takeover Offer.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (both present and future), including its uncalled capital and, subject to any applicable law, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

(j) *Directors*

Directors' remuneration

The Directors shall be paid such remuneration as the Company may from time to time by ordinary resolution determine.

Management by Directors

The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by any statute or by the Articles of Association required to be exercised by the Company in general meeting. The Directors may arrange that any branch of the business carried on by the Company or any other business in which the Company is interested shall be carried on by or through one or more subsidiaries. They may, on behalf of the Company, make such arrangements as they think advisable for taking the profits or bearing the losses of any branch or business or for financing, assisting or subsidising any subsidiary or guaranteeing its contracts, obligations or liabilities.

Meetings of Directors

Subject to the Articles of Association, the Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Notice of a meeting shall be given to a Director by word of mouth or sent in writing (which includes electronic communication) to him at his last known postal address or any other address given by him to the Company for this purpose. A Director absent or intending to be absent from the United Kingdom may request the Board of Directors that notice of a meeting shall during his absence be sent in writing to him at his last known postal address or any other address given by him to the Company for this purpose or for the purpose, but in the absence of

any such request it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retrospective.

The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions exercisable by the Directors.

Voting of Directors

Save as specifically provided in the Articles of Association, a Director must not vote on (or be counted in the quorum in respect of) any resolution of the Board concerning a contract or arrangement or any other proposal in which he is to his knowledge, directly or indirectly interested. If he does, his vote shall not be counted. This prohibition does not apply where the interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where the interest arises from any of the following matters:

- a contract or arrangement for giving to the Director security or a guarantee or indemnity in respect of:
 - money lent by him or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries; or
 - a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of the security;
- where the company or any of its subsidiary undertakings is offering securities in which offer the Director is, or may be, entitled to participate as a holder of securities, or in the underwriting or subunderwriting of which the Director is to participate;
- relating to another company in which he does not hold an interest in shares (as that term is used in Part 22 of the Companies Act) representing 1% or more of any class of the equity share capital or voting rights of that company;
- relating to a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employee's share scheme which has been approved by HM Revenue & Customs or is conditional upon that approval or does not award him any privilege or benefit not awarded to the employees to whom the scheme relates; or
- concerning insurance which the Company proposes to maintain or purchase for the benefit of the Directors or the benefit of persons including the Directors.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or place of profit with the Company or any company in which the Company is interested, a separate resolution may be put in relation to each Director. In such case each of the Directors concerned (if not debarred from voting as described above) is entitled to vote (and will be counted in the quorum) in respect of such resolution except that concerning his own appointment.

(k) *Annual general meetings and general meetings*

An annual general meeting of the Company shall be held in each year in addition to any other meetings which may be held in that year and at such time and place as may be determined by the Directors, provided that it shall be held within six months beginning with the day following its accounting reference date.

The Directors may convene a general meeting whenever they think fit, and shall on requisition in accordance with the Companies Act proceed to convene a general meeting. Whenever the Directors shall convene a general meeting on the requisition of Shareholders, they shall convene such meeting for a date not more than six weeks after the date of the notice convening the meeting. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, any Director or any two Shareholders of the Company may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

21 clear days' notice in respect of any annual general meeting and 14 clear days' notice in respect of every other general meeting shall be given to all members (other than those who, under the provisions of the Articles of Association or otherwise, are not entitled to receive notices from the Company) and to the Directors and the auditors for the time being of the Company, but the accidental omission to give such notice to, or the non-receipt of such notice by, any member or Director or the auditors shall not invalidate any resolution passed or any proceeding at such meeting.

Every notice calling a general meeting shall specify the place, the day and the hour of the meeting and, in the case of special business, the nature of such business. Every notice shall also state with reasonable prominence that a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of the Company. In the case of a meeting convened for passing a special resolution, the notice shall also specify the intention to propose the resolution as a special resolution.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to vote at that meeting shall be a quorum for all purposes. If within half an hour from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of the members, shall be dissolved. In any other case, it shall stand adjourned to such other day (being not less than ten clear days after the original meeting), at such time and place as the Chairman may determine.

7. Share schemes

The Group operates a number of share schemes.

On 14 August 2008, the Company adopted the 2008 Share Option Scheme, which superseded the 2005 Share Option Scheme in respect of all grants of options by the Company after that date. Options granted prior to 14 August 2008 continue to be governed by the rules of the 2005 Share Option Scheme. Outstanding options and awards granted under the 2008 Share Option Scheme and the 2005 Share Option Scheme will be adjusted to take account of the Firm Placing and Open Offer in accordance with the rules of the relevant Share Option Scheme.

The Group operates a Long-Term Incentive Plan (“**LTIP**”) in order to reward members of the executive team and senior managers. As part of the award of nil cost options under the LTIP, the recipients relinquished all share options that had been awarded to them under the 2005 Share Option Scheme and 2008 Share Option Scheme. Other employees continue to hold options awarded under these earlier schemes.

The Group also makes annual awards under the Employee Benefit Trust.

The Group has historically operated an Employee Share Participation Plan, which was available to all employees, under which employees subscribed for new Ordinary Shares which were held by a trust for the benefit of the subscribing employees. The shares were released to employees after one year, together with an additional share on a 1 for 1 matched basis, provided the employee had remained in the employment of the Company at that point in time (subject to good leaver provisions). In August 2016, 63,909 ‘matching’ shares were awarded in respect of subscriptions made in July 2015 and in February 2017 16,302 ‘matching’ shares were awarded in respect of subscriptions made in January 2016. New subscriptions under the Plan have now been suspended pending a review of the efficiency of the Plan.

(a) LTIP

In the FY2014, the group established the LTIP, the participants of which are key members of the management team. The establishment of the LTIP was approved by Shareholders at the AGM in September 2013 and the LTIP was subsequently amended by Board resolution on 19 November 2015.

A prerequisite of participation in the LTIP was for the management team to agree to the cancellation of their entire outstanding share options, providing the Company with a 5% reduction in the level of dilution to make the new awards. A cancellation was agreed as the most appropriate action as it would focus the management team on the new LTIP and not on historical awards or arrangements. Details of the share options cancelled upon implementation of the LTIP are set out further below.

LTIP overview

Under the LTIP, awards can be granted on a discretionary basis to key members of the management team. In 2013, an initial ‘one off’ grant was made in order to focus the management team on the growth of the Company over the next three years. Awards were granted in the form of nil-cost options and consist of the following ‘elements’:

Element	Objective	Description
A	Retention based award to lock in executives who have contributed to the turnaround	<p>In consideration for agreeing to the cancellation of the participant’s existing options, a proportion of the new share award vests on continuity of employment over the next three years.</p> <p>To ensure there is no value shift to the participants via the cancellation, this element requires an additional three years of services from the participant and will be forfeited if the share price at the end of the performance period is below €0.65.</p>
B	Performance-based share award	This element aligns the participant to the future success of the Company by linking the level of vesting to EBITDA and share price growth against the constituents of the MSCI Europe Index (or another broad-based European index as deemed appropriate by the Nomination & Remuneration Committee).
C	Exceptional performance multiplier	This element ensures that if significant value is created for shareholders, then participants will be entitled to receive an appropriate proportion of this value.

Performance conditions

Awards granted under the LTIP are subject to continued employment and satisfaction of the performance conditions. Performance will be measured at the end of a three-year performance period for each element.

Element A – Vesting is contingent upon continued employment for three years and the share price not falling below €0.65 at the end of the performance period.

Element B – Measured against two equally weighted performance conditions:

	Threshold	Target	Maximum
EBITDA (50% of Element B)	€0m	€1.6m	€4m
Share price growth (50% of Element B)	Median of the constituents of the MSCI Europe Index	60th percentile of the constituents of the MSCI Europe Index	Upper quartile of the constituents of the MSCI Europe Index
Vesting level ¹	25%	60%	100%

Note:

1. Vesting is on a straight line basis between the respective EBITDA and share price targets.

Element C – This element vests in full if the share price is at or above €1.30 at the end of the performance period.

Awards made in June 2016

Following recommendation from the Nomination & Remuneration Committee of the Company and in accordance with the Company’s remuneration policy, the Board resolved in June 2016 to grant awards to various senior employees, including Executive Directors. A total of 1,070,255 nil priced options were awarded.

The vesting period is three years, with an additional holding period of two years. The vesting of the awards will be subject to the terms of the LTIP rules, including continued employment of the beneficiaries by the Company and the satisfaction of certain performance conditions.

Vesting of awards made in September 2013

Immediately following the establishment of the new LTIP in September 2013, awards were made to members of the management team. A total of 4,278,630 nil cost options were awarded. 1,593,331 were allocated as Element A, 1,837,572 as Element B and 847,727 as Element C. At the same time, a total of 4,456,229 old options were cancelled. As at 31 March 2016, 175,174 options had been forfeited due to one leaver during the period. All other recipients were still employed by the Group as at 31 March 2016.

In August 2016 all of the awards allocated as Element A vested, 78.07% of the awards allocated as Element B(i) vested, 29.52% of the awards allocated as Element B(ii) vested and none of the awards allocated as Element C vested. As at the Last Practicable Date, none of the options have been exercised.

Element A was designed to recognise the contribution made by individuals to the turnaround of the Company and the cancellation of the existing options was a prerequisite for participation in the LTIP. The quantum of Element A for each participant was linked to the expected value of the existing options which were cancelled where there was a reasonable probability of pay out. As a result, under IFRS 2, the award of Element A was accounted for as a modification of the existing share options and, as the award was designed to avoid any transfer of value, the resulting share based payment charge is the same as if the existing options had not been cancelled.

Elements B and C have been accounted for as new awards with the fair value calculated based on a modified Black-Scholes model assuming inputs described below:

Element	Element B (EBITDA)	Element B (Share price growth)	Element C
Grant date	19 Sep 13	19 Sep 13	19 Sep 13
Share price at grant date (€)	0.70	0.70	0.70
Exercise price (€)	0.00	0.00	0.00
Expected life (years)	3	3	3
Contractual life (years)	10	10	10
Vesting conditions (Details set out above)	EBITDA	Share Price	Exceptional Multiplier
Risk free rate	0.48%	0.48%	0.48%
Expected volatility	40%	40%	40%
Expected dividend yield	0%	0%	0%
Fair value of option	€0.647	€0.388	€0.220

The figures in the table above have been adjusted to reflect the 5 for 1 share consolidation which became effective on 12 September 2014.

(b) ***2008 Share Option Scheme***

The principal provisions of the 2008 Share Option Scheme are as follows:

Eligibility

Options to acquire Ordinary Shares may be granted (at the discretion of the Board) to individuals who have been employees of any company within the Group for at least six months or an Executive Director of any Group company.

Performance targets

The exercise of an option may be made subject to the achievement of any performance targets set and deemed by the Board to be appropriate.

Exercise of options

An option is exercisable (in whole or in part) provided that:

- (i) exercise is not before any vesting date or period stated on the option certificate;

- (ii) the Board deems that any applicable performance targets have been fulfilled;
- (iii) exercise is before the option lapses, being prior to the tenth anniversary of the date of grant; and
- (iv) exercise is permitted under the AIM Rules for Companies or any other comparable code or rules that then apply to the Company.

Options may also be exercised:

- (i) upon death, by an option holder's legal personal representative, at any time during such period as determined by the Board, being no earlier than 12 months following the date of death and no later than the 10th anniversary of the date of grant;
- (ii) if the Board considers there will or might be a change in control of the Company, in which case the Board may in its absolute discretion declare that all outstanding options be exercised within a certain period; and
- (iii) within 40 days of a resolution approving the liquidation of the Company.

Alterations

The Board shall administer the 2008 Share Option Scheme. The Board may from time to time amend the rules of the 2008 Share Option Scheme provided that no amendment may be made which would materially affect the existing rights of an option holder unless it has been approved by a majority of option holders and no amendment may be made to certain key features of the 2008 Share Option Scheme which is to the advantage of existing or future option holders except with the consent of the Company.

Options under 2008 Share Option Scheme and under 2005 Share Option Scheme

Date of grant	Options outstanding at 31 March 2016	Options outstanding at 31 March 2015	Exercise price as at 31 March 2016 (€)	Options vested as at 31 March 2016
28 March 2007	115,586	115,586	9.15	77,057
20 November 2007	48,444	48,444	12.9	32,296
18 June 2008	8,498	8,498	9.9	2,832
8 December 2008	37,110	37,110	4.85	12,370
27 July 2010	164,321	164,321	1.2	—
1 August 2011	140,000	160,000	0.5	—
Total	513,959	533,959		

Options granted on 28 March 2007 vest as to one third of the options granted upon achievement of each of the following:

- cumulative €5 million licence income recognised under Group accounting policies;
- cumulative €20 million revenue from sales of Accoya®; and
- announcement of annual Group distributable earnings in excess of €5 million.

Two thirds of these options have vested and may be exercised until 31 March 2017. At 31 March 2016, 115,586 (31 March 2015: 115,586) of these options were outstanding at an exercise price of €9.15.

Options granted on 20 November 2007 vest as to one third of the options granted upon achievement of each of the following:

- annual Accoya® wood production in excess of 23,000m³ in a financial year;
- annual Accoya® wood sales revenue in excess of €26 million in a financial year; and
- the second pair of reactors in the wood modification plant processing more than 25 batches per month.

Two thirds of these options have vested and may be exercised until 20 November 2017. At 31 March 2016, 48,444 (31 March 2015: 48,444) of these options were outstanding at an exercise price of €12.90.

Options granted on 18 June 2008 vest as to one third of the options granted upon achievement of each of the following:

- announcement of audited annual Accoya® wood sales revenue in excess of €20 million in a financial year;
- announcement of audited annual Group distributable earnings in excess of €15 million; and
- announcement of audited cumulative €75 million gross licence revenue recognised under Group accounting policies.

One third of these options have vested and may be exercised until 18 June 2018. At 31 March 2016, 8,498 (31 March 2015: 8,498) of these options were outstanding at an exercise price of €9.90.

Options granted on 8 December 2008 vest as to one third of the options granted upon achievement of each of the following:

- announcement of audited annual Accoya® wood sales revenue in excess of €20 million in a financial year;
- announcement of audited annual Group distributable earnings in excess of €15 million; and
- announcement of audited cumulative €75 million gross licence revenue recognised under Group accounting policies.

One third of these options have vested and may be exercised until 8 December 2018. At 31 March 2016, 37,110 (31 March 2015: 37,110) of these options were outstanding at an exercise price of €4.85.

Options granted on 27 July 2010 were partially exchanged in the period for new awards issued under the LTIP. 30% of the options vest on achievement of median Total Shareholder Return (“TSR”). Once vested, these options may be exercised until 27 July 2020. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. At 31 March 2016, 164,321 (31 March 2015: 164,321) of these options were outstanding at an exercise price of €1.20.

Options granted on 1 August 2011 were partially exchanged in the period for new awards issued under the LTIP. 30% of the options vest on achievement of median TSR. Full vesting of the options granted occurs upon achievement of upper quartile TSR measured over the three year period. These options have vested and may be exercised until 1 August 2021. At 31 March 2016, 140,000 (31 March 2015: 160,000) of these options were outstanding at an exercise price of €0.50.

TSR is measured on a relative basis compared to the FTSE Small Cap index over a three year period from grant date. Unless discretion is exercised by the Nomination & Remuneration Committee, all options are forfeit following an option holder’s termination of contract.

The fair value of share options granted under the 2005 and 2008 Share Option Schemes during the previous years was calculated based on a modified Black-Scholes model assuming inputs shown below for more recent awards:

Grant date	August 2011	July 2010
Share price at grant date	€0.50	€1.70
Exercise price	€0.50	€1.70
Expected life	3	3
Contractual life	10	10
Risk free rate	1.54%	2.30%
Expected volatility	85%	60%
Expected dividend yield	0%	0%
Fair value of option	€0.200	€0.532

The figures above have been adjusted to reflect the 5 for 1 share consolidation which became effective on 12 September 2014. Volatility was estimated by reference to the historic volatility since October 2005 when the Company’s shares were admitted to trading on AIM. The resulting fair value is expensed over the vesting period of the options on the assumption that a proportion of options will lapse over the service period as employees leave the Group.

(c) **Employee Benefit Trust – Share bonus award**

Following a share issue on 4 July 2016 in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2015 to 31 March 2016, 679,435 new Ordinary Shares were held by an Employee Benefit Trust, the beneficiaries of which are primarily the Executive Directors and senior managers. Such new Ordinary Shares vest if the beneficiaries remain in employment with the Company at the vesting date, being 1 July 2017 (subject to certain other provisions including regulations, good-leaver, take-over and Nominee & Remuneration Committee discretion provisions).

On 15 July 2016 awards over 938,449 Ordinary Shares vested. To fund the resulting personal tax liabilities (among other reasons), certain beneficiaries, including the Executive Directors, elected to sell a total of 498,318 Ordinary Shares on the open market.

(d) **Employee Share Participation Plan**

During the year ended 31 March 2015 and year ended 31 March 2016, the Company operated the Employee Share Participation Plan. The Employee Share Participation Plan was intended to promote the long-term growth and profitability of the Company by providing employees with an opportunity to acquire an ownership interest in new Ordinary Shares in the Company as an additional benefit of employment.

Under the terms of the Employee Share Participation Plan, the Company issued Ordinary Shares to a trust for the benefit of the subscribing employees. The Ordinary Shares were released to subscribing employees after one year, together with an additional Ordinary Share on a 1 for 1 matched basis provided the employee remained in the employment of the Company at that point in time (subject to good leaver provisions). The Employee Share Participation Plan was in line with industry approved employee share plans and was open for subscription by employees twice in the year following release of annual and half yearly financial results. The maximum amount available for subscription by any employee was €5,000 per annum.

During the year ended 31 March 2016 the Employee Share Participation Plan was open for subscription twice. In July 2015 various employees subscribed for a total of 63,909 Shares at an acquisition price of €0.97 per Share. In December 2015 various employees subscribed for a total of 16,302 shares at an acquisition price of €0.92 per share. Also during the year, 1 for 1 ‘matching’ shares were awarded in respect of subscriptions that were made in the previous year as a result of all participants continuing to remain in employment at the point of vesting. 27,825 ‘matching’ shares were issued to employees in July 2015 and 53,922 shares were issued in January 2016. In August 2016, 63,909 ‘matching’ shares were awarded in respect of subscriptions made in July 2015 and in February 2017, 16,302 ‘matching’ shares were awarded in respect of subscriptions made in December 2015. New subscriptions under the Employee Share Participation Plan have now been suspended pending a review of the Plan’s efficiency.

8. Directors’ and other interests

- (a) The beneficial interests of the Directors in the Ordinary Shares, including their interests in any New Ordinary Shares subscribed for under the Firm Placing and Open Offer, as at 28 March 2017 (being the Last Practicable Date) and as they are expected to be on Admission, are set out below:

Director	As at the Last Practicable Date		As at Admission	
	Number of Ordinary Shares	% of issued share capital	Number of Ordinary Shares	% of issued share capital
Patrick Shanley	68,763	0.08	70,981	0.06
Paul Clegg ¹	592,692	0.65	611,811	0.55
William Rudge	172,594	0.19	172,594	0.16
Hans Pauli	350,527	0.39	350,527	0.32
Sean Christie	70,000	0.08	72,258	0.07
Sue Farr	0	0	0.00	0.0
Nick Meyer	29,285	0.03	30,229	0.03

¹ Shareholding excludes 66,700 Ordinary Shares held beneficially by members of Paul Clegg’s immediate family

- (b) The interests of the Directors set out in the table at paragraph 8(a) above are exclusive of interests held by the Executive Directors under the LTIP and EBT arrangements referred to at paragraph 7 of this Part XII (Additional Information). At 28 March 2017 (being the Last Practicable Date), such interests are as follows:

Executive Director	Interest in Ordinary Shares held by EBT	Interest in Ordinary Shares under LTIP – vested but unexercised	Interest in Ordinary Shares under LTIP – unvested and unexercised
Paul Clegg	75,842	1,259,449	379,214
William Rudge	42,576	159,173	106,442
Hans Pauli	52,250	286,069	130,626

- (c) Save as disclosed in this Part XII (Additional Information), none of the Directors nor any member of their immediate families holds, or is legally or beneficially interested, directly or indirectly, in any shares or options in the Company.

- (d) At 28 March 2017 (being the Last Practicable Date), the Company had been notified by the following entities of their interests in the total voting rights of the Company:

	Notified number of voting rights	% of voting rights
Henderson Group PLC	5,339,467	5.89
Royal Bank of Canada	5,150,698	5.68
OP-Pohjola Group Central Cooperative	4,988,896	5.50
INEOS	4,881,028	5.38
Majedie UK Equity Fund	4,548,435	5.02
FIL Limited (formerly known as Fidelity International Limited)	4,431,578	4.89
Invesco Limited	4,377,644	4.83
The London & Amsterdam Trust Company Limited	4,054,040	4.47
Saad Investments Company Limited	3,523,689	3.89
Zurab Lysov	3,334,920	3.68

- (e) None of the Company's major Shareholders has any different voting rights.
- (f) No person involved in the Firm Placing and Open Offer has an interest which is material to the Firm Placing and Open Offer.
- (g) As at 28 March 2017 (being the Last Practicable Date), the Company was not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.
- (h) As at 28 March 2017 (being the Last Practicable Date), the Company was not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- (i) The Directors hold or have held in the past five years the following directorships in companies in addition to their directorships of the Company and past or current members of the Group and are or have been a partner of any of the following partnerships in the past five years:

Director	Current directorships/partnerships	Past directorships/partnerships
Patrick Shanley	Gattaca Plc	Acordis BV
	Derwent Cogeneration Limited	Corsadii B.V.
	Acetate Products Limited	Cordenka Investments B.V.
	Nomi Associates Limited	Cordenka GmbH
		Courtaulds plc
		Finacor BV

Director	Current directorships/partnerships	Past directorships/partnerships
Paul Clegg	Peel Hunt LLP Synairgen PLC Clegg Enterprises Limited	N/A
William Rudge	N/A	N/A
Hans Pauli	Dordtwijck I B.V. Med Science II B.V.	N/A
Nick Meyer	Triesse Holdings Limited Triesse Group Limited Triesse (Trisan) Limited Triesse Limited Wanstead Sports Grounds Limited Bradfords Quay Limited MBM Speciality Forest Products Limited Sherborne Holdings Limited C.L.T. Timber and Transport Limited Hardwood Limited Hoffman Thornwood Limited Dockland Settlements Meridian Wood Products Limited Sydenhams Limited Porthmellin Securities Limited Consolidated Timber Holdings Limited Falcon Panel Products Limited Compass Forest Products Limited Ringtown Limited MBM Forest Products Limited van Hoorebeke SA Cranleigh Foundation Isipan SA	PXP Holdings Limited Trafalgar Cases Limited Cranleigh School
Sue Farr	British American Tobacco plc Dairy Crest Group plc Dolphin Capital Investments plc Millennium & Cophthorne Hotels plc	Motivcom plc Royal Historic Palaces The Marketing Group of Great Britain The Marketing Society
Sean Christie	Produce Investments plc Applied Graphene Materials Plc Turner and Townsend Limited	Eminate Limited Croda International Plc Cowick Hall Trustees Limited Croda Enterprises Limited Croda Europe Limited Croda Holdings France SAS Croda Investments Limited Croda Investments No 2 Limited Croda Japan KK Croda JDH Limited Croda Overseas Holdings Limited Croda Polymers International Limited Croda World Traders Limited Uniqema Limited

- (j) At the date of this document none of the Directors:
- (i) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (ii) has had any unspent conviction in relation to indictable offences;

- (iii) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of any company for at least the previous five years;
 - (iv) has been bankrupt or entered into an individual voluntary arrangement;
 - (v) has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional bodies) nor has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
 - (vi) has had his assets the subject of any receivership or has been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or
 - (vii) was a director, a member of the administrative or supervisory bodies or a senior manager of any company at the time of, or within 12 months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement of such company or any composition or arrangement with that company's creditors generally or with any class of creditors.
- (k) Except as set out in paragraph 8 of Part XII (Additional Information), in respect of any Director, there are no potential conflicts of interest between any duties they may have to the Company and their private interests and/or other duties they may have in addition.
- (l) There is no arrangement or understanding with any major shareholder, customer, supplier or other person, pursuant to which any of the Directors was elected as a member of the Board of Directors.

9. Directors' terms of service

- (a) The Directors have, in the case of the Executive Directors, entered into service agreements or agreements for services and, in the case of Non-executive Directors, letters of appointment, as follows:

Director	Date of original appointment as a Director	Annual remuneration ¹	Notice period	Contracting company
Patrick Shanley	18.11.10	€104,000	3 months	Accsys
Paul Clegg	29.04.09	€339,000	12 months	Accsys
William Rudge	01.10.12	€173,000	6 months	Accsys
				Accsys and Titan Wood
Hans Pauli	01.04.10	€213,000	6 months	B.V.
Sean Christie	27.11.14	€61,000	3 months	Accsys
Sue Farr	27.11.14	€56,000	3 months	Accsys
Nick Meyer	17.05.11	€58,000	3 months	Accsys

¹ As at 31 March 2016

- (b) Save as disclosed above, there are no service agreements existing or proposed between the Directors and the Company or any of its subsidiaries which provide for benefits upon termination of the relevant Director's employment with the Group.

- (c) The aggregate emoluments (including any contingent or deferred compensation) including remuneration and benefits in kind of the Directors for the financial year ended 31 March 2016 were €1,779,000 and, in the case of the Directors on an individual basis, were (in Euro):

	Fees/ Basic Salary €'000	Cash bonus¹ €'000	Share bonus² €'000	Pension €'000	Benefits in kind €'000	2016 Total €'000	2016 Total GBP³ £'000
Sean Christie	61	—	—	—	—	61	45
Paul Clegg ⁵	339	173	251	34	20	817	587
Sue Farr ⁴	56	—	—	—	—	56	42
Montague John “Nick” Meyer ⁴	58	—	—	—	—	58	43
Hans Pauli	213	55	113	12	7	400	282
William Rudge	173	40	58	9	3	283	204
Patrick Shanley	104	—	—	—	—	104	76
	<u>1,004</u>	<u>268</u>	<u>422</u>	<u>55</u>	<u>30</u>	<u>1,779</u>	<u>1,279</u>

- 1 Represents annual bonus paid in cash in the period, relating to performance for the previous financial year.
- 2 Represents annual bonus awarded in the form of Ordinary Shares, relating to performance for the previous financial year. Shares are held in an Employment Benefit Trust and will fully transfer to the individual after a period of one year, assuming still employed or a good leaver and subject to regulation, for example the AIM Rules for Companies.
- 3 The total figures have also been presented in sterling in order to help provide a more relevant comparison between the two years as the majority of Directors' remuneration, including 100% of the CEO's remuneration, is denominated in sterling.
- 4 Sue Farr was appointed chairman of the Nomination & Remuneration Committee on 19 November 2015, replacing Nick Meyer.
- 5 Paul Clegg received an increase in benefits from January 2016 to reflect additional travel costs following the move of the head office from Windsor to London.

- (d) Under the arrangements currently in force, the aggregate contractual remuneration (including annual bonus and employer's national insurance) and benefits in kind of the Directors paid in FY2017 is expected to be approximately €1,518,500.
- (e) In addition to the contractual remuneration set out at (d) above, and as part of the Group's remuneration policy, the Executive Directors are eligible for an annual bonus award, as further described on pages 44 and 45 of the Group's statutory accounts for the year ended 31 March 2016. In line with the Group's remuneration policy, Executive Director annual bonuses for the FY2017 will be determined by the Nomination & Remuneration Committee by reference to certain performance measures and capped at 100% of basic salary. The Executive Directors will also be eligible for an extraordinary exceptional bonus award of up to a further 50% of basic salary, dependent on the successful completion of the Tricoya[®] Project (as determined by the Nomination & Remuneration Committee).
- (f) No amount has been set aside or accrued by the Company and its subsidiaries to provide pension, retirement or similar benefits.

10. Related party transactions

No transactions took place between the Group and any related parties in FY2016. A description of the material provisions of agreements and other documents between the Group and various individuals and entities that may be deemed to be related parties is given on page 68 of the Group's 2015 Annual Report and financial statements and on page 69 of the Group's 2014 Annual Report and financial statements which are incorporated by reference into this document as explained in Part XIII (Documentation Incorporated by Reference) of this document.

Save as aforesaid, no such transactions have been entered into by any member of the Group in the period since 31 March 2016 to 28 March 2017 (being the Last Practicable Date).

11. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) are all the contracts which have been entered into by members of the Group within the two years immediately preceding the date of this document, which are, or may be, material to the Group or are

contracts (not being contracts entered into in the ordinary course of business) which have been entered into at any time by any member of the Group and which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) Underwriting Agreement

The Company and Numis have entered into the Underwriting Agreement, dated 29 March 2017, pursuant to which Numis has agreed to use its reasonable endeavours to procure subscribers at the Offer Price for the Firm Placing Shares.

Numis has agreed to subscribe or procure subscribers at the Offer Price for any Firm Placing Shares in respect of which Firm Places are not found or payment is not received from Firm Places. The Firm Placing Shares are not subject to clawback and are not part of the Open Offer.

In consideration of services provided by Numis under the Underwriting Agreement, the Company has agreed to pay Numis a success fee of 3% of the gross proceeds of the Firm Placing and Open Offer (excluding the gross proceeds of any placing of Firm Placing Shares to Todlin N.V. or to any other investment company managed by Teslin Capital Management B.V. (or any of its affiliates), in respect of which the Company shall pay to Numis a commission of 2%) and an advisory fee of £225,000, each payable on completion of the Firm Placing and Open Offer. In addition, Numis will also be reimbursed for its costs and expenses properly incurred.

The obligations of Numis under the Underwriting Agreement are conditional upon, amongst other things:

- (i) Numis not having terminated the agreement in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective not later than 8.00 a.m. (BST) on 24 April 2017 (or such later time and/or date, being not later than 8 May 2017, as the Company and Numis may determine).

Numis can terminate the Underwriting Agreement at any time prior to Admission if, amongst other things:

- (i) the representations and warranties given by the Company were untrue, inaccurate or misleading when given or have ceased to be true or accurate or have become misleading, in each case to an extent which Numis considers in its sole judgement (acting in good faith) is material in the context of the Group (taken as a whole) or the Firm Placing and Open Offer;
- (ii) the Company fails to comply with any of its obligations under the Underwriting Agreement to an extent which Numis considers in its sole judgement (acting in good faith) is material in the context of the Group (taken as a whole) or the Firm Placing and Open Offer;
- (iii) in Numis' opinion (acting in good faith) a material adverse change occurs, or a development occurs that is reasonably likely to cause a material adverse change, affecting the Company or the Group; or
- (iv) in Numis' opinion (acting in good faith) (a) there has been a material adverse change in the financial markets, any outbreaks or escalation of hostilities, any act of terrorism or war or other calamity or crisis or any change or development involving a prospective change in the national or international political, financial or economic conditions, exchange rates or exchange controls, (b) trading in any securities of the Company, or trading in securities generally, is suspended or limited on the London Stock Exchange or Euronext Amsterdam or maximum or minimum prices for trading are fixed, (c) a material disruption occurs in commercial banking or securities settlement or clearance services in the United Kingdom or the EEA, or (d) a banking moratorium is declared by the United Kingdom or an EEA State, the effect of which (singly or together) is such as to make it impracticable, inappropriate or inadvisable to proceed with the Firm Placing and Open Offer, or the underwriting of the Firm Placing Shares.

After Admission, the Underwriting Agreement will not be subject to any condition or right of termination or rescission. The Company has given customary representations, warranties and indemnities to Numis in the Underwriting Agreement.

(b) Term loan facility agreement between Titan Wood BV (“TWBV”), Solvay Acetow, Titan Wood Limited (“TWL”) and Solvay UK Holding Company Limited (in each case as service agents) dated 25 November 2015, as amended on 20 December 2016 (“Solvay Acetow Loan Agreement”)

TWBV and TWL have entered into the Solvay Acetow Loan Agreement, pursuant to which Solvay Acetow has agreed to lend up to €9,500,000 (the “**Loan Amount**”) to TWBV for application exclusively towards the design, build and procurement of equipment in relation to the expansion of the Arnhem Plant.

The Loan Amount may be drawn down in the following tranches at TWBV’s discretion:

- (i) €2m within 56 days of satisfaction of the initial conditions precedent (this tranche was drawn down on 29 December 2016);
- (ii) €5.5m from the later of 31 May 2016 or the start of construction of the Arnhem Plant expansion, and until first repayment of the Loan Amount; and
- (iii) €2m from the later of 31 March 2017 or first start-up of the expanded Arnhem Plant.

On satisfaction of certain conditions precedent relating to each tranche, the Loan Amount may be drawn down and paid into a trust account held by TWBV for the benefit of Solvay Acetow, pending payment of invoices relating to the Arnhem Plant expansion. Conditions precedent include the provision of build and front end engineering design agreements to Solvay Acetow, confirmation of planning consents, provision of a budget in relation to the design and build of the expanded Arnhem Plant, a five year financial forecast and a schedule showing availability of funding for the completion of the expansion (plus a €3m contingency).

The Solvay Acetow Loan Agreement obliges TWBV to endeavour to realise:

- (i) consents and permissions in relation to the Arnhem Plant expansion by 31 July 2016;
- (ii) the start of construction of the Arnhem Plant expansion by 30 September 2016; and
- (iii) mechanical start-up of the expanded Arnhem Plant by 30 November 2017.

Breach of any of the above obligations will trigger a delay in the drawdown of the tranches but will not give rise to a claim in damages or an event of default under the Solvay Acetow Loan Agreement.

Under the Solvay Acetow Loan Agreement, interest is payable at the rate of 7.5% per annum, from the later of the date that tranches of the Loan Amount enter the trust account and 1 January 2016. There is a two year interest payment holiday during which time any accrued interest is to be capitalised into principal debt. The tranches of the Loan Amount are repayable in equal quarterly repayments over eight years from the second anniversary of the first drawdown.

Ten Business Days prior to any change of control of Solvay Acetow, all undrawn amounts are accelerated and paid into an escrow account held by an independent escrow agent (for subsequent drawdown in accordance with the terms of the Solvay Acetow Loan Agreement, e.g. on presentation of invoices).

The Solvay Acetow Loan Agreement provides for pre-payment either in whole or in part without penalty and contains limited representations and warranties given by each party, to be repeated on each drawdown of monies from the trust account. Indemnities are also provided for in market standard form.

The Solvay Acetow Loan Agreement contains event of default, information covenants and other covenants in favour of Solvay Acetow in line with market practice for a debt facility from a non-institutional lender. Covenants include provision of quarterly management accounts for Group companies, restrictions on indebtedness of up to €10m (subject to exceptions), restrictions on further loan facilities and the grant of further security and, in respect of TWBV, entry into any merger.

Mandatory repayment of the Loan Amount is required on:

- (i) change of control of TWBV without prior consent (not to be unreasonably withheld);
- (ii) sale of all (or substantially all) assets of TWBV; or

- (iii) the purpose for which the facility is provided (i.e., the Arnhem Plant expansion) being cancelled, terminated or frustrated (beyond any force majeure grace period permitted under the terms of the agreement)¹.

The Solvay Acetow Loan Agreement is governed by English law with disputes subject to the jurisdiction of the English courts.

The Solvay Acetow Loan Agreement is supported by security granted by members of the Group in favour of Solvay Acetow, including over plant, machinery, inventory and trade receivables. In respect of the latter the parties have entered into an inter-creditor agreement with ABN Amro, the Group's primary provider of credit, to regulate the terms of enforcement of security as between ABN Amro (with first ranking security) and Solvay Acetow (with second ranking security).

(c) Shareholder and subscription agreement relating to TTL, made between TWL, BP Alternative Energy International Limited (now known as BP Technology Ventures Limited (“BP Ventures”)) and TTL dated 2 February 2016, as amended on 20 October 2016, 20 December 2016, and 8 March 2017 and as amended and restated on 29 March 2017 (“TTL SSA”)

TTL's share capital comprises ordinary shares of €0.00001 each (“TTL Ordinary Shares”) and Series A preference shares of €0.00001 each (“TTL Preference Shares”).

Completion under the TTL SSA occurred on 2 February 2016, when TWL was allotted 375,000 TTL Preference Shares and BP Ventures was allotted 500,000 TTL Preference Shares. Thereafter TWL acquired a further 450,000 TTL Preference Shares and BP Ventures acquired a further 350,000 TTL Preference Shares.

Second Completion under the TTL SSA occurred on 29 March 2017. Immediately prior to Second Completion, each of TWL, TTL, BP Ventures, Medite, BGF and Volantis entered into a deed of amendment, application and adherence relating to the TTL SSA, pursuant to which (among other things) Medite, BGF and Volantis subscribed for TTL Preference Shares and TWL and BP Ventures subscribed for further TTL Preference Shares.

A summary of TTL's issued share capital, as of Second Completion, is set out below:

Shareholder	Number of TTL Ordinary Shares held	Number of TTL Preference Shares held	Total shareholding
TWL	7,800,000	19,610,654	27,410,654
BP Ventures	0	3,300,000	3,300,000
Medite	950,000	3,500,000	4,450,000
BGF	0	1,028,355	1,028,355
Volantis	0	566,645	566,645
Total	8,750,000	28,005,654	36,755,654

In addition, pursuant to the terms of the TTL SSA, TWL will be issued further TTL Preference Shares following the end of each financial quarter in consideration of the supply by TWL, at TTL's request, of Accoya[®] for market development in the preceding financial quarter (“**Market Seeding Shares**”). On Second Completion, TWL was issued 946,279 Market Seeding Shares (covering the period commencing on Completion and ending on Second Completion).

TTL Board

Pursuant to the terms of the TTL SSA, TWL has the right to appoint one director to the board of TTL (the “**TTL Board**”) for every whole 10% of the total TTL Preference Shares in issue held by TWL, up to a maximum of four directors (each a “**TWL Director**”). In addition, BP Ventures and Medite are each entitled to appoint one director for so long as they hold not less than 10% of the TTL Preference Shares in issue (the “**BP Director**” and the “**Medite Director**” respectively). BP Ventures has a right to appoint, in addition, one (non-voting) observer.

¹ Frustration is an English law doctrine which acts as a device to set aside contracts where an unforeseen event either renders contractual obligations impossible or radically changes the parties' principal purpose for entering into the contract.

As of Second Completion, the TTL Board comprises:

TWL Directors:	Paul Clegg, William Rudge, Hans Pauli and Angus Dodwell
BP Director:	Akira Kirton
Medite Director:	Gerard Britchfield

TWL is entitled to appoint the chairperson of the TTL Board (with no casting vote) and company secretary, subject to retaining a majority of all the issued shares in TTL from time to time. Board meetings of TTL are held no less than quarterly. As of Second Completion, subject to certain exceptions, the quorum for meetings of the TTL Board is at least one TWL Director together with each of the BP Director and the Medite Director.

Reserved matters

The TTL SSA contains separate lists of matters which require the prior consent of either:

- (i) a TWL Director and either of the BP Director or Medite Director; or
- (ii) the holders of at least 75% of the TTL Preference Shares then in issue, which must include either BP Ventures or Medite (for so long as they hold at least 10% of the TTL Preference Shares in issue) (an “**Investor Majority**”); or
- (iii) each shareholder which holds not less than 5% of the TTL Preference Shares then in issue (the “**Super Majority**”); or
- (iv) each shareholder which holds not less than 3% of the TTL Preference Shares as at Second Completion (the “**Extra Majority**”).

Warranties

Pursuant to the TTL SSA, each of TWL and TTL gave warranties to BP Ventures at Completion. On Second Completion, TTL (only) gave warranties to Medite, BGF and Volantis.

TWL’s liability in respect of the warranties given in the TTL SSA is capped at €1,000,000 and TTL’s liability is capped to the total amount subscribed by BP Ventures, Medite, BGF and Volantis (with no single investor being entitled to recover an amount greater than its cash subscription). Any warranty claim by BP Ventures must be made first against TTL before a claim can be made against TWL. If TTL is unable (or fails) to settle a substantiated claim, TWL agrees to settle the same (up to €1,000,000). Liability under the warranties expires 18 months after the date at which they are given if notice has not been served of a claim prior to that date. Disclosures against the warranties are given pursuant to a disclosure letter.

The TTL SSA is governed by English law and is subject to the exclusive jurisdiction of the English courts.

TTL articles of association

The articles of association of TTL provide for the following:

(A) Dividends

Holders of TTL Preference Shares accrue an annual preference dividend equal to 5% per annum of the issue price of such TTL Preference Share (the “**Preference Dividend**”), prior to any other monies being paid by way of dividend to holders of TTL Ordinary Shares. Such preference dividend is paid out on a sale, liquidation or IPO.

(B) Liquidation

On a liquidation, sale or asset sale, the surplus assets or proceeds of sale (as appropriate) shall be applied:

- (i) first, (and for so long as TWL holds at least 20% of all of the equity shares in issue) in the event that the aggregate surplus assets or proceeds of sale (as the case may be) exceeds €300,000,000, an amount equal to 10% of the amount by which the value of the surplus assets or proceeds of sale exceeds €300,000,000 shall be paid to TWL up to a maximum amount of €10,000,000;
- (ii) second, in paying to each of the holders of TTL Preference Shares an amount per TTL Preference Share equal to the amount paid up on such TTL Preferences Shares plus any accrued but unpaid dividends; and

(iii) the balance shall be distributed among the holders of all equity shares *pro rata*.

(C) Shareholder meetings

The quorum for shareholder meetings shall be two shareholders, of which one must be TWL and one must be BP, Medite, BGF or Volantis. Where a meeting is not quorate and adjourned, when reconvened, the quorum shall be any two shareholders.

Each shareholder, whether holding TTL Ordinary Shares or TTL Preference Shares, shall be entitled to one vote for each share held at a shareholder meeting.

(D) Conversion of TTL Preference Shares

Any holder of TTL Preference Shares may elect to convert its TTL Preference Shares at any time into TTL Ordinary Shares on a 1:1 basis.

All TTL Preference Shares shall automatically convert into TTL Ordinary Shares on a 1:1 basis following notice by the Extra Majority and Super Majority or immediately prior to a Qualifying IPO (being an IPO where (i) the subscription amount is at least €60,000,000; (ii) an offer price of four times the original subscription price is achieved; and (iii) it is approved by the Investor Majority).

(E) Allotment of new shares

No new shares shall be issued without the consent of an Investor Majority, and shall be issued subject to existing shareholder rights of pre-emption.

(F) Transfer of shares

No shareholder may transfer any of its shares within three years of Second Completion, save to certain permitted transferees, which shall include group companies. Any transfer of shares after three years of Second Completion shall be subject to rights of pre-emption.

Where a transfer of shares would give the proposed purchaser a controlling interest in TTL, the seller must first procure that the purchaser offer to buy the remaining members' shares at the same price being offered to the primary seller.

Where any shareholder wishes to transfer in excess of 50% of his interest in any TTL Preference Shares, in addition to rights of pre-emption, other preference shareholders shall be afforded the right to sell the same proportion of their preference shares at the same price to the proposed purchaser.

If an Investor Majority wishes to sell all of their shares to a third party, the Investor Majority may compel other shareholders to also sell their interests to such third party for the same consideration (and without rights of pre-emption applying).

If a proposed purchaser attempts to acquire the entire issued share capital of TTL, then subject to the terms of the TTL SSA, BP Ventures shall have the right to make an offer to acquire the entire issued share capital of TTL.

(d) Shareholder and subscription agreement relating to TVUK, made between TTL, BP Chemicals, Medite and TVUK dated 29 March 2017 (“TVUK SSA”)

Shareholdings in TVUK are as follows:

Shareholder	Number of TVUK Ordinary Shares held
TTL	6,899,454
BP Chemicals	3,347,870
Medite	912,243
TOTAL	11,159,567

The board of TVUK (the “**TVUK Board**”) shall review the on-going funding requirements of the Company on a quarterly basis and, subject to certain exceptions and conditions set out in the TVUK SSA, the TVUK Board may issue a subscription call (a “**Subsequent Subscription Call**”) requiring the members of TVUK (including TTL) to subscribe for additional TVUK

Ordinary Shares, provided that no shareholder may be required to subscribe for more than a stated maximum. The TVUK SSA provides for certain processes in the event that a shareholder does not comply with a Subsequent Subscription Call made in accordance with the terms of the TVUK SSA, including that the non-subscribing shareholder(s) shall be deemed to give a transfer notice to the shareholders who have participated in the Subsequent Subscription Call in respect of all of the shares held by the non-subscribing shareholder at fair value discounted by 20%.

TVUK Board and appointment of key management

Each shareholder of TVUK shall have the right to appoint one director to the TVUK Board for every whole 13% of the equity shares in TVUK held by such shareholder, provided that Medite shall have the right to appoint one director to the TVUK Board for so long as it holds not less than 5% of the equity shares in issue.

As of completion of the TVUK SSA, the TVUK Board comprises:

Directors nominated by TTL (each a “ TTL Director ”)	Paul Clegg, William Rudge, Pierre Lasson and Angus Dodwell
Directors nominated by BP Chemicals (each a “ BP Chemicals Director ”)	Nigel Dunn and Alan Williamson
Director nominated by Medite	Neil Foot

The chairman of the TVUK Board will be appointed by the shareholder who for the time being has the right to appoint a majority of the directors (the “**Majority Shareholder**”), currently TTL. The chairman of the TVUK Board will not have a second or casting vote.

Meetings of the TVUK Board will be held no less than quarterly. Subject to certain exceptions, the quorum for meetings of the TVUK Board will be at least two directors, one of whom must be a TTL Director and one of whom must be a BP Chemicals Director.

Reserved matters

The TVUK SSA contains separate lists of matters which require the prior consent of either:

- (i) the holders of not less than 70.01% of the equity shares then in issue (a “**Shareholder Majority**”); or
- (ii) each shareholder which holds not less than 5% of the equity shares then in issue (the “**Shareholder Super Majority**”).

Restrictive covenants

The TVUK SSA contains restrictions on shareholders from competing with the business of TVUK whilst they are shareholders, and for two years post-shareholding, subject to certain exceptions.

Further financing of TVUK

In the event that TVUK experiences cost over-runs (compared to the initial budget agreed by shareholders), such cost over-runs shall be put before shareholders and, if so approved by a Shareholder Majority, financed by TVUK making an offer to all of the shareholders to subscribe for additional TVUK Ordinary Shares pro-rata to their existing shareholdings at that time (“**Further Shares**”). In the event that any shareholder does not subscribe for its full entitlement of Further Shares, subject to certain exceptions set out in the TVUK SSA, then 12.5% of the shares held by that shareholder shall immediately be converted into deferred shares.

In addition, in accordance with the RBS Facility Agreement, the shareholders of TVUK may be required to deposit certain funds into a designated account in the event that TVUK cannot comply with its obligations pursuant to the RBS Facility Agreement. If any of the shareholders (each a “**Non-Funding Shareholder**”) do not pay to such amount when properly required to do so in accordance with the terms of the TVUK SSA then, in certain circumstances set out in the TVUK SSA, 12.5% of the shares held by each Non-Funding Shareholder shall be converted into deferred shares.

(e) *Engineering procurement and construction agreement between Titan Wood B.V. and Fabricom B.V. dated 3 November 2016 (“Arnhem EPC Agreement”)*

Under the terms of the Arnhem EPC Agreement, Fabricom B.V. is engaged to provide such detailed engineering design and equipment and material procurement services to Titan Wood B.V. as are required to construct plant and infrastructure and install the third Accoya[®] wood reactor at the Arnhem Plant. In addition, under the Arnhem EPC Agreement, Fabricom B.V. is also obliged to carry out its services in line with an agreed timetable that provides for mechanical completion, pre-commissioning and thereafter take-over by Titan Wood B.V. by December 2017 (save in the instance of agreed variations). Initial work under the Arnhem EPC Agreement includes the verification of preliminary engineering designs, following which the budgeted price of approximately €11 million will be fixed (subject to any agreed variations or capped bonuses for early delivery) or adjusted to the extent that any design assumptions were incorrect. The Arnhem EPC Agreement can be terminated by Titan Wood B.V. at any time without cause. The Arnhem EPC Agreement is otherwise materially on the terms set out in the Lump Sum Form of Contract, The Red Book, Fifth Edition, 2013, published by the Institution of Chemical Engineers.

(f) *Engineering procurement and construction agreement between Tricoya Technologies Limited and Fabricom Oil Gas and Power Limited (“Fabricom”), dated 13 February 2017, as novated by TTL to TVUK on 29 March 2017 (“Hull EPC Agreement”)*

Under the terms of the Hull EPC Agreement, Fabricom is engaged to provide such detailed engineering design and equipment and material procurement services to TVUK as are required to construct the Hull Plant. In addition, under the Hull EPC Agreement, Fabricom is obliged to construct the Hull Plant in line with an agreed timetable that provides for completion of construction by early 2019 (save in the instance of agreed variations). Initial work under the Hull EPC Agreement includes the verification of preliminary engineering designs, following which the budgeted price of approximately £21 million will be fixed (subject to any agreed variations or capped bonuses for early delivery) or adjusted to the extent any design assumptions were incorrect. The Hull EPC Agreement can be terminated by TVUK at any time without cause. The Hull EPC Agreement is otherwise materially on the terms as set out within the Lump Sum Form of Contract, The Red Book, Fifth Edition, 2013, as published by the Institution of Chemical Engineers.

(g) *Subscription agreement between BGF, BGF plc, Volantis and the Company (“BGF/Volantis Subscription Agreement”)*

The BGF/Volantis Subscription Agreement is dated 29 March 2017 and is made between the Company, BGF, BGF plc and Volantis in connection with the BGF Financing and the Volantis Financing. Under the terms of the BGF/Volantis Subscription Agreement, BGF agreed to subscribe for (i) the BGF Loan Notes and (ii) 1,028,355 A Preference Shares in the capital of TTL and to enter into the BGF Option Agreement. Likewise, Volantis agreed to subscribe for (i) the Volantis Loan Notes and (ii) 566,645 A Preference Shares in the capital of TTL and to enter into the Volantis Option Agreement.

The Company provided customary warranties to BGF and Volantis under the BGF/Volantis Subscription Agreement, including in respect of, among other things, corporate and financial information, pensions and employees, intellectual property rights, litigation and anti-bribery and corruption processes. The Company’s liability in respect of the warranties expires on the second anniversary of the BGF/Volantis Subscription Agreement, unless it has been given notice of claims on or before this date, and is capped at the aggregate sum invested by BGF and Volantis together under the BGF/Volantis Subscription Agreement.

The rights under the BGF/Volantis Subscription Agreement may only be transferred to members of BGF and Volantis’ respective groups or to financial institutions.

Consents

The Company has agreed that it will not undertake the following actions without the consent of the holders of at least 60% in principal of the Loan Notes (disregarding Loan Notes held by any noteholder with less than £4,000,000 in principal of the Loan Notes):

Business operations

- (i) expand, develop or evolve the business otherwise than through the Group or make any material change in the nature of the business of any Group Company;
- (ii) make any material disposal or acquisition of assets or the whole or a material part of a business or acquire or dispose of a material interest in the share capital of any company;
- (iii) take any steps to wind up any Group Company;
- (iv) the carrying out by any Group Company of any activity (a) regulated by the FCA in relation to which a registration with the FCA is required, including consumer credit, or (b) that could render it a Financial Institution or the activity is of a nature which is subject to supervision by the Prudential Regulation Authority;
- (v) commence, expand or change to a defence related activity;

Finance

- (vi) any borrowing or other indebtedness or liability in the nature of borrowing by any Group Company, other than the existing facilities and certain permitted borrowing;
- (vii) any material amendments to the documents relating to the existing facilities, or the granting of any security or the provision of any guarantees by a Group Company or entering into any agreements pursuant to which the Company may be contractually restricted from making payments pursuant to any of the Loan Notes;

Remuneration and employment

- (viii) except as approved by the Nomination & Remuneration Committee, appoint, terminate or vary the benefits of any director of the Company;
- (ix) except as approved by the Nomination & Remuneration Committee, allow the benefits of any director of the Company to increase by more than the increase in the all items retail prices index compiled by the Office of National Statistics from the date of the last previous review or setting of such benefits;
- (x) except as approved by the Nomination & Remuneration Committee, pay any compensation for loss of office to a director of the Company, save pursuant to a decision or order of a court of competent jurisdiction or an employment tribunal;

Shareholdings and share structure

- (xi) announce an intention to seek cancellation of the admission of the BGF Option Securities or the Volantis Option Securities to trading on both AIM and Euronext Amsterdam, or take any act or make any deliberate omission that may give rise to such cancellation, save (a) where such securities are admitted to trading on an alternative recognised public market; and/or (b) where such cancellation would take place following an offer by a third party to acquire all of the shares in the capital of the Company; or
- (xii) undertake any reduction of the Company's share capital for the purposes of facilitating the payment of a dividend to shareholders.

At any time when no investor holds £4,000,000 or more in principal amount of Loan Notes these consent obligations will have no force or effect (save in respect of (iv) and (v) above which shall endure so long as any investor holds any Loan Notes or is entitled to subscribe for any BGF Option Securities or Volantis Option Securities or any BGF Additional Option Securities or Volantis Additional Option Securities).

In addition to these investor consent obligations, the Company also has certain investor consultation obligations under the BGF/Volantis Subscription Agreement. These include an obligation to consult investors where the Company proposes to enter into a new arrangement in the nature of a joint venture, partnership or consortium, or a variation to any such existing such arrangement, for which the Company proposes to contribute in excess of £1,000,000.

Continuing obligations

For as long as a noteholder holds at least £4,000,000 in principal of the Loan Notes, the Company must comply with specific continuing obligations, including providing such noteholders with copies of the Group's monthly management accounts, half yearly report, preliminary results announcements and annual report and financial statements.

BGF Additional Option and Volantis Additional Option

In addition to the BGF Option Agreement and the Volantis Option Agreement described at (h) and (i) respectively below, the Company has agreed to use its reasonable endeavours to obtain shareholder authorities at the General Meeting to grant to BGF a further option (the “**BGF Additional Option**”) in respect of 2,610,218 Ordinary Shares (subject to adjustment for dilutive events) (the “**BGF Additional Option Securities**”) and to grant to Volantis a further option (the “**Volantis Additional Option**”) in respect of 1,438,284 Ordinary Shares (subject to adjustment for dilutive events) (the “**Volantis Additional Option Securities**”). If Resolutions 2 and 5 are not passed at the General Meeting in respect of the BGF Additional Option and the Volantis Additional Option, the Company has agreed to use its reasonable endeavours to obtain the necessary shareholder authorities at the next annual general meeting of the Company (the “**Second Meeting**”) and, if the Company is unable to obtain the shareholder authorities at the Second Meeting, at the next annual general meeting of the Company thereafter (the “**Third Meeting**”).

Provided the BGF Additional Option has not been granted at the relevant time, BGF is, at any time prior to the date on which the BGF Loan Notes are redeemed in full, entitled to serve notices on the Company setting out the number of BGF Additional Option Securities in respect of which BGF would have exercised the BGF Additional Option had it been granted at the date of such notice (the “**BGF Further Option Exercise Notices**”). Volantis will likewise be entitled to serve equivalent notices on the Company (the “**Volantis Further Option Exercise Notices**”).

If the Company obtains shareholder authority to grant the BGF Additional Option, whether at the General Meeting, the Second Meeting or the Third Meeting, the Company will be obliged, as soon as reasonably practicable thereafter:

- (i) to grant the BGF Additional Option on substantially the same terms as the BGF Option in respect of the BGF Additional Option Securities; and
- (ii) on the same Business Day to issue the Ordinary Shares in respect of which BGF has served a BGF Further Option Exercise Notice in return for the payment of cash consideration equal to the aggregate number of Ordinary Shares being issued to BGF multiplied by the Phantom Option Consideration for those Ordinary Shares (and this will serve to reduce the number of BGF Additional Option Securities accordingly).

These consequences will likewise apply if the Company obtains shareholder authority to grant the Volantis Additional Option, whether at the General Meeting, the Second Meeting or the Third Meeting.

In the case of BGF, if the Company is unable to obtain shareholder approval to grant the BGF Additional Option at the Third Meeting, or has not obtained the shareholder approval at any time prior to the Third Meeting when the BGF Loan Notes are to be redeemed in full (the “**Loan Note Redemption Date**”), the BGF Additional Option will not be granted and instead BGF may become entitled to a cash settlement from the Company (the “**Cash Settlement**”) in the following circumstances.

The Cash Settlement for each BGF Further Option Exercise Notice served prior to the date on which the Cash Settlement is to be made is to be calculated as follows:

- (i) the aggregate market value in sterling of any Ordinary Shares in respect of which BGF has served a BGF Further Option Exercise Notice (calculated using the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the 90 trading days immediately prior to the date of such notice); less
- (ii) an amount in sterling equal to the number of Ordinary Shares that are subject to such a notice multiplied by the Phantom Option Consideration for those Ordinary Shares,

with no payment to be made if the calculation produces a negative result.

If BGF has served a BGF Further Option Exercise Notice prior to the Loan Note Redemption Date, any Cash Settlement payable in respect of such a notice will be paid by the Company to BGF on the Loan Note Redemption Date.

If the Loan Note Redemption Date occurs prior to 30 June 2023 and, as at the Loan Note Redemption Date, BGF has not served BGF Further Option Exercise Notices in respect of all the BGF Additional Option Securities, BGF’s right to serve a BGF Further Option Exercise

Notice will continue until 30 June 2023, on which date the Company will pay any Cash Settlement payable in respect of any BGF Further Option Exercise Notices served since the Loan Note Redemption Date.

If, at 30 June 2023, BGF has not served BGF Further Option Exercise Notices in respect of all the BGF Additional Option Securities, BGF's right to serve a BGF Further Option Exercise Notice will continue into 2024. BGF may only serve such a notice on the Company during the 15 Business Day period immediately following the preliminary announcement of the Company's financial results. The Company will be obliged to pay any Cash Settlement payable to BGF within 90 Business Days following the receipt of such a notice. In addition, subject to certain conditions, the Company may elect to treat a BGF Further Option Exercise Notice as having been served on it during such 15 Business Day period and may pay any resulting Cash Settlement to BGF accordingly. In either case, the Company may elect at its sole discretion whether to pay the Cash Settlement in cash or by way of the allotment and issue to BGF of Ordinary Shares with an aggregate market value equal to the amount of the relevant Cash Settlement. BGF's right to serve a BGF Further Option Exercise Notice, and the Company's right to treat such a notice as having been served, will continue into 2025 and 2026, subject to similar conditions (save that, in 2026, BGF may serve a BGF Further Option Exercise Notice on the Company and, subject to certain conditions, the Company may elect to treat such a notice as having been served on it, during the period beginning with the day that is one Business Day after the preliminary announcement of the Company's financial results until but excluding 31 December 2026). All rights of BGF in respect of the BGF Additional Option Securities will lapse as at 31 December 2026.

Volantis will be entitled to receipt of the Cash Settlement in equivalent circumstances.

(h) Option agreement between BGF and the Company (“BGF Option Agreement”)

The BGF Option Agreement is dated 29 March 2017. Under the terms of the BGF Option Agreement, BGF is granted the option to subscribe for 5,838,954 new Ordinary Shares (the “**BGF Option Securities**”) for consideration of £1.00. The BGF Option may be exercised at any time up to and including 31 December 2026 in respect of all or any part of the BGF Option Securities. The exercise price under the BGF Option Agreement is £0.62 in cash per BGF Option Security (the “**BGF Exercise Price**”). The BGF Option Agreement includes customary anti-dilution provisions which would adjust the number of BGF Option Securities and/or the BGF Exercise Price on the occurrence of relevant adjustment events. In addition, the BGF Exercise Price is subject to downwards only adjustment in the event that the Company issues Ordinary Shares under a fundraising at a price below the BGF Exercise Price at any time in the period commencing on the date of the BGF Option Agreement and ending on the earlier of (i) the date on which the aggregate amount of funds raised by the Company pursuant to such issues of Ordinary Shares exceeds £15,000,000 and (ii) the date that is two years after the date of the BGF Option Agreement.

In the event that BGF serves an exercise notice on the Company and, in the Company's reasonable opinion, the admission to trading on Euronext Amsterdam of all or some of the BGF Option Securities specified in the notice would result in a requirement for the Company to issue a prospectus, the Company will issue the maximum number of BGF Option Securities that can be admitted to trading on Euronext Amsterdam without a prospectus (without the application of the exemption set out in Section 5:4 paragraph 1(g) of the Dutch Act on Financial Supervision (the “**Conversion Exemption**”). The Company will then apply to the AFM for a confirmation that the Conversion Exemption will apply to the remainder of the BGF Option Securities specified in the notice (the “**Excess BGF Option Securities**”). If, within 20 Business Days of the application, the AFM confirms that the Conversion Exemption is available or, at the end of such period, the Company otherwise concludes (in its absolute discretion) that a prospectus is not required under applicable law, the Company and BGF must comply with their respective obligations under the BGF Option Agreement in respect of issuing the BGF Excess Option Securities and applying for their admission to trading. If, within 20 Business Days of the application, the AFM does not confirm that the Conversion Exemption is available and the Company does not, at the end of such period, conclude (in its absolute discretion) that a prospectus is not required under applicable law, the Company must elect (in its absolute discretion) either (i) to use reasonable efforts to prepare and publish a prospectus in respect of the proposed issue and admission to trading of the BGF Excess Option Securities; or

(ii) to pay a cash settlement to BGF in respect of the BGF Excess Option Securities. If a prospectus is not published within 12 weeks of the Company's election to publish a prospectus, the Company must instead pay the cash settlement to BGF.

For as long as BGF holds Ordinary Shares following the exercise of the BGF Option in full or in part, where BGF intends to sell Ordinary Shares representing in excess of 3% of the Company's issued ordinary share capital at that time, BGF must use reasonable endeavours to provide the Company with two Business Days' written notice of the intended sale and keep the Company informed of the status of the sale and the identity of the bidder(s), to the extent permitted by law and to the extent commercially reasonable.

The Company must notify BGF when any Takeover Offer becomes wholly unconditional or Scheme becomes effective at the same time as it is publicly announced or otherwise communicated to Shareholders. BGF will be entitled to exercise the BGF Option at any time up to the date that is ten Business Days after the announcement that the Takeover Offer has become wholly unconditional or the Scheme has become effective. If the BGF Option is not exercised within this period, it will lapse.

Under the terms of a lock-up agreement between BGF and the Company, the transferees of the BGF Option are restricted to financial institutions or members of BGF's group.

(i) Option agreements between Volantis and the Company ("Volantis Option Agreement")

The Volantis Option Agreement is dated 29 March 2017. The terms of the Volantis Option Agreement are identical to those of the BGF Option Agreement, save that Volantis is granted the option to subscribe for 3,217,383 new Ordinary Shares (the "**Volantis Option Securities**") for consideration of £1.00. Under the terms of lock-up agreements between Volantis and the Company, the transferees of the Volantis Option are likewise restricted to financial institutions or members of Volantis's group.

(j) Loan note instrument constituting the BGF Loan Notes and the Volantis Loan Notes ("Loan Note Instrument")

The Loan Note Instrument, dated 29 March 2017, constitutes a total of £16,250,000 unsecured fixed rate loan notes due 2021 ("**Loan Notes**").

The principal amount of the BGF Loan Notes is £10,476,974. Interest at a rate of 7% per annum will accrue on the BGF Loan Notes from the date of issue until and including 31 December 2018. Such interest will be due for payment in cash on the first Business Day following 1 January 2019. Thereafter, interest at a rate of 7% per annum will be payable in cash quarterly.

The principal amount of the Volantis Loan Notes is £5,773,026. Interest at a rate of 7% will accrue on the Volantis Loan Notes from the date of issue until and including 31 December 2018. Thereafter interest will accrue at an enhanced rate of 9% per annum. All interest on the Volantis Loan Notes will be payable in cash on the date of redemption.

The Loan Notes are redeemable by the Company in equal tranches on a half yearly basis commencing 31 December 2021. The Company has the option to redeem the Loan Notes prior to the specified redemption dates at any time after the third anniversary of the date of the Loan Note Instrument in whole or in part (but in no more than two instalments in an amount of no less than £500,000). The Company must pay to all the noteholders at the time of early repayment a fee equal to 12 months' interest on the principal amount being repaid at a rate of 7% or 9% per annum (as the case may be) (the "**Early Redemption Payment**").

The Company must repay all the Loan Notes (together with all interest accrued thereon and the Early Redemption Payment) in one instalment on completion of either (a) any person or persons acting in concert acquiring at least 50% of the total voting rights in the Company or (b) the disposal of all or substantially all of the business and assets of the Group.

The Loan Note Instrument includes customary events of default including material or persistent breach of certain terms of the Loan Note Instrument and a cross-default clause that is subject to a de minimis threshold of £250,000. If an event of default occurs, the noteholders will be entitled to require their respective holdings of Loan Notes to be redeemed in full immediately, together with accrued unpaid interest and the Early Redemption Payment.

The Loan Notes may only be transferred in tranches of at least £1,000,000. Unless the Company has given prior written consent, the transferees of the Loan Notes are restricted to financial institutions or members of the noteholder's group.

(k) *Guarantee agreement between the Company, Titan Wood Limited, Titan Wood B.V., BGF and BGF plc ("BGF Guarantee Agreement")*

Under the terms of the BGF Guarantee Agreement, dated 29 March 2017, Titan Wood Limited and Titan Wood BV agree to guarantee the Company's performance of all its obligations under the BGF Loan Notes and to indemnify BGF against any loss incurred as a result of the Company's failure to perform such obligations.

(l) *Guarantee agreement between the Company, Titan Wood Limited, Titan Wood B.V. and Volantis ("Volantis Guarantee Agreement")*

The terms of the Volantis Guarantee Agreement, dated 29 March 2017, are identical to those of the BGF Guarantee Agreement.

(m) *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 and (5) RBS as security trustee for the secured parties ("RBS Facility Agreement")*

The RBS Facility Agreement provides for a six-year €17.2m (€15 million net) facility in respect of the construction and operation of the Hull Plant. Interest is rolled up over the period until the Hull Plant is expected to be cash-flow generative. Repayments commence one year following completion of the Hull Plant with interest payable at 4.75% above EURIBOR, reducing to 3.25% once the Hull Plant is operational and certain ratios are met. As a condition precedent to the RBS Facility Agreement, amongst other requirements, TVUK is required to enter into a debenture in favour of RBS. In addition, each of TTL, BP and Medite are required to grant share charges in favour of RBS in relation to the issued share capital of TVUK.

12. Working capital

The Company is of the opinion that, taking into account existing available facilities and the net proceeds of the Firm Placing, 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 document.

For the purposes of the AIM Rules for Companies, in the opinion of the Directors, having made due and careful enquiry and taking into account existing available facilities and the net proceeds of the Firm Placing, the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least the next 12 months from the date of Admission.

13. Significant change

On 29 December 2016 the Company received €2m, this being the first part of the €9.5m payable to the Company under the Solvay Acetow Loan Agreement to fund the expansion of the Arnhem Plant.

Save as described above in this paragraph 13 of Part XII (Additional Information), there has been no significant change in the financial or trading position of the Group since 30 September 2016, the date to which the Company's last unaudited condensed consolidated interim financial statements incorporated into this document by reference, as explained in Part XIII (Documentation Incorporated by Reference), are prepared.

14. Governmental, legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any which were pending or threatened of which the Company is aware) during the 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or Group.

15. Principal establishments

Titan Wood B.V. has leased a number of buildings at Industriepark Kleefse Waard, Westervoortsedijk, Arnhem, the Netherlands. The annual rent for the principal office building is currently €137,559 and is subject to annual indexation by the Dutch Consumer Price Index. The lease term in respect thereof runs until 31 March 2017, and is subject to annual extensions. Titan Wood B.V. has in addition entered into a lease relating to Westervoortsedijk 73, Arnhem, the Netherlands,

which relates to the new office and warehouse currently being constructed as part of the first stage of the Arnhem Plant expansion. This lease is expected to commence following completion of the expansion and by 2018, at which point the current office lease will be terminated. The annual rent is expected to be €1,351,613 and is subject to indexation on the basis of CPI All Households (2006=100). The new lease term runs until 31 October 2037 and may be extended for a contiguous period of five years thereafter.

TWL has the use of office accommodation at Brettenham House, 19 Lancaster Place, London, WC2E 7EN under a lease. The annual rent of £265,588 is subject to review in December of each year.

Titan Wood Inc. has leased premises at 5000 Quorum Drive, Suite 620, Dallas, Texas 75254, USA. The annual rent is \$57,969 and the lease term runs to 31 March 2020, after which it may be extended.

TVUK has entered into an agreement for lease with BP Chemicals pursuant to which an underlease is to be granted by BP Chemicals to TVUK following superior landlord consent and subject to the satisfaction of certain other conditions. The underlease is for a 20 year term (and thereafter TVUK may, at its option, call for the grant of a new lease of a ten year duration) and relates to the land at which the Hull Plant is to be constructed. The annual rent of £60,000 is subject to review every five years.

16. Taxation

UK Taxation

The following information is intended only as a general guide to current UK tax legislation and to current published practice of Her Majesty's Revenue & Customs ("HMRC"). The information is not exhaustive and if potential investors are in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares, or are subject to tax in any jurisdiction other than the UK, they should seek advice from their own professional advisors without delay. Investors should note that tax law and interpretation can change and that, in particular, the level and basis of, and reliefs from, taxation may change and that may alter the benefits of investment.

The following information is intended to apply only to Qualifying Shareholders who (unless the position of non-UK resident Shareholders is expressly referred to) are resident, and in the case of individuals, domiciled, in the UK for UK taxation purposes (and not in any other territory), who hold their Ordinary Shares directly as investments and who are the beneficial owners of their Ordinary Shares and who have not acquired (or been deemed to have acquired) their Ordinary Shares through any form of option arrangements or by reason of their or another person's office or employment. The information may not apply to certain classes of Shareholders, such as dealers in securities or Qualifying Shareholders who are trustees or who hold their Ordinary Shares through any form of investment vehicle.

The rates and allowances for 2017/18 stated in the UK tax section are those announced in the UK Budget on 8 March 2017. These measures are expected to be given effect by the Finance Act 2017 in due course but are potentially subject to change.

(a) Dividends

There is no UK withholding tax on dividends.

Individual Shareholders

All dividends received from the company by an individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes.

A nil rate of income tax will apply to the first £5,000 of dividend income received by an individual Shareholder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.

Any dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the following dividend rates for 2016/17 and 2017/18:

- (i) at the rate of 7.5%, to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;

- (ii) at the rate of 32.5%, to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- (iii) at the rate of 38.1%, to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax. Dividend income that is within the dividend nil rate amount counts towards an individual's basic or higher rate limits, and will therefore potentially affect the level of savings allowance to which they are entitled and the rate of tax that is due on any dividend income in excess of the nil rate amount. In calculating into which tax band any dividend income over the nil rate falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax that are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to UK tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (currently a rate of 20% with effect from 1 April 2015 reducing to 19% from 1 April 2017, and reducing to 17% from 1 April 2020) from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on ordinary shares that are non-redeemable shares and do not carry any present or future preferential rights to dividends or to a company's assets on its winding up, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made), are examples of dividends within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

Non-UK resident Shareholders

A non-UK resident Shareholder is not generally subject to UK tax on dividend receipts. However where a non-UK resident Shareholder carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade or, in the case of corporation tax, the Ordinary Shares are held by or for a UK permanent establishment through which the trade is carried on, there may be a liability to UK tax.

A Shareholder resident outside the UK may be subject to taxation on dividend income under their local laws. Any such Shareholder should consult his (or its) own tax advisers concerning his (or its) tax liabilities (in the UK and any other country) on dividends received from the Company.

(b) UK taxation of chargeable gains arising on sale or other disposal

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his holdings in those Ordinary Shares.

A disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on a disposal of shares is 10% (2016/2017) for individuals who are subject to income tax at the basic rate and 20% (2016/2017) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £11,100 for the year to 5 April 2017 and £11,300 for the year to 5 April 2018) without being liable to UK capital gains tax.

UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 20% for companies with effect from 1 April 2015) or an allowable loss

for the purposes of UK corporation tax. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax by increasing the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index but indexation allowance cannot create or increase any allowable loss.

Open Offer

The issue of New Ordinary Shares pursuant to the Open Offer to Shareholders that are resident in the UK for UK tax purposes will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains and accordingly, any New Ordinary Shares acquired pursuant to the Open Offer will be treated as separately acquired from any Existing Ordinary Shares held. For both corporate and individual Shareholders, the New Ordinary Shares should be pooled with their Existing Ordinary Shares and the share identification rules will apply on a future disposal. For the purposes of calculating the indexation allowance on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made.

Firm Placing

The acquisition of New Ordinary Shares pursuant to the Firm Placing will not be regarded as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly such an acquisition of New Ordinary Shares will instead be treated as a separate acquisition of shares. Again, for existing corporate and individual Shareholders, the New Ordinary Shares should be pooled with their Existing Ordinary Shares and the share identification rules will apply on a future disposal. For the purposes of calculating the indexation allowance on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made.

Non-resident Shareholders

A Shareholder who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax, unless such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency or, in the case of a non-UK resident corporate Shareholder, a permanent establishment to which the Ordinary Shares are attributable.

Subject to the exceptions set out in the paragraph above, individual Shareholders who are not resident in the UK will not be subject to UK capital gains tax in respect of gains arising on disposals of Ordinary Shares. However, a Shareholder who has previously been resident or ordinarily resident in the United Kingdom may in some cases be subject to UK tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the United Kingdom.

(c) *Stamp duty and SDRT*

The following statements are intended as a general guide to the current UK stamp duty and SDRT position for holders of New Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with clearance services and depositary receipt systems, may not be liable to stamp duty or SDRT or may be liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

The comments in this section relating to stamp duty and SDRT apply whether or not a Qualifying Shareholder is resident in the UK.

The issue

No stamp duty or SDRT is ordinarily payable on the New Ordinary Shares to be issued by the Company.

However, Qualifying Shareholders who wish to take up their Open Offer Entitlements should note that the New Ordinary Shares subscribed for and/or purchased by them under the Open Offer will only be delivered into the accounts of such Qualifying Shareholders (or their nominees) in the clearance system operated by Euroclear Nederland. The stamp duty/SDRT consequences of this are set out below under the sub-heading 'Ordinary Shares deposited with Euroclear Nederland'.

Subsequent transfers

Following completion of the Open Offer and subject to applicable exemptions and reliefs and subject as set out below, in particular under the heading 'Ordinary Shares deposited with Euroclear Nederland', for subsequent conveyances or transfers, stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring New Ordinary Shares. An exemption from stamp duty is available on an instrument transferring New Ordinary Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer New Ordinary Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional), an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly paid on that instrument, or that instrument is exempt, any SDRT already paid will generally be refunded, provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of New Ordinary Shares will generally be liable for paying such stamp duty or SDRT.

Ordinary Shares held through CREST

Paperless transfers of New Ordinary Shares with CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration in money or money's worth payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, generally no stamp duty or SDRT will arise on a deposit of New Ordinary Shares into the system unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5% of the amount or value of the consideration paid for New Ordinary Shares.

Ordinary Shares deposited with clearance services and depositary receipt systems generally

Under current UK legislation, where New Ordinary Shares are issued or transferred (i) to (or to a nominee or agent for) a person whose business is or includes the provision of clearance services or (ii) to (or to a nominee or agent for) a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration paid for the New Ordinary Shares (rounded up to the next multiple of £5 in the case of stamp duty) or in certain circumstances, the value of the New Ordinary Shares.

However, following the decisions in *HSBC Holdings plc and Vidacos Nominees Ltd v HMRC C-569/07* [2010] STC 58 and *HSBC Holdings plc and The Bank of New York Mellon Corporation v The Commissioners for HMRC* [2012] UKFTT 163 (TC), HMRC has confirmed that it will no longer seek to apply the 1.5% stamp duty or SDRT charge when shares are first issued to an EU clearance service or depositary receipt system. Relief is generally available for subsequent transfers between clearance services or depositary receipt systems. However, anti-avoidance measures have been introduced by HMRC which remove this exemption where companies and depositary receipt issuers arrange a scheme under which new shares are issued to an EU clearance service or depositary receipt system without the payment of 1.5% stamp duty or SDRT and the shares are subsequently transferred to a clearance service or depositary receipt system outside the EU.

Accordingly, on the basis that the New Ordinary Shares are first issued to an EU clearance service or depositary receipt system, provided there is no subsequent transfer to a non-EU clearance service or depositary receipt system, no SDRT should be payable. However, if this is not the case, the Qualifying Shareholder will be liable to pay SDRT at the rate of 1.5% of the aggregate value of the Offer Price of the New Ordinary Shares allotted to them, in addition to the aggregate Offer Price for such New Ordinary Shares.

Clearance systems may opt under section 97A of the Finance Act 1986, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5% of the consideration paid) to apply to issues or transfers of Ordinary Shares into, and to transactions within, such systems instead of the higher rate of 1.5% generally applying to an issue or transfer of Ordinary Shares into the clearance system and the exemption from stamp duty and SDRT on transfer of Ordinary Shares whilst in the clearance system.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer of Ordinary Shares held within such a service or system, will strictly be payable by the operator of the clearance service or depositary receipt system or its nominee, as the case may be, but in practice will generally be reimbursed by participants in the clearance service or depositary receipt system.

Ordinary Shares deposited with Euroclear Nederland

It is understood that Euroclear Nederland is a clearance system for stamp duty purposes and has not made an election under section 97A Finance Act 1986. If, following completion of the Open Offer, Ordinary Shares are first issued to Euroclear Nederland, as mentioned above, following the ECJ and FTT decisions, HMRC will not seek to charge the 1.5% SDRT of the value of the Ordinary Shares.

No SDRT should be payable on any transfers or agreements to transfer Ordinary Shares within Euroclear Nederland.

Growth market shares

For completeness, there is an exemption from stamp duty and SDRT for shares that are admitted to trading on a recognised growth market but not listed on any recognised stock exchange. Whilst AIM is a recognised growth market, the exemption for growth market shares will not apply to subsequent transfers of the Ordinary Shares and the New Ordinary Shares as these shares will also be also listed on Euronext Amsterdam.

Dutch Taxation

(a) General

The information set out below is a general summary of certain Dutch tax consequences in connection with the acquisition, ownership and transfer of the Ordinary Shares. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of the Ordinary Shares, and this summary is not intended to be applicable in respect of all categories of holders of Ordinary Shares. The summary is based upon the tax laws of the Netherlands as in effect on the date of this document, as well as regulations, rulings and decisions of the Netherlands and its taxing and other authorities available on or before such date and now in effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, investors or Shareholders are recommended to consult their own tax advisers as to the Dutch or other tax consequences of the acquisition, redemption, ownership and transfer of the Ordinary Shares, including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of the Ordinary Shares.

The Directors believe that the Company is not a resident nor that it is deemed to be a resident of the Netherlands nor that it has a presence in the Netherlands for Dutch tax purposes, and the following summary assumes that the Company will not be treated as a resident or deemed resident of the Netherlands nor that it will be treated as having a presence in the Netherlands for Dutch tax purposes.

The Directors believe that the assets of the Company, on a consolidated basis, do not consist of at least 50% of immovable property (or rights to immovable property) and the assets of the Company on a consolidated basis do not consist of at least 30% of immovable property which is situated in the Netherlands.

The description of taxation set out in this summary is not intended for any holder of Ordinary Shares who is:

- (i) an individual for whom the income or capital gains derived from the Ordinary Shares are attributable to employment activities the income from which is taxable in the Netherlands;
- (ii) an individual from whom the ownership of the Ordinary Shares is deemed to be a so-called ‘beneficial interest’ (*lucratief belang*);
- (iii) an individual who holds, or is deemed to hold a substantial interest (as defined below) in the Company;
- (iv) an entity that is not subject to or exempt, in whole or in part, from Dutch corporate income tax;
- (v) an entity owning, directly or indirectly or together with affiliated companies, Ordinary Shares representing 5% or more of the Company’s total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the Company’s total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds; or
- (vi) an investment institution (*beleggingsinstelling*), as defined in the Dutch Corporate Income Tax Act 1969.

Generally a holder of ordinary shares will have a substantial interest in a company (“**substantial interest**”) if s/he holds, alone or together with his/her partner and his/her under-aged children, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the company’s total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the company’s total issued and outstanding capital (or the issued and outstanding capital of any class of shares) or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the company’s liquidation proceeds. If a holder of ordinary shares does not have a substantial interest, a deemed substantial interest will be present if (part of) a substantial interest has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

(b) Dividend withholding tax

Distributions from the Company are not subject to Dutch dividend withholding tax.

(c) Corporate income tax and individual income tax

A ‘Resident of the Netherlands’ is a holder of Ordinary Shares who is, or who is deemed to be, a resident of the Netherlands or, if he is an individual, who opts to be taxed as a resident of the Netherlands for purposes of Dutch taxation. A ‘Non-Resident of the Netherlands’ is a holder of Ordinary Shares who is not treated as a resident of the Netherlands for the purposes of Dutch taxation.

Residents of the Netherlands

Individuals

A Resident of the Netherlands who is an individual and who holds Ordinary Shares will generally be subject to Dutch income tax on the income and/or capital gains derived from the Ordinary Shares at the progressive rate (up to 52%) if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Ordinary Shares are attributable; or
- (ii) the holder derives income or capital gains from the Ordinary Shares that are taxable as benefits from ‘miscellaneous activities’ (*resultaat uit overige werkzaamheden*) which is considered to include performance of activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Ordinary Shares who is an individual will be subject to Dutch income tax on a deemed return regardless of the actual income and/or capital gains benefits derived from the Shares. The deemed return amounts to 4% of the average value of the holder’s net assets in the relevant fiscal year (including the Ordinary Shares) insofar as that average exceeds the exempt net asset amount (*heffingvrij vermogen*). The deemed return is taxed at a flat rate of 30%.

Entities

A Resident of the Netherlands who is an entity will generally be subject to Dutch corporate income tax with respect to the income and capital gains derived from the Ordinary Shares. The Dutch corporate income tax rate is 20% on the first €200,000 of taxable income and 25.0% over the taxable income exceeding €200,000 for tax years starting on or after 1 January 2011.

Non-Residents of the Netherlands

A Non-Resident of the Netherlands who holds Ordinary Shares is generally not subject to Dutch income or corporate income tax on the income and capital gains derived from the Ordinary Shares, provided that:

- (i) such Non-Resident of the Netherlands does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Ordinary Shares are attributable or deemed attributable;
- (ii) in the case of a Non-Resident of the Netherlands who is an individual, such individual does not derive income or capital gains from the Ordinary Shares that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*); and
- (iii) such Non-Resident of the Netherlands is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Ordinary Shares or payments in respect of the Ordinary Shares are attributable or deemed attributable.

(d) Gift and inheritance taxes

Dutch gift or inheritance taxes will not be levied on the transfer of the Ordinary Shares by way of gift or on the death of a holder, unless:

- (i) the holder is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- (ii) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions;
- (iii) the Ordinary Shares are attributable or deemed attributable to an enterprise or part of an enterprise which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (iv) the holder of such Ordinary Shares is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise such Ordinary Shares are attributable or deemed attributable.

For the purposes of Dutch gift, estate and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For the purposes of Dutch gift tax, an individual who is not of Dutch nationality will be deemed a resident of the Netherlands if he has been a resident in the Netherlands at any time during the 12 months preceding the date of the gift.

(e) VAT

No Dutch VAT is payable in respect of the issuance, transfer or redemption of the Ordinary Shares or with regard to distribution on the Ordinary Shares.

(f) Other taxes and duties

No Dutch capital tax, net wealth tax, registration tax, customs duty, transfer tax, stamp duty, registration tax or any other similar documentary tax or duty will be due in the Netherlands by a holder of Ordinary Shares in respect of or in connection with the subscription, issue, allotment or delivery of the New Ordinary Shares.

17. Third party information

Certain information contained in this document has been sourced from third parties. In each case, the source of such information is indicated where the information appears in this document. The Company confirms that the information in this document that has been sourced from third parties has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18. General

- (a) The total expenses of the Firm Placing and Open Offer payable by the Company are approximately €1.8 million (inclusive of VAT). The Company's total maximum net proceeds from the Firm Placing and Open Offer would be approximately €12.2 million (assuming the Open Offer is fully subscribed for in cash). The Company's total minimum net proceeds from the Firm Placing and Open Offer are expected to be approximately €10.2 million (assuming there is nil subscription under the Open Offer).
- (b) No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (i) fees totalling £10,000 or more; or
 - (ii) Shares of the Company where these have a value of £10,000 or more calculated by reference to the Offer Price; or
 - (iii) any other benefit with a value of £10,000 or more at the date of this document.
- (c) The auditors of the Company are PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH who have audited the consolidated financial statements of the Group for the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016. PricewaterhouseCoopers LLP issued unqualified reports on the consolidated financial statements of the Group for the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016. PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- (d) ABN AMRO Bank N.V. has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.
- (e) Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and content in which they are included.
- (f) ABN AMRO Bank N.V. is incorporated in the Netherlands with commercial register number 34334259. Its registered seat is in Amsterdam, the Netherlands and its office are at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. ABN AMRO Bank N.V. is regulated by the Dutch Central Bank (De Nederlandsche Bank) and the Netherlands Authority for the AFM.
- (g) The New Ordinary Shares will be in registered form and are capable of being held in uncertificated form.

19. Availability of documents

Copies of the following documents will be available for inspection at the offices of the Company's solicitors, Slaughter and May, One Bunhill Row, London EC1Y 8YY during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 21 April 2017:

- (i) the Articles of Association of the Company;
- (ii) the Group's audited statutory accounts for the three years ended 31 March 2016, 31 March 2015 and 31 March 2014;
- (iii) the Group's unaudited interim accounts for the six months ended 30 September 2016 and 30 September 2015;
- (iv) the written consents referred to in paragraph 18 of this Part XII; and
- (v) this document.

This document will be available through the Company's website at 'www.accsysplc.com' and Euronext's website at 'www.euronext.com'.

Dated: 29 March 2017

PART XIII

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company, and of the rights attaching to the Ordinary Shares. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in this document. Information that is itself incorporated by reference or referred or cross referred to in the documents below is not incorporated by reference into this document. Except as set forth above, no other portion of these documents is incorporated by reference into this document. The following information is available free of charge from the Company's head office at Brettenham House, 19 Lancaster Place, London, WC2E 7EN.

Reference document	Information incorporated by reference	Page numbers of reference document
Interim results for the six months ended 30 September 2016	Condensed consolidated interim statement of comprehensive income for the 6 months ended 30 September 2016, condensed consolidated interim statement of changes in equity for the 6 months ended 30 September 2016, condensed consolidated interim statement of financial position at 30 September 2016, condensed consolidated interim statement of cash flow for the 6 months ended 30 September 2016, notes to the interim financial statements for the 6 months ended 30 September 2016 and independent review report	Pages 11 to 26
Annual report and financial statements for the year ended 31 March 2016	Independent auditors' report, consolidated statement of comprehensive income for the year ended 31 March 2016, consolidated statement of financial position at 31 March 2016, consolidated statement of changes in equity for the year ended 31 March 2016, consolidated statement of cash flow for the year ended 31 March 2016, notes to the financial statements for the year ended 31 March 2016, Company balance sheet at 31 March 2016 and notes to the Company financial statements for the year ended 31 March 2016	Pages 54 to 99
Interim results for the six months ended 30 September 2015	Condensed consolidated interim statement of comprehensive income for the 6 months ended 30 September 2015, condensed consolidated interim statement of changes in equity for the 6 months ended 30 September 2015, condensed consolidated interim statement of financial position at 30 September 2015, condensed consolidated interim statement of cash flow for the 6 months ended 30 September 2015, notes to the interim financial statements for the 6 months ended 30 September 2015 and independent review report	Pages 11 to 22

Reference document	Information incorporated by reference	Page numbers of reference document
Annual report and financial statements for the year ended 31 March 2015	Independent auditors' report, consolidated statement of comprehensive income for the year ended 31 March 2015, consolidated statement of financial position at 31 March 2015, consolidated statement of changes in equity for the year ended 31 March 2015, consolidated statement of cash flow for the year ended 31 March 2015, notes to the financial statements for the year ended 31 March 2015, Company balance sheet at 31 March 2015 and notes to the Company financial statements for the year ended 31 March 2015	Pages 40 to 75
Annual report and financial statements for the year ended 31 March 2014	Independent auditors' report, consolidated statement of comprehensive income for the year ended 31 March 2014, consolidated statement of financial position at 31 March 2014, consolidated statement of changes in equity for the year ended 31 March 2014, consolidated statement of cash flow for the year ended 31 March 2014, notes to the financial statements for the year ended 31 March 2014, Company balance sheet at 31 March 2014 and notes to the Company financial statements for the year ended 31 March 2014	Pages 42 to 76

DEFINITIONS

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

“1985 Act”	the Companies Act 1985 of England and Wales;
“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;
“AFM”	the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>);
“AIM”	the Alternative Investment Market, a market operated by the London Stock Exchange;
“AIM Rules for Companies”	the rules published by the London Stock Exchange governing admission to AIM and the regulation of companies whose securities are admitted to trading on AIM (including any guidance notes), as each may be amended or reissued from time to time;
“AIM Rules for Nominated Advisers”	the rules published by the London Stock Exchange setting out the eligibility, on-going 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;
“Articles of Association”	the articles of association of Accsys, as amended from time to time;
“ASEAN”	Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam;
“BGF”	BGF Investments LP, a limited partnership with number LP14928 whose registered office is at 13-15 York Buildings, London WC2N 6JU;
“BGF Additional Option”	the further share option to be granted by the Company to BGF in respect of 2,610,218 Ordinary Shares, subject to Shareholder approval;
“BGF Additional Option Security”	has the meaning given to that term in paragraph 11(g) of Part XII (Additional Information) of this document;
“BGF Financing”	the issue to BGF of, together, (i) the BGF Loan Notes and (ii) 1,028,355 Series A preference shares in TTL for an aggregate subscription price of €2,056,710 (satisfied by payment of £1,773,026.32);
“BGF Further Option Exercise Notice”	has the meaning given to that term in paragraph 11(g) of Part XII (Additional Information) of this document;
“BGF Loan Notes”	£10,476,974 in principal of unsecured fixed rate loan notes due 2021 issued by the Company to BGF, as constituted by the Loan Note Instrument;
“BGF Option”	the share option granted by the Company to BGF in respect of 5,838,954 Ordinary Shares, pursuant to the BGF Option Agreement;
“BGF Option Agreement”	the option agreement dated 29 March 2017 and made between the Company and BGF;

“BGF Option Security”	has the meaning given to that term in paragraph 11(h) of Part XII (Additional Information) of this document;
“BGF/Volantis Subscription Agreement”	the subscription agreement dated 29 March 2017 and made between the Company, BGF and Volantis;
“BGF plc”	Business Growth Fund plc, a company registered in England and Wales with number 07514847 whose registered office is at 13-15 York Buildings, London WC2N 6JU;
“Board” or “Directors”	the directors of the Company at the date of this document;
“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;
“Broker”	Numis Securities Limited;
“City Code”	The Code on Takeovers and Mergers issued and administered by the Takeover Panel;
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange;
“Companies Act”	the Companies Act 2006 of England and Wales;
“Company” or “Accsys”	Accsys Technologies PLC;
“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;
“CREST Courier and Sorting Service”	the CREST courier and sorting service established by Euroclear UK to facilitate, among other things, the deposit and withdrawal of securities;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996, as amended);
“CREST Open Offer Entitlement”	the entitlement of a Qualifying CREST Shareholder, pursuant to the Open Offer, to apply to acquire Open Offer Shares pursuant to, and subject to the terms of, the Open Offer;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
“CREST Rules”	the rules and regulations and practices of Euroclear UK;
“Diamond Wood”	Diamond Wood China Limited;
“Disclosure Guidance and Transparency “Rules” or “DTRs”	the Disclosure Guidance and Transparency Rules made by the Financial Services Authority pursuant to Part VI of FSMA (as set out in the FCA Handbook), as amended;
“EEA States”	a state which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being;
“Employee Benefit Trust”	the employee benefit trust operated by the Group, further described in paragraph 7 of Part XII (Additional Information) of this document;

“Employee Share Participation Plan”	the employee share participation plan operated by the Group, further described in paragraph 7 of Part XII (Additional Information) of this document;
“EU”	the European Union;
“EU Referendum Result”	the UK’s June 2016 referendum vote to leave the EU;
“Euroclear Nederland”	the Dutch Central Institute for Giro Securities Transactions (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.), trading as Euroclear Nederland;
“Euroclear Open Offer Entitlement”	an entitlement of a Qualifying Euroclear Shareholder 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.;
“Ex-Entitlements Date”	the date on which the Ordinary Shares are marked “ex-entitlement”, being 8:00 a.m. on 30 March 2017;
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements;
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder, the conditional entitlement to apply for Excess Open Offer Shares under the Excess Application Facility, which are subject to allocation in accordance with this document;
“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 this document;
“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 this document;
“Excess Open Offer Shares”	the New Ordinary Shares which Qualifying Shareholders will be invited to acquire pursuant to the Excess Application Facility;
“Executive Directors”	Paul Clegg, William Rudge and Johannes Pauli;
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this document;
“Financial Conduct Authority” or “FCA”	the Financial Conduct Authority of the UK;
“Firm Placing Shares”	the 17,400,000 New Ordinary Shares which are the subject of the Firm Placing;
“Firm Places”	those persons with whom Firm Placing Shares are to be placed;
“Firm Placing”	the placing of 17,400,000 New Ordinary Shares with the Firm Places;
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies this document;
“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;
“Group” or “Accsys Group”	Accsys and its existing subsidiary undertakings (and, where the context permits, each of them);

“Hull Plant”	a 30,000 metric tonne wood chip acetylation plant to be built at the Saltend Chemical Park in Hull;
“IFRS”	International Financial Reporting Standards and adopted pursuant to the procedure of Articles of Regulation (EC) No. 1606/2002;
“Intermediary”	an Admitted Institution or an investment firm or bank within the meaning of the Dutch Financial Supervision Act (Wet op het financieel toezicht), which holds a collective depot (verzameldepot) in relation to Euroclear Shares;
“Last Practicable Date”	28 March 2017, being the latest practicable date prior to the publication of this document;
“Listing Agent”	ABN AMRO Bank N.V.;
“Listing Rules”	the listing rules of the UK Listing Authority made in accordance with section 73A(2) of FSMA (as set out in the FCA Handbook), as amended;
“Loan Notes”	the BGF Loan Notes and the Volantis Loan Notes together;
“Loan Note Instrument”	the loan note instrument dated 29 March 2017 constituting the Loan Notes;
“London Stock Exchange”	London Stock Exchange plc;
“LTIP”	the long-term incentive plan operated by the Group, further described in paragraph 7 of Part XII (Additional Information) of this document;
“Market Abuse Regulation”	Regulation (EU) No 596/2014
“Medité”	Medité Europe DAC (formerly Medité Europe Limited);
“Medité Tricova[®]”	Extreme Durable Medium Density Fibreboard panels produced by Medité using Tricova [®] under licence from TTL;
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007 No. 2157);
“New Ordinary Shares”	the Firm Placing Shares and/or the Open Offer Shares and/or the Excess Open Offer Shares, as the context requires;
“Non-executive Directors”	Patrick Shanley, Nick Meyer, Sue Farr and Sean Christie;
“Notice”	the notice convening the General Meeting, set out at the end of this document;
“Numis” or “Nominated Adviser”	Numis Securities Limited;
“Offer Price”	€0.69 per New Ordinary Share;
“Official List”	the official list of the UK Listing Authority;
“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 this document, and, in the case of Qualifying Non-CREST Shareholders, the Application Form;
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder 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) a right to acquire an interest in Open Offer Shares;
“Open Offer Shares”	the 2,923,986 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;

“Overseas Shareholders”	Shareholders who have registered addresses outside the UK or the Netherlands or who are citizens or residents of, incorporated in, or otherwise registered in countries outside the UK or the Netherlands;
“Phantom Option Consideration”	for each BGF Additional Option Security that is the subject of a BGF Further Option Exercise Notice, the Phantom Option Consideration is equal to the consideration that would have been payable by BGF for each BGF Option Security under the BGF Option Agreement, had Completion under the BGF Option Agreement occurred on the date of the relevant BGF Further Option Exercise Notice; and for each Volantis Additional Option Security that is the subject of a Volantis Further Option Exercise Notice, the Phantom Option Consideration is equal to the consideration that would have been payable by Volantis for each Volantis Option Security under the Volantis Option Agreement, had Completion under the Volantis Option Agreement occurred on the date of the relevant Volantis Further Option Exercise Notice;
“Prospectus Directive”	means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), including any relevant implementing measure in any relevant member state;
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to Part VI of FSMA (as set out in the FCA Handbook), as amended;
“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;
“RBS”	The Royal Bank of Scotland Plc;
“RBS Facility Agreement”	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 and (5) RBS as security trustee for the secured parties;
“Record Time”	means (i) in respect of Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders, 6:00 p.m. on 24 March 2017 and (ii) in respect of Qualifying Euroclear Shareholders, 6:00 p.m. (CET) on 29 March 2017;
“Regulation S”	Regulation S promulgated under the Securities Act;
“Regulatory Information Service”	means 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;
“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;
“Scheme”	means a scheme of arrangement under section 899 of the 2006 Act between the Company and the Shareholders pursuant to which all or the majority of the Ordinary Shares become vested in a third party;
“SDRT”	Stamp Duty Reserve Tax;
“Share Option Scheme”	any unapproved share option scheme adopted by the Company and existing from time to time, being the 2005 Share Option Scheme, the 2008 Share Option Scheme, the LTIP, the Employee Share Participation Plan or the Employee Benefit Trust or any or all of them as the context may admit;
“2005 Share Option Scheme”	the Company’s unapproved share option scheme adopted in 2005 (as subsequently amended in 2007), further described in paragraph 7 of Part XII (Additional Information) of this document;
“2008 Share Option Scheme”	the Company’s unapproved share option scheme adopted in 2008, further described in paragraph 7 of Part XII (Additional Information) of this document;
“Shareholder”	a holder of Ordinary Shares;
“SLC Registrars” or “Registrar” or “Receiving Agent”	SLC Registrars of 42-50 Hersham Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom in its capacities as registrar and receiving agent in respect of the Firm Placing and Open Offer;
“Solvay Acetow”	Solvay Acetow GmbH;
“Solvay Acetow Loan Agreement”	the term loan facility agreement between Titan Wood BV, Solvay Acetow, Titan Wood Limited and Solvay UK Holding Company Limited dated 25 November 2015, as amended on 20 December 2016;
“Subscription Agent”	ABN AMRO Bank N.V.;
“Takeover Offer”	means a takeover offer within the meaning of section 974 of the Companies Act;
“Takeover Panel”	the UK Panel on Takeovers and Mergers;
“Total Shareholder Return”	the basis of performance measurement for determining vesting of share options under the Share Option Scheme, on a relative basis compared with a comparator group if the FTSE Small Cap Index (as defined and reported on by Hewitt New Bridge Street or other suitable remuneration advisers) averaged over a three-month period;
“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;
“TTL SSA”	shareholder and subscription agreement relating to TTL, made between TWL, BP Ventures and TTL and dated 2 February 2016, as amended on 20 October 2016, 20 December 2016 and 8 March 2017 and as amended and restated on 29 March 2017;
“TVUK”	Tricoya Ventures UK Limited;
“TVUK SSA”	shareholder and subscription agreement relating to TVUK, made between TTL, BP Chemicals, Medite and TVUK and dated 29 March 2017;

TWL	Titan Wood Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Corporate Governance Code”	the UK Corporate Governance Code (April 2016) issued by the Financial Reporting Council;
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Underwriter and Broker” or “Underwriter”	Numis Securities Limited;
“Underwriting Agreement”	the agreement dated 29 March 2017 between the Company and the Underwriter relating to the Firm Placing and Open Offer, a summary of which is set out in paragraph 11 of Part XII (Additional Information) of this document;
“US” or “United States”	the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia;
“USE Instruction”	has the meaning given in the CREST Manual;
“US Securities Act” or “Securities Act”	the United States Securities Act of 1933, as amended;
“VAT”	value added tax;
“Volantis”	the Alphagen Volantis Catalyst Fund II Limited;
“Volantis Additional Option”	the further share option to be granted by the Company to Volantis in respect of 1,438,284 Ordinary Shares, subject to Shareholder approval;
“Volantis Additional Option Security”	has the meaning given to that term in paragraph 11(g) of Part XII (Additional Information) of this document;
“Volantis Financing”	the issue to Volantis of, together, (i) the Volantis Loan Notes and (ii) 566,645 Series A preference shares in TTL for an aggregate subscription price of €1,133,290 (satisfied by payment of £976,973.68);
“Volantis Further Option Exercise Notice”	has the meaning given to that term in paragraph 11(g) of Part XII (Additional Information) of this document;
“Volantis Loan Notes”	£5,773,026 in principal of unsecured fixed rate loan notes due 2021 issued by the Company to Volantis, as constituted by the Loan Note Instrument;
“Volantis Option”	the share option granted by the Company to Volantis in respect of 3,217,383 Ordinary Shares pursuant to the Volantis Option Agreement;
“Volantis Option Agreement”	the option agreement dated 29 March 2017 and made between the Company and Volantis; and
“Volantis Option Security”	has the meaning given to that term in paragraph 11(i) of Part XII (Additional Information) of this document.

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;
CCA	chromated copper arsenate, the leading wood preservative, use of which is subject to increasing restrictions on account of its extreme toxicity;
cellulose materials	wood and cotton are the primary sources of cellulose materials, which are then mechanically or chemically converted to commercial products;
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;
cracking	the thermal separation of relatively inert chemicals into two or more components where one is highly reactive;
creosote	a liquid coal-tar derivative used for the past century as a wood preservative via high-pressure impregnation;
cross ties	the base to which the steel rails are connected to form railway lines of which the vast majority are wood preserved with creosote;
furfural alcohol	furfural is first extracted from natural sources, such as oat hulls and sugar cane, and then hydrogenated to yield furfural alcohol;
furfurylation	the process where furfural alcohol is chemically bonded to the components in wood;
hydrophobic	water repellent;
m ³	cubic metres;
MDF	medium density fibreboard;
meranti	tropical woods used for windows, door and external panels/trim;
OSB	orientated strand board;
polymerisation	the knitting together of monomers, either of like kind or with co-monomers, to create a long chain of the monomers in repeating groups;
polymers	materials which are composed of repetitions of the same chemical to form long chains;
PVC	polyvinyl chloride, a plastic used in building products made from vinyl acetate monomer and chlorine and blended with metals such as lead and cadmium to deliver particular physical properties;
uv	ultraviolet light, a wavelength of light that is just slightly shorter than the visible spectrum;
WPG	weight percentage gain, refers to the weight gained during acetylation assuming totally dry wood before acetylation began.

ACCSYS TECHNOLOGIES PLC
(registered in England and Wales with registered no: 5534340)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Accsys Technologies PLC (the “Company”) will be held at 11:00 a.m. on 21 April 2017 at Brettenham House, 19 Lancaster Place, London WC2E 7EN for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolutions 1, 2 and 3 will be proposed as ordinary resolutions and Resolutions 4, 5 and 6 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. THAT, in addition to all existing authorities in such regard, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of €1,016,199.30 in connection with the Firm Placing and Open Offer (as each is defined in the prospectus published by the Company on 29 March 2017). This authority shall expire on the date that is six months after the date of this General Meeting (unless and to the extent that such authority is renewed or extended by the Company in general meeting prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.
2. THAT, in addition to all existing authorities in such regard, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of €130,510.90 in connection with the grant of the BGF Additional Option (as defined in the prospectus published by the Company on 29 March 2017) and its exercise and up to a nominal amount of €71,914.20 in connection with the grant of the Volantis Additional Option (as defined in the prospectus published by the Company on 29 March 2017) and its exercise. This authority shall expire on the date that is six months after the date of this General Meeting (unless and to the extent that such authority is renewed or extended by the Company in general meeting prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.
3. THAT, in addition to all existing authorities in such regard, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of €1,497,268.50. This authority shall expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016 (unless and to the extent that such authority is renewed or extended by the Company in general meeting prior to such date) but so that the Company may before the expiry of such period make an offer or agreement which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

SPECIAL RESOLUTIONS

4. THAT subject to the passing of Resolution 1 above, in addition to all other existing powers of the Directors which shall continue in full force and effect, the Directors be and are hereby given power pursuant to section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in the Act) for cash under the authority given by Resolution 1 above, as if section

561 of the Act did not apply to any such allotment. This power shall be limited to the allotment of equity securities pursuant to the Firm Placing and Open Offer up to an aggregate nominal value of €1,016,199.30. Subject to the continuance of the authority conferred by Resolution 1, this power shall expire on the date that is six months after the date of this General Meeting (unless and to the extent that such authority is renewed or extended by special resolution prior to such date) but so that the Company may before the expiry of such period make an offer or agreement, which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.

5. THAT subject to the passing of Resolution 2 above, in addition to all other existing powers of the Directors which shall continue in full force and effect, the Directors be and are hereby given power pursuant to section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in the Act) for cash under the authority given by Resolution 2 above, as if section 561 of the Act did not apply to any such allotment. This power shall be limited to the allotment of equity securities for cash in connection with the grant and exercise of the BGF Additional Option and the Volantis Additional Option. Subject to the continuance of the authority conferred by Resolution 2, this power shall expire on the date that is six months after the date of this General Meeting (unless and to the extent that such authority is renewed or extended by special resolution prior to such date) but so that the Company may before the expiry of such period make an offer or agreement, which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.
6. THAT subject to the passing of Resolution 3 above, in addition to all other existing powers of the Directors which shall continue in full force and effect, the Directors be and are hereby given power pursuant to section 570 of the Companies Act 2006 (the “Act”) to allot equity securities (as defined in the Act) for cash under the authority given by Resolution 3 above, as if section 561 of the Act did not apply to any such allotment. This power will be limited to the allotment of equity securities up to a nominal amount of €540,217.90. Subject to the continuance of the authority conferred by Resolution 3, this power shall expire on the date of the annual general meeting of the Company to be held in 2017 or, if earlier, the date that is 15 months after 21 September 2016, being the date of the annual general meeting of the Company held in 2016 (unless and to the extent that such authority is renewed or extended by special resolution prior to such date) but so that the Company may before the expiry of such period make an offer or agreement, which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.

Registered Office:

Brettenham House
19 Lancaster Place
London WC2E 7EN

By order of the Board

29 March 2017

Angus Dodwell
Company Secretary

Notes:

1. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact the Company’s registrars, SLC Registrars, on +44(0)1903 706150, who will be able to advise you on how to do this.
2. For the convenience of shareholders who may be unable to attend the General Meeting, a form of proxy is enclosed which, in order to be valid, should be completed, signed, dated and returned, along with any power of attorney or other authority under which it is signed, to the Company’s registrars, SLC Registrars, by hand or by post at 42-50 Hershaw Road, Walton on Thames, Surrey, KT12 1RZ, United Kingdom or by sending a completed, signed and dated scanned version of the proxy form by email to accsysproxy@davidvenus.com by 11:00 a.m. on 19 April 2017. The fact that shareholders may have completed forms of proxy will not prevent them from attending and voting at the General Meeting in person should they afterwards decide to do so.
3. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
4. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. The return of a completed form of proxy or other such instrument will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders.
11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at 6:00 p.m. on 19 April 2017 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. If the General Meeting is adjourned, the Company specifies that only shareholders entered on the Company's register of members not more than 48 hours before the time fixed for the adjourned General Meeting shall be entitled to attend and vote at the General Meeting.
12. As at 28 March 2017 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consists of 90,643,585 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 28 March 2017 are 90,643,585.
13. Persons holding ordinary shares of €0.05 each in the Company through Euroclear Nederland B.V. ("Euroclear Nederland") via intermediaries are not included in the Company's register of members – such ordinary shares are included in the register of members under the name of Euroclear Nederland. If anyone who holds their ordinary shares through Euroclear Nederland wishes (i) to attend the General Meeting or (ii) to appoint one or more proxies to attend, speak and vote on their behalf or (iii) to give instructions without attending the General Meeting, they must instruct ABN AMRO Bank N.V. in its capacity as Subscription Agent accordingly. To do this, they are advised to contact their intermediary as soon as possible and advise them of which of the three options they prefer. In all cases, the validity of the instruction will be conditional upon ownership of the shares at 6:00 p.m. on 19 April 2017.
14. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
15. Except as provided above, shareholders who have general queries about the General Meeting should contact the Company's registrars, SLC Registrars, on +44(0)1903 706150. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on whether applicants should exercise their open offer entitlements nor give any financial, legal or tax advice.
16. Please note that you may not use any electronic address provided either in this notice of General Meeting or any related documents (including the prospectus) to communicate with the Company for any purposes other than those expressly stated.
17. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.accsysplc.com.

EXPLANATORY NOTES TO THE NOTICE OF GENERAL MEETING

Resolutions 1, 2 and 3 are proposed as ordinary resolutions. This means that for each of these resolutions to be passed, a majority of votes cast must be in favour of the resolution. Resolutions 4, 5 and 6 are proposed as special resolutions. This means that for each of these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

An explanation of the effect of each Resolution, if passed, is set out in Part XII (Additional Information) of this document. The Directors have no present intention to exercise the authorities granted pursuant to the Resolutions other than in connection with the Firm Placing and Open Offer, the BGF Option and BGF Additional Option and the Volantis Option and Volantis Additional Option.

The General Meeting will be held at 11:00 a.m. on 21 April 2017. Shareholders should ensure that they arrive at the General Meeting a reasonable time in advance. Shareholders who arrive late to the General Meeting may be refused admission.

