

**Company** Accsys Technologies PLC  
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**27 March 2020**

**Accsys Technologies PLC**  
("Accsys", the "Group" or the "Company")

**COVID-19 Update**

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, today announces a trading update in light of COVID-19.

**People**

- During these unprecedented times, the Board of the Company remains committed to the health and well-being of the Group's staff and the wider communities in which it operates. The Company is following government guidelines, has altered working protocols in line with local guidelines, and is continuing to keep these under close review.

**Operations and cash management**

- As a result of initial feedback received concerning the impact of the various government imposed restrictions on our customers and end users, the Company is now expecting a significant reduction in demand in the first quarter of its new financial year. Accordingly, and with a view to optimising cash resources in these uncertain times, the Company is implementing plans to temporarily reduce Accoya® production. However, the impact on expected demand continues to be uncertain and so the Company will retain flexibility to increase production as required and will continue to monitor the situation very closely.
- Tricoya® Hull plant construction progress – some elements of work on site have temporarily stopped due to COVID-19 working guidance issued by the UK government. It remains possible that work will slow further or temporarily be suspended. It is not yet possible to determine the extent of any delay to the project relative to the Company's previous guidance of the plant being operational in the second half of calendar year 2020, however, the Company remains committed to completing the construction project and commencing operations as soon as practically possible.
- Whilst the Company has always maintained a prudent approach to costs, due to the level of heightened uncertainty caused by COVID-19, the Company has identified and is implementing, or considering as necessary, mitigating actions to reduce costs to help offset the effect of expected lower production and sales in order to maximise liquidity and minimise utilisation of cash resources. These actions include:
  - A reduction of inventory levels and working capital more generally including to ensure prompt debtor collections;
  - A deferral of capex including the Arnhem 4<sup>th</sup> reactor expansion project, noting that the full capital commitment for this €26m project has not yet been committed to;
  - A reduction or deferral of variable pay; in addition the Directors and senior management team have agreed to a temporary 20% reduction in their base salaries effective from 1 April;
  - Utilising UK and Netherlands government schemes in respect of payroll costs; and
  - A reduction or deferral of non-essential operating costs and new recruitment.
- Notwithstanding the above, the Group's longer term projects continue to be progressed and we remain confident about the long term growth prospects for both Accoya® and Tricoya®.

#### Balance sheet and liquidity

- Following Accsys' €46.3million (before expenses) capital raise in December 2019 the Company's balance sheet remains robust.
- The Company's key banking covenant includes ABN facilities which include a minimum EBITDA level for the Netherlands operating entity. The previous expected headroom relating to this covenant was in excess of €10m EBITDA and we therefore do not currently anticipate any issues in meeting this when taking into account the effect of the mitigating actions set out above.
- The Board is therefore confident that the Company has adequate liquidity for the foreseeable future and is focussed on minimising the utilisation of cash resources so as to enable the execution of our longer term capital projects.

#### FY20 trading

- The Group's financial results for the year ending 31 March 2020 remain in-line with the Board's previous expectations, with sales volumes for the full year expected to be approximately 57,500m<sup>3</sup>.

#### Outlook

- Given the unprecedented levels of uncertainty at this time and the lack of clarity on the duration of the situation, all previous guidance on the Group's future performance is being withdrawn. An update will be provided once there is greater certainty on the trading environment and the impact of COVID-19 on the Group. The Board remains confident in the long-term strong business fundamentals of the Group.

Rob Harris, CEO, said: *"In these incredibly challenging times, we continue to be focussed on ensuring the continued health, safety and well-being of our people. We are all pulling together to manage these extraordinary circumstances in the world and our business. The impact of COVID-19 remains uncertain and as a result we are working with our key stakeholders; employees, customers and suppliers, to ensure we minimise the effect of the disruption. Having completed our capital raise in December 2019, our liquidity is strong and the mitigating actions we are putting in place or continue to plan for are focussed on ensuring we maintain our liquidity, cash resources and future growth optionality. We will continue to review our future costs and capital allocations in this light, and provide certainty where practicable for our dedicated teams to manage."*

**Ends**

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**Notes to editors:**

**Accsys Technologies PLC** ([www.accsysplc.com](http://www.accsysplc.com)) is a chemical technology group whose primary focus is on the production of Acccoya<sup>®</sup> wood and Tricoya<sup>®</sup> wood elements, technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in London, United Kingdom, an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc.) and technology licensing associated with the acetylation of wood elements via its subsidiary Tricoya Technologies Limited. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the London Stock Exchange AIM market and on Euronext Amsterdam, under the symbols 'AXS'. Accsys' operations comprise four principal business units: (i) Acccoya<sup>®</sup> wood production; (ii) building and operating of Tricoya<sup>®</sup> wood chip acetylation plant in Hull; (iii) technology development, focused on a programme of continuous development and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iv) the licensing of technology for the production of Acccoya<sup>®</sup> wood and Tricoya<sup>®</sup> wood elements across the globe.

**Tricoya<sup>®</sup> Consortium** In March 2017, Accsys announced the formation of the Tricoya<sup>®</sup> Consortium to fund, build and operate the Tricoya<sup>®</sup> plant in Hull, UK. Members of the consortium include BP and the leading manufacturer of sustainable wood-based panels, MEDITE Europe DAC. Tricoya Ventures UK Ltd (TVUK), a subsidiary of Accsys, owns and will operate the Tricoya<sup>®</sup> plant. TTL exploits all Tricoya<sup>®</sup> related intellectual property and benefits from any Tricoya<sup>®</sup> related revenues other than those generated by the Tricoya<sup>®</sup> plant. The Tricoya<sup>®</sup> plant is expected to have an initial capacity of 30,000 metric tonnes of Tricoya<sup>®</sup> chips per annum, enough to produce approximately 40,000m<sup>3</sup> of Tricoya<sup>®</sup> panel products per annum. The Tricoya<sup>®</sup> plant is expected to reach EBITDA breakeven at approximately 40% design capacity and to take approximately four years to reach full capacity following completion. The location of the Tricoya<sup>®</sup> plant at Saltend Chemicals Park in Hull allows for expansion when market conditions dictate.

**Acccoya<sup>®</sup> Wood** ([www.acccoya.com](http://www.acccoya.com)) is produced using Accsys' proprietary patented acetylation technology that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Acccoya<sup>®</sup> wood is particularly suited to exterior applications where performance and appearance are valued. Moreover, the Acccoya<sup>®</sup> wood production process does not compromise the wood's strength or machinability. The combination of dimensional stability, durability and retained strength means that Acccoya<sup>®</sup> wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Acccoya<sup>®</sup> news, visit [www.acccoya.com/news](http://www.acccoya.com/news).

**Tricoya<sup>®</sup> Wood Elements** ([www.tricoya.com](http://www.tricoya.com)) are produced using Accsys' proprietary technology for the acetylation of wood chips and particles for use in the fabrication of panel products such as medium density fibreboard and particle-board. These products demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya<sup>®</sup> Wood Elements is carried out through Tricoya Technologies Limited. Tricoya<sup>®</sup> Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

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

'Accsys' and 'AccsysTechnologies' are trading names of Titan Wood Limited. ACCCOYA<sup>®</sup>, TRICOYA<sup>®</sup> and the Trimarque Device are registered trademarks owned by Titan Wood Limited ("TWL"), a wholly owned subsidiary of Accsys Technologies PLC, and may not be used or reproduced without written permission from TWL, or in the case of the Tricoya<sup>®</sup> registered trademark, from Tricoya Technologies Limited, a subsidiary of TWL with exclusive rights to exploit the Tricoya<sup>®</sup> brand.