

Company Accsys Technologies PLC
TIDM AXS
Headline AGM Statement
Released 18 September 2020
Number 4114Z



AIM: AXS
Euronext Amsterdam: AXS

18 September 2020

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

Annual General Meeting Statement

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, announces the following trading update in advance of its Annual General Meeting, to be held at 10.30 a.m. (UK time) today.

Trading for 5 months to 31 August 2020

Sales levels have continued to recover strongly following the previously reported impact to sales volumes in April resulting from COVID-19 disrupting our distribution channels. In May we successfully carried out our annual maintenance stop for our Accoya® plant. This was accomplished slightly earlier than initially planned, to position the business to maximise uptime once pandemic lockdown measures eased.

Following this, all three Accoya® reactors have been on stream and sales orders have increased notably following the return to and reopening of business by our customers and end-users. As a result, Accoya® sales volumes of 20,952 cubic metres for the five months to 31 August 2020 represent only a 9% reduction compared to the same period last year despite a 35% year on year reduction in total volume sold experienced in April.

Unaudited group revenue for the period was €33.7m, a 6% reduction compared to the same period last year. In addition to the strong recovery in sales in recent months as lock-down measures have eased, the Group has benefited from full priced sales to the former Cerdia region following the termination of the Accoya® licence with Cerdia effective from 1 April 2020. Production levels in Arnhem have also now returned to their pre-COVID-19 levels.

We expect the recovery in sales levels to continue assuming no further significant disruption from COVID-19.

Tricoya® Hull plant construction progress

Following the initial disruption caused by COVID-19 through April and May, construction work for the Tricoya® plant in Hull has progressed with activity levels continuing to increase. New on-site working protocols take into account revised Health and Safety and social distancing requirements resulting in an associated reduction in productivity levels. However, overall activity levels are now at a higher level than at any previous time on the project, with monthly working hours now over three times those from a year ago.

The new Covid-19 working protocols are resulting in some inefficiencies in the build programme and we are working with our construction contractors to ensure that all possible measures are taken to meet the project schedule. We are working towards the completion of the construction of the plant in the first quarter of the new calendar year with commissioning to follow thereafter. However, the situation is being closely monitored and the impact on the project schedule remains dynamic and under review.

COVID-19 mitigating actions update

Following the resumption of full construction activities in Hull and improved Accoya® sales volumes, all UK employees who had previously been furloughed had returned to work by August and all salaries, including those of the senior management team and the Board, have returned to their pre-COVID-19 levels. Our application for compensation for payroll costs in the Netherlands under the NOW scheme applies only to the first quarter of the new financial year, given the subsequent increase in Accoya® revenue.

Our focus on cost control and working capital has been successful in the period and, as we have incurred less capital expenditure on the Hull plant than expected due to the delays with construction, this has enabled a reduction in net debt compared to 31 March 2020. Operating costs are therefore expected to show a relative increase in the second half of the financial year as we focus on our growth strategy.

Progress with Accoya® capacity increase

Arnhem

Work is progressing with the expansion of the Accoya® plant in Arnhem by the addition of a fourth Accoya® reactor, which will increase the capacity to 80,000 cubic metres. The reactor vessel has been ordered and an engineering, procurement and construction management contract has been entered into with detailed engineering now being undertaken. The project is expected to be complete by March 2022 as previously reported.

Joint Venture with Eastman Chemical Company

In August we were very pleased to announce the formation of Accoya USA LLC, a new joint venture with Eastman Chemical Company which intends to construct and operate an Accoya® wood production plant to serve the North American market, a key target region with, which we estimate to be, the largest market potential for Accoya®.

The new company has been formed and a technology licence entered into to enable front-end engineering and design for the proposed initial 40,000 cubic metres plant to be completed. A decision whether to proceed to the next stage of plant construction, and as to funding, is expected to be made following the initial engineering and design work, which is expected to be completed in the first quarter of the 2021 calendar year.

Governance and sustainability

We have continued to progress our full review of how we assess ESG issues and opportunities. Working with an expert consultancy, we have completed a materiality study with input from many stakeholders, including interviews, focus groups, and a survey of over 1,600 relevant individuals. We

have identified the most important and relevant ESG topics to Accsys and are currently developing a more detailed strategy that will be presented in an ESG and Sustainability Report in due course.

As previously announced, Stephen Odell will assume the position as Chairman immediately following today's AGM and Patrick Shanley will step down as Chairman and as a non-executive director following nearly 10 years' service to the Company. Alexander Wessels appointment as a non-executive director will also become effective immediately following today's AGM.

Stephen and Alexander will add to the Board's international experience as we continue our ambitious growth strategy. Accsys will remain forever grateful for Patrick's dedication and significant contribution to our success so far and the Board would like to put on record their heartfelt thanks.

ENDS

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Notes to editors:

Accsys (Accsys Technologies PLC) is a fast-growing business with a purpose: changing wood to change the world. The company combines chemistry, technology and ingenuity to make high performance wood products that are extremely durable and stable, opening new opportunities for the built environment and giving the world a choice to build sustainably.

Accsys transforms fast-growing, certified sustainable wood into building materials with characteristics that match or better those of man-made, intensely resource-depleting and heavily carbon-polluting alternatives.

The company's primary focus is on the production of Accoya® wood and Tricoya® wood elements, as well as technology licensing via its subsidiaries Titan Wood Limited and Tricoya Technologies Limited. Accsys has its head office in London, UK, production operations in Arnhem, the Netherlands, an American office in Dallas, Texas, and is constructing the world's first Tricoya® plant in Hull, UK.

Accsys is committed to a more sustainable world, and uses abundantly available wood sources that are certified as sustainable. With our business model already aligned with several UN Sustainable Development Goals, Accsys is currently working on identifying further strategic ESG priorities to have an even greater positive impact on the world.

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'.

More information about Accsys can be found at www.accsysplc.com

Accoya® wood is a sustainable, durable and stable solid wood product with exceptional performance, finish and sustainability. Accsys' proprietary acetylation process makes the wood more dimensionally stable and, because it is no longer easily digestible, extremely durable. Produced from certified (e.g. FSC®) sustainable sources, Accoya® wood has many environmental credentials and ecolabels, and is one of very few building materials to be Cradle to Cradle Certified™ at the Gold level, with a Platinum rating for Material Health, confirming that no harmful or toxic additives or chemicals are present to leach out into the environment.

With an up to 50 year warranty and 70+ year service life, the combination of sustainability, dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers, specifiers, manufacturers and homeowners. These benefits result in lower maintenance and total cost of ownership while also offering significant sustainability benefits. For more information about Accoya® wood, visit www.accoya.com.

Tricoya® wood elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips and particles for use in the fabrication of panel products such as medium density fibreboard (MDF) and particle-board.

Panel products made with Tricoya® wood elements are truly durable and stable enough for use outdoors and in wet environments. Combining the sustainability, durability and stability from our acetylation process with the ease of use and quality finish of wood panel products, the enhanced durability and dimensional stability opens new opportunities for the use of these products, making them suitable in applications and environments that previously required solid wood, synthetic or unsustainable materials.

Tricoya® wood elements have been lauded as the first major innovation in the wood composites industry in more than 30 years. For more information about Tricoya® wood elements, visit www.tricoya.com.

In March 2017, Accsys announced the formation of the Tricoya® Consortium to fund, build, own and operate the Tricoya® plant in Hull, UK, through its subsidiary Tricoya Ventures UK Limited. Members of the consortium include BP and the leading manufacturer of sustainable wood-based panels, MEDITE Europe DAC. More information is available at: <https://www.accsysplc.com/about-us/accsys-corporate-structure/>

Wood acetylation is a process which increases the naturally occurring acetyl content of wood, thereby changing its physical properties. When carried out to a sufficient degree throughout the wood, as with Accsys' proprietary process, it significantly reduces the ability of the wood to absorb water without adding any toxic or harmful compounds, elements or substances that were not already present in the wood. This makes it much more dimensionally stable and, because it is no longer easily digestible to most organisms, extremely durable.

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