

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

Trading Update

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, provides the following update regarding recent trading and the status of its strategic growth projects further to its last update on 30 June 2022.

Recent trading

Continuing strong demand and stable Accoya® wood revenue for the first five months of the 2023 financial year (1 April 2022 to 31 August 2022):

- Accoya® wood revenue of approximately €39m, broadly flat on the prior year, with higher average sales prices offsetting the impact of lower volumes.
- Volumes limited by production capacity with Accoya® sales volumes of approximately 18,803m³, down around 24% year on year due to the previously reported shutdown at the Arnhem plant in April/May 2022 around the extended completion and commissioning of R4.
- The introduction of an Energy Price Premium to sales prices from May 2022 continues to help the Group manage the cost impact of volatile and elevated gas prices in Europe on its acetic anhydride raw material at Arnhem.
- Customer demand for Accoya® remains strong and in excess of production capacity.

Accoya, Arnhem: Fourth reactor expansion (R4)

- The first Accoya® commercial batch from R4 has now been processed and the reactor is transitioning across to our operational team.
- The required remedial work to the defective equipment at R4 reported on 30 June 2022 and the remaining commissioning process have been successfully completed to schedule.
- Production will gradually ramp-up including utilisation of the new stacker and wood handling equipment installed as part of the R4 project.
- Costs for the R4 remedial work remain in-line with the 30 June update.
- The R4 expansion increases the plant's current annual production capacity by 33% to 80,000m³. Accsys continues to expect to increase the R4 production levels to full capacity within two years.
- We expect the additional capacity to help address the pent-up demand for Accoya® and our strong customer order book.

Tricoya, Hull: New plant construction

- Accsys and its consortium partners in Tricoya® UK Limited (TUK) are building the world's first Tricoya® plant in Hull.

- On 30 June 2022, Accsys reported that while construction was largely complete and commissioning was underway, continued construction challenges were being experienced and that rework of certain areas of the plant had been identified, both resulting in the target commercial operational date to be delayed. In addition, given these delays, we reported that the consortium's total project capital cost would be between €94-103m.
- Since then, TUK has reduced the level of activity on site in order to reduce costs while still progressing key construction and commissioning lines, validating the remaining work (time and cost) to complete the construction and bring the plant in to commercial operation.
- TUK is also assessing the potential impact of higher gas prices on the plant's profitability, noting the continuing volatility in European gas markets.
- We now consider it unlikely that commercial operation of Hull will occur before the end of calendar year 2022. In addition, it is likely that the project costs will be higher than our previous estimate.
- We have continued discussion with our consortium partners regarding the consortium's funding options for the additional costs, but no agreement has been reached to date.
- Accsys has agreed a further bridging loan facility of up to €8m, to enable TUK to continue progressing the activities noted above whilst funding discussions are ongoing. The bridging loan facility is uncommitted, and all TUK loan utilisation requests require Accsys approval.
- At this stage the Accsys Board is continuing to examine and evaluate the full range of options available to it in relation to the Hull plant and a further update will be provided in due course.

Accoya, USA: New plant construction

- There has been continued good progress in the construction phase of the US JV with Eastman Chemical Corporation to build an Accoya® plant at Kingsport, Tennessee.
- Since June 2022, construction work has progressed with further groundwork including concrete foundation work, underground utilities preparation and the commencement of initial steelwork alongside detailed engineering and procurement of key equipment.
- We continue to anticipate a two-year construction timeline from April 2022, with 43,000m³ of capacity once fully operational and the wider site has the potential for up to 8 reactors, or >160,000m³ capacity per annum in total.

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 Accoya® wood and Tricoya® wood elements: 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 an up to 50-year warranty, locking carbon stored in the wood into useful products for decades, with performance characteristics that match or better those of non-renewable, resource-depleting and polluting alternatives. Accsys is listed on the London Stock Exchange AIM market and on Euronext Amsterdam, under the symbols 'AXS'. Visit www.accsysplc.com

Accoya® solid wood is sustainable, durable, and stable 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. It 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. Primary applications for Accoya® wood include windows, doors, cladding and decking, where the combination of performance and sustainability benefits compete favorably against hardwoods, plastics, metals and concrete. Visit www.accoya.com

Tricoya® acetylated wood elements are produced for use in the fabrication of panel products such as medium density fibreboard (MDF). Panel products made with Tricoya® wood elements are truly durable and stable enough for use outdoors and in wet environments, unlocking new possibilities for design and construction. They have been lauded as the first major innovation in the wood composites industry in more than 30 years and bring the flexibility of traditional panel products and sustainability benefits of wood to a whole new range of applications. Visit www.tricoya.com

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