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

Preliminary results for the year ended 31 March 2023

	Year to 31 March 2023	Year to 31 March 2022	**% Change**
Revenue	**€162.0m**	€120.9m	34%
Gross profit	**€55.2m**	€36.0m	53%
Underlying EBITDA[1]	**€22.9m**	€10.4m	120%
Underlying profit before tax[2]	**€11.0m**	€1.3m	746%
Period end net debt	**(€44.1m)**	(€27.2m)	
Accoya sales volume	**63,344m^3**	59,649m^3	6%

Highlights

- **34% growth in revenue at €162.0m,** driven by continuing strong product demand, higher average sales prices and implementation of Energy Price Premium (EPP)
- **6% growth in Accoya sales volumes at 63,344m^3:**
  - H2 sales volumes of 39,387m^3 (H1: 23,957m^3), representing growth of 64% on H1, and in excess of our targeted 50% increase
  - Record production levels in Q4 reflecting reactors 1-3 returning to production following Arnhem plant shutdown in April and May and additional production from new fourth reactor from September 2022
- **4% points improvement in gross profit margin to 34%,** remaining above target level of 30%
- **120% growth in underlying EBITDA at €22.9m, ahead of previous guidance**, reflecting higher revenues and average sales prices offsetting increased raw material costs
- **Strategic growth projects:**
  - Arnhem plant – commercial operation of reactor 4 commenced in September 2022, increasing Arnhem capacity by 33% and generating record volume production in Q4; production from the plant ramping up over two years
  - Accoya USA JV – construction of new 43,000m^3 plant progressing well but, as previously announced, has experienced some delay and cost inflation; commercial operation now expected mid-2024
  - The Board has made good progress on the review of the Tricoya (Hull) plant and continues to believe in the underlying economics associated with completing the construction of Hull and will therefore continue to explore financing options to complete the plant's construction, including strategic partners and lending institutions

Notes
[1]Underlying EBITDA is defined as Operating profit/(loss) before Exceptional items and other adjustments, depreciation and amortisation, and includes the Group's attributable share of our USA joint venture's underlying EBITDA. (See note 3 to the financial statements).
2 Underlying profit before tax is defined as profit before tax and exceptionals and other adjustments

- **Exceptional non-cash item of €86m** in relation to Hull impairment and restructure of the Tricoya consortium
- **Net debt increased by €16.9m in the year to €44.1m** due to the planned investment into Accoya USA (€29m), capex investments of €29.8m into the Arnhem reactor 4 and Tricoya Hull projects (partially offset by a placing in May 2022 which raised net proceeds of approximately €19m), the reduction in the NatWest loan (€9.4m) and EBITDA generation during the year. The Company's net debt to EBITDA ratio has improved significantly on the prior year, now 1.9x (FY22: 2.6x)
- **Outlook:** The Group has made a good start to FY24, with performance in line with the Board's expectations

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Stephen Odell, Executive Chair of Accsys, commented:

"Overall, I am pleased with our performance in FY23. Demand for Accoya and Tricoya has been strong throughout the year as our customers continue to seek products that deliver outstanding performance, durability and sustainability. This has enabled us to substantially offset the wider market pressures from raw materials costs and supply chain disruption through price increases.

"The year has not been without its challenges, however. In November we announced that while we had taken 100% control of the world-first Tricoya project in Hull, we also put the project into a hold period to assess future capability and funding options. The Board has made good progress on its review, details of which are given in this statement. In addition, while we have made good progress with our USA JV with Eastman, as previously communicated, construction of the plant at Kingsport has seen some delays and cost inflation. Both Accsys and Eastman remain fully committed to delivering the project, which will replicate the proven technology of our successful plant in Arnhem.

"In the coming year we expect to leverage the benefits from greater economies of scale associated with higher production volumes at our plants. FY24 will be a year during which we will implement actions to ensure the future sustainable growth of the business and to drive value creation for our shareholders. These actions include moving towards completion of the Kingsport plant, which will incur higher costs this year as we invest in people and infrastructure in readiness for start-up and making key investments in the core business to support higher volume production. In view of our increased capacity from the expansion of Arnhem and future capacity from Kingsport, and in light of some softening of price and demand in the global construction industry, we are dedicating more resource to our sales and marketing activity globally, particularly in the US, to prepare for a greater level of supply as this project comes online.

"We have made a good start to FY24, with performance in line with our expectations. With our new executive management team in place to drive the business forward in its next phase of growth, we are confident in delivering further financial and operational progress in the coming year, and in the longer-term demand and growth opportunity for Accoya and Tricoya."

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There will be a presentation relating to these results at 10.00am UK time on 27 June 2023. The presentation will take the form of a webcast and conference call, details of which are below:

Webcast link (for audio and visual presentation):
Click on the link below or copy and paste ALL of the following text into your browser:

https://edge.media-server.com/mmc/p/mqfoer93

Phone Participants: for those participants who would like to ask a question live over the phone lines, please register on the following link. You will then be sent a confirmation email with a link to dial-in numbers.

https://register.vevent.com/register/BIb99297a25009481989b9e00d77c9da3f

Introduction

Accsys has made significant progress in the 2023 financial year as it moves forward with its ambitious plans for growth, despite particularly challenging macro-economic conditions, which include the ongoing war in Ukraine, an energy crisis, rising inflation, supply chain disruption and the pressing need to address climate change. The resilience of our business against this difficult backdrop is testament to the attractiveness of our products, the strength of our business model and the talent and the commitment of our people.

Overview of the year

The successful completion and startup of reactor 4 in Arnhem, together with reactors 1-3 returning to production after the plant's shutdown in April and May 2022, has led to 6% growth in volumes this year, and our highest ever volume production in Q4. Demand for our Accoya and Tricoya wood has been strong (and in excess of our capacity) as customers continue to seek products that deliver outstanding performance, durability and sustainability.

The Company delivered very strong revenue growth for the year, underpinned by strong product demand and increases in average sales prices, despite the production outages linked to the completion of reactor 4 highlighted above. Underlying EBITDA more than doubled year on year, ahead of our original expectations, reflecting the increased average sales prices and an energy price surcharge mechanism which have successfully offset raw material cost increases, including the impact of volatile and elevated acetyl and energy prices in Europe. The core Accoya business is trading well, has momentum and is cash generative after a period of investment made to get reactors 1-4 installed and operating well.

The year has not been without its challenges. In November we announced that while we had taken 100% control of the world-first Tricoya project in Hull, we also put the project into a hold period to assess future capability and funding options. While further work is required to prove the working capabilities of the plant, we have made good progress on this review over the past six months. We have also been assessing the cost to complete the project, developing extensive and detailed work packages in order to do so. This work stream has confirmed our original assessment of the costs to complete the project as up to €35m.

Over the period, we have also continued to sell Accoya to our off-take partners, MEDITE and FINSA, both of which convert Accoya wood into Tricoya and help seed the market. We continue to see good levels of market demand for the product, which reaffirms our view of the long-term market potential for Tricoya. Ongoing discussions with both partners about future arrangements following completion of the plant remain positive.

We have also been in discussions with certain strategic partners with a view to providing appropriate funding necessary to complete the Hull plant's construction. To date, the Company has been unable to reach acceptable terms with any of these strategic partners.

In view of the strong market dynamics underpinning Tricoya, the Board of Accsys continues to believe in the underlying attractive economics and margins associated with completing the construction of Hull and therefore will continue to explore funding options to support the plant's construction, including strategic partners and lending institutions. Absent the availability of third-party funding, the Company will use modest levels of internally generated cash to maintain the plant and progress certain pre-construction works. The Board will continue to engage with stakeholders in respect of Hull and its future prospects. Despite its belief in the future potential for Tricoya, the Board is clear that the base Accsys business must not be compromised to find a solution for Hull. In the meantime, we will continue to work with our partners to further develop the Tricoya market using Accoya, including exploring the expansion of dedicated capacity for greater volume production within our existing facilities.

We have made good progress with our Accoya USA JV with Eastman. However, as previously communicated, the project has experienced some delays and cost inflation. Both Accsys and Eastman remain fully committed to delivering the project, which will replicate the proven technology of our successful plant in Arnhem.

FY23 has been another important year for customer relationships, during which we have had to manage inflationary cost increases through higher prices, ongoing disruption to supply chains post the COVID-19 pandemic and our own production capacity limit in the face of strong customer demand. We are grateful to our customers for their continued support and have engaged in regular dialogue with them as we navigate these challenging market conditions.

During the year Accoya's high level of performance and sustainability was recognised in various prestigious global industry awards. Accolades include the EmiratesGBC 'Green Building Product of the year' and the 'Best of Products' award from The Architect's Newspaper, USA for Accoya Color Grey. We have been delighted to see Accoya installed and specified on some flagship architectural projects from London to Rome to the Red Sea, including Google, where Accoya has been specified on its new HQ 'landscraper' building in Kings Cross, London.

Summary of financial performance

Accsys delivered revenues of €162.0m, a 34% increase on the FY22, reflecting continuing strong demand for our products, higher average sale prices and the implementation of an Energy Price Premium to mitigate higher gas prices.

Underlying EBITDA was €22.9m, an increase of 120% on the prior year, and ahead of our previous market guidance of nearly doubling last year's EBITDA of €10.4m.

Group gross margin increased by 4% to 34%, aided by the higher average sales prices outlined above. Underlying profit before tax increased by €9.7m to €11.0m. Statutory loss before tax was €67.1m.

Net debt increased by €16.9m in the year to €44.1m due to the planned investment into Accoya USA (€29m), capex investments of €29.8m into the Arnhem reactor 4 and Tricoya Hull projects (partially offset by a placing in May 2022 which raised net proceeds of approximately €19.0m), the reduction in the NatWest loan (€9.4m) and EBITDA generation during the year.

Strategic update

Accoya

During the period we were pleased to complete the expansion of our plant in Arnhem which adds a new 20,000 cubic metres reactor, enabling the site's maximum annual capacity to increase to 80,000 cubic metres.

As previously reported, we experienced some unexpected delays in the final installation, tie-ins and supply of certain equipment for reactor 4, which resulted in an unexpected second shutdown across the plant in April and May 2022. In addition, during the commissioning and testing period in June 2022, we identified a number of defects to equipment which were repaired over the following eight weeks.

As a result, reactor 4 commenced commercial operation in September 2022. Further work on optimising reactor 4 – to reduce cycle times and deliver more capacity – is planned for the coming year. In addition, investment in new stacking technology is ongoing which will provide efficiency improvements across the plant's work centres.

North America represents the largest potential regional market for our product. Under our joint venture with Eastman, a world leader in the production of acetyls, we are building an Accoya plant in the USA with an initial approximate 43,000 cubic metres capacity at Eastman's Kingsport, Tennessee site. Under the joint venture, Accsys holds a 60% interest and Eastman a 40% interest.

We have made good progress with the construction of the plant, which commenced in April 2022. Key milestones include the completion of ground works, ongoing steelwork and main warehouse construction, installation of the reactors on site, placement of multiple large sub-contracts and procurement of more than 80% of major equipment. As we move towards completion of the plant, we will increase our investment in people and infrastructure in readiness of start-up and as a result, the project will incur higher costs in the coming year. As announced in May, the project has experienced some delays and cost inflation, which is being experienced throughout the construction industry. Both joint venture partners continue to be fully engaged in delivering this strategically important project, which will replicate the proven technology of our successful plant in Arnhem. In line with our group commitment to Health & Safety, this has been established as a key priority at the site and by the 2023-year end we were able to celebrate over 150,000 hours worked with only one minor first aid injury.

Our 50,000 square foot Accoya Color manufacturing plant in Barry, Wales, has increased our ability to convert Accoya wood into Accoya Color – a product which combines the benefits of Accoya wood with colour all the way through the wood from surface to core. The site has a maximum capacity of 12,500 cubic metres per annum. During the year we made operational improvements to the site which have enabled us to increase production by 140% to 4,010 cubic metres. More importantly, this will allow us to further increase future production in FY24 and to support growing customer demand.

Accoya Color's unique proposition is proving to be very attractive to customers in our target markets, particularly in the decking category where the surface-to-core grey colour requires less maintenance to retain over the long term. In addition to the product's existing markets of Germany, Switzerland, Austria and the US, Accoya Color was launched this year into the new markets of Australia, New Zealand and France.

Accoya Color generates a higher gross profit per cubic metre than Accoya and will enhance our product margins over time. As we increase our Accoya production capacity, we continue to expect increased Accoya Color sales in the medium term.

At the end of FY23, Accsys launched a new UK national advertising campaign, "Lasts a Lifetime", highlighting the high performance of Accoya wood to homeowners. The campaign launched with a commercial on Sky TV targeting a subset of the homeowner market audience, supported by digital advertisements running through the European spring months.

Tricoya

Accsys and its former consortium partners in Tricoya UK Limited (TUK) have been building the world's first Tricoya plant in Hull. In November 2022 Accsys agreed with its partners - Ineos, MEDITE, BGF and Volantis – to acquire 100% ownership of the plant and the Tricoya group entities (Tricoya Technologies Limited and TUK), in exchange for 11.9m new shares in Accsys, representing 5.74% of its issued share capital at that date. Ineos and MEDITE remain commercial partners with Accsys, retaining their respective acetyls supply and acetylated wood chip off-take agreements. The reorganisation gives Accsys the option to take the Tricoya Hull Project forward on its own terms and to benefit from 100% of the long-term returns from Tricoya, including any future licencing in respect of the global Tricoya market opportunity.

At the same time, the Company announced the restructuring of the debt arrangements between TUK and NatWest, resulting in the principal debt being reduced by €9.4m to €6.0m with a new seven-year term, and no capital repayments during this period.

The Company stopped site activity in November, placing the project into a hold period to mitigate the risk of weaker economics on start-up (due to the high and volatile acetyls raw material prices in Europe) and to allow the Board time to assess the economics and capability of the plant and its potential returns on investment.

While further work is required to prove the working capabilities of the plant, we have made significant and positive progress on this review over the past six months. Please see further details on progress with the Board's review in the Executive Chair's Report.

Building organisational capability

We are making good progress in developing our people and organisational capabilities to manage growth. Post the year end, the Company boosted its expertise in the areas of large capital project management, cost management and financial forecasting through the appointments of Dr. Jelena Arsic van Os as CEO and Steven Salo as CFO, both of whom have significant experience in these areas. As we increase our manufacturing output, we are strongly focused on strengthening our manufacturing expertise and leadership. Key senior management appointments during the year include a Group Manufacturing and Projects Director, a newly created role which will support Accsys as we expand our operations and develop our global reach. Management has also been strengthened by the appointments of new Managing Directors of Tricoya UK and Accoya Color.

We rely on the skills, experience and commitment of our people to meet our business goals and to that end, are committed to investing in their careers. During the year we increased the number of training and development opportunities for our colleagues around the group, providing 8,579 total training hours in FY23, representing 32.5 training hours per colleague. This year's performance is an increase of 526 hours on the prior year and 4,619 hours since FY21. Together with new leadership training programmes and talent mapping, this is an ongoing process to ensure we have the right skills and talent in place to grow our business effectively.

Innovation & Technology

We conduct regular strategic reviews of our engineering and technology capabilities and other actions to drive improved delivery of capital and innovation projects. This has led to the creation in FY22 of a Global Engineering Centre and Project Management Office, and further development of our R&D function. During the year we increased our skills and talent in key areas including project and portfolio management in addition to engineering, wood (modification) science and analytical capabilities.

Our R&D team is focused on both process and product innovation which impact the short, medium and long-term future of the business. With production capacity recently expanded in Arnhem, process optimisation and reliability remain core areas of focus. Our R&D team works closely with our Sales & Marketing teams to understand evolving consumer needs and to assess where innovation can meet those needs.

To build resilience and mitigate risk in our supply chain our R&D and Supply Chain teams have been exploring alternative wood species to Radiata pine. The properties of Radiata pine from certain regions make it well suited to our proprietary acetylation process. It is also fast growing and available from certified sources, making it a sustainable choice. However, we want to broaden our wood supply, both in terms of species and source location to de-risk our operations as we grow.

This year we were pleased to see positive results from long-term trials of Accoya made from fast growing Taeda pine from Argentina and Uruguay with ideal growing conditions and forestry practices and mills that can meet our requirements. For example, Accoya cladding made from Taeda has been used to clad the Starbucks building in Wakefield, UK. Installed in 2020, it has shown the same durability and performance as Radiata pine. Being able to source Taeda from South America also makes it an ideal option for supply to the Kingsport, Tennessee plant. Over the coming year we will be continuing this work with the view to beginning official commercial production of Accoya with Taeda.

Intellectual Property

Accsys continues to invest in developing and protecting its valuable portfolio of intellectual property and confidential information. Our technology covers not only the physical equipment and engineering that underpins our manufacturing and production, but also the processes and methodology we follow in our supply and production chain: from the way we source our wood, through our wood modification process, to the way we market and sell Accoya and Tricoya.

Accsys' holds c.388 patent family members covering 28 distinct inventions in 45 countries with 75% of the patent family members now granted. The core technologies associated with our current and future plants for the production of Accoya and Tricoya wood products are protected by using a combination of patenting and branding and trade secrets to maintain our differentiation in the marketplace and interest to potential licencing partners. Our principal trademark portfolio covers our Accoya and Tricoya brands, the Trimarque device and the Accsys company name, protected by registrations in over 60 countries.

ESG

With its stated purpose of 'Changing wood to change the world', Accsys is committed to growing and operating its business in a responsible and sustainable way. Aligned with our values and business strategy, our ESG framework outlines 10 key material issues and impact areas on which we are primarily focused.

Having completed Stage One of our 2020 sustainability strategy roadmap, we are now in Stage Two and are focused on establishing specific development plans, including setting Science Based Targets (SBTs) to reduce our emissions intensity per cubic metre of Accoya produced.

Building on our commitment to transparency, Accsys participated for a second consecutive year in the S&P Global Corporate Sustainability Assessment. Accsys scored 43/100 - an improvement of five points (13%) on the prior year, placing the Company in the top quintile in the 'Paper & Forest Products' industry category.

Through our expanding safety programme which includes increased monitoring, a defined strategy and increasing awareness, we are building a stronger safety culture across the organisation. During the year the Company rolled out a number of dedicated safety learning programmes and initiatives, including a Health & Safety month in February 2023 which gave our colleagues the opportunity to participate in group discussions on safety improvement, training sessions and guest speaker events.

During the year we completed a Board performance evaluation and internal review which complements our three-yearly cycle of external evaluations. The results of the evaluation confirmed the individual and collective commitment and effectiveness of Directors. The evaluation also supports the Board in understanding areas of focus as part of its continuous improvement.

Health & Safety (HSE)

Health & Safety is a top priority for the Board and for Accsys, and the Board-level HSE Committee established in 2022 has helped support the Board's focus on this key area. Accsys has set 'Zero Harm' as a key target for our operations and is committed to developing best practice HSE across the Company.

During FY23 we held regular safety briefings for all colleagues and have issued monthly communications to encourage greater awareness of safety. As awareness around safety grows, we have seen corresponding improvements in key HSE performance metrics. During the year we introduced a digital version of our safety observation card, submissions of which grew from 1,060 in FY22 to 1,316 this year. In addition, we have maintained our momentum in leadership safety tours, holding almost 700 tours over the year. We are pleased to report that our Total Recordable Incidence Rates improved from 5.2 to 3.6 per 200,000 hours worked. Our Lost Time Incident Rate per 200,000 hours worked, however, increased from 0.52 to 0.96 (versus our target 0.5).

Energy & Climate Change

Our approach to Energy & Climate includes a focus on energy efficiency and process optimisation, assessing the carbon impact of our products and integrated climate considerations and activities (e.g. risks and opportunities) across multi-functions across the business.

We are innovating to minimise our environmental impact across our operations, in accordance with our Climate Change Policy, whilst sourcing our raw materials responsibly. In 2023 we established a steering committee at our Arnhem site to focus on carbon intensity reduction per cubic metre of Accoya produced. Additionally, we are using our Scope emissions data to set carbon reduction targets in alignment with the Science Based Targets Initiative (SBTi).

Society & Communities

Accsys has developed a more structured approach to charitable and community support and its environmental impact through tools such as charitable giving and colleague engagement. During the year our colleagues chose three official charity partners to support. In total Accsys pledged total donations of €72,219 towards charitable activities as well as participating in our chosen charities' missions through a number of activities, events and presentations.

In January we organised a colleague volunteering day with our charity partner Trees4All. Accsys colleagues were invited to join volunteers from across The Netherlands to plant trees in the Groene Woud, NL. The day resulted in around 2,000 trees going into the ground and gave our colleagues the opportunity to give back to the local community and learn about reforestation.

A one-off donation was also approved by our Charities Committee to support the Turkey/Syria Earthquake appeal in support of several colleagues who had relatives and friends in affected areas.

Sustainable & Quality Products

We are committed to a more sustainable world and use abundantly available wood sources, certified as sustainable by the Forest Stewardship Council® (FSC®). Our commitment to responsible sourcing and manufacturing is recognised by leading accreditation bodies. This year we achieved Cradle to Cradle® (C2C) gold certification for Accoya Color Grey, as well as being awarded 'Platinum' level (the highest level) for both 'Material Health' and 'Water Stewardship'. Our core product, Accoya has held C2C certified status since 2010. C2C certified is the global standard for products that are safe, circular, and responsibly made. Accoya wood is one of the very few building products to have acquired C2C certification on the stringent Gold-level. This represents very high standards of sustainability, alongside the recognised high performance and durability credentials of the brand.

Capital Raise

In May 2022 the Company completed a €19m net capital raise from shareholders to support the completion of current capital projects and increase working capital and cashflow headroom. We extend our thanks to shareholders for their continuing support and investment in Accsys.

Board Update

The Board's composition brings depth and a range of experience to Accsys, both supporting and challenging the Executive team in the execution of the Company's strategy. Post the year end there has been considerable change, with Rob Harris, Accsys' Chief Executive Officer, stepping down after three years, and Will Rudge deciding to leave the Company after 12 years as Chief Financial Officer.

Rob Harris is succeeded by Dr Jelena Arsic van Os, who will join the Board as CEO on 1 July 2023, at which point I will return to my prior role as independent Non-Executive Chair of Accsys. Jelena has over 20 years' experience in senior executive leadership roles in large-cap multinational companies and has a proven track record in transforming and driving complex businesses, delivering on profitable growth targets and successfully delivering large capital projects. We are grateful to Rob Harris and wish him success in his future endeavours.

Will Rudge is succeeded by Steven Salo, who joined Accsys on 1 April 2023. Steven brings significant experience in senior financial leadership roles, executing high-value corporate and business development transactions, and driving and shaping businesses for profitable growth. We take this opportunity to thank Will Rudge for staying on to support Accsys and transition his responsibilities to Steven and wish him all the best with the next step in his career.

Post the year end, in May 2023 we announced that as they reach the end of their nine-year terms, Sue Farr and Sean Christie, who chairs the Audit Committee, will step down from the Board at the conclusion of the AGM in September 2023. In addition, due to increases in his executive commitments, Alexander Wessels, who chairs the Company's Remuneration Committee, will also step down from the Board at the upcoming AGM at the end of his current three year term.

The Board is seeking to appoint two new high-quality and experienced independent Non-Executive Directors, with the intention of one acting as Chair of the Audit Committee, and the second as Chair of the Remuneration Committee. The search for both these roles is well underway and the Company plans to give further updates ahead of the AGM in September.

The Board would like to thank Sue and Sean for their significant contribution to Accsys over the last nine years and for the support and guidance they have given to newer members of the board. The Board also thanks Alexander for his invaluable input to Accsys over the last three years through his experiences as a CEO. We look forward to adding two new high-quality Non-Executive Directors to the Board in due course as we look to deliver on Accsys' significant potential.

Outlook

In the coming year we expect to leverage the benefits from greater economies of scale associated with higher production volumes at our plants. FY24 will also be a year during which we will implement actions to ensure the future sustainable growth of the business and to drive value creation for our shareholders. These actions include moving towards completion of the Kingsport plant, which will incur higher costs this year as we invest in people and infrastructure in readiness for start-up and making key investments in the core business to support higher volume production. In view of our increased capacity from the expansion of Arnhem and future capacity from Kingsport, and in light of the softening of price and demand in the global construction industry, we are dedicating more resource to our sales and marketing activity globally, particularly in the US, to prepare for a greater level of supply as this project comes online.

We have made a good start to FY24, with performance in line with our expectations. With our new executive management team in place to drive the business forward in its next phase of growth, we are confident in delivering further financial and operational progress in the coming year, and in the longer-term demand and growth opportunity for Accoya and Tricoya.

Stephen Odell
Executive Chair
26 June 2023

	FY23	FY22	Change %
Group Revenue	**€162.0m**	**€120.9m**	34%
Gross Profit	**€55.2m**	**€36.0m**	53%
Underlying EBITDA	**€22.9m**	**€10.4m**	120%
Underlying EBIT	**€14.4m**	**€4.2m**	243%
Underlying profit before tax	**€11.0m**	**€1.3m**	
Statutory (loss)/profit before tax	**(€67.1m)**	**€1.7m**	
Cash	**€26.6m**	**€42.1m**	
Adjusted cash	**€16.8m**	**€4.3m**	
Net debt	**(€44.1m)**	**(€27.2m)**	
Accoya Sales volume	**63,344m^3**	**59,649m^3**	6%

Introduction

Accsys has delivered a good performance in the year, with 34% revenue growth and a 120% increase in Underlying EBITDA to €22.9m, driven by increased sales prices and strong ongoing demand for our products.

Net debt increased by €16.9m in the year to €44.1m due to the planned investment into Accoya USA (€29m), capex investments of €29.8m into the Arnhem reactor 4 and Tricoya Hull projects (partially offset by a successful placing in May 2022 which raised net proceeds of approximately €19m), the reduction in the NatWest loan (€9.4m) and EBITDA generation during the year.

In November 2022 Accsys agreed to acquire full ownership of the Tricoya entities, including the Tricoya Hull plant from its consortium partners for a consideration in Accsys shares (valued at €9.5m). At the same time, the debt facility between TUK and NatWest was restructured, resulting in the principal debt being reduced to €6m, with a new seven-year term and no capital repayments during this period.

Following these events, an impairment assessment was required to be performed under IAS 36 (Impairment of Assets) on the Tricoya segment's gross assets with an impairment loss of €86m being recognised as a non-cash exceptional item. The calculated impairment was impacted by:

1) A previously reported increase in the capex to complete the construction of the Tricoya Hull plant of €35m, commencing in 2 years;
2) A higher pre-tax WACC rate (used for the discount rate) increasing by 3.0% to 13.5%, principally due to higher market interest rates; and
3) A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT).

Statement of comprehensive income

Group revenue increased by 34% to €162.0m for the year (FY22: €120.9m), driven by continuing strong market demand for Accoya and Tricoya and an increase in average sales prices during the year and prior year implemented to address rising raw material costs. An energy price premium (surcharge) was also successfully added to customer sales prices in H1 to offset a significant increase in acetyl costs.

Accoya sales volumes increased 6% to 63,344m^3 following the successful commissioning and operation of reactor 4 in September 2022. We have continued to see strong underlying demand for Accoya across our regions and with our Tricoya panel manufacturing partners. The FY23 regional sales trend on a year-on-year basis reflects a 10% increase in sales volumes in North America where we continue to increase marketing, sales, and allocation of product volumes available to customers as we develop this market ahead of our US capacity expansion.

Sales volumes increased by 18% to our Tricoya customers (MEDITE and FINSA) following a drop in allocation in FY22. These sales to MEDITE and FINSA for the manufacture of Tricoya panels are used to develop the market for Tricoya products and represent 24% of Accoya sales volumes (FY22: 22%).

Sales volume by end market	FY23 m^3	FY22 m^3	Change %
UK & Ireland	14,667	14,905	(2%)
Tricoya	15,193	12,860	18%
Rest of Europe	16,584	16,809	(1%)
Americas	10,574	9,575	10%
Rest-of-World	6,326	5,500	15%
Total	63,344	59,649	

Other Revenue, which predominantly relates to the sale of our acetic acid by-product, increased by 21% to €16.8m (FY22: €13.9m) due to higher acetic acid sales volume following the ramp up of production from reactor 4 in Arnhem. Accsys' sales of its acetic acid by-product back into the same acetyls market continued to act as a partial hedge to the higher acetic anhydride costs. The net acetyls cost increased by 19% compared to the prior year.

Raw wood input costs were moderately higher although more stable than the wider lumber market as we purchase appearance-grade wood under long-term supply contracts with many of our partners.

Cost of sales increased by 26%, on 6% higher sales volumes and higher cost of raw materials, primarily in higher raw wood and acetic anhydride costs.

Group gross profit of €55.2m was 53% higher than the prior year (FY22: €36.0m) and gross profit margin increased 4% to 34%.

Underlying other operating costs (excluding depreciation and amortisation) increased from €25.4m to €31.6m. This is due to Tricoya's ongoing running costs being treated as operating expenditure in the second half following the introduction of Tricoya UK's hold period and increased legal, insurance and staff costs during the year.

Depreciation and amortisation charges increased by €2.1m to €8.3m following commercial production from reactor 4 in September 2022.

Underlying finance expenses increased €0.3m to €3.2m following the interest on Tricoya UK's NatWest facility not being capitalised post the introduction of the hold period for Tricoya UK and a full year of interest cost on the De Engh €10m loan which was entered into March 2022.

An impairment loss (exceptional item) of €86.0m has been recognised in the year relating to the Tricoya segment. The calculated impairment is described in the Introduction and has been recognised as a non-cash exceptional item.

In regard to the Tricoya Consortium reorganisation completed during the year, the following exceptional items have been recognised:

- €1.5m expense for advisory fees incurred;
- €9.4m income related to the restructuring of the NatWest loan, decreasing the principal debt from €15.4m to €6m; and
- €1.4m expense related to the value recovery instrument provided to NatWest, allowing NatWest to recover up to approximately €9.4m, on a contingent basis, depending on the profitability of the Tricoya Hull plant once operational (see note 23).

An exceptional foreign exchange gain of €1.4m was recognised related to US dollars held as cash for investment into Accoya USA, which were invested into the joint venture in the first half. Following the May 2021 capital raise, the amount raised to invest into Accoya USA was translated into US dollars and held in cash, ensuring that foreign exchange movements did not decrease the amount raised below the future US dollar investment into Accoya USA. This treatment did not meet the requirements for hedge accounting under IFRS 9, Financial Instruments, and therefore the foreign exchange gain on the revaluation of the US dollars has been accounted for in Finance Expenses as an Exceptional item.

In the prior year, redundancy costs of €0.1m were recognised in relation to the purchase of assets in Barry, UK and €1.6m early termination costs related to the refinance of the Group debt facilities in October 2021, with both classified as exceptional items.

No other adjustments have been recognised in the current year, which were previously also excluded from underlying results. These other adjustments related to foreign exchange differences on the US dollar cash pledged to ABN Amro for the Letter of Credit provided to First Horizon Bank ('FHB') as part of the Accoya USA funding arrangements and pound sterling loan notes repaid in the October 2021 Group refinance. See note 5 for further details.

Underlying profit before tax increased by €9.7m to €11.0m (FY22: €1.3m). After taking into account exceptional items (including the impairment loss) and other adjustments, loss before tax amounted to €67.1m (FY22 profit: €1.7m).

The tax charge increased by €1.8m to €2.8m (FY22: €1.0m).

Underlying earnings per share increased to €0.05 per share (FY22: €0.01 per share). A statutory loss per share was recognised of €0.19 per share (FY22: profit of €0.01 per share).

Cash flow

Cash flows generated from operating activities before changes in working capital increased by €11.3m to €22.7m (FY22: €11.4m), reflecting continued good operational cash flow generated by our plant in Arnhem.

Inventory levels increased by €9.6m during the year with higher raw material levels held due to the ramp-up of the fourth reactor, which increases production capacity by 33% but which was also partially impacted by the delay in start-up of reactor 4 and the long lead time for raw material purchases from New Zealand. Inventory balances started to decrease in H2 and are expected to continue to decrease further in the next financial year.

In May 2022 Accsys completed a successful placing for an issue of shares in the Company, raising net proceeds of approximately €19.0 million which have been used to strengthen the Group's balance sheet, increase liquidity headroom and provide additional working capital and fund additional costs to complete Arnhem's expansion project.

At 31 March 2023 the Group held cash balances of €26.6m, a €15.5m decrease in the year, attributable to construction costs relating to the Arnhem plant expansion project (€7.9m), Tricoya Hull project (€20.1m), the planned investment into Accoya USA (€29m) and the increase in inventory referred to above. This was partially offset by the placing, €10.0m of proceeds from loans (explained further below), and cash flow generated from operating activities. When adjusting for the cash pledged for the Letter of Credit provided to FHB of $10.0m (see note 30), and in the prior year adjusting for the remaining cash raised in the May 2021 equity raise to be invested into Accoya USA, Adjusted Cash increased during the year to €16.8m (see note 30).

Financial position

Plant and machinery additions of €21.4m (FY22: €41.0m) consisted of the construction of reactor 4 in Arnhem and the Tricoya plant in Hull.

Trade and other receivables increased to €18.1m (FY22: €16.9m), primarily due to higher sales following the ramp up of reactor 4.

Trade and other payables decreased €4.0m to €25.9m (FY22: €29.9m), with a decrease in accruals following the completion of the Arnhem expansion project and the decrease in activity on the Tricoya plant in Hull.

Amounts payable under loan agreements increased to €65.9m (FY22: €64.0m) due to the drawdown of €5.0m on the ABN Revolving credit facility and €5.0m on the Tricoya NatWest €17.2m facility, capitalisation of interest on the Tricoya NatWest loan before the Tricoya NatWest facility was restructured, decreasing the principal debt from €15.4m to €6.0m.

Net debt increased by €16.9m in the year to €44.1m (FY22: €27.2m) due to capex investments of €29.8m, investment into Accoya USA (€29m) and the increase in inventory partially offset by the successful placing (net proceeds of €19.0m), cash flow generated from operating activities and the restructuring of the Tricoya NatWest facility, decreasing the principal debt on the facility by €9.4m to €6.0m.

Going concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are approved.

As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital requirements and covenant compliance for the foreseeable future under a base case scenario, taking into account the Group's financial resources including the current cash position and banking and finance facilities which are currently in place (see note

30 for details of these facilities). The Directors have also assessed a severe but plausible downside scenario with reduced sales volumes and lower gross margin, also reflecting the possible impact of volatile raw material costs.

These forecasts indicate that in order to continue as a going concern the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya wood from the plant in Arnhem with the collection of on-going working capital items in line with internally agreed budgets. In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya plant in Hull until appropriate funding arrangements have been put in place.

The Directors' have taken into account the reorganisation of the Tricoya consortium and restructuring of its bank debt completed in November 2022 which resulted in Accsys becoming the 100% owner of the Tricoya Hull plant and the commitment to fund ongoing working capital during the hold period. The Directors' have also considered the possible amount and timing of capital expenditure required to complete the Accoya plant in the USA, noting that notwithstanding that the construction project benefits from certain contractual measures in place with the lead construction contractor, Accsys has committed to fund its 60% share of cost overruns, should they arise.

The Directors believe there are a sufficient number of alternative actions and measures within the control of the Group that can and would be taken in order to ensure on-going liquidity including reducing/deferring costs in some discretionary areas as well as larger capital projects if necessary. The Directors believe that while some uncertainty always inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, under both the base scenario and severe but plausible downside scenario, there is sufficient liquidity and covenant headroom such that there is no material uncertainty with respect to going concern and have prepared the financial statements on this basis.

Steven Salo
Chief Financial Officer
26 June 2023

Accsys Technologies PLC

Consolidated statement of comprehensive income for the year ended 31 March 2023

	Note	2023 €'000 Underlying	2023 €'000 Exceptional items and other adjustments*	2023 €'000 Total	2022 €'000 Underlying	2022 €'000 Exceptional items and other adjustments*	2022 €'000 Total
Accoya® wood revenue		143,493	-	143,493	105,053	-	105,053
Tricoya® panel revenue		1,374	-	1,374	1,459	-	1,459
Licence revenue		329	-	329	416	-	416
Other revenue		16,822	-	16,822	13,924	-	13,924
Total revenue	3	**162,018**	**-**	**162,018**	**120,852**	**-**	**120,852**
Cost of sales		(106,852)	-	(106,852)	(84,852)	-	(84,852)
Gross profit		55,166	-	55,166	36,000	-	36,000
Other operating costs	4	(39,878)	(87,453)	(127,331)	(31,541)	(136)	(31,677)
Operating profit/ (loss)	8	**15,288**	**(87,453)**	**(72,165)**	**4,459**	**(136)**	**4,323**
Finance income	9	-	-	-	-	-	-
Finance expense	10	(3,224)	9,350	6,126	(2,893)	544	(2,349)
Share of net loss from joint venture accounted for using the equity method	29	(1,036)	-	(1,036)	(261)	-	(261)
Profit/(Loss) before taxation		**11,028**	**(78,103)**	**(67,075)**	**1,305**	**408**	**1,713**
Tax expense	11	(2,787)	-	(2,787)	(1,015)	-	(1,015)
Profit/(Loss) for the year		**8,241**	**(78,103)**	**(69,862)**	**290**	**408**	**698**
Items that may be reclassified to profit or loss							
(Loss)/ gain arising on translation of foreign operations		(61)	-	(61)	153	-	153
Gain/(loss) arising on foreign currency cash flow hedges		42	-	42	-	66	66
Total other comprehensive (loss)/gain		(19)	-	(19)	153	66	219
Total comprehensive gain/(loss) for the year		8,222	(78,103)	(69,881)	443	474	917
Total comprehensive gain/(loss) for the year is attributable to:							
Owners of Accsys Technologies PLC		9,509	(48,566)	(39,057)	2,083	474	2,557
Non-controlling interests		(1,287)	(29,537)	(30,824)	(1,640)	-	(1,640)
Total comprehensive gain/(loss) for the year		8,222	(78,103)	(69,881)	443	474	917
Basic profit/(loss) per ordinary share	13	€0.05		€(0.19)	€0.01		€0.01
Diluted profit/(loss) per ordinary share	13	€0.04		-	€0.01		€0.01

The notes on form an integral part of these financial statements.

* See note 5 for details of exceptional items and other adjustments.

Accsys Technologies PLC

Consolidated statement of financial position as at 31 March 2023

Registered Company 05534340

	Note	2023 €'000	2022 €'000
Non-current assets			
Intangible assets	15	10,491	10,834
Investment accounted for using the equity method	29	30,859	3,216
Property, plant and equipment	16	106,051	176,661
Right of use assets	17	4,044	4,632
Financial asset at fair value through profit or loss	18	-	-
		151,445	195,343
Current assets			
Inventories	21	29,946	20,371
Trade and other receivables	22	18,075	16,934
Cash and cash equivalents	30	26,593	42,054
Corporation tax receivable		459	435
Derivative financial instrument		-	3
		75,073	79,797
Current liabilities			
Trade and other payables	24	(25,896)	(29,880)
Obligation under lease liabilities	17	(980)	(1,024)
Short term borrowings	30	(9,500)	(11,654)
Corporation tax payable		(6,082)	(3,184)
		(42,458)	(45,742)
Net current assets		32,615	34,055
Non-current liabilities			
Obligation under lease liabilities	17	(3,755)	(4,193)
Other long term borrowings	30	(56,420)	(52,335)
Financial guarantee	32	-	-
Financial liability at amortised cost	23	(1,383)	-
		(61,558)	(56,528)
Net assets		122,502	172,870
Equity			
Share capital	25	10,963	9,638
Share premium account		250,717	223,326
Other reserves	26	114,743	114,701
Accumulated loss		(254,042)	(210,505)
Own shares		(8)	(6)
Foreign currency translation reserve		129	190
Capital value attributable to owners of Accsys Technologies PLC		122,502	137,344
Non-controlling interest in subsidiaries	27	-	35,526
Total equity		122,502	172,870

The financial statements were approved by the Board of Directors on 26 June 2023 and signed on its behalf by

Stephen Odell

Steven Salo **Directors**

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the year ended 31 March 2023

	Share capital Ordinary €000	Share premium €000	Other reserves €000	Own Shares €000	Foreign currency trans-lation reserve €000	Accumula-ted Loss €000	Total equity attributable to equity shareholders of the company €000	Non-Controlling interests €000	Total Equity €000
Balance at 01 April 2021	8,466	189,598	114,635	(36)	37	(213,263)	99,437	37,166	136,603
Profit/(Loss) for the year	-	-	-	-	-	2,338	2,338	(1,640)	698
Other comprehensive income for the year	-	-	66	-	153	-	219	-	219
Share based payments	-	-	-	-	-	463	463	-	463
Shares issued	1,172	-	-	30	-	(43)	1,159	-	1,159
Premium on shares issued	-	35,922	-	-	-	-	35,922	-	35,922
Share issue costs	-	(2,194)	-	-	-	-	(2,194)	-	(2,194)
Balance at 31 March 2022	9,638	223,326	114,701	(6)	190	(210,505)	137,344	35,526	172,870
Loss for the year	-	-	-	-	-	(39,038)	(39,038)	(30,824)	(69,862)
Other comprehensive gain/ (loss) for the year	-	-	42	-	(61)	-	(19)	-	(19)
Share based payments	-	-	-	-	-	366	366	-	366
Shares issued	731	-	-	(2)	-	(22)	707	-	707
Premium on shares issued	-	19,526	-	-	-	-	19,526	-	19,526
Share issue costs	-	(1,086)	-	-	-	-	(1,086)	-	(1,086)
Aquisition of subsidiary shares from non-controlling interests	594	8,951	-	-	-	(4,843)	4,702	(4,702)	-
Balance at 31 March 2023	10,963	250,717	114,743	(8)	129	(254,042)	122,502	-	122,502

Share capital is the amount subscribed for shares at nominal value (note 25).

Share premium account represents the excess of the amount subscribed for share capital over the nominal value of these shares, net of share issue expenses. Share issue expenses comprise the costs in respect of the issue by the Company of new shares.

See note 26 for details concerning Other reserves.

Non-controlling interests relate to the previous investment of various parties into Tricoya Technologies Limited and Tricoya UK Limited. The Group purchased the remaining shareholding in the Tricoya entities in the year (see notes 27 and 28).

Foreign currency translation reserve arises on the re-translation of the Group's USA subsidiary's net assets which are denominated in a different functional currency, being US dollars.

Accumulated losses represent the cumulative loss of the Group attributable to the owners of the parent.

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of cash flow for the year ended 31 March 2023

	2023 €'000	2022 €'000
(Loss)/ profit before taxation	(67,075)	1,713
Adjustments for:		
Amortisation of intangible assets	780	745
Depreciation of property, plant and equipment, and right of use assets	7,512	5,419
Impairment loss	86,000	-
Net finance (income)/expense	(6,126)	2,350
Equity-settled share-based payment expenses	366	463
Accsys portion of Licence fee received from joint venture	300	600
Share of net loss of joint venture	1,036	261
Currency translation gains	(70)	(171)
Cash inflows from operating activities before changes in working capital	22,723	11,380
(Increase) in trade and other receivables	(1,154)	(5,058)
(Decrease) in deferred income	-	(33)
(Increase) in inventories	(9,596)	(8,110)
Increase in trade and other payables	4,673	4,034
Net cash from operating activities before tax	16,646	2,213
Tax received	87	56
Net cash from operating activities	16,733	2,269
Cash flows from investing activities		
Interest received	-	-
Investment in property, plant and equipment	(29,773)	(44,612)
Foreign exchange deal settlement related to hedging of Hull Capex	(81)	190
Investment in intangible assets	(437)	(714)
Investment in joint venture	(28,979)	(3,751)
Net cash (used in) investing activities	(59,270)	(48,887)
Cash flows from financing activities		
Proceeds from loans	10,000	54,500
Other finance costs	(250)	(392)
Interest Paid	(2,429)	(2,241)
Repayment of lease liabilities	(940)	(1,089)
Repayment of loans/rolled up interest	-	(46,939)
Proceeds from issue of share capital	20,258	37,094
Share issue costs	(1,086)	(2,194)
Net cash from financing activities	25,553	38,739
Net decrease in cash and cash equivalents	(16,984)	(7,879)
Effect of exchange rate changes on cash and cash equivalents	1,523	2,335
Opening cash and cash equivalents	42,054	47,598
Closing cash and cash equivalents	26,593	42,054

The notes form an integral part of these financial statements.

1. Accounting Policies

General Information

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the years ended 31 March 2023 or 31 March 2022. Statutory accounts for the year ended 31 March 2022 have been filed with the Registrar of Companies and those for the year ended 31 March 2023 will be delivered to the Registrar in due course; both have been reported on by the auditors. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2023 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of accounting

The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. In addition, the financial statements are also prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Dutch Financial Markets Supervision Act.

Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least 12 months from the date these financial statements are approved.

As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital requirements and covenant compliance for the foreseeable future under a base case scenario, taking into account the Group's financial resources including the current cash position and banking and finance facilities which are currently in place (see note 30 for details of these facilities). The Directors have also assessed a severe but plausible downside scenario with reduced sales volumes and lower gross margin, also reflecting the possible impact of volatile raw material costs.

These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya® wood from the plant in Arnhem with the collection of on-going working capital items in line with internally agreed budgets. In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya® plant in Hull until appropriate funding arrangements have been put in place.

The Directors' have taken into account the reorganisation of the Tricoya consortium and restructuring of its bank debt completed in November 2022 which resulted in Accsys becoming the 100% owner of the Tricoya® Hull plant and the commitment to fund ongoing working capital during the hold period. The Directors' have also considered the possible amount and timing of capital expenditure required to complete the Accoya® plant in the USA, noting that notwithstanding that the construction project benefits from certain contractual measures in place with the lead construction contractor, Accsys has committed to fund its 60% share of cost overruns, should they arise.

The Directors believe there are a sufficient number of alternative actions and measures within the control of the Group that can and would be taken in order to ensure on-going liquidity including reducing/deferring costs in some discretionary areas as well as larger capital projects if necessary. The Directors believe that while some uncertainty always inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, under both the base scenario and severe but plausible downside scenario, there is sufficient liquidity and covenant headroom such that there is no material uncertainty with respect to going concern and have prepared the financial statements on this basis.

Exceptional Items

Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include items relating to the restructuring of a significant part of the Group, impairment losses (or the reversal of previously recorded exceptional impairments), expenditure relating to the integration and implementation of significant acquisitions and other one-off events or transactions, such as re-financing of Group borrowings. See note 5 for details of exceptional items.

Business combinations

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquirer's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

As allowed under IFRS 1, some business combinations effected prior to transition to IFRS, were accounted for using the merger method of accounting. Under this method, assets and liabilities are included in the consolidation at their book values, not fair values, and any differences between the cost of investment and net assets acquired were taken to the merger reserve. The majority of the merger reserve arose from a corporate restructuring in the year ended 31 March 2006 which introduced Accsys Technologies PLC as the new holding Company.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to Accsys Technologies PLC.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration receivable. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur based on the consideration in the contract. The following specific recognition criteria must also be met before revenue is recognised.

Manufacturing revenue
Revenue is recognised from the sale of goods at a point in time and is measured at the amount of the transaction price received in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in the future. Revenue is recognised when the Group's performance obligations under the relevant customer contract have been satisfied. Manufacturing revenue includes the sale of Accoya wood, Tricoya panels and other revenue, principally relating to the sale of acetic acid.

Licensing fees
Licence fees are recognised over the period of the relevant agreements according to the specific terms of each agreement or the quantities and/or values of the licensed product sold. The accounting policy for the recognition of licence fees is based upon satisfaction of the performance obligations set out in the contract such as an assessment of the work required before the licence is signed and subsequently during the design, construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion. The amount of any cash received but not recognised as income is included in the financial statements as deferred income and shown as a liability.

Finance income

Interest accrues using the effective interest method, i.e. the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Finance expenses and borrowing costs

Finance expenses include the fees, interest and other finance charges associated with the Group's loan notes, credit facilities and leases, which are expensed over the period that the Group has access to the loans, facilities and leases.

Foreign exchange gains or losses on the loan notes are included within finance expenses.

Interest on borrowings directly relating to the construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period. The capitalisation of borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

Share based payments

The Company awards nil cost options to acquire ordinary shares in the capital of the Company to certain Directors and employees. The Company has also previously awarded bonuses to certain employees in the form of the award of deferred shares of the Company.

In addition the Company has established an Employee Share Participation Plan under which employees subscribe for new shares which are held by a trust for the benefit of the subscribing employees. The shares are released to employees after one year, together with an additional, matching share on a 1 for 1 basis.

The fair value of options and deferred shares granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is charged to the consolidated statement of comprehensive income over the vesting period during which the employees become unconditionally entitled to the options or shares.

The fair value of share options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

The Group contributes to certain defined contribution pension and employee benefit schemes on behalf of its employees. These costs are charged to the consolidated statement of comprehensive income on an accruals basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date together with any adjustment to tax payable in respect of previous years. Current tax includes the expected impact of claims submitted by the Group to tax authorities in respect of enhanced tax relief for expenditure on research and development.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Recognition of deferred tax assets is restricted to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (the functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the parent Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currencies are recognised at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average monthly exchange rates prevailing in the month in which the transaction took place. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Such translation differences are reclassified to profit and loss only on disposal or partial disposal of the overseas operation.

Foreign exchange hedging

The Group has adopted IFRS 9 hedge accounting in respect of the cash flow hedging instruments that it uses to manage the risk of foreign exchange movements impacting on future cash flows and profitability.

The Group has prospectively assessed the effectiveness of its cash flow hedging using the 'hedge ratio' of quantities of cash held in the same currency as future foreign exchange cash flow quantities related to committed investment in plant and equipment. The Group has undertaken a qualitative analysis to confirm that an 'economic relationship' exists between the hedging instrument and the hedged item. It is also satisfied that credit risk will not dominate the value changes that result from that economic relationship.

At the end of each reporting period the Group measures the effectiveness of its cash flow hedging and recognises the effective cash flow hedge results in Other Comprehensive Income and the Hedging Effectiveness Reserve within Equity, together with its ineffective hedge results in Profit and Loss. Amounts are reclassified from the Hedging Effectiveness Reserve to property, plant and equipment once construction has been completed or Profit and Loss when the associated hedged transaction affects Profit and Loss. Further details are included in note 5.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset they are credited to a deferred income account and released to the statement of comprehensive income over the expected useful life of the relevant asset on a straight line basis.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised, and is subject to annual impairment reviews by the Directors. Any impairment arising is charged to the consolidated statement of comprehensive income. Where the fair value of the identifiable assets and liabilities acquired is greater than the fair value of consideration paid, the resulting amount is treated as a gain on a bargain purchase and is recognised in the consolidated statement of comprehensive income.

Joint venture

The Group has entered into a joint venture agreement with Eastman Chemical Company, forming Accoya USA LLC. The Group applies IFRS 11 for this joint arrangement, and following assessment of the nature of this joint arrangement, has determined it to be a joint venture. Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost.

Further details concerning the Accoya USA LLC joint venture with Eastman Chemical Company are included in note 29.

Other intangible assets

Intellectual property rights, including patents, which cover a portfolio of novel processes and products, are shown in the financial statements at cost less accumulated amortisation and any amounts by which the carrying value is assessed during an annual review to have been impaired. At present, the useful economic life of the intellectual property is considered to be 20 years.

Internal development costs are incurred as part of the Group's activities including new processes, process improvements, identifying new species and improving the Group's existing products. Research costs are expensed as incurred. Development costs are capitalised when all of the criteria set out in IAS 38 'Intangible Assets' (including criteria concerning technical feasibility, ability and intention to use or sell, ability to generate future economic benefits, ability to complete the development and ability to reliably measure the expenditure) have been met. These internal development costs are amortised on a straight line basis over their useful economic life, between 8 and 20 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charged. Cost includes the original purchase price of the asset as well as costs of bringing the asset to the working condition and location of its intended use. The capitalisation of costs is suspended during extended periods in which it suspends active development of a qualifying asset. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, except freehold land, over its expected useful life on a straight line basis, as follows:

Plant and machinery	These assets comprise pilot plants and production facilities. These facilities are depreciated from the date they become available for use over their useful lives of between 5 and 20 years
Office equipment	Useful life of between 3 and 5 years
Leased land and buildings	Land held under a finance lease is depreciated over the life of the lease
Freehold land	Freehold land is not depreciated

Impairment of non-financial assets

The carrying amount of non-current non-financial assets of the Group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable, or in the case of goodwill, annually. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets are determined by applying a discount rate to the anticipated pre-tax future cash flows. An impairment charge is recognised in the consolidated statement of comprehensive income to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised or depreciated in line with Group accounting policies. A previously recognised impairment loss, other than on goodwill, is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the consolidated statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for purposes of assessing impairment.

Leases

To the extent that a right-of-control exists over an asset subject to a lease, a right-of-use asset, representing the Group's right to use the underlying leased asset, and a lease liability, representing the Group's obligation to make lease payments, are recognised in the consolidated statement of financial position at the commencement of the lease.

The right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred, including advance lease payments, and an estimate of the dismantling, removal and restoration costs required in terms of the lease. Depreciation is charged to the consolidated income statement so as to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable. If the implicit interest rate cannot be readily determined, the lessee's incremental borrowing rate is used. Finance charges are recognised in the consolidated statement of comprehensive income over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are not recognised in the consolidated statement of financial position, and are charged to the consolidated income statement when incurred. Low-value assets are determined based on quantitative criteria.

The Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Inventories

Raw materials, which consist of unprocessed timber and chemicals used in manufacturing operations, are valued at the lower of cost and net realisable value. The basis on which cost is derived is a first-in, first-out basis.

Finished goods, comprising processed timber, are stated at the lower of weighted average cost of production or net realisable value. Costs include direct materials, direct labour costs and production overheads (excluding the depreciation/depletion of relevant property and plant and equipment) absorbed at an appropriate level of capacity utilisation. Net realisable value represents the estimated selling price less all expected costs to completion and costs to be incurred in selling and distribution.

Fair value measurement

Assets and liabilities that are measured at fair value, or where the fair value of financial instruments has been disclosed in notes to the financial statements, are based on the following fair value measurement hierarchy:

– level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
– level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
– level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Specific valuation methodologies used to value financial instruments include:

– the fair values of foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates; and
– other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments

Financial assets

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.
Financial assets are initially measured at fair value and in the case of investments not at fair value through profit or loss, fair value plus directly attributable transaction costs.

Except where a reliable fair value cannot be obtained, unlisted shares held by the Group are classified as fair value through other comprehensive income and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, with dividends recognised in profit or loss. Where it is not possible to obtain a reliable fair value, these investments are held at cost less provision for impairment.

Loans and receivables, which comprise non-derivative financial assets with fixed and determinable payments that are not quoted on an active market, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other receivables

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairments. The Group has elected to apply the IFRS 9 practical expedient option to measure the value of its trade receivables at transaction price, as they do not contain a significant financing element. The Group applies IFRS 9's 'simplified' approach that requires companies to recognise the lifetime expected losses on its trade receivables. At the date of initial recognition, the credit losses expected to arise over the lifetime of a trade receivable are recognised as an impairment and are adjusted, over the lifetime of the receivable, to reflect objective evidence reflecting whether the Group will not be able to collect its debts.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits, including liquidity funds, with an original maturity of three months or less. For the purpose of the statement of consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents includes cash pledged to ABN Amro as collateral for the $20million Letter of credit provided to FHB. See note 30.

Financial liabilities

Other financial liabilities
Trade payables and other financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Loans and other borrowings are initially recognised at the fair value of amounts received net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.
The liability is initially measured at fair value, which is determined based on the present value of the difference in cash flows between the contractual payments required under the FHB borrowing (provided to the Company's joint venture – Accoya USA) and the payments that are estimated to be required without the guarantee being provided by Accsys to FHB. To calculate the fair value of the guarantee, the present value calculation is then weighted by the probability of the guarantee being called by FHB.
Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's shares are classified as equity instruments.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments and has been identified as steering the committee that makes strategic decisions.

Alternative Performance Measures

The Group presents certain measures of financial performance, position or cash flows in the Annual Report and financial statements that are not defined or specified according to IFRS (International financial reporting standards). These measures, referred to as Alternative Performance Measures (APMs), are prepared on a consistent basis for all periods presented in this report.

The most significant APMs are:

Net debt
A measure comprising short term and long-term borrowings (including lease obligations) less cash and cash equivalents. Net debt provides a measure of the Group's net indebtedness or overall leverage.

Underlying EBITDA
Operating profit/(loss) before Exceptional items and other adjustments, depreciation and amortisation and includes the Group's attributable share of our USA joint venture's underlying EBITDA. Underlying EBITDA provides a measure of the cash-generating ability of the business that is comparable from year to year.

Underlying EBIT
Operating profit/(loss) before Exceptional items and other adjustments and includes the Group's attributable share of our USA joint venture's underlying EBIT. Underlying EBIT provides a measure of the operating performance that is comparable from year to year.

Net Debt / Underlying EBITDA
Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.

Accoya Manufacturing margin
Accoya segmental underlying gross profit excluding Accoya underlying licence revenue and marketing services expressed as a percentage over Accoya segmental total revenue excluding Accoya underlying licence revenue and marketing services. Accoya Manufacturing margin provides a measure of the profitability of the Accoya operations relative to revenue.

Adjusted Cash
Cash & cash equivalents less restricted cash and cash raised through an equity raise to be invested into Accoya USA Joint Venture. See note 30.

2. Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates

Goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of judgements in relation to discount rates and future forecasts (See note 15 & 16). The recoverability of these balances is dependent upon the level of future licence fees and manufacturing revenues. While the scope and timing of the production facilities to be built under the Group's existing and future agreements remains uncertain, the Directors remain confident that revenue from own manufacturing, existing licensees, new licence or consortium agreements will be generated, demonstrating the recoverability of these balances.

Intellectual property rights (IPR) and property, plant and equipment
The Group tests the carrying amount of the intellectual property rights and property, plant and equipment whenever events or changes in circumstances indicate that the net book value may not be recoverable. These calculations require the use of estimates in respect of future cash flows from the assets by applying a discount rate to the anticipated pre-tax future cash flows. Within this process, the Group makes a number of key assumptions including operating margins, production volumes, discount rates, terminal growth rates and forecast cash flows. Additional information is disclosed in note 15 & 16, which highlights the estimates applied in the value-in-use calculations for those CGUs that are considered most susceptible to changes in key assumptions and the sensitivity of these estimates. The Group also reviews the estimated useful lives at the end of each annual reporting period (See note 15 & 16). The price of Accoya® wood and the raw materials and other inputs vary according to market conditions outside of the Group's control. Should the price of the raw materials increase greater than the sales price or in a way which no longer makes Accoya® competitive, then the carrying value of the property, plant and equipment or IPR may be in doubt and become impaired. The Directors consider that the current market and best estimates of future prices mean that this risk is limited.

Valuation of value recovery instrument ("VRI")
These calculations require the use of estimates in respect of future cash flows and by applying a discount rate to the anticipated future cash flows. The same future cashflows modelled in Property, plant and equipment testing are used for this calculation. Additional information is disclosed in note 16 & 23.

Accounting judgements

In preparing the Consolidated Financial Statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Financial asset at fair value through profit or loss
The Group has an investment in listed equity shares carried at nil fair value as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Group makes appropriate enquiries and considers all of the information available to it in order to determine the fair value (See note 18).

New standards and interpretations in issue at the date of authorisation of these financial statements:

New standards, amendments and interpretations
The following amendments to Standards and a new Interpretation have been adopted for the financial year beginning on 1 April 2022:

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Segmental reporting

The Group's business is the manufacturing of and development, commercialisation and licensing of the associated proprietary technology for the manufacture of Accoya wood, Tricoya wood elements and related acetylation technologies. Segmental reporting is divided between corporate activities, activities directly attributable to Accoya, to Tricoya or research and development activities.

Accoya®

	Accoya Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Accoya wood revenue	143,494	-	**143,494**	105,053	-	**105,053**
Licence revenue	300	-	**300**	400	-	**400**
Other revenue	16,773	-	**16,773**	13,879	-	**13,879**
Total Revenue	**160,567**	**-**	**160,567**	**119,332**	**-**	**119,332**
Cost of sales	(105,608)	-	**(105,608)**	(83,435)	-	**(83,435)**
Gross profit	**54,959**	**-**	**54,959**	**35,897**	**-**	**35,897**
Other operating costs	(22,621)	-	**(22,621)**	(19,116)	(133)	**(19,249)**
Profit from operations	**32,338**	**-**	**32,338**	**16,781**	**(133)**	**16,648**

Profit from operations	32,338	-	**32,338**	16,781	(133)	**16,648**
Accoya USA EBIT	(912)	-	**-**	(261)	-	**-**
EBIT	31,426	-	**32,338**	16,520	(133)	**16,648**
Depreciation and amortisation	6,832	-	**6,832**	4,787	-	**4,787**
Accoya USA Depreciation and amortisation	211	-	**-**	-	-	**-**
EBITDA	**38,469**	**-**	**39,170**	**21,307**	**(133)**	**21,435**

Revenue includes the sale of Accoya, licence income and other revenue, principally relating to the sale of acetic acid and other licensing related income. Revenue also includes sales of lower visual grade Accoya to Tricoya customers for the purposes of producing Tricoya® panels as a temporary work-around until the dedicated Tricoya Hull plant is operational.

All costs of sales are allocated against manufacturing activities in Arnhem and in Barry (Wales) unless they can be directly attributable to a licensee. Other operating costs include all costs associated with the operation of the Arnhem and Barry manufacturing sites, including directly attributable administration, sales and marketing costs.

See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 175 (2022: 162)

The below table shows details of reconciling items to show both Accoya EBITDA and Accoya Manufacturing gross profit, both including and excluding licence and licensing related income, which has been presented given the inclusion of items which can be more variable or one-off.

	2023 €'000	**2022 €'000**
Accoya segmental underlying EBITDA	38,469	21,307
Accoya® underlying Licence revenue	(300)	(400)
Accoya segmental underlying EBITDA (excluding. Licence Income)	38,169	20,907
Accoya segmental underlying gross profit	54,959	35,897
Accoya underlying Licence revenue	(300)	(400)
Accoya manufacturing gross profit	54,659	35,497
Accoya Manufacturing Margin	34.1%	29.8%

	2023	**2022**
Accoya Manufacturing gross profit - €'000	54,659	35,497
Accoya sales volume - m3	63,344	59,649
Accoya manufacturing gross profit per m3	863	595

Tricoya

	Tricoya Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Tricoya panel revenue	1,373	-	**1,373**	1,459	-	**1,459**
Licence revenue	29	-	**29**	16	-	**16**
Other revenue	49	-	**49**	45	-	**45**
Total Revenue	**1,451**	**-**	**1,451**	**1,520**	**-**	**1,520**
Cost of sales	(1,244)	-	**(1,244)**	(1,417)	-	**(1,417)**
Gross profit	**207**	**-**	**207**	**103**	**-**	**103**
Other operating costs	(5,823)	(86,000)	**(91,823)**	(3,811)	(3)	**(3,814)**
Loss from operations	**(5,616)**	**(86,000)**	**(91,616)**	**(3,708)**	**(3)**	**(3,711)**

Loss from operations	(5,616)	(86,000)	**(91,616)**	(3,708)	(3)	**(3,711)**
Depreciation and amortisation	527	-	**527**	505	-	**505**
Impairment	-	86,000	**86,000**	-	-	**-**
EBITDA	**(5,089)**	**-**	**(5,089)**	**(3,203)**	**(3)**	**(3,206)**

Revenue and costs are those attributable to the business development of the Tricoya process and establishment of Tricoya Hull Plant.

Other operating costs include pre-operating costs for the Tricoya® Hull Plant.

See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 23 (2022: 36), noting a substantial proportion of the costs to date have been incurred via recharges from other parts of the Group or have resulted from contractors.

Corporate

	Corporate Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Accoya wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	**-**	**-**	**-**	**-**	**-**	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	**-**	**-**	**-**	**-**	**-**	**-**
Other operating costs	(9,976)	(1,453)	**(11,429)**	(7,430)	-	**(7,430)**
Loss from operations	**(9,976)**	**(1,453)**	**(11,429)**	**(7,430)**	**-**	**(7,430)**
Loss from operations	(9,976)	(1,453)	**(11,429)**	(7,430)	-	**(7,430)**
Depreciation and amortisation	866	-	**866**	805	-	**805**
EBITDA	**(9,110)**	**(1,453)**	**(10,563)**	**(6,625)**	**-**	**(6,625)**

Corporate costs are those costs not directly attributable to Accoya, Tricoya or Research and Development activities. This includes management and the Group's corporate and general administration costs including the head office in London. See note 5 for explanation of Exceptional items and other adjustments.
Average headcount = 33 (2022: 37)

Research and Development

	Research & Development Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Accoya wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**
Other operating costs	(1,458)	-	**(1,458)**	(1,184)	-	**(1,184)**
Loss from operations	**(1,458)**	**-**	**(1,458)**	**(1,184)**	**-**	**(1,184)**
Loss from operations	(1,458)	-	(1,458)	(1,184)	-	(1,184)
Depreciation and amortisation	67	-	**67**	68	-	**68**
EBITDA	**(1,391)**	**-**	**(1,391)**	**(1,116)**	**-**	**(1,116)**

Research and Development costs are those associated with the Accoya® and Tricoya® processes. Costs exclude those which have been capitalised in accordance with IFRS (see note 15).

Average headcount = 13 (2022: 9)

Total

	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Accoya/Tricoya revenue	144,867	-	**144,867**	106,512	-	**106,512**
Licence revenue	329	-	**329**	416	-	**416**
Other revenue	16,822	-	**16,822**	13,924	-	**13,924**
Total Revenue	162,018	-	**162,018**	120,852	-	**120,852**
Cost of sales	(106,852)	-	**(106,852)**	(84,852)	-	**(84,852)**
Gross profit	55,166	-	**55,166**	36,000	-	**36,000**
Other operating costs	(39,878)	(87,453)	**(127,331)**	(31,541)	(136)	**(31,677)**
Profit/ (loss) from operations	15,288	(87,453)	**(72,165)**	4,459	(136)	**4,323**
Finance income	-	-	**-**	-	-	**-**
Finance expense	(3,224)	9,350	**6,126**	(2,893)	544	**(2,349)**
Investment in joint venture	(1,036)	-	**(1,036)**	(261)	-	**(261)**
Profit/(Loss) before taxation	11,028	(78,103)	**(67,075)**	1,305	408	**1,713**

See note 5 for details of Exceptional items and other adjustments.

Reconciliation of Underlying EBIT and EBITDA

	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2023 TOTAL €'000**	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2022 TOTAL €'000**
Profit/ (loss) from operations	15,288	(87,453)	(72,165)	4,459	(136)	**4,323**
Accoya USA EBIT	(912)	-	-	(261)	-	**-**
EBIT	14,376	(87,453)	(72,165)	4,198	(136)	**4,323**
Depreciation and amortisation	8,292	-	8,292	6,164	-	**6,164**
Accoya USA Depreciation and amortisation	211	-	-	-	-	**-**
Impairment	-	86,000	86,000	-	-	**-**
EBITDA	22,879	(1,453)	22,127	10,362	(136)	**10,487**

Analysis of Revenue by geographical area of customers:	2023 €'000	2022 €'000
UK and Ireland	55,395	43,053
Rest of Europe	63,635	45,980
Americas	29,778	21,069
Rest of World	13,210	10,750
	162,018	120,852

Revenue generated from two customers exceeded 10% of Group revenue of 2023. These two customers represented 35% & 34% of the revenue from the United Kingdom and Ireland, relating to Accoya revenue. Revenue generated from two customers exceeded 10% of Group revenue of 2022. This included 37% & 34% of the revenue from the United Kingdom and Ireland, relating to Accoya revenue.

Assets and liabilities on a segmental basis:

	Accoya 2023 €'000	Tricoya 2023 €'000	Corporate 2023 €'000	R&D 2023 €'000	TOTAL 2023 €'000	Accoya 2022 €'000	Tricoya 2022 €'000	Corporate 2022 €'000	R&D 2022 €'000	TOTAL 2022 €'000
Non-current assets	120,459	27,047	3,777	162	**151,445**	91,278	99,718	4,119	228	**195,343**
Current assets	52,699	3,872	13,630	4,872	**75,073**	36,899	4,425	33,452	5,021	**79,797**
Current liabilities	(22,947)	(4,156)	(15,299)	(56)	**(42,458)**	(19,399)	(21,112)	(5,156)	(75)	**(45,742)**
Net current assets/(liabilities)	29,752	(284)	(1,669)	4,816	**32,615**	17,500	(16,687)	28,296	4,946	**34,055**
Non-current liabilities	(2,545)	(8,665)	(50,289)	(59)	**(61,558)**	(2,826)	(1,252)	(52,339)	(111)	**(56,528)**
Net assets/(liabilities)	147,666	18,098	(48,181)	4,919	**122,502**	105,952	81,779	(19,924)	5,063	**172,870**

The Investment accounted for using the equity method (Investment in Accoya USA) is included in the Accoya segment. See note 29.

Analysis of non-current assets (Other than financial assets and deferred tax):	2023 €'000	2022 €'000
UK	30,485	107,861
Other countries	116,729	83,251
Un-allocated - Goodwill	4,231	4,231
	151,445	195,343

The segmental assets in the current year were predominantly held in the UK , USA and mainland Europe (prior year UK and mainland Europe). Additions to property, plant, equipment and intangible assets in the current year were predominantly incurred in the UK and mainland Europe (Prior Year UK and mainland Europe). The increase in Investment accounted for using the equity method (investment into Accoya USA) incurred in USA. There are no significant intersegment revenues.

4. Other operating costs

Other operating costs consist of the operating costs, other than the cost of sales, associated with the operation of the plant in Arnhem, Barry, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	2023 €'000	2022 €'000
Sales and marketing	5,219	5,121
Research and development	990	1,116
Other operating costs	9,720	6,856
Administration costs	15,657	12,284
Exceptional Items	1,453	136
Other operating costs excluding depreciation and amortisation	33,039	25,513
Depreciation and amortisation	8,292	6,164
Impairment loss - exceptional item	86,000	-
Total other operating costs	127,331	31,677

Administrative costs include costs associated with Business Development and Legal departments, Intellectual Property as well as Human Resources, IT, Finance, Management and General Office and includes the costs of the Group's head office costs in London and the US Office in Dallas.

Group average headcount increased from 244 in the year to 31 March 2022, to 245 in the year to 31 March 2023.

During the period, €437,000 (2022: €714,000) of internal development & patent related costs were capitalised and included in intangible fixed assets, including €287,000 (2022: €488,000) which were capitalised within Tricoya Technologies Limited ('TTL'). In addition €171,000 of internal costs have been capitalised in relation to our current Arnhem Accoya plant expansion project (2022: €375,000) and €566,000 of internal costs have been capitalised in relation to our plant build in Hull, UK (2022: €739,000). Both are included within tangible fixed assets.

The impairment loss is in relation to Tricoya assets, refer to note 5 and 16.

5. Exceptional items and other adjustments

	2023 €'000	2022 €'000
Redundancy costs in relation to purchase of assets to grow Accoya Color production	-	(133)
Early termination of loans - redemption fee & accelerated amortisation of transaction costs	-	(1,619)
Advisor fees in relation to Tricoya consortium reorganisation	(1,453)	-
Impairment of the Tricoya segment assets	(86,000)	-
Partial net derecogition of NatWest loan	9,353	-
Recognition of Valuation Recovery Instrument 'VRI' liability	(1,383)	-
Foreign exchange differences on Corporate USD cash held for investment into USA JV- incl. in Finance expense	1,380	2,080
Total exceptional items	(78,103)	328
Foreign exchange differences arising on Tricoya & Corporate cash held - Operating costs	-	(3)
Foreign exchange differences arising on Loan Notes - incl. in Finance expense	-	231
Foreign exchange differences on Tricoya - Other comprehensive income/(loss)	-	8
Revaluation of USD cash pledged to ABN Amro - incl. in Finance expense	-	(148)
Revaluation of FX forwards used for cash-flow hedging - Other comprehensive income/(loss)	-	58
Total other adjustments	-	146
Tax on exceptional items and other adjustments	-	-
Total exceptional items and other adjustments	(78,103)	474

Exceptional Items

In November 2022, Accsys agreed to acquire full ownership of TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited), from its Consortium Partners (see note 28). The advisor fees are associated with advising Accsys on options and resulting corporate restructuring of the Tricoya consortium.

In November 2022, NatWest agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to €6m, under a new 7-year term (see note 30). This resulted in the derecognition of the balance drawn on the NatWest loan on the date of the restructure of €15.4m and recognition of the new €6m loan.
Separate to, and in addition to the amended €6m loan, NatWest will be entitled to obtain recovery, via the Value Recovery Instrument ('VRI') agreement, of up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya Hull plant once operational. The contingent payments to NatWest are based upon free cash-flow generated by the Hull plant.
A financial liability has been recognised of €1.4m (see note 23) in respect of the VRI.

The impairment of the Tricoya segment assets is caused by

i. As reported in November 2022, Identification of additional time and costs (€35m) to complete the plant;
ii. A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT);
iii. Update to the discount rate applied, 13.5% (increased from 10.5% at 31 March 2022). Refer to note 16 for review of impairment.

Foreign exchange differences recognised due to US dollars held for investment into the Accoya USA Joint Venture. Following the May 2021 equity raise, the amount raised to invest into Accoya USA was translated into US dollars and held in cash ensuring that foreign exchange movements did not decrease the amount raised below the US dollar investment into Accoya USA. This treatment did not meet the requirements for hedge accounting under IFRS 9, Financials instruments, and therefore the foreign exchange gain on the revaluation of the US dollars has been accounted for in Finance expenses.

In the prior year, Accsys purchased certain assets, equipment, technology and its manufacturing plant in Barry, Wales from Lignia Wood Company Limited and its administrators for a consideration of €1.2m, including €0.5m for raw wood inventory. As part of this purchase, redundancy costs of €133,000 were incurred in relation to staff at the Barry site.

In the prior year, Accsys completed the refinance of its Group debt facilities, with a new bilateral agreement with ABN Amro. Loans previously held with ABN Amro, Cerdia Produktions GmbH, Bruil, Volantis and Business Growth Fund (BGF) were repaid. Early redemption fees totalling €1.4m were paid, and the amortisation of previously capitalised transaction fees related to these repaid loans was accelerated.

Other Adjustments

Other adjustments included in the prior year are no longer disclosed for the year ended 31 March 2023.

In the prior year, foreign exchange differences in the Tricoya segment have occurred during the year due to pounds sterling held for the Hull plant build and to a lesser extent, pounds sterling held within the Corporate segment for future sterling corporate costs. The effective portion of the foreign exchange movement is recognised in other comprehensive income, with the ineffective portion recognised in Operating costs.

In the prior year, foreign exchange differences also arise on the pounds sterling denominated loan notes, entered into in a prior period (see note 30). These exchange rate differences are included as finance expenses.

6. Employees

	2023 €'000	**2022 €'000**
Staff costs (including Directors) consist of:		
Wages and salaries	18,584	17,007
Social security costs	2,838	2,620
Other pension costs	1,573	1,381
Share based payments	201	140
	23,196	21,148

Pension costs relate to defined contribution plan contributions.

The average monthly number of employees, including Executive Directors, during the year was as follows:

	2023	**2022**
Sales and marketing, administration, research and engineering	142	134
Operating	103	110
	245	244

7. Directors' remuneration

	2023 €'000	2022 €'000
Directors' remuneration consists of:		
Directors' emoluments	1,170	1,168
Company contributions to money purchase pension schemes	38	43
	1,208	1,211

Compensation of key management personnel included the following amounts:

	Salary, bonus and short-term benefits €'000	Pension €'000	Share based payments charge €'000	2023 Total €'000	2022 Total €'000
Rob Harris	642	30	(53)	619	568
William Rudge	102	8	(10)	100	308
	744	38	(63)	719	876

The Group made contributions to one (2022: one) Director's personal pension plan, with Robert Harris receiving cash in lieu of pension.

William Rudge stepped down from the Board following the AGM on 23 September 2022. In the table above, his remuneration is included up to 23 September 2022.

The figures in the above table are impacted by foreign exchange noting that the remuneration for R Harris and W Rudge are denominated in Pounds Sterling.

8. Operating profit

	2023 €'000	2022 €'000
This has been arrived at after charging/(crediting):		
Staff costs	23,196	21,148
Depreciation of property, plant and equipment, and right of use assets	7,512	5,419
Impairment	86,000	-
Amortisation of intangible assets	780	745
Operating lease rentals	77	103
Foreign exchange (gains)	(70)	(171)
Research & Development (excluding staff costs)	469	416
Fees payable to the Company's auditors for the audit of the Group's annual financial statements	183	145
Fees payable to the Company's auditors for other services:		
- audit of the Company's subsidiaries pursuant to legislation	205	110
- audit related assurance services	-	36
Fees payable to Component auditor for audit of subsidiaries:	182	117
Total audit and audit related services:	570	408

Additional audit fees were agreed for the 2022 audit of €170,000 which are not included in the table above, including €80,000 for fees payable for the audit of the Group's annual financial statements and €90,000 for fees payable for the audit of subsidiaries.

9. Finance income

	2023 €'000	2022 €'000
Interest receivable on bank and other deposits*	-	-

*€1,000 interest received in the year ended 31 March 2023 (31 March 2022: €8,000) in relation to cash balances held in Tricoya UK Ltd was netted off with borrowing costs incurred, with the net borrowing cost amount related to the Hull project capitalised and included within property, plant and equipment.

10. Finance expense

	2023 €'000	2022 €'000
Arnhem land and buildings lease finance charge	179	183
Interest on loans	2,500	2,282
Interest on lease liabilities	115	139
Other finance expenses	430	289
Total underlying finance expenses	3,224	2,893
Exceptional items and other adjustments		
Foreign exchange (gain)/loss on loan notes	-	(231)
Revaluation of USD cash pledged to ABN Amro	-	148
Early termination of loans - redemption fee & accelerated amortisation of transaction costs	-	1,619
Foreign exchange (gain)/loss on Corporate USD cash held for investment into USA JV	(1,380)	(2,080)
Partial derecogition of NatWest loan	(9,353)	-
Recognition of Valuation Recovery Instrument 'VRI'	1,383	-
Total Finance expense	(6,126)	2,349

11. Tax expense

	2023 €'000	2022 €'000
(a) Tax recognised in the statement of comprehensive income comprises:		
Current tax charge		
UK Corporation tax on losses for the year	-	-
Research and development tax (credit)/ expense in respect of current year	(121)	(314)
	(121)	(314)
Overseas tax at rate of 15%	32	24
Overseas tax at rate of 25%	2,876	1,305
Deferred Tax		
Utilisation of deferred tax asset	-	-
Total tax charge reported in the statement of comprehensive income	2,787	1,015

	2023 €'000	2022 €'000
(b) The tax charge for the period is higher than the standard rate of corporation tax in the UK (2023 & 2022: 19%) due to:		
Profit/(Loss) before tax	(67,075)	1,713
Expected tax charge at 19% (2022 - 19%)	(12,744)	325
Expenses not deductible in determining taxable profit	148	142
Tricoya segment assets impairment	16,340	-
Tax (income)/losses for which no deferred income tax asset was (utilised)/recognised	(1,654)	541
Effects of overseas taxation	818	320
Research and development tax charge/ (credit) in respect of prior years	3	(190)
Research and development tax (credit) in respect of current year	(124)	(123)
Total tax charge reported in the statement of comprehensive income	2,787	1,015

	Deferred tax assets		Deferred tax liabilities	
€ '000	**2023**	**2022**	**2023**	**2022**
At 1 April	484	-	(484)	-
Credited/ (charged) to the consolidated income statement	137	484	(137)	(484)
At 31 March	**621**	**484**	**(621)**	**(484)**

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. See note 19.

12. Dividends Paid

	2023 €'000	2022 €'000
Final Dividend €Nil (2022: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

13. Basic and diluted profit/(loss) per ordinary share

The calculation of profit per ordinary share is based on profit after tax and the weighted average number of ordinary shares in issue during the year.

	2023 Underlying	2023 Total	2022 Underlying	2022 Total
Basic earnings per share				
Weighted average number of Ordinary shares in issue ('000)	210,693	210,693	190,446	190,446
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	9,528	(39,038)	1,930	2,338
Basic profit/(loss) per share	€ 0.05	€ (0.19)	€ 0.01	€ 0.01
Diluted earnings per share				
Weighted average number of Ordinary shares in issue ('000)	210,693	-	190,446	190,446
Equity options attributable to BGF (see note 31)	8,449	- *	8,449	8,449
Weighted average number of Ordinary shares in issue and potential ordinary shares ('000)	219,142	-	198,895	198,895
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	9,528	-	1,930	2,338
Diluted profit/(loss) per share	€ 0.04	- *	€ 0.01	€ 0.01

* Diluted loss per share is not disclosed for Total diluted loss per share. IAS 33 "Earning per share" defines Dilutive share options as share options which would decrease profit per share or increase loss per share. Equity options to BGF are disclosed in Note 31, which if exercised, would decrease Total loss per share. As a result, these are anti-dilutive and therefore shown as nil.

14. Share based payments

The Group operates a number of share schemes which give rise to a share based payment charge. The Group operates a Long-Term Incentive Plan ('LTIP') in order to reward certain members of staff including the Senior Management team and the Executive Directors.

Options - total

The following figures take into account options awarded under the LTIP, together with share options awarded in previous years under the 2008 Share Option schemes.

Outstanding options granted are as follows:

	Number of outstanding options at 31 March		Weighted average remaining contractual life, in years	
Date of grant	**2023**	**2022**	**2023**	**2022**
19 September 2013 (LTIP)	443,675	599,880	0.5	1.5
24 June 2016 (LTIP)	130,099	183,320	3.3	4.3
20 June 2017 (LTIP)	100,651	326,999	4.3	5.3
18 June 2018 (LTIP)	185,840	185,840	5.3	6.3
25 June 2019 (LTIP)	-	475,258	6.3	7.3
20 November 2019 (LTIP)	-	105,699	6.7	7.7
23 December 2019 (LTIP)	-	41,468	6.8	7.8
15 July 2020 (LTIP)[1]	850,540	1,172,290	7.3	8.3
23 June 2021 (LTIP)	511,112	868,889	8.3	9.3
12 July 2022 (LTIP)	352,486	-	9.3	-
Total	2,574,403	3,959,643	6.1	6.8

1 – 850,540 nil cost options are outstanding in the 2020 LTIP award at 31 March 2023 but no options are estimated to vest on the relevant vesting dates in the 2023 calendar year.

Movements in the weighted average values are as follows:

	Weighted average exercise price	Number
Outstanding at 01 April 2021	€ 0.01	3,971,371
Granted during the year	€ 0.00	918,659
Forfeited during the year	€ 0.00	(210,928)
Exercised during the year	€ 0.00	(629,459)
Expired during the year	€ 0.50	(90,000)
Outstanding at 31 March 2022	€ 0.00	3,959,643
Granted during the year	€ 0.00	620,698
Forfeited during the year	€ 0.00	(1,570,164)
Exercised during the year	€ 0.00	(435,774)
Expired during the year	€ 0.00	-
Outstanding at 31 March 2023	€ 0.00	2,574,403

The exercise price of options outstanding at the end of the year was €nil (for LTIP options) (2022: €nil) and their weighted average contractual life was 6.1 years (2022: 6.8 years).

Of the total number of options outstanding at the end of the year 860,265 (2022: 1,296,039) had vested and were exercisable at the end of the year.

Long Term Incentive Plan ('LTIP')

In 2013, the Group established a Long-Term Incentive Plan, the participants of which are key members of the Senior Management Team, including Executive Directors. The establishment of the LTIP was approved by the shareholders at the AGM in September 2013.

2013 LTIP Award performance conditions and 2016 outcome

The LTIP in 2013 awarded 4,103,456 nil cost options and 2,472,550 vested in the financial year ended 31 March 2017. 443,675 nil cost options remain as at 31 March 2023 after allowing for forfeitures and options exercised in the year.

2016 LTIP Award performance conditions and 2019 outcome

The LTIP in 2016 awarded 1,070,255 nil cost options and 494,433 vested in the financial year ended 31 March 2020. 130,099 nil cost options remain as at 31 March 2023 after allowing for forfeitures and options exercised in the year.

2017 LTIP Award performance conditions and 2020 outcome

The LTIP in 2017 awarded 1,087,842 nil cost options and 326,999 vested in the financial year ended 31 March 2021. 100,651 nil cost options remain as at 31 March 2023 after allowing for forfeitures and options exercised in the year.

2018 LTIP Award performance conditions and 2021 outcome

The LTIP in 2018 awarded 1,170,160 nil cost options and 185,840 vested in the financial year ended 31 March 2022. 185,840 nil cost options remain as at 31 March 2023 after allowing for forfeitures and options exercised in the year.

2019 LTIP Award performance conditions and 2022 outcome

The LTIP in 2019 awarded 810,520 nil cost options and no options vested in the financial year ended 31 March 2023.

Awards made in July 2020 and LTIP Award performance conditions

During the prior year, a total of 1,326,966 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for 1,255,829 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Stretch	Maximum
Vesting (% of maximum)		*25%*	*70%*	*100%*
EBITDA per share in FY23	60%	€0.14	€0.19	€0.24
Total sales volume in FY 23 (m^3)	40%	90,000	105,000	112,720

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- EBITDA per share targets are set and determined so as to exclude licensing income.
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.
- Vesting of the Sales Volume component will be subject to the achievement of a threshold level of EBITDA

Element	**Element A (EBITDA per share)**	**Element B (Sales volume growth)**
Grant date	15 July 20	15 July 20
Share price at grant date (€)	1.00	1.00
Exercise price (€)	0.00	0.00
Expected life (years)	3	3
Contractual life (years)	10	10
Vesting conditions (Details set out above)	EBITDA	Sales volume growth
Risk free rate	-0.69%	-0.69%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 1.00**	**€ 1.00**

The remaining 71,137 of the awards made in summer 2020 were specific to individuals dedicated to the Tricoya consortium with performance measures linked to progress and development of the Tricoya plant and its subsequent operation. The fair value of these options were €0.998 on their Grant date.

All of the above awards, made in summer 2020 are subject to a three-year performance period (i.e. year end March 2023) and a further two-year holding period. In addition, awards are also subject to malus/ claw-back provisions. As at 31 March 2023, no share options are estimated to vest.

Awards made in July 2021 and LTIP Award performance conditions

During the year, a total of 918,659 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for 863,624 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		*25%*	*100%*
EBITDA per share in FY24	60%	€0.15	€0.24
Cumulative Sales Volume (FY22 to FY24) (m^3)	30%	267,000	297,000
ESG – improvement in reporting ratings	10%	33% on attaining each of the 3 year milestones: Y1 – Attain investor ESG external rating/score Y2 – Improve or at least maintain ESG external rating/score Y3 – Improve or at least maintain ESG external rating/score	

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- EBITDA per share targets are set and determined so as to exclude licensing income.
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.

Element	**Element A (EBITDA per share)**	**Element B (Sales volume growth)**	**Element C (ESG Reporting Metrics)**
Grant date	23 Jun 21	23 Jun 21	23 Jun 21
Share price at grant date (€)	2.06	2.06	2.06
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	Sales volume growth	ESG reporting metrics
Risk free rate	-0.67%	-0.67%	-0.67%
Expected volatility	20%	20%	20%
Expected dividend yield	0%	0%	0%
Fair value of option	**€ 2.06**	**€ 2.06**	**€ 2.06**

The remaining 55,035 of the awards made in summer 2021 were specific to individuals dedicated to the Tricoya® consortium with performance measures linked to progress and development of the Tricoya® plant and its subsequent operation.
The fair value of these options were €2.06 on their Grant date.

All of the above awards, made in summer 2021 are subject to a three-year performance period (i.e. year end March 2024) and a further two-year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Awards made in July 2022 and LTIP Award performance conditions

During the year, a total of 620,698 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for these awards are as follows:

Metric	**Weighting (% of award)**	**Threshold**	**Maximum**
Vesting (% of maximum)		*25%*	*100%*
Cumulative Sales Volume (FY23 to FY25) (m^3)	25%	206,000	232,000
Average Gross contribution (%)	25%	49.60%	55%
Share performance compared to AIM Index	40%	Median	Upper quartile
ESG – improvement in reporting ratings	10%	15% improvement in S&P ESG score over the three-year period	20% improvement in S&P ESG score over the three-year period

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- Gross contribution defined as Revenue from sale of Accoya/Tricoya less Net acetyls and raw wood cost
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.
- Share performance is compared to AIM Index performance excluding Financial services and natural resource stocks

Element	**Element A (Sales volume growth)**	**Element B (Gross Contribution %)**	**Element C (Share price growth)**	**Element D (ESG Reporting Metrics)**
Grant date	12 Jul 22	12 Jul 22	12 Jul 22	12 Jul 22
Share price at grant date (€)	1.21	1.21	1.21	1.21
Exercise price (€)	0.00	0.00	0.00	0.00
Expected life (years)	3	3	3	3
Contractual life (years)	10	10	10	10
Vesting conditions (Details set out above)	Sales volume	Gross Contribution %	Share price	ESG reporting metrics
Risk free rate	0.45%	0.45%	0.45%	0.45%
Expected volatility	20%	20%	20%	20%
Expected dividend yield	0%	0%	0%	0%
Fair value of option	**€ 1.21**	**€ 1.21**	**€ 0.90**	**€ 1.21**

All of the above awards, made in summer 2022 are subject to a three-year performance period (i.e. year end March 2025) and a further two-year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Employee Benefit Trust – Share bonus award

137,665 new Ordinary shares are held by an Employee Benefit Trust as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2021 to 31 March 2022, the beneficiaries of which are primarily senior employees. Such new Ordinary shares vest if the employees remain in employment with the Company at the vesting date, being 1 July 2023 (subject to certain other provisions including regulations, good-leaver, take-over and Remuneration Committee discretion provisions). As at 31 March 2023, the Employment Benefit Trust was consolidated by the Company and the 137,665 shares are recorded as Own Shares within equity.

Employee Share Participation Plan
The Employee Share Participation Plan (the 'Plan') is intended to promote the long-term growth and profitability of Accsys by providing employees with an opportunity to acquire an ownership interest in new Ordinary shares ('Shares') in the Company as an additional benefit of employment. Under the terms of the Plan, the Company issues these Shares to a trust for the benefit of the subscribing employees. The Shares are released to employees after one year, together with an additional Share on a 1 for 1 matched basis provided the employee has remained in the employment of Accsys at that point in time (subject to good leaver provisions). The Plan is in line with industry approved employee share plans and is open for subscription by employees once a year following release of the interim financial results. The maximum amount available for subscription by any employee is €5,000 per annum. In January 2023 various employees subscribed for a total of 203,906 Shares at an acquisition price of €0.81 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 the participants continuing to remain in employment at the point of vesting. 174,144 matching shares were issued to employees in January 2023.

15. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 01 April 2021	7,464	74,456	4,231	86,151
Additions	178	536	-	714
At 31 March 2022	7,642	74,992	4,231	86,865
Additions	57	380	-	437
At 31 March 2023	7,699	75,372	4,231	87,302
Accumulated amortisation				
At 01 April 2021	2,510	72,776	-	75,286
Amortisation	384	361	-	745
At 31 March 2022	2,894	73,137	-	76,031
Amortisation	385	395	-	780
At 31 March 2023	3,279	73,532	-	76,811
Net book value				
At 31 March 2023	4,420	1,840	4,231	10,491
At 31 March 2022	4,748	1,855	4,231	10,834
At 31 March 2021	4,954	1,680	4,231	10,865

Refer to note 16 for the recoverability assessment of these intangible assets.

16. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 01 April 2021	17,976	146,433	3,885	168,294
Additions	-	41,012	461	41,473
Foreign currency translation gain	-	-	7	7
At 31 March 2022	17,976	187,445	4,353	209,774
Additions	-	21,376	341	21,717
Foreign currency translation gain	-	-	3	3
At 31 March 2023	17,976	208,821	4,697	231,494
Accumulated depreciation				
At 01 April 2021	995	25,945	1,797	28,737
Charge for the year	358	3,550	461	4,369
Foreign currency translation gain	-	-	7	7
At 31 March 2022	1,353	29,495	2,265	33,113
Charge for the year	358	5,397	572	6,327
Foreign currency translation gain	-	-	3	3
Impairment loss	-	86,000	-	86,000
At 31 March 2023	1,711	120,892	2,840	125,443
Net book value				
At 31 March 2023	16,265	87,929	1,857	106,051
At 31 March 2022	16,623	157,950	2,088	176,661
At 1 April 2021	16,981	120,488	2,088	139,557

Plant and machinery assets with a net book value of €24,851,000 are held as assets under construction and are not depreciated, relating to the Hull Plant (31 March 2022: €93,560,000).

Impairment review

The carrying value of the property, plant and equipment, internal development costs and intellectual property rights are split between two cash generating units (CGUs), representing the Accoya and Tricoya segments and the carrying value of Goodwill is allocated to the Accoya segment. The recoverable amount of these CGUs are determined based on a value-in-use calculation which uses cash flow projections for a period of 5 to 7 years based on latest financial budgets and discounted at a pre-tax discount rate of 13.5% (31 March 2022: 10.5%) to determine their present value. A cash flow projection period of 7 years was used for the Tricoya segment calculation to reflect the future cashflows of the plant, considering the estimated hold period, remaining completion activities and production ramp-up.

The key assumptions used in the value in use calculations are:

- the manufacturing revenues, operating margins and future licence fees estimated by management;
- the timing of completion of the Tricoya Hull plant;
- the timing of completion of construction of additional facilities (and associated output);
- forecast UK natural gas prices;
- the long term growth rate; and
- the discount rate.

The Directors have determined that an impairment totalling €86 million should be recognised in the Tricoya CGU.

The impairment of the Tricoya segment assets is caused by:

(i) As reported in November 2022, Identification of additional time and costs (€35m) to complete the plant;
(ii) A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT)l
(iii) Update to the discount rate applied to 13.5% (increased from 10.5% at 31 March 2022).

Key assumptions applied to the Tricoya CGU were as follows:
• a discount rate of 13.5%;
• Project capital costs to bring the plant into commercial operation of €35m;
• A production capacity of 24,000MT
• A "hold period" of 2 years from 31 March 2023 (period in which no construction activities is performed); and
• a long-term growth rate of 2.5%.

The impact the following changes to these key assumptions would have, if made in isolation, on the impairment calculated for the Tricoya CGU is as follows:

• a 1% increase in the discount rate: increase of €7m
• a 1% decrease in the long-term growth rate : increase of €4m
• a 12-month extension in the hold period : increase of €9m
• a 1,000MT increase in the production capacity : decrease of €4m
• a €10m increase in the capital costs to bring the plant into commercial operation : increase of €7m

17. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Right-of-use assets	
	2023	**2022**
	€'000	**€'000**
Right-of-use assets		
Properties	2,880	4,023
Equipment	1,148	569
Motor Vehicles	16	40
	4,044	4,632

	Minimum lease payments	
	2023	**2022**
	€'000	**€'000**
Amounts payable under lease liabilities:		
Within one year	1,132	1,250
In the second to fifth years inclusive	2,085	2,390
After five years	3,502	3,972
Less: future finance charges	(1,984)	(2,395)
Present value of lease obligations	4,735	5,217

Additions to the right-of-use assets during the financial year were €590,000 (2022: €801,000).

(ii) Amounts recognised in the statement of profit and loss

The statement of comprehensive income shows the following amounts relating to leases:

	2023 €'000	2022 €'000
Depreciation charge of right-of-use assets		
Properties	893	807
Equipment	255	209
Motor Vehicles	34	34
	1,182	1,050
Interest expense (included in finance cost)	294	322
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	60	83
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	18	20
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

The total cash outflow for leases in 2023 was €940,000 (2022: €1,089,000)

The Group's leasing activities and how these are accounted for:

The Group leases various offices, land, equipment and cars. Rental contracts are typically made for fixed periods of 1-10 years, although, if appropriate, a longer term may be entered into. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Lease extension options and lease termination options are only included in the calculation of the lease liability if there is reasonable certainty that they will be exercised. Some of the Group's leases have extension and termination options attached to them.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.
Right of use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items of office furniture and equipment.

18. Financial asset at fair value through profit or loss

	2023 €'000	2022 €'000
Shares held in Cleantech Building Materials PLC	-	-

Accsys Technologies PLC has previously purchased a total of 21,666,734 unlisted ordinary shares in Diamond Wood China. On 23 December 2016, Cleantech Building Materials PLC acquired Diamond Wood China. On 19 April 2017 Cleantech Building Materials acquired the 21,666,734 shares previously owned by the Company and in return the Company has been issued with 520,001 shares in Cleantech Building Materials PLC, a listed Company trading on the Nasdaq First North market in Copenhagen.

There continues to be no active market for these shares as at 31 March 2023. As such a reliable fair value cannot be calculated and the investment is carried at a nil fair value (2022: nil).

A total of 498,522 shares were held at 31 March 2023.

19. Deferred taxation

The Group has a recognised deferred tax asset of €621,000 (2022: €484,000) offsetting a recognised deferred tax liability of €621,000 (2022: €484,000). See note 11.

The Group also has an unrecognised deferred tax asset of €62m (2022: €42m) which is largely in respect of trading losses of the UK subsidiaries and has been calculated using the tax rate which is expected to be applicable when the tax losses are expected to be utilised The deferred tax asset has been recognised only to the extent of the deferred tax liability, due to the uncertainty of the timing of future expected profits of the related legal entities which is dependent on the profits attributable to licensing and future manufacturing income.

20. Subsidiaries

A list of subsidiary investments, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

21. Inventories

	2023 €'000	2022 €'000
Raw materials and work in progress	24,220	16,978
Finished goods	5,726	3,393
	29,946	20,371

The amount of inventories recognised as an expense during the year was €89,357,000 (2022: €67,698,000). The cost of inventories recognised as an expense includes a net credit of €9,000 (2022: credit of €20,000) in respect of the inventories sold in the period which had previously been written down to net realisable value.

22. Trade and other receivables

	2023 €'000	2022 €'000
Trade receivables	14,398	13,162
Other receivables	1,154	736
VAT receivable	1,472	2,203
Prepayments	1,051	833
	18,075	16,934

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Trade and other receivables in the above table are stated net of provision for doubtful debts. The majority of trade and other receivables is denominated in Euros, with €1,633,000 of the trade and other receivables denominated in US Dollars (2022: €3,342,000).

The age of receivables past due but not impaired is as follows:

	2023 €'000	2022 €'000
Up to 30 days overdue	1,361	1,248
Over 30 days and up to 60 days overdue	290	-
Over 60 days and up to 90 days overdue	-	-
Over 90 days overdue	14	24
	1,665	1,272

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Included in the provision are trade receivables and accrued income with a balance of €25,002,000 (2022: €25,002,000).

Movement in provision for doubtful debts:

	2023 €'000	2022 €'000
Balance at the beginning of the year	25,002	25,002
Net (decrease)/increase of impairment	-	-
Balance at the end of the year	25,002	25,002

23. Financial liability at amortised cost

	2023 €'000	2022 €'000
Value Recovery Instrument ("VRI")	1,383	-

In November 2022, NatWest agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to total €6m, under a new 7-year term (see note 30). Separate to, and in addition to the amended €6m loan, under the Value Recovery Instrument ('VRI') agreement, NatWest will be entitled to obtain recovery of up to approximately €9.4m, on a contingent basis, depending on the profitability of the Tricoya Hull plant once operational.

The valuation of the VRI was calculated on the same future cashflows modelled for the Tricoya impairment. See note 16 for a list of the key assumptions.

24. Trade and other payables

	2023 €'000	2022 €'000
Trade payables	17,942	16,655
Other taxes and social security payable	1,083	1,754
Accruals and deferred income	6,871	11,471
	25,896	29,880

The decrease in trade and other payables primarily relates to the timing of accruals associated with the construction of the Hull plant.

25. Share capital

	2023 €'000	2022 €'000
Allotted - Equity share capital		
219,381,693 Ordinary shares of €0.05 each (2022: 192,761,322 Ordinary Shares of €0.05 each)	10,963	9,638
	10,963	9,638

All ordinary shares are called up, allotted and fully paid.

In the year ended 31 March 2022:

In May 2021, 20,005,325 Placing Shares and 2,418,918 Open Offer Shares were issued as part of the capital raise to fund the Company's investment in expanding its Accoya® business into North America through the construction of a new Accoya plant in the USA through its joint venture, Accoya USA LLC, with Eastman Chemical Company (see note 29), as well as to provide additional capital to support the Company's continued growth. The Shares were issued at a price of €1.65 (£1.40) per ordinary share, raising gross proceeds of €36.7 million (before expenses).

Between June and September 2021, a total of 629,460 shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long-Term Incentive Plan ('LTIP').

In February 2022, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 189,931 shares were issued as "Matching Shares" at nominal value under the Plan.

In addition, various employees newly subscribed under the Plan for 193,424 Shares at an acquisition price of €2.015 per share, with these shares issued to a trust, to be released to the employees after one year, together with an additional share on a matched basis (subject to continuing employment within the Group).

In the year ended 31 March 2023:

In May 2022, 13,793,103 Placing and Subscription Shares were issued as part of the capital raise to strengthen the Company's balance sheet, increase liquidity headroom and fund additional costs to complete the Arnhem Plant Reactor 4 capacity expansion. The Shares were issued at a price of €1.45 (£1.23) per ordinary share, raising gross proceeds of €20 million (before expenses).

Between August and December 2022, 435,774 Shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

In July 2022, 137,665 shares were issued to an Employee Benefit Trust (EBT) at nominal value, as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2021 to 31 March 2022. These shares will vest in July 2023, subject to the employees continuing employment within the Group.

In November 2022, 11,875,801 shares were issued to the Tricoya Consortium Partners (INEOS, MEDITE , BGF & Volantis) at a price of €0.80 (£0.71) per share. This formed part of a Sales Purchase Agreement with the Tricoya Consortium Partners whereby Accsys acquired the remaining 38.2% holding in TUK that TTL did not already own and the 23.5% holding in TTL that it did not already own. See note 28.

In January 2023, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 174,144 shares were issued as "Matching Shares" at nominal value under the Plan.

In addition, various employees newly subscribed under the Plan for 203,906 Shares at an acquisition price of €0.81 per share, with these shares issued to a trust, to be released to the employees after one year, together with an additional share on a matched basis (subject to continuing employment within the Group).

26. Other reserves

	Capital redemption reserve €000	Merger reserve €000	Hedging Effectiveness reserve €000	Other reserve €000	Total Other reserves €000
Balance at 01 April 2021	148	106,707	229	7,551	114,635
Total comprehensive income for the period	-	-	66	-	66
Balance at 01 March 2022	148	106,707	295	7,551	114,701
Total comprehensive income for the period	-	-	42	-	42
Balance at 31 March 2023	148	106,707	337	7,551	114,743

The closing balance of the capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares in a previous year.

The merger reserve arose prior to transition to IFRS when merger accounting was adopted.

The hedging effectiveness reserve reflects the total accounted for under IFRS 9 in relation to the Tricoya® segment (see note 1).

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests net with the carrying amount of non-controlling interests issued (see note 27).

27. Transactions with non-controlling interests

In the year ended 31 March 2022:

No shares were issued in the year ended 31 March 2022.

The total carrying amount of the non-controlling interests in TTL and Tricoya UK at 31 March 2022 was €35.5m (2021: €37.2m).

In November 2021, Accsys agreed a new €17m loan to Tricoya UK to be used towards the Hull plant construction project alongside existing funding in place for Tricoya UK. The loan accrues interest, which is rolled up, at a rate between 5.25 and 6.75% above EURIBOR. The loan is secured and is repayable by 30 September 2023. At 31 March 2022, the Group had lent to Tricoya UK €8.8m under the facility.
In the year ended 31 March 2023:

In November 2022, Accsys purchased the remaining ownership of TTL and Tricoya UK which it did not previously own via a Sales Purchase Agreement ('SPA') with the Tricoya consortium partners. See note 28 for further details.

28. Business combinations

In November 2022, Accsys reached agreement to acquire full ownership of TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited), from its Consortium Partners (INEOS, MEDITE , BGF & Volantis). Under the agreement Accsys acquired the remaining 38.2% holding in TUK that TTL did not already own and the 23.5% holding in TTL that it did not already own.

Consideration of 11.9 million new ordinary Accsys shares was provided to the other Tricoya Consortium Partners valued at €9.5m (€0.81 per share).

INEOS and MEDITE's respective supply and offtake agreements for the Hull plant will continue on their current terms.

Tricoya UK and TTL were consolidated in the Group results in the prior year and continue to be consolidated following this purchase. The below table reflects the accounting for this acquisition, whereby the difference between the consideration paid and the Non-controlling interest balance at the end of October 2022 has been allocated to accumulated loss.

	2023 **€'000**
Non-controlling interest balance as at 31 March 2022	35,526
NCI share of losses during the year ended 31 March 2023	(30,824)
Accsys Technologies PLC share issue as consideration	(9,545)
Difference recognised as attributable to the Accsys Technologies PLC	4,843
Non-controlling interest balance as at 31 March 2023	-

29. Investment in Joint Venture

In August 2020, Accsys together with Eastman Chemical Company formed a new Company, Accoya USA LLC, 60% owned by Accsys and 40% owned by Eastman. Accoya USA LLC is constructing and will operate an Accoya plant in Kingsport, Tennessee (USA) to serve the North American market. The plant is designed to initially produce approximately 43,000 cubic metres of Accoya per annum and to allow for cost-effective expansion.

Under IFRS 11 – Joint arrangements, the two parties are assessed to jointly control the entity and Accoya USA is accounted for as a joint venture and equity accounted for within the financial statements.

At 31 March 2023, Accsys and Eastman have contributed equity of $61m to Accoya USA LLC, with a further $5m committed to be contributed.

An eight-year term loan of $70 million has been provided by First Horizon Bank ('FHB') of Tennessee, USA. FHB are also providing a further $10 million revolving line of credit to be utilised to fund working capital. The FHB term loan is secured on the assets of Accoya USA and will be supported by Accoya USA's shareholders, including $50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing $30 million (see note 32). The interest rate varies between 1.3% to 2.1% over USD LIBOR . Principal repayments commence one year following the completion and start-up of the facility, and are calculated on a ten-year amortisation period.

The carrying amount of the equity-accounted investment is as follows:

	2023 €'000	2022 €'000
Opening balance	3,216	326
Investment in Accoya USA	28,979	3,751
Less: Accsys proportion (60%) of Licence fee received	(300)	(600)
Loss for the year	(1,036)	(261)
Closing balance	30,859	3,216

The Group has equity accounted for the joint venture in these consolidated accounts.

The income statement, balance sheet and cashflows for Accoya USA LLC, are set out below:

Accoya USA LLC recorded a loss from operations of €1,727,000 for the year ended 31 March 2023, (€435,000 for the period ended 31 March 2022). The loss attributable to Accsys Technologies PLC was €1,036,000 for the year ended 31 March 2023, (€261,000 for the period ended 31 March 2022).

Balance Sheet:

	2023 €'000	2022 €'000
Non-current assets		
Property, plant and equipment	69,327	17,589
Right of use assets	6,242	6,403
	75,569	23,992
Current assets		
Trade and other receivables	236	-
Cash and cash equivalents	8,701	235
	8,937	235
Current liabilities		
Trade and other payables	(14,682)	(10,412)
Obligation under lease liabilities	(455)	(345)
Net current liabilities	(6,200)	(10,522)
Non-current liabilities		
Obligation under lease liabilities	(5,875)	(5,993)
Other long term borrowing	(9,781)	243
	(15,656)	(5,750)
Net assets	53,713	7,720

Cash flows:

	2023 €'000	2022 €'000
Cash flows from operating activities	(1,147)	(209)
Cash flows from investing activities	(49,568)	(7,310)
Cash flows from financing activities	59,181	7,753
Net increase in cash and cash equivalents	8,466	234

30. Commitments under loan agreements

	2023 €'000	2022 €'000
Loan obligations		
Within one year	9,500	11,654
In the second to fifth years inclusive	50,288	52,335
In greater than five years	6,132	-
Present value of loan obligations	65,920	63,989
Amounts payable under loan agreements - undiscounted cashflows:		
Within one year	10,312	12,973
In the second to fifth years inclusive	52,976	59,506
After five years	9,962	-
Less future finance charges	(7,330)	(8,490)
Present value of loan obligations	65,920	63,989

ABN Debt Facilities

In October 2021 Accsys completed the refinance of its Group debt facilities through a new bilateral agreement with ABN Amro. The new €60m 3-year bilateral facilities agreement with ABN Amro comprised a

- €45m Term Loan Facility and,
- €15m Revolving Credit Facility ('RCF') .
- The Term Loan is partially amortising, with 5% of the principal repayable per annum after 18 months.
- The applicable interest rate for the Term Loan varies between an all in cost of 1.75% and 3.25% depending on net leverage.
- The RCF interest rate varies between 2.0% and 3.5% above EURIBOR.

The RCF was subsequently increased to €25 million as part of the Accoya USA financing referred to below, with approximately €20 million utilised for the Letter of credit provided by ABN Amro to FHB in support of the Accoya USA JV funding arrangements, the remaining €5million was drawn at 31 March 2023.
The new facilities are secured against the assets of the Group which are 100% owned by the Company and include customary covenants such as net leverage and interest cover which are based upon the results and assets which are 100% owned by the Company.

Tricoya® Natwest facility:

In March 2017 the Company's subsidiary, Tricoya UK Limited entered into a six-year €17.2 million finance facility agreement with NatWest Bank plc in respect of the construction and operation of the Hull Plant. The facility is secured by fixed and floating charges over all assets of Tricoya UK Limited.

In November 2022, as part of the Tricoya consortium restructure (see note 28) NatWest agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to total €6m, under a new 7-year term. Interest will accrue and be rolled up at Euribor plus a margin, with the margin ranging from 325 to 475 basis points. No repayments are due until the facility maturity date.

At 31 March 2023, the Group had €6.0m (2022: €9.9m) borrowed under the facility.

Separate to, and in addition to the amended €6m loan, NatWest will be entitled to obtain recovery, via the Value Recovery Instrument ('VRI') agreement, of up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya Hull plant once operational. (See note 23)

Accoya USA facility & De Engh facility:

In March 2022 the Company's joint venture, Accoya USA agreed an eight-year $70 million loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant. FHB are also providing a further $10 million revolving line of credit to be utilised to fund working capital. The FHB term loan is secured on the assets of Accoya USA and is supported by Accoya USA's shareholders, including $50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing $30 million (see note 29 & 32). The interest rate varies between 1.3% to 2.1% over USD LIBOR. Principal repayments commence one year following the completion and start-up of the facility, and are calculated on a ten-year amortisation period. Accoya USA is equity accounted for in these financial statements, therefore this Borrowing is not included in the Group's borrowings. (See note 29)

To support Accsys' limited guarantee, Accsys provided a $20 million Letter of Credit ('LC') to FHB. The LC is issued by ABN Amro, utilising part of the revolving credit facility agreed in October 2021. To further support the LC, Accsys agreed a €10 million convertible loan with De Engh BV Limited ('De Engh') in March 2022, an investment company based in the Netherlands (the 'Convertible Loan'). The Convertible Loan proceeds were placed with ABN Amro solely as cash collateral to enable ABN Amro to grant the $20 million LC to FHB.

The Convertible Loan is unsecured and carries an interest margin of 6.25% above Euribor. If the Convertible Loan is not repaid within two years, De Engh has an option (from the end of year two) to convert the outstanding loan balance to ordinary shares in Accsys at €2.30 per share, otherwise the interest rate increases by 2% in year three and by a further 2% the following year if the loan has not been repaid or converted after 3 years. The maximum term of the Convertible Loan is 3.5 years from March 2022.

Reconciliation to net debt:

	2023 €'000	2022 €'000
Cash and cash equivalents	26,593	42,054
Less:		
Amounts payable under loan agreements	(65,920)	(63,989)
Amounts payable under lease liabilities (note 18)	(4,735)	(5,217)
Net debt	(44,062)	(27,152)

Restricted cash
The cash and cash equivalents disclosed above and in the Consolidated statement of cash flow includes $10 million which is pledged to ABN Amro as collateral for the $20million Letter of credit provided to FHB (see note 29 & 32).

Reconciliation to adjusted cash:

	2023 €'000	2022 €'000
Cash and cash equivalents	26,593	42,054
Less: Remaining cash raised through May 2021 equity raise to be contributed to Accoya USA	-	(27,857)
Less: Cash pledged to ABN for Letter of Credit	(9,828)	(9,852)
Adjusted Cash	16,765	4,345

	Liabilities from financing activities			Other assets	
	Borrowings €'000	Leases €'000	Sub-total €'000	Cash €'000	Total €'000
Net debt as at 01 April 2021	(54,290)	(5,532)	(59,822)	47,598	(12,224)
Cash flows	(7,561)	1,089	(6,472)	(7,879)	(14,351)
New leases	-	(801)	(801)	-	(801)
Foreign exchange adjustments	231	(7)	224	2,335	2,559
Other changes	(2,369)	34	(2,335)	-	(2,335)
Net debt as at 31 March 2022	(63,989)	(5,217)	(69,206)	42,054	(27,152)
Cash flows	(8,445)	940	(7,505)	(16,984)	(24,489)
New leases	-	(590)	(590)	-	(590)
Foreign exchange adjustments	-	67	67	1,523	1,590
Other changes	6,514	65	6,579	-	6,579
Net debt as at 31 March 2023	(65,920)	(4,735)	(70,655)	26,593	(44,062)

31. Equity options

On the 29 March 2017, the Company announced the formation of the Tricoya Consortium and as part of this, funding was agreed with BGF Business Growth Fund). In addition to the issue of the Loan Notes, which have since been repaid as part of the Group re-finance in October 2021 (see note 30), the Company issued 8,449,172 options over Ordinary Shares of the Company to BGF exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026 (the 'Options').

At 31 March 2023 a total 8,449,172 Options exist attributable to BGF. This represents 3.9% (2022: 4.4%) of the issued share capital of the Company as at 31 March 2023.

See notes 30 & 35 for details on the convertible loan agreed with De Engh BV Limited.

32. Guarantee provided to FHB

In March 2022 the Company's joint venture, Accoya USA agreed an eight-year $70million loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant and a further $10 million revolving line of credit to be utilised to fund working capital (see note 28 & 29). The FHB term loan is supported by Accoya USA's shareholders, including $50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing $30 million (see note 28).

To support Accsys' limited guarantee, Accsys provided a $20 million Letter of Credit, issued by ABN Amro, to FHB (see note 30).

The $30 million limited guarantee provided to FHB is held at a fair value of € nil, representing a present value calculation of €8.2 million weighted by the estimated probability of FHB calling on the guarantee being 0%.

33. Financial instruments

Financial instruments

Lease liabilities

Lease creditors of €4,735,000 as at 31 March 2023 (2022: €5,217,000) relates to various offices, land, equipment and cars that the Group leases (see note 17).

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the parent Company, comprising share capital, reserves and accumulated losses.

The Board reviews the capital structure on a regular basis. As part of that review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group will balance its overall capital structure through new share issues and the raising of debt if required.

The Group's strategy is to maintain a Net Debt / EBITDA ratio of below 2.5x over the longer term while remaining within covenant levels set in its ABN Amro loan facility. One of the key covenants under the ABN Amro facility is the Net Debt/EBITDA ratio based upon the results and assets which are 100% owned by the Company, with the covenant test reducing over time from an initial maximum of 4x to 2.5x. On this basis, Net Debt/EBITDA ratio was calculated at 1.3 for the year ending 31 March 2023.

No final dividend is proposed in 2023 (2022: €nil). The Board deems it prudent for the Company to protect as strong a statement of financial position as possible during the current phase of the Company's growth strategy.

Financial Instruments by category

2023/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial assets					
Trade and other receivables		15,552	-	-	15,552
Financial asset investments	Level 2	-	-	-	-
Derivative financial instruments (FX forward)	Level 2	-	-	-	-
Cash and cash equivalents		26,593	-	-	26,593
Total		42,145	-	-	42,145

2022/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial assets					
Trade and other receivables		13,898	-	-	13,898
Financial asset investments	Level 2	-	-	-	-
Derivative financial instruments (FX forward)	Level 2	-	3	-	3
Cash and cash equivalents		42,054	-	-	42,054
Total		55,952	3	-	55,955

2023/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings - loans		(65,920)	-	-	(65,920)
Lease liabilities		(4,735)	-	-	(4,735)
Trade and other payables		(17,942)	-	-	(17,942)
Value Recovery Instrument ("VRI")	Level 2	(1,383)	-	-	(1,383)
Derivative financial instruments (FX forward)	Level 2	-			-
Total		(89,980)	-	-	(89,980)

2022/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings - loans		(63,989)	-	-	(63,989)
Lease liabilities		(5,217)	-	-	(5,217)
Trade and other payables		(16,655)	-	-	(16,655)
Derivative financial instruments (FX forward)	Level 2	-	-	-	-
Total		(85,861)	-	-	(85,861)

Money market deposits are held at financial institutions with high credit ratings (Standard & Poor's rating of A).

All assets and liabilities mature within one year except for the lease liabilities, for which details are given in note 17 and loans, for which details are given in note 30.

Trade payables are payable on various terms, typically not longer than 30 to 60 days with the exception of some major capex items.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Financial risk management objectives

The Group's treasury policy is structured to ensure that adequate financial resources are available for the development of its business whilst managing its currency, interest rate, counterparty credit and liquidity risks. The Group's treasury strategy and policy are developed centrally and approved by the Board.

Foreign currency risk management

The Group's functional currency is the Euro with the majority of operating costs and balances denominated in Euros. An increasing proportion of costs will be incurred in pounds sterling as the Group's activities associated with the Tricoya® plant in Hull increase, although future revenues will be in Euros or other currencies. Equity contributions into Accoya USA and a smaller proportion of revenue and expenditure are incurred in US dollars and expenditure is also incurred in pounds sterling. In addition some raw materials, while priced in Euros, are sourced from countries which are not within the Eurozone. The Group monitors any potential underlying exposure to other exchange rates.

If exchange rates changed by 5% from exchange rates at 31 March 2023, the effect on the P&L from the revaluation of:

- Trade Receivables – P&L impact would not be material. The details of the Trade receivables per Currency is disclosed in note 22 with the US Dollar receivables held in Titan Wood Inc, which has a US Dollar reporting currency.
- Trade payables – P&L impact would be approximately €211,000.

Interest rate risk management

Some of the Group's borrowings have variable interest rates based on a relevant benchmark (ie. EURIBOR) plus an agreed margin. Surplus funds are invested in short term interest rate deposits to reduce exposure to changes in interest rates. The Group does not currently enter into any interest rate hedging arrangements, although will review the need to do so in respect of the variable interest rate loan facilities.

Credit risk management

The Group is exposed to credit risk due to its trade receivables from customers and cash deposits with financial institutions. The Group's maximum exposure to credit risk is limited to their carrying amount recognised at the balance sheet date.

The Group ensures that sales are made to customers with an appropriate credit history to reduce the risk where this is considered necessary. The Directors consider the trade receivables at year end to be of good credit quality including those that are past due (see note 22). The Group is not exposed to any significant credit risk exposure in respect of any single counterparty or any group of counterparties with similar characteristics other than the balances which are provided for as described in note 22.

The Group has credit risk from financial institutions. Cash deposits are placed with a group of financial institutions with suitable credit ratings in order to manage credit risk with any one financial institution. All Financial institutions utilised by the Group, and with which the Group holds cash balances have investment grade credit ratings.

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. See note 17 & 30.

Fair value of financial instruments

In the opinion of the Directors, there is no material difference between the book value and the fair value of all financial assets and financial liabilities.

34. Capital Commitments

	2023 €'000	2022 €'000
Contracted but not provided for in respect of property, plant and equipment	-	8,327

Included in the above, are amounts relating to the Tricoya plant under construction in Hull and committed items related to the Reactor 4 expansion project in Arnhem.

The above table excludes the remaining cash committed to be contributed to Accoya USA. See note 29 & 30.

35. Related party transactions

Loan from De Engh BV Limited

As part of the Accoya USA JV funding arrangements, Accsys provided a $20 million Letter of Credit ('LC') to FHB. (see note 30 & 32). To support the LC, Accsys agreed a €10 million convertible loan with De Engh BV Limited ('De Engh') in March 2022, an investment company based in the Netherlands (the 'Convertible Loan') and a Accsys shareholder holding 10.57% of Accsys' issued share capital at 31 March 2023. The Convertible Loan proceeds were placed with ABN Amro solely as cash collateral to enable ABN Amro to grant the $20 million LC to FHB.

The Convertible Loan is unsecured and carries an interest margin of 6.75% above Euribor. If the Convertible Loan is not repaid within two years, De Engh has an option (from the end of year two) to convert the outstanding loan balance to ordinary shares in Accsys at €2.30 per share, otherwise the interest rate increases by 2% in year three and by a further 2% the following year if the loan has not been repaid or converted after 3 years. The maximum term of the Convertible Loan is 3.5 years from March 2022.

36. Events occurring after 31 March 2023

There have been no material reportable events since 31 March 2023.