Company	Accsys Technologies PLC
TIDM	AXS
Headline	Interim results for the six months ended 30 September 2023
Released	21 November 2023
Number	1164U

AIM: AXS

Euronext Amsterdam: AXS

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

21 November 2023

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

Interim results for the six months ended 30 September 2023

Accsys, the fast-growing company that enhances the natural properties of wood to make high performance and sustainable building products, today announces its unaudited interim results for the six months to 30 September 2023 (H1 FY24).

	Six months to 30 Sep 2023	Six months to 30 Sep 2022	**% Change**
Revenue	**€71.2m**	€58.9m	21%
Gross profit	**€20.3m**	€18.1m	12%
Underlying EBITDA[1]	**€1.6m**	€4.5m	(64%)
Period end net debt[3]	**(€48.2m)**	(€61.4m)	
Adjusted cash[4]	**€10.8m**	€7.2m	

Highlights

- **21% growth in revenue at €71.2m,** driven by good product demand, higher average sales prices and increased production capacity following reactor 4 start-up in September 2022
- **20% growth in Accoya sales volumes at 28,807m^3:**
  - Strong growth of Accoya in Rest of World and Rest of Europe markets, up 42% and 28% respectively
  - 30% growth in Accoya for Tricoya production at 8,393m^3, supporting our belief in Tricoya market potential
- **2 percentage points decline in gross profit margin to 29%,** reflecting higher raw material costs and wood inventory optimisation
- **64% decrease in underlying EBITDA at €1.6m:** volume growth and higher average Accoya prices offset by:
  - Increased pre-operational costs in Accoya plant in Kingsport, US, ahead of completion in mid-2024 and Tricoya UK plant operating costs, due to a change in accounting treatment[5]
  - Increased operating expenditure on sales & marketing, executive recruitment and engineering costs
- **Strategic growth projects:**
  - Arnhem – plant performing well; efficiency improvements ongoing
  - Accoya plant in Kingsport, US – construction of new 43,000m^3 plant progressing well and in line with plan; on-track for completion and commercial operation in mid-2024
- **Tricoya UK plant project** – while Accsys continues to believe in the market potential for Tricoya, in view of the current operating environment and shift of Company focus on the Accoya plant in Kingsport, US, the Board is undertaking a review of the viability, strategic interest and financial capabilities of its Tricoya UK plant in Hull. The review will be conducted in early calendar year 2024
- **Exceptional item[2] of €1.2m in relation to organisational re-alignment and cost savings initiatives:** Actions being taken to deliver annual cost savings of €3.0m+. Impairment loss (non-cash) of €7.0m recognised in the period

relating to the Tricoya segment due to an increase in the discount rate used following an increase in market interest rates and the Company specific market volatility factor

- **Net debt at 30 September 2023 of €48.2m,** an increase of €4.1m since the FY23 year end, reflecting capex of €2.0m, increase in working capital and inventory position and scheduled loan interest payments partially offset by EBITDA generation during the period
- **Fundraising:** The Company today announces a fundraising to raise gross new proceeds of approximately €24m and an extension of its debt facilities. The proceeds of the fundraising will allow Accsys to complete the delivery of its Accoya plant in Kingsport, US, in mid-2024, strengthen its balance sheet and increase working capital headroom in the face of a challenging macro trading environment. Decisive action has been taken to secure the fundraising and a debt extension package to ensure the Company has the funding platform necessary to execute its growth strategy

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 2 to the financial statements).
[2] Other exceptional items recognised in the prior year include €58m for the impairment of Tricoya segment assets and €0.5m related to advisor fees related to the Tricoya consortium reorganisation.
[3] Net debt at 31 March 2023 was €44.1m.
[4] Adjusted cash excludes cash pledged for the Letter of Credit provided to FHB of €10m.
[5] Tricoya UK's ongoing running costs are being treated as operating expenditure in the first half of FY24 following the introduction of Tricoya UK's hold period in H2 FY23.

Dr. Jelena Arsic Van Os, Chief Executive Officer of Accsys, commented:

"In navigating the challenging macro-economic conditions of the first half of the year, our new management team has shown unwavering commitment in reshaping Accsys towards a less complex business model with increased execution focus. As we reflect on our business performance, we acknowledge and proactively address short-term obstacles. However, our confidence in our innovative product range remains unshaken, with the conviction that our Accoya and Tricoya premium offerings set us apart in the market, representing substantial untapped potential. To ensure delivery on this potential, the Company has raised today approximately €24m of new proceeds from our shareholders to improve near-term liquidity and enable us to finalise the construction of our Accoya plant in Kingsport, US, which alongside our wider operations, strengthens Accsys's position for growth in both the medium and longer term."

Current trading and outlook

Current market conditions remain challenging, reflecting ongoing difficult macro conditions across our markets, with sales volumes under continued pressure as distributors reduce their inventory levels ahead of the upcoming holiday period. Sales performance by region remains mixed. Despite the economic environment, we have continued to maintain our premium price point on both our Accoya and Tricoya products, reflecting their sustainable, durable and high-performance qualities.

The Board does not expect trading conditions to improve materially until the middle of the 2024 calendar year. The second half of the financial year is typically stronger than H1, due to increased sales in the Northern Hemisphere in anticipation of the peak construction season. Accordingly, the Board believes there will be an improvement in product demand in Q4 FY24, aided by the unwind of distributor destocking that has taken place in recent months. However, despite these factors, given the current market backdrop and expected sales volume for the remainder of this financial year, the Board believes that the FY24 results will be below current market expectations.

The remainder of the current financial year will see continued focus on completion of the Kingsport plant and on building demand for Accoya globally, as FY24 will see an increase in Company's capacity in conjunction with the transfer of volumes from Arnhem to Kingsport. The Company will also focus on delivering continuous operational improvements at Arnhem. With its unique product portfolio set in a growth industry, increased capacity at Arnhem and future capacity coming from the new plant in Kingsport, we believe Accsys is well positioned for future growth. We are broadening our global distributor network, developing our Approved Manufacturers Programme ("AMP") and accelerating sales & marketing activity, particularly in the US, which will support our regional growth. While Accsys continues to believe in the attractive market and growth potential for Tricoya, in view of the current operating environment and shift of company focus on the Accoya plant in Kingsport, US, the Board is undertaking a review of the viability, strategic interest and financial capabilities of its Tricoya UK plant in Hull.

This announcement comprises inside information for the purposes of EU MAR and UK MAR. The person responsible for making this announcement is Nick Hartigan, General Counsel and Company Secretary, Accsys Technologies PLC.

Enquiries:

Investor Relations / Analysts: Katharine Rycroft, Accsys Technologies PLC	ir@accsysplc.com
Media: Matthew O'Keeffe, Alex Le May, FTI Consulting (UK)	+44 (0) 20 3727 1340
Media: Clemens Sassen, Tessa Nelissen, Huijskens Sassen Communications (NL)	+31 (0) 20 68 55 955
Deutsche Numis (London): Oliver Hardy (NOMAD), Ben Stoop	+44 (0) 20 7260 1000
ABN AMRO (Amsterdam): Julie Wakkie, Diederik Berend	+31 20 628 5789

Overview of H1 FY24

Revenue and volumes in H1 FY24 were 20% ahead of the prior year. However, demand for our products softened in some of our markets towards the end of the half, reflecting exceptionally difficult trading conditions in the building materials, construction and residential housing markets globally.

Demand for Accsys' premium wood products has, up until the late summer of this year, always exceeded supply. The quality and desirability of Accoya and Tricoya continues to be widely recognised throughout the industry and has allowed us to implement a disciplined pricing strategy. With increased capacity at Arnhem, we have been able to give our customers and distributors the opportunity to purchase and hold more products than in recent years. As the global construction industry has slowed, customers have been holding inventory and experiencing slowing order books. Correspondingly, new orders for our products began to slow over the summer as distributors worked down their stock levels.

In view of this trading environment, we announced on 1 September 2023 that sales volumes and revenues for FY24 were likely to be below market expectations. We took immediate and decisive steps to reduce operating costs, optimise working capital and implement cost saving initiatives and have made good progress on this over the last few months, details of which can be found on page 5. In parallel, we are taking actions to accelerate our sales approach to stimulate demand and achieve greater market penetration.

Our plant in Arnhem performed well in H1 FY24. During the period we have continued to focus on its efficiency, including further work on optimising reactor 4 to reduce cycle times and deliver more capacity and also implement other operational improvement programmes across the site, focusing on cost, safety and reliability.

We have also made good progress with our Accoya USA JV in Kingsport, Tennessee. Construction is now c.78% complete and equipment setting c.87% complete. The project remains on track for commercial operation in mid-2024.

Accsys continues to believe in the attractive market and growth potential for Tricoya, with product demand remaining strong. In view of the current operating environment and shift of company focus on the Accoya USA project, the Board is undertaking a review of the viability, strategic interest and financial capabilities of its Tricoya UK plant in Hull.

Summary of financial performance

Accsys delivered revenues of €71.2m in H1 FY24, a 21% increase on the prior year, driven by good product demand, higher average sales prices and increased production capacity following the start-up of reactor 4 in September 2022.

Despite good revenue growth, Underlying EBITDA decreased by €2.9m to €1.6m. Volume growth and higher average Accoya prices were offset by higher average wood prices, partially offset by lower net acetyls cost. Increased pre-operational costs in the Kingsport plant ahead of completion, higher Tricoya UK plant operating costs due to a change in accounting treatment[5], and increased operating expenditure on sales & marketing, executive recruitment and engineering costs also contributed.

Gross margin weakened by two percentage points to 29% (H1 FY23: 31%), reflecting higher raw material costs and wood inventory optimisation.

Underlying loss before tax was €5.0m (H1 FY23: loss of €0.6m). Statutory loss before tax was €13.1m (H1 FY23: €56.3m).

Net debt increased by €4.1m to €48.2m since the FY23 year end, reflecting capex payments of €2.0m, an increase in working capital and scheduled loan interest payments, partially offset by EBITDA generation during the period.

An exceptional operating cost of €1.2m has been recognised in the period in relation to organisational realignment and cost savings initiatives, including headcount reductions, which are expected to deliver annual savings of more than €3.0m. An impairment loss (exceptional non-cash item) of €7.0m has been recognised in the period relating to the Tricoya segment (H1 FY23: €58.0m) due to an increase in the discount rate used following an increase in market interest rates and the Company specific market volatility factor.

Summary of product financial performance – Accoya and Tricoya

	H1 FY24	Growth on PY
Accoya revenue	€68.2m	+16%
Accoya sales volumes	28,807m^3	+20%

Sales volume by end market	H1 FY24 m3	Growth on PY
UK & Ireland	6,165	+6%
Rest of Europe	7,385	+28%
North America	4,218	+4%
Rest of World	2,646	+42%
Tricoya	8,393	+30%

Revenues from Accoya grew by 16% in the first half of FY24 to €68.2m, driven by good product demand and increased production capacity following the commercial start-up of reactor 4 in Arnhem in September 2022. Accoya volumes grew by 20% to 28,807m^3. Sales volumes in all our end markets grew year on year, with particularly strong performances recorded in the Rest of World (+42%) and Rest of Europe (+28%) regions.

Revenues from Accoya for Tricoya as a percentage of total sales volumes increased in H1 FY24 and now represent 29% of total sales volumes, versus 24% at the end of the FY23. Accoya for Tricoya revenues in H1 FY24 grew by 31% to €11.4m, driven by continued strong product demand. Our Accoya for Tricoya partners remain committed and supportive. Tricoya panel revenue also increased to €2.9m in H1 FY24.

Update on strategic growth projects – Accoya and Tricoya

Accoya

In September 2022, we completed the expansion of our plant in Arnhem, adding a new fourth reactor with capacity for an additional 20,000 cubic metres, and enabling the site's maximum annual capacity to increase to 80,000 cubic metres. A large proportion of current capacity is being used to seed the US market, with 16% of FY23 sales volumes going to North America.

In addition to the aforementioned operational improvement programmes across the plant, other self-help measures to reduce costs and improve manufacturing quality include improved target operating models that will drive simplification within operations. As we look to minimise wastage, we will also introduce new scanning technology which will allow us to identify any material flaws in Accoya wood prior to being converted into Accoya Color.

Under our joint venture with Eastman, a world leader in the production of acetyls, we are building an Accoya plant in the US at Eastman's Kingsport, Tennessee site. The plant has been designed with scalability in mind and is being built to enable future rapid expansion. Under the joint venture, Accsys holds a 60% interest and Eastman a 40% interest. 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 but with additional improvements, most notably relating to integration of Eastman's acetyls supply to the new plant – not only is this a safer process, but it will significantly reduce logistical expense, storage costs and working capital.

We have continued to make good progress with the construction of the plant during H1 FY24. 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 major equipment. As we move towards completion of the plant, we have commenced execution of the resourcing plan along with increasing operational readiness activities which will, in the short term, lead to increased costs being incurred. The total cost of completion of Kingsport is now estimated to be c.15% higher than previously communicated at approximately $160m.

Our Accoya Color manufacturing plant in Barry, Wales, has increased our ability to convert Accoya wood into Accoya Color. In H1 FY24 we produced 2,434m^3 of Accoya Color (H1 FY23: 2,937m^3), with volumes impacted by current market weakness. Average sales prices were, however, c.10% higher than in the prior year - a highly credible performance given the current market backdrop. Although sales fell by 16% in the Germany, Switzerland and Austria region (DACH) in H1 FY24, our other markets – including North America – delivered sales growth of 10% on the prior year. Post 30 September 2023, product sales have continued to gain momentum in North America, with current orders indicating higher volume growth in H2 FY24 than in H1 FY24.

As we increase our Accoya production capacity, we continue to expect increased Accoya Color sales in the medium term. In addition to the product's existing markets, Accoya Color was launched in the UK in November 2023 with further market launches in development.

Tricoya

Demand for our Tricoya products remains strong despite limited production and we are continuing to grow the market with both existing and new customers. In addition, we will continue our R&D on sourcing alternative wood species for Tricoya which have a shorter supply chain.

Accsys stopped site activity at the Tricoya UK plant in Hull in November 2022, placing the project into a hold period to mitigate the risk of weaker economics on start-up and to allow the Board time to assess the economics and capability of the plant and its potential returns on investment. The Company is using modest levels of internally generated cash (c.€0.5m per month) to maintain the plant and progress certain pre-construction works. These include mechanical preservation works, detailed construction work scoping, planning and cost estimating, completion of minor construction packages, software programming and documentation validation. The remaining costs relate to employee & office, landlord and insurance costs.

Accsys continues to believe in the attractive market and growth potential for Tricoya, with product demand remaining strong. In view of the current operating environment and shift of company focus to the Kingsport project in the US, the Board is undertaking a review of the viability, strategic interest and financial capabilities of its Tricoya UK plant in Hull.

Reducing operating costs and optimising working capital

In our trading statement on 1 September 2023, we announced that we are taking immediate and decisive actions to reduce operating costs and optimise working capital. Our aim is to re-set and implement a lean operating business model and to right-size the business, delivering annual cost savings of more than €3.0m. This is being achieved through organisational alignment, including headcount reductions – all of which are in non-operational areas - both centrally (London head office) and locally across our international operations. In this way Accsys is creating cleaner reporting lines and a simplified business structure. In addition, we have reduced the use of interim labour and manual stacking in our Arnhem plant and have significantly scaled back on the use of third party consultants. Other actions taken during the period include implementing additional cost controls across all of our operations, cutting non-discretionary spend and eventually moving to automated functions and controls.

Going forward, a key focus for the Company will be the effective management of our supply chain. We are in the process of reducing our wood buying to return to normalised inventory levels and are looking at options in respect of anhydride supply to reduce costs.

Accelerating our sales approach

In our September statement, we stated that we would accelerate our sales approach to stimulate demand and achieve greater market penetration in our core and emerging markets. Since then, we have accelerated our sales & marketing activity by adding necessary distribution in key markets. During the period we appointed six new distributors; two in Belgium, and one each in Greece, Italy, the UK and the USA. The Company now has 67 distributors of its products and 661 AMPs worldwide, of which 111 AMPs and eight distributors are in the Americas. In H1 FY24, the Company added 56 AMPs to its global network, bringing a total of 85 AMPs in the year to date.

With room to progress further and develop new markets to help build further global product demand, Accsys continues to establish key window, door, decking and cladding manufacturing partners through its AMPs and broad network. Lead generation and brand awareness campaigns continue to promote Accoya to its key audiences and support the sell through of materials downstream.

As part of the organisational alignment, the Company is appointing additional heads in the US and France and engaging with multiple partners in the growing Middle East region. This year we appointed our first Marketing Coordinator and Sales Manager in France to execute our sales & marketing strategy. The new team is focusing on developing the AMP programme in France as well as working on an Approved Installer Programme. It has made significant progress this year to date, on-boarding 22 new AMPs with training and best practice in the production and use of Accoya, to help guarantee high-quality products for end users. During the period we also appointed a new Marketing Manager in the DACH region.

Capital Raise

We have today announced a fundraising to raise gross new proceeds of approximately €24m and an extension of our debt facilities. The proceeds of the fundraising allow us to complete the delivery of our US plant in Kingsport in mid-2024, strengthen our balance sheet and increase working capital headroom in the face of a challenging macro trading environment.

Dr. Jelena Arsic Van Os
Chief Executive Officer
21 November 2023

Statement of comprehensive income

H1 FY24 revenue increased by 21% to €71.2m in H1 FY24 (H1 FY23: €58.9m), driven by continuing demand for our products, higher average sales prices and increased production capacity following the start-up of reactor 4 in Arnhem in September 2022.

Accoya sales volumes increased by 20% to 28,807m^3, reflecting additional capacity and also a weaker comparable period last year following production downtime in Arnhem during the tie-in and installation of reactor 4 in 2022. While demand for both Accoya and Tricoya has been good in H1, demand has softened across some of our regions towards the end of H1 FY24 and into H2 FY24 as our distributors began to experience a softening in the global construction and building materials markets.

Accoya for Tricoya sales volumes increased by 30%, with revenues increasing by 31% to €11.4m. Accoya sales to our customers for the manufacture of Tricoya panels are currently used to develop the market for Tricoya products and now represent 29% of total Accoya sales volumes (H1 FY23: 27%).

Other Revenue, which predominantly relates to the sale of our acetic acid by-product into the acetyls market, decreased by 36% to €4.9m (H1 FY23: €7.6m), reflecting lower acetic acid sales prices. These sales act as a partial hedge to acetic anhydride costs which also decreased during the period. Net acetyls costs decreased on the prior year.

Raw wood input costs were higher year on year, with higher wood mix costs in addition to moderately higher average wood prices.

Cost of sales increased by 25%, with 20% higher sales volumes and higher raw wood costs being partially offset by lower acetic anhydride costs.

While gross profit of €20.3m was 12% higher than in the prior year (H1 FY23: €18.1m), gross profit margin fell by two percentage points to 29%. This reflects our use of higher-cost appearance grade wood for Accoya for Tricoya production during H1 FY24 as we have sought to continue to lower inventory levels which increased during 2022 in anticipation of the start-up of reactor 4. In H2 FY24 we will return to using less expensive Spanish radiata pine and other wood chip grade wood for Accoya for Tricoya production.

Underlying other operating costs (excluding depreciation and amortisation) increased from €13.3m to €17.7m. This is due to Tricoya UK's ongoing running costs being treated as operating expenditure in the first half following the introduction of Tricoya UK's hold period in H2 FY23. It is also the result of increased investment in sales & marketing, higher engineering costs and greater spend on executive recruitment.

Depreciation and amortisation charges increased by €1.3m to €4.8m following commercial production from reactor 4 in September 2022.

Underlying finance expenses increased €0.1m to €1.6m following the interest on Tricoya UK's NatWest facility not being capitalised post the introduction of the hold period for Tricoya UK in H2 FY23, higher market interest rates on the variable rate borrowings held partially offset by a foreign exchange gain on the cash pledged to ABN AMRO which is held in US dollars (see note 11).

An impairment loss (exceptional non-cash item) of €7.0m has been recognised in the period relating to the Tricoya segment (H1 FY23: €58.0m) due to an increase in the discount rate used following an increase in market interest rates and the Company specific market volatility factor.

An exceptional operating cost of €1.2m has been recognised in the period for restructuring costs relating to reducing Accsys' administrative operating cost base.

No other adjustments have been recognised in the current period 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 and other foreign exchange differences on cash held in the prior year period. See note 4 for further details.

Accsys' share of its US joint venture (Accoya USA LLC) net loss, which is accounted for using the equity method, increased by €0.8m to €1.2m (H1 FY23: €0.4m) as the entity increases its pre-operating activity as it progresses towards completion in mid-2024.

Underlying loss before tax increased by €4.4m to €5.0m (H1 FY23: €0.6m). After taking into account exceptional items (including the impairment loss and restructuring cost) and other adjustments in the prior year period, loss before tax amounted to €13.1m (FY23: €56.3m).

The tax charge of €0.4m in the first half was in line with the prior year.

Underlying loss per share increased to €0.02 per share (H1 FY23: € nil per share). A statutory loss per share was recognised of €0.06 per share (H1 FY23: €0.13 per share).

Cash flow

Cash flows generated from operating activities before changes in working capital decreased by €2.9m to €1.8m (H1 FY23: €4.7m), reflecting the operational cash flow generated by our plant in Arnhem, partly offset by the change in treatment on operating costs for the Tricoya UK plant following the introduction of the hold period in H2 FY23.

Inventory levels increased by €1.9m during the period with higher finished good levels partially offset by lower raw material levels which are being closely managed.

At 30 September 2023, the Group held cash balances of €20.8m, a €5.8m decrease in the period, attributable to capex payments of €2.0m, the first scheduled loan repayment of €2.25m on the Group's ABN AMRO term loan, and the increase in inventory referred to above. This was partially offset by cash flow generated from operating activities. When adjusting for the cash pledged to ABN AMRO of $10.0m (see note 11), adjusted cash decreased by €6.0m during the period to €10.8m.

Financial position

Plant and machinery additions of €1.1m (H1 FY23: €20.5m) consisted primarily of maintenance capex for the Arnhem plant.

Trade and other receivables increased to €13.6m (H1 FY23: €11.3m), primarily due to higher sales than in H1 FY23.

Trade and other payables reduced by €5.2m to €21.4m (H1 FY23: €26.6m), attributable to a decrease in creditors following the completion of the Arnhem expansion project and lower activity at the Tricoya UK plant in Hull.

Amounts payable under loan agreements decreased to €64.2m during the period (FY23: €65.9m) following the first scheduled loan repayment of €2.25m on the Group's ABN AMRO term loan partially offset by interest capitalised on the Tricoya NatWest €6.0m facility (€0.3m) and interest accrued on the ABN AMRO and De Engh loans payable in October 2023.

Net debt increased by €4.1m in the period to €48.2m (FY23: €44.1m) due to capex investments of €2.0m and the increase in inventory and loan interest payments partially offset by EBITDA generation during the period.

Risks and uncertainties

As described on page 50 to 55 of the Accsys 2023 Annual Report, the business, financial condition or results of operations of the Group could be adversely affected by a number of risks. The Group's systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them. These specific principal risks and related mitigations - as currently identified by Accsys' risk management process - have not changed significantly since the publication of the 2023 Annual Report in July of this year.

These risks relate to the following areas: finance, health, safety & environment; Tricoya UK plant; Kingsport plant; licensing/partnering and protection of intellectual property; market and supply chain disruption; manufacturing; talent; sale of products; environmental, social & governance (ESG) and sustainability; IT; reputational risk and governance, compliance & law.

Going concern

The condensed 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 for the 12 months from the date these financial statements are approved (the 'going concern period'). As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital and liquidity requirements, and bank facility covenant compliance for the going concern period under a base case scenario and a severe but plausible downside scenario.

The cash flow forecasts used for the going concern assessment represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. The economic environment has remained challenging throughout the financial year (explained further in the management discussion of the results) and it is not known how long this will continue to directly impact the business and customer behaviour. For the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving a certain level of performance relating to the production and sale of Accoya, and the management of its working capital.

In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya UK plant in Hull unless the Board definitively determines to proceed with the project and appropriate levels of funding arrangements are obtained to do so. In the downside scenario, it is assumed that the Group discontinues its financial support in relation to the Tricoya UK plant.

The Directors' have also considered the possible quantum and timing of funding required to complete the plant currently under construction by Accoya USA LLC, and for the initial operational working capital requirements of the entity. Notwithstanding that the construction project benefits from certain contractual measures in place with the lead engineering, construction and procurement contractor, Accsys has a contractual obligation to fund its 60% share of Accoya USA LLC on a pro rata basis with its joint venture partner (Eastman Chemicals Company).

The Group is also dependent on the Group's financial resources including its existing cash position, banking and finance facilities, and the proceeds from the fundraise, and the amended bank facilities announced today (see note 14 for details) which are assumed in both scenarios.

Capital Raise

The gross proceeds from the fundraise of approximately €34m (which includes approximately €24m of gross new proceeds for the Company) include:

1) An equity Placing of between approximately €13m and €15m which will be settled on 23 November 2023. Certain of the Company's major shareholders have committed to provide approximately €13m of new equity through the equity Placing.

2) The issue of between approximately €9m and €11m new 6 year term convertible loan notes and the repricing and reissue of the existing €10m De Engh convertible loan note (see note 11) have also been arranged on 21 November 2023, subject to the completion of the equity cash Placing.

On 21 November 2023, ABN AMRO and the Company agreed to amend the ABN AMRO debt facilities referenced in note 11 and extend these by a further 18 months to March 2026. The facilities have also been amended to provide for the release of €10m of cash collateral held by ABN AMRO, €7.5m of which will be used to repay a portion of the term loan with the balance providing the Group with additional liquidity. The amendment of the facilities also allows for an 18-month amortisation holiday. The extension is subject to the completion of the equity Placing (see note 14 for further details).

The Directors have also considered a severe but plausible downside scenario against the base case with reduced Accoya sales volumes. The Directors do not expect the assumptions in the severe but plausible downside scenario to materialise, but should they unfold, the Group has several mitigating actions it can implement to manage its going concern risk, such as deferring discretionary capital expenditure and implementing further cost reductions to maintain a sufficient level of liquidity and covenant headroom during the going concern period. The combined impact of the above downside scenarios and mitigations does not trigger a minimum liquidity breach or covenant breach at any point in the going concern period.

The Directors are confident that the equity Placing will be completed on 21 November 2023. However, in the unlikely situation that the capital raise was not to be completed, the Group would need to obtain alternate financing in an expedited fashion, in order to be able to discharge its liabilities. It is not certain that the Group would be able to obtain any such financing on commercially acceptable terms. This would give rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

After carefully considering all the factors explained in this statement, the Directors believe that it is most appropriate to prepare these financial statements on the going concern basis. These financials statements therefore do not include the adjustments that would result if the Group was unable to continue as a going concern.

Steven Salo
Chief Financial Officer
21 November 2023

Accsys Technologies PLC

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2023

	Note	Unaudited 6 months ended 30 Sept 2023 €'000 Underlying	Unaudited 6 months ended 30 Sept 2023 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2023 €'000 Total**	Unaudited 6 months ended 30 Sept 2022 €'000 Underlying	Unaudited 6 months ended 30 Sept 2022 €'000 Exceptional items & other adjustments*	**Unaudited 6 months ended 30 Sept 2022 €'000 Total**	Audited Year ended 31 March 2023 €'000 Underlying	Audited Year ended 31 March 2023 €'000 Exceptional items & other adjustments*	**Audited Year ended 31 March 2023 €'000 Total**
Accoya wood revenue		63,313	-	**63,313**	51,088	-	**51,088**	143,493	-	**143,493**
Tricoya panel revenue		2,918	-	**2,918**	201	-	**201**	1,374	-	**1,374**
Licence revenue		46	-	**46**	11	-	**11**	329	-	**329**
Other revenue		4,930	-	**4,930**	7,584	-	**7,584**	16,822	-	**16,822**
Total revenue	2	71,207	-	**71,207**	58,884	-	**58,884**	162,018	-	**162,018**
Cost of sales		(50,865)	-	**(50,865)**	(40,742)	-	**(40,742)**	(106,852)	-	**(106,852)**
Gross profit		20,342	-	**20,342**	18,142	-	**18,142**	55,166	-	**55,166**
Other operating costs	3	(22,482)	(8,200)	**(30,682)**	(16,773)	(58,481)	**(75,254)**	(39,878)	(87,453)	(127,331)
Operating (loss)/profit		**(2,140)**	**(8,200)**	**(10,340)**	**1,369**	**(58,481)**	**(57,112)**	15,288	(87,453)	**(72,165)**
Net finance expense		(1,610)	89	**(1,521)**	(1,530)	2,699	**1,169**	(3,224)	9,350	**6,126**
Share of net loss of joint venture accounted for using the equity method	13	(1,211)	-	**(1,211)**	(403)	-	**(403)**	(1,036)	-	**(1,036)**
(Loss)/profit before taxation		(4,961)	(8,111)	**(13,072)**	(564)	(55,782)	**(56,346)**	11,028	(78,103)	**(67,075)**
Tax expense	5	(420)	-	**(420)**	(357)	-	**(357)**	(2,787)	-	(2,787)
(Loss)/profit for the period		(5,381)	(8,111)	**(13,492)**	(921)	(55,782)	**(56,703)**	8,241	(78,103)	**(69,862)**
Items that may be reclassified to profit or loss										
Gain/(loss) arising on translation of foreign operations		22	-	**22**	67	-	**67**	(61)	-	(61)
Gain arising on foreign currency cash flow hedges		-	-	**-**	-	90	**90**	42	-	42
Total other comprehensive income/(expense)		22	-	**22**	67	90	**157**	(19)	-	**(19)**
Total comprehensive (loss)/gain for the period		(5,359)	(8,111)	**(13,470)**	(854)	(55,692)	**(56,546)**	8,222	(78,103)	**(69,881)**
Total comprehensive (loss)/gain for the year is attributable to:										
Owners of Accsys Technologies PLC		(5,359)	(8,111)	**(13,470)**	(214)	(26,155)	**(26,369)**	9,509	(48,566)	**(39,057)**
Non-controlling interests		-	-	**-**	(640)	(29,537)	**(30,177)**	(1,287)	(29,537)	**(30,824)**
Total comprehensive (loss)/gain for the period		(5,359)	(8,111)	**(13,470)**	(854)	(55,692)	**(56,546)**	8,222	(78,103)	**(69,881)**
Basic (loss)/profit per ordinary share	6	€(0.02)		€(0.06)	€(0.00)		€(0.13)	€0.05		€(0.19)
Diluted (loss)/profit per ordinary share	6	-		-	-		-	€0.04		-

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

* See note 4 for details of exceptional items and other adjustments.

Accsys Technologies PLC

Condensed consolidated statement of financial position at 30 September 2023

	Note	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
Non-current assets				
Intangible assets	7	10,369	6,852	10,491
Investment accounted for using the equity method	13	29,648	31,942	30,859
Property, plant and equipment	8	96,612	140,422	106,051
Right of use assets		4,210	4,087	4,044
Financial asset at fair value through profit or loss		-	-	-
		140,839	183,303	151,445
Current assets				
Inventories		31,812	32,354	29,946
Trade and other receivables		13,643	11,333	18,075
Cash and cash equivalents		20,780	18,123	26,593
Corporation tax receivable		460	503	459
		66,695	62,313	75,073
Current liabilities				
Trade and other payables		(21,411)	(26,620)	(25,896)
Obligation under lease liabilities		(943)	(790)	(980)
Short term borrowings	11	(9,500)	(19,686)	(9,500)
Corporation tax payable		(6,500)	(3,615)	(6,082)
Derivative financial instrument		-	(77)	-
		(38,354)	(50,788)	(42,458)
Net current assets		28,341	11,525	32,615
Non-current liabilities				
Obligation under lease liabilities		(3,845)	(3,806)	(3,755)
Other long term borrowing	11	(54,680)	(55,210)	(56,420)
Financial guarantee		-	-	-
Financial liability at amortised cost		(1,293)	-	(1,383)
		(59,818)	(59,016)	(61,558)
Total net assets		109,362	135,812	122,502
Equity				
Share capital	9	11,002	10,343	10,963
Share premium account		250,717	241,662	250,717
Other reserves	10	114,743	114,791	114,743
Accumulated loss		(267,243)	(236,584)	(254,042)
Own shares		(8)	(6)	(8)
Foreign currency translation reserve		151	257	129
Capital value attributable to owners of Accsys Technologies PLC		109,362	130,463	122,502
Non-controlling interest in subsidiaries		-	5,349	-
Total equity		109,362	135,812	122,502

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

Accsys Technologies PLC

Condensed consolidated statement of changes in equity for the six months ended 30 September 2023

	Ordinary share capital	Share premium	Other reserves	Own Shares	Foreign currency trans-lation reserve	Accumulated loss	Total equity attributable to equity shareholders of the company	Non-Controlling interests	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
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	-	-	-	-	-	(26,526)	(26,526)	(30,177)	(56,703)
Other comprehensive income for the year	-	-	90	-	67	-	157	-	157
Share based payments	-	-	-	-	-	462	462	-	462
Shares issued	705	-	-	-	-	(15)	690	-	690
Premium on shares issued	-	19,422	-	-	-	-	19,422	-	19,422
Share issue costs	-	(1,086)	-	-	-	-	(1,086)	-	(1,086)
Balance at 30 Sept 2022 (unaudited)	10,343	241,662	114,791	(6)	257	(236,584)	130,463	5,349	135,812
(Loss) for the year	-	-	-	-	-	(12,512)	(12,512)	(647)	(13,159)
Other comprehensive income for the year	-	-	(48)	-	(128)	-	(176)	-	(176)
Share based payments	-	-	-	-	-	(96)	(96)	-	(96)
Shares issued	26	-	-	(2)	-	(7)	17	-	17
Premium on shares issued	-	104	-	-	-	-	104	-	104
Share issue costs	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary shares from non-controlling interests	594	8,951	-			(4,843)	4,702	(4,702)	(0)
Balance at 31 March 2023	10,963	250,717	114,743	(8)	129	(254,042)	122,502	-	122,502
Profit/(Loss) for the year	-	-	-	-	-	(13,492)	(13,492)	-	(13,492)
Other comprehensive income for the year	-	-	-	-	22	-	22	-	22
Share based payments	-	-	-	-	-	330	330	-	330
Shares issued	39	-	-	-	-	(39)	-	-	-
Share issue costs	-	-	-	-	-	-	-	-	-
Balance at 30 Sept 2023 (unaudited)	11,002	250,717	114,743	(8)	151	(267,243)	109,362	-	109,362

Ordinary share capital is the amount subscribed for shares at nominal value (note 9).

Share premium represents the excess of the amount subscribed for ordinary share capital over the nominal value of these shares, net of share issue expenses.

See note 10 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 ended 31 March 2023.

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 condensed financial statements.

Accsys Technologies PLC

Condensed consolidated statement of cash flow for the six months ended 30 September 2023

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
(Loss) before taxation	(13,072)	(56,346)	(67,075)
Adjustments for:			
Amortisation of intangible assets	391	389	780
Depreciation of property, plant and equipment and right of use assets	4,378	3,095	7,512
Impairment loss	7,000	58,000	86,000
Net (gain) on disposal of property, plant and equipment	-	(3)	-
Net finance expense/(income)	1,521	(1,169)	(6,126)
Equity-settled share-based payment expenses	330	462	366
Accsys portion of licence fee received from joint venture	-	-	300
Share of net loss of joint venture	1,211	403	1,036
Currency translation gain/(loss)	66	(156)	(70)
Cash inflows from operating activities before changes in working capital	1,825	4,675	22,723
Decrease/(increase) in trade and other receivables	4,451	5,550	(1,154)
(Increase) in inventories	(1,868)	(11,982)	(9,596)
(Decrease)/Increase in trade and other payables	(3,778)	(515)	4,673
Net cash from operating activities before tax	630	(2,272)	16,646
Tax received	0	6	87
Net cash from operating activities	630	(2,266)	16,733
Cash flows from investing activities			
Investment in property, plant and equipment	(2,023)	(22,595)	(29,773)
Foreign exchange deal settlement related to hedging of Hull capex	-	-	(81)
Investment in intangible assets	(268)	(207)	(437)
Investment in joint venture	-	(29,132)	(28,979)
Net cash used in investing activities	(2,291)	(51,934)	(59,270)
Cash flows from financing activities			
Proceeds from loans	-	10,000	10,000
Other finance costs	(36)	(173)	(250)
Interest paid	(1,311)	(992)	(2,429)
Repayment of lease liabilities	(706)	(538)	(940)
Repayment of loans	(2,250)	-	-
Proceeds from issue of share capital	-	20,112	20,258
Share issue costs	-	(1,086)	(1,086)
Net cash from financing activities	(4,303)	27,323	25,553
Net (decrease) in cash and cash equivalents	(5,964)	(26,877)	(16,984)
Effect of exchange gain on cash and cash equivalents	151	2,946	1,523
Opening cash and cash equivalents	26,593	42,054	42,054
Closing cash and cash equivalents	20,780	18,123	26,593

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

1. Accounting policies

General Information

The principal activity of the Group is the production and sale of Accoya solid wood and exploitation of technology for the production and sale of Accoya wood and Tricoya wood chips. Manufactured through the Group's proprietary acetylation processes, these products exhibit superior dimensional stability and durability compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

The Company is a public limited company, which is listed on AIM in the United Kingdom and Euronext in the Netherlands, and is domiciled in the United Kingdom. The registered office is 4th Floor, 3 Moorgate Place, London EC2R 6EA.

The condensed consolidated financial statements were approved on 21 November 2023. These condensed consolidated financial statements have not been audited.

Basis of accounting

The Group's condensed consolidated financial statements in these interim results have been prepared in accordance with IFRS issued by the International Accounting Standards Board as endorsed by the European Union and as adopted for use in the United Kingdom, in particular International Accounting Standard (IAS) 34 "interim financial reporting" and the AIM Rules for Companies and the Dutch Financial Markets Supervision Act.

The financial information for the six months ended 30 September 2023 and the six months ended 30 September 2022 is unaudited. The comparative financial information for the full year ended 31 March 2023 does not constitute the Group's statutory financial statements for that period although it has been derived from the statutory financial statements for the year then ended. A copy of those statutory financial statements has been delivered to the Registrar of Companies and which were approved by the Board of Directors on 26 June 2023. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. This financial information is to be read in conjunction with the annual report for the year ended 31 March 2023, which has been prepared in accordance with both International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

Accounting policies

No new accounting standards, amendments or interpretations have been adopted in the period which have any impact on these condensed financial statements, or are expected to affect the Group's annual report for the year ended 31 March 2024. The accounting policies applied for preparation of condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 March 2023, as described in those financial statements.

Going concern

The condensed 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 for the 12 months from the date these financial statements are approved (the 'going concern period'). As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital and liquidity requirements, and bank facility covenant compliance for the going concern period under a base case scenario and a severe but plausible downside scenario.

The cash flow forecasts used for the going concern assessment represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. The economic environment has remained challenging throughout the financial year (explained further in the management discussion of the results) and it is not known how long this will continue to directly impact the business and customer behaviour. For the purposes of the Group's going concern assessment, the Directors have therefore made assumptions on the likely future cash flows. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving a certain level of performance relating to the production and sale of Accoya, and the management of its working capital.

1. Accounting policies (continued)

Going concern (continued)

In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya UK plant in Hull unless the Board definitively determines to proceed with the project and appropriate levels of funding arrangements are obtained to do so. In the downside scenario, it is assumed that the Group discontinues its financial support in relation to the Tricoya UK plant.

The Directors' have also considered the possible quantum and timing of funding required to complete the plant currently under construction by Accoya USA LLC, and for the initial operational working capital requirements of the entity. Notwithstanding that the construction project benefits from certain contractual measures in place with the lead engineering, construction and procurement contractor, Accsys has a contractual obligation to fund its 60% share of Accoya USA LLC on a pro rata basis with its joint venture partner (Eastman Chemicals Company).

The Group is also dependent on the Group's financial resources including its existing cash position, banking and finance facilities, and the proceeds from the fundraise, and the amended bank facilities announced today (see note 14 for details) which are assumed in both scenarios.

Capital Raise

The gross proceeds from the fundraise of approximately €34m (which includes approximately €24m of gross new proceeds for the Company) include:

1) An equity Placing of between approximately €13m and €15m which will be settled on 23 November 2023. Certain of the Company's major shareholders have committed to provide approximately €13m of new equity through the equity Placing.

2) The issue of between approximately €9m and €11m new 6 year term convertible loan notes and the repricing and reissue of the existing €10m De Engh convertible loan note (see note 11) have also been arranged on 21 November 2023, subject to the completion of the equity cash Placing.

On 21 November 2023, ABN AMRO and the Company agreed to amend the ABN AMRO debt facilities referenced in note 11 and extend these by a further 18 months to March 2026. The facilities have also been amended to provide for the release of €10m of cash collateral held by ABN AMRO, €7.5m of which will be used to repay a portion of the term loan with the balance providing the Group with additional liquidity. The amendment of the facilities also allows for an 18-month amortisation holiday. The extension is subject to the completion of the equity Placing (see note 14 for further details).

The Directors have also considered a severe but plausible downside scenario against the base case with reduced Accoya sales volumes. The Directors do not expect the assumptions in the severe but plausible downside scenario to materialise, but should they unfold, the Group has several mitigating actions it can implement to manage its going concern risk, such as deferring discretionary capital expenditure and implementing further cost reductions to maintain a sufficient level of liquidity and covenant headroom during the going concern period. The combined impact of the above downside scenarios and mitigations does not trigger a minimum liquidity breach or covenant breach at any point in the going concern period.

The Directors are confident that the equity Placing will be completed on 21 November 2023. However, in the unlikely situation that the capital raise was not to be completed, the Group would need to obtain alternate financing in an expedited fashion, in order to be able to discharge its liabilities. It is not certain that the Group would be able to obtain any such financing on commercially acceptable terms. This would give rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

After carefully considering all the factors explained in this statement, the Directors believe that it is most appropriate to prepare these financial statements on the going concern basis. These financials statements therefore do not include the adjustments that would result if the Group was unable to continue as a going concern.

2. Segmental reporting

Accoya

	Accoya Segment								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 September 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Accoya wood revenue	63,313	-	63,313	51,088	-	51,088	143,494	-	**143,494**
Licence revenue	-	-	-	-	-	-	300	-	**300**
Other revenue	4,885	-	4,885	7,584		7,584	16,773	-	**16,773**
Total revenue	68,198	-	**68,198**	58,672	-	**58,672**	160,567	-	**160,567**
Cost of sales	(48,132)	-	**(48,132)**	(40,580)	-	**(40,580)**	(105,608)	-	**(105,608)**
Gross profit	20,066	-	**20,066**	18,092	-	**18,092**	54,959	-	**54,959**
Other operating costs	(13,527)	-	**(13,527)**	(10,035)	-	**(10,035)**	(22,621)	-	(22,621)
Profit from operations	6,539	-	**6,539**	8,057	-	**8,057**	32,338	-	**32,338**
Profit from operations	6,539	-	**6,539**	8,057	-	**8,057**	32,338	-	**32,338**
Share of Accoya USA EBIT	(1,150)	-	**-**	(403)	-	**-**	(912)	-	**-**
EBIT	5,389	-	**6,539**	7,654	-	**8,057**	31,426	-	**32,338**
Depreciation and amortisation	4,137	-	**4,137**	2,786	-	**2,786**	6,832	-	**6,832**
Accoya USA Depreciation and amortisation	104	-	**-**	-	-	**-**	211	-	**-**
EBITDA	9,630	-	**10,676**	10,440	-	**10,843**	38,469	-	**39,170**

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 196 (H1 FY23: 184)

	6 months ended 30 September 2023 €'000	**6 months ended 30 September 2022 €'000**	**Year ended 31 March 2023 €'000**
Accoya segmental underlying EBITDA	9,630	10,440	38,469
Accoya underlying licence Income	-	-	(300)
Accoya segmental manufacturing EBITDA (excluding licence income)	9,630	10,440	38,169
Accoya segmental gross profit	20,066	18,092	54,959
Accoya licence Income	-	-	(300)
Accoya manufacturing gross profit	20,066	18,092	54,659
Gross Accoya manufacturing margin	29.4%	30.8%	34.1%

	6 months ended 30 September 2023 €	**6 months ended 30 September 2022 €**	**Year ended 31 March 2023 €**
Accoya® Manufacturing gross profit - €'000	20,066	18,092	54,659
Accoya® sales volume - m^3	28,807	23,957	63,344
Accoya® manufacturing gross profit per m^3	697	755	863

2. Segmental reporting (continued)

Tricoya

	Tricoya Segment								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 September 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Tricoya panel revenue	2,918	-	2,918	201	-	201	1,373	-	1,373
Licence revenue	46	-	46	11	-	11	29	-	29
Other revenue	45	-	45	-	-	-	49	-	49
Total revenue	3,009	-	**3,009**	212	-	**212**	1,451	-	**1,451**
Cost of sales	(2,733)	-	**(2,733)**	(162)	-	**(162)**	(1,244)	-	**(1,244)**
Gross profit	276	-	**276**	50	-	**50**	207	-	**207**
Other operating costs	(3,796)	(7,000)	**(10,796)**	(1,733)	(57,997)	**(59,730)**	(5,823)	(86,000)	(91,823)
Loss from operations	(3,520)	(7,000)	**(10,520)**	(1,683)	(57,997)	**(59,680)**	(5,616)	(86,000)	**(91,616)**
Loss from operations	(3,520)	(7,000)	**(10,520)**	(1,683)	(57,997)	**(59,680)**	(5,616)	(86,000)	**(91,616)**
Depreciation and amortisation	267	-	**267**	258	-	**258**	527	-	**527**
Impairment	-	7,000	**7,000**	-	58,000	**58,000**	-	86,000	**86,000**
EBITDA	(3,253)	-	**(3,253)**	(1,425)	3	**(1,422)**	(5,089)	-	**(5,089)**

Revenue includes direct Tricoya panel sales made by the Company, which are purchased from our Tricoya Customers. The sale of Accoya to customers who produce the Tricoya panels are included within the Accoya segment.

Other operating costs include pre-operating costs for the Tricoya UK plant.

See note 4 for explanation of Exceptional Items and other adjustments.

Average headcount = 10 (H1 FY23: 31)

Corporate

	Corporate Segment								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 September 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Total revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs	(4,269)	(1,200)	**(5,469)**	(4,277)	(484)	**(4,761)**	(9,976)	(1,453)	(11,429)
Loss from operations	(4,269)	(1,200)	**(5,469)**	(4,277)	(484)	**(4,761)**	(9,976)	(1,453)	**(11,429)**
(Loss) from operations	(4,269)	(1,200)	**(5,469)**	(4,277)	(484)	**(4,761)**	(9,976)	(1,453)	**(11,429)**
Depreciation and amortisation	332	-	**332**	406	-	**406**	866	-	**866**
EBITDA	(3,937)	(1,200)	**(5,137)**	(3,871)	(484)	**(4,355)**	(9,110)	(1,453)	**(10,563)**

See note 4 for explanation of Exceptional items and other adjustments.

Average headcount = 16 (H1 FY23: 16).

2. Segmental reporting (continued)

Research and Development

	Research & Development Segment								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 September 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Total revenue	-	-	**-**	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**	-	-	**-**
Other operating costs	(890)	-	**(890)**	(728)	-	**(728)**	(1,458)	-	(1,458)
Loss from operations	(890)	-	**(890)**	(728)	-	**(728)**	(1,458)	-	**(1,458)**
Loss from operations	(890)	-	**(890)**	(728)	-	**(728)**	(1,458)	-	**(1,458)**
Depreciation and amortisation	33	-	**33**	34	-	**34**	67	-	**67**
EBITDA	(857)	-	**(857)**	(694)	-	**(694)**	(1,391)	-	**(1,391)**

Costs exclude those which have been capitalised in accordance with IAS 38. (see note 7).

See note 4 for explanation of Exceptional items and other adjustments.

Average headcount = 13 (H1 FY23: 14).

2. Segmental reporting (continued)

Total

	TOTAL								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 Septembe r 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Accoya wood revenue	63,313	-	**63,313**	51,088	-	**51,088**	143,493	-	143,493
Tricoya panel revenue	2,918	-	**2,918**	201	-	**201**	1,374	-	1,374
Licence revenue	46	-	**46**	11	-	**11**	329	-	329
Other revenue	4,930	-	**4,930**	7,584	-	**7,584**	16,822	-	16,822
Total revenue	71,207	-	**71,207**	58,884	-	**58,884**	162,018	-	**162,018**
Cost of sales	(50,865)	-	**(50,865)**	(40,742)	-	**(40,742)**	(106,852)	-	**(106,852)**
Gross profit	20,342	-	**20,342**	18,142	-	**18,142**	55,166	-	**55,166**
Other operating costs	(22,482)	(8,200)	**(30,682)**	(16,773)	(58,481)	**(75,254)**	(39,878)	(87,453)	**(127,331)**
(Loss)/Profit from operations	(2,140)	(8,200)	**(10,340)**	1,369	(58,481)	**(57,112)**	15,288	(87,453)	**(72,165)**
Finance expense	(1,610)	89	**(1,521)**	(1,530)	2,699	**1,169**	(3,224)	9,350	**6,126**
Investment in joint venture	(1,211)	-	**(1,211)**	(403)	-	**(403)**	(1,036)	-	**(1,036)**
(Loss)/Profit before taxation	(4,961)	(8,111)	**(13,072)**	(564)	(55,782)	**(56,346)**	11,028	(78,103)	**(67,075)**

See note 4 for explanation of Exceptional Items and other adjustments.

Reconciliation of underlying earnings

	Reconciliation of underlying earnings								
	6 months ended 30 September 2023	6 months ended 30 September 2023	**6 months ended 30 September 2023**	6 months ended 30 September 2022	6 months ended 30 September 2022	**6 months ended 30 September 2022**	12 months ended 31 March 2023	12 months ended 31 March 2023	**12 months ended 31 March 2023**
	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**	Underlying	Exceptional items & other adjustments	**TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**	€'000	€'000	**€'000**
(Loss)/Profit from operations	(2,140)	(8,200)	(10,340)	1,369	(58,481)	(57,112)	15,288	(87,453)	(72,165)
Share of Accoya USA EBIT	(1,150)	-	**-**	(403)	-	**-**	(912)	-	-
EBIT	(3,290)	(8,200)	**(10,340)**	966	(58,481)	**(57,112)**	14,376	(87,453)	**(72,165)**
Depreciation and amortisation	4,769	-	4,769	3,484	-	3,484	8,292	-	8,292
Accoya USA depreciation and amortisation	104	-	**-**	-	-	**-**	211	-	**-**
Impairment	-	7,000	7,000	-	58,000	58,000	-	86,000	86,000
EBITDA	1,583	(1,200)	**1,429**	4,450	(481)	**4,372**	22,879	(1,453)	**22,127**

2. Segmental reporting (continued)

Segmental reporting continued

Assets and liabilities on a segmental basis:

	Accoya Sept 2023 €'000	Tricoya Sept 2023 €'000	Corporate Sept 2023 €'000	R&D Sept 2023 €'000	TOTAL Sept 2023 €'000
Non-current assets	115,770	19,969	4,971	129	**140,839**
Current assets	37,680	3,581	19,823	5,611	**66,695**
Current liabilities	(12,063)	(12,925)	(13,314)	(52)	**(38,354)**
Net current assets/(liabilities)	25,617	(9,344)	6,509	5,559	**28,341**
Non-current liabilities	(2,240)	(7,514)	(50,025)	(39)	**(59,818)**
Net assets	139,147	3,111	(38,545)	5,649	**109,362**

	Accoya Sept 2022 €'000	Tricoya Sept 2022 €'000	Corporate Sept 2022 €'000	R&D Sept 2022 €'000	TOTAL Sept 2022 €'000
Non-current assets	122,915	55,803	4,390	195	**183,303**
Current assets	35,276	3,827	23,141	69	**62,313**
Current liabilities	(10,998)	(32,006)	(7,718)	(66)	**(50,788)**
Net current assets/(liabilities)	24,278	(28,179)	15,423	3	**11,525**
Non-current liabilities	(2,547)	(1,174)	(55,210)	(85)	**(59,016)**
Net assets	144,646	26,450	(35,397)	113	**135,812**

	Accoya March 2023 €'000	Tricoya March 2023 €'000	Corporate March 2023 €'000	R&D March 2023 €'000	TOTAL March 2023 €'000
Non-current assets	120,459	27,047	3,777	162	**151,445**
Current assets	52,699	3,872	13,630	4,872	**75,073**
Current liabilities	(22,947)	(4,156)	(15,299)	(56)	**(42,458)**
Net current assets/(liabilities)	29,752	(284)	(1,669)	4,816	**32,615**
Non-current liabilities	(2,545)	(8,665)	(50,289)	(59)	**(61,558)**
Net assets	147,666	18,098	(48,181)	4,919	**122,502**

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 LLC) incurred in USA. There are no significant intersegment revenues.

2. Segmental reporting (continued)

Segmental reporting continued

Analysis of revenue by geographical destination:

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
UK & Ireland	23,292	21,182	55,395
Rest of Europe	28,638	22,400	63,635
Americas	13,296	11,084	29,778
Rest of World	5,981	4,218	13,210
	71,207	58,884	162,018

Sales to UK and Ireland include the sales to MEDITE.

3. 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, the site in Barry, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
Sales and marketing	3,136	2,200	5,219
Research and development	857	694	990
Other operating costs	6,858	4,491	9,720
Administration costs	6,862	5,904	15,657
Exceptional Items and other adjustments (refer to note 4)	1,200	481	1,453
Other operating costs excluding depreciation and amortisation	18,913	13,770	33,039
Depreciation and amortisation	4,769	3,484	8,292
Impairment loss	7,000	58,000	86,000
Total other operating costs	30,682	75,254	127,331

Administrative costs include costs associated with Human Resources, IT, Legal, Business Development, Finance, Management and General Office and include the costs of the Group's London and Dallas offices.

Group average employee headcount decreased to 235 in the period to 30 September 2023, from 245 in the period to 30 September 2022.

4. Exceptional Items and Other Adjustments

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
Advisor fees in relation to Tricoya consortium reorganisation	-	(484)	(1,453)
Impairment of the Tricoya segment assets	(7,000)	(58,000)	(86,000)
Partial net derecogition of NatWest loan	-	-	9,353
Revaluation of Valuation Recovery Instrument "VRI" liability	89	-	(1,383)
Foreign exchange differences on USD cash held for investment into USA JV- incl. in Finance expense	-	1,380	1,380
Restructuring costs	(1,200)	-	-
Total exceptional items	(8,111)	(57,104)	(78,103)
Foreign exchange differences arising on Tricoya cash held - Operating costs (loss)/profit	-	3	-
Foreign exchange differences on cash held - Other comprehensive profit/(loss)	-	167	-
Revaluation of USD cash pledged to ABN Amro - incl. in Finance expense	-	1,319	-
Revaluation of FX forwards used for cash-flow hedging - Other comprehensive (loss)/profit	-	(77)	-
Total other adjustments	-	1,412	-
Tax on exceptional items and other adjustments	-	-	-
Total exceptional items and other adjustments	(8,111)	(55,692)	(78,103)

Exceptional Items

In the period:

- an exceptional operating cost of €1.2m has been recognised for restructuring costs relating to decreasing the Group's administrative operating cost base.
- An impairment loss (non-cash item) of €7.0m has been recognised in the period relating to the Tricoya segment (FY23: €86.0m) due to an increase in the discount rate to 14.5% used following an increase in market interest rates and the Company specific market volatility factor. In the prior year, an impairment of the Tricoya segment assets was recognised, due to identification of additional time and costs (€35m) to complete the plant; a decrease in the estimated maximum production capacity of the plant once commercially operational from 30,000MT to 24,000MT; and the discount rate applied was updated to 13.5%.

In the prior year:

- an exceptional operating cost was recognised for advisor fees associated with advising Accsys on acquiring the full ownership of TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited), from its previous Tricoya Consortium Partners.
- NatWest also agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to €6m, under a new 7-year term. 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 is 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 UK plant once operational. A financial liability was recognised of €1.4m in the prior year in respect of the VRI.
- Foreign exchange differences were recognised due to US dollars held for investment into Accoya USA LLC. 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.

Other Adjustments

Other adjustments included in the prior year are no longer disclosed for the period ended 30 September 2023.

5. Tax expense

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
(a) Tax recognised in the condensed consolidated statement of comprehensive income comprises:			
Current tax expense/(credit)			
UK Corporation tax on losses for the period	-	-	-
Research and development tax credit in respect of current period	-	(68)	(121)
	-	(68)	(121)
Overseas tax at rate of 15%	19	6	32
Overseas tax at rate of 25%	401	419	2,876
Deferred Tax			
Utilisation of deferred tax asset	-	-	-
Total tax expense reported in the condensed consolidated statement of comprehensive income	420	357	2,787

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

	Unaudited 6 months ended 30 Sept 2023	**Unaudited 6 months ended 30 Sept 2023**	Unaudited 6 months ended 30 Sept 2022	**Unaudited 6 months ended 30 Sept 2022**	Audited Year ended 31 March 2023	**Audited Year ended 31 March 2023**
Basic earnings per share	Underlying	**Total**	Underlying	**Total**	Underlying	**Total**
Weighted average number of ordinary shares in issue ('000)	218,395	218,395	204,358	204,358	210,693	210,693
Profit/(Loss) for the period attributable to owners of Accsys Technologies PLC (€'000)	(5,381)	(13,492)	(281)	(26,526)	9,528	(39,038)
Basic profit/(loss) per share	€(0.02)	€(0.06)	€(0.00)	€(0.13)	€0.05	€(0.19)
Diluted earnings per share						
Weighted average number of ordinary shares in issue ('000)	-	-	-	-	210,693	-
Equity options attributable to BGF	-*	-*	-*	-*	8,449	-*
Weighted average number of ordinary shares in issue and potential ordinary shares ('000)	-	-	-	-	219,142	-
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	-	-	-	-	9,528	-
Diluted profit/(loss) per share	-*	-*	-*	-*	€0.04	-*

* IAS 33 "Earning per share" defines Dilutive share options as share options which would decrease profit per share or increase loss per share. 8,449,000 equity options held by BGF if exercised would decrease the Loss per share. As a result, these are anti-dilutive and therefore shown as nil.

7. Intangible assets

	Internal development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 31 March 2022	7,642	74,992	4,231	86,865
Additions	27	180	-	207
At 30 September 2022	7,669	75,172	4,231	87,072
Additions	30	200	-	230
At 31 March 2023	7,699	75,372	4,231	87,302
Additions	35	234	-	269
At 30 September 2023	7,734	75,606	4,231	87,571
Accumulated amortisation				
At 31 March 2022	2,894	73,137	-	76,031
Amortisation	197	192	-	389
Impairment loss	2,855	945	-	3,800
At 30 September 2022	5,946	74,274	-	80,220
Amortisation	188	203	-	391
Impairment loss	(2,855)	(945)	-	(3,800)
At 31 March 2023	3,279	73,532	-	76,811
Amortisation	198	193	-	391
At 30 September 2023	3,477	73,725	-	77,202
Net book value				
At 31 March 2022	4,748	1,855	4,231	10,834
At 30 September 2022	1,723	898	4,231	6,852
At 31 March 2023	4,420	1,840	4,231	10,491
At 30 September 2023	4,257	1,881	4,231	10,369

Refer to note 8 for the recoverability assessment of these intangible assets.

8. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
Opening balance at 31 March 2022	17,976	187,445	4,353	209,774
Additions	-	20,476	15	20,491
Foreign currency translation	-	-	19	19
At 30 September 2022	17,976	207,921	4,387	230,284
Additions	-	900	326	1,226
Foreign currency translation	-	-	(16)	(16)
Opening balance at 31 March 2023	17,976	208,821	4,697	231,494
Additions	-	1,142	206	1,348
Foreign currency translation	-	-	4	4
At 30 September 2023	17,976	209,963	4,907	232,846
Depreciation				
Opening balance at 31 March 2022	1,353	29,495	2,265	33,113
Charge for the period	179	2,104	247	2,530
Foreign currency translation	-	-	19	19
Impairment loss	-	54,200	-	54,200
At 30 September 2022	1,532	85,799	2,531	89,862
Charge for the period	179	3,293	302	3,774
Foreign currency translation	-	-	7	7
Impairment loss	-	31,800	-	31,800
Opening balance at 31 March 2023	1,711	120,892	2,840	125,443
Charge for the period	179	3,342	266	3,787
Foreign currency translation	-	-	4	4
Impairment loss	-	7,000	-	7,000
At 30 September 2023	1,890	131,234	3,110	136,234
Net book value				
At 31 March 2022	16,623	157,950	2,088	176,661
At 30 September 2022	16,444	122,122	1,856	140,422
At 31 March 2023	16,265	87,929	1,857	106,051
At 30 September 2023	16,086	78,729	1,797	96,612

Plant and machinery assets with a net book value of €17,851,000 relating to the Tricoya UK plant are held as assets under construction and are not depreciated (31 March 2023: €24,851,000).

8. Property, plant and equipment (continued)

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 14.5% (31 March 2023: 13.5%) 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 €93m should be recognised in the Tricoya CGU, of which €7m was recognised in the period ending 30 September 2023.

The increase in the impairment of the Tricoya segment assets is caused by an increase in market indicators & interest rates used to calculate the discount rate utilised in the value in use calculation. The discount rate increased by 1% to 14.5% (13.5% at 31 March 2023).

Key assumptions applied to the Tricoya CGU were as follows:
• a discount rate of 14.5%;
• 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 30 September 2023 (period in which limited 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 €6m;
• a 1% decrease in the long-term growth rate: increase of €3m;
• a 12-month extension in the hold period: increase of €9m;
• a 6,000MT increase in the production capacity: decrease of €18m; and
• a €10m increase in the capital costs to bring the plant into commercial operation: increase of €7m.

9. Share capital

In the period ended 30 September 2022:

In May 2022, 13,798,103 ordinary 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 ordinary shares were issued at a price of €1.45 (£1.23) per ordinary share, raising gross proceeds of €20m (before expenses).

In July 2022, 137,665 shares were issued to an Employee Benefit Trust 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 vested in July 2023, subject to the employees continuing employment within the Group.

In the period ended 31 March 2023:

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 November 2022, 11,875,801 ordinary 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 sale and purchase agreement with the Tricoya Consortium Partners whereby Accsys acquired the remaining 38.2% holding in Tricoya UK Ltd that Tricoya Technologies Ltd did not already own and the 23.5% holding in Tricoya Technologies Ltd that it did not already own.

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

9. Share capital (continued)

In addition, various employees newly subscribed under the Plan for 203,906 ordinary 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).

In the period ended 30 September 2023:

Between July and August 2023, 775,191 shares were issued following the exercise of nil cost options, granted under the Company's 2013 LTIP.

In July 2023, 222,232 ordinary shares were issued to an Employee Benefit Trust at nominal value, as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2022 to 31 March 2023. These ordinary shares will vest in July 2024, subject to the employees continuing employment within the Group.

10. Other Reserves

	Capital redemp-tion reserve	Warrant reserve	Merger reserve	Hedge Effective-ness reserve	Other reserve	Total Other reserves
	€000	€000	€000	€000	€000	€000
Balance at 30 September 2022	148	-	106,707	385	7,550	114,791
Total Comprehensive income for the period	-	-	-	(48)	-	(48)
Balance at 31 March 2023	148	-	106,707	337	7,550	114,743
Total Comprehensive income for the period	-	-	-	-	-	-
Balance at 30 September 2023	148	-	106,707	337	7,550	114,743

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

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

The hedge effectiveness reserve reflects the total accounted for under IFRS 9 in relation to the Tricoya segment.

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.

11. Commitments under loan agreements

	Unaudited 6 months ended 30 Sept 2023	Unaudited 6 months ended 30 Sept 2022	Audited Year ended 31 March 2023
Amounts payable under loan agreements - undiscounted cashflows:			
Within one year	11,462	20,133	10,312
In the second to fifth years inclusive	48,841	61,210	52,976
After five years	10,519	-	9,962
Less future finance charges	(6,642)	(6,447)	(7,330)
Present value of loan obligations	64,180	74,896	65,920

11. Commitments under loan agreements (continued)

ABN AMRO Debt Facilities

In October 2021 Accsys entered a 3-year bilateral facilities agreement with ABN which comprises of a

- €45m term loan facility and,
- €25m Revolving Credit Facility ('RCF') .
- The term loan has bi-annual payments of €2.25m from April 2023.
- Term loan interest varies between 1.75% and 3.25% depending on net leverage.
- RCF interest rate varies between 2.0% and 3.5% above EURIBOR.

Approximately €20m of the RCF was utilised to provide a letter of credit to FHB in support of the Accoya USA JV funding arrangements, and the remaining €5m was drawn at 30 September 2023.

The ABN AMRO facilities are secured against the assets of the Group which are 100% owned by the Company (excluding the Tricoya companies) and €10m of cash collateral, and include net leverage and interest cover covenants which are based upon the results and assets of these entities.

NatWest facility:

In November 2022, Tricoya UK Limited (the Company's subsidiary) agreed with NatWest Bank plc to restructure its debt facility, reducing the principal amount to a €6m loan with a 7 year term. The facility is secured by fixed and floating charges over all assets of Tricoya UK Limited.

Interest is calculated with the margin ranging from 325 to 475 basis points plus Euribor and capitalised during the 7 year term. No repayments are due until the facility maturity date.

At 30 September 2023, the Group had €6.4m (31 March 2023: €6.2m) borrowed under the facility.

Tricoya UK Limited also provided a Value Recovery Instrument ("VRI") agreement to NatWest, to recover up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya UK plant once operational. The contingent payments to NatWest are based upon free cash-flow generated by the Tricoya UK plant.

First Horizon Bank facility:

In March 2022 the Company's joint venture, Accoya USA LLC agreed an eight-year $70m loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant and a $10m RCF 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 $50m through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing $30m, supported by a $20m Letter of Credit ('LC') provided by ABN AMRO to FHB.

The interest rate varies between 1.3% to 2.1% over USD LIBOR.

Accoya USA LLC is equity accounted for in these financial statements, therefore this Borrowing is not included in the Group's borrowings. (See note 13)

De Engh convertible loan:

In March 2022, Accsys agreed a 3.5 year, €10m convertible loan with De Engh BV Limited ('De Engh'), an investment company based in the Netherlands (the 'Convertible Loan'), and shareholder in Accsys Technologies PLC.

The Convertible Loan is unsecured and carries an interest margin of 6.25% above Euribor, increasing by 2% in year three and a further 2% in the following year. Interest is payable quarterly and there are no principal payments during the term of the loan. The Convertible Loan is convertible from the end of year two to ordinary shares in the Company Accsys at €2.30 per share.

11. Commitments under loan agreements (continued)

Reconciliation to net (debt)/cash:

	Unaudited 6 months ended 30 Sept 2023	Unaudited 6 months ended 30 Sept 2022	Audited Year ended 31 March 2023
Cash and cash equivalents	20,780	18,123	26,593
Less:			
Amounts payable under loan agreements	(64,180)	(74,896)	(65,920)
Amounts payable under lease liabilities	(4,788)	(4,596)	(4,735)
Net (debt)/cash	(48,188)	(61,369)	(44,062)

Restricted cash
The cash and cash equivalents disclosed above and in the condensed consolidated statement of cash flow includes $10m which is pledged to ABN AMRO as collateral.

Reconciliation to adjusted cash:

	Unaudited 6 months ended 30 Sept 2023	Unaudited 6 months ended 30 Sept 2022	Audited Year ended 31 March 2023
Cash and cash equivalents	20,780	18,123	26,593
Less:			
Cash pledged to ABN AMRO	(10,016)	(10,949)	(9,828)
Adjusted cash	10,764	7,174	16,765

12. Transactions with non-controlling interests

<u>In the period ended 30 September 2022:</u>

No shares were issued in the period to 30 September 2022.

The total carrying amount of the non-controlling interests in Triocya Technologies Ltd and Tricoya UK Ltd at 30 September 2022 was €36.2m.

<u>In the period ended 31 March 2023:</u>

In November 2022, Accsys purchased the remaining ownership of Tricoya Technologies Ltd and Tricoya UK Ltd which it did not previously own via a Sales Purchase Agreement (‘SPA’) with the Tricoya consortium partners.

13. 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 LLC is accounted for as a joint venture and equity accounted for within the financial statements.

At 30 September 2023, Accsys and Eastman have contributed equity of $61m to Accoya USA LLC, with a further $5m committed to be contributed. There were no equity injections during the period ending 30 September 2023.

See note 11 for details of debt funding.

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

	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 March 2023 €'000
Opening balance	30,859	3,216	3,216
Investment in Accoya USA LLC	-	29,129	28,979
Less: Accsys proportion (60%) of licence fee received	-	-	(300)
Loss for the period	(1,211)	(403)	(1,036)
Closing balance	29,648	31,942	30,859

The Group has equity accounted for the joint venture in these condensed consolidated financial statements.

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

Accoya USA LLC recorded a loss from operations of €2,019,000 for the period ended 30 September 2023 (€963,000 for the period ended 30 September 2022). The loss attributable to Accsys Technologies PLC was €1,211,000 for the period ended 30 September 2023 (€403,000 for the period ended 30 September 2022).

Balance Sheet:	Unaudited 6 months ended 30 Sept 2023 €'000	Unaudited 6 months ended 30 Sept 2022 €'000	Audited Year ended 31 Mar 2023 €'000
Non-current assets			
Property, plant and equipment	101,629	37,963	69,327
Right of use assets	6,242	7,084	6,242
	107,871	45,047	75,569
Current assets			
Debtors	149	578	236
Cash and cash equivalents	10,385	31,628	8,701
	10,534	32,206	8,937
Current liabilities			
Trade and other payables	(12,562)	(11,194)	(14,682)
Obligation under lease liabilities	(408)	(416)	(455)
Short term borrowings	-	-	-
Net current liabilities	(2,436)	20,596	(6,200)
Non-current liabilities			
Obligation under lease liabilities	(5,951)	(6,604)	(5,875)
Other long term borrowing	(46,304)	1,457	(9,781)
	(52,255)	(5,147)	(15,656)
Net assets	53,180	60,496	53,713

13. Investment in Joint Venture (continued)

Cash flows:	**Unaudited 6 months ended 30 Sept 2023 €'000**	**Unaudited 6 months ended 30 Sept 2022 €'000**	**Audited Year ended 31 Mar 2023 €'000**
Cash flows from operating activities	1,378	239	(1,147)
Cash flows from investing activities	(33,829)	(19,022)	(49,568)
Cash flows from financing activities	33,844	48,426	59,550
Net increase in cash and cash equivalents	1,393	29,643	8,835
Foreign exchange gain/(loss)	291	1,750	(369)
Net increase in cash and cash equivalents	1,684	31,393	8,466

14. Post Balance Sheet Events

The Company has today announced a Fundraising to raise new gross proceeds of approximately €24m and an extension of its debt facilities.

The Fundraise is proposed to include:

- A Placing to raise gross proceeds of approximately €13m to €15m
- The issue of between €9 and €11m new convertible loan notes alongside the repricing and reissue of the existing De Engh €10m convertible loan (see note 11) in-line with the terms of the new convertible loan notes. Together, the convertible loan notes amount to between €19 and €21m. The convertible loan notes terms are proposed as following:
    - 6 year term
    - fixed rate coupon of 9.5% which will be rolled up for the first 2.5 years, deferred and paid in cash over the remaining 3.5 years
    - convertible into ordinary shares of the Company at a price of 83.22 euro cents per share
    - unsecured and non-transferrable

Amendments to ABN AMRO borrowing facilities

- The Company has reached an agreement with ABN AMRO to extend the Company's main €40.5m term loan facility and €25m revolving credit facility ('RCF') by 18 months from October 2024 to 31 March 2026. The new agreement will have a repayment holiday to July 2025, quarterly repayments of €1.125m thereafter and a release of the existing cash collateral of €10m, with €7.5m utilised to repay a portion of the term loan facility and the remaining €2.5m being utilised for general liquidity purposes. Borrowing costs will range between 3 - 4% over Euribor for the RCF and over 1.34% in respect of the term loan facility.
- The net debt / EBITDA covenant will increase to 2.75x over three quarters ending 30 September 2024, 31 December 2024 and 31 March 2025. All other financial covenants will remain the same.
- This amendment agreement with ABN AMRO is conditional on the Company raising €24m through the Fundraising and will become effective upon completion of the proposed Fundraising.

Use of Fundraising proceeds

The use of the Fundraising proceeds is as follows:

- Approximately €22m will be used to fund Accsys's share of Accoya USA. The total construction cost for the US plant is now expected to be approximately $160m. It is expected that approximately €15.5m of the Fundraising proceeds will be used to complete construction and approximately €6.5m to fund operations as the US plant targets a steady ramp up in volume and operations.
- Approximately €2.0m will be used for general liquidity and working capital purposes.

The Directors are of the belief that the issue of the convertible loan notes along with the proposed Placing and amendments to the ABN AMRO borrowing facilities are in the best interests of the Company and strengthens the Company's funding position during a key period of investment.