

ACCSYS H1 FY24 RESULTS

For the six months ended 30 September 2023

CHANGING WOOD TO CHANGE THE WORLD

21 November 2023



Largest low-carbon building in France clad in Charred Accoya wood
Distributor: Henry Timber
Clip system: GRAD
Architect: Emmanuel Combarel Dominique Marrec Architectes

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21 NOVEMBER 2023

FINANCIAL HIGHLIGHTS

€million		H1 FY24	H1 FY23	Change %
FINANCIAL SUMMARY	Group Revenue	71.2	58.9	21%
	Gross Profit	20.3	18.1	12%
	Underlying operating costs ¹	(17.7)	(13.3)	(33%)
	Underlying EBITDA ²	1.6	4.5	(64%)
	Exceptional item - Restructuring cost ³	(1.2)	-	-
	Non-cash exceptional item - Impairment of Tricoya Segment assets	(7.0)	(58.0)	-
CASHFLOW	Net debt ⁴	(48.2)	(61.4)	
	Adjusted cash ⁵	10.8	7.2	
PRODUCT	Accoya sales volume (m ³)	28,807	23,957	20%
	Group Gross Margin	29%	31%	(2%)

¹ Underlying operating costs exclude Depreciation and Amortisation. ² Underlying results include Accsys share of results relating to Accoya USA JV. ³ Other exceptional items recognised in the prior year (H1 FY23) include €0.5m related to advisor fees related to the Tricoya consortium reorganisation. ⁴ Net debt at 31 March 2023 was €44.1m. ⁵ Adjusted cash excludes cash pledged for the Letter of Credit provided to FHB.

21% growth in Group Revenue

	H1 FY24	Growth
Revenue	€68.2m	+16%
Sales volumes	28,807m ³	+20%

Sales volume by end market	H1 FY24 m ³	Growth
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 up 16% to €68.2m, driven by good product demand and increased production capacity following Reactor 4 commercial startup in September 2022
- 20% growth in Accoya sales volumes in H1
- Particularly strong performances from Rest of World (+42%) and Rest of Europe (+28%)
- 30% growth in Accoya for Tricoya production, supporting our belief in Tricoya market potential
- Good customer demand as customers seek products that deliver outstanding performance, durability and sustainability

33% additional capacity in Arnhem plant following start-up of fourth reactor in September 2022.

TRICOYA

H1 FY24 PERFORMANCE



	H1 FY24	Growth
Revenue	€11.4m	+31%
Sales volumes	8,393m ³	+30%



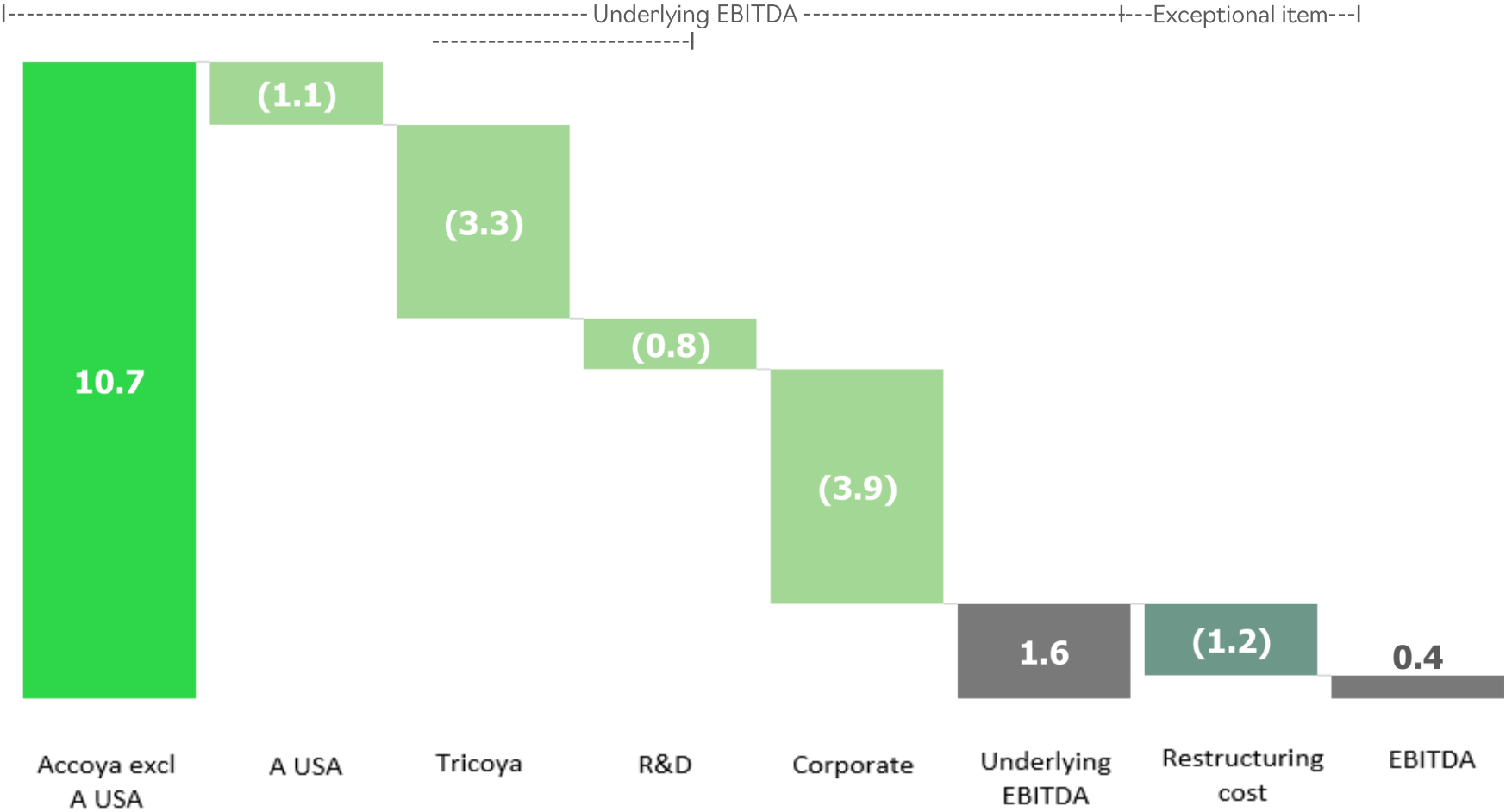
Exterior and interior Tricoya cladding, Hospital, Santiago, Chile

- Revenues from Tricoya represent 29% of total Group sales volumes
- H1 FY24 revenues up 31% to €11.4m, driven by continued strong product demand:
 - Off-take partners MEDITE and FINSA remain committed and supportive

30% growth in sales volumes of Tricoya, reinforces our belief in the long-term market potential of Tricoya.

EBITDA SEGMENTAL BREAKDOWN

Group underlying EBITDA
(€ million)



- Continued strong operational performance from the Accoya segment (excl. Accoya USA)
- Accoya USA – represents pre-operating costs as project progresses to commercial start-up
- Tricoya EBITDA reflects its pre-operating position – remains in hold period
- Restructuring cost (exceptional item) of €1.2m in relation to organisational re-alignment and cost savings initiatives – to deliver annual cost savings of €3.0m+



EBITDA PROGRESSION IN H1 FY24

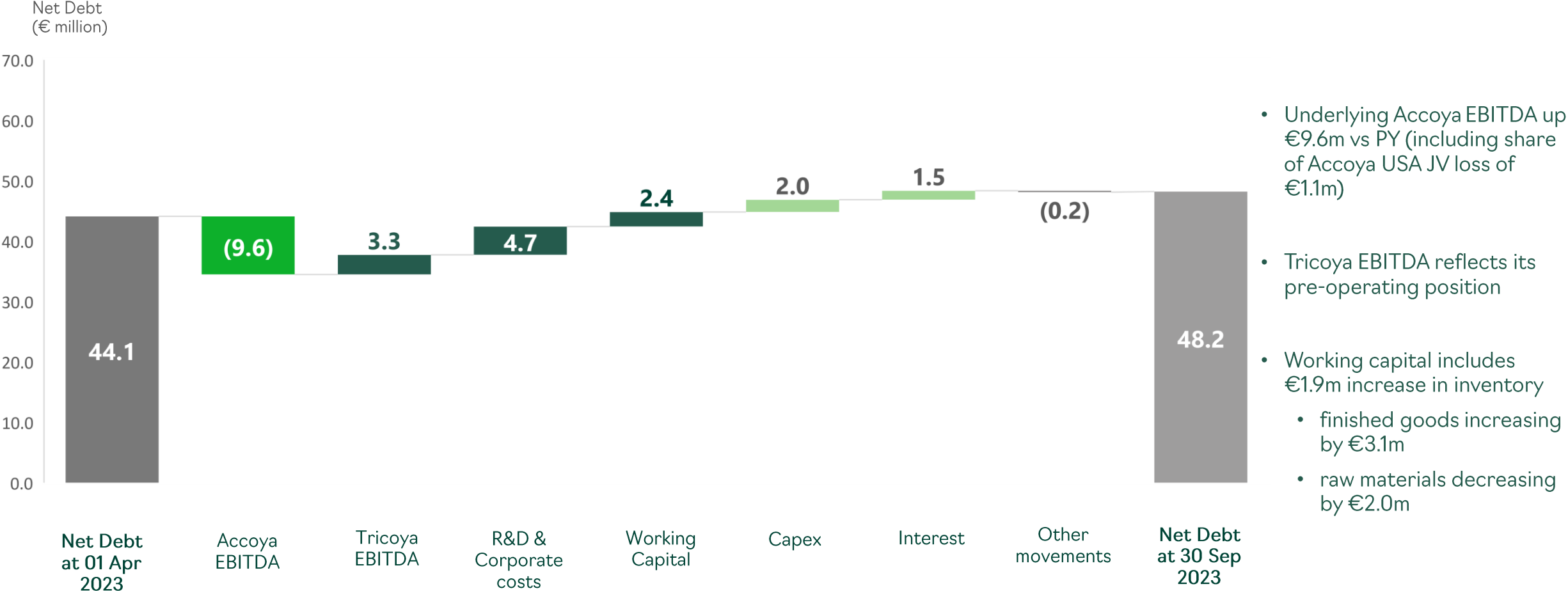
Group underlying EBITDA
(€ million)



12% increase in Gross profit (€2.2m)

- Higher average Accoya sales prices
- 20% increase in Accoya sales volume
- Raw material costs:
 - Net acetyls cost decreased vs PY
 - Offset by moderately higher wood pricing and higher wood mix cost as raw material levels lowered
- Increased pre-operating and operating costs (€2.7m)
 - Tricoya - €2.0m – decrease in costs capitalised due to project in hold period
 - Accoya USA - €0.7m – increase in pre-operating costs as project progresses to commercial start-up
 - Increase in other opex due to higher sales & marketing, executive recruitment and engineering costs

NET DEBT BRIDGE

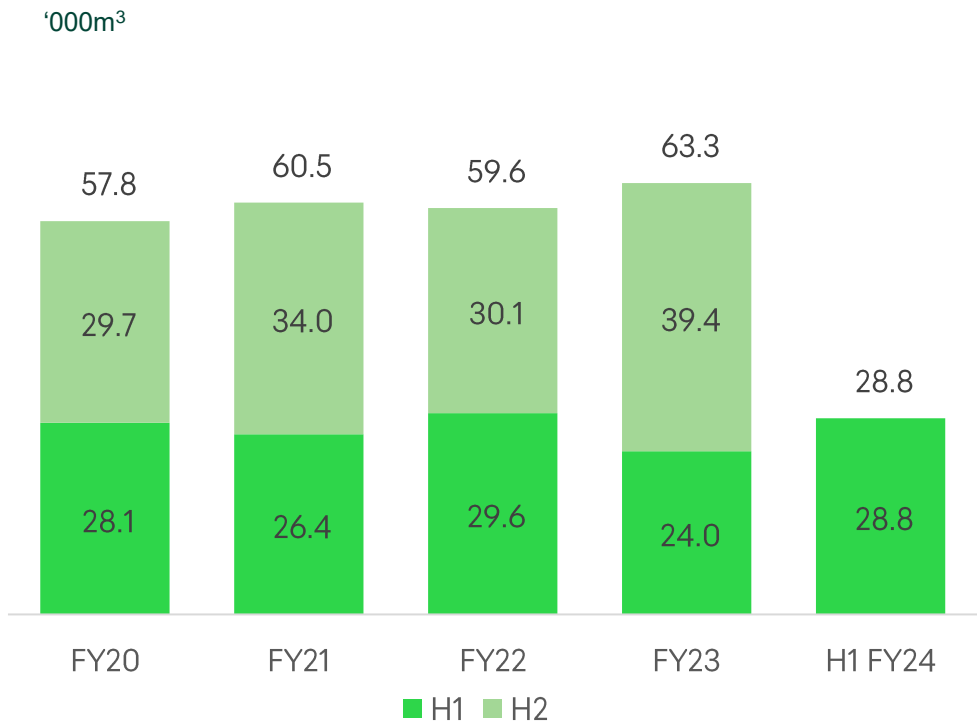


Other movements include tax received, investment in intangible assets, interest received, other operating cash flows and other financing costs.

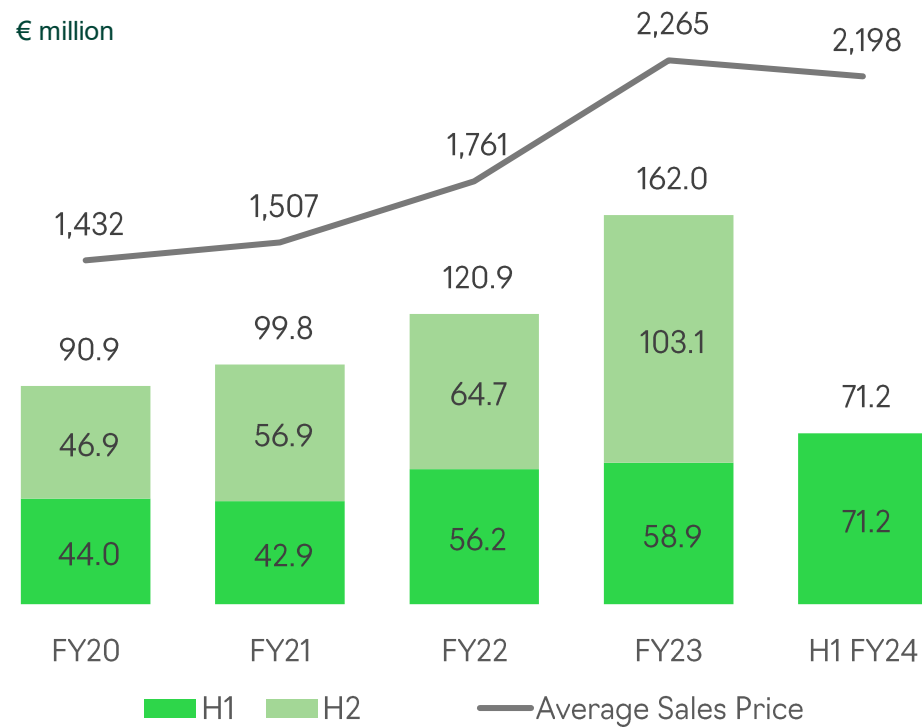


FIVE-YEAR VOLUME & REVENUE PERFORMANCE

Group sales volume FY20- H1 FY24



Group revenue FY20-H1 FY24



- New reactor 4 in Arnhem operational from September 2022

- Accoya USA plant operational in mid-2024



CURRENT TRADING & OUTLOOK

Current Trading

- Trading continues to be challenging, reflecting difficult macro conditions across our markets; sales performance by region remains mixed
- Volumes remain under pressure as distributors reduce inventory ahead of upcoming holiday period
- Despite ongoing difficult market conditions, we have maintained our premium price point on both Accoya and Tricoya, reflecting the durability, sustainability and high-performance attributes of both products

Outlook for H2 FY24

- Trading conditions not expected to materially improve until mid-2024, which is likely to place some pressure on sales in the near term
- Accsys' financial performance is typically second-half weighted, reflecting higher sales levels in January to March in anticipation of summer construction projects
- Further improvement in product demand anticipated in Q4 following destocking unwind by existing distributors and strong opening stock commitments from new distributors
- In addition, the Company continues to take self-help actions to manage working capital and reduce costs
- 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.

FUNDRAISE

Fundraise – raising €24m Gross new proceeds

- Announced today
- Equity placing of up to approximately €13m to €15m
 - Fixed price of 69.35 Euro cents through accelerated bookbuild
 - Expected to represent in aggregate between approximately 8.6% and approximately 9.8% of the Company's share capital
- Convertible loan notes
 - Issue of between €9.0m – €11m new Convertible loan notes
 - Refinance of existing 2022 €10m Convertible loan note on same terms
 - Terms:
 - Six-year term
 - Fixed rate of 9.5% - Rolled up for first 2.5 years, deferred and paid over remaining 3.5 years
 - Holders have right to convert at of 83.22 Euro cents per share
 - Unsecured, not transferable
 - No covenants

ABN Debt Refinance

- Refinance of €40.5m Term Loan & €25m RCF:
 - Extended by 18 months to 31 March 2026
 - Release of €10m cash collateral, €7.5m used to repay portion of Term loan, €2.5m available for general liquidity purposes
 - Repayment holiday to July 2025, quarterly payments of €1.125m thereafter
 - Borrowings costs:
 - Term loan – 4.34% - 5.34%
 - RCF – Margin of 3% – 4% over Euribor
 - Financials covenants remained the same except for Net Debt/EBITDA increasing to 2.75x for three quarters
- ABN Refinance conditional on the Company raising €24m through fundraise

FUNDRAISE - USE OF PROCEEDS

Allows delivery of US JV plant, operational improvements and a strengthened balance sheet

New funding use of proceeds	Rationale	Quantum (approx.)
US JV	Completion of construction	c.€15.5m
US JV	Funding required to support initial losses and ramp-up in operations	c.€6.5m
General Working Capital	Additional funding for general working capital purposes	c.€2m
Total		c.€24m

~€22 million to be used to fund Accsys's share of the US JV

US JV – completion of construction

- US plant progressing well
 - Construction ~ 78% complete,
 - Equipment settings ~ 87% complete
- Total construction cost for the US plant is now expected to be approximately \$160 million, reflecting a more realistic build cost schedule and construction cost inflation

Expected timetable*

Announce interim results and launch fundraising	21 Nov (7am)
Close fundraising and sign-off allocations	21 Nov (intraday)