

Regulatory Announcement

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ACCSYS TECHNOLOGIES PLC (“Accsys” or “the Company”)

Third Quarter Trading Update

Accsys, the chemical technology group, focused on the acetylation of wood, today issues a trading update for the third quarter ending 31 December 2014.

Key points include:

- Total revenue increased by 41% to €32.4m in the nine months to 31 December 2014 (2013: €23.0m);
- Total Accoya[®] production volumes increased by 43% in the nine months to 31 December 2014;
- Continuing growth in demand with Accoya[®] wood revenue increasing by 42% to €28.7m for the nine months ended December 2014 (2013: €20.2m); 5% price increase successfully implemented during the quarter will become fully effective for the final quarter of the financial year;
- Strong balance sheet maintained with cash balance of €9.0m at 31 December 2014 (30 September 2014: €13.5m) and net cash of €7.1m (30 September 2014: €12.0m); 48% improvement in underlying cash-flow compared to same quarter last year;
- Improved sales and profitability gives us confidence that the Company will be cash-flow positive during the final quarter of the current financial year;
- Record production delivered in January 2015 resulting from on-going plant optimisation; indicates Arnhem production capacity in excess of 40,000 cubic meters per annum;
- Global marketing contract finalised with Solvay, our Accoya[®] licensee, with €2m of advance payments received to date; work on the new plant at Freiberg remains on track with progress including site clearance and the appointment of an Engineering, Procurement and Construction Management contractor;
- Appointment of two highly experienced non-executive directors, Sean Christie and Sue Farr.

Trading update

Accoya sales and production

Revenue from the sales of Accoya increased by 42% in the nine months to December 2014 compared to the same period the year before. Growth has been achieved in almost all regions. The UK and Solvay’s region in particular have seen strong growth with Accoya revenue increasing by 71% and 59% respectively in the nine months. During the last quarter we successfully implemented a 5% price increase which will become fully effective for the final quarter of the financial year.

We have continued to make improvements at the Arnhem production facility in order to meet the higher demand and to improve the efficiency of our process. We have started the new calendar year by achieving record breaking production volumes in January, indicating that the manufacturing capacity of the plant is now in excess of 40,000 cubic meters per annum, compared to the previously stated 35,000 cubic meters.

Sales of Accoya to Medite for the production of Medite[®] Tricoya[®] have increased by 114% to €4.0m in the nine months to 31 December 2014, reflecting the increased demand Medite has experienced from its customers.

Overall, the outlook remains positive with Accoya revenue for January 40% higher than last year and almost double the amount of Accoya orders in place versus the corresponding period last year. The continued growth in sales volumes, the impact of the price increase and the economies of scale associated with the manufacturing plant will result in further improvements in our manufacturing profitability.

Solvay

Since the Group's interim results in November, Solvay has completed the clearance of the prospective Freiburg site and engaged an Engineering, Procurement and Construction Management contractor for the project, in line with the expected schedule of completion in 2016.

In December 2014 we entered into an Accoya Marketing Agreement, being the first full agreement resulting from the binding term sheet agreed with Solvay in August 2014. The Accoya Marketing Agreement is a multi-year global co-operation agreement to develop Accoya[®] under which Accsys will carry out agreed targeted marketing activities outside of Europe. Solvay will fund the agreed activities which will initially focus on North America. In this respect, Solvay has made a non-refundable pre-payment of €2m with €0.4m of this having been recognised as revenue in the period. In addition Accsys is carrying out certain marketing activities on behalf of Solvay in Europe and will also separately continue marketing activities in other regions outside of Europe at its own expense.

The Accoya Marketing Agreement is conditional on Solvay and Accsys completing full agreements in respect of the remaining parts of the binding term sheet later in 2015. These allow for Accsys to grant Solvay a non-exclusive global Accoya[®] licence option for available regions and for Solvay to grant Accsys the option to invest in a substantial minority share in the European project and future Accoya[®] production projects.

Financial results

Total revenue increased by 41% to €32.4m for the nine months to December 2014 (2013: €23.0m) while revenue for the quarter increased by 47% to €10.6m compared to the same quarter last year.

Accoya revenue increased by 42% to €28.7m for the nine months (2013: €20.2m) reflecting continued, increasing demand. Licence revenue of €0.1m was recorded reflecting the progress with Solvay's licence since November 2014 and is expected to continue at this rate as further progress is made.

The €9.0m cash balance is after taking account of €1.9m of proceeds from short term borrowings (September 2014: €1.5m) resulting in a net cash balance of €7.1m (September 2014: €12.0m). The underlying cash out-flow of €1.7m in the quarter was a 48% reduction compared to the previous year (excluding exceptional Diamond Wood costs, one-off payments relating to the Life + Tricoya EU subsidy and changes in short term borrowing).

The net cash balance is anticipated to be approximately €8m at the financial year-end after taking into account seasonal working capital requirements and the expectation that the group is expected to be cash-flow positive during the final quarter as a result of increased revenues and profitability.

Board of Directors

We were pleased to announce the appointment of Sean Christie and Sue Farr as Non-Executive Directors in November, adding strength and diversity to the current Board of Directors. The fact that we have been able to attract individuals of Sue and Sean's calibre to the Company speaks volumes about what Accsys has achieved recently and the potential of our business.

Sean Christie is the former Group Finance Director of Croda International plc, a global manufacturer of speciality chemicals. He is also a Non-Executive Director of Applied Graphene Materials plc.

Sue Farr is a highly experienced marketing and communications professional and has been part of the executive management team at Chime Communications plc since 2003. She is also a Non-Executive Director of British American Tobacco plc, Dairy Crest Group plc and Millennium & Copthorne Hotels plc, a former Non-Executive Director of Motivcom plc and a former Trustee of the Historic Royal Palaces from 2007-2013.

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Notes to editors:

Accsys Technologies PLC (www.accsysplc.com) is a chemical technology group whose primary focus is on the production of Accoya[®] wood and technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in Windsor, United Kingdom, and an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc). All group subsidiaries are ultimately 100% owned by Accsys and trade as Accsys Technologies. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the London Stock Exchange AIM market and on Euronext Amsterdam by NYSE Euronext, under the symbols 'AXS'. Accsys' operations comprise three principal business units: (i) Accoya[®] wood production; (ii) technology development, focused on a programme of continuous development of and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iii) the licensing of technology for the production of Accoya[®] wood and Tricoya[®] wood elements across the globe.

Accoya[®] wood (www.accoya.com) is produced using Accsys' proprietary patented acetylation technology, that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya[®] wood is particularly suited to exterior applications where performance and appearance are valued. Unlike most tropical and European hardwoods, its colour does not degrade when exposed to ultraviolet light. Moreover, the Accoya[®] wood

production process does not compromise the wood's strength or machinability. The combination of UV resistance, dimensional stability, durability and retained strength means that Accoya® wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Accoya® news, visit www.accoya.com/news.asp.

Tricoya® Wood Elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips, and particles for use in the fabrication of wood based composites, including panel products. These composites demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya® Wood Elements is carried out through Tricoya Technologies Limited, a joint venture between Accsys and INEOS Industries Holdings Limited. Tricoya® Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

Wood Acetylation is a process which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. When carried out to a sufficient level throughout the wood, this process protects wood from rot by making it "inedible" to most micro-organisms and fungi, without - unlike conventional treatments - making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that, when painted, it requires dramatically reduced maintenance.

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