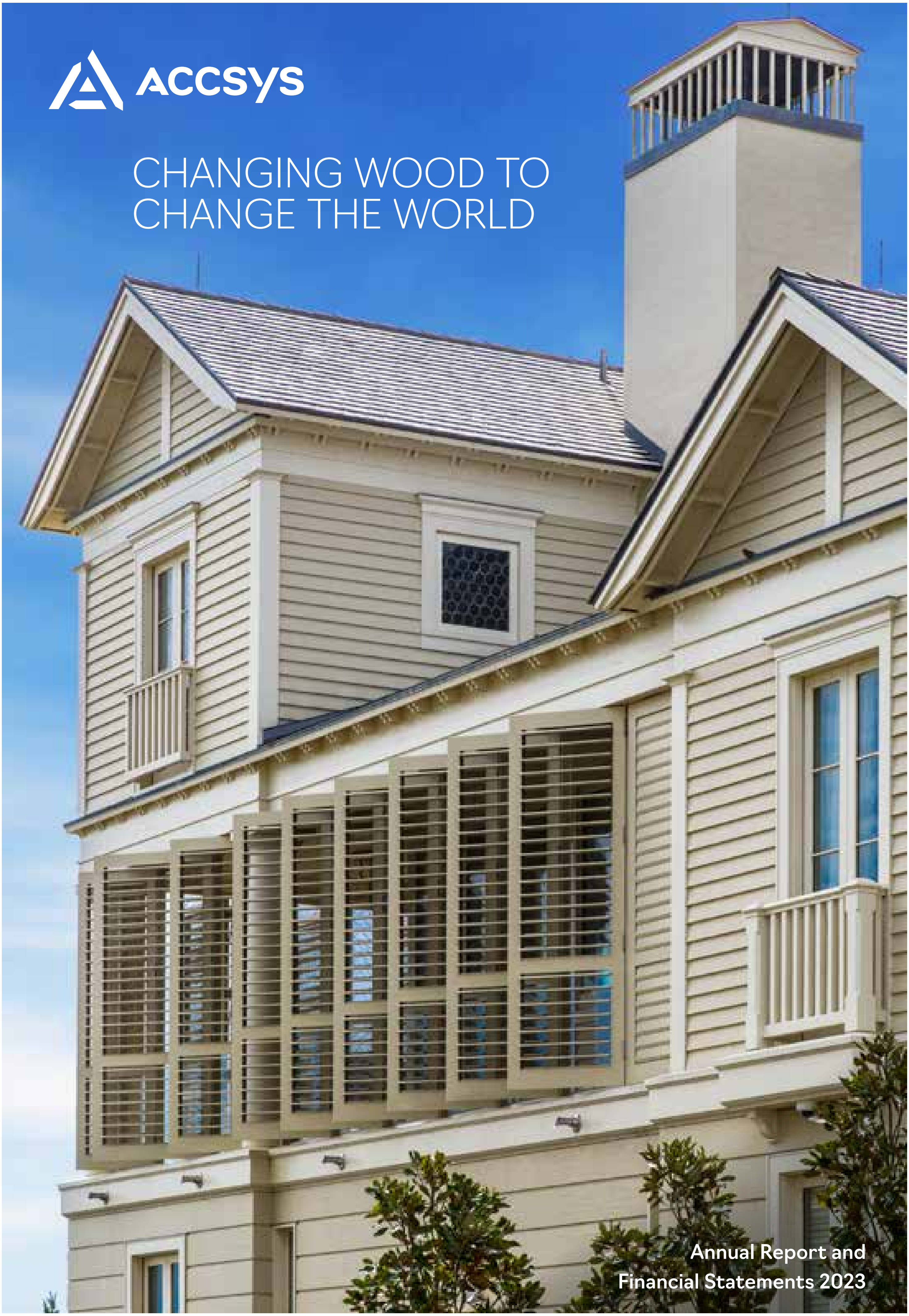
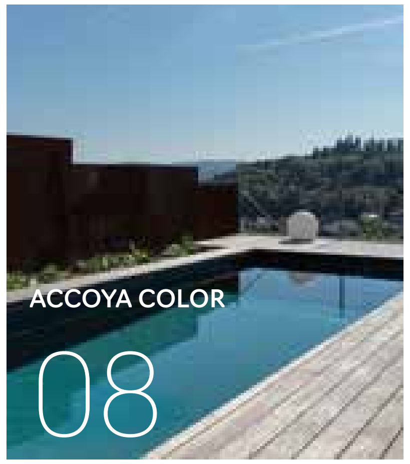


CHANGING WOOD TO CHANGE THE WORLD

Annual Report and Financial Statements 2023

WHAT'S INSIDE



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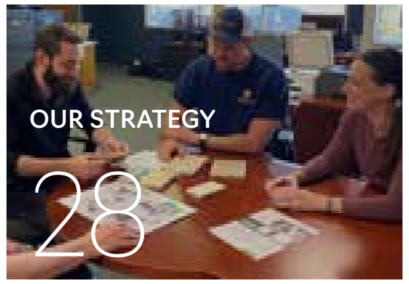

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View the latest results online at | www.accsysplc.com

Cover: Accoya cladding, windows and doors and shutters. Architect: Good Architecture. Builder: Winchester Construction Co., Inc.
Window & Door Manufacturer: Dover Windows & Doors. Landscape Architect: Lila Fendrick. Photography: Erik Kvalsvik. Interior Designer: Mona Hajj Interiors

Accsys is a fast-growing business with a purpose:

CHANGING WOOD TO CHANGE THE WORLD

We combine technology and ingenuity to enhance the properties of wood to create products that are extremely durable and stable, presenting new opportunities for the built environment.

FY23 has been a year of significant progress and change for the Accsys business. It has also been a year that has produced some well documented challenges.

The underlying health of the business has never been stronger. We delivered our highest volume production ever in FY23 post the installation and start-up of reactor 4, and the global demand for both Accoya and Tricoya continues to grow.

Post the year end, and with a new management team in place, including the appointment of Dr. Jelena Arsic van Os as CEO Designate and Steven Salo as Group CFO, the business is now well placed to capitalise on this customer demand and execute against our ambitious capital projects.

We have made significant progress in growing production capacity through the completion of a fourth reactor at our plant in Arnhem, enabling us to produce record volumes of Accoya in Q4.

We have also made good progress on the construction of our plant in Tennessee. However, the project has experienced some delays and cost inflation and, as a result, commercial operations are now expected to commence in mid-2024.

Construction of the world's first Tricoya plant in the UK has been more challenging, with the project in a hold period while we assess its capabilities and funding options. Our new management team is well positioned to decide how to move forward in the best way for the business.

The future growth opportunity for Accsys is clear and we are focused on delivering against our strategic growth plans.

34%
GROWTH IN REVENUE AT €162.0m

6%
GROWTH IN ACCOYA SALES VOLUMES AT 63,344m³

120%
GROWTH IN UNDERLYING EBITDA[1] AT €22.9m

"FY23 has been a year of significant progress and change for the Accsys business. It has also been a year that has produced some well-documented challenges."

Stephen Odell
Executive Chair

For more information, please see the Executive Chair's Statement | Page 14

1. On an underlying basis, including the Group's attributable share of our USA joint venture

OVERVIEW
STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

Key Highlights

Financial highlights

	2023	2022
GROUP REVENUE	€162.0m	€120.9m
GROSS PROFIT	€55.2m	€36.0m
UNDERLYING EBITDA[1]	€22.9m	€10.4m
GROSS PROFIT MARGIN	34%	30%
UNDERLYING PROFIT BEFORE TAX	€11.0m	€1.3m
NET DEBT	€(44.1)m	€(27.2)m

GROUP REVENUE

€162.0m

+34%

GROSS PROFIT

€55.2m

+53%

UNDERLYING EBITDA[1]

€22.9m

+120%

GROSS PROFIT MARGIN

34%

UNDERLYING PROFIT BEFORE TAX

€11.0m

NET DEBT

€(44.1)m

1. On an underlying basis, including the Group's attributable share of our USA joint venture

More financial highlights | **Page 44**

For our Alternative Performance Measures details | **Page 136**

Operational and ESG highlights

ACCOYA SALES VOLUME

63,344

CUBIC METRES

ACCOYA SALES GROWTH

+6%

ACCOYA SALES GROWTH H2 ON H1

+64%

See our Business Review | **Page 34**

HEALTH AND SAFETY

0.9

LOST-TIME INCIDENT RATE

INCREASED RENEWABLE ELECTRICITY USAGE AS A PROPORTION OF TOTAL ELECTRICITY TO

63%

OF THE OVERALL MIX, INCLUDING RECS (2022: 39%)

CERTIFIED SUSTAINABLE (I.E. FSC® (CO12330) WOOD SOURCES

100%

(2022: 100%)

See our ESG highlights | **Page 56**

Project: Villa Harmony, Ibiza, Balearic Islands, Spain

Distributor: Grupo Gámiz

Architect: Paco Candel

Carpentry: Carpintería Gil Almansa

For more Accoya projects go online at | **www.accoya.com/uk/projects**

Our Business at a Glance

Our purpose

CHANGING WOOD TO CHANGE THE WORLD

'Changing wood' is what we do, and 'to change the world' is why we do it. Our purpose gives us a common, aspirational goal to work towards and is embraced by our stakeholders: making the world a better, more sustainable place.

Who we are

We combine technology and ingenuity to enhance the properties of wood to create products that are durable and stable, presenting new opportunities for the built environment.

Our values

Our values represent what we believe in as a company. We use them to guide our strategy and actions for the long term and on a daily basis. Our values are:

1 Be ambitious – the world depends on us

Our ambition is to change the world – it doesn't get much bigger than that. We must be bold, agile and committed to our goals. We have to be 'all in' and move quickly and decisively. To achieve our ambitions we may make mistakes, but we must not be afraid to try. We will always learn from the experience.

2 Respect and value all stakeholders

Everyone we work with is important – our colleagues, customers, partners, suppliers, shareholders and more. We act with integrity and authenticity, encourage collaboration, and build trust through inclusion and mutual respect. As a team, we will succeed.

3 Be committed to safety, quality and sustainability

Safety is of the utmost importance in everything we do. We all share responsibility for protecting people, property and the environment at all times. We strive to fulfil our brand promise and delight our customers. We commit to delivering consistently high quality.

Our products

Accoya is the world's leading high performance sustainable wood. Manufactured from abundantly available, FSC® certified wood species, it is sustainable, durable, resistant to rot and Cradle to Cradle Certified®.

Tricoya wood chips are a feedstock for our licensees to manufacture high performance Tricoya panel products suitable for outdoor use.

Our sustainable business model

Through our sustainable business model we give the world a choice to build sustainability and create value for all our stakeholders.

Our activities

- Responsible sourcing
- Proprietary manufacturing
- Global sales and distribution

Investing in our future

- Building new plants and optimising existing sites
- Research and development (R&D)
- Working with business partners

Read more | Page 26

Our footprint

Case Study | INNOVATION IN ACTION

HOW WE ENHANCE NATURE

Reactor in Arnhem plant

33%

ADDITIONAL CAPACITY IN ARNHEM IN FY23

Find out more online | **www.accsysplc.com/products/what-is-acetylation/**

As Accoya and Tricoya grow as global brands, the outstanding qualities of our ultra-high performance and sustainable wood products is becoming more widely recognised by customers, manufacturers and distributors. Our expertise in innovation has enabled us to transform fast-growing softwood into some of the most durable, stable and low maintenance wood products in the world.

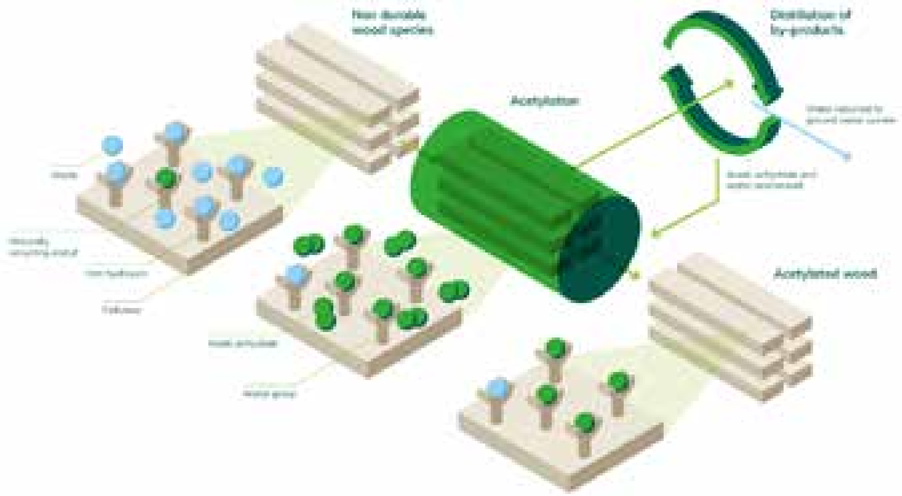
Accoya and Tricoya undergo a process called acetylation through which the structure of natural wood is permanently modified, giving it the same durable properties as more carbon-intensive man-made materials.

The chemistry utilised in the acetylation process involves changing the molecular structure of wood cell walls. Free hydroxyls within these cell walls are responsible for the absorption and retention of moisture, causing swelling and eventual decay of the wood. Acetylation solves this problem by replacing these free hydroxyls with stable acetyl groups (already present in the wood), thereby reducing its ability to retain moisture and making it dimensionally stable and durable.

Thorough real-world testing has been conducted over many years on Accoya, which means we can confidently provide industry-leading warranties of up to 50 years. Successfully commercialising this technology allows Accoya and Tricoya to become ideal wood products for a number of applications including joinery (windows and doors), cladding and decking.

Innovation in technology allows us to truly enhance what nature gives us so that we can change wood, to change the world.

Our proprietary acetylation process



Scan here for more on our acetylation process

Lourens Van As, Project Engineer in Arnhem

"Where other companies have tried and failed over the years to commercialise what is often described by those working in the industry as a 'wonder wood', we have perfected the process, which is protected with extensive intellectual property including c.388 patents and patent applications in 45 countries."

Pablo Steenwinkel
Group Head of Technology

Case Study | INNOVATION IN ACTION

ACCOYA COLOR

Decking made out of Accoya Color

140%

INCREASE IN VOLUME PRODUCTION OF ACCOYA COLOR IN FY23

Find out more online | **www.accoya.com/products/decking/color-grey-decking**

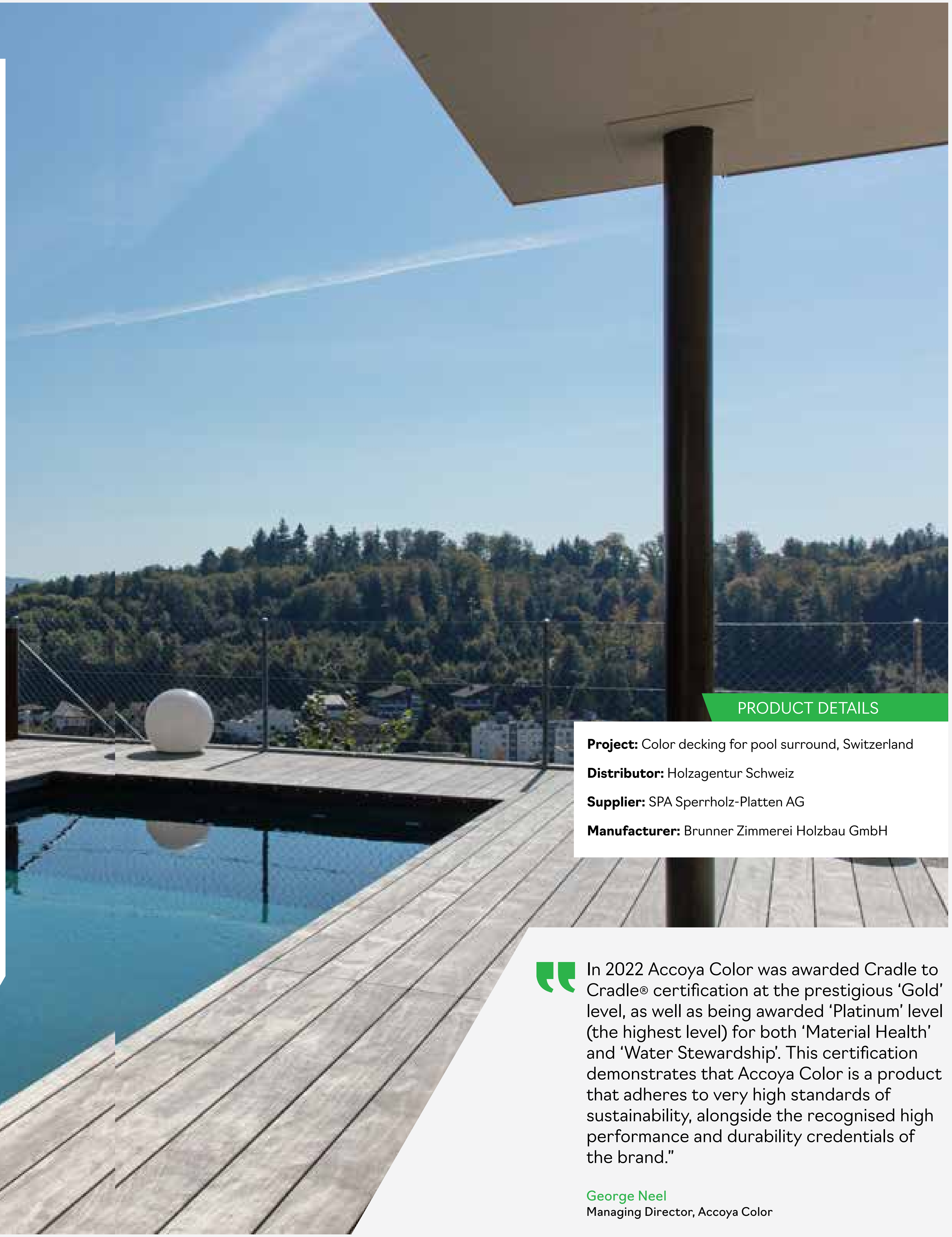
Accoya Color is our latest innovation and despite being available in only a few select markets, it is already proving to be a great success.

Accoya Color is made initially in the same way as regular Accoya wood but then undergoes a secondary manufacturing process during which it is coloured, surface to core, with a rich, grey tone. Colouring the wood in this way gives the product a premium and durable aesthetic for commercial applications, including decks and cladding projects.

Accoya Color has all the same advantages as Accoya but with the additional benefit of being richly coloured, removing the requirement of having to manually stain or coat end users' wooden decking or cladding and also the associated time and cost that comes with annual maintenance to keep the product looking fresh and uniform, year after year. Our technology means that Accoya Color remains consistently grey, even if scratched, pierced or cut through. It is also certified non-toxic and is barefoot friendly in even the warmest climates.

In addition to the product's existing markets of Germany, Switzerland, Austria and North America, Accoya Color was launched this year into the new markets of Australia, New Zealand and France.

Accoya Color pool decking with LED lighting, Austria



PRODUCT DETAILS

Project: Color decking for pool surround, Switzerland

Distributor: Holzagentur Schweiz

Supplier: SPA Sperrholz-Platten AG

Manufacturer: Brunner Zimmerei Holzbau GmbH

"In 2022 Accoya Color was awarded Cradle to Cradle® certification at the prestigious 'Gold' level, as well as being awarded 'Platinum' level (the highest level) for both 'Material Health' and 'Water Stewardship'. This certification demonstrates that Accoya Color is a product that adheres to very high standards of sustainability, alongside the recognised high performance and durability credentials of the brand."

George Neel
Managing Director, Accoya Color

Case Study | INNOVATION IN ACTION

OUR GLOBAL TECHNOLOGY CENTRE

Our Global Technology Centre in Arnhem

Innovation is at the heart of what we do at Accsys and this has enabled us to become a leading modified wood manufacturer on the global stage. Situated next to our manufacturing facilities in Arnhem, our Global Technology Centre (GTC), led by Dr Pablo Steenwinkel, is focused on many innovation projects. The team is focused on both process and product innovation which impact the short, medium and long-term future of the business.

Process optimisation is of paramount importance because of the growing global demand for our products. A small reduction in the batch cycle time – or a small volume-optimisation step in the production process – can produce meaningful gains in annual volume production, and with production capacity recently expanded in Arnhem, process optimisation and reliability remain core areas of focus for the GTC team.

There is a large addressable market for our existing product brands and we work closely with our Sales & Marketing teams to understand evolving consumer needs and to assess where innovation can meet those needs.

The new wood stacking process machinery at the Arnhem plant

Some of our most exciting innovation work is being carried out with 'system partners' – businesses that manufacture products that are often used in conjunction with Accoya and Tricoya (such as adhesives, coatings and hardware).

The GTC is core to the Accsys business, contributing to our performance today and developing the products and partnerships of the future.

Tamsin Stevens, ESG Manager, visiting our Global Technology Centre

> It's fantastic when our system partners see the value in the performance credentials of our brands and collaborate with us to create high performance product systems to overcome technical obstacles."

John Alexander
Group Sales Director

Reasons to Invest

WE BELIEVE THAT ACCSYS TECHNOLOGIES REPRESENTS A COMPELLING GROWTH OPPORTUNITY FOR INVESTORS


Accoya Color Grey cladding - private residence in Scarborough Hill, Christchurch New Zealand. Distributor ITI Timspec


Accoya cladding, Vilnius, Lithuania – Architect Architekturos linija. Sub distributor Argilla

1 Substantial market opportunity

There is a growing need and regulatory push to move from non-renewable to renewable lower carbon construction materials.

The properties of our products - sustainability, strength, durability and beauty - perform strongly against the highest performing non-sustainable and man-made materials. With the building sector accounting for c.38% of global CO_2 emissions, renewable lower-carbon construction materials such as wood are gaining in popularity in the global construction industry. This presents a significant addressable market for our products.

See Our Market | Page 22

2 Sustainability

Our products meet the growing demand for environmentally friendly alternatives seen in everyday life and in every sector of manufacturing.

Our products are grown from renewable sources, sequester carbon and lock it in to a useful, recyclable and non-toxic building material. They enable creative and innovative design and construction, while fitting into a sustainable circular economy bio-cycle, reducing embodied carbon costs, and without risking environmental contamination through the leaching of chemicals or pollution.

See our Sustainability section | Page 56

3 Scalable growth

Our manufacturing process and modular industrial design is based upon confidential technical know-how and protected IP which can be expanded and replicated world-wide.

As demonstrated by our successful plant in Arnhem, the Netherlands, the Accsys know-how and intellectual property allows us to add additional capacity to existing sites.

Our Accoya USA plant in Kingsport, Tennessee has been designed in anticipation of adding additional reactors to the site as demand for the product grows.

See Our Strategy | Page 28

4 World leaders in wood technology

We have developed innovative, proprietary and protected technologies which chemically modify wood through an acetylation process.

The resulting products benefit from exceptional dimensional stability, durability and many other qualities. Our products are best-in-class and are leading the revolution of modified woods in a growing building industry which is starting to recognise and adopt the significant long-term benefits of such materials.

See Our Products | Page 20

5 Strong organisational capability

Talented people are at the core of Accsys, with skilled employees at all levels and committed and experienced leadership. This means Accsys has the ability to capitalise on and develop on growth opportunities.

Our Board and Senior Leadership Team are highly committed and experienced, with varied backgrounds including from the broad industrials, chemical, manufacturing, consumer goods, marketing and finance industries.

Our Board and Senior Leadership Team | Page 74

Executive Chair's Statement

"Despite delivery of strong growth in revenue and EBITDA in FY23, the year has not been without its challenges."

Stephen Odell
Executive Chair

2023	€162.0m
2022	€120.9m

GROUP REVENUE

€162.0m

+34%

2023	€22.9m
2022	€10.4m

UNDERLYING EBITDA

€22.9m

+120%

A PROFITABLE YEAR WITH GOOD FUTURE PROSPECTS

Overview

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

Overview of performance

The successful construction and completion of a fourth reactor in our plant in Arnhem, the Netherlands, together with reactors 1-3 returning to production after the temporary shutdown of the plant in April and May during the completion of the R4 capacity expansion, led to our highest ever volume production in Q4. Demand for our Accoya and Tricoya wood has been strong as customers continue to seek products that deliver outstanding performance, durability and sustainability.

The year has not been without its challenges, however. In November, we announced that, while we had taken 100% control of the world-first Tricoya project in Hull, we also put the project into a hold period of at least six months to assess future capability and funding options. While further work is required to prove the working capabilities of the plant, we have made good progress on this review over the past six months.

We have also been assessing the cost to complete the project, developing extensive and detailed work packages in order to do so.

This work stream has confirmed our original assessment of the costs to complete the project as up to €35m.

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

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

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

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

2023 financial performance

Accsys delivered revenues of €162.0m, a 34% increase on FY22, reflecting continuing strong demand for our products, higher average sale prices and the implementation of an Energy Price Premium to mitigate higher gas prices. Underlying EBITDA was €22.9m, an increase of 120% on the prior year, and ahead of our market guidance of nearly doubling last year's EBITDA of €10.4m.

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

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

Our purpose, values and strategy

Our purpose at Accsys is to 'Change Wood to Change the World'. Ambition, respect for our stakeholders and our commitment to safety, quality and sustainability are the Company's three core values. We have bold ambitions for growth: we successfully enhanced our production capacity in Arnhem this year with reactor 4 and remain fully committed to further expanding our global production capability. Safety is of the utmost importance to Accsys and all our colleagues have a collective responsibility to protect people, property and the environment. We continue to strive to fulfil our brand promise and delight our customers with consistently high-quality products. Sustainability and our impact on society are core to what we do – not just for our products, but also for how we operate as a company.

Our strategy for growth is predicated on four priorities. They are:

1. **Grow product demand** – developing market opportunities to drive revenue growth;
2. **Practice manufacturing excellence** – growing our global manufacturing production capacity and doing things faster, better, and more safely;
3. **Develop our technology** – product R&D and process-related technologies and IP to protect and grow our leading market position; and
4. **Build organisational capability** – developing our people and organisational capability to enable us to meet our growth objectives.

We provide an in-depth review of our progress against these four priorities for growth in our Strategic Review on pages 28 to 33.

Executive Chair's Statement continued

Award-winning and sustainable wood products

During the year, Accoya's high level of performance and sustainability was recognised in various prestigious global industry awards. Accolades include the EmiratesGBC 'Green Building Product of the year' and the 'Best of Products' award from The Architect's Newspaper, USA for Accoya Color Grey. We continue to see strong customer support for our products, such as Google, where Accoya has been specified on its new HQ 'landscraper' building in King's Cross, London.

Health & Safety

During the year, the Company rolled out a number of dedicated safety learning programmes and initiatives, including a Health & Safety month in February 2023 which gave our colleagues the opportunity to participate in group discussions on safety improvement, training sessions and guest speaker events. Health & Safety continues to be a top priority for the Board and for Accsys, and the Board-level HSE Committee established in 2022 has helped support the Board's focus on this key area.

ESG

Accsys is committed to growing and operating its business in a responsible and sustainable way. Aligned with our values and business strategy, our ESG framework outlines 10 key material issues and impact areas on which we are primarily focused.

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

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

Capital raise

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

Our Board

The Board's composition brings depth and a range of experience to Accsys, both supporting and challenging the Executive team in the execution of the Company's strategy. Post the year end, there has been some considerable change with the departure of Rob Harris and William Rudge from the Board, together with the appointment of Dr Jelena Arsic van Os as Chief Executive Office Designate and Steven Salo as Chief Financial Officer. We also announced in May 2023 that Sean Christie, Sue Farr and Alexander Wessels are to step down from the Company as Non-Executive Directors at the forthcoming AGM in September. Please see my Statement of Governance letter on page 78 for further details on these changes.

Our people and stakeholders

I would like to express my sincere appreciation to our colleagues across the Company for their continued dedication, loyalty and hard work. I would also like to express my thanks to our shareholders, customers, business partners, suppliers, and contractors for their continued support of Accsys Technologies.

Looking ahead

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

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

Stephen Odell
Executive Chair
26 June 2023

CASE STUDY

BARNSNAP HOUSE PROJECT

West Sussex, United Kingdom

Located in West Sussex, Barnsnap House is a modern five-bedroom property that was recently built on a woodland clearing site. To keep in tune with the natural surroundings of the previous woodland, timber cladding was used for the exterior façade of the family home.

The timber chosen was Accoya, which is made from acetylated wood. Accoya has exceptional dimensional stability, evident from its 50-year above-ground warranty, and many other qualities, as well as being sustainably sourced.

It was crucial for the client that the Accoya had a rustic finish with a coating that was easy to maintain and a colour that was between black and brown. James E. Hatch & Son supplied sawn-face Accoya cladding and produced an in house bespoke colour using a coating system from Anker Stuy Coatings to match the client's requests.

The client was able to select from three rustic timber finishes, each with slightly different shades and appearances.

PRODUCT DETAILS

Supplier: James E. Hatch & Son

Coatings: Anker Stuy

For more Accoya projects go online to | www.accoya.com/uk/projects

STRATEGIC REPORT

Strategic Report

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Our Products

ACCSYS PRODUCES TWO PRODUCTS

accoya

Accoya is our acetylated solid wood product brand. It is the world's leading high performance sustainable wood brand, sourced from fast growing, FSC® certified forests. It is both highly stable and resistant to rot, with properties that match or exceed those of the most durable tropical hardwoods, plastics and other non-renewable alternatives. Ideal for use across numerous internal and external applications, Accoya's primary applications are windows, doors, decking and cladding.

tricoya

Tricoya wood chips are the principal ingredient used by our licensees to manufacture Tricoya panel products (similar to MDF) with enhanced properties: exceptional durability, very high dimensional stability and ideal for use in wet environments internally or externally. These properties open countless opportunities for specifiers, architects, joinery manufacturers and product designers.

Accoya comparison chart

	Accoya	Sapele	Oak	Meranti	Iroko	Redwood
Lifespan	✓✓✓	✓(✓)	✓(✓)	✓(✓)	✓✓	✓
Warranty	✓✓✓	N/A	N/A	N/A	N/A	N/A
Coatings performance	✓✓✓	✓✓✓	✓	✓	✓	✓
Thermally insulated	✓✓	✓	✓	✓	✓	✓✓
Maintenance intervals	✓✓✓	✓✓	✓	✓	✓	✓

The number of X's (1-3) are an indicative scale with one X being the worst and 3 X's being the best.

Find out more online | www.accoya.com

Find out more online | www.accoya.com/uk/project/accoya-tricoya-natural-pool/

Our products are defined by three sets of credentials: performance, finish, and sustainability. It is with this combination of product attributes that we seek to delight our customers and stand apart from the competition.

PERFORMANCE

Accoya and Tricoya redefine performance when it comes to timber. Both product brands are highly durable with industry-leading warranties of up to 50 years above ground and 25 years in ground or freshwater. Offering outstanding dimensional stability in their composition, both products are suited to extreme climates as well as offering high levels of insect resistance.

WARRANTY FOR

50years

ABOVE GROUND AND 25 YEARS IN GROUND OR FRESHWATER

25 & 50 YEAR WARRANTIES
HIGHLY STABLE
HIGHLY DURABLE
LONG SERVICE LIFE
INSECT RESISTANT
FOR ALL CLIMATES
FEWER CALL BACKS

FINISH

Accoya and Tricoya products look better for longer. Accoya affords the option of being left uncoated to weather naturally or opting for a coated finish. Due to the excellent dimensional stability of both Accoya and Tricoya, coatings last longer, with many coatings manufacturers offering extended coating warranties on their products. Maintenance time is reduced, saving time and money over the long term. Versatility of products means design freedom not normally achievable with other wood products.

REDUCTION OF OVER

75%

IN SWELLING CAUSED BY MOISTURE UPTAKE

NATURAL WOOD
LOW MAINTENANCE
MULTIPLE FINISHES
BESPOKE OPTIONS
IDEAL FOR COATING
WIDE BOARDS AVAILABLE

SUSTAINABILITY

Both wood product brands compete not only with other wood products, such as tropical hardwoods, but also other carbon intensive materials such as aluminium, steel, concrete and plastic. The durability of our products means that we are well placed to substitute these less sustainable materials, as well as offering the additional sustainability benefits that building from wood affords. All sourced wood that is used to manufacture both Accoya and Tricoya is FSC® certified. Our Accoya product brand is also certified by Cradle to Cradle® at the Gold level.

CERTIFICATION

DEMONSTRATING LEADING SUSTAINABILITY CREDENTIALS

LOW ENVIRONMENTAL IMPACT
SUSTAINABLY SOURCED
100% RECYCLABLE
NON TOXIC
WORLDWIDE ACCREDITATION

Our Market

A SIGNIFICANT GROWTH OPPORTUNITY

Overview

Accsys' products are positioned within the global wood products market, which is estimated to be worth $748bn in 2023 with a compound annual growth rate (CAGR) of 7.4% (Source: The Business Research Company).

Macro-economic trends, wider societal 'megatrends' and market penetration opportunities provide us with significant growth and demand drivers.

With demand for our products exceeding our volume of supply, increasing our production capacity, as we have done in our plant in Arnhem this year, is central to sales growth.

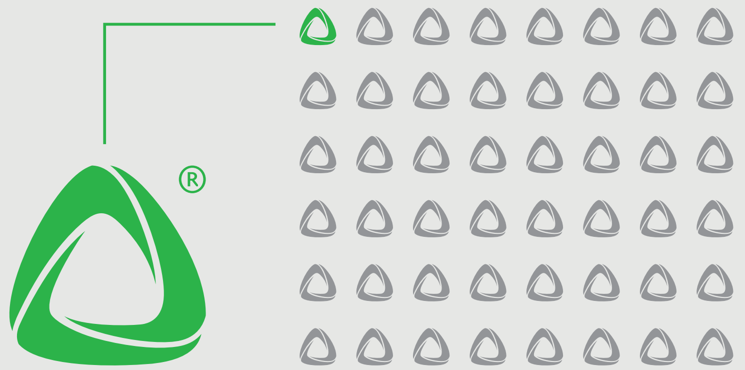
The global wood products industry produces approximately 800m cubic metres per annum (Source: The UN Food & Agriculture Organization). As our products compete with and displace other non-wood building materials from concrete to plastics, the market opportunity is even greater.

Three key factors support our view of the market potential for our products:

- Our products outperform competing materials most strongly when used in an outside environment. The global outdoor wood market is estimated to be around 14% of the global lumber or sawnwood market;
- They compete with the high value end of the outdoor wood market, which represents around 25% of the global outdoor wood market; and
- Our achievable market figure reflects our focus on six key geographic targets and four product use categories.

63,344m³

Accoya sold in this financial year



Demand drivers

There are three main of drivers of demand for our products:

1

Industry demand drivers

GDP

Rising GDP per capita, economic development and higher standards of living are fueling construction, the principal driver of wood consumption, across the world.

Construction & redevelopment

Our products are used in new constructions and in the refurbishment, redevelopment and remodelling of commercial and residential buildings and projects.

Underlying drivers include rising standards around expectations of building usages, performance and design, and regulatory changes (notably building safety, maintenance, sustainability and energy performance).

Construction and redevelopment is also impacted by unexpected macro events, such as the COVID-19 pandemic which led to greater levels of home improvements from consumers spending more time at home.

2

Megatrends

Sustainability

The built environment is responsible for almost 40% of global carbon emissions. In addition to decarbonisation, the 'Race to Zero', and setting of net zero carbon targets, there is also an increasing focus on renewable resources to reduce embodied carbon in materials and buildings. In addition, many countries and global businesses now have mandatory, legislative targets to be carbon neutral by 2050.

Shifting consumer priorities

Consumers in our geographic end markets continue to shift towards products that have a lower environmental impact, from shopping bags and drinking straws to the cars we drive.

The trend is the same in the built environment: around the world we can see evidence of mass timber buildings using renewable, carbon-storing wood in place of concrete and steel.

Lifestyle changes

Socio-economic changes are driving a cultural shift in expectations for residences and commercial buildings and there is an increasing demand for high performance and low maintenance wood products suitable for outdoor use, with this segment expected to grow faster than for softwood grades generally.

3

Market penetration

Our products are most frequently chosen for their characteristics, quality and performance across all climate extremes, and this is fundamental to our proposition. This competitive advantage against other woods and non-wood materials means we believe we can grow faster than the market through market penetration and share gains.

Market share and growth

Since proving the commercial viability of acetylated wood, Accsys has grown its market share and brand awareness in the industry through market seeding within our current model of distributor supply and manufacturer support.

Our Market continued

Competitive advantage and material substitution

Accoya solid wood has best-in-class properties that match or improve upon unsustainable alternatives, together with certified sustainability credentials. Our acetylation process substantially reduces the effects of water on wood, dramatically reducing susceptibility to swelling, shrinking and decay.

Architects, specifiers, manufacturers and end users no longer need to choose between performance and sustainability, with Accoya offering clear advantages over non-renewable, unsustainable and heavily polluting alternatives such as tropical hardwoods, synthetics, plastics and mined metals.

The enhanced performance and suitability for use in wet environments of our Tricoya panels not only improves their appeal compared to traditional more expensive and less easily handled panel products, but also introduces new use scenarios and design possibilities. Sales of Tricoya panels have increased significantly each year since their introduction to the market (please see pages 44 to 49 for further details).

Both products also offer market-leading warranties and service life, along with the sustainable benefits and credentials that make them particularly attractive in an increasingly environmentally-responsible world.

Targeted segment penetration

With products that could be described as disruptive to existing materials, and with demand exceeding production capacity, we have focused on developing regions and product applications which will support rapid but sustainable growth.

The majority of Accoya sales are to a network of timber distributors which in turn supply a variety of industries, principally for joinery (windows and doors), decking and cladding. Accoya is primarily selected for use by architects, manufacturers and specifiers for its high-performance characteristics.

Tricoya panels are currently manufactured using chipped Accoya wood, in advance of the completion of the dedicated Tricoya wood chip acetylation plant in Hull, UK.

Agreements have been secured with MEDITE and FINSA, who use the Tricoya acetylated wood elements in place of traditional wood chip feedstock to create, market and sell Tricoya panels. Sales of Tricoya panels have increased significantly each year since MEDITE introduced them to the market in 2012, being used both in place of 'traditional' panels and in applications where wood panels would not have previously been feasible.

By increasing our manufacturing capacity around the world, we can develop existing markets, expand into new territories and grow our product range and applications.

Route to market

Our focus on marketing and selling to our distributors and their customers has proven to be a successful route to establish our products in the market as we challenge traditional preconceptions about material choice.

We have built and developed strong relationships with our distributor networks in key territories, achieved through training, support and engagement with both them and their manufacturing customers. As a result, we are able to develop brand and product advocates throughout the value chain.

We are also seeking to significantly increase awareness of the benefits of Accoya with end users and consumers. Currently our extended sales network, with our partners and customers, is a major driver of end user demand, expert recommendation being highly valued in our markets. However, we are already seeing evidence of Accoya in particular gaining a very positive reputation with enthusiastic property and homeowners.

The integration of our Approved Manufacturer Programme with location-and application-based 'Where to Buy' listings on our website has resulted in significantly increased throughput of demand to vendors of Accoya products, benefitting our brand, our customers, and end consumers.

This year, we launched a new UK national advertising campaign, "Lasts a Lifetime", highlighting the high performance of Accoya wood to homeowners. The campaign launched with a commercial on Sky TV targeting a subset of the homeowner market audience, supported by digital advertisements.

Scan here to view our "Lasts a lifetime" commercial

Product applications

Our products encourage manufacturers, architects, specifiers and consumers to make sustainable building material choices on multiple global applications, without compromising on performance.

DECKING

Wood decking has a look and feel of its own. Our products' resistance to cracking, splinters, and other effects of weather and water offers the choice for genuinely sustainable, long-lasting decking of unmistakable quality.

WINDOWS

Classic looks with contemporary performance: Accoya wood window frames deliver all the benefits and beauty of natural wood with none of the downsides: superior thermal insulation, minimal upkeep, maximum stability, durability and sustainability.

DOORS

Industry-leading stability means that our products won't shrink and swell like other wood: reducing the chance of sticking or jamming in wet conditions, and helping coatings last far longer before cracking or peeling. Tricoya and Accoya provide compelling advantages for all kinds of exterior doors.

CLADDING

Form and function combine perfectly as Accoya and Tricoya give designers, specifiers, woodworkers, architects and property owners a material with boundless creative possibilities, world-leading sustainability credentials and best-in-class long-term performance.

Our Business Model

GIVING THE WORLD A CHOICE TO BUILD SUSTAINABLY

Through sourcing, production, and bringing products to market, our business model enables Accsys to fulfil our purpose and give the world a choice to build more sustainably.

Our activities

We combine chemistry, technology and ingenuity to make high performance wood products that are extremely durable and stable, and opening new opportunities for the built environment. Our business and products add value at each stage from sourcing to sale and use, through their quality, sustainability, competitive benefits and longevity.

Our activities also focus on strategic expansion of our business to capture the substantial global market opportunity we believe is achievable with our products.

Our stakeholders

We work with our stakeholders across our business activities. Through our business activities, we create value for stakeholders in different ways.

Our Stakeholder Engagement report on page 67 sets out further detail on our stakeholder relationships.

Responsible sourcing

We obtain the raw wood timber we use to produce our products from certified sustainable, well-managed and fast-growing forests through wood mills and wood chip suppliers in New Zealand, Argentina, Uruguay and the UK. We work with acetyls providers to source acetic anhydride and sell-back acetic acid, our reusable by-product into the market.

Proprietary product manufacturing

We manufacture our wood products using our proprietary, wood acetylation process at our existing plant in the Netherlands.

Global sales and distribution

We work with a network of global distributors to get our sustainable wood products to our customers, who utilise Accoya and Tricoya materials to create branded products such as windows, doors, decking, cladding, façades and other external applications.

Building new plants and optimising existing sites

We develop and optimise existing sites and processes to benefit from existing skills and leverage operational and financial scale.

We identify new international locations and appropriate partners to develop additional capacity in order to meet our longer-term growth potential in global markets.

Research and development (R&D)

We have developed innovative, proprietary and protected technologies. We continue to invest in R&D, focused on optimising our existing product offering and technologies and investing in focused technology solutions.

Working with business partners

Working with the right business partners helps us maximise our potential, enabling our growth to realise the substantial global market opportunity for our products.

We continue to advance our strategic priorities, in particular by working with partners which have resources or technologies that complement our own.

Outputs

Forest Stewardship Council® (FSC) certified

63,344m³
Accoya wood sold this year

+34%
FY23 revenue growth which continues to be driven by ongoing distribution customers

Accoya USA
joint venture with Eastman in Kingsport, Tennessee

€1.5m
R&D investment* in FY23

* excludes capex on new technology

MEDITE and FINSA
convert Accoya into Tricoya wood panels

Our differentiators

We utilise the following resources and relationships, which offer us a competitive advantage in our marketplace:

See our Stakeholder Engagement section | Page 67

Our technology and IP

We have developed families of patents, providing robust protection over our proprietary products and processes.

45 countries
in which we hold c.388 patent family members

Our people and engineering expertise

Our passionate engineers are key to the successful execution of the Group's strategy, together with their valuable know-how and a dedication to the future success of the Group.

Environment and sustainability

Accoya & Tricoya fit perfectly in the bio-cycle of the circular economy.

Accoya is
Cradle to Cradle Certified®
at the Gold level

Strong industry relationships

We work with equipment manufacturers, wood suppliers, the acetyls industry, testing and certification bodies, and other system supply specialists, to help us develop our technology, products and their place in the market.

Industry-leading brands

Our brands Accoya and Tricoya are globally registered trademarks, portraying our products' sustainable, high quality and long-term performance.

Over 60 countries
in which our brands are registered trademarks

Financial position

With continued growth in revenue and a cash generative Accoya business, our financial position will support our global growth plans.

+34%
Revenue growth in FY23

Our Strategy

REALISING OUR AMBITIOUS GLOBAL GROWTH PLAN

We have bold ambitions for growth: we successfully enhanced our production capacity in Arnhem this year and are fully committed to further expanding our global production capability with a focus on four strategic priorities.

Grow product demand

Deliver manufacturing excellence

Develop our technologies

Continue to build our organisational capability

200mm wide Accoya wood boards were used for the roof and fastened board-on-board. Design – Unknown Architects, Photography – MWA Hart Nibbrig, Contractor – Kolthof BV, Location – The Netherlands

GROW PRODUCT DEMAND

Developing market opportunities to drive revenue growth

Our focus

- Drive sales growth in key markets and categories
- Maintain strong customer relationships, service and support
- Build and protect our brands
- Maximise our competitive advantage through product performance, quality, and sustainability
- Capitalise on our ideal positioning to benefit from global sustainability and consumer megatrends

Read more about Our Products | Page 20

Material Issues

- Sustainable & quality products
- Energy & climate change
- Responsible sourcing
- Society & Communities
- Governance, management and advocacy

2023 Progress

- Total sales volume up 6% at 63,344m^3
- Strong customer demand with record sales in Q4
- Website conversion rate at an all-time high
- Further increase in lead generation funnel into Approved Manufacturers
- Accoya Color sales growth in decking in DACH region; new market launches in Australia, New Zealand and France
- Modest volume growth and more significant revenue growth in North America, despite major supply constraint in H1 and a softening market in H2
- Launch of first UK consumer (B2C) campaign: national advertising campaign on Sky TV and digital YouTube campaign. Total 11.2 million impressions combined in Phase 1

Looking forward

- Continued strong product demand despite slowdown in global construction industry and softer price/demand in key timber markets; more resource dedicated to Sales & Marketing to create further demand as capacity becomes available
- Continued North American sales and brand development
- System Partner expansion – co-branding with coatings, adhesives, and hardware manufacturers
- Further expansion of B2B activities including Approved Manufacturers Programme and collaboration with customers
- Increasing B2C brand awareness in core markets to drive consumer 'pull'
- Accoya Color market expansion into North America

Our Strategy continued

DELIVER MANUFACTURING EXCELLENCE

Growing our global manufacturing production capacity
Doing things faster, better, and more safely

Our focus

- Grow manufacturing capability and production capacity in North America, Europe and internationally
- Optimise our plants and processes for scalable growth
- Replicate proven technology with continuous improvements
- Ensure colleague safety across all our operations
- Partner fairly with third parties

Read more about our manufacturing expansion in the 'Executive Chair's Statement' | Page 14

Material Issues

- Sustainable & quality products
- Energy & climate change
- Governance, management and advocacy
- Responsible sourcing
- Health and safety
- People and wellbeing
- Ecological footprint

2023 Progress

- Completion of Arnhem fourth reactor – 33% capacity expansion
- Good progress with Accoya USA JV with Eastman, however project has experienced some delay and cost inflation
- Accsys now has 100% control of Tricoya Hull plant, construction substantially complete, project in Hold Period while Board assesses future capability and funding options (see page 14)
- In-year operational improvements to Accoya Color plant in Barry to drive further volumes in FY24
- Further development of safety strategy and culture, and increased monitoring and reporting of safety indicators

Looking forward

- Ongoing ramp up to optimal capacity in Arnhem
- Conclusion of Board review into Hull Project and decision on strategy going forward
- Commercial operations at Accoya USA plant now expected mid-2024

CASE STUDY

ACCOYA DECKING

Monkey Mia, Australia

At Monkey Mia beach front, located 900km north of Perth, Accoya decking was installed in late 2021. These photos were taken several months later, in August 2022, in front of the dolphin experience centre. The area is well known for its frequently visiting bottlenose dolphins, and the centre maintains a positive relationship between the dolphins and humans.

Accoya wood replaced wood-plastic composite (WPC) decking, also being used this time for street furniture along the boardwalk and steps to connect the different levels. The replacement material was required because visitors were unable to walk or sit on the WPC decking as it got far too hot. Accoya does not have this problem as even in the height of summer, the low thermal gain ensures Accoya decking is barefoot friendly.

Accoya approved distributor, M&B, supplied the decking boards for this project uncoated. The natural Accoya wood has already started weathering and the photograph below of the steps shows the colour difference in the first 10 months.

PRODUCT DETAILS

Distributor: M&B

For more Accoya projects go online to | www.accoya.com/uk/projects

Our Strategy continued

DEVELOP OUR TECHNOLOGIES

R&D of product and process-related technologies and IP to protect and grow our leading market position

Our focus

- Pursuing process technology to enhance efficiency
- Optimising existing products
- Protecting our IP
- Sourcing responsibly
- Lowering resource use and incorporating circular processes

Read more about Innovation & Technology | Page 39

Material Issues

- Sustainable & quality products
- Innovation and technology

2023 Progress

- Expansion of Global Technology Centre and R&D team to drive growth through innovation and continued improvements to Accoya and Tricoya business activities
- Installation and start up of new automated wood handling equipment in Arnhem to improve wood handling and efficiency
- Ongoing research into alternative sourced wood species' performance, resulting in the commercial launch of Accoya made from Taeda (see page 39)
- Steady production at Accoya Color plant in Barry; improved production cycle time leading to higher volumes
- Continued and expanded IP protection, and safeguarding freedom to operate, in various areas applicable to the Accoya and Tricoya businesses

Looking forward

- Ongoing improvements to overall production process efficiencies, including new quality scanning capabilities of wood handling process and equipment
- Longer-term research into potential for additional product categories as overall capacity increases
- Continued development and expansion of our IP portfolio to support business strategy
- Continued research into, and assessment of, alternative raw materials supply options
- Preparations for Kingsport Accoya production site commissioning and start-up in mid-2024

CONTINUE TO BUILD OUR ORGANISATIONAL CAPABILITY

Developing our people and organisational capabilities to manage our growth

Our focus

- Talent management: adding new skills and talent
- Developing our people: Leadership & Training
- Engaged workforce
- Living our values and culture

Read more about our Senior Leadership Team | Page 76

Material Issues

- Governance, management and advocacy
- People & Wellbeing, Fair & Ethical Conduct

2023 Progress

- Further strengthening of manufacturing expertise and leadership through appointments of new Group Manufacturing and Projects Director and new MDs for Hull and Barry plants
- Increased investment in training and development to support skills and talent pipeline; significant increase in colleague training modules and training hours per colleague
- Post the year end, in April 2023 the Company announced the appointments of a new CEO and CFO, with significant experience in large capital project management, cost management and financial forecasting

Looking forward

- Improving capital project delivery: stronger project management and contracting practices
- Ongoing progressive enhancement of processes and management systems
- New leadership training programmes and talent mapping, to ensure we have the right skills and talent in place to grow our business effectively
- Continued improvements resulting from colleague survey feedback

Business Review

SUCCESSFUL EXPANSION OF CAPACITY IN FY23

The successful construction and completion of a fourth Accoya reactor in Arnhem, together with reactors 1-3 returning to production after the Arnhem plant's shutdown in April and May, has led to our highest ever volume production in Q4.

ACCOYA SALES VOLUME

$63{,}344m^3$

Overview of the year

Demand for our Accoya and Tricoya wood was strong (and in excess of our capacity) as customers continued to seek products that deliver outstanding performance, durability and sustainability.

Despite the production outages linked to the completion of reactor 4 highlighted above, the Company delivered very strong revenue growth for the year, underpinned by strong product demand and increases in average sales prices.

Underlying EBITDA more than doubled year on year, due to increased average sales prices and an energy price surcharge mechanism which successfully offset raw material cost increases, including the impact of high and volatile prices for acetic anhydride used in our acetylation process, and energy prices in Europe. Despite general price reductions in the global wood products market, the Company has maintained its prices in H2 and into FY24. The energy price premium ceased to be applied beyond the end of FY23.

In November we announced that, while we had taken 100% control of the world-first Tricoya project in Hull, we also put the project into a hold period to assess future capability and funding options. Please see the Executive Chair's statement on page 14 for further details on progress the Board has made with its review.

We have made good progress with our Accoya USA JV with Eastman. However, construction of the plant (which commenced in April 2022) has experienced some delays and cost inflation. Both Accsys and Eastman remain fully committed to delivering the project, which will replicate the proven technology of our successful Accoya plant in Arnhem.

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

During the year Accoya's high level of performance and sustainability was recognised in several prestigious global industry awards. Please see page 16 for further details.

> During the year, Accoya's high level of performance was recognised in several prestigious global industry awards."
>
> Laura Keily
> **Head of Marketing**

Summary of financial performance

Accsys delivered revenues of €162.0m, a 34% increase on FY22, reflecting continuing strong demand for our products, higher average sale prices and the implementation of an Energy Price Premium to mitigate higher gas prices. Sales volume grew by 6% during the year to $63{,}344m^3$, with H2 volumes of $39{,}387m^3$ representing growth of 64% on H1, in excess of our targeted 50% increase.

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

Group gross margin remained above our long-term target of 30% at 34%, aided by the higher average sales prices outlined above. In addition, we continue to benefit from a partial natural hedge on our acetyls raw materials cost through the sale of our acetic acid by-product, revenues of which grew by 11% in the year to €15.1m. Underlying profit before tax increased by €9.7m to €11.0m. Statutory loss before tax was €67.1m.

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

Business Review continued

Strategic Update

Accoya

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

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

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

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

We have made excellent progress with the construction of the plant, which commenced in April 2022. Key milestones include the completion of ground works, ongoing steelwork and main warehouse construction, installation of the reactors on site, placement of multiple large sub-contracts and procurement of more than 80% of major equipment. As we move towards completion of the plant, we will increase our investment in people and infrastructure in readiness of start-up and as a result, the project will incur higher losses in the coming year. As announced in May, the project has experienced some delays related to mechanical completion, as well as the impact of cost inflation. Both joint venture partners continue to be fully engaged in delivering this strategically important project, which will replicate the proven technology of our successful plant in Arnhem.

In line with our group commitment to Health & Safety, this has been established as a key priority at the site and by the FY23 year end we were able to celebrate over 150,000 hours worked with only one minor first aid injury.

Our 50,000 square foot Accoya Color manufacturing plant in Barry, Wales, has increased our ability to convert Accoya wood into Accoya Color – a product which combines the benefits of Accoya wood with colour all the way through the wood from surface to core. The site has an maximum capacity of 12,500 cubic metres per annum.

During the year we made operational improvements to the site which enabled us to increase production by 140% to 4,010 cubic metres in FY23. More importantly, this will allow us to further increase future production in FY24 and to support growing customer demand.

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

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

CASE STUDY

PACIFIC COAST HOME FEATURES ACCOYA

San Diego, CA, United States

Accoya wood, known for its durability and resistance to warping, was the ideal choice for a Pacific Ocean residence designed by Greg Coleman Architects. The project aimed to create a beautiful, long-lasting space for the homeowners to enjoy the stunning ocean views.

The architects used approximately 1,900 square feet of Accoya wood that was milled into 2×2 slats. The slats were installed as a privacy screen around the second floor decks and for the railing at the exterior stair for the ADU. Accoya wood's stability and resistance to warping made it an ideal material for the 2×2 slats, as other cladding options, such as Ipe, would have been more challenging to work with.

AWARD WINNING

Accoya wood was chosen as it met the project's goals of creating a beautiful and durable outdoor space. Due to its durability, Accoya wood requires less maintenance and refinishing, which made it a cost-effective and practical choice for the project.

The installation was completed by California Deck Pros, who did an excellent job creating a beautiful and functional outdoor space. RGB Inc. served as the general contractor for the project and oversaw the installation.

The project was honoured with the award for Residential Project of the Year 2022 by AIA San Diego.

PRODUCT DETAILS

Accoya cladding

Architect: Greg Colman Architects

Installer: California Deck Pros

General Contractor: RGB Inc.

Business Review continued

Strategic Update continued

Image by FINSA

Tricoya

Accsys and its former consortium partners in Tricoya UK Limited (TUK) have been building the world's first Tricoya plant in Hull.

In November 2022, Accsys agreed with its partners – Ineos, MEDITE, BGF and Volantis – to acquire 100% ownership of the plant and the Tricoya Group entities (Tricoya Technologies Limited and TUK), in exchange for 11.9m new shares in Accsys, representing 5.74% of its issued share capital at that date.

Ineos and MEDITE remain commercial partners with Accsys, retaining their respective acetyls supply and acetylated wood chip off-take agreements.

The reorganisation gives Accsys the option to take the Tricoya Hull Project forward on its own terms and to benefit from 100% of the long-term returns from Tricoya, including any future licencing in respect of the global Tricoya market opportunity.

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

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

While further work is required to prove the working capabilities of the plant, we have made significant and positive progress on this review over the past six months. Please see further details on progress with the Board's review on page 14 of the Executive Chair's Statement.

Building Organisational Capability

We are making good progress in developing our people and organisational capabilities to manage growth. As we increase our manufacturing output, we are strongly focused on strengthening our manufacturing expertise and leadership. Key senior management appointments during the year include a Group Manufacturing and Projects Director, a newly created role which will support Accsys as we expand our operations and develop our global reach. Management has also been strengthened by the appointments of new Managing Directors of Tricoya UK and Accoya Color.

Post the year end, the Company has also boosted its expertise in the areas of large capital project management, cost management and financial forecasting through the appointments in April 2023 of a new CEO and CFO, both of whom have significant experience in these areas. For full details of these key appointments, please see page 16.

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

Innovation & Technology

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

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

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

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

Accsys produces acetic acid as a by-product of its wood acetylation process. This Accsys acetic acid has been proven to be of good quality and of low environmental footprint. For years, Accsys acetic acid customers have recognised these qualities and proven that it can be used, undiluted or diluted, for many standard acetic acid applications, e.g. in water treatment or as chemical raw material for solvents like acetic anhydride. However, it does have some differences to glacial acetic acid (notably, a slightly lower purity with some content from wood extractives or slightly higher colour). To address these differences, Accsys acetic acid from wood acetylation can be further purified in order to reach a quality equivalent to standard glacial acetic acid. This purified acetic acid can be used with almost no restriction in most glacial acetic acid markets/applications (e.g. in Vinyl Acetate, Acetic Anhydride, Mono Chloro Acid, Pure Terephthalic Acid, Butyl or Ethyl Acetate).

Business Review continued

Intellectual Property

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

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

ESG

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

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

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

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

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

Health & Safety (HSE)

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

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

Energy & Climate Change

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

We are innovating to minimise our environmental impact across our operations, in accordance with our Climate Change Policy, whilst sourcing our raw materials responsibly. In 2023, we established a steering committee at our Arnhem site to focus on carbon intensity reduction per cubic metre of Accoya produced. Additionally, we are using our Scope emissions data to set carbon reduction targets in alignment with the Science Based Targets initiative (SBTi). Scope 1 and 2 emissions can be seen on page 62.

CASE STUDY

THE RISE OF THE 'CRESCENDO' SERIES

Ouray, Colorado, United States

Award winning artist Cie Hoover created the first of many inspirational sculptures out of Accoya wood.

In 2020, Cie had a wood-based sculpture titled 'Balance in the Fray' permanently installed in a covered setting in the town of Alamosa, Colorado. From there, he wanted to continue to explore the realm of public art and set out on a quest to find a wood suitable for outdoor installations...and thus came across Accoya.

'Crescendo' stands at roughly nine feet tall and is now installed in the town of Fraser, Colorado. (Photo shown is from a temporary installation of the sculpture for Telluride Art + Architecture in July of 2022).

A second, even larger version of the sculpture is currently being created, and will permanently reside in the town of Ridgway, Colorado.

> Art can be expensive and is not always accessible to many individuals...this is why public art is so important. It allows art to be accessible to EVERYONE."

Cie Hoover
Artist

Business Review continued

Society & Communities

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

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

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

Sustainable & Quality Products

We are committed to a more sustainable world and use abundantly available wood sources, certified as sustainable by the FSC®. Our commitment to responsible sourcing and manufacturing is recognised by leading accreditation bodies. This year we achieved Cradle to Cradle® (C2C) gold certification for Accoya Color Grey, as well as being awarded 'Platinum' level (the highest level) for both 'Material Health' and 'Water Stewardship'. Our core product, Accoya, has held C2C certified status since 2010.

C2C certification is the global standard for products that are safe, circular, and responsibly made. Accoya wood is one of the very few building products to have acquired C2C certification on the stringent Gold-level. This represents very high standards of sustainability, alongside the recognised high performance and durability credentials of the brand.

Board Update

The Board's composition brings depth and a range of experience to Accsys, both supporting and challenging the Executive team in the execution of the Company's strategy.

The last 12 months has seen considerable change, with Rob Harris, Accsys' Chief Executive Officer, stepping down after three years, and Will Rudge deciding to leave the Company after 12 years as Finance Director. Rob Harris is succeeded by Dr Jelena Arsic van Os, who will become Accsys' Chief Executive on 1 July 2023, at which point Stephen Odell will return to his prior role as Independent Non-Executive Chair of Accsys.

Jelena has over 20 years' experience in senior executive leadership roles in large-cap multinational companies and has a proven track record in transforming and driving complex businesses, delivering on profitable growth targets and successfully delivering large capital projects.

Accoya window and doors, Brighton, United Kingdom

Will Rudge is succeeded by Steven Salo, who joined Accsys on 1 April 2023 as Chief Financial Officer. Steven brings significant experience in senior financial leadership roles, executing high-value corporate and business development transactions, and driving and shaping businesses for profitable growth.

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

As at the date of this report, the Board is seeking to appoint two new high-quality and experienced Independent Non-Executive Directors, with the intention of one as Chair of the Audit Committee, and the second as Chair of the Remuneration Committee.

Further reading

See Our Strategy | Pages 28 to 33

See our Sustainability section | Pages 56 to 66

See our Finance Review | Pages 44 to 49

ZahBuilt

Outlook

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

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

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

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Finance Review

"Accsys delivered a good performance in the year, with 34% revenue growth and a 120% increase in Underlying EBITDA."

Steven Salo
Chief Financial Officer

	FY23	FY22	Change %
Group Revenue	€162.0m	€120.9m	34%
Gross Profit	€55.2m	€36.0m	53%
Underlying EBITDA	€22.9m	€10.4m	120%
Underlying EBIT	€14.4m	€4.2m	243%
Underlying profit before tax	€11.0m	€1.3m	
Statutory (loss)/profit before tax	(€67.1m)	€1.7m	
Cash	€26.6m	€42.1m	
Adjusted cash	€16.8m	€4.3m	
Net debt	(€44.1m)	(€27.2m)	
Accoya Sales volume	63,344m³	59,649m³	6%

2023 €162.0m
2022 €120.9m

GROUP REVENUE

€162.0m

+34%

Introduction

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

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

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

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

(1) A previously reported increase in the capex to complete the construction of the Tricoya Hull plant of €35m, commencing in 2 years;

(2) A higher pre-tax WACC rate (used for the discount rate) increasing by 3.0% to 13.5% principally due to higher market interest rates; and

(3) A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT).

Statement of comprehensive income

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

Accoya sales volumes increased 6% to 63,344m³ following the successful commissioning and operation of reactor 4 in September 2022.
We have continued to see strong underlying demand for Accoya across our regions and with our Tricoya panel manufacturing partners. The FY23 regional sales trend on a year-on-year basis reflects a 10% increase in sales volumes in North America, where we continue to increase marketing, sales, and allocation of product volumes available to customers as we develop this market ahead of our US capacity expansion.

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

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

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

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

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

Sales volume by end market	FY23 m³	FY22 m³	Change %
UK & Ireland	14,667	14,905	(2%)
Tricoya	15,193	12,860	18%
Rest of Europe	16,584	16,809	(1%)
Americas	10,574	9,575	10%
Rest-of-World	6,326	5,500	15%
Total	63,344	59,649	

2023 €11.0m
2022 €1.3m

UNDERLYING PROFIT BEFORE TAX

€11.0m

+€9.7m

2023 €(44.1)m
2022 €(27.2)m

NET DEBT

€(44.1)m

+€16.9m

Finance Review continued

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

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

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

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

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

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

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

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

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

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

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

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

Cash flow

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

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

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

At 31 March 2023, the Group held cash balances of €26.6m, a €15.5m decrease in the year, attributable to construction costs relating to the Arnhem plant expansion project (€7.9m), Tricoya Hull project (€20.1m), the planned investment into Accoya USA (€29m) and the increase in inventory referred to above. This was partially offset by the placing, €10.0m of proceeds from loans (explained further below), and cash flow generated from operating activities.

CASE STUDY

MOVEART CHOOSES ACCOYA FOR SCULPTURE

London, United Kingdom

To create a sense of peace and inspiration in a densely populated area, leading manufacturers moveART designed these Accoya wood sculptures, which have successfully brightened up Nine Elms in London.

The regeneration of Battersea Power Station, located in Nine Elms, opened its doors in late 2022, attracting people to visit its shops, restaurants, and other attractions for the first time. Therefore, the tranquillity the moveArt sculpture brings is more essential than ever, specifically for the increasing number of residents in the Nine Elms area.

moveART is a Swiss company established by designer Norbert Roztocki, who is passionate about keeping people physically and mentally healthy, especially in overpopulated urban areas. moveArt does this by providing art, functionality, and security to public spaces that integrate and inspire people.

Roztocki specifically chooses Accoya sustainable wood for all sculptures due to its exceptional durability and stability and the all the sustainability benefits that come with such a high-performance wood. Swiss moveArt sculptures is another example of Accoya moveART.

For more Accoya projects go online to | www.accoya.com/uk/projects

Finance Review continued

When adjusting for the cash pledged for the Letter of Credit provided to FHB of $10.0m (see note 30), and in the prior year adjusting for the remaining cash raised in the May 2021 equity raise to be invested into Accoya USA, Adjusted Cash increased during the year to €16.8m (see note 30).

Financial position

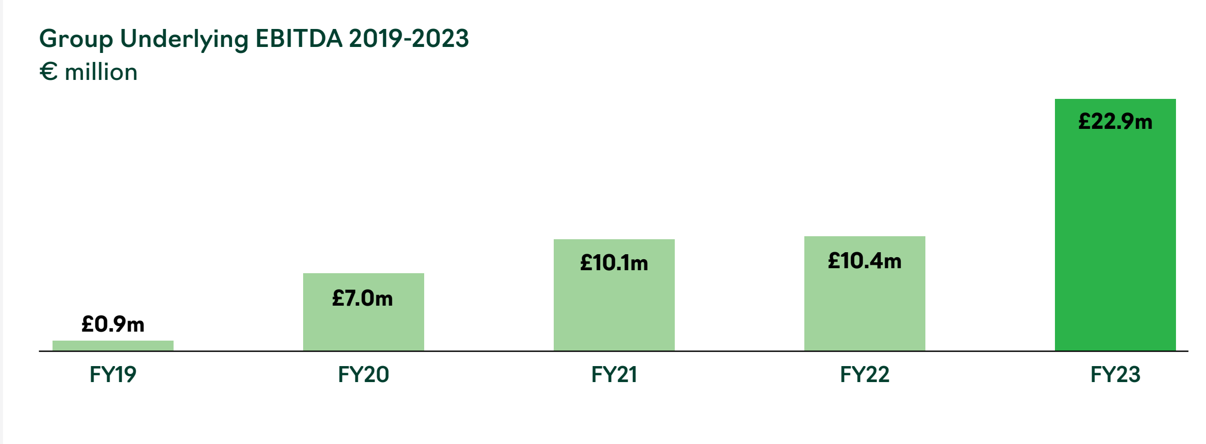
Plant and machinery additions of €21.4m (FY22: €41.0m) consisted of the construction of reactor 4 in Arnhem and the Tricoya plant in Hull.

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

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

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

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



Going concern

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

As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital requirements and covenant compliance for the foreseeable future under a base case scenario, taking into account the Group's financial resources including the current cash position and banking and finance facilities which are currently in place (see note 30 for details of these facilities).

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

These forecasts indicate that in order to continue as a going concern the Group is dependent on achieving certain operating performance measures relating to the production and sales of Accoya wood from the plant in Arnhem with the collection of on-going working capital items in line with internally agreed budgets.

In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya plant in Hull until appropriate funding arrangements have been put in place.

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

The Directors believe there are a sufficient number of alternative actions and measures within the control of the Group that can and would be taken in order to ensure on-going liquidity including reducing/deferring costs in some discretionary areas as well as larger capital projects if necessary.

The Directors believe that while some uncertainty always inherently remains in achieving the budget, in particular in relation to market conditions outside of the Group's control, under both the base scenario and severe but plausible downside scenario, there is sufficient liquidity and covenant headroom such that there is no material uncertainty with respect to going concern and have prepared the financial statements on this basis.

Steven Salo
Chief Financial Officer
26 June 2023

Risk Management

HOW WE IDENTIFY, EVALUATE AND MITIGATE RISKS

Global companies continue to face significant headwinds, and identifying, evaluating, managing and mitigating risk remains an essential corporate activity.

Risk governance

At Accsys, the Board is ultimately responsible for risk management. Ongoing risk assessment is delegated to the Audit Committee which seeks to ensure that Accsys' risk processes remain focused and robust.

The Audit Committee's terms of reference ensure it has the capability and structure to operate independently of the Accsys executive team, specifically:

- the Committee is required to have a particular focus on Accsys' processes for the management of business and financial risk;
- Committee members should have the ability to understand key business and financial risks and related controls and control processes;
- the Committee is entitled to obtain, at Accsys' expense, independent legal, accounting or other professional advice on any matter it believes is necessary to do so; and
- at least one member of the Committee should be literate in business and financial reporting and control and have past experience in finance or accounting or other comparable experience or background.

The current Chair of the Audit Committee is Sean Christie. Sean understands business and financial risk and related controls and control processes through being an experienced audit committee chair and a long executive career which included group finance director roles at large multinational organisations.

Accsys also has an executive-led Risk Committee which reports to the Audit Committee on risk management within Accsys' business and operations. Accsys' Risk Committee meets at least quarterly and is comprised of several members of the Senior Leadership Team. The Risk Committee conducts regular and structured reviews of risk, which it then reports to, and further reviews and discusses with, the Audit Committee. The Audit Committee then seeks to ensure that risks have been suitably identified and evaluated with appropriate mitigation plans in place.

The Risk Committee maintains a detailed risk register and seeks to:

- identify and rank key risk areas, including existing and new risks;
- allocate a Senior Leadership Team member with day to day oversight of each risk;
- evaluate the likelihood and impact of each risk;
- highlight to the Audit Committee changes in the risk register;
- identify steps that are being taken to mitigate the risk; and
- traffic light those areas of particular concern.

New and emerging risks

Accsys' Risk Committee remains alert to the presence of new or emerging risks to the business, as well as to any changes in the status or prevalence of existing risks to the business. Emerging risks identified during the past year can be found in the following tables and marked as 'New' in the 'Risk trend' column.

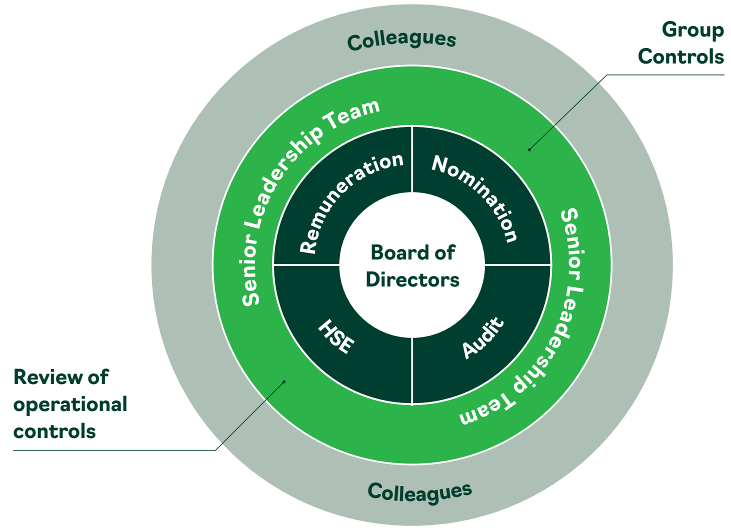
Risk culture

As part of Accsys' commitment to good risk management practices, it is focused on developing cultural awareness of risk and embedding good risk management practices at all levels of the organisation. Company initiatives that reinforce risk culture include a requirement for employees to complete training on certain risk topics and the employee annual appraisal process requires managers to check completion of the training by the employees. These training modules cover:

- Data management;
- Anti-corruption;
- Market abuse; and
- Anti-slavery.

Our risk management framework incorporates a top-down approach, setting the risk appetite and identifying our principal risks, together with a bottom-up approach to identify our operational risks:

All employees have a role in the management of risk within the Group.



A summary of the principal risks facing the Group is set out below. The below is subject to ongoing review and change. The risks should not be read in any order of priority. The 'Risk trend' column indicates the risk trend in the reporting period compared to the last Annual Report and, where appropriate, commentary has been provided on risk trend changes.

Risk	Description	Mitigation	Risk trend
Finance	A lack of strong financial control and planning may adversely impact the Group, both in respect of its short-term requirements, as well as enabling it to complete key capital projects. Given the Group's size relative to the scale of capital-intensive projects necessary for it to meet its growth strategy, the Group may be adversely affected by cost overruns on those projects. Further, if additional capital is required to fund cost shortfalls, such additional capital may not always be readily available, or if it is, the cost of capital may be relatively higher.	Relevant members of the Senior Leadership Team, with oversight from the Finance team, are tasked with ensuring sufficient planning and management of demand creation, raw material inventory management and operational production to maximise working capital efficiency and cash generation. Accsys has appropriate measures in place to monitor and control operational and capital expenditure. During FY23, Accsys took a number of steps to improve its FP&A capability and, in FY24, it plans to commence an upgrade programme of its ERP platform to further develop its control and planning systems. The Accsys Board also held additional meetings throughout the year to ensure an appropriate level of focus on the Company's financial position.	⟷

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Risk Management continued

Risk	Description	Mitigation	Risk trend
Health, Safety and Environment	The Group's manufacturing business and operation of industrial plants involve the use of both raw wood and certain chemicals, where there is a risk of health, safety or environmental (HSE) incidents at our sites such as injury, damage, explosion, contamination, or death. These represent ongoing risks with potentially catastrophic impact. Where Accsys is involved in constructing new plants, there is also HSE risk present in the nature of construction activities.	The Group maintains and continues to invest in HSE processes and systems internally. Our aim is also to continually increase HSE awareness among our people. In February 2023, the Group held a Health and Safety Month, providing additional training and activities on health and safety. The benefit of the focus in FY23 on safety awareness continues to be seen, with all employees understanding their important role to play in their own safety and the safety of others. Accsys' Group HSE Director is responsible for implementing and (where necessary) improving HSE matters across the Group. The Group HSE Director is supported by dedicated full-time HSE managers at our operational sites and reports frequently to the Senior Leadership Team. The HSE Committee also plays an important role in reviewing and assessing HSE matters to ensure the Group's HSE approach and strategy are appropriate depending on the risk profile. During FY23, the Board approved a change in the HSE Committee's terms of reference to ensure a strong emphasis on oversight of management and operational HSE activities.	↔
Hull Plant	Failing to conclude the construction of the new Tricoya plant in Hull, including its commissioning and start-up, in a timely manner, or at all, may affect the Group's ability to generate revenue or develop its Tricoya business as planned. It is possible that Accsys may not be able to obtain funding at an acceptable and/or necessary level and cost relative to the project requirements.	Finalising the verification of cost to complete Hull and the evaluation of funding options remains a key priority for the Senior Leadership Team and the Board. It is a priority for the Board that any course of action taken in respect of Hull does not have an adverse financial impact on Accsys. Whilst a decision on Hull is pending, the Senior Leadership Team ensures that maintenance costs at the plant remain within the Board's expectations and are funded by internally generated cash flow.	↔
Kingsport Plant	The construction of the new Accoya plant in Kingsport, Tennessee, including its commissioning and start-up, may affect the Group's ability to generate revenue as planned if the commencement of the commercial operation of the plant is materially delayed and/or costs materially more than budgeted.	The joint Accsys and Eastman Chemical Company team is intensively and continually reviewing the progress of the project. They have appointed experienced project and construction managers to monitor progress to ensure that the plant proceeds to commercial production materially on time and within budget.	NEW

Risk	Description	Mitigation	Risk trend
Licensing/ Partnering and Protection of Intellectual Property	A loss of demand for technology licences or interest in partnering with us for new or existing plants may adversely impact our ability to realise value from our IP and grow in line with our strategy. Similarly, a failure of our existing business partners, including contractors, licensees, and suppliers to perform as expected under our agreements could adversely impact our financial performance. In addition, as a business which materially benefits from IP, the loss of confidential information, patent rights, trademarks and other intellectual property is a key risk. A failure to maintain and grow its portfolio of IP, by patenting new inventions, acquisition or by prevailing in any IP litigation may have a material adverse impact on the Group. Together these risks could weaken the Group's competitive advantage in its Tricoya and Accoya businesses.	Developing strong relationships with current and future business partners to embed a pipeline of new business opportunities and foster key relationships is an important focus of Accsys' dedicated Business Development team. Accsys' Sales, Marketing and Licensee Support teams will also work with these partners to help them to grow their Accoya or Tricoya businesses. Accsys has dedicated resource to manage its IP which, together with external IP attorneys, are responsible for maintaining and developing the Group's IP portfolio. Accsys uses confidentiality and IP agreements when dealing with its business partners. To mitigate risk in relation to IP protection, training is given to employees to help ensure awareness of the need to protect our IP.	↔
Market and Supply Chain Disruption	Planned and/or unplanned macroeconomic effects and/or specific market dislocations may cause direct and indirect impacts on the price and/or availability of natural gas, raw materials and logistics. Given the relatively high proportion of input cost attributable to acetic anhydride and raw wood, material disruption in these markets may adversely impact Accsys' business. Commentary on risk trend: During the year, risk factors increased due to a number of macro events, including asymmetry between acetic anhydride and acetic acid markets and continued strain on logistics providers.	Building long-term relationships with key suppliers of raw materials, including new and existing suppliers of acetic anhydride, continues to be of paramount importance to Accsys. Maintaining a diversity of supply is key, as is ensuring good supplier relationships that provide Accsys with materials on time, in line with its expectations. In managing the supply chain for raw wood sourcing, risk is mitigated through a number of supplier screening, selection and monitoring steps and processes. It is also a requirement that Accsys' wood suppliers are FSC certified. Further information on Accsys' approach to supply chain risk management and biodiversity can be found on the Sustainability and ESG section of the Accsys corporate website. The Group has continued testing new species of raw wood from different geographic regions which would be suitable for application in respect of both Accoya and Tricoya. The Group also continued to build up resilience in its supply chain through further contractually binding arrangements with raw material suppliers.	↑
Manufacturing	The Group's ability to generate revenue and progress EBITDA relies heavily on its manufacturing capability. Manufacturing capability may be materially and adversely impacted by operational issues, including inadequate and/or insufficient preventative maintenance, engineering capability, equipment performance, activity planning, and site level procurement practice.	During FY23, Accsys commissioned and brought into commercial production Reactor 4 at its Arnhem facility, providing a material increase in capacity at the plant. At Arnhem, Accsys has also implemented a range of activities to mitigate manufacturing risk and drive resilient profitability at the site, including hiring an experienced Head of Manufacturing and Operations, enhancing equipment reliability plans and looking to continuously improve the performance of site mechanical stacking and de-stacking capability.	↔

Risk Management continued

Risk	Description	Mitigation	Risk trend
Talent	The potential inability to source or attract a sufficient number of capable people, retain sufficient numbers of people (including adequate engagement and enablement) and ineffective performance management and leadership of Accsys' people, could, if not mitigated, have a material adverse effect on Accsys' ability to deliver its strategy.	The Group maintains an ability to attract and retain skilled people through various processes and policies under the leadership of the Group's HR function. In addition, Accsys values and invests in colleague engagement and communication to maintain a positive and motivated culture. The Group made further progress in FY23 with respect to appointments in a number of key roles. Detailed reviews of functional requirements aim to ensure that the Group can appropriately resource its organisational needs at a time of rapid growth. Evaluations are carried out to identify those functions that are of critical importance for the Group and individuals within those functions that are themselves critical and/or are considered of high potential. Accsys also operates a Group-wide bonus scheme, together with a long-term incentivisation plan which seeks to reward, incentivise, motivate, attract, and retain critical personnel by way of share-based awards with deferred vesting.	↔
Sale of Products	Accsys relies on high levels of demand for its premium products, driven principally by the unique qualities and sustainability credentials that Accoya and Tricoya deliver. A key risk for Accsys is that changes in demand may arise out of macroeconomic events beyond the Group's control which may affect end-consumers' appetite to purchase premium products, together with changes in building material trends and/or increased competitive offerings increasing the relative substitutability of Accsys' products. Commentary on risk trend: During the year, inflationary headwinds have built momentum globally, which if sustained for an extended period, would be an increased risk factor.	The Group maintains structured Sales, Marketing and Product Quality functions which focus on supporting and growing our sales and customer demand, while ensuring the quality of our products. Research and development continues, with the goal of increasing overall product quality by way of enhancing quality control standards and carrying out root cause analysis. The Group has seen strong demand for Accoya Color, particularly in the USA, and it continues to seek to develop this demand globally.	↑
Environmental, Social and Governance (ESG) and Sustainability	Through its products, Accsys offers the world a choice to build more sustainably, and ESG goes to the heart of what the Group does. An inability to recognise ESG issues and mitigate ESG risks may be materially detrimental to the Group's prospects as a company with strong ESG credentials. In addition, failing to achieve crucial environmental product credentials, such as Cradle to Cradle® certification, could adversely impact Accsys' position in the market as a supplier of superior sustainable materials.	Accsys has a robust approach to ESG governance in key ESG areas including health and safety, people and wellbeing, ensuring fair and ethical conduct, producing and selling products that are sustainable and sourced responsibly, controlling Accsys' impact on the environment, and seeking to benefit the broader society and communities around Accsys. The Board engages with the Senior Leadership Team in setting meaningful sustainability targets. During FY23, Accsys continually focused on ensuring awareness of upcoming legislation and took steps to comply with frameworks such as TCFD and disclosures such as GRI and SASB. The Group is planning to apply for apply for Cradle to Cradle® recertification in FY24 and made progress in FY23 towards ensuring that this is achieved.	↔

Risk	Description	Mitigation	Risk trend
IT	As a company with valuable technological IP and with manufacturing processes that depend on IT systems, a failure of IT security, continuity or inadequate management information may have a serious impact on the Group's business. Risks relating to IT and cybersecurity are considered by the Audit Committee as part of its regular review of the Group's Risk Register. Commentary on risk trend: The increased prevalence observed globally of ransomware and similar cybersecurity risks, has become an additional risk factor.	Accsys maintains a high level of IT security through the adoption of a continuous improvement in enterprise information and data security process, and policy compliance. Physical device and systems security software and industry-leading security platforms have been implemented to monitor and manage the continually-evolving threat landscape. Accsys continues to develop and implement processes and procedures to support its ongoing operational security, in particular towards the strategic objective of achieving ISO 27001 compliance. Approximately 90% of the Group's IT environment is service based/cloud hosted, and supported by organisations which are ISO 27001 certified. Accsys conducts third-party vulnerability scanning and analysis including simulated hacker attacks, and has IT business continuity plans in place with disaster recovery and incident response testing held annually.	↑
Governance, Compliance and Law	A failure to maintain appropriate governance structures or a lack of a clear business strategy may lead to poor decision making and operational performance. It may also increase the risk of the Group failing to meet or stay compliant with applicable laws and regulations.	Accsys has adopted the QCA Corporate Governance Code and reports against it on a comply or explain basis. In addition to the disclosures set out in this Report and Accounts, Accsys' current Statement of Compliance relating to the QCA Code explains how Accsys complies with the Code and, in turn, mitigates risk. A copy of Accsys' current QCA Compliance Statement can be found at www.accsysplc.com/qca-compliance. Accsys also has dedicated legal and governance resource, headed by the General Counsel and Company Secretary, who is responsible for the Group's legal and Company secretarial affairs. Accsys regularly monitors legal and regulatory matters at a Group and business level, consulting with specialist advisers as necessary.	↔

OUR APPROACH TO SUSTAINABILITY

At Accsys we are committed to our purpose of

Changing Wood to Change the World

2023 highlights

CLIMATE CHANGE

Reporting Scope 3 emissions for the first time and continuing to report Scope 1 and 2 emissions

GOVERNANCE

13% year-on-year improvement in S&P Global Corporate Sustainability Assessment

Task Force on Climate-related Financial Disclosure (TCFD framework) action plan developed

RESPONSIBLE SOURCING

100% of Accoya from FSC® (CO12330) certified sources

SUSTAINABLE & QUALITY PRODUCTS

Accoya Color Grey Cradle to Cradle Certified® (Gold)

HEALTH AND SAFETY

Continued commitment to Zero Harm culture

The Accsys Environmental Social Governance (ESG) Framework is the foundation of our approach to sustainability.

It comprises Accsys' 10 material issues that are aligned to the United Nations Sustainable Development Goals. The framework is also guided by internationally recognised ESG reporting frameworks such as CSA (S&P), GRI and SASB.

Supported at the Accsys Board level, and with ESG targets integrated into our Executive remuneration, our approach to these issues is a core part of both our purpose of 'changing wood to change the world' and our integrated business and growth strategy.

Progress on sustainability strategy

Over the last year, we have entered Stage 2 of our sustainability strategy roadmap, which focuses on impactful action and data-led direction. We have continued to dedicate resources with the aim of delivering best-in-class ESG reporting for our shareholders and demonstrating ESG leadership in our industry.

Looking ahead

We are now focusing on using the data we have been collecting to start setting realistic, ambitious, and attainable targets based on the Science Based Targets initiative (SBTi) to reduce our carbon intensity. We are streamlining how we collect our data as the business expands to ensure the right processes are implemented from the beginning of new projects.

Over the following pages we highlight our key developments on the material issues pertaining to our ESG framework.

Our goals for FY24 include:

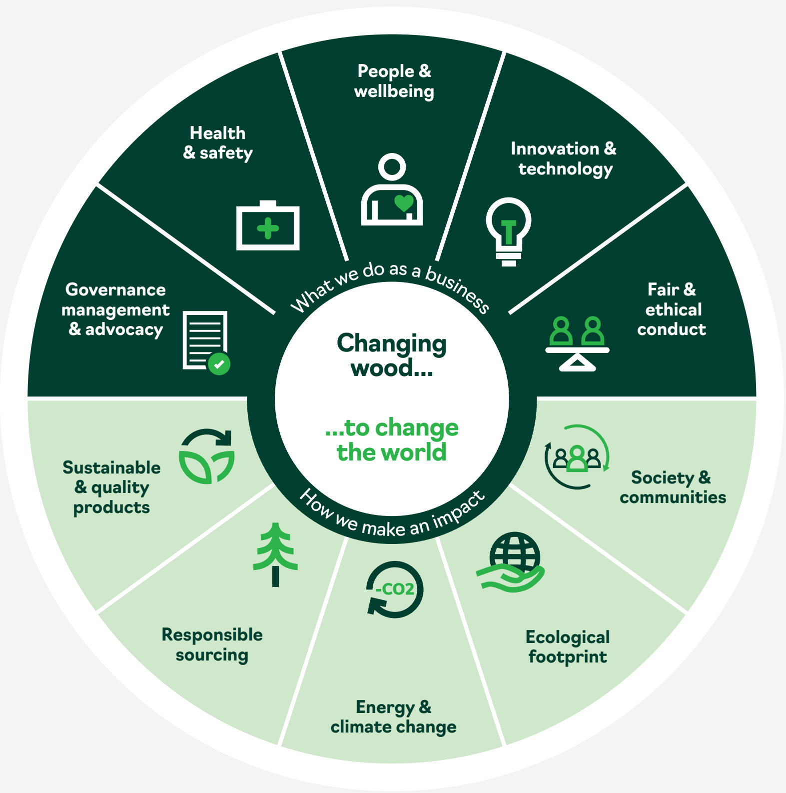
- Setting science-based carbon intensity reduction targets whilst considering our business's growth trajectory;
- Continuing to ensure our products are recognised as best-in-class for sustainability through third party accreditations;
- Implementing our action plan for the TCFD framework;
- Promoting our products as alternatives to carbon intensive man-made materials;
- Developing our corporate governance through implementing new policies on human rights and other key ethics areas; and
- Further improvement of our S&P CSA score.

More information and detail is also available in our SASB and GRI Content Index | www.accsysplc.com/esg-reporting
and queries can be directed to | sustainability@accsysplc.com

Sustainability continued

Over the following pages we describe our approach, key highlights and metrics on each aspect of ESG as well as next steps for FY24.

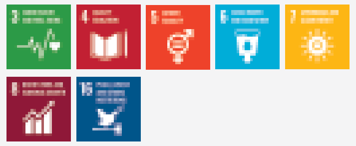
Our ESG Framework



Our contribution to the United Nations Sustainable Development Goals (SDGs)

Our main contributions focus on SDGs 9, 11, 12, 13 and 15, as these areas are where our business can have the most meaningful impacts.

Aside from these targeted areas, the strong sustainability performance of our business and product also align with a broader group of SDGs.



Sustainability strategy roadmap

We are on track with our sustainability strategy roadmap. This year we have further developed our approach, processes and action plans for our material issues, with particular focus on improving measurement, monitoring, reporting and management of performance.

Stage 1:
Evaluation and strategy refinement

Stage 2:
Impactful action and data-led direction

2022 — **2023** — **5+ years**

- Improve assessment, monitoring and data management
- Review and, where necessary, set up new formal policies, oversight and workflows
- Initial actions for improvement in each material issue
- Establish baseline statistics and metrics

- Use improved data to refine action plans & set realistic, ambitious and attainable targets
- Implement and support new programmes and initiatives
- Manage and reassess material issues and stakeholder priorities to ensure continued relevance

Our focus on TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies to disclose climate-related financial risks and opportunities in their operations, governance, and strategies.

At Accsys, we are committed to following best practices in sustainability governance and reporting, going above and beyond regulatory obligations. As part of this we have conducted an initial review of the TCFD. In FY24, we will focus on key actions which Accsys is able to implement related to the TCFD recommendations, as we understand the importance of evolving our approach to climate risk and resilience.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In the coming years, Accsys will do the following to implement the TCFD recommendations:

1. **Conduct a climate risk assessment:** analysis of how physical, transition, and liability risks from climate change across different temperature scenarios may affect our business operations, supply chains, assets, and financial performance;
2. **Integrate climate risks and opportunities into strategy and governance:** we will incorporate climate considerations into our decision-making processes and risk management systems;
3. **Set climate-related targets and metrics:** we are in the process of establishing measurable science-based metrics to support targets on our greenhouse gas emissions, increase our energy efficiency and adapt to climate risks;
4. **Disclose climate-related information:** we will look to report our climate-related risks, opportunities, and impacts in a way that is aligned with the TCFD's recommended disclosures;
5. **Engage with stakeholders:** we will engage with investors, customers, colleagues, and other key internal and external stakeholders on climate-related issues; and
6. **Monitor and improve:** we will monitor and review these climate-related disclosures, targets, and performance and ensure our approach remains aligned with developing practice.

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Sustainability continued

Environment

The environment is at the core of our business. Our product enables the world to build more sustainably, and we are committed to producing it in the most responsible and circular way.

We continue to innovate to minimise our environmental impact across our operations, in accordance with our Climate Change policy, whilst sourcing our raw materials responsibly. We work collaboratively with our suppliers and forge new partnerships to ensure the secure supply of sustainable materials.

Our products continue to meet the highest standards of quality and sustainability by achieving third party accreditations and certifications – while always meeting our customers' needs. We publish our Environmental Product Declarations (EPDs) on Accoya.com.

50,827 tCO_2

sequestered in products sold (FY22: 47,838 tCO_2)*

Zero waste to landfill (FY22: 0)

100% certified sustainable (i.e. FSC® (CO12330) wood sources (FY22: 100%)

60 tonnes reclaimed Accoya wood re-processed for Tricoya (FY22: 134 tonnes)

100% suppliers screened using social and environmental criteria (FY22: 100%)

100% of new supplier wood mills visited before supply (2021: 100%) and 81% of wood supply mills visited within three years (FY22: 85%)

100% of operations subject to human rights reviews or impact assessments (FY22: 100%)

0.11 tCO_2e/m^3 Scope 1 & 2 emissions intensity (FY22: 0.09 tCO_2e/m^3) see Greenhouse Gas Emissions information on page 62 for more information.

* These figures are unaudited

FY23 highlights

- **Increased renewable electricity usage as a proportion of total electricity:** renewables now 63% of the overall mix, including RECs (FY22: 39%)
- **Continuing to research new wood sources and locations:** positive results from long-term trials of Accoya made from fast growing Taeda pine from Argentina and Uruguay
- **Steering group for carbon reduction intensity:** established an internal committee (SteerCo) to focus on carbon intensity reduction
- **Cradle to Cradle Certified®:** in May 2022, Accoya Color was Cradle to Cradle Certified® at the prestigious 'Gold' level
- **Enhancing production circularity:** embracing new technologies for closed loop acetic acid recycling and continuing to develop our offcuts reclamation programme
- **Minimising impacts of raw materials sourcing:** refreshed Lifecycle Analysis (LCA) of all existing and potential acetic anhydride supply options to guide future sourcing decisions

Looking forward

- Maintain 100% certified sustainable wood sources in FY24
- Set Science Based Targets for reducing our carbon intensity
- Increase in-person wood mill supplier engagement
- Continue to maximise the use of raw materials and reduce the impact of our supply chain through:
  - Expanding the use of lower grade woods for our engineered wood products to maximise the use of forest resources
  - Continuing to explore the use of other suitable wood species, source locations and supply options for more sustainable and lower impact wood sourcing
  - Ongoing evaluation of acetic anhydride supply sourcing, reuse and recycling of acetic acid co-product
- Conduct feasibility study of using biomass at Barry, UK
- Increase annual volume (m^3) of Accoya offcut reclamation being remanufactured for Tricoya

ENVIRONMENT CASE STUDY

Cradle to Cradle Certified® – demonstrating performance and sustainability go hand in hand

At Accsys, we are proud that our products are high performing, while contributing to a more sustainable built environment. Externally assessed accreditations and certifications allow us to demonstrate our sustainability attributes and ensure that we are progressing and focusing on the right areas.

Cradle to Cradle Certified® (C2C) is an independent global standard for products that are safe, circular and responsibly made. It helps companies ensure the impact of their products on people and the planet is a positive one. Companies must reapply for C2C status every two years.

Accoya has held Gold C2C Certified® status, since 2010, highlighting the company's impressive sustainable wood sourcing strategy, non-toxic product and use of more than 50% renewable energy in production. The separate Platinum certification in the Material Health category recognises that the product poses no danger to either the environment or human health, and is the highest possible certification level.

In May 2022, Accoya Color was Cradle to Cradle Certified® at the prestigious 'Gold' level. It also achieved 'Platinum' (the highest level) for both 'Material Health' and 'Water Stewardship'. This recognises that Accoya Color as a product adheres to very high standards of sustainability, alongside it's recognised high performance and durability credentials.

ENVIRONMENT CASE STUDY

Maximising nature's resources

Wood is the natural ingredient for our product. We are very conscious of making sure that the wood we use is replenished and we only take supply from FSC® (CO12330) certified sources (or equivalent). While trees are a renewable resource, we are careful to use them responsibly and maximise the use of the resources we take. This benefits the environment as well as making good business sense.

In 2021, we started a programme to take back Accoya wood trimmings from some of our trusted manufacturing partners and using them to manufacture Tricoya wood chips. This involves reclaiming these trimmings and putting them through a rigorous quality control process, including inspections by our trained operators, to ensure that all the material meets the quality required for Tricoya chips. The Accoya offcuts are already acetylated, making it a highly efficient process to create Tricoya chips directly from them – and minimising waste. Since we started, we have reclaimed 683m³ of Accoya offcuts for use to make Tricoya wood chips.

Although our offcuts and reuse programme is still in its early stages, our goal is to develop it further over time and open it up to more and more of our customers – and potentially their customers too. This not only keeps the carbon locked into our materials for longer, but also enhances value, reduces waste, and further embeds our sustainable and circular economy philosophy.

Responsible Purchaser
Timber Development UK
building a better world with wood

FSC

Accsys Technologies is participating in Timber Development UK's (TDUK) Responsible Purchasing Policy (RPP) which includes, where applicable, gathering and reporting of annual import/purchasing data, conducting and continuously improving Due Diligence in line with the UK and/or EU Timber Regulation (UKTR/EUTR) or submitting an annual declaration of no imports.

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Sustainability continued

Greenhouse Gas Emissions

Scope 1 & 2

Scope 1: direct emissions from company owned or controlled sources; Scope 2: indirect emissions from the generation of purchased energy, such as electricity.

5,479

tCO_2e SCOPE 1 EMISSIONS

(FY22: 4,715)

1,547

tCO_2e SCOPE 2 EMISSIONS MARKET-BASED

(FY22: 680), 4,783 tco_2e RECs retired (FY22: 7,502)

Scope 1 & 2 Greenhouse gas (GHG) emissions information

		FY23 Total	FY22* Total
Scope 1 emissions	tco_2e	5,479	4,715
Scope 2 emissions location-based	tco_2e	3,238	2,817
Scope 2 emissions market-based	tco_2e	1,547	680
Total scope 1 and 2 emissions market-based	**tco_2e**	**7,027**	**5,395**
Carbon offsets purchased	tco_2e	2,843	3,910
Renewable Energy Certifications (RECs)**	tco_2e	4,783	7,502
Scope 1 and 2 emissions (net value)	**tco_2e**	**4,184**	**1,485**
Accoya wood product produced	m^3	63,344	59,649
Net Scope 1 and Scope 2 emissions intensity per wood product produced	tco_2e/m^3*	0.11	0.09
Energy consumption associated with Scope 1 and 2 emissions	**MWh**	**40,296**	**34,603**

* The 2022 figures have been updated following improvements in our methodology.

** We retired renewable energy certificates to green our consumption.

We use market-based emissions to calculate our GHG inventory. These figures are not subject to assurance or audit.

Changes to previous year

Our Scope 1 and 2 emissions saw a year-on-year increase. This can be attributed to increased engineering activity during the expansion of our Arnhem site and the subsequent increased production and natural gas use. Additionally, we use Renewable Energy Certificates (RECs) to reduce our climate impact at our manufacturing sites and we retired considerably fewer RECs in FY23 than FY22.

Scope 3 emissions reporting

- At Accsys we have long focused on credible assessments on our environmental impact. We have conducted product life cycle assessment of Accoya wood for 20 years.
- This year we built on our progress and have conducted Scope 3 emissions internal reporting. These can be seen in the ESG data table on the Accsys website.
- For the next steps, we will be assessing our impacts in more detail as we look towards developing our near to longer-term commitments.

Scope 1, 2 & 3 Emissions Methodology

- We have reported on emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Streamlined Energy and Carbon Reporting requirements.
- We report on all existing sites where we have active operations, this includes our manufacturing facility in Arnhem, the Netherlands, our Accoya Color facility in Barry, UK, our Dallas office, our Tricoya site which is under construction in Hull and our London office. Our energy consumption at our Kingsport site is currently below the reporting thresholds.
- Emissions have been calculated following the GHG Protocol – Corporate Accounting and Reporting (revised edition) using the following databases: IPCC 2006 Guidelines for National Greenhouse Gas Inventories, 2007 IPCC Fourth Assessment Report; and IEA factors (2022). We also use the UK Government GHG Conversion Factors for Company Reporting (2022).
- Following the Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements'(BEIS, DEFRA 2019), carbon offsets may be accounted for separately as a 'NET' figure, while the original electricity consumption figures should be presented as a 'GROSS' figure.

Our net market-based figure takes into account RECs and offsets retired in the reporting year.

- Scope 2 emissions are reported in both location-based and market-based approaches to take into account the purchase of Renewable Energy Certificates (RECs), a market-based instrument.
- We have purchased 2,834 tCO_2e of carbon credits to offset a proportion of our GHG emissions. The credits are Voluntary Emissions reductions from the Verified Carbon Standard (VCS) and Climate, Community & Biodiversity Standards (CCB) through EcoAct's portfolio.

Sustainability continued

Social

At Accsys, we are committed to looking after our colleagues and communities by operating in a safe and supportive working environment. We seek to have a positive social impact through a variety of activities aligned with our business purpose of 'Changing wood to change the world'.

As a manufacturing company, health and safety always comes first. We will continue to practice health and safety excellence, improve monitoring, raise awareness of our safety policies and strategy, and embed the importance of health and safety in our company culture. Our ambition is ultimately for zero harm.

We know the best results come from people who are engaged, motivated and have opportunities to develop. We have an extensive learning and development programme for all colleagues and we also give our colleagues the opportunity to participate in an employee share plan, enabling them to share in the success of the Company.

78%
bi-annual colleague engagement survey response rate

0 incidents of discrimination (FY22: 0)

22% colleagues invested in the FY23 Employee Share Plan (FY22: 36%)

34 total hours of training and development per person (FY22: 29)

88% "I feel able to be myself at work" survey response

€72,219 donated to charitable activities (FY22: €20,875)

	% Male	% Female
Non-Executive Board Members	71	29
Senior managers*	80	20
All employees	84	16

Note: Table reflects FY23

* Senior managers include our Executive Board Members, Senior Leadership Team, and senior managers with highest levels of strategic influence for the organisation.

FY23 highlights

- **Increased focus on HSE awareness,** including the first Accsys Health and Safety Month in February 23
- **Launch of Digital Safety Observation cards** to make it easier and quicker to report safety issues
- **Continued commitment to Learning and Development:** including the launch of the 'Accsys Leadership Club' to develop future leaders from within
- **Diversity and Inclusion:** Establishment of an internal working group focusing on developing and implementing a Diversity and Inclusion policy
- **Volunteering day:** Engaging colleagues and supporting the community through a tree planting day with our charity partner, Trees For All
- **Support delivered to communities** through monetary donations and charitable product donations (with screening criteria through the Charity Committee)

SOCIAL CASE STUDY

Beyond Accsys: ESG in our supply chain

Our suppliers are a critical part of our ESG strategy and we are committed to working with suppliers who share our values as well as meeting our quality requirements and standards. We have been working to broaden our wood supply, looking for alternative wood sourcing locations and species. Working with our wood supplier CMPC, we identified a mill in a rural area of North-Eastern Argentina that had the potential to meet our requirements. However, this mill was not currently FSC® certified and needed some quality improvements.

Working in close collaboration with the Product Development team at CMPC, we explained to the mill how they could benefit from FSC® certification. We then worked with CMPC to help the mill reach the quality necessary to become an Accsys supplier and to support them on the FSC® certification process. The mill now expects to be certified later this year. At this point we plan to appoint them as a supplier.

By becoming FSC® certified the mill will not only improve ESG practices, it will also be able to command a higher price for its product and benefit from increased market opportunities. This, in turn, will enable additional and better paid jobs to be created in an economically depressed area. A win-win for the mill and the local community!

Looking forward

- Launching the Life Saving Rules programme to enhance health and safety around certain higher risk activities
- Assessing opportunities for continuous improvement in health and safety across the sites we control
- Further development of our global HSE systems, including systems development for Hull and Kingsport
- Focus on reducing lost time incidents to meet our target 0.5 LTIR**
- Create an online learning and development system to facilitate training

** Per 200,000 hours worked

Focus on: Health and Safety

Building a Zero Harm culture

0 fatalities (FY22: 0)*

1.0 Lost Time Incident Rate (LTIR) (FY22: 0.5)**

1.04 Incident severity rate (FY22: 8.97)

694 Management Safety Tours (FY22: 741)***

1316 Safety Observation Cards submitted (FY22: 1060)

28 working days lost due to accidents (FY22: 8)

Our number one priority is ensuring all our colleagues go home safely every day. We are embedding a health and safety culture throughout the organisation, with the ultimate aim of zero harm. This year, we have made good progress on further building health and safety into our working culture.

During the year, we introduced a digital version of our Safety Observation Card (SOC) to make it easier for colleagues to report and suggest safety improvements. As a result we saw our SOCs increase to 1,316 which is a significant increase on the prior year.

Over the last 12 months, we have been focusing on areas to continuously improve and enhance our existing approach to health and safety.

During the whole of February 2023, we organised a Health and Safety month, where we held various events, including H&S training, AED demonstrations for all staff, PPE inspections and had numerous guest speakers. We also used this event as a launchpad for Life Saving Rules – several key safety rules to keep colleagues safe when carrying out higher risk activities. The event was a great success and a follow up questionnaire found that 89% of respondents valued the event, with 77% saying that it made them think more about health and safety.

* The below are all employee related metrics. Contractor related metrics can also be found in the ESG section of our corporate website.

** Per 200,000 hours worked.

*** With the completion of reactor 4 and stacker projects at Arnhem and the hold position for Hull we are currently working significantly fewer hours.

Sustainability continued

Governance

We strive for first-class governance, management and stakeholder relationships to sustain our growing scale.

We will uphold our commitment to high ethical standards, ensuring our processes and procedures are strengthened as we continue to grow.

0 incidents

of bribery and corruption (FY22: 0 incidents)

1 fine* and 0 non-monetary sanctions from non-compliance with environmental laws and/or regulations (FY22: 0)

0 incidents of bribery and corruption (FY22: 0 incidents)

3rd annual GRI and SASB reporting disclosure

1 'meet the Board' event held for Accsys colleagues

100% relevant colleagues (including Board) communicated with and completed refresher training on anti-corruption policies and other key topics (FY22: 100%)

€4,109 regulatory fines, sanctions or settlements (FY22: €0)

€0 direct spend on political campaigns, lobbying or think tanks (FY22: €0)

FY23 highlights

- Accsys scored 43/100 in the S&P Global Corporate Sustainability Assessment - reflecting an improvement of 5 points (+13%) over last year's score of 38/100
- Continued adherence to QCA Corporate Governance Code (see page 82 for more information)
- ISO 9001 Quality Management certification awarded to Arnhem site
- Continuing to integrate ESG principles into procurement practices
- Monitoring and training in relation to key governance topics, including Anti-Bribery, Market Abuse and Modern Slavery

GOVERNANCE CASE STUDY

Embedding quality into everything we do

In February 2022, Accsys' Arnhem site was granted ISO 9001 accreditation. This certification has been awarded for the first time in Accsys' history.

ISO 9001 is an internationally recognised accreditation for quality management. It acts as a strong indicator that a business is well-run and credible, helping ensure partnerships are secure, risk is minimised and customer satisfaction is the best it can be.

ISO 9001 certification is not an obligation – it's a choice. And by choosing to be accredited we are demonstrating our commitment to organisational excellence.

Our journey towards ISO 9001 accreditation began in mid-2020. Over the past two years a tremendous level of effort and teamwork has gone into the granting of this accreditation, from introducing new systems and internal auditing processes, to training and educating colleagues on the ISO 9001 principles and support methodologies.

As well as giving customers and external partners confidence in our business, the certification will benefit colleagues through ensuring we have clearly defined and well managed processes.

As part of our ongoing commitment to ISO 9001, our quality management system will now be subject to an external audit at least once a year.

Looking forward

- TCFD (Task Force on Climate-related Financial Disclosures) implementation commencement
- Continuous improvement of Board focus on ESG
- Monitoring new mandatory reporting frameworks e.g. EU Taxonomy
- ISO 45001 and ISO 14001 certification action plan developed
- Further improvement to data management processes

* Related to a small chemical spillage. There was no significant health exposure.

Stakeholder Engagement

Promoting the success of the Company for the benefit of all its stakeholders

In discharging their duty this year, the Directors (both individually and collectively) confirm that during the year under review, they acted to promote the long-term success of the Company for the benefit of its members as a whole, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 ('Section 172(1)').
The following symbols a b c d e f refer to the Section 172(1) factors (a) to (f).

a The likely consequences of any decision in the long term

b The interests of the company's employees

c The need to foster the company's business relationships with suppliers, customers and others

d The impact of the company's operations on the community and the environment

e The desirability of the company maintaining a reputation for high standards of business conduct

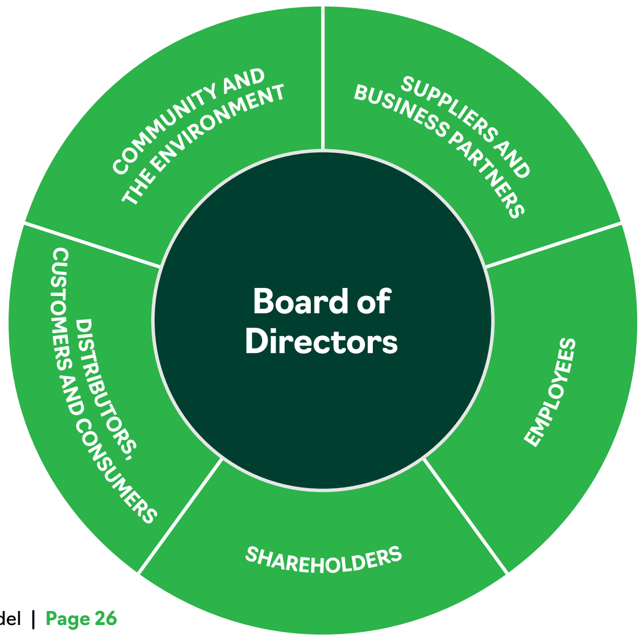
f The need to act fairly as between members of the company

The Board is regularly updated on engagement and feedback from Accsys' broad spectrum of stakeholders to enable it to consider such views during relevant decision-making processes, taking into account the impact of decisions on stakeholder groups.

As part of their induction, all Directors are briefed on their statutory duties including Section 172(1) and can access professional advice on these – either through the Company or via external advisers. During the course of the year, key duties and other corporate governance matters are reviewed at Board meetings.

The table on the following page, summarises the Group's key stakeholders and highlights the issues which matter the most to them. It goes on to further illustrate how the Board engages with each stakeholder group and ties in key decision making against the Section 172(1) (a) to (f).

Listening, engaging and partnering with stakeholders across our business activities helps us to address our business impacts and improve outcomes for people, health and safety, and the environment.



See more about our business activities in our Business Model | Page 26

Stakeholder Engagement continued

The following symbols a b c d e f refer to the Section 172(1) factors (a) to (f) on previous page.

STAKEHOLDER GROUP	WHAT MATTERS TO THIS STAKEHOLDER GROUP	HOW THE BOARD ENGAGES	BOARD ACTIVITY AND KEY DECISIONS	STRATEGIC PRIORITY
Shareholders	• Financial performance of the business • Operational performance of the business • Risk management • Board composition and succession • Long-term sustainable and profitable growth • ESG issues relating to climate change • Strong governance	• Annual general meetings • Investor relations-led engagements during the year • The Board reviews and approves communication that is circulated to investors including trading updates, Annual Report, RNS announcements • Investor feedback following the communication of the Company's full and half year results to investors • Direct investor engagement periodically	• Capital raising • Restructure of the Tricoya consortium • Board restructure/Directorate changes • Monitoring progress on key capital projects a b c d e f	• Build organisational capability • Develop our technology
Suppliers and business partners	• Terms and conditions • Modern slavery (in the supply chain) • Data protection/GDPR • Relationship management • Business conduct and reliability • Responsible sourcing • Business performance	• Key account management	• Monitoring key supply chain metrics and decision making • Review and approval of the Modern Slavery statement and review of supply chain and business partner risk identification and mitigation • Consolidating relationships with joint venture partners and key suppliers a b c d e f	• Grow product demand • Practice manufacturing excellence
Distributors, customers and consumers	• Product quality and performance • Level of customer service and accountability • Product availability • Communication and regular dialogue • Collaboration on sales and marketing • Sustainability objectives • Standards of business conduct • Protection of data		• Board monitoring of sales metrics and product quality • Approval of the strategic expansion of Arnhem (reactor 4) to bring more product to market and meet customer demand for more product availability • Approval of the enhancing customer and distributor engagement programme and sales/marketing resources • Approving initiatives such as the Approved Ambassadors Programme • Approval of the Approved Manufacturers Programme and support for promotional marketing activities a c e	• Grow product demand • Practice manufacturing excellence
Employees	• Health and safety (and working conditions) • The Company's financial position • Learning and development opportunities • Diversity and equality • Pension scheme • Impact of technology on the workforce • Empowerment • Having a stake in the business	• Regular communication up-dates in different forms, from in-person meetings to video-conferences and forums • Employee feedback and questions are also actively encouraged • Ensures appropriate whistle-blowing platform in place	• Directorate changes • Approval of the Employee Share Participation Plan • Commitment to an all-employee learning and development programme • Prioritising health and safety and commitment to building a zero incident culture a b c d e	• Build organisational capability
Community and the environment	• Impact on the development, performance and position of the Company and the Company's impact on climate change • How the Company assesses climate change expertise • Understanding of local community, the communities in which it operates and being a responsible employer	• Climate change policy • Societies and Communities strategy	• Commitment to ensuring our product continues to have a positive impact • Commitment to certification. (Accoya is Cradle to Cradle® certified Gold, and Platinum for Material Health, recognising its circular economy benefits) • Commitment to sourcing 100% of our wood from FSC® (or PEFC) certified sustainable and well managed sources. • Embedding ESG into the Company's incentivisation targets a b d e	• Practice manufacturing excellence

Stakeholder Engagement continued

Long-term view

The Directors aim to ensure that the business and its values-led vision is not only a commercial success in the short-term, but also in the long-term. The evaluation of long-term consequences of decisions involves the Board managing responsibly as Accsys continues to advance technologies and solutions for a better world. The Directors hold a strong belief that the Company has a collective social responsibility to use and develop its technology to make the world a better, more sustainable place. This belief, together with health and safety, remains a fundamental priority of the business.

In order to assess the likely consequence of a decision in the long term, the Directors focus on Accsys' key values and stated purpose: 'Changing wood to change the world', to ensure that strategic aims provide long-term benefits and success for the business and its stakeholders.

Good business conduct

Accsys is committed to a policy of minimising any negative social and environmental impact that may flow from its activities. Such expectations are clearly communicated, for example, in the Accsys Sustainability Report, Anti-Corruption, Bribery and Tax Evasion Policy, Modern Slavery Statement and Accsys' Whistleblowing Policy. Accsys is committed to improving its practices for combatting and eliminating slavery and human trafficking. The Board periodically reviews and approves such policies and statements (where relevant) to ensure that its high standards are maintained both within the business and by business partners, with training rolled out across the Group to ensure understanding and compliance with key principles.

Statement of engagement with other business relationships

Delivering our strategy requires strong relationships and alignment with suppliers, customers, distributors, licensees and business partners, as well as investors and other business relationships. The Company has developed a strong network of global distributors which has seen Accoya being sold into all continents of the world. Important relationships with suppliers in the wood and acetyls industries have been fostered over more than a decade to mitigate risk and promote success. Accsys provides training to its end-users (most frequently joineries) and distributors in relation to Accoya, including information for usage applications, manufacturing, environmental and social benefits. Accsys also maintains frequent contact with and, when possible, visits to customers to ensure regular and open dialogue. The Company's relationships with suppliers, and with business partners such as Eastman Chemical Company in relation to Accoya USA, are key elements of the success of its business. These relationships and ventures also create value for our partners, where the new plants under construction will create new long-term demand and supply opportunities for their businesses where the sustainable nature of the finished products that they contribute to also supports their own sustainable development. We believe that our Accoya and Tricoya products will serve a long-term role in replacing non-renewable hardwoods and environmentally damaging man-made products while crucially being able to offer all of the attributes desired of a high-performance product.

Statement of engagement with employees

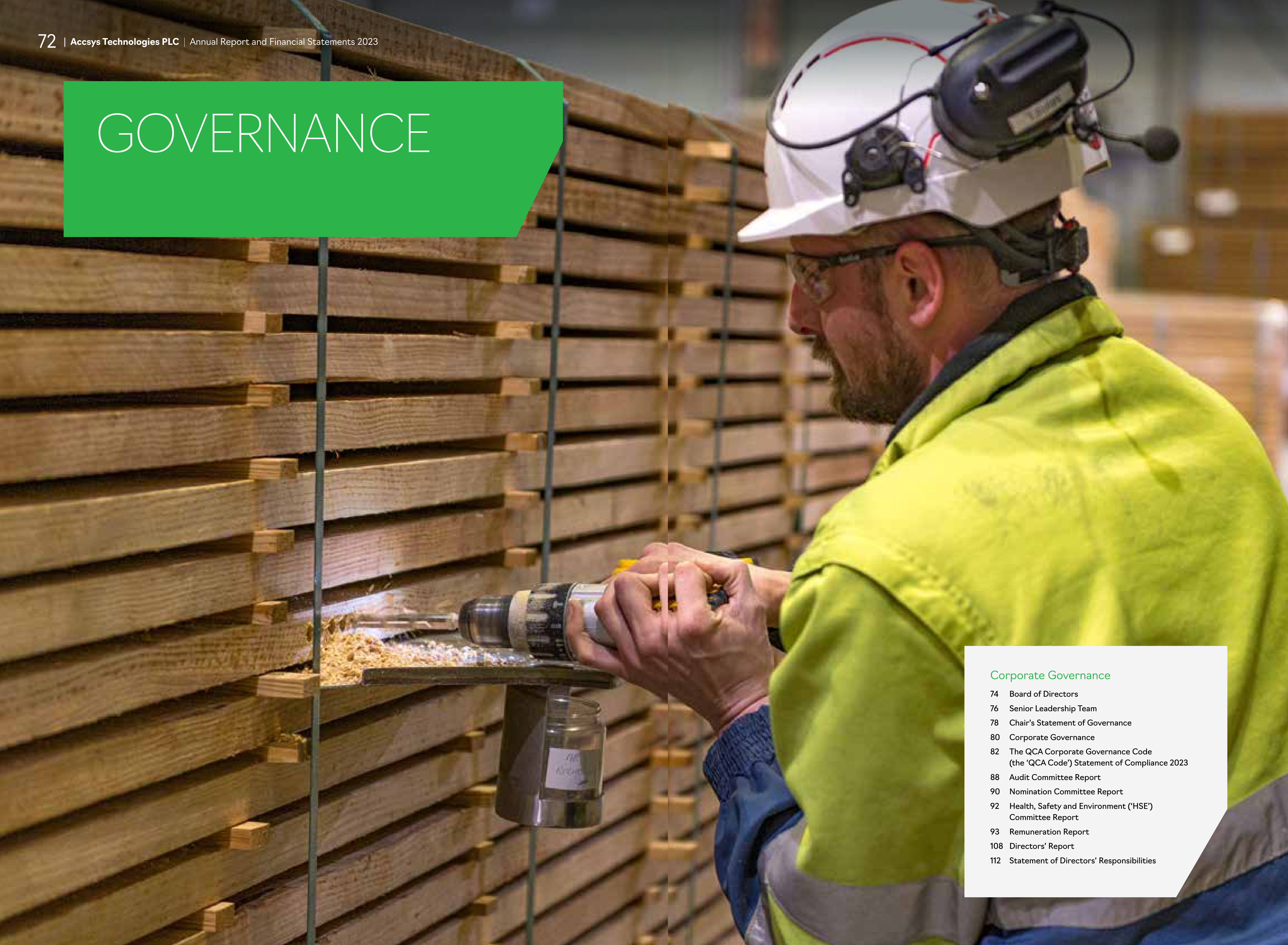
The Directors recognise that our people are key to the success of our business.

To ensure strong and positive employee engagement, Accsys holds regular communication updates in different forms, from in-person meetings to video-conferences on a wide range of topics, including: health and safety; the Company's financial position; strategy; and updates on project progress and team activities. Employee feedback and questions are also actively encouraged. These communication forums combine a strong structure with an informal environment to facilitate and promote real engagement and open dialogue throughout all levels and functions of the organisation.

The Company has an annual Employee Share Participation Plan as an additional benefit of employment. This is open to all employees, providing an opportunity to acquire an ownership interest in shares and is intended to engage, retain and motivate colleagues, thereby promoting the long-term growth and profitability of the Company.

The Company intends to ensure that we remain a responsible and well-regarded employer, by considering factors from health and safety, skills and competency development to pay and benefits, and the implications of decisions on employees.

GOVERNANCE



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Board of Directors

Key to Committees

Audit Committee · Nomination Committee · Remuneration Committee · Health, Safety and Environment Committee · Chair of Committee

Stephen Odell

Executive Chair

Appointed to the Board

23 June 2020

Background and Experience

Stephen assumed the position of Executive Chair of the Board on an interim basis on 1 April 2023. On 1 July 2023 Stephen will revert to Independent Non-Executive Chair. Stephen came to Accsys as Chair following 38 years of service at Ford Motor Company, including extensive Board and Chair positions. This included appointments as Chairman and Chief Executive of Ford Europe, Middle East and Africa, CEO of Volvo Cars, overseeing the sale to Geely and Global Senior Managing Director of Mazda Corporation, operating out of Japan.

He most recently held the position of Executive Vice President of Global Marketing, Sales and Service and oversaw these areas for all of Ford's operations globally, following work for the company in the USA, Asia and Europe.

External Appointments

Member of the University of Nottingham Council (effective 1 August 2021)

Steven Salo

Chief Financial Officer

Appointed to the Board

1 April 2023

Background and Experience

Steven, a chartered accountant, brings significant experience in senior financial leadership roles, executing high-value corporate and business development transactions, and driving and shaping businesses for profitable growth. His experience includes substantial construction and engineering work.

Prior to joining Accsys, Steven was Group Chief Financial Officer at Depa PLC. Steven was also interim CEO of Design Studio Group Ltd from 2019 to 2021 and, prior to joining Depa, was Head of Strategy, Corporate Development and M&A at Arabtec Holding PJSC.

Steven formerly worked in investment banking for both Citigroup and Dresdner Kleinwort Wasserstein and began his career at PwC in Australia.

External Appointments

None

Sue Farr

Non-Executive Director

Appointed to the Board

27 November 2014

Background and Experience

Sue is a highly experienced marketing and communications professional.

She has been Chair of both the Marketing Group of Great Britain and The Marketing Society. A previous Advertising Woman of the Year, she was awarded an Honorary Doctorate by the University of Bedfordshire in 2010.

Her previous experience includes being on the executive management team at Chime Communications PLC; Europe MD of leading PR firm Golin Harris, Director of Corporate Affairs for Thames Television, and she was the BBC's first ever female Director of Marketing and Communications. She was also Non-Executive Director of Motivcom PLC; a Trustee of the Historic Royal Palaces; and a Non-Executive Director of Dairy Crest Group PLC and of Millennium & Copthorne Hotels PLC.

External Appointments

Sue is currently a Non-Executive Director of:

- British American Tobacco PLC
- Unlimited Marketing Group Limited
- Helical PLC
- Lookers PLC
- THG PLC

Sean Christie

Non-Executive Director

Appointed to the Board

27 November 2014

Background and Experience

Sean has extensive knowledge of finance and strategy in major businesses and is an experienced Audit Committee Chair.

Sean's previous experience has included being Group Finance Director of Croda International PLC and Group Finance Director of Northern Foods PLC. He also served as a Non-Executive Director of: KCOM Group PLC; Eminate Limited, a wholly owned subsidiary of The University of Nottingham; Cherry Valley Farms Limited and Produce Investments PLC: Applied Graphene Materials PLC and Turner-Townsend LLP.

He is a Fellow of both the Chartered Institute of Management Accountants and the Association of Corporate Treasurers.

External Appointments

Sean is currently a Non-Executive Director of:

- Optibiotix Health PLC

Trudy Schoolenberg

Non-Executive Director (Senior Independent Director)

Appointed to the Board

1 April 2018

Background and Experience

As well as strategy and growth experience, Dr Schoolenberg has strong operational knowledge, gained both during her time at Shell and thereafter at Akzo Nobel.

Trudy has nearly 30 years' experience working for blue-chip companies in the chemicals, engineering and high performance product sectors, including over 20 years with Royal Dutch Shell where she led business strategy and growth plans for Shell Chemicals, a business unit with a multi-billion dollar turnover.

External Appointments

Trudy is currently a Non-Executive Director of:

- SPIE SA
- Elementis PLC
- TI Fluid Systems PLC

Alexander Wessels

Non-Executive Director

Appointed to the Board

18 September 2020

Background and Experience

Alexander brings over 30 years of chemical, pharmaceutical and process industry knowledge and experience to Accsys. He is currently Chief Executive Officer of Caldic B.V. and Vice Chairman of Archroma, a colour and speciality chemicals company, where he was CEO for over six years leading the business through a significant period of growth and success.

With an MSc in Molecular Sciences, and an MBA, Alexander has a strong track record of improving business performance and transformational growth. He has international experience including in the Netherlands, the USA and Switzerland and has held executive and management positions with DSM, Campina and Unilever.

External Appointments

Alexander is currently Chief Executive Officer of Caldic B.V. Alexander is also a Non-Executive Director of:

- Archroma (Vice Chairman)
- Agrifirm
- Topigs Norsvin

Louis Eperjesi

Non-Executive Director

Appointed to the Board

14 June 2022

Background and Experience

Louis joined the Board following a successful 33 year career in the building materials sector.

Louis brings a strong background of manufacturing and supply of building products in international markets, together with commercial, strategy development, M&A and change management experience.

He was most recently CEO of Tyman Plc and prior to this, held senior executive roles in Kingspan Plc, Baxi Group Ltd, Lafarge SA and Caradon Plc.

External Appointments

Louis is currently a Non Executive Director of:

- Trifast PLC
- Howden Joinery Group plc
- Ibstock Plc

Louis is also the Chair of the Trustees at the Cheltenham Trust.

Notes

- Stepping down at the AGM in September 2023 will be Sean Christie, Sue Farr and Alexander Wessels.
- External appointments includes significant or listed company appointments only.
- Rob Harris stepped down as Chief Executive and ceased to be a Director of Accsys on 31 March 2023.
- William Rudge ceased to be a Director of Accsys on 23 September 2022.
- Nick Meyer stepped down from the Board as a Non-Executive Director on 23 September 2022.

- External appointments includes significant or listed company appointments only.

For a full list of Directors during the year | See the Directors' Report on page 108

Senior Leadership Team

The Senior Leadership Team includes the two Executive Directors and the following individuals:

Natalia Bikkenina

Chief People Officer

Background and Experience

Natalia is responsible for all aspects of global HR, including responsibility for developing a comprehensive global HR strategy which supports business growth and expansion, attracts and retains top talent and drives high performance.

Natalia joined Accsys in September 2017, having worked in a number of international industrial and technology businesses. In her role, Natalia is able to use her experience of working for start-ups and high growth companies to facilitate the Group expansion plan. Natalia has both an MBA and a degree in Languages.

Hans Pauli

Director of Corporate Development

Background and Experience

Hans has held financial positions across the banking and biotech sectors and has significant experience in investment, manufacturing, licensing and distribution. Hans holds a BA in Business Administration and has completed an MA in Fiscal Economics from the University of Amsterdam.

His commercial career began in the banking sector where he worked for various institutions including Barclays, where he gained investment and M&A experience. He has worked for a number of biotech companies as Chief Financial Officer, including Euronext-listed Pharming Group N.V. Hans is a Non-Executive Director of BioTech VC, MedSciences.

Nick Hartigan

General Counsel and Company Secretary

Background and Experience

Nick is responsible for the legal affairs of the Accsys Group and is also the Company Secretary, having joined Accsys in 2022. Nick has particular legal and regulatory expertise in corporate transactions, capital raisings (equity and debt), lender management and complex litigation.

Nick qualified at a leading UK international law firm. He has gained extensive experience working with or for companies in the oil and gas, construction, building materials and manufacturing sectors.

Eddie Pratt

Director of Business Development

Background and Experience

Eddie led the initial establishment of the wood acetylation business in 2003, subsequent flotation as Accsys Technologies PLC, and development of both the Accoya brand and the production facility in Arnhem. His in-depth knowledge of the business helps develop new markets and partnerships for Accsys and its branded products, including licensing and establishment of joint ventures. Eddie led the development and negotiation of the Accoya USA joint venture with Eastman.

Eddie's earlier career was in investment banking, receiving his training with JP Morgan and working at its affiliate Saudi International Bank where he specialised in corporate and project finance.

Hal Stebbins

Director of Quality, Supply Chain and Customer Service

Background and Experience

Hal has spent most of his career leading global marketing, sales and services operations for a variety of businesses, including IBM's forest products solutions team. His formal education culminated in graduating summa cum laude with an MBA in International Management from the Anderson School at the University of New Mexico.

When he joined Accsys in 2007, Hal was initially responsible for the Group's first worldwide marketing strategy. Since then, Hal has led the growth of our international distributorship and licensing management. Currently he leads teams responsible for wood and chemical supply critical to production, customer service and quality assurance.

Group activities are driven and managed by a Senior Leadership Team of which we are particularly proud. Experts in their fields, the Senior Leadership Team boasts a broad range of sector knowledge and specialism. Committed to ensure we deliver on our plans for growth and commercial success; it is their hard work and advice that has supported the growth of Accsys Technologies PLC.

John Alexander

Group Sales Director

Background and Experience

John is responsible for all aspects of product sales for Accsys, managing a team across the globe. With a degree in Forestry and Forest Products from the University of Wales and an MSc in Timber Engineering from the University of Maine, USA.

John's career in the wood product industry started as technical manager at Jeld-Wen, the world's largest manufacturer of windows and doors, and he subsequently moved to BSW Timber, the largest forestry and sawmilling group in the UK.

Initially joining Accsys as Head of Product Development in 2010, John became Director of Sales and Product Development in 2015 and in 2020 tightened the focus of his role on sales activities and strategy.

Stephen Cox

Group Manufacturing and Projects Director

Background and Experience

Stephen joined Accsys in March 2023, taking on a newly created role. He oversees Accsys' global manufacturing sites and projects, and drives forward operational efficiencies. This role supports and reinforces Accsys' global expansion plans, as well as the Company's commitment to, and drive for, achieving operational and project excellence.

Stephen spent 25 years at the manufacturer Coats PLC, rising to the position of Group Manufacturing Director. He brings a wealth of experience in manufacturing transformation, strategy and ramp up.

George Neel

Group Director of Marketing and Communications

Background and Experience

George joined Accsys in August 2019 with responsibility for marketing and communications across the Group. He and his team also lead ESG and sustainability strategy development, promotion and implementation across the organisation.

George began his career at L'Oréal on the Graduate Management Scheme having studied Modern Languages at the University of Bristol.

He subsequently worked at the drinks company Diageo in commercial planning before transitioning into marketing. George gained experience working in a series of European and Global marketing roles, latterly heading up the European Shopper Marketing Team.

Jason Jones

Group HSE Director

Background and Experience

Jason joined Accsys in November 2020 and is responsible for driving HSE across the business. A mechanical engineer by trade, Jason began his career at the British Vita business –Vitamol. In 1994, he joined the British Vita QHSE function as one of its Group HSE Managers to its global business. Jason subsequently established a HSE consultancy business before eventually joining Warburtons in 2011 as Head of HSE.

In 2014, he became the European HSE Director for Ecobat Logistics, the world's largest lead smelter and was responsible for HSE improvements across 16 European operations.

Pablo Steenwinkel

Group Head of Technology

Background and Experience

With 20+ years of technology leadership experience in the chemicals industry, Pablo started his career at Accsys in January 2021 and is responsible for all aspects of product and process support and innovation for Accsys, leading the Global Technology Centre (GTC), a global team of experts in the fields of wood (modification) science, chemistry, process technology and intellectual property development.

Pablo has an MSc in Chemistry from the University of Leiden (NL) and a PhD in Chemistry from the University of Utrecht (NL) and previously worked at Zeneca Resins (now part of Covestro), Avery Dennison and, most recently, at Flint Group as Senior Technical Director Packaging Inks EMEA.

OVERVIEW
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Chair's Statement of Governance

"Sustainability is at the very heart of what we do and as a Board, we are hugely aware of our impact both in terms of climate change and responsible sourcing."

Stephen Odell
Executive Chair

Dear Shareholder,

I am pleased to introduce this report, which sets out our governance framework and compliance with the ten principles of the Quoted Companies Alliance Corporate Governance Code. The Board is committed to maintaining high standards of corporate governance to help Accsys make a lasting impact on the world, deliver its strategic goals and achieve long-term success for the benefit of its stakeholders.

The Board of Directors

It has been a year of change on the Board, and at the year end, in order to provide stability and reassurance, I stepped in as Executive Chair on an interim basis, pending the appointment of a permanent CEO. We were pleased to announce recently that Dr Jelena Arsic van Os will join the Board on 27 June 2023 and then take up her role as Chief Executive Officer on 1 July 2023, at which point I will return to my previous role as an Independent Non-Executive Chair of the Board. Jelena's considerable and relevant experience makes her a great fit for Accsys and well qualified to lead the business into the next phase of growth as we continue with our mission of changing wood, to change the world. I look forward to welcoming her to the Company.

We are grateful to former CEO Rob Harris, who left the business on 31 March 2023 and wish him success in his future endeavours.

We were pleased to welcome Steven Salo to the Board on 1 April 2023 as our new Chief Financial Officer. Steven's background as an international Group CFO with experience focused on driving improvement in financial fundamentals will be highly beneficial to Accsys as we enter our next growth phase. Will Rudge stepped down from the Board at the conclusion of the 2022 AGM and ultimately left the Group on 19 April 2023. We take this opportunity to thank Will Rudge for staying on to support Accsys and transition his responsibilities to Steven and wish him all the best with the next step in his career.

The Company has also announced a number of Non-Executive Director changes. As they reach the end of their nine-year terms, Sue Farr and Sean Christie will step down from the Board at the conclusion of the Company's AGM in September 2023. Further, due to increases in his executive commitments, Alexander Wessels has decided not to stand for a further three-year term and will therefore step down from the Board at the AGM when his term concludes. On behalf of the Board, I would like to thank Sue and Sean for their considerable contribution to Accsys over the last nine years and for the support and guidance they have given to newer members of the Board including myself.

I would also like to thank Alexander for his input to Accsys over the last three years where his extensive experience, including providing perspective from the view of an active CEO, has been invaluable.

While searching for replacement Non-Executive Directors, we decided to reduce the size of the Board, reflecting our commitment to best practice in corporate governance and also to improve efficiency and decision-making as we focus on delivering profitable growth and value for shareholders. As we announced in June 2023, the Board is seeking to appoint two new high-quality and experienced Independent Non-Executive Directors, with the intention of one acting as Chair of the Audit Committee, and the second as Chair of the Remuneration Committee. The search for both these roles is well underway and the Company plans to give further updates ahead of the AGM in September.

It has been a busy year for the Board. Reflecting on the executive changes above, together with ensuring an appropriate level of scrutiny and input on key issues such as the review of Hull, the Board committed a significant amount of time to Board meetings well over and above the scheduled meetings for the year. This reflects the professionalism, passion and determination the Board has in ensuring the long-term sustainable success of the Company. See the Directors' Report on page 108 for further information.

For further detail on the Board membership during the year, see the Directors' Report | Page 108

Board performance

During the year, the Board participated in an internal Board effectiveness review and key actions were identified and will be implemented during the coming months. Noting the recent Board restructure, the action plan will focus on establishing relationships and strengthening the cohesiveness of the Board to ensure it works together as effectively as possible to achieve long-term sustainable success of the business. The current Board is united in the view that its priority for the year ahead is to work together to achieve the purpose of the Company for the benefit of all its stakeholders.

ESG

We recognise the importance of environmental, social and governance (ESG) as a key area of focus for our stakeholders, and as a business we are very mindful of the impact on the environment and the communities in which we operate.

Sustainability is at the very heart of what we do and as a Board, we are hugely aware of our impact both in terms of climate change and responsible sourcing. This year we improved our Standard and Poor's Global Corporate Sustainability Assessment by 13% compared to last year. Please see pages 56 to 66 for further details of our FY23 ESG performance and outlook for FY24.

Quoted Companies Alliance Corporate Governance Code (the QCA Code)

Accsys has adopted the QCA Code and follows and reports against it on a comply-or-explain basis.

As a company with strong values and purpose, this also shapes our relationships with our stakeholders from our employees to our distributors, licensees and others. We want to ensure that our business is not only a commercial success, but also run in a responsible fashion as we continue to advance technologies for a better and more sustainable world.

The Board believes that good governance plays a key part in Accsys' ability to achieve its strategic aims, the successful long-term development of the Group, and the creation of value for all our stakeholders.

As such, corporate governance and social responsibility lies at the very core of our business and remains a key focus for the Board.

In the following section we outline the Company's approach to corporate governance and the QCA Code. For further detail on each section please refer to the Statement of Compliance of the QCA Code which can be found on our website at www.accsysplc.com.

AGM

We will notify shareholders about our AGM in due course, with our intention being that it will be held in person on 20 September 2023. For further details please refer to the AGM Notice that will be sent out to shareholders under separate cover.

The year ahead

As we look ahead through FY24, the Board will be focusing on embedding the new CEO and CFO and finalising the appointment of new Non-Executive Directors, all with a view to supporting the Company to deliver on its strategic objectives in the year.

Stephen Odell
Executive Chair
26 June 2023

Corporate Governance

Board Leadership

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings.

All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

During the year, serving Directors attended the scheduled Board meetings either by video conference or in person. In addition to the scheduled meetings, a number of ad hoc meetings were convened including Committees of the Board with delegated authority from the Board. There is frequent contact between all the Directors in connection with the Company's business including Audit, Nomination, Remuneration and HSE Committee meetings which are held as required, but as a minimum twice per annum unless the relevant terms of reference require more.

All Directors are subject to annual re-election by the shareholders at Annual General Meetings.

Day-to-day operating decisions are made by the Executive Directors with support from the Senior Leadership Team.

Governance framework

Board roles and responsibilities

Chair

- Leads the Board and is responsible for the overall effectiveness of Board governance
- Sets the Board's agenda, with emphasis on strategy, performance and value creation
- Shapes the culture of the Board

Chief Executive Officer

- Develops strategies, plans and objectives to propose to the Board
- Leads the organisation to ensure the delivery of the strategy

Senior Independent Director

- Acts as a sounding board for the Chair
- Available to shareholders if they require contact generally and if normal channels are not appropriate
- Leads the annual appraisal of the Chair

Non-Executive Directors

- Demonstrate independence and impartiality
- Bring experience and special expertise to the Board
- Constructively challenge the Executive Directors
- Monitor the delivery of the strategy within the risk and control framework set by the Board
- Monitor the integrity and effectiveness of the Group's financial reporting, internal controls and risk management system

Leadership structure

Board of Directors

Audit Committee | **Remuneration Committee** | **Nomination Committee** | **HSE Committee**

Senior Leadership Team

Directors' attendance record

The following table shows the attendance record of individual Directors at scheduled meetings of the Board and its Committees in the year to 31 March 2023. In addition to the scheduled meetings, Directors attended a number of additional meetings throughout the year including Board Committee meetings, Non-Executive Director only meetings and other meetings as dictated by business need (see notes below table).

Director	Board Attended	Audit Committee Attended	Remuneration Committee Attended	Nomination Committee Attended	HSE Committee Attended
Stephen Odell[1]	6/6	3/3	5/5	6/6	2/2
Robert Harris	6/6	n/a	n/a	n/a	4/4
Sean Christie	6/6	3/3	5/5	6/6	n/a
Louis Eperjesi[2]	5/5	3/3	3/3	5/5	n/a
Sue Farr	6/6	2/3	5/5	6/6	n/a
Montague John 'Nick' Meyer[3]	2/3	n/a	n/a	n/a	n/a
William Rudge[4]	3/3	n/a	n/a	n/a	n/a
Dr Geertrui 'Trudy' Schoolenberg	5/6	3/3	4/5	6/6	4/4
Alexander Wessels	6/6	3/3	5/5	6/6	2/4

1 Stephen Odell attended two HSE Committee meetings in the capacity of Alternate Director.

2 Louis Eperjesi was appointed to the Board on 14 June 2022.

3 Nick Meyer was determined to be a Non-Independent Director on 16 June 2020 and stepped down from membership of all Board Committees on that date. He was subsequently invited to join Committee meetings as a guest. He subsequently resigned from the Board with effect on 23 September 2022.

4 William Rudge stepped down from the Board on 23 September 2022 and was subsequently invited to join certain Committee meetings as a guest.

Notes

'x/x' indicates the number of scheduled meetings attended out of the number of possible meetings the Director could have attended during the year.

In addition to the scheduled meetings indicated above, a further 16 Board meetings, one meeting of the Audit Committee, four meetings of the Remuneration Committee, and six meetings of the Nomination Committee were held throughout the year.

Not all Directors are members of the Board Committees and these are recorded as n/a in the table. However, it should be noted that these Directors often attended Committee meetings by invitation as required.

For biographical details of the Board and Senior Leadership Team | See pages 74 to 77
For diversity of the Board | See page 91
For Board activity | See pages 68 to 69

Audit, Risk and Internal financial control

The Board is responsible for establishing and maintaining the Company's system of internal financial control and places importance on maintaining a strong control environment. The consideration of opportunities and risks remains a key area of focus for the Board. The Board reviews Accsys' risk appetite annually and regularly considers the key and emerging risks relevant to Accsys' business, together with mitigations and controls. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Company's organisational structure has clear lines of responsibility
- The Company prepares a comprehensive annual budget that is approved by the Board
- Monthly results are reported against the budget and variances are closely monitored by the Directors
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

For the Audit Committee Report | See pages 88 to 89

The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023

The QCA Code is constructed around ten broad principles of which our Company complies with all ten. Set out below are the principles of the QCA Code and a summary explanation of the Company's application against each key principle.

Principle 1. Establish a strategy and business model which promote long-term value for shareholders

Compliant	How this was applied	Where to find further information in the Accounts
✓	• The Company's strategy is to: (i) develop market opportunities to drive revenue growth by increasing the Accoya and Tricoya volume sold and number of distributors by developing market opportunities into core business; (ii) grow its global manufacturing production position and production capacity in Europe, the USA and Malaysia and establish new platforms in key markets in support of, and to enable, demand growth; (iii) develop research and development of product and process-related technologies and IP programmes to protect and grow its leading market position; and (iv) develop its people and organisational capability to enable Accsys to meet its growth objectives. • The Board's annual schedule of agenda items ensures that the strategy and Business Model is reviewed at least once every year. • The programme of Board effectiveness review considers whether the Board spends enough time on strategy and its business model. • Decisions made in Board meetings consider key stakeholder groups and long-term value (including for shareholders). If, and to the extent, issues come to light which challenge the Company's ability to meet its strategy and Board model, the Board proactively addresses these. Our Statement of Compliance explains in further detail the Company's key strengths which in turn promote long-term value for shareholders.	• Business model and strategy (page 26 and 28) • Company's Corporate Governance QCA Compliance Statement (page 82) • Strategic Report (page 20) • Board activity (pages 68 to 69) • Stakeholder engagement (page 67)

Principle 2. Seek to understand and meet shareholder needs and expectations

Compliant	How this was applied	Where to find further information in the Accounts
✓	• Communications with shareholders are given high priority to ensure that its strategy, business model and performance are clearly understood. There is regular dialogue with shareholders, including webcast presentations after the Company's preliminary announcement of the year-end results and six monthly results, regular Regulatory News Service announcements and trading updates. • Accsys also organises investor roadshows in the UK and Netherlands offering significant shareholders an opportunity to discuss the business, management and strategy of the Company with the Executive Directors. Representatives of the Company meet regularly with shareholders. For example, during FY23, the Company met with 121 shareholder representatives from 31 unique institutions, engaging in dialogue with 59.5% of its shareholder register. This degree of engagement helped the Board to better understand shareholders' expectations and motivations. • Accsys also remains informed of shareholders' views via regular dialogue with its corporate brokers. • The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairs of the Board and all Board Committees, together with all other Directors, routinely attend the AGM and are available to answer questions from investors.	• Corporate Governance QCA Compliance Statement (page 82) • Stakeholder engagement (page 67)

Principle 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Compliant	How this was applied	Where to find further information in the Accounts
✓	• The Company's business model identifies that investment in key resources on which the business relies – Accsys' intellectual property, expertise, innovation, research and development, branding, employees and relationships with numerous third parties including business partners, equipment manufacturers, wood suppliers, distributors and customers – underpins all that Accsys does. Investment from the Company's other key stakeholders, its shareholders and finance providers make this possible. • The Board regularly receives reports on the status of key stakeholders, including investor relations led updates in respect of shareholders and updates on all levels of the workforce from the Chief People Officer. This is complemented by frequent briefings on ESG and customer and supplier issues to members of the Board. These sources support the Board to consider stakeholders' views during relevant decision-making processes. • In addition to the above, the Board takes steps to verify feedback. For example, each year, the Board invites personnel to attend 'Meet the Board Lunches' at its offices, providing an informal forum to facilitate and encourage engagement and open dialogue between the Board and the Company's workforce. • Further evidence of Accsys' awareness of and commitment to acting in a socially responsible way is set out in the Accsys Sustainability Report. This Report includes details of the impact that Accsys' business and operations has on the wider community. Furthermore, the Company has increased reporting scope and transparency, including reporting to established global reporting frameworks GRI and SASB. The Company published its first reports under these standards in FY22 and is going to publish reports under these standards again for FY23. The information required for GRI reporting has increased and so the Company will be providing more information than FY22 on its compliance with these standards. The 'further information' column provides details of where the Sustainability Report can be downloaded from. • The Company is committed to continuing research and development concerning its products and processes. • During FY23, Accsys participated in a number of shareholder ESG surveys. Feedback from these surveys was positive, including scoring the highest rating possible in one survey.	• Stakeholder engagement (page 67) • Corporate Governance QCA Compliance Statement (page 82) • See www.accsysplc.com/ for the Sustainability Report and Modern Slavery Statement

The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023 continued

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Compliant	How this was applied	Where to find further information in the Accounts
✓	• The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. • The Board is responsible for establishing and maintaining the Company's system of internal risk management, including in relation to its priority surrounding health, safety and the environment, and places importance on maintaining a strong financial control environment. The key internal procedures which the Directors have established with a view to providing effective internal controls include clear lines of responsibility within the organisation structure, a comprehensive annual budget that is approved by the Board and the identification of major business risks to enable appropriate action. Furthermore, monthly results are reported against the budget and variances are closely monitored by the Directors. • The Audit Committee is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. • The Risk Committee – comprised of the Executive Directors and certain members of the Senior Leadership Team – regularly meet and update a risk register which outlines the nature of principal risks facing the Company and any mitigating factors required to protect against such risks. The Risk Committee reports on the risk register to the Audit Committee and thereafter the Audit Committee reports on the same to the Board.	• Risk and risk management (page 50) • Corporate Governance QCA Compliance Statement (page 82) • See www.accsysplc.com/ for the Sustainability Report/ Modern Slavery Statement and Audit Committee Terms of Reference • Audit Committee Report (page 88) • Strategic Report (page 20)

Principle 5. Maintain the Board as a well-functioning, balanced team led by the Chair

Compliant	How this was applied	Where to find further information in the Accounts
✓	• The Board has gone through a period of change. The Nomination Committee's Terms of Reference require it to ensure recommendations are made to the Board on the Board's composition, including with regard to diversity of skill, thought, background and experience. • As at the date of this Annual Report, the Board is comprised of one Executive Chair (appointed as such on an interim basis with effect from 1 April 2023, having previously been Independent Non-Executive Chair), five Independent Non-Executive Directors, one of whom acts as Senior Independent Director, and the Chief Financial Officer. On 1 July 2023, the Executive Chair will revert to his prior role of Independent Non-Executive Chair and Jelena Arsic van Os – will join the Board as Chief Executive Officer. • The Board has constituted four standing Committees: the Audit Committee, the Nomination Committee, the Remuneration Committee and the HSE Committee, with ad hoc committees constituted as required. • In addition to regular scheduled Board meetings, there is frequent contact between all the Directors in connection with the Company's business including Audit, Nomination and Remuneration Committee meetings which are held as required, but as a minimum twice per annum. • Non-Executive Directors' terms of appointment provide that they will spend as much time as necessary and/or reasonably requested by the Board for the fulfilment of their duties. This is anticipated to be in the order of 20 (or more) days per annum, although this is not definitive. All Executive Directors are engaged on a full-time basis. • The Board has a Board effectiveness review programme. The Board receives updates and information on a structured basis through Board and Committee meeting packs, together with ad hoc information and dialogue provided as necessary by the Executive Directors between meetings.	• Board of Directors (page 74) • Directors' attendance record (page 81) • Audit Committee Report (page 88) • Nomination Committee Report (page 90) • Remuneration Committee Report (page 93) • HSE Committee Report (page 92) • See www.accsysplc.com ('Investors' page) for the Company's Corporate Governance QCA Compliance Statement, Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee, Terms of Reference Remuneration Committee and Terms of Reference HSE Committee

Principle 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Compliant	How this was applied	Where to find further information in the Accounts
✓	• The Board is satisfied that it has the appropriate balance of financial, public markets and sector skills and experience, as well as an appropriate balance of personal qualities and capabilities and where appropriate, each Director keeps their skills up-to-date, for example by the completion of the Group's online training programme, attendance at seminars, briefings and through literature. • Through the Nomination Committee, the Board ensures that it understands and challenges its own diversity, including gender balance, as part of reviewing the Board's composition. • Expert advisors support the Group's businesses and contribute relevant industry and commercial experience. These advisors are drawn from industry, finance, legal and other advisory groups. For example, Deloitte LLP is appointed by the Remuneration Committee as an independent adviser and assisted the Board in the drafting of the Remuneration Policy that was approved by the shareholders at the 2021 AGM. Further information on the engagement and role of external advisors can be found in our Statement of Compliance of the QCA Code. • All Directors have access to the advice and services of the Company Secretary and in-house legal counsel. In addition, procedures are in place to enable the Directors to obtain other independent professional advice (legal or otherwise) in the furtherance of their duties, if necessary, at the Company's expense.	• Board of Directors (page 74) • Corporate Governance QCA Compliance Statement (page 82)

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The QCA Corporate Governance Code (the 'QCA Code') Statement of Compliance 2023 continued

Principle 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Compliant	How this was applied	Where to find further information in the Accounts
✔	• The Board undertakes an annual review process whereby each Director completes a 'Board and Director Review and Evaluation Paper', ensuring that the Board regularly undertakes a formal and rigorous evaluation of its own performance and that of its Committees and individual Directors. • During FY23, the Board made progress against recommendations made in the 2023 Board Evaluation. • An internal Board effectiveness review was carried out in 2023 with an external review planned for 2024. • The results of the Board evaluation were shared with the Board as a whole while the results of any individual assessments remained confidential between the Chair and the Director concerned. The results of the 2023 internal Board evaluation were discussed with the Board at a meeting in May 2023 and areas for development will be reviewed further in FY24.	• Corporate Governance QCA Compliance Statement (page 82) • Board performance (page 79)

Principle 8. Promote a corporate culture which is based on ethical values and behaviours

Compliant	How this was applied	Where to find further information in the Accounts
✔	• Since Accsys is an eco-friendly company that combines chemistry, technology and ingenuity to create high performance, sustainable wood building products, a focus on social responsibility lies at the very core of its business. • Accsys aims to reduce the use of environmentally unfriendly building materials and products by the utilisation of its propriety technology and the introduction and uptake of its products around the world. The planet continues to consume endangered materials like tropical hardwood and non-renewable, high emitting building materials such as plastics, concrete and metals at an alarming rate. Accsys' acetylated wood products offer alternative, sustainable new materials that resolve many of the environmental limitations that commonly used building materials have, whilst not compromising on performance. At present, Accoya is the only building product perfectly fitting in the biocycle of the circular economy while having the same performance as typical techno-cycle building products such as plastics and metals which cannot be renewed. • The strategy and business model of the Company in relation to ethical values is readily promoted throughout and is evident from the Company's accreditations. • The Board receives updates from the Executive on corporate culture which enables it to monitor and provide input into how Accsys' ethical values and behaviours are implemented through the organisation.	• Statement of Compliance of the QCA Code (page 82) • Sustainability Report (page 56) • Statement of Engagement with Employees (page 71) • Stakeholder engagement (page 67) • Environmental, Social and Governance Statements (available at www. Accsysplc.com 'Investors' page)

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Compliant	How this was applied	Where to find further information in the Accounts
✔	• The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. • Board meetings are usually held in London with site visits scheduled to take place annually in at least Arnhem to ensure the Board has a deep understanding of the Group's operations. In addition to the scheduled meetings there is frequent discussion between all the Directors in connection with the Company's business including Audit, Nomination, Remuneration Committee and HSE Committee meetings which are held as required, but as a minimum twice per annum, save where the relevant Committee Terms of Reference require a higher frequency. Copies of the Terms of Reference for the Committees are available on the Corporate Governance page of our website, www.accsysplc.com. • Day-to-day operating decisions are made by the Executive Directors with support from the Senior Leadership Team. • The Board is responsible for the long-term success of the Company. There is a formal schedule of matters which are reserved for the Board, including matters relating to strategy and management, structure and capital, financial reporting and controls, internal controls, contracts, communications, board memberships, remuneration, delegation of authority, corporate governance and Group policies. This schedule of 'matters reserved' is reviewed periodically, and was updated in September 2021 to reflect the Group's evolution as a business and to update it in line with best corporate governance practice, as applicable for Accsys.	• Corporate Governance QCA Compliance Statement (page 82) • See www.accsysplc.com for Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee and Terms of Reference Remuneration Committee. • Section 172(1) Statement (page 67)

Principle 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Compliant	How this was applied	Where to find further information in the Accounts
✔	• The Company regularly communicates with shareholders including presentations after the Company's preliminary announcement of the year-end results and six-monthly results and bi-annual webcasts. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. • The Company issues regular news to its stakeholders via RNS, all of which are displayed on the Company website (News). • Constitutional and governance information, including relating to shareholder meetings and the outcome of shareholder votes, can also be found on the Company website (Corporate Governance). • As noted above, the Board has constituted four standing Committees: the Audit Committee, Nomination Committee, Remuneration Committee and HSE Committee, with ad hoc Committees constituted as required. Details of the Committees' work during the year can be found in the Further Reading links opposite.	• Corporate Governance QCA Compliance Statement (page 82) • Nomination Committee Report (page 90) • Audit Committee Report (page 88) • Remuneration Report (page 93) • HSE Committee Report (page 92)

Audit Committee Report

"The Committee's role is to act on behalf of the Board of Directors and oversee all material aspects of the Group's financial reporting, internal control and audit functions."

Sean Christie
Chair of the Audit Committee

MEMBERSHIP

Sean Christie (Chair of the Audit Committee)
Stephen Odell
Trudy Schoolenberg
Sue Farr
Louis Eperjesi
Alexander Wessels

Responsibilities

- Financial reporting
- Narrative reporting
- Risks and controls
- External auditors
- Internal Audit
- External corporate financial and tax advisors

In exercising its role, the Directors have regard to the recommendations put forward in the QCA Corporate Governance Code. Sean Christie is the Committee member with recent and relevant audit experience.

Role of the Committee

The Committee's role is to act on behalf of the Board of Directors and oversee all material aspects of the Group's financial reporting, internal control and audit functions. The Committee's role includes a particular process on the qualitative aspects of financial reporting to shareholders and on Group processes for the management of business/financial risk and for compliance with significant applicable legal, ethical and regulatory requirements.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. The responsibilities of the Audit Committee include approving certain related party transactions, and identifying irregularities in the management of the Company's business, through consultation with the Company's external auditors, and proposing remedial measures to the Board of Directors.

The Audit Committee meets at least twice a year.

For attendance at Audit Committee meetings see Directors' attendance record | Page 81

The Terms of Reference for the Audit Committee are available on the Company's website | www.accsysplc.com/investors/corporate-governance

The Audit Committee considers the independence and objectivity of the external auditors on an annual basis, with particular regard to non-audit services.

The Audit Committee is entitled to obtain, at Accsys' expense, independent legal, accounting or other professional advice on any matter it believes is necessary to do so.

Key matters addressed by the Committee during the year

Financial reporting

- Review of the integrity of key financial announcements (including the interim results)
- Review of the Annual Report and Financial Statements to confirm the report as a whole was fair, balanced and understandable
- Reviewed and discussed PwC's reports to the Committee
- Reviewed the going concern basis of accounting and the longer-term forecasts and
- Reviewed the Key Accounting and Financial reporting issues

External audit matters

- Reviewed the independence, objectivity and effectiveness of PwC
- Reviewed PwC's external audit plan taking account of the scope, materiality and audit risks and agreeing the audit fees
- Monitored the value of non-audit services provided by PwC, ensuring the services do not affect the auditors' objectivity and independence
- Review of PwC fees and approval of PwC as Auditor for the financial year ending 2023 and
- Review of tender process for the financial year ending 2024

Risk management

- Undertook a detailed review of the Group's risk register and the related mitigations, ensuring that risks are appropriately identified, evaluated and mitigated, as appropriate. See Risk section from page 50

Areas of focus

- Impairment Review
- Guarantee to FHB as part of Accoya USA financing
- Accoya USA – Joint venture formation
- Cleantech Building Materials PLC valuation
- Corporation Tax

Corporate governance

- Reviewed changes in the field of corporate governance

Sean Christie
Chair of the Audit Committee
26 June 2023

Nomination Committee Report

"It has been a significant year for Accsys in terms of Board changes."

Stephen Odell
Chair of the Nomination Committee

MEMBERSHIP

Stephen Odell (Chair of the Nomination Committee)
Sue Farr
Sean Christie
Trudy Schoolenberg
Louis Eperjesi
Alexander Wessels

Responsibilities

- Ensure that there is a formal, rigorous and transparent procedure for appointments to the Board;
- Lead the process for appointments and make recommendations to the Board;
- Assist the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders;
- Ensure plans are in place for orderly succession to positions on the Board, the Company Secretary and the Executive Committee members;
- Oversee the development of a diverse pipeline for succession; and
- Work and liaise with other Board committees, as appropriate, including the Remuneration Committee in respect of any remuneration package to be offered to any new appointee of the Board.

In exercising its role, the Committee has regard to the recommendations put forward in the QCA Corporate Governance Code.

Board and Chair Independence

Appointments to the Board are controlled by the Nomination Committee. The Nomination Committee's Terms of Reference state that a majority of Committee members should be Independent Non-Executive Directors. The majority of the Board of Directors are Independent Non-Executive Directors who provide constructive challenge, strategic guidance and advice on certain areas. During FY23, the Non-Executive Chair (as he then was), Stephen Odell, and the Senior Independent Non-Executive Director, Trudy Schoolenberg, were independent. The Committee recommended to the Board that Stephen Odell assume the role of Executive Chair of the Board on an interim basis with effect 1 April 2023 in order to bridge the gap between the departure of Rob Harris and the appointment of his successor. On 1 July 2023, Stephen Odell will return to his prior role of Non-Executive Chair.

Role of the Committee

The Committee is responsible for the orderly succession of both the Board and senior leadership positions and for overseeing the development of a diverse pipeline.

Key matters discussed during the year

It has been a significant year for Accsys in terms of Board changes including the following significant appointments:

Appointment of Chief Financial Officer

Accsys announced on 24 March 2023 that Steven Salo had been appointed Chief Financial Officer and a member of the Board of Accsys, with effect from 1 April 2023.

For attendance at Nomination Committee meetings see Directors' attendance record | Page 81

The Terms of Reference for the Nomination Committee are available on the Company's website | www.accsysplc.com/investors/corporate-governance

Appointment of Executive Chair and appointment of Chief Executive Officer

Former CEO Rob Harris left the business on 31 March 2023 and in order to provide Accsys with continuity whilst the search process was underway, Stephen Odell, Chair of the Board of Directors, assumed the role of Executive Chair of Accsys on an interim basis on 1 April 2023.

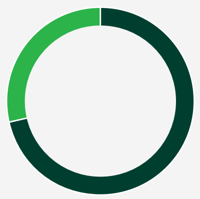
On 4 April 2023, the Board announced the appointment of Dr Jelena Arsic van Os as Chief Executive Officer Designate. She will join the Board of Accsys on 27 June 2023 and become Chief Executive Officer on 1 July 2023. Upon her appointment becoming effective, Stephen Odell will step down as Executive Chair and revert to his position as an Independent Non-Executive Chair of the Board.

Board appointments

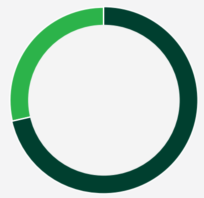
The Terms of Reference require the Nomination Committee to give full consideration to succession planning for both the Directors and the Senior Leadership Team. In doing so, the Committee must consider the challenges and opportunities facing the Company as well as the skills, diversity (including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths), and experience required on the Board and Senior Leadership Team both now and in the future. The length of service of the Board as a whole and the need for its membership to be refreshed is regularly reviewed. All Board appointments are made on an objective basis and on merit.

Stephen Odell
Chair of the Nomination Committee
26 June 2023

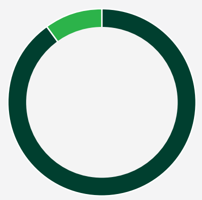
Board gender



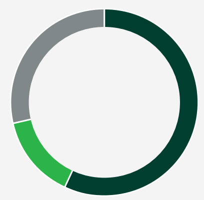
Board Independence



Senior manager gender



Length of Tenure of Directors[1]



1 Tenure is calculated on number of complete years to 30 June 2023.

Executive Director appointment process

1. Independent search consultants
2. Review of the balance of skills, knowledge, independence, diversity and experience required was conducted by the Committee
3. Shortlist of candidates was compiled and reviewed by the Committee
4. Interviews were held
5. The Committee recommended the candidates for appointment to the Board
6. The Board reviewed and approved the candidates for appointment

Internal Board effectiveness review

1. Board agreed basis and scope of review
2. Tailored questionnaires distributed to Board members
3. Board members considered and completed questionnaires
4. Responses were compiled and presented to Board by the Company Secretary
5. Board discussion on results
6. Agreed action plan of continuous improvement
7. Update to be provided in the Annual Report for the year ending 2024

FY23 progress

During FY23, the Board made progress against recommendations made in the 2022 Board Evaluation including:

- annual strategy reviews
- enhanced advance engagement with Directors on agenda topics
- increased input on regulatory topics

FY24 enhancements

During FY24, the Board will review the 2023 Board Evaluation results in more detail, with expected actions to include:

- reviewing key Board documentation
- enhancing ways of working with the new Executive Directors

Health, Safety and Environment ('HSE') Committee Report

"The HSE Committee formulates, advises on, reviews and approves the HSE strategy, ambition and corporate actions of the Company."

Trudy Schoolenberg
Chair of the HSE Committee

MEMBERSHIP

Trudy Schoolenberg (Chair of the HSE Committee)
Alexander Wessels
Robert Harris (replaced by Stephen Odell in his capacity as Executive Chair)

Responsibilities

- Review and approve the HSE framework (including policy) and strategy of the Company;
- Review and monitor HSE matters arising from the Company's activities and operations, including monitoring performance against targets;
- Review HSE workplans and activities;
- Ensure the Company has appropriate measures in place that enable it to assess, verify and monitor its compliance with applicable material HSE laws and regulations;
- Receive and review regular reports from the business on key HSE issues and the Company's performance in managing any risks associated with such issues; and
- Oversee any incidents relating to any fatality or major/serious incident or near-miss.

In exercising its role, the Committee has regard to the recommendations put forward in the QCA Corporate Governance Code.

Role of the Committee

The HSE Committee formulates, advises on, reviews and approves the HSE strategy, ambition and corporate actions of the Company. The Committee also, on behalf of the Board, reviews and monitors HSE matters connected to the Company's activities and operations, endorses HSE policies and procedures and ensures the Company meets or exceeds HSE legal obligations.

Key matters discussed during the year

- Review of the Committee's Terms of Reference
- Deep dive operational review on the HSE performance of Accsys controlled sites
- Review of regulatory visits at Accsys' Arnhem site

Trudy Schoolenberg
Chair of the HSE Committee
26 June 2023

For attendance at HSE Committee meetings see Directors' attendance record | Page 81

The Terms of Reference for the HSE Committee are available on the Company's website |
www.accsysplc.com/investors/corporate-governance

Remuneration Report

"Our Policy is designed to be simple and transparent, aligned with delivering our purpose led strategy, and ultimately supporting the creation of long-term sustainable shareholder value. Our aim is to always consider the wider workforce, our shareholders, and other stakeholders by taking a fair, prudent, and balanced approach to remuneration."

Alexander R. Wessels
Chair of the Remuneration Committee

MEMBERSHIP

Alexander Wessels
(Chair of the Remuneration Committee)
Sean Christie
Louis Eperjesi
Sue Farr
Stephen Odell
Trudy Schoolenberg

Whilst Stephen Odell was a member during the period, he stepped down as a member from 1 April 2023.

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 March 2023.

We obtained shareholder approval for our Directors' Remuneration Policy at the 2021 AGM, with 99.92% of all votes cast in favour. Shareholders have shown a similarly high level of support for our Directors' Remuneration Report for the year ended 31 March 2022, with 99.94% of votes in favour. These high levels of support reflect our responsible approach to executive pay. Later in FY24 we will be reviewing our Policy to ensure that it continues to support strategic priorities under the leadership of Dr Jelena Arsic van Os as Chief Executive Officer and Steven Salo as Chief Financial Officer. We will consult with our shareholders in advance of the next triennial shareholder vote on the policy at the 2024 AGM.

For ease of reference, the policy table summarising the Remuneration Policy is included on pages 97 to 98. The full Remuneration Policy is available in the 2021 Annual Report on the Company's website. The Annual Report on Remuneration (on pages 97 to 107) describes how the Remuneration Policy has been applied for the year ended 31 March 2023, and how we intend to implement the Remuneration Policy for the year ahead. This part of the report will be subject to an advisory vote at our AGM.

For attendance at Remuneration Committee meetings see Directors' attendance record | Page 81

The Terms of Reference for the Remuneration Committee are available on the Company's website |
www.accsysplc.com/investors/corporate-governance

Remuneration Report continued

Remuneration in the context of our business performance and outcomes for our key stakeholders

As set out in detail in the Executive Chair's Statement, Accsys made significant progress in FY23 against a challenging macro-economic backdrop with significant input cost inflation and supply chain disruption which we managed through a careful balance of strong market demand for our products, higher average sale prices, the implementation of an Energy Price Premium to mitigate for higher gas prices and cost discipline. We continue to make good progress on strategic growth projects with the Arnhem plant reactor 4 expansion leading to record volume production in Q4. During the year, we delivered revenues of €162.0m, a 34% increase on FY22. Underlying Group EBITDA was €22.9m, an increase of 120% on the prior year, and ahead of our market guidance of nearly doubling last year's Underlying EBITDA of €10.4m.

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

However, the year has not been without its specific challenges. In November, we announced that, while we had taken 100% control of the world-first Tricoya plant project in Hull, we also put the project into a hold period of at least six months to assess future capability and funding options. Further detail is included in the Executive Chair's statement.

Building on our commitment to growing and operating our business in a responsible and sustainable way, Accsys participated for a second consecutive year in the S&P Global Corporate Sustainability Assessment. Accsys scored 43/100 - an improvement of five points (13%) on the prior year, placing the Company in the top quintile in the 'Paper & Forest Products' industry category. During the year, Accoya's high level of performance and sustainability was also recognised in various prestigious global industry awards.

Our growth ambition and progress against our strategic priorities for growth is set out in our Strategic Report on pages 28 to 33.

Recognising the cost of living impact on our people

The Committee has been very mindful of the impact on our colleagues in relation to inflation and the cost of living challenges during the last year.

These challenges are naturally having the biggest impact on people with modest salaries. The Committee was, therefore, fully supportive of the Board's decision to make a one-off cost of living payment in March 2023. Payments were made to all employees whose base salary fell below €50,000. A payment of €900 was made to those on salaries up to €45,000 and a payment of €600 to those on salaries between €45,000 and €50,000.

Board changes

This year has been one of considerable change with the departure of Rob Harris, Chief Executive Officer and William Rudge, Finance Director, from the Board, together with the appointment of Dr Jelena Arsic van Os as Chief Executive Officer Designate and Steven Salo as Chief Financial Officer.

As announced on 3 August 2022, William Rudge stepped down from the Board with effect from the close of the AGM on 23 September 2022. His remuneration earned to that date is included in the table on page 103. He remained an employee until 1 February 2023 following which he provided consultancy services to the Group until 27 April 2023. William Rudge was not eligible to earn a bonus in respect of FY23 and his LTIP awards, which were in their performance periods, lapsed when he left employment. In accordance with the Policy, William Rudge retained his LTIP award which vested in June 2021 and was in a holding period until June 2023, and his deferred bonus award granted in respect of his bonus for FY22 which will vest in July 2024 as originally envisaged.

As announced on 12 December 2022, Robert Harris stepped down from the Board on 31 March 2023, at which point his service agreement also came to an end. Details of his remuneration earned in respect of FY23 are included in the table on page 102. As he was a Director for the full financial year ended 31 March 2023, Robert Harris was eligible to earn a bonus in respect of FY23, subject to the achievement of the applicable performance measures. Having regard to his intended departure and the benefits of an orderly handover, the weightings of the performance conditions applying to his bonus were adjusted, with 25% of the overall opportunity (31.25% of salary) being subject to the achievement of personal objectives linked to the implementation of the Group's strategy. Further details are included on page 103. The Committee exercised discretion to treat Robert Harris as a "Good Leaver" for his in-flight LTIP awards, which will vest subject to the satisfaction of performance conditions and a pro-rated reduction to reflect his departure from the business before the end of the vesting period. To the extent the awards vest, they will remain subject to the originally envisaged post-vesting holding periods.

Further information is included on page 105 along with information on certain other payments made to Robert Harris. Robert Harris retained his deferred bonus award granted in respect of his bonus for FY22 which will vest in July 2024 as originally envisaged.

Stephen Odell assumed the role of Executive Chair on an interim basis with effect from 1 April 2023. Dr. Jelena Arsic van Os joins the Board on 27 June 2023 and will then take up the role of Chief Executive Officer with effect from 1 July 2023, at which point Stephen Odell will revert to Independent Non-Executive Chair. In recognition of the additional time commitments associated with his interim role, Stephen Odell will receive a salary during this period of £26,400 per month. Stephen will not receive any pension or participate in any incentive pay arrangements in respect of his period of service as Executive Chair. When he reverts to the position of Independent Non-Executive Chair, Stephen's fee will return to £97,000 per annum.

We announced on 24 March and 4 April 2023 respectively the appointment of Steven Salo and Dr Jelena Arsic van Os as our new Chief Financial Officer and Chief Executive Officer Designate respectively. We were delighted to be able to appoint new Executive Directors of this calibre. Jelena's considerable and relevant experience makes her a great fit for Accsys and well qualified to lead the business into the next phase of growth. Steven's background as an international Group CFO with experience focused on driving improvements in financial fundamentals will be highly beneficial to Accsys as we enter our next growth phase. Steven joined the business with effect from 1 April 2023. I have summarised below the remuneration packages for each of Steven and Jelena. In agreeing these packages, we were cognisant of the need to secure candidates with the required experience. The overall packages were determined having regard to market positioning against companies of a similar size and complexity, the competitive recruitment market, and the candidates' previous remuneration.

	Chief Executive Officer Designate	Chief Financial Officer
Salary	£390,000	£265,000
Pension	8% of salary, aligned with other employees in the business in the UK (or cash in lieu)	
Annual Bonus	Up to 125% of salary	
LTIP	125% of salary	100% of salary
Buy-out awards	See below	N/A
Notice period	12 months for the first year of employment. Thereafter 6 months.	6 months

Buy-out awards

In line with the Policy, we have agreed to make the following awards to Dr Jelena Arsic van Os in respect of remuneration at her former employer that she will forfeit as a result of joining Accsys.

- A payment of £78,700 in respect of a forfeited bonus otherwise payable in respect of the former employer's financial year ended 31 December 2022. The bonus will be subject to Accsys' ordinary clawback rules and a specific clawback requirement if Jelena gives voluntary notice of cessation of her employment with Accsys during her first year of employment.
- An award in respect of forfeited performance shares which had vested to Jelena. This buy-out award will be granted in shares to ensure continued alignment with the interests of Accsys' shareholders and will be granted over a number of Accsys shares with a value equal to the value of the forfeited shares. The award will be granted as soon as practicable after Jelena commences employment, and details will be included in the FY24 Directors' Remuneration Report. The award will vest on the first anniversary of the date on which Jelena commences employment with Accsys.

Incentive outcomes for the year ended 31 March 2023

As explained above, William Rudge was not eligible to earn a bonus in respect of FY23. Robert Harris' annual bonus opportunity was up to 125% of salary. Details of the performance conditions are set out on page 103, taking into account the re-weighting described above. Reflecting the financial performance over the Group in the year and delivery against non-financial objectives, Robert Harris earned a bonus of 56.875% of the maximum (125% of salary), equivalent to 71.09% of salary. 59.3% of salary was paid in cash and 11.8% of salary will be delivered in deferred shares to be held for two years, strengthening alignment of executive and shareholder interests.

Robert Harris' LTIP award granted in 2020 was subject to performance conditions based on EBITDA per share in FY23 (60% weighting) and Sales Volume (40% weighting), measured for three years. Because the EBITDA threshold and Sales Volume threshold were not achieved the overall vesting was nil. William Rudge's LTIP award granted in 2020 lapsed when he left the business.

The Committee considers the incentive outcomes to be reflective of the overall performance of the Group during the relevant period and no discretion was exercised in respect of the outcomes.

Remuneration Report continued

LTIP awards – grant 2022

2022 LTIP awards were granted to Robert Harris, William Rudge, and other participants on 11 July 2022. The LTIP awards are nil priced options over Ordinary shares of €0.05 each in the Company. In line with the Remuneration Policy approved at the 2021 AGM, Robert Harris and William Rudge were granted awards of 215,178 and 100,851 shares respectively. Further details of the performance conditions are set out on page 103. William Rudge's award lapsed when he left the business.

Remuneration – at a glance

We operate a simple and transparent overall structure. The key components and features of our framework are summarised in the table below.

Salary	• Salaries are normally reviewed annually by the Committee, taking into account relevant factors that may include individual performance, corporate performance, changes to an individual's role and responsibilities, and appropriate market data. • The salaries for the Executive Directors for FY24 are set out on page 95.
Benefits and pension	• Benefits consist of private medical insurance and life insurance. • Pension allowance of 8% of salary, aligned with other employees in the business in the UK.
Annual bonus	• Maximum annual bonus opportunity of 125% of base salary. • Target opportunity of 62.5% of salary. • Based on a mix of financial, strategic and operational objectives, with stretching targets. • 20% deferral into fixed number of shares for two years, strengthening alignment of executive and shareholder interests. No leaver provisions. • Malus and clawback provisions apply.
Long-term incentive plan	• As described above, the LTIP grant for the CEO and the CFO for FY24 will be 125% and 100% of salary respectively. • The number of shares that vest will be subject to performance measured over a period of three years. Details of the targets and weightings are set out on page 101. These will be kept under review for future awards. • Vested awards will be subject to an additional two-year holding period, aligned with best practice for UK-listed and Dutch companies and in excess of typical practice for AIM-listed companies. • Malus and clawback provisions apply.
Shareholding guidelines	• Executive Directors are expected to build up and retain a shareholding of at least 250% of salary for CEO and 225% of salary for CFO.

Our Policy retains the flexibility to offer incentive award opportunities exceeding those set out above if appropriate in the circumstances. It retains the discretions for the Committee to provide a maximum bonus opportunity up to the formal cap of 200% of salary in respect of a particular financial year or to make annual LTIP awards of up to 300% of salary.

New LTIP

Our existing 2013 Long Term Incentive Plan was approved by shareholders at the 2013 AGM and will reach the end of its 10-year life in September 2023. At the 2023 AGM we will seek shareholder approval for a new 2023 LTIP, the principal terms of which will be set out in the Notice of AGM.

2023 AGM

The Remuneration Committee remains committed to operating remuneration arrangements which align with our strategic priorities and the best interests of our stakeholders. We believe the approach we have adopted is appropriate and responsible and I look forward to receiving your support at our AGM.

Yours sincerely

Alexander R. Wessels
Chair of the Remuneration Committee

26 June 2023

Context for executive pay

This report is prepared in accordance with the UK regulations for reporting executive pay. Our admission to trading on AIM in the UK and listing on NYSE Euronext in the Netherlands, combined with our UK incorporated status, means that we fall within the definition of a 'quoted company' in the UK Companies Act. Accordingly, and exceptionally amongst AIM companies, we are legally required to comply with the regulations for reporting and approval of Directors' remuneration by companies listed on the main market, including a binding vote on the Directors' Remuneration Policy.

Directors' Remuneration Policy

Our remuneration policy was approved by shareholders at our AGM on 17 September 2021, supported by over 99% of the votes cast. We have set out below, the policy table. Our full Remuneration Policy is set out in the 2021 Annual Report available in the Investors section of the Company's website at www.accsysplc.com.

Element	Purpose and operation	Maximum	Performance measures
Base salary	An appropriate level of fixed remuneration to reflect the individual's skills and experience. Salaries are normally reviewed annually by the Committee, taking into account relevant factors that may include: individual performance, corporate performance, changes to an individual's role and responsibilities, and appropriate market data.	There is no prescribed maximum. Any percentage increase to salaries would normally be in line with those awarded to the wider workforce. Larger increases may be awarded in circumstances considered appropriate by the Committee, such as an increase in the size of the business or the responsibilities of the role, or changes in the competitive marketplace.	N/A
Benefits	To provide a market competitive benefits package. Benefits may comprise a car allowance, private medical insurance, life insurance and reimbursed business expenses (including any associated tax liability) incurred when travelling in performance of duties. The Committee may determine that other benefits be provided where appropriate (for example – relocation costs).	There is no prescribed maximum. The level of benefits is set at an appropriate market rate.	N/A
Pension	Contributions to the Company's pension scheme, or an equivalent cash supplement, is provided.	The maximum level of pension contribution (or cash allowance in lieu) for Executive Directors will be aligned with the contribution level for the wider workforce in the relevant country. Current contributions are 8% of salary for the Executive Directors.	N/A
Annual Incentive Plan	To drive and reward the delivery of business objectives for the financial year. The bonus is discretionary and any pay-out is determined by the Committee based on performance. Targets are set and assessed by the Committee each year. Normally no more than 80% of any bonus will be paid in cash, with the balance paid in deferred shares. Deferred shares typically vest after two years with no further performance conditions. Malus and clawback and dividend provisions apply (see notes to the table). Amounts may be satisfied in cash, or at the Committee's discretion, in shares.	The current maximum annual opportunity for all Executive Directors is 125% of salary. The Committee retains discretion to provide a maximum opportunity of up to 200% of salary in respect of a particular financial year.	Awards will normally be based on a combination of financial and non-financial goals measured over one financial year, with at least 50% of the maximum annual opportunity normally assessed against financial metrics. The Committee retains discretion to adjust performance measures and targets during the year to take account of events outside of management control which were unforeseen when the measures and targets were initially set.

Remuneration Report continued

Element	Purpose and operation	Maximum	Performance measures
Long-term incentive plan (LTIP)	To reward Executive Directors for the delivery of long-term performance and align their interests with shareholders. Awards are made under, and subject to the terms of, the 2013 LTIP approved by shareholders at the 2013 AGM. Awards may be in the form of nil or nominal cost options, or any other form allowed by the Plan rules. Awards vest over a period of at least three years, subject to performance. Awards are subject to an additional holding period of at least two years following the end of the three-year performance period. Clawback and dividend equivalent provisions apply (see notes to the table).	For awards made in FY22 onwards, the award will be a fixed number of shares. In FY22 this fixed number of shares was equivalent to 125% of salary for the former CEO and 100% of salary for the former Finance Director. In future years, for which this policy applies, it was intended that the former Executive Directors would each be awarded the same fixed number of shares as in FY22. The fixed number of shares awarded will be restricted so that it does not exceed the overall maximum LTIP award opportunity. The Committee retains discretion to make annual awards of up to 300% of salary.	Performance targets are measured over a period of at least three financial years, using performance measures aligned to the delivery of the strategy and long-term shareholder value. 25% of awards vests for attaining threshold level of performance. The Committee retains discretion to use different or additional performance measures or weightings to ensure that awards remain appropriately aligned to the business strategy and objectives. Non-financial performance measures will normally be subject to a financial underpin. The Committee will consider the Group's overall performance before determining the final vesting level.
Shareholding guidelines	To increase long-term alignment between executives and shareholders. Executive Directors are expected to build up and retain a beneficial holding of at least 250% of salary for CEO and 225% of salary for the Finance Director/CFO.	N/A	N/A

Notes to the Policy table:

1. Deferred shares and LTIP awards which vest under this Policy may benefit from the right to receive an amount equal to the value of, if applicable, any dividends which would have been paid on vested shares up to the time of vesting (or where the award is subject to a holding or deferral period, up to the time of release).
2. The Annual Incentive Plan and LTIP contain malus and clawback provisions in the event of a material misstatement of results, censure by a regulatory authority or any other serious damage to the Company reputation, or fraud or gross misconduct. The cash and, if applicable, share elements of the Annual Incentive Plan may be clawed back for a period of three years from the date on which the Annual Incentive Plan payment is made. Awards under the LTIP may be cancelled or reduced (prior to vesting), or clawed back for a period of three years post vesting.
3. The remuneration framework for other employees is based on broadly consistent principles used to determine the policy for Executive Directors. All Executives and Senior Managers are generally eligible to participate in some form of annual incentive arrangement. Participation in the LTIP may be extended to executives, senior managers and other key staff, with LTIP performance conditions generally consistent across all levels. Individual salary and pension levels and incentive award sizes vary according to the level of seniority and responsibility.
4. The choice of the performance measures applicable to the Annual Incentive Plan reflects the Committee's view that incentives should be aligned to the Group's key annual financial, strategic and ESG objectives. For the LTIP, the measures and targets for the FY24 award are set out at page 101. For both the Annual Incentive Plan and the LTIP, the Committee sets challenging targets taking into account the Board's objectives for the business. Performance conditions may be amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially more or less difficult to satisfy. The Committee may use its discretion to adjust payouts under the Annual Incentive Plan and LTIP to Executive Directors, within the range of the minimum to maximum opportunity, including reducing it down to zero. Such discretion will only be used where the Committee believes that performance against the prescribed targets does not accurately reflect the Company's underlying performance.
5. The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment either agreed: (i) prior to the Policy set out above came into effect; (ii) during the term of, and were consistent with, any previous policy approved by shareholders; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.
6. The terms of any deferred shares or LTIP shares may be adjusted to take account of a Company reorganisation, such as a variation of capital, rights issue, demerger or special dividend.

In respect of the shareholding guideline, vested but unexercised LTIP shares and the 20% deferred element of the Annual Incentive Plan will count towards the guideline (on a net of tax basis). It is anticipated that the level of shareholding set out in the guideline will normally be met within five years of appointment as an Executive Director (or from the date that the increased shareholding guideline comes into effect i.e. from the approval of this Policy). The Committee will take into account LTIP vesting levels and personal circumstances when assessing progress against the guideline.

Directors' service contracts

The notice periods under the service contracts of the current Executive Directors are set out in the following table:

Name	Notice period from individual (months)	Notice period from Company (months)
Dr Jelena Arsic van Os	12*	12*
Steven Salo	6	6

* Reducing to six months after the first year of employment.

Executive Directors' service contracts, which do not contain expiry dates, provide that compensation provisions for termination without notice will include salary, certain fixed benefits, and pension. In the case of both the CEO and CFO, sums may be paid in instalments and decrease or cease if the individual finds an alternative role.

The Company's general policy on recruiting a new Executive Director is to provide a service contract terminable after six months. However the Committee reserves the right to introduce a longer notice period (of up to 12 months) which would reduce to six months over time. Provisions for compensation for termination would normally follow those described above. Directors' service contracts are kept available for inspection at the Company's registered office.

Outside appointments

Subject to Board approval, Executive Directors are permitted to accept (and retain the fees from) outside appointments on external boards as long as these are not deemed to interfere with the business of the Group.

Policy Table for Non-Executive Directors (NEDs)

Element	Purpose and operation	Maximum	Performance measures
Chair and NEDs	Fees for the Chair and for the NEDs are set by the Board (excluding the NEDs). Fees are based on the responsibilities and time commitment of the role. The Chair receives a single fee. NED fees include a base fee and may include additional fees for other Board or Committee duties. Supplementary fees may be paid for other responsibilities or time commitments Fees are paid in cash. NEDs are not eligible to participate in incentive arrangements or receive pension provision or other benefits. Non-Executive Directors may be reimbursed for business expenses (and any associated tax liabilities) incurred when travelling in performance of duties.	There is no prescribed maximum annual increase or fee level. Fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity.	N/A

Remuneration Report continued

NED contracts

The NEDs, including the Chair, have letters of appointment which set out their duties and responsibilities. Appointment is for a fixed term of three years, terminated by three months' notice on either side.

Name	Unexpired term (months)
Stephen Odell[1]	36
Sean Christie	5
Sue Farr	5
Trudy Schoolenberg	9
Alexander Wessels	3
Louis Eperjesi	24

Notes:

1 Stephen Odell is employed subject to the terms of an Executive Chair Service Agreement which is scheduled come to an end on 1 July 2023 when he reverts to the position of Non-Executive Chair. Dr Jelena Arsic van Os will take up the role of Chief Executive Officer with effect from 1 July 2023.

Consideration of employment conditions elsewhere in the Group

As explained in the general policy section of the Remuneration Policy, the Committee takes into account Group-wide pay and employment conditions. The Committee reviews the average Group-wide base salary increase and bonus costs and is responsible for all discretionary and all-employee share arrangements, and major benefits including by reference to benchmarking data provided by third parties. The Committee did not consult directly with employees in preparing the Directors' Remuneration Policy, but feedback on reward policies and/or remuneration is gathered directly or indirectly through employee surveys and Remuneration Committee discussions about employee value proposition.

Consideration of shareholder views

The Committee consulted with major shareholders in respect of the development of this Remuneration Policy in 2021. We thank shareholders for their time and input into this process. The feedback received was taken into account in finalising the Policy. During each year, the Committee considers shareholder feedback received in relation to the AGM, along with any additional feedback received through other engagement. The Committee also regularly reviews the Policy in the context of published shareholder guidelines.

Implementation of the Remuneration Policy for the year ending 31 March 2024

A summary of how the Directors' Remuneration Policy will be applied during the 2024 financial year is set out below.

Base salary

The base salaries for the Executive Directors (including Stephen Odell while he serves as Executive Chair) are set out in the letter from the Remuneration Committee Chair on page 93.

As set out in the letter from the Remuneration Committee Chair, the salaries for Dr Jelena Arsic van Os and Steven Salo from appointment are £390,000 and £265,000 respectively.

Pension arrangements

In accordance with the Policy, Dr Jelena Arsic van Os and Steven Salo will receive pension contributions (or cash supplements) of 8% of base salary, in line with the pension contribution for wider employees. Stephen Odell will not participate in a pension arrangement in respect of the period when he is Executive Chair.

Annual bonus

For the year ending 31 March 2024, the maximum annual bonus opportunity for each of Dr Jelena Arsic van Os and Steven Salo will be 125% of salary in accordance with the Policy, pro-rated in the case of Dr Jelena Arsic van Os to reflect her period of service in the year. 20% of any earned bonus will be deferred in shares for two years. Payouts will be determined based on the delivery of stretching financial, operational, and personal objectives with the weightings for the various components as follows:

Name	Weighting (% of bonus) CEO	CFO
Group EBITDA	45%	45%
Cash generation	15%	15%
Working capital management	10%	10%
ESG Agenda development	5%	5%
Strategic progress Kingsport	10%	10%
Personal objectives[1]	15%	15%
Total	100%	100%

1 Pay-out under the personal objectives element is subject to an underpin and will be capped at 5% of maximum unless the future capability and funding options for the Tricoya project in Hull have been resolved to the satisfaction of the Board.

The Committee believes that the underlying targets are commercially sensitive and cannot be disclosed at this stage. The Committee retains the discretion to award a bonus in excess of 125% (but within the policy limit of 200%) in the event of exceptional events resulting in significant unexpected value creation for the Group. Stephen Odell will not participate in a bonus arrangement in respect of FY24.

Long-term incentives

For FY24 Dr Jelena Arsic van Os and Steven Salo will be granted awards of options at the level of 125% and 100% of salary respectively.

The performance conditions are set out below.

	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
Underlying EBITDA per share in FY26	45%	18p	20p
Cumulative Revenue (FY24-FY26)	45%	€500m	€600m
ESG – Improvement in reporting ratings	10%	FY26 S&P score improves to 49%	FY26 S&P score improves to 52%

- Vesting is on a straight-line basis between the above points.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.

The Committee also has the ability to exercise discretion to make adjustments to the formulaic vesting outcome if it is not considered to be appropriate taking into account business performance during the performance period including consideration of strategic progress over the three year performance period.

Stephen Odell will not receive an LTIP award in connection with his interim appointment as Executive Chair.

Remuneration Report continued

Non-Executive Directors

The fees for the Non-Executive Directors (NED) for FY23 and proposed fees for FY24 (to be reviewed during the course of FY24) are set out in the table below.

Metric	Year ending March 2024	Year ended March 2023
Base NED fee	£45,000	£45,000
Additional fees:		
Non-UK Resident Non-Executive Director Fee	£4,000	£4,000
Senior Independent Director	£5,400	£5,400
Committee chairpersonship per Committee	£5,400	£5,400

With effect from 17 September 2021, Non-UK resident Non-Executive Directors' fees are supplemented by an additional fee of £4,000 p.a. to take account of the additional time commitment required by non-UK resident Accsys Non-Executive Directors (including but not limited to travelling to Board meetings).

As described on page 78, Stephen Odell assumed the role of Executive Chair on an interim basis with effect from 1 April 2023. Dr Jelena Arsic van Os will join the Board on 27 June 2023 and take up the role of Chief Executive Officer with effect from 1 July 2023, at which point Stephen Odell will revert to the position of Independent Non-Executive Chair and his fee will be £97,000 per annum.

Remuneration received by Directors in the year ended 31 March 2023 (audited)

Directors' remuneration for the 2023 financial year (and for the 2022 financial year) is shown in the following tables:

	Currency	Salary/ Fees	Benefits in Kind[1]	Pension[3]	Total Fixed Remuneration	Annual Bonus	LTIPs Vested/ Expected to Vest[2]	Total Variable Remuneration	2023 Total Remuneration	2023 Total Remuneration EUR
Executive Directors										
Robert Harris	£	308	38	25	371	226	–	226	597	688
William Rudge[6]	£	85	1	7	93	–	–	–	93	110
Non-Executive Directors										
Sean Christie	£	50	–	–	50	–	–	–	50	57
Sue Farr	£	44	–	–	44	–	–	–	44	51
Montague John 'Nick' Meyer[4]	£	36	–	–	36	–	–	–	36	43
Trudy Schoolenberg	£	54	–	–	54	–	–	–	54	62
Stephen Odell	£	95	–	–	95	–	–	–	95	110
Alexander Wessels	£	54	–	–	54	–	–	–	54	62
Louis Eperjesi[5]	£	36	–	–	36	–	–	–	36	41

	Currency	Salary/ Benefits	Fees in Kind[1]	Pension[3]	Total Fixed Remuneration	Annual Bonus	LTIPs Vested/ Expected to Vest[2]	Total Variable Remuneration	2022 Total Remuneration	2022 Total Remuneration EUR
Executive Directors										
Robert Harris	£	295	3	23	321	121	–	121	442	519
William Rudge[6]	£	173	2	14	189	80	–	80	269	317
Non-Executive Directors										
Sean Christie	£	47	–	–	47	–	–	–	47	55
Sue Farr	£	44	–	–	44	–	–	–	44	52
Montague John 'Nick' Meyer[4]	£	42	–	–	42	–	–	–	42	49
Trudy Schoolenberg	£	49	–	–	49	–	–	–	49	58
Stephen Odell	£	90	–	–	90	–	–	–	90	106
Alexander Wessels	£	47	–	–	47	–	–	–	47	55

Figures are shown in thousands. Figures are shown in the currency in which the majority of remuneration is received. The final column converts remuneration into the Company's reporting currency using the monthly exchange rate when the costs are incurred.

1 Taxable benefits for the Executive Directors in the year included car allowance, private medical insurance, life insurance. Due to an administrative error Robert Harris had not received his £10,000 per annum car allowance since joining on 20 November 2019 and therefore received a backdated payment of £30,000 which is shown in the FY23 single figure.

2 For 2022, none of the 2019 LTIP award vested and for 2023 none of the 2020 LTIP vested.

3 Robert Harris received cash in lieu of pension.

4 Nick Meyer stepped down from the Board following the AGM on 23 September 2022.

5 Louis Eperjesi was appointed to the Board with effect from 14 June 2022.

6 William Rudge stepped down from the Board following the AGM on 23 September 2022 and remained an employee of the Group until 1 February 2023. In the table above, his remuneration for 2023 is his remuneration earned up to 23 September 2022.

Annual bonus for the year ended 31 March 2023 (audited)

For the year ended 31 March 2023, the maximum annual bonus opportunity for Robert Harris was 125% of salary in accordance with the Policy. Having regard to his intended departure and the benefits of an orderly handover, the weightings of the performance conditions applying to his bonus were adjusted, with 25% of the overall opportunity (31.25% of salary) being subject to the achievement of personal objectives linked to the implementation of the Group's strategy. The payout was determined based on performance, taking into account the delivery of stretching financial and operational objectives with the weightings for the various components as set out in the table below. William Rudge was not eligible to earn a bonus in respect of the year.

	Group scorecard weightings	Out-turn for Group scorecard	Weighting as % of maximum for CEO	Out-turn for CEO
Group Objectives:				
Group EBITDA (including Tricoya)	45%	22.5%	33.75%	16.88%
Cash Management	15%	5%	11.25%	3.75%
Progression with Hull plant	15%	0%	11.25%	0%
Raw materials supply	10%	8%	7.50%	6.00%
ESG agenda	5%	5%	3.75%	3.75%
Strategic progress	10%	2%	7.50%	1.50%
Sub-total – Group Objectives:	**100%**	**42.5%**	**75%**	**31.88%**
Personal Objectives:			**25%**	**25%**
Final bonus outcome (% of maximum)				**56.88%**

The detailed performance targets remain commercially sensitive and cannot be disclosed at this time.

Overall, the bonus outcome was 56.88% of the maximum (125%) equivalent to 71.09% of salary. In line with the Remuneration Policy 59.3% of salary was paid in cash and 11.8% of salary will be delivered in deferred shares that would be expected to vest in July 2025. The Committee believes this outcome is an appropriate reflection of performance against objectives in the year.

Remuneration Report continued

LTIP vesting in respect of performance to the year ended 31 March 2023 (audited)

The vesting of the LTIP awards granted on 15 July 2020 was subject to performance conditions as summarised in the table below by reference to EBITDA (60% weighting) and Sales Volume (40% weighting) performance over a three-year period.

	Weighting (% of award)	Threshold	Stretch	Maximum	Actual performance	Vesting (% maximum)
Total vesting (% of maximum)		25%	70%	100%		0%
EBITDA per share in FY23	60%	€0.14	€0.19	€0.24	€0.11 per share	0%
Total Sales Volume	40%	90,000m³	105,000m³	112,720m³	63,344m³	0%

- Vesting is on a straight-line basis between points in the schedule. There is no vesting for performance below the threshold.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- EBITDA per share targets are set and determined so as to exclude licensing income.
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.
- Vesting of the Sales Volume component will be subject to the achievement of a threshold level of EBITDA.

Scheme interests awarded during the year (audited)

In line with the Policy, 2022 awards were made to the Executive Directors on 11 July 2022, as set out below.

	Type of Award	Basis of award granted	Face value of award €000s[1]	% of maximum vesting for threshold performance	Performance period
Robert Harris	Nil cost options	125% of salary	260	25%	Three years to 31 March 2025
William Rudge[2]		100% of salary	122	25%	Three years to 31 March 2025

1 Face value determined using share price determined at grant of €1.21 per share.

2 William Rudge's award lapsed on 1 February 2023.

The performance targets for these awards are as follows:

	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
Cumulative Sales Volume 1 (FY23–FY25)	25%	206,000m³	232,000m³
Average Gross Contribution	25%	49.60%	55.00%
Relative share price performance compared to companies in the AIM Index excluding financial services and natural resources companies – opening share price based on average price for the last week of September 2022	40%	Median	Upper quartile
ESG – Improvement in reporting ratings	10%	15% improvement in S&P ESG score over the three year period	20% improvement in S&P ESG score over the three year period

- Vesting is on a straight-line basis between the above points.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.

Payments to past Directors and payments for loss of office (audited)

William Rudge's remuneration earned for FY23 to the point at which he stepped down from the Board is included in the table on page 102. No payment for loss of office was made to Mr Rudge. Mr Rudge remained an employee until 1 February 2023 receiving his salary, pension allowance and benefits in the normal way. He continued to provide consultancy services to the Group for a period following the end of his employment. Mr Rudge retained his LTIP award over 35,152 shares which vested in June 2021 and is subject to a holding period to June 2023 and his deferred bonus award over 14,569 shares granted in 2022 which will vest in July 2024.

Robert Harris' remuneration earned for FY23 is included in the table on page 102. Following the end of FY23, Mr Harris received a payment of £83,364 in lieu of salary and pension for the balance of his notice period and accrued but untaken holiday. The Company continued to provide medical insurance and life assurance for three months following the end of his employment and made a payment of £65,000 in respect of outplacement support and of up to £3,250 in respect of legal expenses. Mr Harris retained his deferred bonus award over 21,918 shares granted in 2022 which will vest in July 2024. He will also be granted a deferred bonus award in 2023 over shares with a value of 11.8% of his base salary (£37,550) that would expect to vest in July 2025. Mr Harris also retained the following LTIP awards, which will vest subject to the satisfaction of the performance conditions and a time based reduction to reflect the cessation of employment before the end of the vesting period. Each award will remain subject to the applicable post-vesting holding period.

Date of grant	Number of shares before time based reduction	Number of shares after time based reduction	End of performance period	End of holding period
23 June 2021	215,178	101,612	31 March 2024	23 June 2026
11 July 2022	215,178	161,384	31 March 2025	11 July 2027

There are no other payments for loss of office or payments to former Directors to be disclosed.

Statement of Directors' shareholdings and share interests (audited)

	Shares beneficially held[1] as at 31 March 2023 (or if earlier the date on which they ceased employment)	Vested but unexercised LTIPs	Unvested LTIP awards[2]	Unvested Deferred bonus awards
Robert Harris	109,485	–	262,995	21,918
William Rudge	324,075	35,153	–	14,569
Sean Christie	83,369	–	–	–
Sue Farr	35,000	–	–	–
Montague John 'Nick' Meyer	155,489	–	–	–
Stephen Odell	40,650	–	–	–
Trudy Schoolenberg	44,444	–	–	–
Alexander Wessels	–	–	–	–
Louis Eperjesi	–	–	–	–

1 Includes shares held by connected persons. This includes shares held by William Rudge at the date he left employment which he acquired following his exercise of LTIP options during the year ended 31 March 2022 over 93,490 shares.

2 Excluding the LTIP granted in July 2020 which has lapsed after year end as disclosed above.

There has been no change in the beneficial holdings of the Directors between the year end and the date of this report.

Remuneration Report continued

The unvested LTIP awards consist of 2021 and 2022 LTIP awards. The performance conditions for the 2020 and 2022 awards are summarised in the sections above. The performance conditions for the 2021 award are summarised in the table below.

2021 LTIP

	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
EBITDA per share in FY24	60%	€0.15	€0.24
Cumulative Sales Volume (FY22-FY24)	30%	267,000m³	297,000m³
ESG – Improvement in reporting ratings	10%	(see below)	(see below)
			Further detail on ESG targets: 33% on attaining each of the three-year milestones: Y1 – Attain investor ESG external rating/score Y2 – Improve/maintain ESG external rating/score Y3 – Improve/maintain ESG external rating/score

- Vesting is on a straight-line basis between the above points.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.

Relative importance of spend on pay

During the year ended 31 March 2023, the total pay for all Group employees increased by 9% to €18,584,000 (2022: €17,007,000). There were no dividends or share buybacks in either year.

	FY23	FY22	Difference as a percentage vs FY22
Remuneration for all employees	**€18,584,000**	€17,007,000	9%

Annual percentage change in remuneration of Directors and employees

The following table has been prepared in accordance with the UK reporting regulations.

Name		Chief Executive remuneration[2]	Finance Director Remuneration[3]	Non-Executive Chair[4]	Average Non-Executive Director remuneration[5]	Average of all employees of UK PLC[6]
Salary/fees[1]	FY20 to FY21	(7%)	3%	0%	(5%)	(1%)
	FY21 to FY22	9%	9%	0%	7%	(13%)
	FY22 to FY23	4%	2%	6%	3%	11%
Benefits	FY20 to FY21	0%	8%	N/A	N/A	10%
	FY21 to FY22	2%	3%	N/A	N/A	(14%)
	FY22 to FY23	11%	4%	N/A	N/A	37%
Bonus	FY20 to FY21	5%	57%	N/A	N/A	14%
	FY21 to FY22	(43%)	(30%)	N/A	N/A	(63%)
	FY22 to FY23	87%	N/A	N/A	N/A	68%

1 Table above includes a 20% reduction in salary for the Chief Executive, Finance Director and Non-Executive Directors for the period April to July 2021. For the remaining UK employees below the Senior Management Team, any reduction in salary for the initial COVID-19 period was repaid, therefore the repayment has been included in the table above.

2 Robert Harris (Chief Executive) was appointed to the Board on 20 November 2019. In the above table, the annual change from FY20 to FY21 for his salary, benefits and bonus have used annualised FY20 salary, benefits, and bonus awarded amounts to provide an effective year-on-year comparison.

3 William Rudge (Finance Director) resigned from the Board on 23 September 2022. In the above table, the annual change from FY20 to FY21 for his salary and benefits have used annualised FY23 salary and benefits to provide an effective year on year comparison. As Mr Rudge was not eligible to earn a bonus for FY23, the percentage change between FY22 and FY23 is not considered a meaningful comparison.

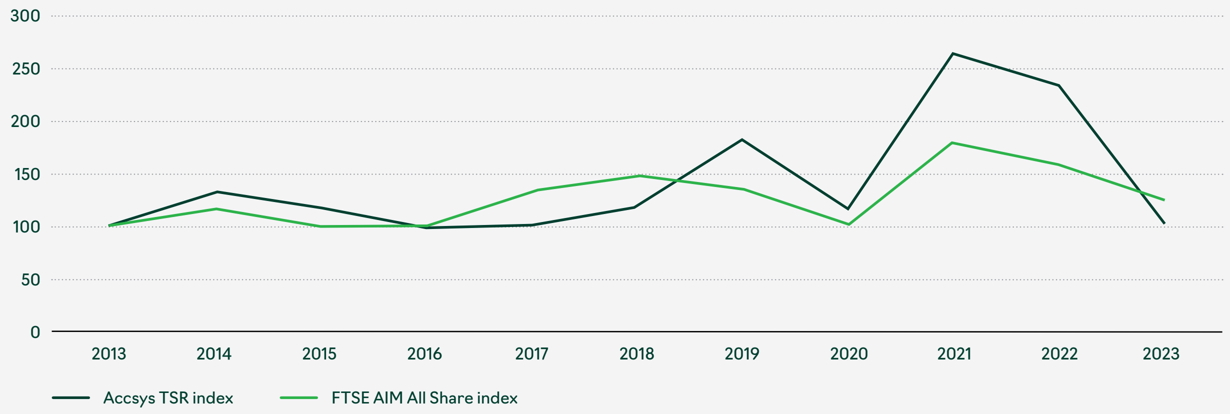
4 Stephen Odell was appointed Chair on 18 September 2020. In the above table, the annual change in FY20 to FY21 is based on his annualised FY20 fees an effective year on year comparison.

5 Average Non-Executive Director remuneration comparison includes adjustment for annualised salary for Alexander Wessels, who was appointed to the Board on 18 September 2020 and for Louis Eperjesi who was appointed to the Board on 14 June 2022.

6 The 13% decrease in average UK PLC employee salary between FY21 and FY22 is attributed to the further employee growth of blue collar employees, with lower salary levels.

Performance graph and CEO remuneration

The following graph shows the Company's performance for the past ten years on the London Stock Exchange AIM compared with the performance of the FTSE AIM All Share index. The FTSE AIM All Share index has been selected for this comparison as it is a broad-based index which the Directors believe closely reflects the performance of other companies with similar characteristics to the Company.



Since joining in late 2019, the CEO's total remuneration together with the proportion attributable to bonus or vested incentives is as set out in the table below:

	2014 €'000	2015 €'000	2016 €'000	2017 €'000	2018 €'000	2019 €'000	2020 (P.Clegg)[1] €'000	2020 (R.Harris)[2] €'000	2021 €'000	2022 €'000	2023 €'000
Total remuneration	676	783	613	1,632	502	809	477	216	579	519	688
% Bonus of Total	51%	54%	36%	18%	32%	26%	16%	38%	43%	27%	37%
% Bonus of Cap	N/A	68%	33%	48%	28%	36%	17%	33%	41%	21%	36%
% vested LTIPs of maximum	N/A	N/A	N/A	58%	N/A	50%	45%	N/A	N/A	N/A	N/A

As no formal cap or maximum bonus existed before 2015, no figure has been disclosed setting out this percentage.

Consideration of matters relating to Directors' remuneration

The Remuneration Committee consisted of Alexander Wessels (Committee Chair), Stephen Odell, Trudy Schoolenberg, Sean Christie, Sue Farr, and Louis Eperjesi. All members of the Remuneration Committee (including the Chair on appointment) are considered to be independent. For the duration of his Executive Chair position, Stephen Odell was not an Independent NED and did not participate as a member of the Remuneration Committee, although was invited to attend Remuneration Committee meetings. No individual was present when their own remuneration was being discussed.

Following appointment in 2018, Deloitte LLP (Deloitte) continues to be engaged as independent adviser to the Committee. The Committee is satisfied that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. Their total fees for the provision of remuneration services to the Committee during the financial year to 31 March 2023 were £30,400 (plus VAT).

Statement of voting at general meeting

The AGM held on 17 September 2021 included an ordinary resolution in respect of the approval of the Directors' Remuneration Report (excluding the Remuneration Policy) for the year ended 31 March 2021. 109,668,788 (98.82%) votes were cast for the resolution, 1,304,803 against and 54,662 withheld. At the AGM held on 17 September 2021, an ordinary resolution was also passed in respect of the approval of the Directors' Remuneration Policy for the year ended 31 March 2021 100,572,490 (99.92%) votes were cast for the resolution, 81,332 against and 10,374,431 withheld.

At the AGM held on 23 September 2022, an ordinary resolution was passed in respect of the approval of the Directors' Remuneration Report (excluding the Remuneration Policy) for the year ended 31 March 2022. 112,098,476 (99.94%) votes were cast for the resolution, 69,452 against and 13,664 withheld.

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Directors' Report

for the year ended 31 March 2023

The Directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2023.

The Company has chosen, in accordance with s414C (11) of the Companies Act 2006, to provide disclosures and information in relation to a number of matters which are covered elsewhere in this Annual Report and Accounts. The Corporate Governance Report approved by the Board is provided on pages 80 to 81 and the Sustainability Report on page 56 are incorporated by reference into this Directors' Report. The Company elects to report under the Quoted Company Alliance Corporate Governance Code.

Statutory information

Information required to be part of the Directors' Report can be found elsewhere in this document, as indicated in the table below, and is incorporated into this report by reference:

Topic	Section of Annual Report	Page number
Stakeholder engagement • Statement of engagement with employees • Statement of engagement with other business relationships	Stakeholder Engagement	67
Financial instruments	Note 33 of the financial statements	163
Greenhouse gas emissions ('GHG')	Sustainability Report	62
Corporate Governance Statement 2023	Corporate Governance Report	80
Environmental matters	Sustainability Report	60
Social and community issues	Sustainability Report	64
Principal risks and uncertainties	Strategic Report	50
Research and development	Financial review Sustainability Report Financial statements	44 56 125
Charitable donations	Sustainability Report	64
Directors' interest in shares	Remuneration Report	105

Registered number: 05534340

Registered office address:
4th Floor, 3 Moorgate Place, London, EC2R 6EA

Incorporated in: England and Wales

Type: Public Limited Company

Accsys Technologies PLC has securities admitted to trading on London Stock Exchange AIM and listed and admitted to trading on Euronext Amsterdam.

Principal activities

The principal activities of the Group are the production and sale of Accoya solid wood and Tricoya wood elements, technology and product development, as well as the licensing of technology for the production and sale of Accoya and Tricoya via the Company's subsidiaries: Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc., Accoya Color UK Limited, Tricoya Technologies Limited, Tricoya UK Limited, Accsys (Accoya USA) Holdings LLC, Accsys USA Holdings Inc and its joint venture Accoya USA, LLC (collectively the 'Group'). 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.

A review of the business is set out in the Executive Chair's Statement on page 14 and the Business Review on page 34.

Strategic Report

The Strategic Report, which can be found on pages 20 to 71, sets out the Group's strategy, business model, key performance indicators; and a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

Board of Directors

The Directors of the Company during the year and up to the date of signing the financial statements were:

Stephen Odell

Steven Salo (appointed on 1 April 2023)

Susan Jane Mair (known as Sue Farr)

Michael Christie (known as Sean Christie)

Geertrui Schoolenberg (known as Trudy Schoolenberg)

Alexander Wessels

Louis Eperjesi (appointed as a Director on 14 June 2022)

William Rudge (ceased being a Director on 23 September 2022)

Robert Harris (ceased being a Director on 31 March 2023)

Montague John Meyer (ceased being a Director on 23 September 2022)

All Directors will stand for election or re-election at the 2023 AGM with the exception of Sean Christie and Sue Farr, who, having attained nine years' service as Non-Executive Directors, will be standing down, and Alexander Wessels, who will be stepping down due to commitments from his other roles.

For more information on the Board of Directors, including their biographies | See pages 74 to 75

Directors' indemnities

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for legal action brought against its Directors. The policy was in force throughout the period and at the date of the approval of these financial statements.

Employment policies

The Group promotes diversity and inclusion with respect to recruitment and selection, from training and development, through appraisal and promotion and to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment regardless of gender, race, religion or belief, disability, age, marital status, pregnancy or maternity or sexual orientation. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

Information on the gender ratio of our employees is available in the Sustainability section on page 64.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons when the requirements of the role can be adequately fulfilled. Where existing employees become disabled, it is the Group's policy to provide continuing employment under normal terms and conditions whenever possible. More information regarding our approach to diversity and inclusion can be found on page 109.

Likely future developments

Details of likely future developments can be found in the section marked 'Looking ahead', contained in the Executive Chair's Statement on page 16.

Political donations

There were no political donations made during the year or the previous year.

Post balance sheet events

No material events have occurred between the year end date of 31 March 2023 and the date of this report.

Share capital

The Company's issued share capital comprises Ordinary shares of €0.05 each which are admitted to trading on London Stock Exchange AIM and listed and admitted to trading on Euronext Amsterdam. As at 31 March 2023, the Company's issued share capital comprised 219,381,693 Ordinary shares.

For more information see note 25 of the financial statement | See page 157

Share issues

During the year, the Company issued 26,620,371 Ordinary shares as follows:

- In May 2022, 13,793,103 Ordinary shares were issued to raise gross proceeds of approximately €20 million. (€19 million less expenses).
- In November 2022, 11,875,801 Ordinary shares were issued as part of the as part of the Tricoya consortium restructure.
- Between August 2022 and February 2023, 435,774 Ordinary shares were issued following the exercise of nil cost options granted under the Company's 2013 Long Term Incentive Plan ('LTIP').
- In February 2023, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 174,122 shares were issued as 'Matching Shares' at nominal value under the Plan.
- In addition, various employees newly subscribed under the Plan for 203,906 shares at an acquisition price of €0.812 per share, with these shares issued to a Dutch foundation, 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 February 2023, a total of 137,665 of shares were allotted to the Company's Employee Benefit Trust (EBT) in relation to one-off incentivisation awards for certain employees. The terms of the award to relevant employees require the shares to be held on trust by the EBT until July 2023, subject to relevant employees remaining in employment during the prior year.

Directors' Report continued

Results and dividends

The consolidated statement of comprehensive income for the year is set out on page 125.

The Directors do not recommend the proposal of a final dividend in respect of the current year, consistent with the prior year.

Principal risks and uncertainties

The business, financial condition or results of operations of the Group could be adversely affected by any of the risks set out in the Strategic Report. 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.

The Directors consider that the principal risks to achieving the Group's objectives are set out in the Strategic Report.

Health and safety

Health and safety is a priority at all levels of the Group, in particular taking into account the chemical industry in which Accsys operates. Group companies have a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees and visitors alike, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The avoidance of occupational accidents and illnesses is given a high priority. Detailed policies and procedures are in place to minimise risks and ensure appropriate action is understood in the event of an incident. The Group HSE Director has oversight over health and safety for the Group and in addition, dedicated health and safety personnel are retained at the Group's manufacturing facilities.

In September 2021, the Board of Directors constituted a HSE Committee to, amongst other things, review health, safety and environmental strategy, matters arising from the Company's activities and operations and endorse HSE policies, workplans and activities.

Significant shareholdings

So far as the Company is aware (further to formal notification), the following shareholders held legal or beneficial interests in Ordinary shares of the Company exceeding 3% as at 31 March 2023:

Shareholder	Number of Ordinary shares/ voting rights	Percentage of Ordinary shares
De Engh B.V.	23,114,360	10.57%
Teslin Participaties Coöperatief U.A.	34,482,422	15.78%
Janus Henderson Group PLC	10,345,655	4.73%
INEOS Acetyls Investments Limited	7,500,000	3.43%

There are no restrictions in respect of voting rights.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements that there is a reasonable expectation that the Group has access to adequate resources to continue in operational existence for at least the next 12 months. Further details are set out in note 1 to these financial statements.

Disclosure of information to auditors

Each of the persons who is a Director at the date of the approval of the Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP (PwC) has been the external auditor of the Company since April 2010. The Company is undertaking a competitive tender process in respect of the audit for the year ending 31 March 2024.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002, as it applies in the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles of Association at the forthcoming AGM.

Approved by the Board and signed on its behalf by:

Nick Hartigan
Company Secretary
26 June 2023

Statement of Directors' Responsibilities

in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The Group has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Dutch Financial Markets Supervision Act.

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for presenting the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ('ESEF Regulation').

Directors' confirmations

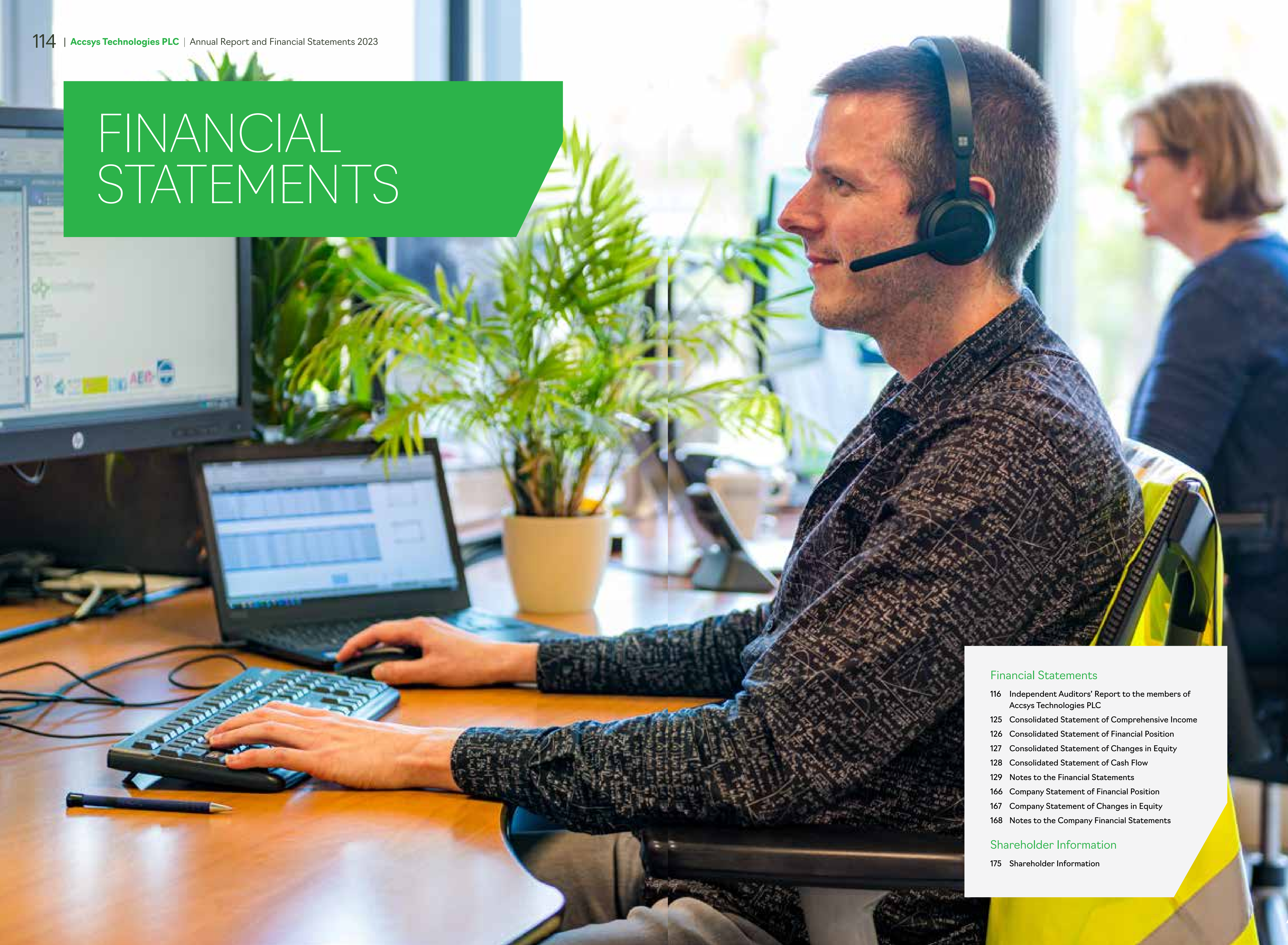
The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report (including but not limited to the Executive Chair's statement, Business Review and Finance Review) includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.



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Independent Auditors' Report to the members of Accsys Technologies PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Accsys Technologies PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2023 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and the Dutch Financial Markets Supervision Act.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 March 2023; the Consolidated statement of comprehensive income, the Consolidated statement of cash flow, and the Consolidated and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs") and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

We have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed full scope audits over three reporting units, audit work over material financial statement line items for four reporting units including the joint venture entity in North America which cumulatively accounted for 100% (2022: 100%) of the Group's revenue.
- The UK based Group audit team maintained regular contact with our component team in the Netherlands throughout the planning and execution of their work. The audit in respect of the North America subsidiary business was carried out by the Group team in the UK.

Key audit matters

- Impairment of non-current assets (Group)
- Recoverability of investments in subsidiary undertakings (Company)

Materiality

- Overall Group materiality: 1,600,000 EUR (2022: 1,100,000 EUR) based on 1% of Total Revenue.
- Overall Company materiality: 1,520,000 EUR (2022: 950,000 EUR) based on 1% of Total Assets but capped at 95% of Group materiality.
- Performance materiality: 1,200,000 EUR (2022: 825,000 EUR) (Group) and 1,140,000 EUR (2022: 712,000 EUR) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recoverability of investments in subsidiary undertakings (Company) is a new key audit matter this year. Going Concern & Cost capitalisation, which were key audit matters last year, are no longer included because of the changes to the business in relation to the hold on construction of the Tricoya plant in Hull has lowered the risk associated with these areas particularly around going concern. There have been lower amounts of internal cost capitalised this year given the completion of the work in Arnhem and current hold period for Hull during the year. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets (Group)	
At 31 March 2023 the Group carried €4.2m of goodwill (2022: €4.2m), €6.3m of other intangible assets (2022: €6.6m), and €106.1m of tangible fixed assets (2022: €176.7m) all of which are material. Refer to note 15 & 16. Management is required to perform an annual impairment review of goodwill and perform an impairment assessment when a trigger has been identified in accordance with IAS 36. The carrying value of non-current assets are contingent on future cash flows of the underlying cash generating units ('CGUs') and if there is a risk that these cash flows do not meet the Directors' expectations, the non-current assets will be impaired. The assessment over the recoverable amount of the underlying CGUs is judgemental and includes a number of key assumptions, changes to which could result in a materially different outcome. Following management's assessment, an impairment of €86.0m was booked to reduce the carrying value of the Tricoya CGU to its recoverable amount due to increased uncertainty over the timing and quantum of costs to complete the Hull Plant. The key assumptions underpinning this charge included timing of the hold period, discount rate, long term growth rate, production and sales volumes and price. We focussed on this area because of the inherent judgement and estimation uncertainty involved in determining the key assumptions.	In respect of the impairment charge booked, we assessed the methodology for determining the recoverable amount of the CGUs. We assessed the appropriateness of the discount rate and assumptions applied and assessed the reasonableness of the impairment charge calculated. We satisfied ourselves that it was appropriate. The headroom in the Accoya CGU was significant and therefore, our audit work primarily focussed on the Tricoya CGU given recent decision to hold the development of the plant. We satisfied ourselves that the forecasts were reasonable and had been prepared with appropriate Board involvement. With the assistance of our valuation experts we tested the value-in-use models, including challenging management forecasts and key assumptions particularly around the timing of the Hull plant hold period as well as the additional cost required for completion. We also considered other key assumptions such as production and sales volume, price and discount rate, and found that these assumptions were reasonable. We assessed the mathematical accuracy and integrity of the impairment models and determined that the impairment charge had been appropriately calculated. Given the estimation uncertainty inherent in the impairment calculations, the financial statements include a sensitivity analysis (refer to note 16). Having re-performed the sensitivity calculations and considered whether any other sensitivities might be more appropriate, we are satisfied that the financial statements adequately disclose the potential risk of future impairment and reversal. We satisfied ourselves that any reasonable possible change that results in a material adjustment to the impairment charge had been considered.
Recoverability of investments in subsidiary undertakings (Company)	
Refer to note 4 in the Parent Company financial statements. The Parent Company had €17.4m of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support their carrying value and the assets may be impaired. As part of their considerations the Directors compared the carrying amount of the investment to their recoverable amount using a value in use model. Having performed this assessment, no impairment was recognised.	We evaluated management's assessment and considered the consistency with other audit procedures performed. We verified that the inputs to the assessment were mathematically accurate and compared the carrying value of the investments to the recoverable amounts determined by the value in use model. Based on our work we found that the Directors' view that there was no impairment to recognise was appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting process is structured around a central finance function based in the UK. The accounting records for each of the territories in which the Group operates is managed through the central finance function except for the Netherlands entity which maintains their own accounting records and controls and reports to the central finance function through the submission of management reporting packs. We used our component auditor (PwC Netherlands), who are familiar with the local laws and regulations, to perform an audit of the complete financial information in respect of the subsidiary. In order to direct and supervise the component audit, the Group engagement team sent detailed instructions to the local audit team. These included communication of the areas of focus and other required communications. The consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team at the head office. These included the going concern assessment, share based payments, tax accounting and impairment assessment in respect of non-current assets. Taken together, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

We made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment, giving consideration to both physical and transition risks. Management has outlined within their Strategic Report their sustainability goals, highlighting a focus on producing sustainable wood products that are responsibly sourced from certified sustainable, well managed and fast growing forests. This has been factored into their strategy and future business plans. Whilst the impact of climate change is uncertain there were no indications that the useful lives of the assets are currently impacted by climate change. We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Independent Auditors' Report continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	1,600,000 EUR (2022: 1,100,000 EUR).	1,520,000 EUR (2022: 950,000 EUR).
How we determined it	1% of Total Revenue	1% of Total Assets but capped at 95% of Group materiality
Rationale for benchmark applied	Given that the business is in a growth stage, revenue was considered the most appropriate measure to use and is a generally accepted benchmark.	The Company is a non-trading holding Company and accordingly we conclude that total assets is an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was 786,000 EUR to 1,520,000 EUR. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to 1,200,000 EUR (2022: 825,000 EUR) for the Group financial statements and 1,140,000 EUR (2022: 712,000 EUR) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 80,000 EUR (Group audit) (2022: 55,000 EUR) and 76,000 EUR (Company audit) (2022: 40,000 EUR) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding of the approach adopted by management through discussions with appropriate individuals within and outside the finance function and in particular with the Group CFO.
- Tested the integrity of the model used for the going concern assessment covering the period through to 30 September 2024, by recalculating certain outputs and checking the mathematical accuracy of the formulas within the model. We also agreed the forecasts used to the FY24 board approved budget, tested the accuracy of the inputs of the model by agreeing back to source documentation and obtained the loan agreements and recomputed the financial covenants in the models.
- Discussions with management to understand the status of the Hull Tricoya plant and the decision and ability to delay any further development of the plant for two years, as well as understanding the recent debt restructure which reduces liquidity risk in the short term.
- Using our knowledge from the audit and the assessment of management's ability to forecast accurately, we applied our own stress test to management's severe but plausible downside and in particular to the timing and additional investment in respect of the completion of the Kingsport plant. We considered the potential mitigating actions included in management's severe but plausible case and assessed whether those are within management's control.
- We have challenged management on the appropriateness of disclosures within the Annual Report on Page 129 and in note 1 of the Group financial statements and Page 168 and note 1 of the Company financial statements in respect of going concern and are satisfied that they are appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report continued

The directors are responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporate tax legislation, UK employment legislation and equivalent local laws and regulations applicable to the component team, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We held discussions with Group management and the Group's legal counsel,including consideration of known or suspected instances of non-compliance with laws and regulation, that could give rise to a material misstatement in the Group and Company financial statements.
- Challenging assumptions and judgements made by management in its significant accounting estimates,in particular in relation to the going concern assessment, the refinance of Group finance facilities and impairment of assets.
- We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

It is also our responsibility to assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the members on 8 September 2011 to audit the financial statements for the year ended 31 March 2011 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 31 March 2011 to 31 March 2023.

Report on other legal and regulatory requirements

We have checked the compliance of the consolidated financial statements of the Company as at 31 March 2023 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements. That is, for the Company:

- The consolidated financial statements are prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.
- In our opinion, the consolidated financial statements of the Company as at 31 March 2023, identified as Accsys Technologies PLC – Annual Report and Financial Statements 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

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

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

The notes on pages 129 to 165 form an integral part of these financial statements.

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Consolidated Statement of Financial Position

as at 31 March 2023

Registered Company 05534340

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

The financial statements on pages 125 to 165 were approved by the Board of Directors on 26 June 2023 and signed on its behalf by

Stephen Odell
Director

Steven Salo
Director

The notes on pages 129 to 165 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

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

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

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

See note 26 for details concerning Other reserves.

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

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

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

The notes on pages 129 to 165 form an integral part of these financial statements.

Consolidated Statement of Cash Flow

for the year ended 31 March 2023

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

The notes on pages 129 to 165 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2023

1. Accounting Policies

Basis of accounting

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

Going Concern

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

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

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

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

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

Exceptional Items

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

Business combinations

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

1. Accounting Policies continued

Business combinations continued

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

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

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

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

Revenue from contracts with customers

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

Manufacturing revenue

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

Licensing fees

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

Finance income

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

Finance expenses and borrowing costs

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

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

Interest on borrowings directly relating to the construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred.

Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period. The capitalisation of borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

Share based payments

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

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

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

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

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends

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

Pensions

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

Taxation

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

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

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

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

1. Accounting Policies continued

Foreign currencies

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

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

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

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

Foreign exchange hedging

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

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

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

Government grants

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

Goodwill

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

Joint venture

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

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

Other intangible assets

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

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

Property, plant and equipment

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

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

Impairment of non-financial assets

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

Notes to the Financial Statements continued
for the year ended 31 March 2023

1. Accounting Policies continued

Leases

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

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

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

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

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

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

Inventories

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

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

Fair value measurement

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

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

Specific valuation methodologies used to value financial instruments include:

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

Financial assets

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value and in the case of investments not at fair value through profit or loss, fair value plus directly attributable transaction costs.

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities

Other financial liabilities

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

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

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

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value, which is determined based on the present value of the difference in cash flows between the contractual payments required under the FHB borrowing (provided to the Company's joint venture – Accoya USA) and the payments that are estimated to be required without the guarantee being provided by Accsys to FHB. To calculate the fair value of the guarantee, the present value calculation is then weighted by the probability of the guarantee being called by FHB.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the Financial Statements continued

for the year ended 31 March 2023

1. Accounting Policies continued

Share capital

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

Segmental Reporting

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

Alternative Performance Measures

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

The most significant APMs are:

Net debt

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

Underlying EBITDA

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

Underlying EBIT

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

Net Debt/Underlying EBITDA

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

Accoya Manufacturing margin

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

Adjusted Cash

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

2. Accounting judgements and estimates

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

Accounting estimates

Goodwill

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

Intellectual property rights (IPR) and property, plant and equipment

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

Valuation of value recovery instrument ("VRI")

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

Accounting judgements

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

Financial asset at fair value through profit or loss

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

2. Accounting judgements and estimates continued

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

New standards, amendments and interpretations

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

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

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

New standards, amendments and interpretations not yet adopted

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

3. Segmental reporting

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

Accoya

	Accoya Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	Year ended 31 March 2023 TOTAL €'000	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	Year ended 31 March 2022 TOTAL €'000
Accoya wood revenue	143,494	–	143,494	105,053	–	105,053
Licence revenue	300	–	300	400	–	400
Other revenue	16,773	–	16,773	13,879	–	13,879
Total Revenue	160,567	–	160,567	119,332	–	119,332
Cost of sales	(105,608)	–	(105,608)	(83,435)	–	(83,435)
Gross profit	54,959	–	54,959	35,897	–	35,897
Other operating costs	(22,621)	–	(22,621)	(19,116)	(133)	(19,249)
Profit from operations	32,338	–	32,338	16,781	(133)	16,648
Profit from operations	32,338	–	32,338	16,781	(133)	16,648
Accoya USA EBIT	(912)	–	–	(261)	–	–
EBIT	31,426	–	32,338	16,520	(133)	16,648
Depreciation and amortisation	6,832	–	6,832	4,787	–	4,787
Accoya USA Depreciation and amortisation	211	–	–	–	–	–
EBITDA	38,469	–	39,170	21,307	(133)	21,435

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

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

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

Average headcount = 175 (2022: 162)

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

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

	2023	2022
Accoya Manufacturing gross profit–€'000	54,659	35,497
Accoya sales volume–m^3	63,344	59,649
Accoya manufacturing gross profit per m^3	863	595

Tricoya

	Tricoya Segment					
	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items & Other Adjustments €'000	Year ended 31 March 2023 TOTAL €'000	Year ended 31 March 2022 Underlying €'000	Year ended 31 March 2022 Exceptional items & Other Adjustments €'000	Year ended 31 March 2022 TOTAL €'000
Tricoya panel revenue	1,373	–	1,373	1,459	–	1,459
Licence revenue	29	–	29	16	–	16
Other revenue	49	–	49	45	–	45
Total Revenue	1,451	–	1,451	1,520	–	1,520
Cost of sales	(1,244)	–	(1,244)	(1,417)	–	(1,417)
Gross profit	207	–	207	103	–	103
Other operating costs	(5,823)	(86,000)	(91,823)	(3,811)	(3)	(3,814)
Loss from operations	(5,616)	(86,000)	(91,616)	(3,708)	(3)	(3,711)
Loss from operations	(5,616)	(86,000)	(91,616)	(3,708)	(3)	(3,711)
Depreciation and amortisation	527	–	527	505	–	505
Impairment	–	86,000	86,000	–	–	–
EBITDA	(5,089)	–	(5,089)	(3,203)	(3)	(3,206)

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

Other operating costs includes pre-operating costs for the Tricoya Hull Plant.

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

3. Segmental reporting continued

Corporate

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

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

Average headcount = 33 (2022: 37)

Research and Development

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

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

Average headcount = 13 (2022: 9)

Total

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

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

Reconciliation of Underlying EBIT and EBITDA

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

Analysis of Revenue by geographical area of customers:

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

3. Segmental reporting continued

Assets and liabilities on a segmental basis

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

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

Analysis of non-current assets (Other than financial assets and deferred tax):

	2023 €'000	2022 €'000
UK	30,485	107,861
Other countries	116,729	83,251
Un-allocated–Goodwill	4,231	4,231
	151,445	195,343

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

4. Other operating costs

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

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

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

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

During the period, €437,000 (2022: €714,000) of internal development & patent related costs were capitalised and included in intangible fixed assets, including €287,000 (2022: €488,000) which were capitalised within Tricoya Technologies Limited ('TTL'). In addition €171,000 of internal costs have been capitalised in relation to our current Arnhem Accoya plant expansion project (2022: €375,000) and €566,000 of internal costs have been capitalised in relation to our plant build in Hull, UK (2022: €739,000). Both are included within tangible fixed assets. The impairment loss is in relation to Tricoya assets, refer to note 5 and 16.

5. Exceptional items and other adjustments

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

Exceptional Items

In November 2022, Accsys agreed to acquire full ownership of TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited), from its Consortium Partners (see note 28).

The advisor fees are associated with advising Accsys on options and resulting corporate restructuring of the Tricoya consortium.

In November 2022, NatWest agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to €6m, under a new 7-year term (see note 30). This resulted in the derecognition of the balance drawn on the NatWest loan on the date of the restructure of €15.4m and recognition of the new €6m loan.

Separate to, and in addition to the amended €6m loan, NatWest will be entitled to obtain recovery, via the Value Recovery Instrument ('VRI') agreement, of up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya Hull plant once operational. The contingent payments to NatWest are based upon free cash-flow generated by the Hull plant.

A financial liability has been recognised of €1.4m (see note 23) in respect of the VRI.

The impairment of the Tricoya segment assets is caused by

(i) As reported in November 2022, Identification of additional time and costs (€35m) to complete the plant;

(ii) A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT);

(iii) Update to the discount rate applied, 13.5% (increased from 10.5% at 31 March 2022). Refer to note 16 for review of impairment.

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

Notes to the Financial Statements continued
for the year ended 31 March 2023

5. Exceptional items and other adjustments continued

Exceptional Items continued

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

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

Other Adjustments

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

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

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

6. Employees

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

Pension costs relate to defined contribution plan contributions.

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

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

7. Directors' remuneration

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

Compensation of key management personnel included the following amounts:

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

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

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

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

8. Operating profit

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

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

9. Finance income

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

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

10. Finance expense

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

11. Tax expense

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

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

Deferred tax

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

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

12. Dividends Paid

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

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

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

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

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

14. Share based payments

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

Options – total

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

Outstanding options granted are as follows:

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

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

Notes to the Financial Statements continued
for the year ended 31 March 2023

14. Share based payments continued

Options – total continued

Movements in the weighted average values are as follows:

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

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

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

Long Term Incentive Plan ('LTIP')

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

2013 LTIP Award performance conditions and 2016 outcome

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

2016 LTIP Award performance conditions and 2019 outcome

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

2017 LTIP Award performance conditions and 2020 outcome

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

2018 LTIP Award performance conditions and 2021 outcome

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

2019 LTIP Award performance conditions and 2022 outcome

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

Awards made in July 2020 and LTIP Award performance conditions

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

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

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

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

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

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

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

Awards made in July 2021 and LTIP Award performance conditions

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

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

14. Share based payments continued

Long Term Incentive Plan ('LTIP') continued

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

Element	Element A (EBITDA per share)	Element B (Sales volume growth)	Element C (ESG Reporting Metrics)
Grant date	23 Jun 21	23 Jun 21	23 Jun 21
Share price at grant date (€)	2.06	2.06	2.06
Exercise price (€)	0.00	0.00	0.00
Expected life (years)	3	3	3
Contractual life (years)	10	10	10
Vesting conditions (Details set out above)	EBITDA	Sales volume growth	ESG reporting metrics
Risk free rate	-0.67%	-0.67%	-0.67%
Expected volatility	20%	20%	20%
Expected dividend yield	0%	0%	0%
Fair value of option	€2.06	€2.06	€2.06

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

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

Awards made in July 2022 and LTIP Award performance conditions

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

The performance targets for these awards are as follows:

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

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

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

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

Employee Benefit Trust – Share bonus award

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

Employee Share Participation Plan

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

Also during the year, 1 for 1 Matching shares were awarded in respect of subscriptions that were made in the previous year as a result of the participants continuing to remain in employment at the point of vesting. 174,144 matching shares were issued to employees in January 2023.

Notes to the Financial Statements continued

for the year ended 31 March 2023

15. Intangible assets

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

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

16. Property, plant and equipment

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

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

Impairment review

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

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

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

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

The impairment of the Tricoya segment assets is caused by:

(i) As reported in November 2022, identification of additional time and costs (€35m) to complete the plant;

(ii) A decrease in the production volume forecast for the plant to 24,000MT (from 30,000MT)

(iii) Update to the discount rate applied to 13.5% (increased from 10.5% at 31 March 2022).

Key assumptions applied to the Tricoya CGU were as follows:

- a discount rate of 13.5%;
- project capital costs to bring the plant into commercial operation of €35m;
- a production capacity of 24,000MT
- a "hold period" of 2 years (from 31 March 2023) (period in which no construction activities is performed); and
- a long-term growth rate of 2.5%;

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

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

Notes to the Financial Statements continued

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17. Leases

(i) Amounts recognised in the statement of financial position

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

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

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

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

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

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

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

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

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

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

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

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

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

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.

Right of use assets are measured at cost comprising the following:

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

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

18. Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss

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

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

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

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

19. Deferred taxation

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

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

Notes to the Financial Statements continued

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20. Subsidiaries

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

21. Inventories

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

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

22. Trade and other receivables

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

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

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

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

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

Movement in provision for doubtful debts:

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

23. Financial liability at amortised cost

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

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

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

24. Trade and other payables

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

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

25. Share capital

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

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

In the year ended 31 March 2022:

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

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

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

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

In the year ended 31 March 2023:

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

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25. Share capital continued

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

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

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

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

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

26. Other reserves

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

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

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

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

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

27. Transactions with non-controlling interests

In the year ended 31 March 2022:

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

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

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

In the year ended 31 March 2023:

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

28. Business combinations

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

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

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

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

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

29. Investment in Joint Venture

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

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

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

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

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

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

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

Notes to the Financial Statements continued
for the year ended 31 March 2023

29. Investment in Joint Venture continued

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

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

Balance Sheet

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

Cash flows

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

30. Commitments under loan agreements

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

ABN Debt Facilities

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

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

The RCF was subsequently increased to €25 million as part of the Accoya USA financing referred to below, with approximately €20 million utilised for the Letter of Credit provided by ABN Amro to FHB in support of the Accoya USA JV funding arrangements, the remaining €5million was drawn at 31 March 2023.

The new facilities are secured against the assets of the Group which are 100% owned by the Company and include customary covenants such as net leverage and interest cover which are based upon the results and assets which are 100% owned by the Company.

Tricoya NatWest facility

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

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

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

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

Accoya USA facility & De Engh facility

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

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

30. Commitments under loan agreements continued

Reconciliation to net debt

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

Restricted cash

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

Reconciliation to adjusted cash

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

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

31. Equity options

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

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

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

32. Guarantee provided to FHB

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

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

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

33. Financial instruments

Financial instruments

Lease liabilities

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

Capital risk management

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

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

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

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

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

Financial Instruments by category

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

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

Notes to the Financial Statements continued

for the year ended 31 March 2023

33. Financial instruments continued

Financial instruments continued

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

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

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

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

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

Market risk

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

Financial risk management objectives

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

Foreign currency risk management

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

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

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

Interest rate risk management

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

Credit risk management

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

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

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. See note 17 & 30.

Fair value of financial instruments

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

34. Capital Commitments

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

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

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

35. Related party transactions

Loan from De Engh BV Limited

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

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

36. Events occurring after 31 March 2023

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

Company Statement of Financial Position

as at 31 March 2023

	Note	2023 €'000	2022 €'000
Non-current assets			
Investments in subsidiaries	4	17,384	17,018
Right of use assets		3	26
Financial asset at fair value through profit or loss	5	–	–
		17,387	17,044
Current assets			
Debtors	6	287,481	261,139
Cash at bank and in hand		12,062	9,841
		299,543	270,980
Creditors: amounts falling due within one year	7	(22,485)	(14,113)
Net current assets		277,058	256,867
Creditors: amounts falling due after more than one year	8/9	(50,288)	(52,340)
Net assets		244,157	221,571
Capital and reserves			
Called up Share capital	10	10,963	9,638
Share premium account		250,717	223,326
Reserve for own shares		(8)	(6)
Capital redemption reserve		148	148
Profit and loss account		(17,663)	(11,535)
Total shareholders' funds		244,157	221,571

The financial statements were approved by the Board and authorised for issue on 26 June 2023 and signed on its behalf by:

Stephen Odell
Director

Steven Salo
Director

The notes on pages 168 to 174 form an integral part of the parent Company financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2023

	Called up Share capital €000	Share premium account €000	Capital redemption Reserve €000	Own Shares €000	Profit and loss account €000	Total Shareholders Funds €000
Balance at 1 April 2021	8,466	189,598	148	(36)	(6,863)	191,313
Loss for the financial year	–	–	–	–	(5,092)	(5,092)
Share based payments	–	–	–	–	463	463
Shares issued	1,172	–	–	30	(43)	1,159
Premium on shares issued	–	35,922	–	–	–	35,922
Share issue costs	–	(2,194)	–	–	–	(2,194)
Balance at 31 March 2022	9,638	223,326	148	(6)	(11,535)	221,571
Loss for the financial year	–	–	–	–	(6,472)	(6,472)
Share based payments	–	–	–	–	366	366
Shares issued	1,325	–	–	(2)	(22)	1,301
Premium on shares issued	–	28,477	–	–	–	28,477
Share issue costs	–	(1,086)	–	–	–	(1,086)
Balance at 31 March 2023	10,963	250,717	148	(8)	(17,663)	244,157

The profit and loss account includes €8,010,000 of non-distributable reserves arising from the liquidation of Accsys Chemicals Limited in the year ended 31 March 2007. The profit and loss account also includes €10,871,000 of non-distributable reserves relating to share based payments.

Notes to the Company Financial Statements

for the year ended 31 March 2023

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The separate financial statements of Accsys Technologies PLC ('the Company') have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) for the year ended 31 March 2023. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2 of the Group financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The Company has taken advantage of the exemption in FRS 101, and has not disclosed information required by the standard as the consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 'Financial instruments: disclosures'.
- The Company has taken advantage of the exemption available under FRS 101 and not disclosed related party transactions with wholly owned subsidiary undertakings.
- The Company has taken advantage of the exemption available under FRS 101 and the requirements of IAS 7 to not disclose a Statement of Cash Flows.

As permitted under section 408 of the Act the Company has elected not to present its own profit and loss account for the year. The loss for the financial year was €6,472,000 (2022: €5,092,000).

Going concern

The Company from a going concern perspective is inextricably linked to the Group. As explained in note 1 to the Group's consolidated financial statements, the Directors have concluded that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that note.

Investments

Except where a reliable fair value cannot be obtained, unlisted shares held by the Company are stated at historical cost less any provision for impairment.

Share based payments

When the parent entity grants options over equity instruments directly to the employees of a subsidiary undertaking, then in the parent Company financial statements the effect of the share based payment is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

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

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes except for deferred tax assets which are only recognised to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Dividends

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

Financial assets

Debtors & Cash at bank and in hand

The Company follows the Group's accounting policies for Debtors and Cash. See note 1 to the Group financial statements.

Financial liabilities

Other financial liabilities

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

Accounting judgements

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

Financial asset at fair value through profit or loss

The Company has an investment in listed equity shares carried at nil fair value as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Company makes appropriate enquiries and considers all of the information available to it in order to determine the fair value.

Carrying value of interCompany receivables and investments in subsidiaries

The recoverable amounts of these balances have been determined based on value in use calculations. These calculations require the use of judgements in relation to discount rates and future forecasts. The recoverability of these balances is dependent upon the level of future licence fees and manufacturing revenues relating to Group companies. While the scope and timing of the production facilities to be built under the Group's existing and future agreements remains uncertain, the Directors remain confident that revenue from own manufacturing, existing licensees, new licence or consortium agreements will be generated, demonstrating the recoverability of these balances.

2. Profit and loss account

A loss of €6,472,000 (2022: €5,092,000) is dealt with in the Company financial statements of Accsys Technologies PLC. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company. Fees payable to the Company's auditors for the audit of the Group's annual financial statements was €183,000 (2022: €145,000). Fees payable to the Company's auditors for the audit of the Company's subsidiaries was €205,000 (2022: €110,000), fees payable to Component auditors for audit of subsidiaries was €182,000 (2022: 117,000), fees payable for audit related assurance services and was €nil (2022: €36,000). Additional audit fees were agreed for the 2022 audit of €170,000 which are not included in the numbers above, including €80,000 for fees payable for the audit of the Group's annual financial statements and €90,000 for fees payable for the audit of subsidiaries.

The information disclosed in the Group's consolidated financial statements under IFRS2 'Share-based payment' is within note 14, providing further information regarding the Company's equity settled share based payment arrangements.

Notes to the Company Financial Statements continued
for the year ended 31 March 2023

3. Employees

The Company had no employees other than Executive Directors (2023: 2 and 2022: 2) during the current or prior year.

Non-executive Directors received emoluments in respect of their services to the Company of €442,000 (2022: €375,000). Details have been included in the Remuneration Report. The Company did not operate any pension schemes during the current or preceding year.

4. Investments in subsidiaries

	€'000
Cost	
At 1 April 2021	21,235
Share based payments	463
At 31 March 2022	21,698
Share based payments	366
At 31 March 2023	22,064
Impairment	
At 1 April 2021 and 1 April 2022 and 31 March 2023	4,680
Net book value	
At 31 March 2023	17,384
At 31 March 2022	17,018
At 31 March 2021	16,555

The Directors have considered the recoverability of the carrying values, taking into account the net assets as well as the long term expected performance of the subsidiaries and do not consider that any impairment is currently required. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on Board approved financial budgets. Cash flows have been projected for a period of 5 to 7 years plus a terminal value discounted at a pre-tax discount rate of 13.5% per annum (2022: 10.5%) and a 1.8% to 2.5% growth rate to determine their present value. The key assumption used in the value in use calculations is the level of manufacturing revenues and future licence fees estimated by management over the budget period. These have been based on past experience and expected future revenues but are limited to existing assets and those under construction.

The following were the principal subsidiary undertakings at the end of the year and have all been included in the financial statements:

Subsidiary undertakings	Class	2023 % shares and voting rights held	2022 % shares and voting rights held
Titan Wood Technology BV (Netherlands)	Ordinary	100	100
Titan Wood BV (Netherlands)	Ordinary	100	100
Titan Wood Limited (UK)	Ordinary	100	100
Titan Wood Inc (USA)	Ordinary	100	100
Accsys (Accoya USA) Holdings LLC (USA)	Ordinary	100	100
Accsys USA Holdings Inc (USA)	Ordinary	100	100
Tricoya Technologies Limited (UK)	Ordinary	100	77
Tricoya UK Limited (UK)	Ordinary	100	47
Accoya Color UK Limited (UK)	Ordinary	100	100
Joint venture undertakings			
Accoya USA LLC (USA)	Ordinary	60	60

The shares in Titan Wood BV, Titan Wood Inc, Accsys (Accoya USA) Holdings LLC, Accsys USA Holdings Inc, Accoya USA LLC, Accoya Color UK Limited, Tricoya Technologies Ltd and Tricoya UK Ltd are held indirectly by the Company.

The principal activities of these companies were as follows:

Titan Wood Technology B.V. *	The provision of technical and engineering services to licensees, and the technical development of acetylation opportunities.
Titan Wood B.V. *	The manufacture and sale of Accoya acetylated wood.
Titan Wood Limited **	Establishing global market penetration of Accoya and Tricoya as the premium wood and wood elements brands respectively for external applications requiring durability, stability and reliability through the licensing of the Group's proprietary process for wood acetylation.
Titan Wood Inc. ***	Provision of Sales, Marketing and Technical services.
Accsys (Accoya USA) Holdings LLC ***	Holdings Company
Accsys USA Holdings Inc ***	Holdings Company
Tricoya Technologies Limited **	Engaged in the commercialisation of technology for the production of Tricoya Wood Elements around the world.
Tricoya UK Limited **	The construction and operation of manufacturing plant for Tricoya wood chips as the premium wood elements brand for external applications requiring durability, stability and reliability.
Accoya Color UK Limited (UK) **	The manufacture of colored acetylated wood.
Accoya USA LLC ***	The construction and operation of a manufacturing plant for Accoya acetylated wood to serve the North American market.

Registered office of subsidiaries:

* P.O. Box 2147, 6802 CC, Arnhem, The Netherlands

** 4th Floor, 3 Moorgate Place, London, EC2R 6EA, United Kingdom

***5000 Quorum Drive, Suite 620, Dallas, Texas 75254, U.S.A

5. Financial asset at fair value through profit or loss

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

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

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

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

6. Debtors

	2023 €'000	2022 €'000
Amounts owed by Group undertakings	286,862	260,994
Prepayments and accrued income	619	145
	287,481	261,139

The amounts owed by Group undertakings currently have no repayment plans in place, however the intention is for the Group's subsidiaries to repay this balance in the future. A repayment plan will be determined and commence for the loan when the subsidiaries have surplus cash and the Group requires the cash for other purposes. The Directors have considered the recoverability of the balances, taking into account the net assets as well as the long term expected performance of the subsidiaries and do not consider that any impairment is currently required. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on latest board approved financial budgets. Cash flows have been projected for a period of 5 to 7 years plus a terminal value discounted at a pre-tax discount rate of 13.5% (2022: 10.5%) and a 1.8% to 2.5% growth rate to determine their present value. Refer to note 16 of the Group financial statements for the key assumptions and sensitivity analysis for this calculation.

Notes to the Company Financial Statements continued
for the year ended 31 March 2023

7. Creditors: amounts falling due within one year

	2023 €'000	2022 €'000
Trade creditors	908	228
Amounts owed to Group undertakings	11,695	11,708
Obligation under lease liabilities	3	10
Short term borrowings	9,500	1,869
Accruals and deferred income	379	298
	22,485	14,113

The amounts owed to Group undertakings are payable upon demand and are unsecured.

8. Commitments under lease liabilities

	2023 €'000	2022 €'000
Amounts payable under lease liabilities:		
Within one year	3	10
In the second to fifth years inclusive	–	4
After five years	–	–
Less: future finance charges	–	–
Present value of lease obligations	3	14

9. Commitments under loan agreements

	2023 €'000	2022 €'000
Amounts payable under loan agreements:		
Within one year	10,311	1,935
In the second to fifth years inclusive	52,977	59,506
After five years	–	–
Less future finance charges	(3,500)	(7,236)
Present value of loan obligations	59,788	54,205

The balance relates to loans with ABN and DeEngh. Further details can be found in note 30 of the Group financial statements.

10. Called up Share capital

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

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

In the year ended 31 March 2022:

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

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

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

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

In the year ended 31 March 2023:

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

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

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

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

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

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

Notes to the Company Financial Statements continued
for the year ended 31 March 2023

11. Reconciliation of movements in shareholders' funds

	2023 €'000	2022 €'000
Loss for the financial year	(6,472)	(5,092)
Share based payments charged to subsidiaries	366	463
Proceeds from issue of shares	29,802	37,094
Share issue costs	(1,086)	(2,194)
Shares issued related to Employee share plans	(22)	(43)
Own shares	(2)	30
Net increase in shareholders' funds	22,586	30,258
Opening shareholders' funds	221,571	191,313
Closing shareholders' funds	244,157	221,571

12. Dividends Paid

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

13. Deferred taxation

The Company has an unrecognised deferred tax asset of €6.7m (2022: €6.4m) which is largely in respect of trading losses and has been calculated using the tax rate which is expected to be applicable when the tax losses are expected to be utilised. The deferred asset has not been recognised due to the uncertainty of the timing of future expected profits of the fellow subsidiary (in which the Company is in the same tax Group) attributable to licensing activities.

14. Guarantee provided to FHB

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

Shareholder Information

Accsys Technologies PLC is a public limited Company incorporated in the United Kingdom

Directors
Stephen Odell – Executive Chair
Sean Christie – Non-Executive Director
Sue Farr – Non-Executive Director
Trudy Schoolenberg – Non-Executive Director
Alexander Wessels – Non-Executive Director
Louis Eperjesi – Non-Executive Director
Steven Salo – Chief Financial Officer

Company Secretary
Nick Hartigan

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