Solasta House, UK - ACCOYA® cladding

ACCSYS TECHNOLOGIES PLC

PRELIMINARY RESULTS

FOR THE YEAR ENDED 31 MARCH 2019

Major capacity expansion, strong performance and strategic progress

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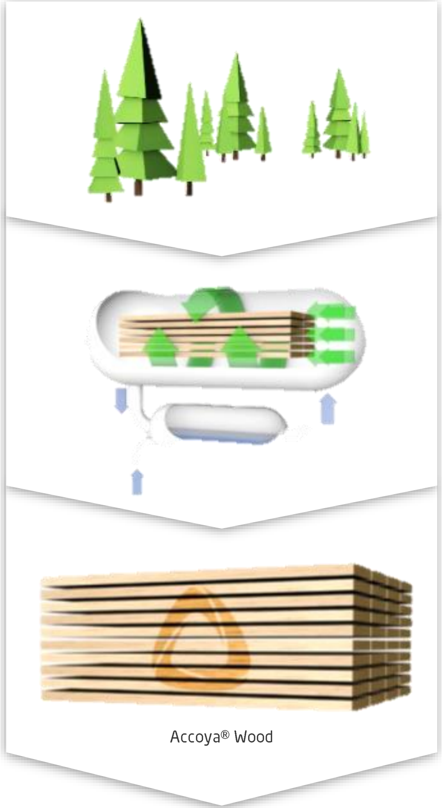
25 JUNE 2019

Noosa Boardwalk, Australia - ACCOYA® frame

OVERVIEW

AT A GLANCE - WHO IS ACCSYS?

- Accsys combines chemistry, technology and ingenuity to create new sustainable options for use in the built environment
- Our proprietary wood acetylation process chemically modifies wood throughout, making it highly durable, stable, and virtually impervious to rot and decay
- Our products : Accoya® solid wood and Tricoya® wood chips (used as a feedstock to manufacture Tricoya® panels by our licensees)
- Products are manufactured from abundantly available, FSC® certified wood species and are Cradle to Cradle Gold certified
- Mass-market end use products include cladding, decking, windows & doors
- Accoya® production plant in Arnhem, NL, with commercial capacity of approximately 60,000m³, and plans to expand further
- Construction in progress for the world's first acetylated wood chip plant in Hull, UK, in a consortium including BP & MEDITE



OVERVIEW

- Strong demand and increased manufacturing capacity driving revenue growth
- Higher volumes, economies of scale, improved margin, higher licence income - increasing profit
- €2.3m underlying EBITDA in H2, leading to growth of €4.4m year on year
- Major Accoya® capacity expansion in Arnhem completed
- Hull Tricoya® plant construction progressing, expected to be operational in mid-2020
- Significant capex investment & positive operating cash-flow
- Positive start to new financial year with Board's expectations unchanged

REVENUE

€75.2m +23%

GROSS PROFIT

€18.6m +37%

UNDERLYING EBITDA

€0.9m 2018: (€3.5m)

Year ended March 31 2019 vs year ended March 31 2018

OUR MARKETS

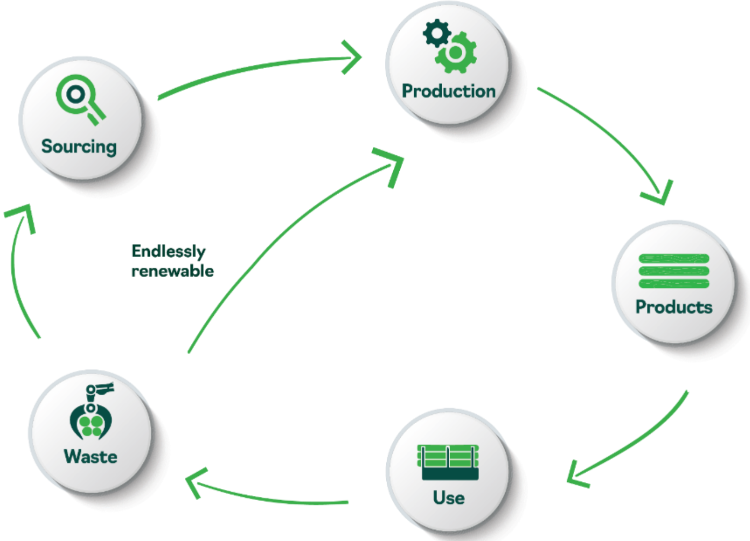
- Sustainability and ecological responsibility are growing trends across all industries and markets
- Our products are more sustainable and better performing than man-made, intensely resource depleting and heavily carbon-polluting alternatives
- Accoya® is sold to timber distributors
  - Current major end markets are joinery (windows and doors), cladding and decking
- Tricoya® is used to manufacture Tricoya® MDF panels suitable for demanding external applications
  - An MDF Panel, truly durable and stable enough for outside use

49,716m^3 Accoya sold in 2019

2.6+ million m^3 total potential market (Accoya® and Tricoya®)

WHY IS SUSTAINABILITY IMPORTANT?

- Demand growth for sustainable alternatives to man-made and heavy carbon footprint materials
- We give the world a choice to build more sustainably
- Our products fit perfectly into the sustainable circular economy 'bio-cycle', while having the same performance as non-renewable 'techno-cycle' building products
- Consistent and widespread sustainability credentials, with certification from many respected eco-labels
- Accoya® is certified Cradle to Cradle ('C2C') overall Gold level since 2010, with Platinum certification for Material Health, contributing to green building schemes



TRICOYA® PLANT CONSTRUCTION, HULL, UK – MAY 2019

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STRATEGIC PROGRESS

accoya tricoya

STRATEGIC PROGRESS

Accoya® demand continues to exceed increased production:

- Third reactor on stream – capacity increased to 60,000m^3
- Arnhem plant operating at full capacity from Q4
- 33% increase in sales volumes in H2
- Planning underway for fourth reactor – to increase capacity to 80,000m^3
- USA plant – discussions progressing with potential partner

STRATEGIC PROGRESS

Tricoya® progress:

- Construction work in Hull progressing - €28m invested in year
- Expected to be operational mid-2020 calendar year
- Long term profitability remains unchanged
- Expect MEDITE and FINSA will utilise majority of capacity
- 49% increase in sales of Accoya® for production into Tricoya® panels in the year, reflecting strong demand
- Work progressing with PETRONAS Chemical Group (PCG) to evaluate feasibility of a Tricoya® plant in Malaysia

Image: © Thierry Favatier

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STRONG FINANCIAL PERFORMANCE

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FINANCIAL HIGHLIGHTS

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€ million	**2019**	2018	Change %	**H2 2019**	H1 2019	H2 2018	H2 2019 v H1 2019 %	H2 2019 v H2 2018 %
Total Group Revenue	**75.2**	60.9	23%	**43.6**	31.6	32.6	38%	34%
Gross profit	**18.6**	13.6	37%	**11.6**	7.0	8.0	66%	45%
Underlying EBITDA	**0.9**	(3.5)		**2.3**	(1.4)	(0.7)		
Underlying loss before tax	**(6.2)**	(8.8)		**(1.7)**	(4.5)	(3.6)		
Loss before tax	**(7.7)**	(10.4)		**(2.3)**	(5.4)	(3.6)		
Period end net (debt)/cash balance	**(50.1)**	(3.8)		**(50.1)**	(34.2)	(3.8)		

Strong financial performance for the year – Group EBITDA H2 - €2.3m

SIGNIFICANT REVENUE GROWTH

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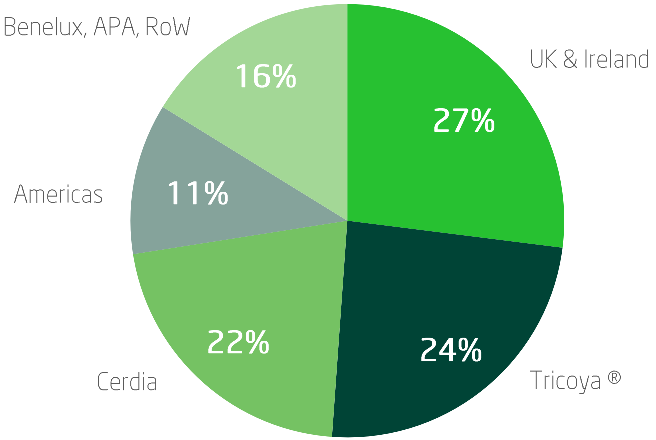
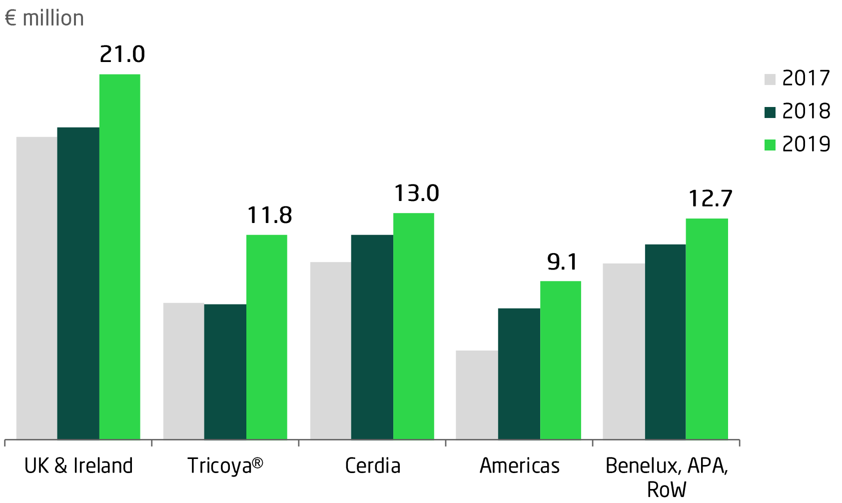
- Revenue growth across all regions – Accoya® wood sales up 19% for the year
- 49% increase in volumes to MEDITE & FINSA to support Tricoya® market seeding

Sales volume by region



Total volume sold : 49,716 m^3 (2018: 42,676m^3)

Accoya® wood revenue by region



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FINANCIAL OVERVIEW

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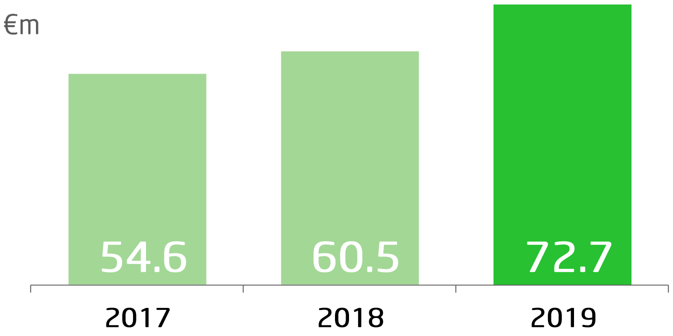
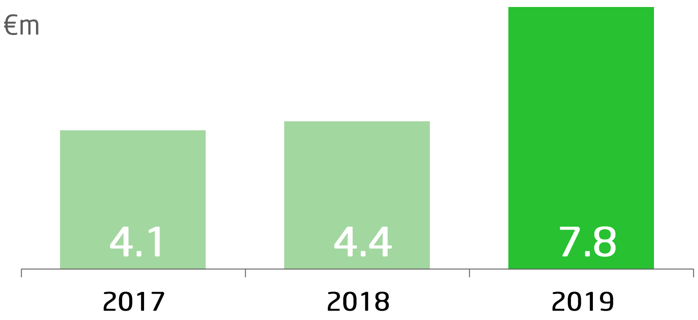
Accoya® segment revenue and manufacturing margin*



Underlying Accoya® segment EBITDA*



*excludes licensing income

- Group Gross profit up 37%
  - Higher volumes
  - Improved Accoya® gross margin
  - Higher licence income
- H2 2019 showing benefit from Reactor 3 coming on stream:
  - 33% increase in sales volume (vs H1 2019)
  - Accoya® gross margin 26% (H2 2018 : 24%)
  - Group Underlying EBITDA H2 = €2.3m (H2 2018 : €0.7m loss)
- 46% of Accoya® volumes for the year sold for Tricoya® market seeding or to Cerdia (lower margin sales)
- 30% Accoya® gross margin continues to be achievable

MOVEMENT IN NET DEBT

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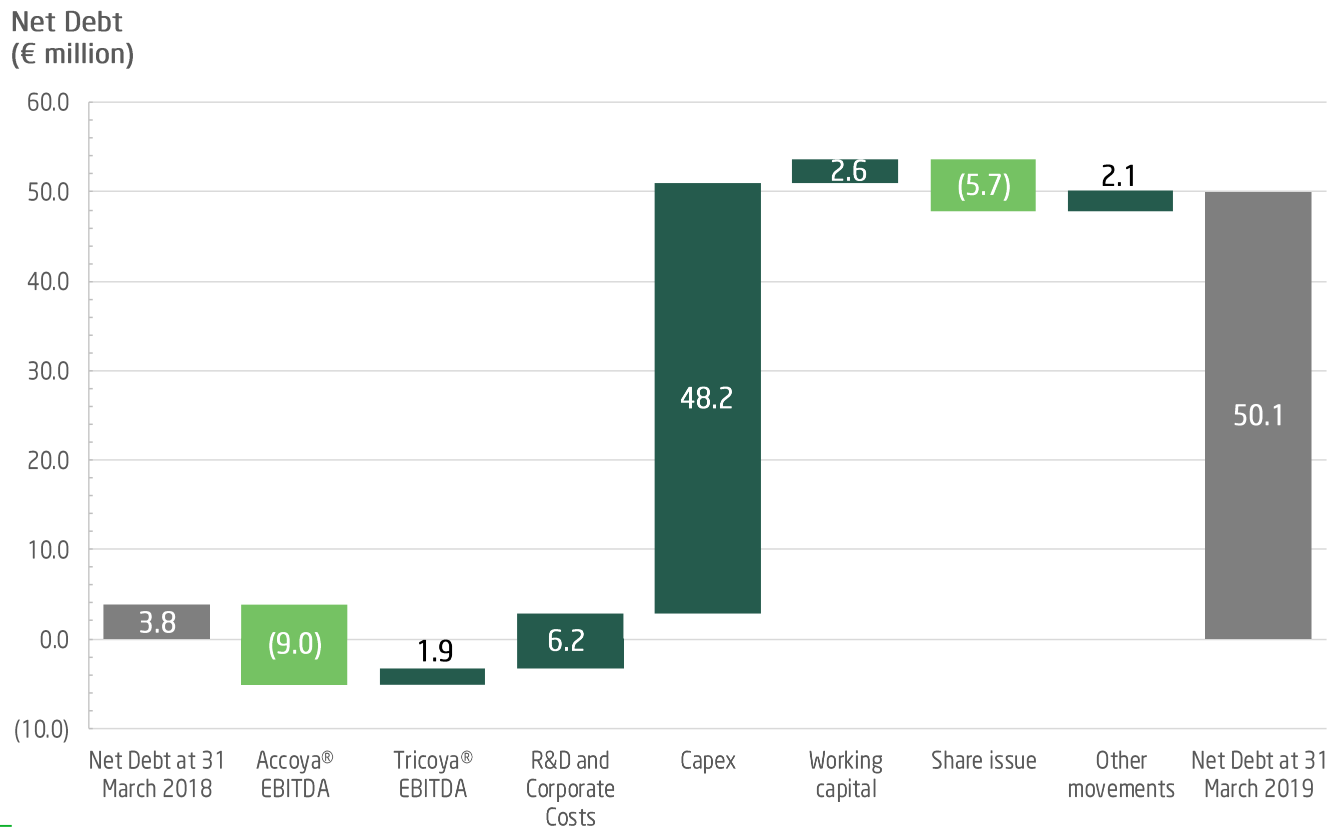

- Strong & improving EBITDA from Accoya®
- Tricoya® EBITDA reflects Hull's pre-operating position
- Capex investment in production capacity includes
  - Arnhem 3rd Reactor (€8.4m)
  - Hull plant (€27.8m)
  - Other including net effect of Arnhem Land and Buildings purchase (€12m)
- Effective interest rate decreased by 2%

Other movements include tax received, investment in intangible assets, interest received, interest paid, proceeds from issue of subsidiary shares to non-controlling interests, other operating cashflows, other financing costs

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'Cabin by the Sea', Norway - ACCOYA® exterior

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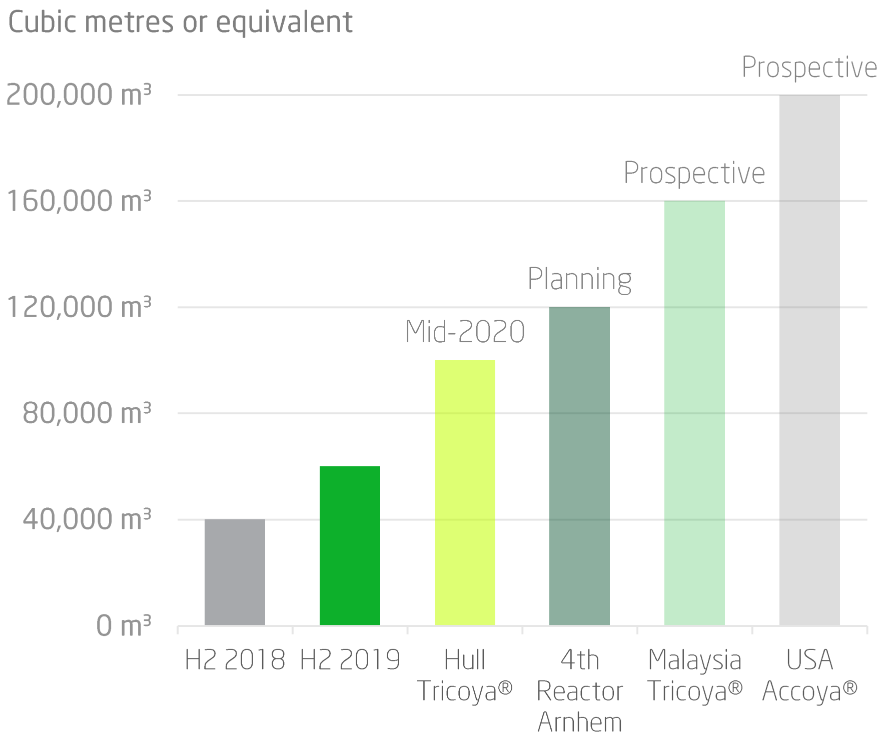
OUTLOOK

OUTLOOK

- Positive start to new financial year
- Demand continues to exceed capacity
- 4th Accoya® reactor – next opportunity for significant capacity increase
- Focus on developing USA and Malaysia opportunities
- Profitability to benefit from increased capacity
- Continued success by fulfilling key strategic objectives:
  - Practicing manufacturing excellence
  - Growing product demand
  - Building organisational capability
  - Continued technology development

Total Production Capacity Growth



House of Heroes, Sweden – MEDITE® TRICOYA® EXTREME DECORATIVE SCREENS

Image: © MEDITE® TRICOYA® EXTREME

APPENDIX

SEGMENTAL ANALYSIS

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2019 €m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue	73.9	1.2	0.0	75.2
Gross profit	17.9	0.7	0.0	18.6
EBITDA	9.0	(1.9)	(6.2)	0.9
Underlying EBITDA	9.0	(1.9)	(6.2)	0.9

2018 €m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue	60.7	0.2	0.0	60.9
Gross profit	13.4	0.2	0.0	13.6
EBITDA	4.3	(3.0)	(7.0)	(5.7)
Underlying EBITDA	4.6	(2.3)	(5.8)	(3.5)

STATEMENT OF FINANCIAL POSITION

€ million	2019	2018
Non-current assets	116.1	71.5
Current assets	36.5	63.5
Current liabilities	(26.4)	(21.4)
Net current assets	**10.1**	**42.1**
Non-current liabilities	(52.5)	(40.1)
Net assets	**73.7**	**73.5**

CASH FLOW

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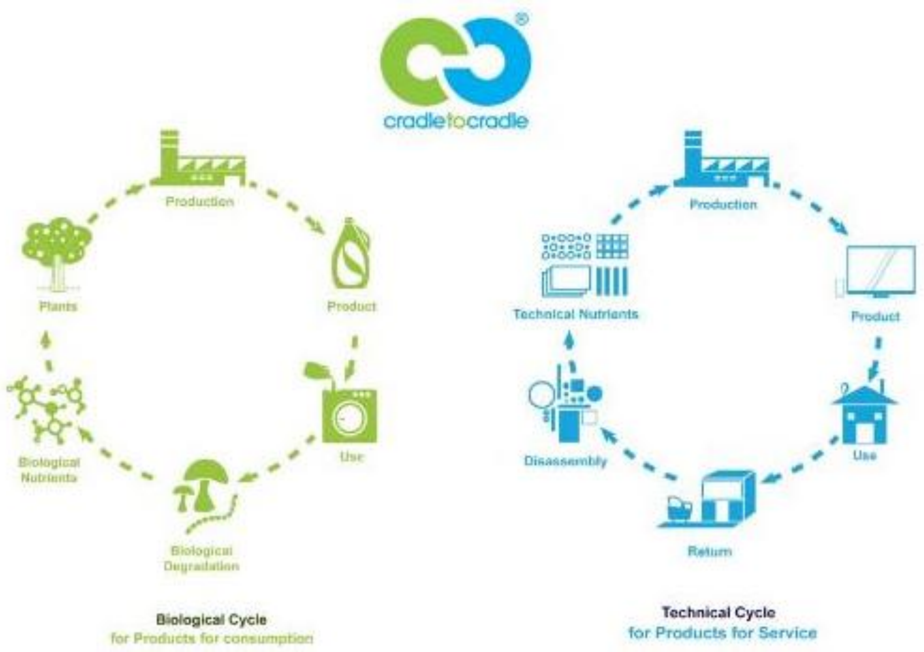
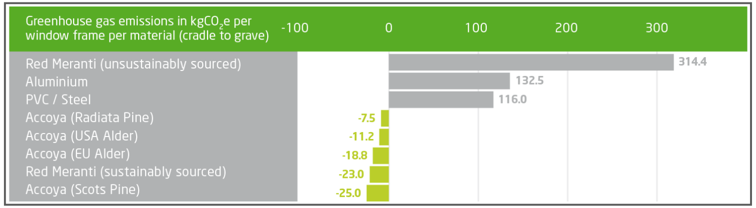
€ million	2019	2018
Cash flow from operating activities before changes in working capital	1.2	(4.5)
Changes in working capital	(2.6)	2.8
Net cash used by operating activities before tax	(1.4)	(1.8)
Tax received/(paid)	1.7	(2.0)
Net cash generated by/(absorbed by) operating activities	**0.3**	**(3.8)**
Net cash used in investing activities	(48.8)	(29.8)
Net cash from financing activities	17.8	32.9
Cash at beginning of period	39.7	41.2
Cash at end of period	**8.9**	**39.7**

CIRCULAR ECONOMY & C2C



Bio-cycle
- No waste problem
- (Rapidly) renewable
- Low / negative CO2

Techno-cycle
- Not bio-degradable
- High energy demand if recycled
- Non renewable
- High CO2



Cradle to Cradle certified product scorecard for Accoya®

Material Health	Platinum
Material Reutilisation	Gold
Renewable Energy & Carbon Management	Gold
Water Stewardship	Gold
Social Fairness	Gold
Overall Certification Level	Gold

see full scorecard and certificate at www.c2ccertified.org

The Cradle to Cradle Certified™ Product Standard guides designers and manufacturers through a continual improvement process that looks at a product through five quality categories – material health, material reutilization, renewable energy and carbon management, water stewardship, and social fairness.

More information at:
http://www.c2ccertified.org/
https://www.accoya.com/sustainability/

‘The Egg’, Netherlands - ACCOYA® frame