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22 June 2021

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

Preliminary results for the year ended 31 March 2021

Profitability progression and strategic progress

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, announces its preliminary results for the year ended 31 March 2021 ("FY 21").

	Year to 31 March 2021		Year to 31 March 2020	
	Underlying	Statutory	Underlying	Statutory
Total Group Revenue	**€99.8m**	€99.8m	**€90.9m**	€94.1m
Gross profit	**€33.1m**	€33.1m	**€27.5m**	€30.7m
EBITDA[2]	**€10.1m**	€10.4m	**€7.0m**	€10.0m
EBIT[3]	**€4.4m**	€4.6m	**€1.4m**	€4.4m
Profit/(loss) before tax	**€1.1m**	€0.3m	**(€2.2m)**	€1.5m
Period end net (debt)[4]		**(€12.2m)**		**(€25.2m)**
Accoya® sales volume		**60,466m³**		**57,842m³**

Key highlights:

- Revenue up 10% and sales volumes up 4.5% with a rapid recovery after the initial impact of COVID-19 in the first quarter.
- Strong profitability progression: Group underlying EBITDA[2] up 44% to €10.1m and Accoya® Manufacturing margin[1] up 340bps to 33.4%, driven by higher sales prices. Our second consecutive year of positive EBIT.
- Accoya® performance drove a 61% increase in Group Operating cashflow[5], with continuing significant market demand in excess of production capacity.
- Robust balance sheet with €13.0m reduction in Group Net Debt[4] with strong Accoya® cash generation.
- Strategic progress towards 2025 target of increasing production capacity five-fold[6]:
    - World-first Tricoya® (Hull) plant construction in final stages of completion despite ongoing challenges. The Group is taking over the project and is evaluating the most effective way to complete the construction following termination of the EPC contract.
    - Accoya® Arnhem plant fourth reactor on track to be operational Q4 FY22.
    - Accoya® USA JV on track for investment decision in summer 2021 following successful Accsys' €35m net capital raise in May 2021 to fund Accsys' equity share of JV.

- Living our purpose of "Changing wood to change the world": formal sustainability strategy first Sustainability Report published during the year and increased operational safety commitments.

Notes

[1] Accoya® Manufacturing margin is defined as Accoya® segmental underlying gross profit (excluding Licence income and marketing services) divided by Accoya® segmental revenue (excluding Licence income and marketing services) (See note 3 to the financial statements)

[2] Underlying EBITDA is defined as Operating profit/(loss) before Exceptional items and other adjustments, depreciation and amortisation, and includes the Group's attributable share of our USA joint venture's underlying EBITDA. (See note 3 to the financial statements).

[3] Underlying EBIT is defined as Operating profit/(loss) before Exceptional items and other adjustments and includes the Group's attributable share of our USA joint venture's underlying EBIT. (See note 3 to the financial statements)

[4] Net debt is defined as short term and long-term borrowings (including lease obligations) less cash and cash equivalents. (See note 29 to the financial statements).

[5] Group operating cashflow is Cash inflows from operating activities before changes in working capital and exceptional items.

[6] Accsys has set a '5x' production capacity growth target, to achieve 200k m^3 equivalent production capacity by 2025, from the 2019 level of 40k m^3

Robert Harris, CEO commented:

> "This has been a year of clear progress for the Group. We managed the initial challenges presented by the pandemic and have delivered growth in revenues, profits and margins, alongside progress on our sustainability agenda; Changing Wood to Change the World. We have also increased our commitment to safety and the wellbeing of our people and the environment during the year.
>
> As focus on sustainability grows, demand continues to exceed supply for our sustainable products and underpins our strategic growth plans which progressed well during the year. We are finalising the construction of our Hull plant and the fourth reactor at Arnhem, which will double our capacity as a Group. Additionally, following the close of our year, we announced a successful equity raise to support our joint venture with Eastman Chemical Company to build an Accoya® USA plant. This raise was significantly oversubscribed and will allow us to address the substantial North American market where demand continues to grow.
>
> We expect revenue growth as the additional capacity at Arnhem becomes operational. Further to our update earlier this month regarding the status of the Hull plant, we are taking over the project and are evaluating the most effective way to complete the construction following termination of the EPC contract, and are in the process of validating the remaining works, costs and timeline for completing the project.
>
> Group overheads will increase next year given the investment in our organisation for growth and ahead of the planned Hull plant start-up.
>
> Longer term, for Accsys as a whole, we expect to continue to achieve improving profitability as each step in our growth journey allows us to significantly increase the level of sales and take advantage of economies of scale associated with higher operating levels. As the focus on the carbon footprint of the built environment continues to sharpen, we expect significant demand for our high-performance and sustainable products and remain on track to meet this demand through increasing our capacity fivefold by 2025."
>
> I remain confident in the significant long-term growth opportunities ahead and in our ability to execute our strategy in pursuit of sustainable growth for our world-leading high performance, sustainable construction products".

There will be a presentation relating to these results at 10:00am UK time on 22 June 2021. The presentation will take the form of a webcast and conference call, details of which are below:

Webcast link (for audio and visual presentation):
Click on the link below or copy and paste ALL of the following text into your browser:
https://edge.media-server.com/mmc/p/tqdotmxd

Conference call details (audio only – not recommended for use in conjunction with the webcast link):

Event Passcode: 7634169
United Kingdom - Local: +44 (0) 2071 928338
United Kingdom – National free phone: 0800 279 6619
Netherlands - Local: +31 (0) 207 956 614
Netherlands – National free phone: 0800 023 5015
–USA - Local: +1 6467 413 167
–USA – National free phone: 18 778 709 135

Ends

For further information, please contact:

Accsys, Investor Relations ir@accsysplc.com
Sarah Ogilvie

Numis Securities (London) +44 (0) 20 7260 1000
Oliver Hardy (NOMAD), Ben Stoop

Investec Bank plc (London) +44 (0) 20 7597 5970
Carlton Nelson, Alex Wright

ABN AMRO (Amsterdam) +31 20 344 2000
Richard van Etten, Dennis van Helmond

FTI Consulting (UK) +44 (0) 20 3727 1340
Matthew O'Keeffe, Alex Le May

Off the Grid (The Netherlands) +31 681 734 236
Frank Neervoort, Yvonne Derske

Overview

I am proud to introduce my first full year results as Accsys' Chairman.

The purpose, values, strategy and the people at Accsys are all geared towards making a positive and lasting impact in the world. During the challenges of COVID-19 the Group has maintained a clear focus on its purpose, and on the health and safety of our people.

This has been an unprecedented year due to the challenges that COVID-19 has presented. With the determination and adaptability of our people, we have been able to keep our products flowing to our customers, keep each other safe, and keep delivering on our strategy.

2021 Performance

Accsys has delivered a strong financial performance for the year. With underlying revenue growth up 10% to €99.8m and sales volumes up 4.5% to 60,466m^3, the business demonstrated resilience with a rapid recovery after the initial impact of COVID-19 in the first quarter of the 2021 financial year.

We recorded strong progression of the Group's profitability with underlying Group EBITDA up 44% to €10.1m and an Accoya® Manufacturing margin of 33.4%. We have also reported our second consecutive year of positive EBIT. This reflects the ongoing development of the Group's financial profile as Accsys grows and gains scale and as awareness of Accsys grows.

The Group finished the year with a robust financial position, with a €13m reduction in net debt to €12.2m.

Strategic development

During the year the Group has made further progress on its strategic development. This includes progress towards the 2025 production capacity goal of 200,000m^3, and also on the Group's four strategic priorities including our organisational development.

Construction of the world's first Tricoya® production plant, in Hull, UK, made further progress towards completion despite significant continuing challenges.

This project, together with the current expansion at Arnhem to add a fourth reactor will add an additional 60,000m^3 to bring our total production capacity to 120,000m^3.

The Group has made progress on the significant goal of establishing its first Accoya® plant outside Europe. Planning for the construction of an Accoya® plant in North America was progressed through a new joint venture established with Eastman Chemical Company. A market assessment has been completed and the feasibility and design work is underway on the ground. An investment decision is expected this coming summer.

Accsys maintains four priorities for its strategic development and during the year, the Group has made good progress against these. Among them, the need to build organisational capability is particularly key at this point in the Group's development. Rob and his team are making very good progress in this regard and Accsys is evolving and developing its processes, systems, and talent, ready to manage the growth ahead.

Capital Raise

In May 2021 the Group completed a successful €35m net capital raise. This has provided the funding Accsys needs for its anticipated equity share of the joint venture to build the new 40,000m^3 Accoya® plant in North America.

The Board and I were pleased with the strong level of shareholder participation in the financial raise, both through the institutional placing and the retail open offer, both of which were significantly oversubscribed. We extend our thanks to shareholders for their continuing support and new shareholders for their investment in Accsys.

ESG

Accsys has made significant progress in developing our sustainability this year. We completed a strategic review of our ESG approach, including a stakeholder consultation.

The outcome was our first standalone ESG report and framework published 30 November 2020. I encourage all of our stakeholders to read this report, it marks the start of a new chapter in Accsys' growth and evolution as a force for sustainable change in the world and embedding ESG into our operational DNA. I would like to thank those investors and stakeholders who gave their time to share their views and help shape the report and framework.

We have significantly expanded the number of ESG metrics we report and for the 2021 financial year we expect to also report our ESG data to the GRI and SASB standards alongside the Annual Report.

Since joining Accsys over a year ago, I have been impressed with the good governance processes in place relative to Accsys' global corporate size, and in the Group's commitment to foster a fair and inclusive culture, with engaged and motivated people. This can be seen in the results of the second Employee Engagement survey completed this year.

Our Board

I joined the Board on 23 June 2020 as Chairman designate and assumed the role of Chairman following Patrick Shanley's retirement as Chairman after nine years in September 2020. I have enjoyed this past year, joining the Group at an exciting inflection point in its growth and development and being able to work with a Board of a high calibre.

Alexander Wessels also joined the Board as Non-Executive Director, and member of the Nomination, Remuneration and Audit Committees in September 2020. With over 30 years of chemical, pharmaceutical and process industry experience, Alexander's passion for developing talent and integrating ESG in growth strategies has been a valuable, complementary addition to our Board.

At the time of writing, it is difficult to predict whether we will be able to hold our AGM in person this year due to the pandemic. While we very much hope that this may be possible, ultimately, we will hold the meeting in the safest manner and in compliance with the government guidelines at the time.

Looking ahead

Accsys is a business that I am proud to have joined and at a time where the world is increasingly looking for sustainable construction products. Through the Group's recent work in its US joint venture, we have been able to reconfirm the significant demand and growth opportunity for our products through independent market research. I strongly believe that Accsys is well positioned to seize the large global market opportunity for its products and its 2025 '5x' increased production capacity target.

I look forward to working with the Board and the executive team as Accsys continues to deliver its growth strategy and capitalise on the market opportunity ahead.

Stephen Odell
Non Executive Chairman
21 June 2021

Introduction

In my first full year as CEO of Accsys, our team has delivered a strong set of results for the year ended 31 March 2021 that demonstrate the agility of our business and the high levels of underlying demand for our products. We have continued to make strategic progress in building our organisational capability under our ambitious growth strategy to expand production capacity five times by 2025.

We have strengthened our corporate and product brands, embraced our values, improved 'how' we work and our talent development and engagement, and driven forward with our core purpose of "Changing wood to change the world". While ongoing challenges in the final completion of our Hull plant are disappointing, we have continued to make progress even through the difficult circumstances of the past year, and our overall growth, results and achievements in the year have been very encouraging.

We remain committed to our strategic priorities that will enable us to achieve our goals and fulfil the substantial growth potential in our markets. In the period, we have made further progress in our development of new production capacity and global expansion. The new plant and expansions being built at Hull and in Arnhem, are expected to double our total Group production capacity from 60,000m^3 to 120,000m^3. We are making good progress in our preparations for a North American plant through our Accoya® USA JV with Eastman Chemical Company.

In November 2020 we published our new ESG framework and Sustainability report, marking a significant step forward in our commitment to both our own corporate sustainability ambitions and our alignment to the UN Sustainable Development Goals. We have developed and integrated our approach to ESG and sustainability into our business, led by our purpose, values and the issues important to us and our stakeholders.

The year has not been without challenges. Many of our staff have carried the burden of COVID-19 on their personal lives, and for office-based staff, many have missed the face-to-face work and rapport with colleagues. Amidst this we have found new ways of working together, and strengthening our global team: new processes driving efficiency and global collaboration, new initiatives bringing us closer together across our teams and sites, and growing our team with world class talent in new roles and strategic remits for engineering, research and development, health and safety and on-site management and operations.

COVID-19

The COVID-19 pandemic has presented a challenging year for people and businesses worldwide. The effects of the pandemic on Accsys' full year performance can be seen primarily in the initial disruption to sales flows in the first quarter, and in contributing to the additional delay and challenges in completing construction and bringing production online at our Hull plant.

Our priority in managing the pandemic has been to ensure the safety and well-being of our people. Operationally, we introduced new protocols and workflow practices for site-based employees. The remainder of our workforce continues to be successfully flexed to home working around the applicable government rules and employees' personal circumstances, a change that also gives us greater adaptability around unforeseen events in future. The way that we have adapted and responded to these dynamic times is something we are all proud of.

Colleagues and teams throughout the business also showed great agility and responsiveness in managing not just the challenges posed to some of our customers and supply chains, but also the very rapid recovery in demand that followed. This has at times stretched our inventory levels, and we want to thank our partners, customers and suppliers for helping us meet as much of the strong demand for our products as possible.

Preserving our balance sheet and ability to execute our growth plans remained a key focus, during the pandemic and beyond. In the first quarter of FY21, COVID-19 and the measures taken by governments to reduce the spread of the virus caused lower than previously anticipated sales in certain key geographies while Accsys was part-way through the completion of significant capacity expansion projects. Ensuring that we can continue to allocate our capital to these long-term growth projects, through strong cost and working capital management, was an important area of focus in the earlier part of the year.

As a result of the initial reduced sales, Accsys received some government support in The Netherlands and the UK to support operations through the initial stages of the pandemic. At that time, Directors and other senior staff accepted a 20% reduction in their pre-tax salary for four months as part of our impact mitigation measures. Relative to many other organisations around the world, the impact of the pandemic on Accsys' financial performance has been limited by the strong underlying product demand and rapid recovery in sales volumes. As a consequence, once the scope of impacts and resilience became clear after the year-end, we have paid back in full the government grants received, and in May 2021 paid back the salary difference to all employees below the senior-management team level, reflecting their hard work throughout that challenging period.

Summary of results

The Group has delivered a strong 12 months driven by the Accoya® business during which we have grown revenues, profits and seen a strong cash performance despite the challenges presented by the COVID-19 pandemic. Total revenue for the 12 months ended 31 March 2021 increased by 10% to €99.8m (FY20: €90.9m). Accoya® sales volumes of 60,466 cubic metres represent a 4.5% increase compared to last year.

Overall, these results were driven by the strong performance of the Accoya® business. Average sales prices improved as a result of product price increases that took effect during the year. This improved pricing was one of the main drivers in helping underlying gross margin to increase to 33% compared to 30% last year.

As a result, Group underlying EBITDA increased by 44% to €10.1m (FY20: €7.0m). This increase in part reflected the ability to redirect production volumes during the start of the period which was most impacted by COVID-19.

The Group has finished the year in a strong financial position. A combination of the strong Accoya® performance and cash generation, together with later than anticipated capex and working capital outflow from delays in the Hull plant construction meant that Group Net debt decreased to €12.2m at 31 March 2021 from €25.2m as at 31 March 2020.

Accoya® – Global performance

Accoya® segment – summary of results	Year ended 31 March 2021	Year ended 31 March 2020	Change - %
Accoya® sales volume – cubic metres	**60,466**	**57,842**	**4.5%**
Underlying Accoya® segmental revenue	**€97.6m**	**€90.0m**	**8%**
Accoya® wood revenue	**€91.1m**	**€82.8m**	**10%**
Licence income[1]	**€0.4m**	**€3.2m**	**(88%)**
Acetic acid sales	**€5.8m**	**€6.7m**	**(13%)**
Manufacturing margin – %	**33.4%**	**30.0%**	**+3.4%**
Underlying EBITDA	**€21.4m**	**€16.9m**	**+27%**
Underlying EBIT	**€17.1m**	**€12.6m**	**+36%**

Note 1 – FY20 Licence income was reported as exceptional income and relates to the Cerdia termination agreement.

The Accoya® business performed strongly in FY21 with strong EBITDA growth and a good cash flow performance.

Revenue from the sale of Accoya® increased by 10% to €91.1m compared to the prior year. This reflects a strong performance particularly in the last three quarters of the year, after the initial 13% reduction in Accoya® volumes sold in the first quarter largely as a result of the COVID-19 disruption to our sales channels. We saw this impact most strongly in April 2020 when customer supply chains were initially disrupted. Sales volumes recovered strongly with demand exceeding our production capacity across the remainder of the year.

As a result, full year Accoya volumes sold were 4.5% above the prior year, with our production at Arnhem largely at capacity. Our full year production volume result reflects three factors: 1) Sales returned quickly to pre-COVID-19 levels in the second quarter, 2) Demand continues to exceed our production capacity with strong underlying demand for Accoya® and 3) Some supply chain disruption during the year to our wood material sourcing led us to utilise and reduce our inventory levels. As a result, we ended the year with lower than usual inventory levels, but which will be rebuilt into the new financial year.

Revenue growth in the period has been supported by an increase in average sales prices. Price rises were implemented in the last financial year for all customers, including all Accoya® customers from 1 January 2020, and have benefitted the 2021 financial year and were maintained through the COVID-19 period. From 1 April 2020, the European markets were successfully transitioned into our direct sales and marketing channels, from their previous exclusive licence to Cerdia also removing the previous Cerdia discount arrangements which supported profitability. A further price increase took effect in November 2020 including to address an expected increase in raw material costs.

	2021 m3	**2020** m3	**Increase** %
UK & Ireland	14,937	15,564	(4%)
Tricoya®	15,891	14,134	12%
Rest of Europe	13,388	13,567	(1%)
Americas	6,642	5,935	12%
Benelux	5,186	4,201	23%
Asia-Pacific	3,998	4,118	(3%)
RoW	424	323	31%
	60,466	57,842	5%

Overall, we have continued to see strong underlying demand for Accoya across our regions and with our Tricoya® panel manufacturing partners. This demand continues to be in excess of our current production capacity.

During FY21 our total annual sales volume growth and regional sales trends also reflect some disruption to supply chains from COVID-19 particularly in the UK and USA which were impacted more significantly by COVID-19 than others. The USA performed strongly in the second half, as we continue to ramp up our sales and marketing activity and increase allocation in the region to support our future production expansion plans there. Strong growth in Benelux reflects prioritisation of sales efforts to build the local market as a more significant contribution to the overall sales mix.

Demand for Tricoya chips from our panel manufacturing partners remains strong, and sales volumes to our Tricoya® licensees for the production of Tricoya® panels increased by 12% which was also supported by the impact of price increases.

Accoya® manufacturing gross margin increased to 33.4% (FY20: 30.0%), driven by the price increases referred to above and strategic decisions to optimise operations around COVID-19 challenges. We completed our annual maintenance shut down ahead of schedule in the first half of the financial year to take advantage of reduced production levels when COVID-19 was causing significant uncertainty. Subsequently we operated all three Accoya® reactors at full capacity to meet demand during the year.

The launch into selected regions at the end of the last financial year of Accoya® Color, a true colour wood product that is tinted throughout the material, has gone well with the first commercial orders received and demand increasing across the year. While the production ramp-up and limited Accoya® stock availability will limit near term sales as anticipated, we expect increased Accoya® Color sales in the medium term with its unique proposition proving attractive to customers in our target markets. This will be supported by increased sales and marketing activity overall to drive end consumer awareness and demand.

Accoya® strategic progress

During the period we have made good progress in our planned expansion of Accoya® production capacity at our existing Accoya® plant in Arnhem in 2021. Under these plans we expect to increase the site capacity by 33% to 80,000 cubic metres by adding a fourth reactor. The detailed engineering is complete, and we began ground works for construction in February 2021, with good progress since then including the delivery to site of the new reactor in May and key procurement orders placed. We have also secured the full permit required for the construction project and recruited the additional people required.

The broader expansion project also includes increased chemical storage and an upgrade of our wood handling equipment, which is also being progressed, with the order for equipment placed. The expansion remains on track to be operationally complete by the end of Q1 calendar year 2022.

North America represents the largest potential regional market for our product. New independent market research has confirmed an achievable market for Accoya® in North America of up to 948,500m3 per annum within a wider addressable market of up to approximately 9.6 million m3. North America is a market that Accoya® already has a growing footprint in, but in which we are significantly constrained by the volume of product we can deliver to customers from our Arnhem production capacity. We have strong foundations for growth in the region with a number of key distributor customers in place and have rolled out our Approved Manufacturers Programme for our distributors' customers, which has been highly successful in Europe. During 2021 we have also made good progress in our plans to expand our manufacturing footprint into North America and build a new Accoya® plant there.
In August 2020 we formed a joint venture with Eastman Chemical Company (NYSE: EMN), a world leader in the production of acetyls, to construct an Accoya® plant in USA. Under the JV, Accsys holds a 60% interest and Eastman a 40% interest.

Since August we have made good progress in our initial planning and feasibility work, and in preparing the commercial agreements needed. Work has spanned various areas including developing site-specific engineering plans, detailed capex estimates and financial planning the formalising of working protocols between the parties as well as project financing planning. We expect to complete the final aspects of this, including the detailed front-end engineering design in the summer of 2021 and are targeting to make the final investment decision at this stage also.

We believe Eastman is a strong collaborative JV partner who brings multiple benefits to the Accoya® USA JV given its leading position in the production of acetyls, a key raw material in Accoya® production, as well as its extensive experience in building and operating chemical plants. The plant will be located on Eastman's operating site in Kingsport, Tennessee, USA, which offers cost and geographical benefits by being adjacent to Eastman's existing acetyls operations.

The initial plant designs will target a two-reactor 40,000 m3 capacity plant, while the plans and site also allow for further efficient expansion (subject to market conditions) of up to eight reactors in total. Importantly, the plant will replicate the success of our Accoya® plant in Arnhem by duplicating our existing Accoya® technology and operational know-how.

The planning to date confirms the strong financial returns from the plant itself, with a targeted pre-tax IRR of over 20%. In addition, Accsys will licence its technology to the Accoya® USA JV, with sales and marketing support also expected to be provided by Accsys under a separate fee bearing agreement with the Accoya® USA JV.

We expect that the plant will take approximately two years to construct from the point of final investment decision which is targeted for summer 2021. Following construction, sales are expected to ramp up over a further two years to the plant's full production capacity.

In May 2021, we successfully completed the issuance of new share capital to fund Accsys' equity share of the project, through a placing and open offer. Further details on the financing for the USA plant can be found in the Financial review.

Tricoya®

Strategic progress

The construction of the world's first Tricoya® plant at Hull is in its final stages. During the year, construction work on the Tricoya® plant in Hull was progressed but was impacted by COVID-19 related challenges, and recent engineering changes. While construction progress resumed over the summer of 2020, the final stages of construction have been taking longer than anticipated.

As a result, in April of 2021 we updated our guidance that at that time we expected a three to six month delay to the lead contractor's schedule, and full operational ramp-up of the plant would likely commence in H2 FY22.

Subsequent to this in early June 2021, we received a notice from the lead contractor responsible for the delivery of the plant, Engie Fabricom UK Limited, purporting to terminate the engineering, procurement and construction (EPC) agreement for the project by reason of force majeure arising out of the COVID-19 pandemic.

With the contract now terminated, Engie Fabricom has spent the last two weeks demobilising from the site, ensuring that the handover of the site to Accsys is completed safely and securely. Work has commenced to develop the detailed plans necessary to complete the remaining items of construction and commissioning of the plant. Given the relatively advanced status of the project, we are now evaluating the potential to project manage the final works directly and may not need to appoint another lead contractor. Our team is conducting a comprehensive GAP analysis which will be completed following obtaining full access to the site which is expected this week, together with receipt of the project documentation held by Engie Fabricom. This will enable us to validate the remaining works, costs, timeline and people required to complete construction and for commissioning required for full operation of the plant to be carried out. Once this evaluation has been completed, we shall update the market with our expectations for the start-up of the plant and likely remaining associated costs to completion.

Notwithstanding the delays and challenges, our planning for the plant continues to allow for the ramp-up of production to full capacity over approximately three years following start-up. This reflects that this is the first plant of its type and that various modifications and operating improvements may be identified once the plant is initially operational. Once at capacity, we continue to expect that a gross margin of approximately 40% should be achievable. This is higher than the Accoya® plant gross margin due to lower wood input costs and a higher level of automation attributable to the continuous process used for the Tricoya® process.

We continue to explore the opportunity to expand Tricoya® production into Malaysia through the on-going feasibility study with PETRONAS Chemicals Group Berhad for the construction of a Tricoya® plant in Malaysia. The full decision to progress with the plant will only follow after the Hull Tricoya® plant has been operational for a sufficient period to ensure that any engineering learnings can be factored into the Malaysian plant design.

In June 2020, BP, a minority investment partner in the Tricoya® consortium, announced the sale of its petrochemicals business to INEOS, which saw the transfer of the Tricoya investment from December 2020. We have been pleased to welcome and work together with INEOS alongside our wider consortium partners.

Group Strategic Development

The Group has four strategic priorities that we focus on to enable us to achieve our goals and fulfil the substantial growth potential for Accoya® and Tricoya® in our markets.

Grow product demand

During the period we have made good progress in developing market opportunities to drive our revenue growth.
Following the launch of our new product website in June 2020, which includes a 'Where to Buy' section to connect visitors to our customers, we increased the number of our customers trained and included on the site by 50% in the second half of the year.

We launched our global Approved Manufacturer Programme in the 2021 financial year. We have extended this from the UK initially to now include the DACH and Benelux regions and North America over the course of the year. This engagement, and two-way support with our distributors and manufacturers, strengthens our brand at all levels and expands the reach of our customers and, by extension, our product.

Practice manufacturing excellence

With the significant global market opportunity for our products, building additional production capacity in global markets is a key element of our growth strategy. We have made progress during the year in our projects to grow our Manufacturing position in Europe, North America, and Malaysia.

With our specific progress set out in the segmental summaries above, these projects are:

- Accoya®, Fourth reactor expansion at Arnhem, the Netherlands
- Tricoya®, New plant construction at Hull, UK
- Accoya®, New plant to be constructed in USA
- Tricoya®, New plant to be constructed in Malaysia

In late 2019 we set out our target to increase our production volume capacity by five times, by 2025. Through the construction of new plants and capacity expansions at our existing plants, we intend to increase the annual volume production capacity from 40,000 m3 per annum, to around 200,000 m3 and m3 equivalent per annum.

Develop our Technology

Accsys continues to invest heavily in growing, researching, 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 entire supply and production chain, from the way we prepare our wood to the way we market and sell Accoya® in the market.

We continue to develop all aspects of our technology, including our process technology where we continually aim for the best efficiency and best quality for our products and production. During the year we have hired additional people to support our R&D and reorganised our R&D activities as a centre of excellence to support the expanding Group.

We have reviewed and implemented new improved procedures seeking to safeguard as much as possible our proprietary information and are working with teams across the Group to ensure better understanding of, and training on, our confidentiality protocols.

Accsys' patent portfolio totals 356 patent family members, covering 27 distinct inventions in over 40 countries. Over 60% of the patent family members have now been granted, including 179 of the 27 distinct inventions in Europe, USA or China, including notable grants protecting acetylated MDF panel in Europe and Malaysia. By using a combination of patenting and know-how we continue to invest in the generation and protection of core technologies associated with our current and future plants for the production of Accoya® and Tricoya® wood products.

Our principal trademark portfolio covers our brands Accoya®, Tricoya®, the Trimarque device and Accsys®, protected by registration in over 60 countries, with recent trademark activity focused on increasing the strength of those brands, and securing protection for the new corporate logo and our 'changing wood to change the world' strapline.

Accsys continues to maintain an active watch on the commercial and IP activity of third parties to ensure its IP rights are not infringed, and to identify any IP which could potentially hinder our commercial activity. In 2021 we completed an additional worldwide patent search which has reconfirmed our freedom to operate position, as we continue our Accoya® joint venture in the United States and our plans for a Tricoya® joint venture in Malaysia.

Build organisational capability

In 2021, we have continued to develop the group by investing in people and processes to better support our growth including through a programme focussing on operational effectiveness and addressing areas identified from the employee engagement survey carried out at the end of last financial year. The Group continues to invest in its Organisational capability with new Heads of department hired in HSE, Technology, Engineering, IT, Investor Relations & Acetyls management. We are also developing processes and systems to support our growth and ensure that the Group can expand effectively including into new locations.

While developing and building world-first, market-disruptive technology has its inherent challenges, as an organisation we are increasing our focus on the execution of our construction and other development projects. Our construction planning and project management approaches are incorporating more detailed engineering principles in order to improve delivery, and we have added new skills and talent into the company in the period to manage the growth in this area ahead.

Health and safety

As Accsys continues to grow, safety remains at the core of our business. We have worked hard to develop our new Health & Safety strategy, our processes, safety messaging, policies and associated metrics to help us measure performance. During the 2021 financial year we have also changed our working practices to keep our people safe in a COVID-19 environment. While in the year we experienced three Lost Time Incidents (LTIs), up from two in FY20, we are seeing a positive response to the new strategy and initiatives. Preventative and leading actions and indicators improved considerably, with more than double the number of Toolbox Talks and Management Safety Tours conducted, and much higher engagement with hazard, near miss and safety opportunity internal reporting.

Unfortunately, as previously reported, an incident resulting in a serious injury to one of our contractors occurred on our Arnhem site. The incident involved a routine tanker unloading operation at the production plant. The incident has been investigated and various root causes have been identified. A number of important and significant actions to further improve this process have now been implemented.

The incident serves as a reminder that health and safety of our employees, partners, contractors and other associates and stakeholders must remain the top priority as Accsys continues to grow to more sites and geographies.

Environment, Social and Governance

This year has been important in the development of our approach to ESG and sustainability, with the launch of our first Sustainability Report in November 2020. This was one output of extensive work both internally and with our stakeholders to make sure we are focusing on the right areas and topics. We established our 10 key material issues and impact areas and created an ESG framework that aligns with our purpose, values and strategy, defines our approach to these issues, and contributes to five main UN Sustainable Development goals, with additional impacts on seven more.

The approach we are taking is to ensure that ESG and sustainability are not simply 'additional' factors or considerations, but meaningful and integrated with our business. We have created a new ESG Committee and added a dedicated ESG Manager within the business to advance our approach and roadmap, engage our colleagues throughout the business, and further refine and develop the details of our ESG strategy. We continue to have a strong focus on responsible sourcing and product sustainability: 100% of our products are made from FSC® certified sustainable wood from well-managed forests and 100% of our key materials suppliers are screened against social and environmental criteria. The increase in annual sales volumes means that more sequestered CO2 than ever before is safely stored in our products, for decades ahead. Further detail on our ESG performance can be found in our Sustainability Report.

Significant work has been done to expand and improve our data recording and management for these areas, giving us robust and useful information and metrics with which to make informed decisions and plans rather than just well-meaning statements of intent. In our Sustainability Report we significantly increased the number of reported ESG-related metrics and data points. I'm very pleased that we have quickly built further on that and expect to report to GRI and SASB standards alongside our Annual Report this year and are currently developing ambitious but realistic internal targets for key performance indicators.

The internal action plans developed for each issue have been progressed well. For some topics this is a continuation of the high standards already in place, such as responsible sourcing and sustainable and quality products , and in other areas such as People and Wellbeing, Health and Safety, and Society and Communities there have been some great steps forward. We have established new global functions, teams and strategies for HSE, Technology and Engineering, and seen very positive results of our second Accsys People employee engagement survey a reflection of the many workstreams improving the lives, wellbeing and enablement of our colleagues. More can be read about our engagement survey in our Sustainability report.

We have also established a new Charities Committee and approach aligned to our business' locations, activities and purpose.

Outlook

As focus on sustainability grows, demand continues to exceed supply for our sustainable products and underpins our strategic growth plans which progressed well during the year. Construction of our Hull plant is in its final stages and the fourth reactor at Arnhem is progressing, and, as these complete we will double our capacity as a Group. Additionally, following the close of our year, we announced a successful equity raise to support our joint venture with Eastman Chemical Company to build an Accoya® USA plant. This raise was significantly oversubscribed and will allow us to address the substantial North American market where demand continues to grow.

We expect revenue growth as the additional capacity at Arnhem becomes operational. Further to our update earlier this month regarding the status of the Hull plant, we are taking over the project and completion of construction following termination of the EPC contract, and are in the process of validating the remaining works, costs and timeline for completing the project. Group overheads will increase next year given the investment in our organisation for growth and ahead of the planned Hull plant start-up..

Longer term, for Accsys as a whole, we expect to continue to achieve improving profitability as each step in our growth journey allows us to significantly increase the level of sales and take advantage of economies of scale associated with higher operating levels. As the focus on the carbon footprint of the built environment continues to intensify, we expect significant demand for our high-performance and sustainable products and remain on track to meet this demand through increasing our capacity fivefold by 2025."

I remain confident in the significant long-term growth opportunities ahead and in our ability to execute our strategy in pursuit of sustainable growth.

Rob Harris
Chief Executive
21 June 2021

	FY21	FY20	Change %
Underlying Group Revenue	**€99.8m**	**€90.9m**	10%
Underlying Gross Profit	**€33.1m**	**€27.5m**	20%
Underlying EBITDA	**€10.1m**	**€7.0m**	44%
Underlying EBIT	**€4.4m**	**€1.4m**	214%
Underlying profit/(loss) before tax	**€1.1m**	**(€2.2m)**	
Statutory profit before tax	**€0.3m**	**€1.5m**	
Year-end cash balance	**€47.6m**	**€37.2m**	
Year-end net debt balance	**(€12.2m)**	**(€25.2m)**	
Accoya® Sales volume	**60,466m³**	**57,842m³**	4.5%

Overview

Accsys delivered a strong financial performance in the financial year with underlying Group revenue up 10% to €99.8m and underlying EBITDA up 44% to €10.1m. Accoya® sales volume increased by 4.5%, having performed strongly following the significant reduction in certain geographies in April 2020 (down 35% year on year) resulting from COVID-19 disrupting our customers' supply chains. Despite the challenges of COVID-19 during the year, we were pleased to deliver an increase of €3.0m in underlying EBIT to €4.4m (FY20: €1.4m), principally driven by a 340bps increase in our Accoya® manufacturing margin to 33.4% (2020: 30.0%).

The Accoya® business continued to perform strongly driving a €4.5m increase in Group operating cashflow before working capital changes and exceptional items to €11.8m (2020: €7.3m) contributing to a €13.0m reduction in Group net debt in the year. This ensured the preservation of the capital raised in December 2019 for the Arnhem Reactor 4 expansion project and the Hull Tricoya® plant.

The impact of COVID-19 on the financial performance of the business in the 2021 financial year can be seen through the initial impact on sales volumes and revenues as outlined below, and in the implications for the construction of the Hull plant as discussed elsewhere in these reports. Overall, our Accoya® operating business has come through the pandemic in good financial shape and proven its resilience.

Statement of comprehensive income

Underlying Group revenue increased by 10% to €99.8m for the year ended 31 March 2021 (2020: €90.9m). Higher sales volumes together with higher average selling prices resulted in revenue from Accoya® wood increasing by 10% to €91.1m. The Group benefited from full price sales to the former "Cerdia" region during the period, following the early termination of the commercial agreements with Cerdia International Gmbh ("Cerdia") effective from 1 April 2020.

Included within Accoya® revenue, are sales of lower priced Accoya for the manufacture of Tricoya® panels, which increased to €18.3m (2020: €15.3m). These sales are used to develop the market for Tricoya® products, ahead of the start-up of the Tricoya® plant, currently under construction in Hull.

Tricoya® panel revenue of €2.1m (2020: €0.5m) represented sales of Tricoya® panels, purchased from our Tricoya® licensees, to sell into other geographies in order to provide market seeding material for the global Tricoya® market.

Licence revenue of €0.4m was attributable to the new licence agreement entered into in August 2020 with Accoya USA LLC, a JV company formed with Eastman Chemical Company to construct and operate an Accoya® wood production plant to serve the North American market. Accoya USA LLC is accounted for as a joint venture and equity accounted for in these results. €3.2m of exceptional Licence revenue was recorded in the prior year which related to the termination fee associated with the early termination of the Cerdia commercial arrangements. The amount was deducted from the on-going loan from Cerdia on 1 April 2020. Licence revenue of €0.3m was reflected in our Tricoya® segment in the prior year period.

Other revenue of €6.2m (2020: €7.3m) predominantly relates to the sale of acetic acid which decreased compared to the prior year due to lower average acetic acid prices.

Underlying gross margin increased from 30% to 33% compared to the previous year with the Accoya® manufacturing gross margin increasing 340bps to 33.4%. These increases were driven by higher average selling prices, following a 22% decrease (to 26%) in Accoya® sold in the year at discounted prices (for Tricoya® panels manufacture). This compared to 48% sold in the prior year which included sales to Cerdia and for Tricoya®, following the termination of the commercial agreements with Cerdia with effect from 1 April 2020. General sales price increases were also successfully implemented in January 2020 and November 2020, although these were partially offset by upward variable costs pressures, with higher wood costs, and higher net acetyls costs as compared to the prior year. Higher net acetyls costs were particularly impacted by lower acetic acid prices, although an increase in acetic anhydride pricing was seen in Q4 FY21 which has continued into the FY22 financial year. This has been partially offset by an increase in acetic acid prices in Q1 FY22.

Underlying other operating costs excluding depreciation and amortisation, increased by €2.3m to €22.8m. This increase was due to an increase in staff costs & related recruitment costs, following the majority of the remaining Hull operating team being hired in H2 and as the Group continues to invest in its Organisational capability with new Heads of department hired in HSE, Technology, Engineering, IT, Investor Relations & Acetyls management. The staff costs increase also included a higher share-based payment charge and a related increase in the National insurance accrual resulting from the Group's share price increasing.

A change in the nature of the bonus awards compared to the prior year also increased the bonus expense with bonus awards in the prior year being granted as share awards vesting in July 2021, with the cost of the awards spread over the vesting period (2 ¼ years). In the current year, bonus awards are currently expected to be awarded as cash bonuses, with the full expense of these awards expensed in the financial year. The current year bonus scheme has also been extended to incentivise and reward more of the company's employees.
The above staff cost movements were partially offset by lower staff travel costs and COVID-19 related temporary salary decreases for the Directors & Senior management team (€0.2m) with the remainder of the employees repaid their COVID-19 related temporary salary decreases shortly after year end.

Depreciation and amortisation charges were largely in line with the prior year.

Underlying finance expenses decreased to €3.3m (2020: €3.5m) in line with lower average borrowings.

Share of net loss from joint venture of €0.1m relates to the Group's attributable share (60%) of Accoya USA LLC's net loss for the year. The net loss relates to operating costs, including market research, external studies and legal fees, incurred during the current pre-investment stage of the project.

Exceptional income recognised in H1 attributable to COVID-19 related government support funding received from the UK and Netherlands governments (the UK Government's Coronavirus Job Retention Scheme and NOW respectively) totalling €0.6m, was reversed in H2 following the decision to repay these funds in full. These repayments were made in Q1 FY22.

Other adjustments, excluded from the underlying results, include a foreign exchange loss of €0.8m (2020: gain of €0.5m) on loans held in pounds sterling with BGF and Volantis and foreign exchange differences on cash held in pounds sterling, which is used primarily to act as a cash flow hedge against future sterling project expenditure on the new plant being constructed in Hull and to a lesser extent, as a cashflow hedge against future sterling corporate costs. The effective portions of the cash flow hedges are recognised in Other comprehensive income.

Underlying profit before tax increased by €3.3m to €1.1m (2020: loss of €2.2m). After taking into account exceptional items and other adjustments, a profit before tax was reported of €0.3m (2020: €1.5m).

The tax charge of €1.3m (FY20: €0.6m) reflects the improved profitability of the Group.

Cash-flow

Cash flow generated from operating activities of €20.2m compared to €2.4m in the prior year, reflects the strong operational cash flow being generated by the Group and careful working capital management during the year. Inventory levels were managed lower during H1, following the initial COVID-19 impact, and despite endeavours to increase inventory levels in H2, they remained lower than planned at the end of the financial year. As a result, we anticipate working capital increasing in the first half of the new financial year, in particular as inventory levels are expected to increase back to ideal operating levels and also to support the expected increase in production capacity coming on stream.

At 31 March 2021, the Group held cash balances of €47.6m, representing a €10.4m increase in the year. The cash increase in the year is attributable to the cashflow generated from operating activities referred to above, equity funding received totalling €9.5m, explained further below, partially offset by investments in tangible fixed assets of €11.7m.

Investment in property, plant and equipment of €21.4m during the year reflects the construction progress made on the Tricoya® plant project in Hull (€14.4m) and the Arnhem Accoya® Reactor 4 expansion project (€4.8m). The difference between the property, plant and equipment additions of €21.4m and capital investment in the Consolidated statement of cash flow of €11.7m principally relates to an increase in capex payables of €9.0m reflecting the milestone nature of the construction, with the capital investment in the Consolidated statement of cash flow reflecting actual payments made in the period.

The Group received €6.0m of equity funding during the year from our Tricoya® consortium partners related to funding the completion of the Tricoya® plant in Hull and other Tricoya® related activities.

The Group also received a one-off cash amount of £2.8m (€3.3m) from Volantis following their exercise of 4,655,667 options at £0.5971 exercise price. These options were issued under the 2017 capital raise for Accsys' initial investment into the Tricoya® consortium (see note 30 to the financial statements).

Loan repayments of €2.5m and interest payments of €1.8m were made during the year (2020: €5.3m), with the decrease compared to the prior year due to repayments of €0.5m relating to the ABN AMRO €14m term loan being deferred to the end of the loan term, as a COVID-19 action taken by ABN AMRO together with lower interest payments on the Cerdia loan, following the €3.2m reduction in the loan balance from 1 April 2020.

Trade and other receivables decreased to €12.3m (2020: €15.3m) following the Cerdia termination fee (€3.2m), which was raised as a receivable at 31 March 2020, being deducted from the on-going Cerdia loan on 1 April 2020.

Total inventory decreased in the year to €12.3m (2020: €16.9m), with both finished goods (€1.4m decrease) and raw materials (€3.3m decrease) reducing compared to the prior year. Levels of Accoya® inventory remain low, with the finished goods balance representing approximately 2 ½ weeks of sales. Inventory levels are expected to increase, firstly to increase our current "lower than normal" raw material levels and secondly to support the expected increase in production capacity coming on stream.

The increase in trade and other payables to €29.8m (2020: €16.9m) is primarily due to the timing of accruals associated with the construction of the Hull plant with actual cash payments being lower, reflecting the timing of milestone payments in relation to construction.

Financial position

The Group has closed the year in a strong financial position, and the Group's balance sheet remains robust.

Net debt decreased by €13.0m in the year to €12.2m due to the strong cashflow generated from operating activities (€20.2m) referred to above, partially offset by Capex investment of €11.7m.

The Group held cash balances of €47.6m at 31 March 2021 together with €6.0m headroom on the ABN AMRO committed working capital facility and €7.9m headroom on the Tricoya® Natwest €17.2m facility.

Amounts payable under loan agreements decreased to €54.3m (FY20: €57.3m) primarily relating to the €3.2m termination fee associated with the early termination of the Cerdia commercial agreements, which was deducted from the Cerdia loan on 1 April 2020.

In May 2021 (post year-end), Accsys completed a successful Placing and open offer for an issue of shares in the company, raising gross proceeds of approximately €37 million. The net proceeds from this are to be used primarily to fund the Group's investment in expanding its Accoya® business into North America through the construction of a new Accoya® USA plant, through its joint venture with Eastman Chemical Company ('Eastman'), as well as to provide additional capital to support the Group's continued growth and ongoing development. The planned Accoya USA plant project has been estimated to cost approximately $130m and is expected to be funded through a combination of project finance debt and through equity from Accsys and Eastman. Accsys has a 60% share of the joint venture with Eastman holding a 40% share.

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 and working capital requirements 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 29 for details of these facilities) and the possible further impact of COVID-19.

The Directors have also assessed a severe but plausible downside scenario with reduced sales volumes and lower gross margin. 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.

The Directors' have also considered the possible amount and timing of capital expenditure required to complete the Tricoya® plant in Hull following the recent purported termination of the engineering, procurement and construction contract by the main contractor. This has been considered together with the current expansion of the Arnhem operation and intended investment in the USA, noting that the full forecast project costs have not yet been committed to. 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 and uncertainty over future cash flows in completing the Hull plant construction as set out above, together with the continued heightened risk that COVID-19 entails, there is sufficient liquidity under the severe but plausible downside such that there is no material uncertainty with respect to going concern. Therefore the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

William Rudge
Finance Director
21 June 2021

Our Market

A significant growth opportunity

Overview

Accsys' products are positioned within the substantial global wood products market, a subset of the wider building and construction market.

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

With demand for our products exceeding our volume of supply, currently a key enabler for sales growth is growing our volume of production capacity. Our '5x by 2025' production target is a key goal in our growth strategy, further details of which can be read in the CEO's Report.

Market size

We operate within the global wood products industry which produces approximately 800 million cubic metres per annum, according to the UN Food & Agriculture Organization. As our products compete with and displace other non-wood building materials from concrete to plastics, the market in which we operate is even larger.

We have used independent market research to estimate that by continuing in our current market approach, with prioritised targeting of regions and product use applications, the potential achievable market for Accoya® and Tricoya® is in excess of 2.6 million cubic metres annually.

Our achievable market figure has three important factors behind it:

- Firstly, we know that our products outperform competing materials most strongly when used outdoors. The global outdoor wood market is estimated to be around 14% of the global lumber or sawnwood market.
- Secondly, our products compete with the high value end of the outdoor wood market, representing around a quarter of the global outdoor wood market.
- Thirdly, our targets for Accoya and Tricoya are currently 6 geographic markets and 4 product use categories, and our achievable market figure reflects only this scope.

Based on these factors, within the broader global market for solid wood, our target of an achievable 1 million cubic metres for Accoya® still only represents a fraction of the addressable market opportunity. The global market for Tricoya® panel products is estimated to be at least 1.6 million cubic metres per annum, equating to around 1% of global MDF manufacturing capacity.

Demand drivers

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

Industry demand drivers

Principally used as exterior wood building products, demand for Accoya® and Tricoya® is influenced by certain growth and demand dynamics within the wider construction industry.

Economic growth

Over time, construction – the main driver of wood consumption – increases as a result of rising GDP per capita, associated economic development and standards of living rising.

Construction & Redevelopment

Our products are used in new constructions as well as refurbishment, redevelopment and remodelling for commercial and residential buildings and projects. Underlying drivers include social and market expectations of building usages, performance, and design, as well as regulatory changes (e.g. building safety, maintenance, sustainability, and energy performance).

One-off events can also impact construction and redevelopment growth, as seen with the COVID-19 pandemic causing consumers to spend more time at home and increases in home improvement.

Megatrends

The superior performance and sustainability characteristics of our products tie into a number of broader macroeconomic trends.

Sustainability

The world is coming to a consensus that action is needed to address climate change. 36% of global energy use is accounted for by the building and construction sector.

In addition to decarbonisation, the 'Race to Zero', and setting of carbon neutral targets, there is also an increasing focus on the renewability of resources: reducing embodied carbon in materials and buildings and shifting to the circular economy philosophy. Many countries and even global businesses now have mandatory, legislative targets to be carbon neutral by 2050; decarbonisation is not simply an option but an obligation.

Shifting consumer priorities

Consumers in our geographic end markets continue to shift towards products that have a lower environmental impact. This can be seen everywhere, from the types of shopping bags or drinking straws we use, to the cars we drive.

In the built environment, the trend is the same. We can see evidence all over the world of mass timber buildings– using renewable, carbon-storing wood instead of concrete and steel. Wood is the increasingly popular 'green building material' choice, with its natural look and feel and particular favour shown for natural and sustainable products over non-renewable tropical woods

Increasing customer importance is being placed on whole life cycle considerations – both of costs and environmental impacts.

Lifestyle changes

Socio-economic changes drive a cultural shift in expectations for residences and commercial buildings. There is 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. Causes of this include lifestyle changes across economies

Market penetration

Our products are most frequently chosen for their exceptional performance and characteristics across all climates. The exceptional performance, sustainability and quality of Accsys' products are fundamental to our proposition. With this valued competitive advantage against other woods and non-wood materials, we believe we can grow faster than the market through market penetration and share gains.

Market share and growth

Accsys has developed as a company and has developed its markets substantially since proving the commercial viability of acetylated wood. We have grown market share and brand awareness in the industry through market seeding under our current model of distributor supply and manufacturer support.

Competitive advantage and material substitution

Accoya® solid wood has class-leading properties that match or improve upon the unsustainable alternatives, combined with its certified sustainability credentials. Our acetylation process substantially reduces the effects of water on the wood, dramatically reducing susceptibility to swelling, shrinking and decay – all but eliminating the traditional drawbacks of wood, while enhancing the positives.

Architects, specifiers, manufacturers, and end-customers 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 and plastics or mined metals.

Tricoya® panels' enhanced performance and suitability for use in 'wet' environments not only improves their appeal compared to traditional panel products, but also opens completely new use scenarios and design possibilities. Tricoya® displaces alternative more expensive or less easily handled products and opens up major new market opportunities in the construction sector; and sales of Tricoya® panels have increased significantly each year since their introduction to the market.

Both products offer not just ultra-high quality and performance but also market-leading warranties and service life, along with the sustainable benefits and credentials that make them so attractive in this increasingly environmentally responsible world.

Targeted segment penetration

With products that could be described as 'disruptive' to the existing materials on offer, and with demand exceeding production capacity, we have focused on developing the regions and product applications to support rapid but sustainable growth. This means targeting the product categories and use cases for which our products are particularly well-suited, offering the most substantial and easily understood advantages over other materials.

The majority of our 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. We focus on these applications as Accoya® offers particularly clear and compelling advantages over traditional alternatives, both in material performance as well as sustainability.

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 are expected to 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.

As we expand our manufacturing capacity, we will be targeting not just development of and expansion into new regional markets, but also into more application types as we continue to develop our product range.

Route to market

Our focus on marketing and selling to our distributors and their customers has been a very 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. Through training, support and engagement with them and their manufacturing customers, we develop brand and product advocates throughout the value chain.

We are seeking to significantly increase the 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 home owners as well. The Accoya® brand was refreshed in FY2021, supported by a new website and consumer-facing digital campaigns. The integration of our Approved Manufacturer Programme with location- and application-based 'Where to Buy' listings on the new website has resulted in significantly increased throughput of demand to vendors of Accoya® products: benefitting our brand, our customers, and end-consumers. By developing our multi-channel marketing strategy, coupled with continued close support with our distributors and manufacturers, we will ensure that we continue to build on our strong market position.

Accsys Technologies PLC

Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	2021 €'000 Underlying	2021 €'000 Exceptional items and other adjustments *	2021 €'000 Total	2020 €'000 Underlying	2020 €'000 Exceptional items and other adjustments *	2020 €'000 Total
Accoya® wood revenue		91,095	-	91,095	82,836	-	82,836
Tricoya® panel revenue		2,091	-	2,091	512	-	512
Licence revenue		419	-	419	293	3,200	3,493
Other revenue		6,198	-	6,198	7,268	-	7,268
Total revenue	3	**99,803**	**-**	**99,803**	**90,909**	**3,200**	**94,109**
Cost of sales		(66,714)	-	(66,714)	(63,402)	-	(63,402)
Gross profit		33,089	-	33,089	27,507	3,200	30,707
Other operating costs	4	(28,559)	103	(28,456)	(26,143)	(165)	(26,308)
Operating profit	8	**4,530**	**103**	**4,633**	**1,364**	**3,035**	**4,399**
Finance income	10	1	-	1	-	-	-
Finance expense	11	(3,250)	(900)	(4,150)	(3,517)	626	(2,891)
Share of net loss from joint venture accounted for using the equity method	28	(144)	-	(144)	-	-	-
Profit/(Loss) before taxation		**1,137**	**(797)**	**340**	**(2,153)**	**3,661**	**1,508**
Tax (expense)	12	(1,251)	-	(1,251)	(454)	(177)	(631)
Profit/(Loss) for the year		**(114)**	**(797)**	**(911)**	**(2,607)**	**3,484**	**877**
Items that may be reclassified to profit or loss							
Gain/(loss) arising on translation of foreign operations		5	-	5	(11)	-	(11)
Gain/(loss) arising on foreign currency cash flow hedges		-	192	192	-	(280)	(280)
Total other comprehensive income/(loss)		5	192	197	(11)	(280)	(291)
Total comprehensive gain/(loss) for the year		(109)	(605)	(714)	(2,618)	3,204	586
Total comprehensive gain/(loss) for the year is attributable to:							
Owners of Accsys Technologies PLC		1,279	(605)	674	(1,080)	3,204	2,124
Non-controlling interests		(1,388)	-	(1,388)	(1,538)	-	(1,538)
Total comprehensive gain/(loss) for the year		(109)	(605)	(714)	(2,618)	3,204	586
Basic and diluted profit/(loss) per ordinary share	14	€0.01		€0.00	€(0.01)		€0.02

The notes form an integral part of these financial statements.
* See note 5 for details of exceptional items and other adjustments.

Accsys Technologies PLC

Consolidated statement of financial position as at 31 March 2021

Registered Company 05534340

	Note	2021 €'000	2020 €'000
Non-current assets			
Intangible assets	16	10,865	10,986
Investment accounted for using the equity method	28	326	-
Property, plant and equipment	17	139,557	122,123
Right of use assets	18	4,859	4,536
Financial asset at fair value through profit or loss	19	-	-
		155,607	137,645
Current assets			
Inventories	22	12,262	16,932
Trade and other receivables	23	12,314	15,308
Cash and cash equivalents		47,598	37,238
Corporation tax receivable		183	283
Derivative financial instrument		134	-
		72,491	69,761
Current liabilities			
Trade and other payables	24	(29,810)	(16,867)
Obligation under lease liabilities	18	(948)	(859)
Short term borrowings	29	(9,664)	(5,265)
Corporation tax payable		(1,863)	(640)
Derivative financial instrument		-	(330)
		(42,285)	(23,961)
Net current assets		30,206	45,800
Non-current liabilities			
Obligation under lease liabilities	18	(4,584)	(4,262)
Other long term borrowing	29	(44,626)	(52,048)
		(49,210)	(56,310)
Net assets		136,603	127,135
Equity			
Share capital	25	8,466	8,114
Share premium account		189,598	186,390
Other reserves	26	114,635	112,551
Accumulated loss		(213,263)	(214,394)
Own shares		(36)	-
Foreign currency translation reserve		37	32
Capital value attributable to owners of Accsys Technologies PLC		99,437	92,693
Non-controlling interest in subsidiaries	9	37,166	34,442
Total equity		136,603	127,135

The financial statements were approved by the Board of Directors on 21 June 2021 and signed on its behalf by

Robert Harris

William Rudge **Directors**

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the year ended 31 March 2021

	Share capital Ordinary €000	Share premium €000	Other reserves €000	Own Shares €000	Foreign currency trans-lation reserve €000	Accumula-ted Loss €000	Total equity attributable to equity shareholders of the company €000	Non-Controlling interests €000	Total Equity €000
Balance at 01 April 2019	5,900	145,429	109,521	(9)	43	(217,424)	43,460	30,123	73,583
Total comprehensive income/(expense) for the period	-	-	(280)	-	(11)	2,415	2,124	(1,538)	586
Share based payments	-	-	-	-	-	615	615	-	615
Shares issued	2,214	-	-	9	-	-	2,223	-	2,223
Premium on shares issued	-	44,281	-	-	-	-	44,281	-	44,281
Share issue costs	-	(3,320)	-	-	-	-	(3,320)	-	(3,320)
Issue of subsidiary shares to non-controlling interests	-	-	3,310	-	-	-	3,310	5,857	9,167
Balance at 31 March 2020	8,114	186,390	112,551	-	32	(214,394)	92,693	34,442	127,135
Total comprehensive income/(expense) for the period	-	-	192	-	5	477	674	(1,388)	(714)
Share based payments	-	-	-	-	-	717	717	-	717
Shares issued	352	-	-	(36)	-	(63)	253	-	253
Premium on shares issued	-	3,215	-	-	-	-	3,215	-	3,215
Share issue costs	-	(7)	-	-	-	-	(7)	-	(7)
Issue of subsidiary shares to non-controlling interests	-	-	1,892	-	-	-	1,892	4,112	6,004
Balance at 31 March 2021	8,466	189,598	114,635	(36)	37	(213,263)	99,437	37,166	136,603

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.

Own shares include 727,250 shares issued as part of the Company's reward, incentivisation and retention strategy and in light of the Coronavirus (Covid-19) pandemic, in lieu of cash bonuses for the year ended 31 March 2020. These shares shall vest if the employees, including the Executive Directors, remain in employment with the Company to the vesting date, being 1 July 2021.

See note 26 for details concerning Other reserves.

Non-controlling interests relates to the investment of various parties into Tricoya Technologies Limited and Tricoya UK Limited (notes 9 and 27).

Foreign currency translation reserve arises on the re-translation of the Group's USA subsidiary's net assets which are denominated in a different functional currency, being US dollars.

Accumulated losses represent the cumulative loss of the Group attributable to the owners of the parent.

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of cash flow for the year ended 31 March 2021

	2021 €'000	2020 €'000
Profit/ (loss) before taxation before exceptional items and other adjustments	1,137	(2,153)
Adjustments for:		
Amortisation of intangible assets	803	664
Depreciation of property, plant and equipment, and right of use assets	4,934	4,939
Net finance expense	3,352	3,352
Equity-settled share-based payment expenses	717	615
Accsys portion of Licence fee received from joint venture	600	-
Share of net loss of joint venture	144	-
Currency translation loss/(gains)	110	(79)
Cash inflows from operating activities before changes in working capital and exceptional items	11,797	7,338
Exceptional Items in operating activities (see note 5)	-	3,200
Cash inflows from operating activities before changes in working capital	11,797	10,538
(Increase) in trade and other receivables	(159)	(2,427)
(Decrease)/Increase in deferred income	(42)	190
Decrease/(Increase) in inventories	4,670	(2,924)
Increase/(Decrease) in trade and other payables	3,864	(3,164)
Net cash generated from operating activities before tax	20,130	2,213
Tax received	71	165
Net cash from operating activities	20,201	2,378
Cash flows from investing activities		
Interest received	5	19
Investment in property, plant and equipment	(11,674)	(22,040)
Foreign exchange deal settlement related to hedging of Hull Capex	(258)	307
Investment in intangible assets	(682)	(861)
Investment in joint venture	(1,070)	-
Net cash (used in) investing activities	(13,679)	(22,575)
Cash flows from financing activities		
Proceeds from loans	-	4,500
Other finance costs	(80)	(79)
(Repayment of) trade facility draw down	-	(1,825)
Interest Paid	(1,831)	(2,370)
Repayment of lease liabilities	(1,308)	(1,022)
Repayment of loans/rolled up interest	(2,474)	(2,942)
Proceeds from issue of share capital	3,468	46,504
Proceeds from issue of subsidiary shares to non-controlling interests	6,004	9,167
Share issue costs	(7)	(3,320)
Net cash from financing activities	3,772	48,613
Net increase in cash and cash equivalents	10,294	28,416
Effect of exchange rate changes on cash and cash equivalents	66	(35)
Opening cash and cash equivalents	37,238	8,857
Closing cash and cash equivalents	47,598	37,238

The notes form an integral part of these financial statements.

1. Accounting Policies

General Information

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the years ended 31 March 2021 or 31 March 2020. Statutory accounts for the year ended 31 March 2020 have been filed with the Registrar of Companies and those for the year ended 31 March 2021 will be delivered to the Registrar in due course; both have been reported on by the auditors. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2020 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2021 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 and working capital requirements 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 29 for details of these facilities) and the possible further impact of COVID-19.

The Directors have also assessed a severe but plausible downside scenario with reduced sales volumes and lower gross margin. 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.

The Directors' have also considered the possible amount and timing of capital expenditure required to complete the Tricoya® plant in Hull following the recent purported termination of the engineering, procurement and construction contract by the main contractor. This has been considered together with the current expansion of the Arnhem operation and intended investment in the USA, noting that the full forecast project costs have not yet been committed to. 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 and uncertainty over future cash flows in completing the Hull plant construction as set out above, together with the continued heightened risk that COVID-19 entails, there is sufficient liquidity under the severe but plausible downside such that there is no material uncertainty with respect to going concern. Therefore the Directors believe that the going concern basis is the most appropriate on which to prepare the financial statements.

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. 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.

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.
Further details concerning the Tricoya® Consortium are included in note 9.

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 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 and Marketing income
Licence fees and marketing income 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. Marketing revenue, when the Company acts as principal, is recognised based on the actual work completed in the period. The amount of any cash or billings 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 and credit facilities, which are expensed over the period that the Group has access to the loans and facilities.

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.

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.

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 dates 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 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 28.

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. 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.

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 income statement 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.

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. There have been no modifications to the terms of the Group's loan agreements requiring disclosure under IFRS 9.

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.

Effective interest rate
Net interest expense (excluding capitalisation of interest) expressed as a percentage of trailing 13-month average net debt provides a measure of the cost of borrowings.

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.

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 16 & 17). 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, discount rates, terminal growth rates and forecast cash flows. Additional information is disclosed in note 16 & 17, 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 16 & 17). 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.

Useful economic lives of property, plant and equipment
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

Inventories
The Group reviews the net realisable value of, and demand for, its inventory on a monthly basis to provide assurance that recorded inventory is stated at the lower of cost and net realisable value after taking into account the age and condition of inventory.

Commercial negotiations
The Group is party to a number of commercial negotiations in the ordinary course of business, including with relation to construction of the Hull plant. Management consults with internal and external experts, and utilises its best estimate to account for any relevant financial effect from these negotiations (including the value of amounts to be capitalised and any payables or provisions required to settle such negotiations), when they become apparent.

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:

Revenue recognition
The Group has considered the criteria for the recognition of fee income from licensees over the period of the agreement and is satisfied that the recognition of such revenue is appropriate. The recognition of 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 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 Group also considers the recoverability of amounts before recognising them as income. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

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 19).

Consolidation of subsidiaries
The Group considers all relevant facts and circumstances when assessing whether it meets the IFRS 10 requirements to consolidate Tricoya Technologies Limited (TTL) and Tricoya UK Limited (Tricoya UK). The Group has consolidated the results of TTL and Tricoya UK as subsidiaries, as it exercises the power to govern the entities in accordance with IFRS 10. See note 9.

Joint venture
The Group considers all relevant facts and circumstances when assessing whether it meets the IFRS 11 requirements to account for Accoya USA LLC as a joint venture. The Group has equity accounted for Accoya USA LLC within these financial statements. See note 28.

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 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting

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 2021 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 2021 Underlying €'000	Year ended 31 March 2021 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2021 TOTAL €'000**	Year ended 31 March 2020 Underlying €'000	Year ended 31 March 2020 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2020 TOTAL €'000**
Accoya® wood revenue	91,095	-	**91,095**	82,836	-	**82,836**
Licence revenue	400	-	**400**	5	3,200	**3,205**
Other revenue	6,142		**6,142**	7,187	-	**7,187**
Total Revenue	**97,637**	**-**	**97,637**	90,028	3,200	**93,228**
Cost of sales	(64,713)	-	**(64,713)**	(62,878)	-	**(62,878)**
Gross profit	**32,924**	**-**	**32,924**	27,150	3,200	**30,350**
Other operating costs	(15,725)	-	**(15,725)**	(14,527)	-	**(14,527)**
Other Gain	-	-	**-**	-	-	**-**
Profit from operations	**17,199**	**-**	**17,199**	12,623	3,200	**15,823**

Profit from operations	17,199	-	**17,199**	12,623	3,200	**15,823**
Accoya® USA EBITDA	(144)	-	**-**	-	-	**-**
EBIT	17,055	-	**17,199**	12,623	3,200	**15,823**
Depreciation and amortisation	4,371	-	**4,371**	4,323	-	**4,323**
EBITDA	**21,426**	**-**	**21,570**	16,946	3,200	**20,146**

Revenue includes the sale of Accoya®, licence income and other revenue, principally relating to the sale of acetic acid and other licensing related income.
All costs of sales are allocated against manufacturing activities in Arnhem unless they can be directly attributable to a licensee. Other operating costs include all costs associated with the operation of the Arnhem manufacturing site, including directly attributable administration, sales and marketing costs.
See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 140 (2020: 130)

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.

	2021 €'000	**2020 €'000**
Accoya® segmental underlying EBITDA	21,426	16,946
Accoya® underlying Licence revenue	(400)	(5)
Other income, predominantly for marketing services	-	(168)
Accoya® segmental underlying EBITDA (excluding. Licence Income)	21,026	16,773
Accoya® segmental underlying gross profit	32,924	27,150
Accoya® underlying Licence revenue	(400)	(5)
Other income, predominantly for marketing services	-	(168)
Accoya® manufacturing gross profit	32,524	26,977
Accoya® Manufacturing Margin	33.4%	30.0%

Tricoya®

	Tricoya® Segment					
	Year ended 31 March 2021 Underlying €'000	Year ended 31 March 2021 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2021 TOTAL €'000**	Year ended 31 March 2020 Underlying €'000	Year ended 31 March 2020 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2020 TOTAL €'000**
Tricoya® panel revenue	2,091	-	**2,091**	512	-	**512**
Licence revenue	19	-	**19**	288	-	**288**
Other revenue	56	-	**56**	81	-	**81**
Total Revenue	**2,166**	**-**	**2,166**	881	-	**881**
Cost of sales	(2,001)	-	**(2,001)**	(524)	-	**(524)**
Gross profit	**165**	**-**	**165**	357	-	**357**
Other operating costs	(3,668)	103	**(3,565)**	(3,607)	(165)	**(3,772)**
Loss from operations	**(3,503)**	**103**	**(3,400)**	(3,250)	(165)	**(3,415)**

Loss from operations	(3,503)	103	**(3,400)**	(3,250)	(165)	**(3,415)**
Depreciation and amortisation	563	-	**563**	397	-	**397**
EBITDA	**(2,940)**	**103**	**(2,837)**	(2,853)	**(165)**	**(3,018)**

Revenue and costs are those attributable to the business development of the Tricoya® process and establishment of Tricoya® Hull Plant.

See note 5 for explanation of Exceptional items and other adjustments.

Average headcount = 22 (2020: 17), 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.

Corporate

	Corporate Segment					
	Year ended 31 March 2021 Underlying €'000	Year ended 31 March 2021 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2021 TOTAL €'000**	Year ended 31 March 2020 Underlying €'000	Year ended 31 March 2020 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2020 TOTAL €'000**
Accoya® wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	**-**	**-**	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	**-**	**-**	**-**	-	-	**-**
Other operating costs	(8,048)	-	**(8,048)**	(6,786)	-	**(6,786)**
Other Gain	-	-	**-**	-	-	**-**
Loss from operations	**(8,048)**	**-**	**(8,048)**	(6,786)	-	**(6,786)**

Loss from operations	(8,048)	-	**(8,048)**	(6,786)	-	**(6,786)**
Depreciation and amortisation	715	-	**715**	731	-	**731**
EBITDA	**(7,333)**	**-**	**(7,333)**	(6,055)	**-**	**(6,055)**

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 = 29 (2020: 23)

Research and Development

	Research & Development Segment					
	Year ended 31 March 2021 Underlying €'000	Year ended 31 March 2021 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2021 TOTAL €'000**	Year ended 31 March 2020 Underlying €'000	Year ended 31 March 2020 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2020 TOTAL €'000**
Accoya® wood revenue	-	-	**-**	-	-	**-**
Licence revenue	-	-	**-**	-	-	**-**
Other revenue	-	-	**-**	-	-	**-**
Total Revenue	-	-	**-**	-	-	**-**
Cost of sales	-	-	**-**	-	-	**-**
Gross result	-	-	**-**	-	-	**-**
Other operating costs	(1,118)	-	**(1,118)**	(1,223)	-	**(1,223)**
Loss from operations	**(1,118)**	**-**	**(1,118)**	(1,223)	-	**(1,223)**

Loss from operations	(1,118)	-	(1,118)	(1,223)	-	**(1,223)**
Depreciation and amortisation	88	-	**88**	152	-	**152**
EBITDA	**(1,030)**	**-**	**(1,030)**	(1,071)	**-**	**(1,071)**

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 16).
Average headcount = 9 (2020: 9)

Total

	Total					
	Year ended 31 March 2021 Underlying €'000	Year ended 31 March 2021 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2021 TOTAL €'000**	Year ended 31 March 2020 Underlying €'000	Year ended 31 March 2020 Exceptional items & Other Adjustments €'000	**Year ended 31 March 2020 TOTAL €'000**
Accoya®/Tricoya® revenue	93,186	-	**93,186**	83,348	-	**83,348**
Licence revenue	419	-	**419**	293	3,200	**3,493**
Other revenue	6,198	-	**6,198**	7,268	-	**7,268**
Total Revenue	99,803	-	**99,803**	90,909	3,200	**94,109**
Cost of sales	(66,714)	-	**(66,714)**	(63,402)	-	**(63,402)**
Gross profit	33,089	-	**33,089**	27,507	3,200	**30,707**
Other operating costs	(28,559)	103	**(28,456)**	(26,143)	(165)	**(26,308)**
Profit from operations	4,530	103	**4,633**	1,364	3,035	**4,399**
Finance income	1	-	**1**	-	-	**-**
Finance expense	(3,250)	(900)	**(4,150)**	(3,517)	626	**(2,891)**
Investment in joint venture	(144)	-	**(144)**	-	-	**-**
Profit/(Loss) before taxation	1,137	(797)	**340**	(2,153)	3,661	**1,508**

See note 5 for details of Exceptional items and other adjustments.

Reconciliation of underlying earnings

	Year ended 31 March 2021 Underlying	Year ended 31 March 2021 Exceptional items & Other Adjustments	**Year ended 31 March 2021 TOTAL**	Year ended 31 March 2020 Underlying	Year ended 31 March 2020 Exceptional items & Other Adjustments	**Year ended 31 March 2020 TOTAL**
	€'000	€'000	**€'000**	€'000	€'000	**€'000**
Profit from operations	4,530	103	**4,633**	1,364	3,035	**4,399**
Accoya® USA EBITDA	(144)	-	**-**	-	-	**-**
EBIT	4,386	103	**4,633**	1,364	3,035	**4,399**
Depreciation and amortisation	5,737	-	**5,737**	5,603	-	**5,603**
EBITDA	10,123	103	**10,370**	6,967	3,035	**10,002**

Analysis of Revenue by geographical area of customers:	2021 €'000	2020 €'000
UK and Ireland	41,890	39,208
Rest of Europe	27,187	24,962
Americas	13,170	10,949
Benelux	9,701	8,510
Asia-Pacific	7,360	6,293
Rest of World	495	987
	99,803	90,909

Revenue generated from two customers exceeded 10% of Group revenue of 2021. These two customers represented 36% & 40% of the revenue from the United Kingdom and Ireland, relating to Accoya® revenue. Revenue generated from three customers exceeded 10% of Group revenue of 2020. This included 62% of the revenue from the rest of Europe and relates to a mixture of Accoya®, Licensing, and Other Revenue. In addition, two other customers represented 33% and 35% respectively, of the revenue from the United Kingdom and Ireland and relate to Accoya® revenue.

Assets and liabilities on a segmental basis:

	Accoya® 2021 €'000	Tricoya® 2021 €'000	Corporate 2021 €'000	R&D 2021 €'000	TOTAL 2021 €'000	Accoya® 2020 €'000	Tricoya® 2020 €'000	Corporate 2020 €'000	R&D 2020 €'000	TOTAL 2020 €'000
Non-current assets	64,994	85,696	4,620	297	**155,607**	62,143	70,638	4,773	91	**137,645**
Current assets	34,752	13,134	19,567	5,038	**72,491**	38,777	10,896	15,330	4,758	**69,761**
Current liabilities	(16,706)	(18,933)	(6,576)	(70)	**(42,285)**	(11,692)	(9,407)	(2,833)	(29)	**(23,961)**
Net current assets/(liabilities)	18,046	(5,799)	12,991	4,968	**30,206**	27,085	1,489	12,497	4,729	**45,800**
Non-current liabilities	(21,798)	(9,990)	(17,262)	(160)	**(49,210)**	(27,740)	(8,727)	(19,843)	-	**(56,310)**
Net assets/(liabilities)	61,242	69,907	349	5,105	**136,603**	61,488	63,400	(2,573)	4,820	**127,135**

Analysis of non-current assets (Other than financial assets and deferred tax):	2021 €'000	2020 €'000
UK	90,344	75,435
Other countries	61,032	57,979
Un-allocated - Goodwill	4,231	4,231
	155,607	137,645

The segmental assets in the current year were predominantly held in the UK 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). 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, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	2021 €'000	2020 €'000
Sales and marketing	3,847	3,295
Research and development	1,030	1,071
Other operating costs	6,013	6,742
Administration costs	11,932	9,432
Exceptional Items and other adjustments	(103)	165
Other operating costs excluding depreciation and amortisation	22,719	20,705
Depreciation and amortisation	5,737	5,603
Total other operating costs	28,456	26,308

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.

The total cost of €22,719,000 in the current period includes €3,002,000 in respect of the Tricoya® segment, compared to €3,375,000 in the previous year.

Group average headcount increased from 179 in the year to 31 March 2020, to 199 in the year to 31 March 2021.

During the period, €682,000 (2020: €860,000) of internal development & patent related costs were capitalised and included in intangible fixed assets, including €524,000 (2020: €701,000) which were capitalised within Tricoya Technologies Limited ('TTL'). In addition €336,000 of internal costs have been capitalised in relation to our current Arnhem Accoya® plant expansion project (2020: €204,000) and €38,000 of internal costs have been capitalised in relation to our plant build in Hull, UK (2020: €44,000). Both are included within tangible fixed assets.

5. Exceptional items and other adjustments

	2021 €'000	2020 €'000
Cerdia contract termination fee - Licence revenue	-	3,200
Total exceptional items	-	3,200
Foreign exchange differences arising on Tricoya® & Corporate cash held - Operating costs	103	(165)
Foreign exchange differences arising on Loan Notes - incl. in Finance expense	(900)	626
Foreign exchange differences on Tricoya® & Corporate cash held - Other comprehensive income/(loss)	18	(96)
Revaluation of FX forwards used for cash-flow hedging - Other comprehensive income/(loss)	174	(184)
Total other adjustments	(605)	181
Tax on exceptional items and other adjustments	-	(177)
Total exceptional items and other adjustments	(605)	3,204

Exceptional Items

During the year, the Group received Government grants relating to the COVID-19 response, of which €460,000 was received in the Netherlands (Netherlands NOW scheme), and €135,000 in the UK (UK Coronavirus job retention scheme). In the interim results, these amounts were recognised as Exceptional income. It was decided before the reporting date, given the overall performance of the Group in the year, to repay both of the Government grants received, with the exceptional income reversed.

In the prior year, the exceptional licence fee revenue of €3.2m resulted from the early termination of the Cerdia commercial agreements. This amount previously included in receivables was recorded as a reduction to net debt from 1st April 2020, with the fee offset against our loan held with Cerdia which continues.

Other Adjustments

Foreign exchange differences in the Tricoya® segment have occurred due to pounds sterling held within the consortium for the ongoing Hull plant build and to a lesser extent, pounds sterling held within the Corporate segment for future sterling corporate costs. The Group has mitigated this currency exchange risk by adopting hedge accounting under IFRS 9, Financial Instruments. The effective portion of the foreign exchange movement is recognised in other comprehensive income, with the ineffective portion recognised in Operating costs.

Foreign exchange differences also arise on the pounds sterling denominated loan notes, entered into in a prior period (see note 29). These exchange rate differences are included as finance expenses.

6. Employees

	2021 €'000	2020 €'000
Staff costs (including Directors) consist of:		
Wages and salaries	14,394	12,249
Social security costs	2,206	1,768
Other pension costs	1,008	894
Share based payments	869	537
	18,477	15,448

The average monthly number of employees, including Executive Directors, during the year was as follows:

	2021	2020
Sales and marketing, administration, research and engineering	112	99
Operating	87	80
	199	179

7. Directors' remuneration

	2021 €'000	2020 €'000
Directors' remuneration consists of:		
Directors' emoluments	1,187	1,443
Company contributions to money purchase pension schemes	41	49
	1,228	1,492

Compensation of key management personnel included the following amounts:

	Salary, bonus and short term benefits €'000	Pension €'000	Share based payments charge €'000	2021 Total €'000	2020 Total €'000
Rob Harris	553	26	33	612	224
William Rudge	314	15	61	390	306
Paul Clegg[1]	-	-	-	-	680
	867	41	94	1,002	1,210

The Group made contributions to 1 (2020: 2) Director's personal pension plan, with Robert Harris receiving cash in lieu of pension.

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.

[1] Paul Clegg's amounts above for 2020 represent the remuneration received for the period to 31 December 2019, when he resigned as a Director.

8. Operating profit

This has been arrived at after charging/(crediting):	2021 €'000	2020 €'000
Staff costs	18,477	15,448
Depreciation of property, plant and equipment, and right of use assets	4,934	4,939
Amortisation of intangible assets	803	664
Operating lease rentals	32	28
Foreign exchange (gains)	110	(81)
Research & Development (excluding staff costs)	524	624
Fees payable to the Company's auditors for the audit of the Group's annual financial statements	73	78
Fees payable to the Company's auditors for other services:		
- audit of the Company's subsidiaries pursuant to legislation	84	71
- audit related assurance services	34	26
Fees payable to Component auditor for audit of subsidiaries:	98	93
- other audit related services	14	-
Total audit and audit related services:	303	268

In addition to the above, in the year ended 31 March 2020, fees of €273,000 related to the working capital review for the December 2019 equity fundraise were paid to the Company's external auditors. These fees were accounted for in Share Premium as Share issue costs.

9. Tricoya Technologies Limited

Tricoya Technologies Limited ("TTL") was incorporated in order to develop and exploit the Group's Tricoya® technology for use within the worldwide panel products market, which is estimated to be worth more than €60 billion annually.

On 29 March 2017 the Group announced the entry into and successful completion of its agreements for the financing, construction and operation of the world's first Tricoya® wood elements acetylation plant in Hull with its TTL consortium investors, being BP, MEDITE, BGF and Volantis.

The Hull plant will have a targeted production capacity of 30,000 metric tonnes per annum (sufficient to manufacture 40,000 cubic metres of panels) and scope to expand.

Structurally, Accsys, BP Ventures, MEDITE, BGF and Volantis have invested into TTL in 2017. TTL has then invested, alongside BP Chemicals and MEDITE, in Tricoya UK Limited ("Tricoya UK"), a special purpose subsidiary of TTL that will construct, own and operate the Hull Plant. The company changed its name from Tricoya Ventures UK Limited to Tricoya UK Limited on 3rd September 2020.

INEOS Acetyls Investments Limited ("INEOS") acquired BP Ventures' share capital of TTL and BP Chemicals share capital of Tricoya UK on 31 December 2020.

INEOS (through acquiring BP's share of TTL & Tricoya UK) have invested €31.8 million in the Tricoya® Project, including €23.3 million as equity in Tricoya UK and €8.5 million as equity in TTL. All funding was received by 31 March 2021, with €2.4m being received in the year ended 31 March 2021.

MEDITE have invested €15.0 million in the Tricoya® Project, including €8.4 million as equity in TTL and €6.6 million as equity in Tricoya UK. All funding was received by 31 March 2021, with €3.0m being received in the year ended 31 March 2021. A further 495,310 TTL shares were issued as a result of MEDITE continuing to seed the market with Tricoya® panels ensuring continued market development ahead of the completion of the Hull Plant.

In the period to 31 March 2021, the Group's shareholding in TTL decreased from 77.8% to 76.5% which included a further investment of €4.5m.

In the year ended 31 March 2017, BGF and Volantis invested an aggregate of £19.0 million as financial investors into both the Group and TTL. BGF and Volantis invested on similar terms but are investing separately, with BGF accounting for 65% of the £19.0 million total.

In the year ended 31 March 2017, Tricoya UK entered a six-year €17.2 million finance facility agreement with Natwest Bank plc (formerly called The Royal Bank of Scotland PLC) in respect of the construction and operation of the Hull Plant. As at 31 March 2021 the Group have utilised €9.3m (2020: €8.7m) of the facility.

The Group has consolidated the results of TTL and Tricoya UK as subsidiaries, as it exercises the power to govern the entities in accordance with IFRS 10. The non-controlling interests in both entities have been recognised in these Group financial statements.

The "TTL Group" income statement and balance sheet, consisting of TTL and its subsidiary Tricoya UK, are set out below:

TTL Group income statement:

	Consolidated 2021 €'000	Consolidated 2020 €'000
Revenue	2,178	881
Cost of sales	(1,999)	(538)
Gross profit	179	343
Operating costs:		
Staff costs	(2,582)	(2,879)
Research & development (excluding staff costs)	(217)	(228)
Intellectual Property	(255)	(203)
Sales & marketing	(122)	(388)
Depreciation & Amortisation	(563)	(397)
EBIT	(3,560)	(3,752)
EBIT attributable to Accsys shareholders	(2,172)	(2,214)

TTL Group balance sheet:

	2021 €'000	2020 €'000
Non-current assets		
Intangible assets	4,376	4,216
Property, plant and equipment	79,999	65,557
Right of use assets	1,321	865
	85,696	70,638
Current assets		
Receivables due within one year	1,232	2,378
Inventory	-	53
Cash and cash equivalents	11,464	8,399
FX Derivative Asset	134	-
	12,830	10,830
Current liabilities		
Trade and other payables	(20,159)	(10,419)
FX Derivative Liability	-	(330)
Net current assets	(7,329)	82
Non-current liabilities		
Other long term borrowing	(8,955)	(8,284)
	(8,955)	(8,284)
Net assets	69,412	62,435
Value attributable to Accsys Technologies	32,246	27,993
Value attributable to Non-controlling interest	37,166	34,442

TTL Group cash flows:

	2021 €'000	2020 €'000
Cash flows from operating activities	(841)	(2,417)
Cash flows from investing activities	(6,400)	(19,178)
Cash flows from financing activities	10,306	23,104
Net increase/(decrease) in cash and cash equivalents	3,065	1,509

10. Finance income

	2021 €'000	2020 €'000
Interest receivable on bank and other deposits*	1	-

*€5,000 interest received in the year ended 31 March 2021 (31 March 2020: €19,000) 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.

11. Finance expense

	2021 €'000	2020 €'000
Arnhem land and buildings lease finance charge	187	200
Foreign exchange loss/(gain) on loan notes	900	(626)
Interest on loans	2,767	3,108
Interest on lease liabilities	296	209
	4,150	2,891

12. Tax expense

	2021 €'000	2020 €'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 expense in respect of current year	24	28
	24	28
Overseas tax at rate of 15%	11	(30)
Overseas tax at rate of 25%	1,216	633
Deferred Tax		
Utilisation of deferred tax asset	-	-
Total tax charge reported in the statement of comprehensive income	1,251	631

	2021 €'000	2020 €'000
(b) The tax charge for the period is higher than the standard rate of corporation tax in the UK (2021 & 2020: 19%) due to:		
Profit/(Loss) before tax	340	1,508
Expected tax charge at 19% (2020 - 19%)	65	287
Expenses not deductible in determining taxable profit	153	116
Over provision in respect of prior years	-	(41)
Tax losses for which no deferred income tax asset was recognised	880	135
Effects of overseas taxation	130	106
Research and development tax charge in respect of prior years	79	129
Research and development tax (credit) in respect of current year	(56)	(101)
Total tax charge reported in the statement of comprehensive income	1,251	631

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

13. Dividends Paid

	2021 €'000	2020 €'000
Final Dividend €Nil (2020: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

14. 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.

	2021 Underlying	2021 Total	2020 Underlying	2020 Total
Basic earnings per share				
Weighted average number of Ordinary shares in issue ('000)	164,890	164,890	132,721	132,721
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	1,274	477	(1,069)	2,415
Basic profit/(loss) per share	€ 0.01	€ 0.00	€ (0.01)	€ 0.02
Diluted earnings per share				
Weighted average number of Ordinary shares in issue ('000)	164,890	164,890	132,721	132,721
Equity options attributable to Volantis	-	-	4,656	4,656
Equity options attributable to BGF	8,449	8,449	8,449	8,449
Weighted average number of Ordinary shares in issue and potential ordinary shares ('000)	173,339	173,339	145,826	145,826
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	1,274	477	(1,069)	2,415
Diluted profit/(loss) per share	€ 0.01	€ 0.00	€ (0.01)	€ 0.02

15. 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. As part of the award of nil costs options under the LTIP in 2013, the recipients relinquished all share options that they held which had been awarded under the 2005 and 2008 Share Option plans. Other employees continue to hold options awarded under these earlier schemes.

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:

Date of grant	Number of outstanding options at 31 March 2021	2020	Weighted average remaining contractual life, in years 2021	2020
1 August 2011	90,000	90,000	0.3	1.3
19 September 2013 (LTIP)	918,226	2,177,675	2.5	3.5
24 June 2016 (LTIP)	482,827	482,827	5.3	6.3
20 June 2017 (LTIP)	326,999	338,275	6.3	7.3
18 June 2018 (LTIP)	185,840	829,882	7.3	8.3
25 June 2019 (LTIP)	541,049	593,376	8.3	9.3
20 November 2019 (LTIP)	105,699	105,699	8.7	9.7
23 December 2019 (LTIP)	41,468	41,468	8.8	9.8
15 July 2020 (LTIP)	1,267,657	-	9.3	-
Total	3,959,765	4,659,202	6.5	5.8

Movements in the weighted average values are as follows:

	Weighted average exercise price	Number
Outstanding at 1 April 2019	€ 0.10	4,935,421
Granted during the year	€ 0.00	810,520
Forfeited during the year	€ 0.00	(1,086,739)
Exercised during the year	€ 0.00	-
Expired during the year	€ 0.00	-
Outstanding at 31 March 2020	€ 0.10	4,659,202
Granted during the year	€ 0.00	1,326,966
Forfeited during the year	€ 0.00	(766,954)
Exercised during the year	€ 0.00	(1,259,449)
Expired during the year	€ 0.00	-
Outstanding at 31 March 2021	€ 0.12	3,959,765

The exercise price of options outstanding at the end of the year ranged between €nil (for LTIP options) and €0.50 (2020: €nil and €0.50) and their weighted average contractual life was 6.5 years (2020: 5.8 years).

Of the total number of options outstanding at the end of the year 1,818,052 (2020: 2,750,502) 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 end 31 March 2017. 918,226 nil cost options remain as at 31 March 2021 after allowing for forfeitures and options exercised in the year.

2016 LTIP Award performance conditions and 2016 outcome

The LTIP in 2016 awarded 1,070,255 nil cost options and 482,827 vested in the financial year end 31 March 2020. 482,827 nil cost options remain as at 31 March 2021 after allowing for forfeitures and options exercised in the year.

2017 LTIP Award performance conditions and 2016 outcome

The LTIP in 2017 awarded 1,087,842 nil cost options and 326,999 vested in the financial year end 31 March 2021. 326,999 nil cost options remain as at 31 March 2021 after allowing for forfeitures and options exercised in the year.

Awards made in June 2018 and LTIP Award performance conditions

During the year ended March 2019, a total of 1,170,160 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for 993,220 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		*25%*	*100%*
EBITDA per share in FY21	60%	€0.05	€0.13
Total sales volume (subject to Group EBITDA being breakeven or positive)	40%	70,000	85,000

- Vesting is on a straight-line basis between points in the schedule. There is no vesting for performance below Threshold.
- EBITDA based on total Group EBITDA excluding licensing income. Appropriate adjustments may be made to the EBITDA per share metric 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.
- 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)
Grant date	19 Jun 18	19 Jun 18
Share price at grant date (€)	0.91	0.91
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	-0.55%	-0.55%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 0.842**	**€ 0.842**

The remaining 176,940 of the awards made in summer 2018 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 €0.842 on their Grant date.

All of the above awards, made in summer 2018 are subject to a three year performance period (i.e. year end March 2021) and a further two year holding period. In addition, awards are also subject to malus/ claw-back provisions. As at 31 March 2021, the expected vesting amount is estimated to be 185,840 share options.

Awards made in year ended 31 March 2020 and LTIP Award performance conditions

During the prior year, a total of 810,520 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for 686,049 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Target	Maximum
Vesting (% of maximum)		*25%*	*70%*	*100%*
EBITDA per share in FY22	60%	€0.10	€0.14	€0.22
Total sales volume in FY22 (m^3)	40%	82,000	86,000	100,000

- 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.
- 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)
Grant date	25 Jun 19	25 Jun 19
Share price at grant date (€)	1.32	1.32
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	-0.74%	-0.74%
Expected volatility	20%	20%
Expected dividend yield	0%	0%
Fair value of option	**€ 1.221**	**€ 1.221**

On 20th November 2019 and 23rd December 2019, a total of 147,167 LTIP awards (included in the 686,049 LTIP awards above) were made to 2 new employees with the same performance targets as illustrated above. The fair value of these awards were €1.05 per option.

The remaining 124,471 of the awards made in summer 2019 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 €1.221 on their Grant date.

All of the above awards, made in the year ended 31 March 2020 are subject to a three year performance period (i.e. year end March 2022) and a further two year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Awards made in July 2020 and LTIP Award performance conditions

During the 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 FY 23 (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	**€ 0.998**	**€ 0.998**

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.

2008 Share Option schemes

Awards made in earlier years had no impact on the income statement in the current or prior year and given the smaller number of options remaining, no details have been disclosed.

Employee Benefit Trust – Share bonus award

Following a share issue on 23 June 2020 as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2019 to 31 March 2020, 727,250 (2020: nil) new Ordinary shares were held by an Employee Benefit Trust, 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 2021 (subject to certain other provisions including regulations, good-leaver, take-over and Remuneration Committee discretion provisions). As at 31 March 2021, the Employment Benefit Trust was consolidated by the Company and the 727,250 shares are recorded as Own Shares within equity.

Employee Share Participation Plan

During the prior year, the Company re-introduced the Employee Share Participation Plan (the 'Plan') for subscription. 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 February 2021 various employees subscribed for a total of 195,524 Shares at an acquisition price of €1.43 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. 198,219 matching shares were issued to employees in February 2021.

16. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 1 April 2019	6,796	73,582	4,231	84,609
Additions	391	469	-	860
At 31 March 2020	7,187	74,051	4,231	85,469
Additions	277	405	-	682
At 31 March 2021	7,464	74,456	4,231	86,151
Accumulated amortisation				
At 1 April 2019	1,796	72,023	-	73,819
Amortisation	350	314	-	664
At 31 March 2020	2,146	72,337	-	74,483
Amortisation	364	439	-	803
At 31 March 2021	2,510	72,776	-	75,286
Net book value				
At 31 March 2021	4,954	1,680	4,231	10,865
At 31 March 2020	5,041	1,714	4,231	10,986
At 31 March 2019	5,000	1,559	4,231	10,790

Refer to note 17 for the recoverability assessment of these intangible assets.

17. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 01 April 2019	17,976	103,676	2,685	124,337
Additions	-	22,015	555	22,570
Foreign currency translation profit	-	-	3	3
At 31 March 2020	17,976	125,691	3,243	146,910
Additions	-	20,742	651	21,393
Foreign currency translation (loss)	-	-	(9)	(9)
At 31 March 2021	17,976	146,433	3,885	168,294
Accumulated depreciation				
At 01 April 2019	279	19,409	1,244	20,932
Charge for the year	358	3,287	207	3,852
Foreign currency translation profit	-	-	3	3
At 31 March 2020	637	22,696	1,454	24,787
Charge for the year	358	3,249	351	3,958
Foreign currency translation (loss)	-	-	(8)	(8)
At 31 March 2021	995	25,945	1,797	28,737
Net book value				
At 31 March 2021	16,981	120,488	2,088	139,557
At 31 March 2020	17,339	102,995	1,789	122,123
At 1 April 2019	17,697	84,267	1,441	103,405

Plant and machinery assets with a net book value of €80,853,000 are held as assets under construction and are not depreciated, relating to the Hull Plant, and €5,716,000 relating to the further expansion of the Arnhem Plant (31 March 2020: €66,409,000 relating to the Hull Plant, €725,000 relating to the Arnhem Plant).

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 calculations which uses cash flow projections based on latest board approved financial budgets. Cash flows have been projected for a period of 12 years, including a five year forecast and seven years of 1.8% growth rate plus assumptions concerning a terminal value discounted at a pre-tax discount rate of 10.5% (2020: 10.0%) to determine their present value. The key assumptions used in the value in use calculations are:

- the manufacturing revenues, operating margins & future licence fees estimated by management,
- the completion of construction of additional facilities on time (and associated output),
- the long term growth rate and
- the discount rate.

The Directors have determined that there has been no impairment to either CGU. The Directors have considered whether a reasonably possible change in assumptions may result in an impairment. The CGU most susceptible to an impairment given a change in assumptions is the Tricoya® CGU. Key assumptions applied to this CGU were as follows:

- a discount rate of 10.5%,
- a long-term sales growth rate of 1.8%, and
- Gross margin of approximately 40%.

The headroom in the value-in-use model for this CGU would be reduced to nil if the following adverse changes to those key assumptions were made in isolation:

- a 2.1% increase to the discount rate,
- a 1.2% reduction in the long-term sales growth rate and
- a 5% decrease to Gross margin.
- an increase of 130% above assumed remaining costs to complete the plant

18. 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	
	2021	**2020**
	€'000	**€'000**
Right-of-use assets		
Properties	4,113	3,708
Equipment	671	745
Motor Vehicles	75	83
	4,859	4,536

	Minimum lease payments	
	2021	**2020**
	€'000	**€'000**
Amounts payable under lease liabilities:		
Within one year	1,208	1,044
In the second to fifth years inclusive	2,631	2,787
After five years	4,369	3,441
Less: future finance charges	(2,676)	(2,151)
Present value of lease obligations	5,532	5,121

Additions to the right-of-use assets during the financial year were €1,303,000 (2020: €1,542,000).

(ii) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

The Group's leasing activities and how these are accounted for:

	2021	**2020**
	€'000	**€'000**
Depreciation charge of right-of-use assets		
Properties	664	783
Equipment	279	258
Motor Vehicles	33	26
	976	1,067
Interest expense (included in finance cost)	483	408
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	30	27
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	2	1
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

The total cash outflow for leases in 2021 was €1,308,000 (2020: €1,022,000)

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.

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.

19. Financial asset at fair value through profit or loss

	2021 €'000	2020 €'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 2021, and there is significant uncertainty over the future of Cleantech Building Materials PLC. As such a reliable fair value cannot be calculated and the investment is carried at a nil fair value (2020: nil).

The carrying value is similar to the previous accounting treatment under IAS 39, under which the historical cost of the listed shares of €10m was offset by a provision for impairment of the entire balance of €10m, resulting in a nil carrying value.

A total of 498,522 shares were held at 31 March 2021.

20. Deferred taxation

The Group has a deferred tax asset of €nil (2020: €nil) relating to trading losses brought forward.

The Group also has an unrecognised deferred tax asset of €30m (2020: €26m) which is largely in respect of trading losses of the UK subsidiaries. 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.

21. 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.

22. Inventories

	2021 €'000	2020 €'000
Raw materials and work in progress	7,339	10,660
Finished goods	4,923	6,272
	12,262	16,932

The amount of inventories recognised as an expense during the year was €60,907,693 (2020: €57,167,975). The cost of inventories recognised as an expense includes a net credit of €2,739 (2020: credit of €47,982) in respect of the inventories sold in the period which had previously been written down to net realisable value.

23. Trade and other receivables

	2021 €'000	2020 €'000
Trade receivables	9,836	8,611
Other receivables	575	3,520
VAT receivable	1,013	2,552
Prepayments	890	625
	12,314	15,308

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. The majority of trade and other receivables is denominated in Euros, with €1,597,056 of the trade and other receivables denominated in US Dollars (2020: €1,246,000).

The age of receivables past due but not impaired is as follows:

	2021 €'000	2020 €'000
Up to 30 days overdue	409	806
Over 30 days and up to 60 days overdue	6	18
Over 60 days and up to 90 days overdue	-	-
Over 90 days overdue	49	5
	464	829

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 for doubtful debts are individually impaired trade receivables and accrued income with a balance of €25,002,000 (2020: €25,002,000) due from Diamond Wood.

Movement in provision for doubtful debts:

	2021 €'000	2020 €'000
Balance at the beginning of the year	25,239	25,002
Net (decrease)/increase of impairment	(237)	237
Balance at the end of the year	25,002	25,239

24. Trade and other payables

	2021 €'000	2020 €'000
Trade payables	9,451	7,827
Other taxes and social security payable	1,104	779
Accruals and deferred income	19,255	8,261
	29,810	16,867

The increase in Trade and other payables primarily relates to the timing of accruals associated with the construction of the Hull plant with actual cash payments being lower, reflecting the timing of milestone payments in relation to construction.

25. Share capital

Allotted - Equity share capital	2021 €'000	2020 €'000
169,324,264 Ordinary shares of €0.05 each (2020: 162,288,155 Ordinary shares of €0.05 each)	8,466	8,114
	8,466	8,114

In year ended 31 March 2020:

On 23 December 2019, 27,239,764 Firm Placing Shares and 16,855,474 Open Offer Shares were issued as part of the capital raise to fund the Arnhem plant expansion, completion of the Tricoya® plant in Hull, preliminary work in the United States and working capital requirements related to these activities. The Shares were issued at a price of €1.05 per Ordinary share, raising gross proceeds of €46.3 million (before expenses).

During the year, the Group re-introduced the Employee Share Participation Plan (see note 15 for further details). In February 2020 various employees subscribed for a total of 204,612 Shares at an acquisition price of €1.095 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 prior year, 173,915 Shares were issued to the Employee Benefit Trust ('EBT') with these vesting on 1 July 2019. Of these Shares, beneficiaries elected to sell 106,448 Shares in the market, with a sale date of 31 July 2019.

In the year ended 31 March 2021:

1,259,449 shares were issued on 12 May 2020 following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

727,250 shares were issued to an Employee Benefit Trust ('EBT') on 29 June 2020 at nominal value, in lieu of cash bonuses for the year ended 31 March 2020. These shares will vest on 1 July 2021, subject to the employees continuing employment within the Group.

In February 2021, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 198,219 shares were issued as "Matching Shares" at nominal value under the Plan.

In addition, various employees newly subscribed under the Plan for 195,524 Shares at an acquisition price of €1.43 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).

On 26 March 2021, the Company announced that Lombard Odier Asset Management (USA) Corp on behalf of 1798 Volantis Catalyst Fund II Ltd ('Volantis') exercised options over a total of 4,655,667 ordinary shares in the Company for a total consideration of £2,779,898.77 (exercise price of £0.5971 per ordinary share) (see note 30 to the financial statements).

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 2019	148	106,707	317	2,349	109,521
Total comprehensive (expense) for the period	-	-	(280)	-	(280)
Issue of subsidiary shares to non-controlling interests	-	-	-	3,310	3,310
Balance at 31 March 2020	148	106,707	37	5,659	112,551
Total comprehensive income for the period		-	192	-	192
Issue of subsidiary shares to non-controlling interests	-	-	-	1,892	1,892
Balance at 31 March 2021	148	106,707	229	7,551	114,635

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® & Corporate segments (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 2020:

On 25 May 2019, TTL issued 252,464 shares to Titan Wood Limited. On 25 November 2019, TTL issued 238,024 shares to Titan Wood Limited for a consideration of €0.5m. An additional 61,976 shares were issued to non-controlling interests for a consideration of €0.1m. On 23 December 2019, TTL issued 4,620,156 shares to Titan Wood Limited for a consideration of €9.2m, and an additional 1,401,523 shares were issued in consideration for continued provision of discounted Accoya® to MEDITE for market seeding purposes. 887,643 shares were issued to non-controlling interests for a consideration of €1.8m. As a result the non-controlling interests' shareholdings were amended to:

BP Ventures (8.6%), MEDITE (10.2%), BGF (2.2%), Volantis (1.2%)

On 23 December 2019, Tricoya UK issued 11,015,599 Ordinary shares to Tricoya Technologies Ltd for a consideration of €11.0m, and an additional 4,322,394 shares were issued in consideration for continued provision of discounted Accoya® to MEDITE for market seeding purposes. 7,268,573 shares were issued to non-controlling interests for consideration of €7.3 million. As a result the non-controlling interests' shareholdings were amended to:

BP Chemicals (30.9%, MEDITE 6.2%)

In the year ended 31 March 2021:

On 15 June 2020, TTL issued 281,919 shares to Titan Wood Limited for a consideration of €0.6m. An additional 68,081 shares were issued to non-controlling interests for a consideration of €0.1m. On 2 July 2020, TTL issued 90,956 shares to Titan Wood Limited for a consideration of €0.2m. An additional 416,694 shares were issued to non-controlling interests for a consideration of €0.8m and an additional 495,310 shares were issued in consideration for continued provision of discounted Accoya® to MEDITE for market seeding purposes. On 29 October 2020, TTL issued 1,862,356 shares to Titan Wood Limited for a consideration of €3.7m. An additional 498,987 shares were issued to non-controlling interests for a consideration of €1.0m. On 31 December 2020, BP Ventures' share capital of TTL was acquired by INEOS Acetyls Investments Limited ("INEOS"). As a result the non-controlling interests' shareholdings were amended to:

INEOS (8.5%), MEDITE (11.3%), BGF (2.6%), Volantis (1.1%)

On 17 July 2020, Tricoya UK issued 486,572 Ordinary shares to Tricoya Technologies Ltd for a consideration of €1.0m. An additional 1,600,530 shares were issued to non-controlling interests for consideration of €1.6m. On 29 October 2020, Tricoya UK issued 3,972,686 Ordinary shares to Tricoya Technologies Ltd for a consideration of €4.0m. An additional 2,452,798 shares were issued to non-controlling interests for consideration of €2.5m. On 31 December 2020, BP Chemicals' share capital of Tricoya UK was acquired by INEOS. As a result the non-controlling interests' shareholdings were amended to:

INEOS (30.0%, MEDITE 8.2%)

The total carrying amount of the non-controlling interests in TTL and Tricoya UK at 31 March 2021 was €37.17m (2020: €34.44m).

The Group recognised an increase in other reserves as summarised below.

	2021 €'000	2020 €'000
Opening Balance	6,235	2,925
Carrying amount of non-controlling interests issued	(4,112)	(5,857)
Consideration paid by non-controlling interests	6,004	9,167
Share issue costs relating to non-controlling interests	-	-
Excess of consideration paid recognised in Group's equity	8,127	6,235

28. Investment in Joint Venture

In August 2020, Accsys together with Eastman Chemical Company formed a new company, Accoya USA LLC, with the intention to construct and operate an Accoya® wood production plant to serve the North American market.

The new company has been formed with Accsys having a 60% equity interest and Eastman having a 40% equity interest, with the two parties assessed to jointly control the entity as defined under IFRS 11 – Joint arrangements. Accoya USA is accounted for as a joint venture and equity accounted for within the financial statements. A technology licence has also been entered into with Accoya USA LLC so that front-end engineering and design for the proposed plant in the USA can be completed.

The plant is being designed to initially produce approximately 40,000 cubic metres of Accoya® per annum and to allow for cost-effective expansion.

A decision whether to proceed to the next stage with plant construction, and as to funding, is targeted for summer 2021, following the completion of the initial engineering and design work.

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

	2021 €'000	2020 €'000
Investment in Accoya® USA	1,070	-
Less: Accsys proportion (60%) of Licence fee received	(600)	-
Loss for the year	(144)	-
Closing balance	326	-

29. Commitments under loan agreements

	2021 €'000	2020 €'000
Amounts payable under loan agreements:		
Within one year	9,664	5,265
In the second to fifth years inclusive	44,626	50,967
In greater than five years	-	1,081
Present value of loan obligations	54,290	57,313
Within one year	12,012	5,644
In the second to fifth years inclusive	49,714	61,855
After five years	-	1,120
Less future finance charges	(7,436)	(11,306)
Present value of loan obligations	54,290	57,313

The change in total borrowings in the year of €3m primarily related to the €3.2m termination fee associated with the early termination of the Cerdia commercial agreements, which was deducted from the Cerdia loan on 1 April 2020.

Facilities relating to purchase of Arnhem land and buildings:

On 1 August 2018 the Group entered into a package of facilities to fully finance the purchase of the land and buildings in Arnhem. The partially amortising package of loans includes the following:

- €14.0m loan with ABN Amro Bank. The loan is partially repayable over a five year term with a final payment of €9.25m. Interest is fixed at 3% and the loan is secured on the land and buildings.
- €5.0m lease loan with ABN Asset Based Finance is repayable over a five year term with an implied interest rate of approximately 3%. The loan is secured on the first two Accoya® reactors.
- €4.0m loan with Bruil, the seller and previous landlord. The balance is repayable from July 2021 to July 2023 with interest fixed at 5%. The loan is unsecured.

Loan Notes:

On 29 March 2017 the Group issued £16.3 million (€18.4 million) of unsecured fixed rate loan notes. £10.5 million of Loan Notes in principal were issued to Business Growth Fund ('BGF'), with £5.8 million in principal issued to Volantis. The BGF loan notes are subject to a 7% fixed interest rate for the duration of their term and the Volantis loan notes are subject to a 7% fixed interest rate until 31 December 2018, with the interest rate fixed at 9% thereafter. Interest is rolled up until 31 December 2018 on both loans, with further roll up of interest on the Volantis loan until six-monthly redemption payments of both loans commence on 31 December 2021 and end on 30 June 2023.

BGF is an investment company that provides long-term equity funding to growing UK companies to enable them to execute their strategic plans. Volantis is a global asset management firm specialising in alternative investment strategies and is owned by Lombard Odier.

Cerdia Production Facility:

The €9.5 million term loan facility with Cerdia Production GmbH was used to design, procure and build the Arnhem plant's third reactor. This facility is secured against the third reactor of the Arnhem chemical plant and associated assets and is subject to interest at 7.5% per annum. At 31 March 2021, the Group had €4.2m (2020: €8.3m) borrowed under this facility. Quarterly repayments of the loan commenced on 21 December 2018 until November 2025.
In a prior year, the Group entered into an agreement with Cerdia Producktions GmbH ("Cerdia") under which Accsys took on responsibility for commercial activities under agreements with Cerdia relating to Accoya® wood, which terminated as of 1 April 2020 (the "Termination Agreement"). Under the terms of the Termination Agreement, payments to Accsys included fees of €3.2 million, which was recognised as an exceptional item in the year ended 31 March 2020. The €3.2 million was deducted from the loan balance on 1 April 2020, with subsequent repayments for the remaining term of the loan being reduced accordingly.

Tricoya® facility:

On 29 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. At 31 March 2021, the Group had €9.3m (2020: €8.7m) borrowed under the facility. The facility is to be drawn down as required, and facility repayments will commence 12 months after practical completion of the Hull Plant. Interest will accrue at Euribor plus a margin, with the margin ranging from 325 to 475 basis points.

Trade receivable and inventory facilities:

Working capital facility
The working capital facility with ABN Commercial Finance is a €6.0m credit facility secured upon the receivables and inventory of the Accoya® manufacturing business committed for a period of 5 years. At 31 March 2021, the facility was undrawn (2020: undrawn).

Bank guarantee facility
The facility with ABN AMRO Bank N.V. is a contingent liability facility enabling the Group to issue bank guarantees in order to support the working capital and other operational commitments of the Group with a limit of €1.5m.

Both facilities are subject to interest at 2% above the ABN AMRO base rate.

Reconciliation to net debt:

	2021 €'000	**2020 €'000**
Cash and cash equivalents	47,598	37,238
Less:		
Amounts payable under loan agreements	(54,290)	(57,313)
Amounts payable under lease liabilities (note 18)	(5,532)	(5,121)
Net debt	(12,224)	(25,196)

	Liabilities from financing activities			Other assets	
	Borrowings €'000	**Leases €'000**	**Sub-total €'000**	**Cash €'000**	**Total €'000**
Net debt as at 31 March 2019	(56,909)	(2,021)	(58,930)	8,857	(50,073)
Adjustment on initial application of IFRS 16	-	(2,247)	(2,247)	-	(2,247)
Net debt as at 01 April 2019	(56,909)	(4,268)	(61,177)	8,857	(52,320)
Cash flows	267	1,022	1,289	28,416	29,705
New leases	-	(1,542)	(1,542)	-	(1,542)
Foreign exchange adjustments	626	4	630	(35)	595
Other changes	(1,297)	(337)	(1,634)	-	(1,634)
Net debt as at 31 March 2020	(57,313)	(5,121)	(62,434)	37,238	(25,196)
Cash flows	2,474	1,308	3,782	10,294	14,076
Decrease in Cerdia Loan from Termination fee	3,200	-	3,200	-	3,200
New leases	-	(1,303)	(1,303)	-	(1,303)
Foreign exchange adjustments	(900)	(76)	(976)	66	(910)
Other changes	(1,751)	(340)	(2,091)	-	(2,091)
Net debt as at 31 March 2021	(54,290)	(5,532)	(59,822)	47,598	(12,224)

30. 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 and Volantis (see note 29). In addition to the issue of the Loan Notes the Company granted options over Ordinary Shares of the Company to BGF and Volantis exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026 (the 'Options').

5,838,954 Options were issued to BGF and 3,217,383 Options were issued to Volantis. In addition, the Company agreed to use its reasonable endeavours to obtain shareholder authority at the subsequent General Meeting to grant to BGF a further option in respect of 2,610,218 Ordinary Shares and to grant to Volantis a further option in respect of 1,438,284 Ordinary Shares (the "Additional Options").

The necessary resolutions were passed at the General Meeting held on 21 April 2017 and accordingly the Additional Options had been converted to Options.

On 26 March 2021, the Company announced the Options issued to Volantis had been exercised in full for a total consideration of £2,779,898.77 payable to the Company, representing an exercise price per Ordinary Share of £0.62 as agreed on 29 March 2017 (adjusted to £0.5971 following a subsequent share issuance in April 2017).

At 31 March 2021 a total 8,449,172 Options exist attributable to BGF. This represents 5.0% (2020: 8.1%) of the issued share capital of the Company as at 31 March 2021.

31. Financial instruments

Financial instruments

Lease liabilities

Lease creditors of €5,532,000 as at 31 March 2021 (2020: €5,121,000) relates to various offices, land, equipment and cars that the Group leases (see note 18).

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.

No final dividend is proposed in 2021 (2020: €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

2021/ € '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		10,411	-	-	10,411
Financial asset investments	Level 2	-	-	-	-
Derivative financial instruments (FX forward)	Level 2	-	134	-	134
Cash and cash equivalents		47,598	-	-	47,598
Total		58,009	134	-	58,143

2020/ € '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		12,131	-	-	12,131
Financial asset investments	Level 2	-	-	-	-
Derivative financial instruments (FX forward)	Level 2	-	-	-	-
Cash and cash equivalents		37,238	-	-	37,238
Total		49,369	-	-	49,369

2021/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings - loans		(54,290)	-	-	(54,290)
Lease liabilities		(5,532)	-	-	(5,532)
Trade and other payables		(9,451)	-	-	(9,451)
Derivative financial instruments (FX forward)	Level 2	-	-	-	-
Total		(69,273)	-	-	(69,273)

2020/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings - loans		(57,313)	-	-	(57,313)
Lease liabilities		(5,121)	-	-	(5,121)
Trade and other payables		(7,827)	-	-	(7,827)
Derivative financial instruments (FX forward)	Level 2	-	(330)	-	(330)
Total		(70,261)	(330)	-	(70,591)

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 18 and loans, for which details are given in note 29.

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. The Group's Loan Notes, which were issued to fund these UK based operations, are denominated in pounds sterling. A smaller proportion of expenditure is incurred in US dollars and 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. The Group holds a proportion of the cash associated with the Tricoya® Consortium in pounds sterling and has purchased fx forward contracts with a nominal amount of £5.85m (2020: nominal amount of £5.85m) to reflect the expected costs associated with the construction of the plant in Hull and are accordingly accounted for as a cash flow hedge (see note 5).

Interest rate risk management

The Group's borrowings are limited to fixed rate loans with BGF, Volantis, Cerdia, ABN Amro and Bruil, together with the remaining Arnhem finance lease and the lease of the office fit out and furniture in London. The interest rate in respect of the loan facility agreed with Natwest Bank is variable, based on Euribor plus a variable margin. Therefore the Group is not significantly exposed to interest rate risk in relation to financial liabilities. 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 facility with Natwest Bank.

Credit risk management

The Group is exposed to credit risk due to its trade receivables receivable 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 23). 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 23.

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.

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.

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.

32. Capital Commitments

	2021 €'000	2020 €'000
Contracted but not provided for in respect of property, plant and equipment	10,808	10,859

Included in the above, are amounts relating to the Engineering, Procurement and Construction contracts relating to the Tricoya® plant under construction in Hull and committed items related to the Reactor 4 expansion project in Arnhem.

33. Events occurring after 31 March 2021

Capital raise

In May 2021, Accsys completed a successful Placing and open offer for an issue of shares in the company, raising gross proceeds of approximately €37 million. The net proceeds are to be used primarily to fund the Group's investment in expanding its Accoya® business into North America through the construction of a new Accoya® USA plant, through its joint venture with Eastman Chemical Company, as well as to provide additional capital to support the Company's continued growth and ongoing development.

Termination letter received from Lead contractor on Tricoya Hull plant construction

In early June 2021, we received a notice from the lead contractor responsible for the delivery of the plant, Engie Fabricom UK Limited, purporting to terminate the engineering, procurement and construction (EPC) agreement for the project by reason of force majeure arising out of the COVID-19 pandemic.

With the contract now terminated, Engie Fabricom has spent the last two weeks demobilising from the site, ensuring that the handover of the site to Accsys is completed safely and securely. Work has commenced to develop the detailed plans necessary to complete the remaining items of construction and commissioning of the plant. Given the relatively advanced status of the project, we are now evaluating the potential to project manage the final works directly and may not need to appoint another lead contractor. Our team is conducting a comprehensive GAP analysis which will be completed following obtaining full access to the site, which is expected this week, together with receipt of the project documentation held by Engie Fabricom. This will enable us to validate the remaining works, costs, timeline and people required to complete construction and for commissioning required for full operation of the plant to be carried out. Once this evaluation has been completed, we shall update the market with our expectations for the start-up of the plant and likely remaining associated costs to completion.