Progressive EQUITY RESEARCH

ACCSYS TECHNOLOGIES
BUILDING MATERIALS

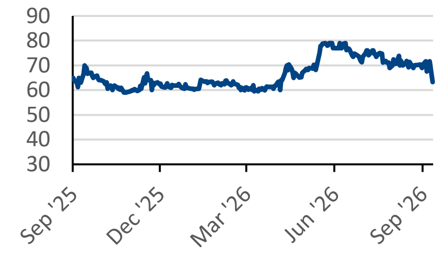
22 September 2026

AXS.L

71.6p

Market Cap: £174.3m

SHARE PRICE (p)



12m high/low	79p/59p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (debt)/cash	(35.7)m *(at 31/03/26)*
Enterprise value	£210m
Index/market	AIM
Next news	HY results, 24 Nov
Shares in issue (m)	243.4
Chair	Dr Trudy Schoolenberg
CEO	Dr Jelena Arsic van Os
CFO	Sameet Vohra

COMPANY DESCRIPTION

Anglo-Dutch manufacturer of high-performance timber products, transformed from sustainably sourced softwood.

www.accsysplc.com

ACCSYS TECHNOLOGIES IS A RESEARCH CLIENT OF PROGRESSIVE

ANALYSTS

Alastair Stewart

+44 (0) 20 7781 5300

astewart@progressive-research.com

www.progressive-research.com

Growth temporarily held as distributors destock

Ahead of Friday's AGM, Accsys Technologies has released a trading update confirming FY27E underlying group EBITDA will be 'broadly in line with market expectations', on lower revenue but improved margins. However, it guides that destocking by distributors, especially in its US JV, prompted by fears over inflation from the Middle East conflict, means that adjusted EBITDA, which proportionately includes the JV contribution, will be lower than expected. We have reduced our estimates for FY27E and FY28E, but maintain them for the rest of the period, in the expectation that the pioneering timber product group's strong growth trajectory will recover.

- **'In line' at group level, but US held by destocking.** The update states that underlying group EBITDA will 'broadly in line' with market expectations of €24.5m (Progressive, €24.2m) but adjusted EBITDA, including 60% of the JV figure, will be in the range of €21-23m (Progressive, €28.0m). Sales volumes at group level in the first five months of FY27E fell by 11% Y/Y to 22,186 m^3 but price rises meant that revenues fell by a more modest 6%. The destocking was the result of more cautious purchasing by distributors in the face of geopolitical and economic nervousness across all the group's regions. This was particularly marked at its 60:40 JV in the USA. Volumes there rose by 3% Y/Y but this follows growth of 60% in FY26.
- **Uptick in September mitigates poor first five months.** Stronger trading this month has mitigated the softer first five months, with H1 now expected to show 'slightly lower' Y/Y volumes, but less than the 11% decline in the first half – suggesting there has been material growth in the latest month. FY27E is expected to be more strongly H2 weighted.
- **Estimates reduced for FY27-28E, but held thereafter.** We have trimmed our estimates for group EBITDA from €24.2m to €23.2m for FY27E and €29.3m to €27.4m for FY28E. Including the JV contribution, the reduction is by a greater amount, from €28.0m to €22.2m for FY27E and €37.8m to €29.9m for FY28E. We have not made material changes to assumptions for the following years and will provide more details post the interims.
- **Temporary lull in growth.** We continue to expect long-term growth in demand for the group's Accoya products, which give softwood the long-lasting benefits of hardwood. The group says it remains on target to meet its targets for Phase 1 of its FOCUS strategy in FY27 (page 2). We see the current phase of destocking will be temporary and that distributors will start building up inventory levels as soon as market confidence returns.

FYE MAR (€M)	2025	2026	2027E	2028E	2029E
Revenue	136.6	153.3	151.1	167.6	210.3
Adj EBITDA, inc 60% JV	10.8	21.2	22.2	29.9	45.7
Fully Adj EPS, dil (cents)	-0.5	2.1	2.5	6.0	8.8
Dividend per share (cents)	0.0	0.0	0.0	0.0	0.0
PER (x)	N/A	38.8x	32.9x	13.8x	9.5x
Dividend yield (%)	N/A	N/A	N/A	N/A	N/A
EV*/EBITDA, inc JV (x)	22.0x	11.2x	10.7x	8.0x	5.2x

Source: Company Information and Progressive Equity Research estimates.

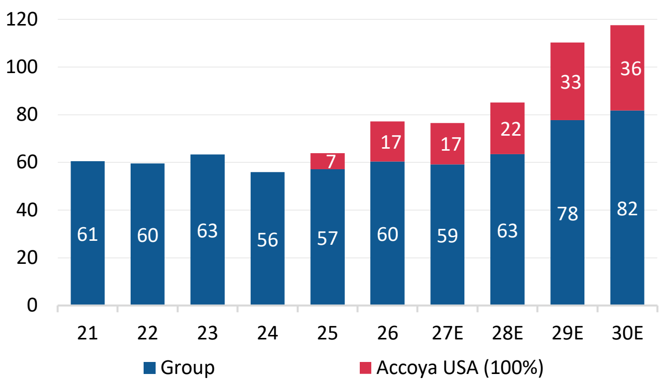
Accsys Technologies in brief: unique growth prospects

Transformative strategy reinforces long-term financial growth prospects of unique product

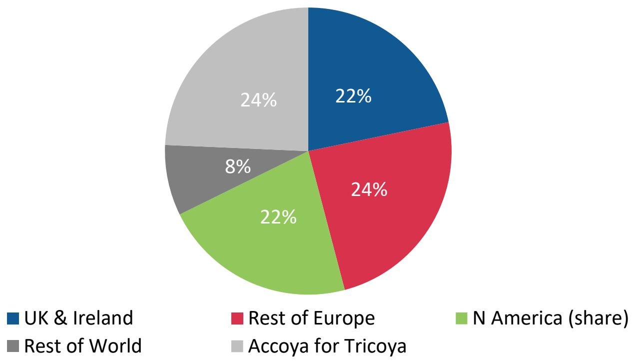
London-headquartered Accsys Technologies has developed Accoya, using a unique treatment process, protected by international patents, which gives softwood the long-lasting benefits of hardwoods. The London-headquartered group manufactures in the Netherlands, UK and US. The group became over-geared after misjudged capacity expansions. CEO Jelena Arsic van Os, who joined in mid-2023, set out the FOCUS transformation programme, first announced in June 2024 and detailed further in the April 2026 analyst site visit. We expect the programme to combine operational gearing and financial leverage as the group moves to net cash by FY30E. Link to Progressive Equity Research initiation note, Transformed product, transformative strategy.

- **Accoya – unique technology gives softwood the properties of hardwood.** The technology combines the aesthetic of wood, but reversing its main problem – attraction to water. Acetylation makes it water-repellent. This gives the product a claimed lifespan double that of softwood and lower maintenance costs, commanding a price premium. A key target for its marketing is in prominent architectural landmarks (see opposite).
- **Long-term growth prospects, especially in the US.** Lower lifetime costs should drive growth in demand for the product range, especially in the largely untapped US market, in our view. The 60:40 Accoya USA JV with Eastman Chemical Company was formed in 2020 and started commercial operations in September 2024. The technology's intellectual property (IP) is protected by numerous patents, and we believe there are several barriers to new entrants.
- **Transformative strategy.** The first two of the FOCUS strategy's three phases aim to: grow revenue; enhance the efficiency of existing assets; and expand production in the Accoya USA JV (internally funded). The key aims over the six-year project are to grow revenue and operating margins and move into net cash
- **Finances – benefitting from operational gearing and deleveraging.** Our forecast CAGR in revenue of 10.5% for FY25-30E generates a CAGR of 32.6% in group operating profit, with further benefits to the bottom line from falling interest costs on our assumption that Accsys moves to net cash by the end of the forecast period.
- **Strong FY26 results follow refinancing.** FY results to 31 March, released on 16 June, showed strong growth in all geographic markets, particularly in the USA, with improved margins and a further deleveraging. The group's cost of debt was previously cut significantly with the 22 October refinancing.
- **Capital allocation.** Accsys has not paid dividends since IPO. Current policy is that the Board considers it 'prudent for the group to maintain a strong financial position during phase one and two of the FOCUS strategy'. We believe the group could reappraise its capital allocation policy as the group demonstrates progress during Phase 2 of FOCUS.

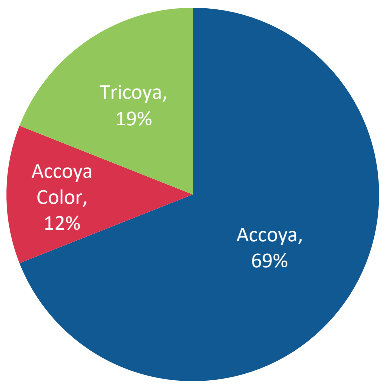
Sales volume (000 m3)



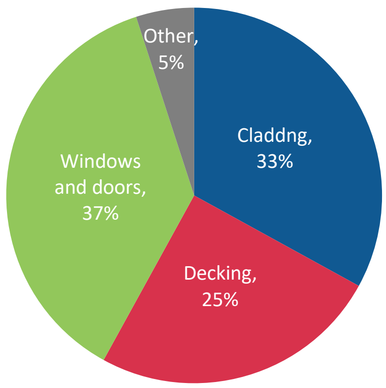
FY26 sales volume by end market (%)



FY26 revenue split by product (%)



FY26 revenue split by end application, est (%)



Queen Elizabeth II Memorial Garden, London

Google HQ, London

Accoya was used for the carved benches in the critically-acclaimed Queen Elizabeth II Memorial Garden at Regents Park in London. Designed by Tate + Co Architects and landscape architects, HTA Design.

Google's Kings Cross headquarters in London features the world's largest timber and glass facade, utilising highly durable Accoya wood for its exterior. The 'landscraper' building spans 330m.

Source: Company information, Progressive Equity Research commentary

Financial Summary: Accsys Technologies

Year end: March (€m unless shown)

PROFIT & LOSS	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Revenue	136.6	153.3	151.1	167.6	210.3
Adj EBITDA, inc 60% JV	10.8	21.2	22.2	29.9	45.7
Underlying EBITDA, exc JV	16.9	21.1	23.2	27.4	33.9
Reported PBT	(20.8)	(0.6)	6.9	17.6	26.1
Fully Adj PBT, pre-gw	(8.8)	(1.2)	7.6	18.3	26.8
NOPAT	9.4	(61.4)	12.2	16.2	20.2
Reported EPS (cents)	(9.5)	2.7	2.2	5.7	8.5
Fully Adj EPS (cents)	(0.5)	2.1	2.5	6.0	8.8
Dividend per share (cents)	0.0	0.0	0.0	0.0	0.0
CASH FLOW & BALANCE SHEET	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Operating cash flow	12.2	15.1	11.0	23.6	36.7
Free Cash flow	7.0	9.0	0.1	12.0	24.2
FCF per share (cents)	2.9	3.7	0.0	4.9	9.8
Acquisitions, JV investment	(14.6)	(3.9)	0.0	0.0	0.0
Net cash flow	(10.0)	0.0	(2.5)	9.4	21.6
Overdrafts / borrowings	(55.7)	(56.0)	(53.4)	(50.8)	(48.2)
Cash & equivalents	17.4	17.4	14.9	24.3	45.9
Net (Debt)/Cash, pre-IFRS 16	(38.3)	(38.6)	(38.5)	(26.5)	(2.3)
IFRS 16 Lease liabilities	(4.3)	(3.3)	(3.3)	(3.3)	(3.3)
Net (Debt)/Cash post-IFRS 16	(42.6)	(41.9)	(41.8)	(29.8)	(5.6)
NAV AND RETURNS	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Net asset value	97.3	105.1	106.3	114.8	138.5
NAV/share (cents)	40.5	43.2	44.9	50.6	59.1
Net Tangible Asset Value	91.2	98.7	104.9	119.7	141.3
NTAV/share (cents)	37.9	40.6	42.6	48.6	57.4
Average equity	108.1	101.2	107.9	117.7	135.2
Post-tax ROE (%)	(21.1%)	6.4%	5.1%	12.0%	15.5%
METRICS	**2025**	**2026**	**2027E**	**2028E**	**2029E**
Revenue growth	0.3%	12.2%	(1.4%)	10.9%	25.5%
Adj EBITDA growth	97.6%	25.2%	9.7%	18.5%	23.6%
Adj EBIT growth	(17.9%)	(208.2%)	24.5%	142.0%	117.6%
Adj PBT growth	97.6%	25.2%	9.7%	18.5%	23.6%
Adj EPS growth	(87.8%)	(528.0%)	18.0%	138.0%	45.8%
Dividend growth	na	na	na	na	na
Adj EBIT margins	11.4%	11.5%	12.7%	13.2%	12.4%
VALUATION	**2025**	**2026**	**2027E**	**2028E**	**2029E**
EV*/Sales (x)	1.7	1.6	1.6	1.4	1.1
EV*/EBITDA, inc JV (x)	22.0	11.2	10.7	8.0	5.2
EV*/NOPAT (x)	25.2	-3.9	19.5	14.6	11.8
PER (x)	N/A	38.8	32.9	13.8	9.5
Dividend yield (%)	N/A	N/A	N/A	N/A	N/A
FCF yield	3.5%	4.5%	0.0%	5.9%	11.8%

Source: Company information and Progressive Equity Research estimates

22 September 2026

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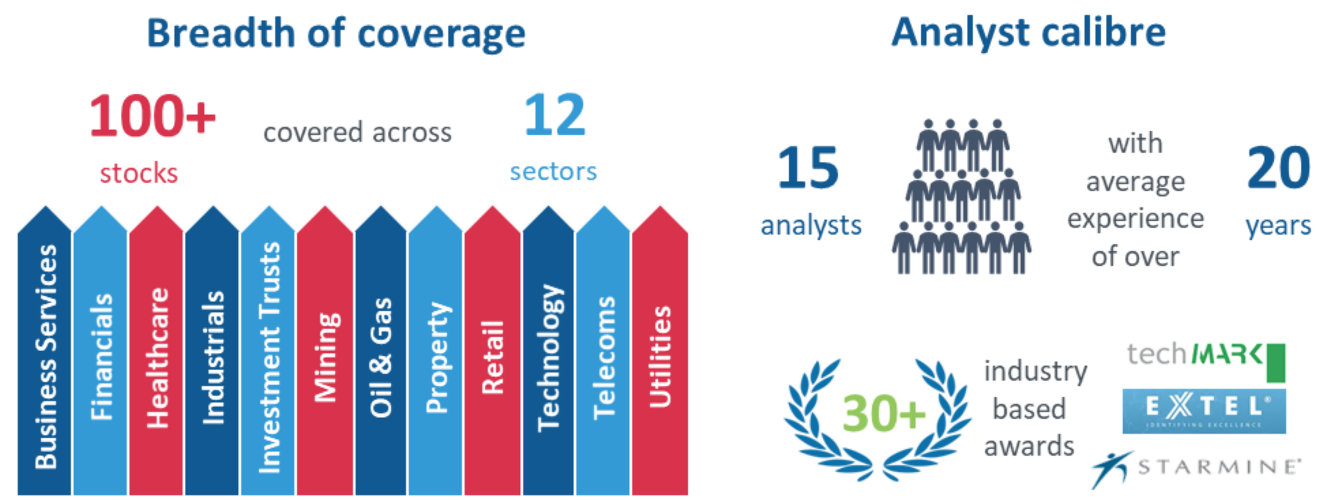

To arrange a meeting with the management team, or for further information about Progressive, please contact us at:
+44 (0) 20 7781 5300
info@progressive-research.com