

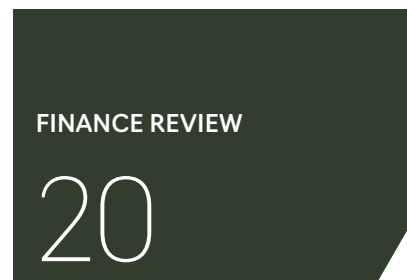
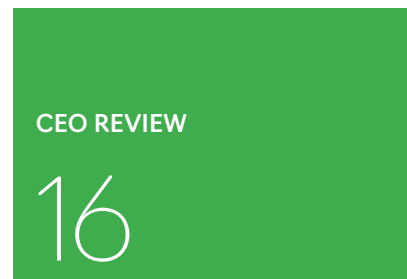
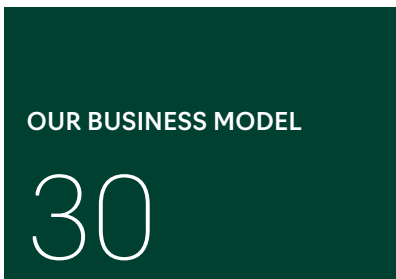


TRANSFORMING FOR SUSTAINABLE GROWTH

Annual Report and Financial Statements 2024



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

Key Highlights

Performance

GROUP REVENUE

€136.2m

FY23: €162.0m

GROSS PROFIT

€40.9m

FY23: €55.2m

ADJUSTED EBITDA¹

€4.8m

FY23: €22.9m

GROSS PROFIT MARGIN

30%

FY23: 34%

NET DEBT

(€37.1m)

FY23: (€44.1m)

UNDERLYING PROFIT/LOSS BEFORE TAX

(€9.4m)

FY23: €11.0m

🔍 Finance Review | [Page 20](#)

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Operational highlights

- Construction complete on our flagship expansion project, Accoya USA, with commissioning well underway
- Financial partner appointed to support with the Hull plant
- 56,568m³ Accoya sales volume
- Expanded global distribution network with seven new distributors
- Business transformation programme executed with more than €3m of targeted annualised savings realised
- Continued commitment to 100% certified sustainable (i.e. FSC® (CO12330)) wood sources
- 630,000 hours worked to complete Accoya USA with zero recordable injuries
- 5% increase in S&P CSA ESG score to 45/100



Borkum, Germany. Architects: Delugan Meissl
Associated Architects Photographer: Piet Niemann

1. Adjusted EBITDA is defined as operating profit/(loss) before exceptional items, depreciation and amortisation, and includes the Group's attributable share of our USA joint venture's underlying EBITDA (see note 3 of the financial statements for further details).

Our Business at a Glance

A purpose driven company

CHANGING WOOD TO CHANGE THE WORLD

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



Delivering high performance and sustainable solutions

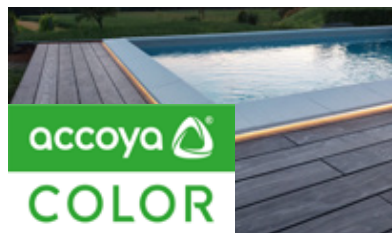
We combine technology and ingenuity to enhance the natural properties of wood to create building products that are durable, stable and sustainable, presenting new opportunities for the built environment.

Using a proprietary acetylation process we take responsibly sourced softwood and transform it into building materials that can rival the performance attributes of tropical hardwoods and intensely resource depleting man-made alternatives.

Our products



Accoya is the world's leading high performance sustainable wood. Made from abundantly available, FSC® certified wood species (CO12330), it is sustainable, durable, resistant to rot and Cradle to Cradle Certified®.

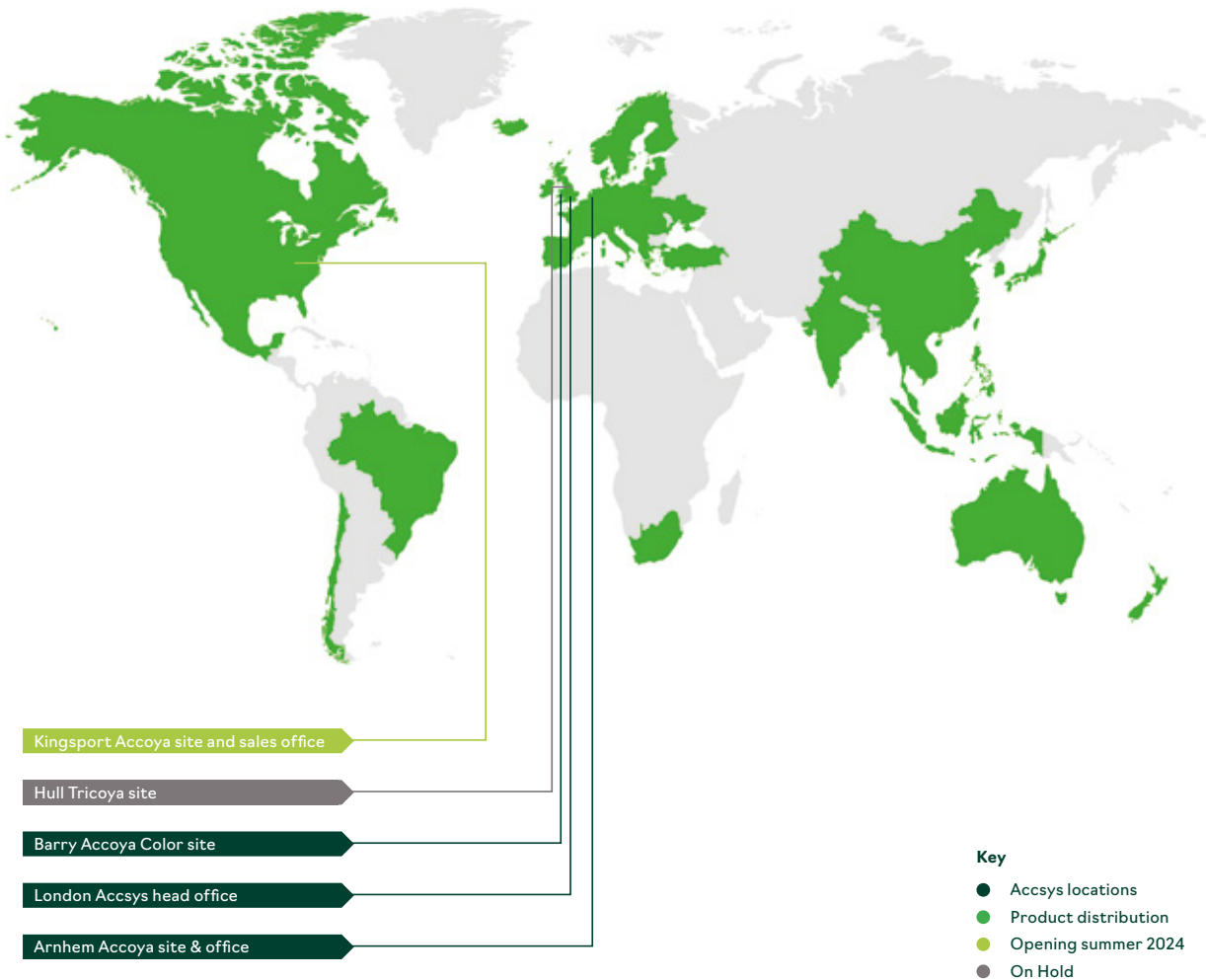


Accoya Color is our coloured-to-the-core product, ideal for decking and cladding.



Accoya for Tricoya is a feedstock for our licensees to manufacture high performance Tricoya panel products suitable for outdoor use.

Our global presence



All made possible by people living our values

1

Be ambitious – the world depends on us

We challenge ourselves to be better every day, we are committed and agile. To achieve our ambition we will often pave new ways, innovating with new technologies or processes that no other player tried. This gives us an opportunity to learn and progress, striving to continuously improve in all operational areas of our business.

2

Respect and value all stakeholders

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

3

Be committed to safety, quality and sustainability

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

Chair's Statement



Our international expansion to open up our largest potential global market represents a major milestone for Accsys."

Trudy Schoolenberg
Chair

TRANSFORMING FOR SUSTAINABLE GROWTH

Introduction

Accsys is a business with great opportunities, producing compelling products in a structurally growing market, where greater use of wood in construction is rapidly becoming imperative for the future of our planet. While this megatrend will drive the future growth of our business, FY24 has been a difficult year for the building materials sector due to inflationary pressures impacting investment in construction projects and, for the first time, we encountered demand lower than supply from June to December. Looking beyond these short-term market challenges, we maintain a robust product value proposition and anticipate strong long-term growth and shareholder value creation. With a seasoned new leadership in place, the Company is well set up to build momentum and I am optimistic about Accsys' future, particularly as we ramp up production in the USA, which opens significant growth opportunities for the business.

Overview

FY24 has been an intensive year with the aim of revitalising and transforming the Company to unlock its full potential and establish a robust platform for sustainable growth. We welcomed a new Chief Executive Officer, Dr Jelena Arsic van Os, in July 2023 and two other Board members, Roland Waibel and Edwin Bouwman in July and December 2023, respectively, all of whom bring excellent experience to our Board.

With the Board's and the Senior Leadership Team's support, Jelena has made a strong impact on the business, focusing on reducing complexity, actively reshaping the organisation to ensure Accsys is in the best position to capitalise on its additional capacity. Under her leadership, existing structures and processes have been simplified and new operational KPIs have been implemented to drive performance. The Senior Leadership Team is reviewing the Company's strategy to identify the greatest opportunities to drive momentum and profitability.

It has been a challenging year to undergo a transformation. We have navigated difficult trading conditions and we announced in September that we downgraded our expectations for the year. To address these challenges and headwinds, the Board took quick and decisive steps. We have reduced our costs, driven efficiencies and, with confidence in greater availability of Accoya going forwards, we have invested in sales and marketing, including the addition of seven new distributors. As a result of this, we saw a resilient and encouraging fourth quarter, despite trading conditions remaining difficult.

Accsys has proven that it can successfully execute and expand internationally, with commissioning on our flagship project, Accoya USA, underway. Our expansion into our largest potential global market represents a major milestone for Accsys. It will transform our business from a single production site to a multi-site operation and sees production capacity increase by 50%. Taking our expansion into the US along with the capacity expansion at our Arnhem site in 2022, the Company will have doubled overall production capacity within two years. This reduces risk in our operations and places production closer to our customers, ensuring a high quality of service. It also instils confidence in product availability with our distributors.

The completion of the Accoya USA project construction was supported by a successful fundraising. In November 2023 we completed a capital raise securing €34m gross proceeds. This achievement underscores confidence in our strategic direction and potential for growth. We extend our thanks to all our shareholders for their continued commitment and support.

During this financial year we engaged a financial advisor to assist us in seeking a strategic and/or financing partner to complete the Hull plant. Accsys is on track to come to a resolution within H1 FY25 as previously outlined in the May trading update.

FY24 financial performance

Accsys delivered revenues of €136.2m, a 16% decrease on FY23, reflecting the macroeconomic headwinds and a difficult trading environment, which impacted on the overall industry sector. The team responded to this softening of demand with increased investment in sales and marketing, which showed results in Q4 and in the start of the new financial year.

We held firm on our pricing, despite the headwinds, while competitor product prices were significantly reduced, reflecting the strength of our product offering.

Group gross margin was 30%, (34% in FY23) supported by pricing resilience in the tougher macroeconomic conditions and our strong product proposition.

Our adjusted EBITDA was €4.8m (€22.9m, FY23), impacted by lower sales volumes, and ongoing Tricoya UK plant operating costs, due to a change in accounting treatment compared to the prior year – Tricoya UK's ongoing running costs were treated as operating expenditure in FY24 following the introduction of Tricoya UK's hold period in H2 FY23.

Net debt reduced from €44.1m to €37.1m following the successful capital raise in November 2023.

Purpose, Values and Strategy

Whilst our CEO is setting out the strategy for a company with double capacity, there are several fixed elements that will not change. We will continue to focus on building demand, product and people development and ensuring manufacturing excellence.

HSE will remain a priority for the Board and for Accsys. The Kingsport project has been an example of good HSE performance with no lost time incidents during construction. HSE has been brought directly under the leadership of the Site Directors to ensure that it is fully integrated and embedded into all our operational processes and systems.

We remain firmly committed to innovation and product development and this year we are pleased to be in the final stage of testing Accoya Color made from Taeda pine.

We also remain committed to our purpose of helping the world build more sustainably. Our commitment to zero deforestation remains firm and we are proud to have sourced 100% of our wood products from certified sustainable sources in FY24. Accoya, thanks to its unique proposition combining high performance, durability and sustainability, continues to be specified in some of the world's leading projects. This includes prestigious heritage projects such as the restoration of the SS Great Britain and the UNESCO World Heritage site, Caernarfon

Chair's Statement continued

Castle in Wales. Leading brands including Lidl, ABB and Starbucks have all used Accoya on their buildings in the past year.

As a Board we remain committed to maintaining high standards of ESG and are proud to become a signatory of the UN Global Compact in 2023, committing to report our progress against its ten principles (see page 54 for more details). ESG metrics continue to be incorporated into success metrics for our executive remuneration and we are pleased to have achieved a 5% increase in our S&P CSA score this year, placing us in the top quintile of our industry sector.

Board composition

FY24 saw significant changes to our Board composition. We welcomed two new Board members, Roland Waibel and Edwin Bouwman. I would like to thank our outgoing Chair, Stephen Odell, for his leadership and for guiding the organisation through a period of change. I would also like to thank long serving Board members Sue Farr and Sean Christie, who each served three, three-year terms with Accsys, for their contributions, as well as extending thanks to Alexander Wessels who also stepped down this year after one term. Further detail on changes to the Board can be found in my Governance Letter on page 75. Recently, Steven Salo stepped down from his role as Chief Financial Officer. I thank Steven for his contribution to the Company during his tenure. Hans Pauli has meanwhile stepped in as interim Chief Financial Officer and his experience and long-term knowledge of the Company will be of great benefit in building the strategy further.

People and Stakeholders

Reflecting on the past year, I am proud of our colleagues' perseverance and teamwork. They have shown great resilience in navigating difficult market conditions to achieve results. I'd like to express my sincere thanks to them all for their hard work. I would also like to thank our shareholders, customers, business partners, suppliers, and contractors for their continued support as we go on this growth journey together.

Outlook

We anticipate that calendar year 2024 will continue to be affected by market headwinds, with inflation remaining sticky, and continued geopolitical uncertainty impacting the macroeconomic environment. Forecasts suggest that market conditions will improve towards the end of the calendar year, with US market conditions improving ahead of the European market.

With two sites expected to be up and running, we will continue to focus on increasing demand and investing in our sales and marketing to ensure that we can capitalise on our greater capacity. The strategic positioning of our production facility in the USA equips us with the confidence to drive demand and cultivate a robust presence in the North American market.

We have made a good start to FY25 with our sales and marketing investments continuing to show results. We are confident of building on this momentum in the coming year and delivering operational and financial progress for all our stakeholders.

Trudy Schoolenberg

Chair

25 June 2024

CASE STUDY

ACCOYA WOOD DECKING AND SEATING INSTALLED AT CAERNARFON CASTLE

Wales, United Kingdom

Accoya wood decking and seating has been installed at Caernarfon Castle in Wales as part of a £5 million conservation and development project. The project has granted visitors access to areas of the medieval gatehouse at Caernarfon Castle for the first time in centuries.

Situated on the banks of the River Seiont in North West Wales, the renowned Caernarfon Castle forms part of the fabric of Welsh history and was given World Heritage Site status in 1986 – Wales' first.

The project has seen the installation of an Accoya rooftop deck and seating areas.

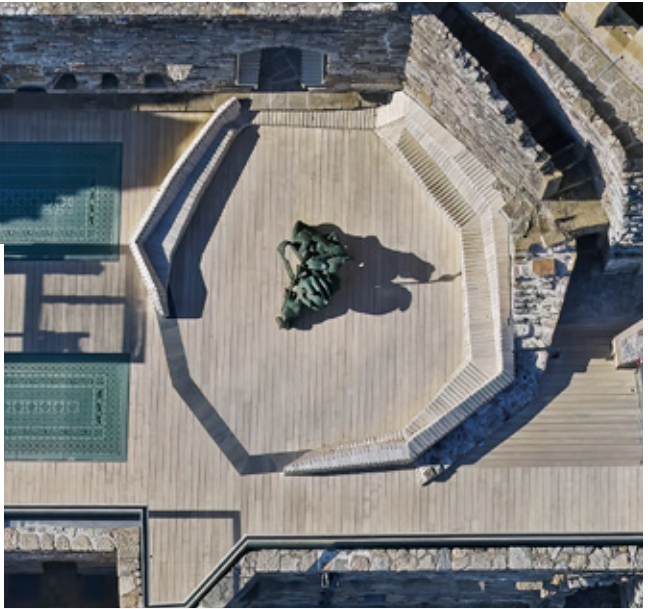
Aiming to shine a light on the castle's rich history, and also add a new contemporary layer to the story, the architectural interventions have been designed to seamlessly fit in with the castle's aesthetics. The choice of materials was an essential consideration in this.

Buttress Architects led the project and specified Accoya wood to craft the new viewing deck and seating areas. The wood has similar tones to the castle's original masonry and will, in time, have a weathered effect, tying in with the overall look and feel of the castle.

These new seating areas have been created to be physically separate from the castle walls. The idea is to ensure that the interventions have minimal impact on the castle's existing structure and can be easily removed.

Photography: Daniel Hopkinson

Architect: Buttress Architects



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

Case Study | Accoya USA

EXPANDING INTO OUR LARGEST POTENTIAL MARKET

Statistics

- Initial capacity of 43,000m³ with the potential to expand the site to 170,000m³
- Located within the Eastman site on the Holston River
- Creation of 46 skilled local jobs
- 630,000 working hours completed with zero health and safety incidents
- ~100,000 sqft warehouse space (9,300 m³)

A tipping point in our history

Accsys is proud to introduce Accoya USA – the second Accoya production facility in the world, located in Kingsport, Tennessee, USA. Commissioning is well underway on our flagship joint venture project with Eastman (owned 60:40 by Accsys and Eastman), with commercial operations expected to commence in summer 2024.

Accsys' successful delivery of its international expansion reduces risk in the Company's operations and provides a basis for sustainable and reliable growth.

Accoya USA will provide a production facility dedicated to serving the huge North American market. This is the largest potential global market for Accoya.

630,000

WORKING HOURS COMPLETED WITH ZERO HEALTH AND SAFETY INCIDENTS





Stacked wood inside the Accoya USA plant



The team's energy and enthusiasm for delivering this flagship site has been incredible. We are looking forward to delivering the first batches to customers and enabling more people to benefit from this high performance and sustainable product."

Rod Graf
Managing Director, Accoya USA

CEO Q&A



WITH DR JELENA ARSIC VAN OS

Dr Jelena Arsic van Os Biography

Jelena brings 20 years' experience in senior executive leadership roles in large-cap multinational companies. Prior to joining Accsys in July 2023 she was Vice President of the Plastics, Coatings, Adhesives and Rubber Performance Minerals division for Europe, Middle East, Africa and Asia-Pacific at Imerys SA.

Prior to Imerys, Jelena held several senior executive positions across the globe during her 17 years' tenure at AkzoNobel. During her time at the company, Jelena was a member of AkzoNobel's Executive Leadership Team and

her positions included roles within several businesses of AkzoNobel: Director of Performance Coatings for South America; Director of Functional Powder Coatings GmbH; Director of Powder Coatings for North Europe; Business Director for Resins; Business Development for Industrial Chemicals; and Sales and Marketing of Functional Chemicals for Central and Eastern Europe, Middle East and India.

Jelena has a PhD in Solid State Chemistry from Radboud University Nijmegen, the Netherlands.

Q. What have been your priorities and areas of focus since joining Accsys in July 2023?

A. I was drawn to this role by Accsys' exceptional products, which present solutions to the global challenge of sustainable construction. My priority is to capitalise on our robust product portfolio and propel the Company towards achieving its full growth potential.

The first step is to bring the Company to the next level of maturity and establish a strong foundation for sustainable growth. Working with the Senior Leadership Team we have already begun to remove complexity across the organisation, creating a more agile operational platform.

We are focused on maximising outputs and returns on our existing assets to extract as much value from these as we can. At the same time, as we are gaining additional capacity from our expansion, demand creation and exploring new markets are critical, including further developing our footprint in the USA and fine-tuning our product offerings to match customer needs.

Beyond these immediate priorities, we are undertaking a thorough review of our business strategy to identify the greatest opportunities and levers to drive future growth and profitability for Accsys. Focusing on the right activities is key to unlocking our potential. I look forward to sharing more on our strategic approach with stakeholders in FY25.

Q. As a leader what kind of culture do you want to create at Accsys?

A. As the CEO of Accsys, I envision an agile and dynamic culture that fuels our success. Our foundation rests on the belief that people are our greatest asset. We aim to create a performance driven culture that champions collaboration and a proactive solutions-focused mindset.

Furthermore, I recognise the rich diversity within our business, coming from our international footprint. It's vital that we create a workplace where every individual feels respected and valued regardless of their background. I am a firm believer that diversity and an inclusive working environment drive growth and innovation.



There is significant potential for growth as the demand for more sustainable materials continues to rise”

Dr Jelena Arsic van Os
Chief Executive Officer

Q. What is the future for Tricoya?

A. Tricoya is a core part of our strategy and it has a growing market, with double digit growth this year. We are committed to continuing to work with our licensee partners who manufacture Tricoya panel products. We will also continue to distribute Tricoya panels to customers outside of Europe.

Q. The successful completion of Kingsport is a significant milestone for Accsys. What will the impact be of going from a single site to a multi-site operation?

A. This is an exciting opportunity to have a local production unit to serve our largest potential market in the world. This is a huge opportunity for the business from both a commercial and operational perspective. Accsys will be significantly increasing capacity, giving the Company more flexibility, much better product availability and operational reliability.

For our customers, this expansion offers substantial advantages. With production capacity situated nearby for our North American

customers, we can ensure the highest service levels and quick delivery. For our ROW customers, it means greater availability of Accoya.

Strategically this move supports our growth objectives. By positioning ourselves with a production unit in our largest market, we will be able to fully tap into the huge growth potential in the North American market.

Q. The Company raised €34m in November 2023, can you expand on the rationale behind the raise and how this will progress the Company's growth strategy?

A. We are grateful for our shareholders' support with the recent fundraise, which was necessary to finance the completion of Kingsport and to improve our working capital. We have been through a period of significant expansion with simultaneous capital-intensive projects.

With the completion of reactor four in Arnhem and Kingsport becoming operational, our focus changes from large capital projects to realising the returns on these investments.

CEO Q&A continued

Q. What does the competitive landscape look like for Accoya and how will you grow demand to ensure that demand for the products meets the expanded production capacity?

A. We operate in the global wood products market which has a compound annual growth rate (CAGR) of 7% (see page 28 for more details on our market). Modified wood products are still on the rise and there is significant potential for growth as the demand for more sustainable materials continues to grow. Accoya leads the field in terms of durability and has a unique industry-leading warranty of up to 50 years. We continue to occupy the high-end premium sector of the market, enabling the switch out of unsustainable building products and competing against tropical hardwoods.

Whenever I speak to our customers about Accoya and Tricoya, they are very positive about the product and their customer experience. It delivers on performance, is easy to work with and reduces the number of call backs for manufacturers.

There is huge market potential for our products – what we need to focus on is making sure that customers know about us and feel confident that we can deliver a premium customer experience.

Expanding our market reach is essential, along with conveying the message that Accoya is available. Previous supply challenges, particularly during the expansion at Arnhem, have limited our market penetration. While we enjoy a remarkable presence in the UK, where Accoya is a popular material for wooden doors and windows, our focus now is to extend this reputation into additional markets.

This year, we have directed substantial investment into bolstering our sales, marketing, and customer service capacities. We've onboarded seven new distributors, broadened our Approved Manufacturer Programme, and recruited new talent in key growth regions such as France, North America, and the Netherlands. Moreover, we're adopting a more tailored approach for each market, emphasising applications that resonate most in respective regions.

Reasons to Invest

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

1

Large addressable market

Accsys' products are positioned within the global wood products market. The global wood products market size is expected to grow from \$805b in 2024 to \$1,054b in 2028 with a CAGR of 7%. (Source: The Business Research Company).

Key factors contributing to this growth include the rising demand for sustainable and eco-friendly construction materials and increased urbanisation and infrastructure development. With increased capacity Accsys is well positioned to serve the market.



[See Our Market | Page 28](#)

2

World leading products

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

The resulting products benefit from exceptional dimensional stability, durability and many other qualities leading to low total cost of ownership over their lifetime.

Our award winning and certified products are best-in-class, with an industry leading warranty of up to 50 years. They are leading the revolution of modified woods in a growing building industry which is starting to recognise and adopt the significant long-term benefits of such materials.



[See Our Products | Page 26](#)

Q. How does Accsys meet current and future customer needs, and what is your commitment to R&D/innovation?

A. Accsys has always been a pioneer in the building products industry. We are the only company to acetylate wood and our products remain the highest performing in the field. We are continuously listening and engaging with our customers to understand their needs and are committed to R&D, investing €1.5m in FY24.

At our state-of-the-art wood research labs in Arnhem, we have assembled a team of leading wood scientists dedicated to continuous improvement. Our aim is to further enhance our products' durability, sustainability and performance as well as adapting to market demands. For example, we see huge potential in further developing our Accoya Color product for the decking market.

This year we are in the final stages of testing Accoya Color made from Taeda, diversifying our supply options. This move not only expands our supply alternatives but also mitigates risks associated with our core New Zealand wood supply, building resilience into our supply chain.

Q. Accsys has a strong purpose to change wood to change the world. How is sustainability factored into Accsys' business strategy and purpose?

A. Sustainability is central to our purpose of Changing Wood to Change the World and an integral part of our strategy. The world faces a huge challenge to decarbonise and adopt circular building materials. By providing a fully renewable and sustainable alternative to hardwoods and carbon intensive man-made materials we are actively preventing deforestation and providing an innovative solution that is both sustainable and high performance.

3

Multiple routes to market



We have a strong global network of industry leading distributors with deep expertise in the building products market combined with an Approved Manufacturers programme, supporting manufacturers working with Accoya.

We are further strengthening our distribution network globally to further penetrate existing and new markets where there is opportunity to grow our footprint.

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

See Our Market | [Page 28](#)

4

Attractive unit economics and diversified supply chain



Through our business transformation programme we are building a performance-driven culture to drive further improvement in unit costs and diversification of supply chain.

At our Arnhem site, we have introduced 'Solid Roots', and operational reliability programme to drive performance and reduce conversion costs.

We are committed to expanding our range of suppliers to ensure a resilient supply chain with sourcing options closer to production to minimise our costs and carbon footprint.

See Our Business Model | [Page 30](#)

5

Strong organisational capability



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

Our Board and Senior Leadership Team are highly committed and experienced, with varied backgrounds. Our operational teams in both US and Europe/UK are being strengthened with relevant talent acquisitions and will continue to develop.

See Our Board and Senior Leadership Team | [Page 72](#)

STRATEGIC REPORT

Villa M, Germany. Architects: Delugan Meissl Associated Architects.
Photography: Piet Niemann

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CEO Review



The Company is accelerating commercial efforts as we expand globally. We are actively transforming Accsys to enhance our operational efficiency and unlock its long-term potential, thereby maximising shareholder value."

Dr Jelena Arsic van Os
CEO

TRANSFORMATION TO DRIVE LONG TERM RETURNS

Overview of the year

In FY24, our industry faced significant challenges, with macroeconomic pressures impacting on demand for construction and building materials. Our financial performance for the year did not meet our expectations. We informed the market about this in our September 2023 trading update. Amidst these difficulties, we took decisive steps to re-set and transform. Firstly, focusing on demand creation and, secondly, focusing on a leaner and more fit-for-purpose organisational set-up. Though it is still early days to see the full impact of these initiatives, they have shown good results so far.

Alongside the re-set of the business, we have made significant strategic progress in the establishment of two production centres, located in our core end markets of Europe and the USA. I am pleased to report that our Kingsport plant in the USA is in the final stages of commissioning and commercial production is expected later this summer.

During FY24 we engaged a financial advisor to assist us in seeking a strategic and/or financing partner to complete the Hull plant. The Company is on track to come to a resolution within H1 FY25 as previously outlined in the May trading update.

Our balance sheet was strengthened through improvement in working capital management and via our successful capital raise in November raising new gross proceeds of circa €24m. I would like to thank our new and existing shareholders for their belief in our strategic vision and for their support.

Demand creation

The Company has stepped-up investment in sales and marketing, including new recruits in North America, the addition of seven new distribution partners globally and a comprehensive commercial review, leading to a refreshed approach by geography and product segments. This activation resulted in a demand turnaround in Q4, with a resilient performance in the quarter, and overall results for FY24 were ahead of consensus expectations. Despite challenging market conditions we were resilient on pricing and held a high average sales price (ASP) throughout the year.

Reset and transformation

During the year the Company underwent leadership changes to reduce overhead costs and simplify the organisational setup. Major efforts were directed towards creating a leaner, more effective, operating model, reshaping the business to capitalise on long-term opportunities.

A business transformation programme has delivered savings of more than €3.0m annually. This has been achieved through overhead and opex reductions across our international operations.

At our main production site in Arnhem, the 'Solid Roots' programme was launched, focused on developing Arnhem into a performance driven, mature manufacturing facility. The programme has set performance KPIs for metrics including the operational efficiency of key equipment.

As part of the Group's transformation, we are introducing a set of four operational targets for the year ahead:

1. Kingsport to be commercially operational by end of summer 24;
2. Improved incentive plans;
3. Deliver €3m operating cost saving in the year;
4. Solid Roots, Arnhem: 500 bps improvement in Operational Equipment Effectiveness (OEE) for key equipment.

In addition, the Senior Leadership Team is undertaking a thorough review of our strategy.

We have already begun to implement some near-term tactical actions focused on maximising the returns from existing assets. A full update on our strategy will be provided in H2 FY25.

International expansion

A key priority during FY24 has been the construction of our Accoya USA plant in Kingsport, Tennessee, our joint-venture with Eastman Chemical Company, a world leader in the production of acetyls. This plant adds 43,000m³ of capacity. Accsys holds a 60% interest in the joint-venture and Eastman 40%. Commissioning of the new plant is well on its way. North America is a highly attractive market for Accsys. With the new plant Accsys will be closer to North American Accoya customers and have a higher degree of product availability and supply flexibility globally. The combination of our recent expansion of Arnhem and the addition of the Kingsport plant doubles the Company's capacity compared to two years ago. This is a huge milestone and significant growth enabler for the business.

Summary of financial performance

Accsys delivered revenues of €136.2m, a 16% decrease on FY23. Macroeconomic conditions proved challenging during FY24 for the building materials, construction and residential housing markets globally, with high inflation and high interest rates depressing demand. Our customers entered the financial year with higher-than-average stock levels, having taken the opportunity to build up inventory following the recent expansion of Arnhem. This, combined with uncertain market conditions, adversely affected our sales volumes, particularly in Q3.

While market conditions remained challenging, our performance considerably improved in Q4, as we started to benefit from our increased investment in sales and marketing, new distributor relationships, strategic review of our organisational structure and our distributors' stock levels reverting to healthier levels.

Adjusted Group EBITDA at €4.8m for the year, a decrease of €18.1m on the prior year reflects the lower sales volumes, increased mix of lower margin sales for Accoya for Tricoya and a €3m proportional increase in the US joint venture's EBITDA loss as it progresses its pre-operational activities.

As a result of cost savings measures put in place and improved trading in Q4, Adjusted EBITDA for FY24 was ahead of market consensus set at the time of our interim results.

Group gross margin was 30% (FY23: 34%), supported by pricing resilience in the tougher macroeconomic conditions and our strong product proposition.

Net debt of €37.1m at 31 March 2024, a reduction of €7.0m from 31 March 2023 (€44.1m), reflects the successful capital raise in November 2023.

CEO Review continued

Sales review

New distribution and increased investment in sales and marketing

The Company is once again proud to have had its products featured in many high-profile global projects throughout FY24, including featuring on buildings for brands such as ABB, Starbucks and Lidl.

In a strategic move to accelerate growth, we have significantly boosted our investment in sales and marketing and consolidated our sales, marketing and customer service functions, enhancing our capabilities and expanding our reach. We have expanded our distribution network and markets, adding seven new distributors globally, including two in Belgium, one each in Greece and Italy, and three in the USA.

To stimulate global product demand, we are actively developing our Approved Manufacturer Programme (AMP), forging strong partnerships with key manufacturers in the window, door, decking, and cladding sectors.

We have strengthened our North America commercial footprint by appointing a new Sales Director for North America and salespeople in the region. Alongside these appointments, the Company has continued to drive lead generation and brand awareness campaigns to promote our products to key audiences and support the sell-through of materials downstream.



Borkum, Germany. Architects: Delugan Meissl Associated Architects
Photographer: Piet Niemann

Accoya Color

Accoya Color was launched in 2020 and since then we have seen good growth in demand. The product is manufactured at our site in Barry and Accsys has rights to IP on the colouring process.

Accoya Color's unique proposition is proving to be very attractive to Accsys and customers in our target markets, particularly in the decking category where the surface-to-core grey colour has a strong design appeal as well as being low maintenance. The product has gained popularity in Central Europe, North America, France and Australia and New Zealand. This year it was launched into the UK.

Accoya's high level of performance and sustainability was recognised in several prestigious global industry awards in FY24, including The Architect's Newspaper Best of Products award for Accoya Color.

Accoya for Tricoya

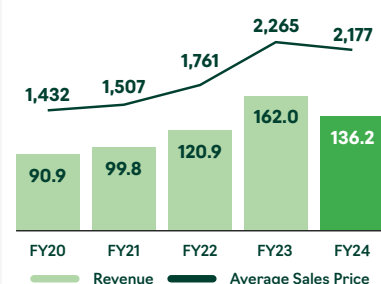
We saw continued good demand for Accoya for Tricoya. Year on year we saw a 14% increase in demand for Accoya for Tricoya, driven primarily by demand for doors, windows and outdoor joinery.

Tricoya panels

We have revitalised the distribution of the Tricoya panels produced by Finsa and Medite in North America and APAC, generating €4.1m in FY24 and tripling last year's revenue.

Sales volume by end market	FY24 m ³	FY23 m ³	Change %
UK & Ireland	11,837	14,667	(19%)
Rest of Europe	13,233	16,584	(20%)
Americas	9,285	10,574	(12%)
Rest-of-World	4,866	6,326	(23%)
Accoya for Tricoya	17,347	15,193	14%
Total	56,568	63,344	

Group Revenue 2020-2024
€ million



Sustainability

Our commitment to responsible sourcing and manufacturing is recognised by leading accreditation bodies. We continue to focus on our goal of zero deforestation and this year we continued to source 100% of our raw wood from FSC® certified sources. We successfully recertified Cradle to Cradle® (C2C) gold certification for Accoya, as well as being awarded 'Platinum' level (the highest level) for 'Material Health'. Accoya, has held C2C certified status since 2010.

C2C certification is the global standard for products that are safe, circular, and responsibly made. Accoya wood is one of the very few building products to have acquired C2C certification on the stringent Gold-level.

Employee development

Our company's success is driven by the skills, experience, and dedication of our team. Recognising this, we are deeply committed to investing in our people and their professional growth. In FY24, we are proud to have provided an average of 30.5 training hours per employee, underscoring our commitment to continuous development.

Additionally, we have created valuable career development opportunities for our senior operators through a temporary exchange program between our Kingsport and Arnhem facilities. This initiative not only supports the successful start-up of the Kingsport plant but also facilitates a crucial exchange of skills and knowledge between the regions.

Health & Safety (HSE)

Accsys has set 'Zero Harm' as a key target for our operations and is committed to developing best practice HSE across the Company. Health & Safety is a top priority for the Board.

In FY24, we strengthened our HSE management by forming dedicated site-level HSE committees under the management of the Site Directors. These committees are actively engaged in implementing best practices that protect our people and environment and ensure rigorous compliance.

Innovation and supply chain

To build resilience and mitigate risk in our supply chain, our R&D and supply chain teams have been exploring alternative wood species to Radiata pine that will be suited to our manufacturing processes. This year we are in the final testing stages of Accoya Color made from fast growing

FSC® certified Taeda pine from Argentina and Uruguay. We have also significantly increased our sourcing of FSC® certified Spanish and Chilean radiata pine for Tricoya production.

We are innovating to minimise our environmental impact across our operations, in accordance with our Environmental and Climate Change Policy. The Accoya USA facility will operate a closed loop system with acetic anhydride, reducing emissions and ensuring circularity.

➤ See our Sustainability Report for a full overview of our progress in the year. | [Page 46](#)

Outlook

The Company has made a good start to FY25. While market headwinds in the building materials and construction industry persist and are expected to continue until the end of the calendar year. Q1 sales for the Company are in line with expectations.

Starting in Q2, our North American sales will gradually transition from being supplied by our Arnhem, NL plant to our Kingsport plant (USA joint venture). To support this shift and support the ramp up of sales from Kingsport, we will continue to accelerate our commercial efforts and invest in our sales and marketing, adopting a targeted approach by segment and geography. The Company has set a target to refill the lost capacity at Arnhem within 12 months of migrating to Kingsport on a run rate basis, which equates to double digit growth in underlying sales volume outside of North America during the period.

FY25 will continue to be transformative for the Company with our successful expansion in North America and resolution of Hull. In the coming year, we expect to leverage the benefits from greater economies of scale associated with the ramp-up of Accoya USA in Kingsport.

The Board remains confident about the long-term potential of Accsys and sees the opportunity to deliver approximately 100,000m³ production volume across Arnhem and Kingsport by the end of FY2027. With the Company's focus on driving operational excellence and maximising the potential of two production facilities, the Company is well placed to demonstrate long-term value creation and sustainable cash generation.

Jelena Arsic van Os
Chief Executive Officer

25 June 2024

Finance Review



Strong pricing discipline, working capital management and fundraise – all actions taken to improve our financial position”

Hans Pauli
Interim Chief Financial Officer

	FY24	FY23	Change %
Group Revenue	€136.2m	€162.0m	(16%)
Gross Profit	€40.9m	€55.2m	(26%)
Adjusted EBITDA	€4.8m	€22.9m	(€18.1m)
Statutory (loss) before tax	(€17.1m)	(€67.1m)	€50.0m
Free cashflow	€3.7m	(€13.6m)	€17.3m
Cash	€27.4m	€26.6m	-
Net debt	(€37.1m)	(€44.1m)	-
Accoya Sales volume	56,568m ³	63,344m ³	(11%)

2024 €136.2m

2023 €162.0m

GROUP REVENUE

€136.2m
(16%)

Statement of comprehensive income

Revenue for the year decreased by 16% to €136.2m (2023: €162.0m), primarily due to a 11% decrease in sales volume, lower average sales prices for acetic acid and the Energy price premium (€3.9m) which was added as a surcharge to sales prices in the prior year to offset the significant increase in net acetyls costs.

Accoya sales volumes decreased by 11% to 56,568m³, impacted by a challenging macroeconomic trading environment for the construction and building materials sector, particularly in Q3. Trading improved in Q4, and this positive momentum has continued into the new financial year.

Accoya for Tricoya sales volumes increased by 14%, with revenues increasing by 13% to €23.9m.

Accoya sales to our customers for the manufacture of Tricoya panels are currently used to develop the market for Tricoya products and now represent 31% of total Accoya sales volumes (2023: 24%). Tricoya panel revenue also increased by €2.7m during the year to €4.1m (2023: €1.4m), representing Accsys purchasing and selling Tricoya panels produced by our Accoya for Tricoya customers.

Other revenue, which predominantly relates to the sale of our acetic acid by-product into the acetyls market, decreased by 48% to €8.8m (2023: €16.8m), reflecting lower acetic acid sales prices and volumes.

These sales act as a partial hedge to acetic anhydride costs which also decreased during the year. Net acetyls costs (proportional combination of acetic anhydride cost and acetic acid sales price) decreased on the prior year.

Raw wood input costs were higher year on year, with higher wood mix costs in addition to moderately higher average wood prices.

Cost of sales decreased by 11%, with 11% lower sales volumes and higher raw wood costs being partially offset by lower acetic anhydride costs.

Gross profit of €40.9m was 26% lower than in the prior year (2023: €55.2m) and gross profit margin fell by four percentage points to 30%. The lower gross margin reflects an increased proportion of lower margin Accoya for Tricoya sales and our use of higher-cost appearance grade wood for Accoya for Tricoya production during H1 FY24 as we have sought to continue to lower inventory levels which increased during 2022 in anticipation of the start-up of reactor 4. In H2 FY24 we returned to using less expensive Spanish radiata pine and other wood chip grade wood for Accoya for Tricoya production.

Underlying other operating costs (excluding depreciation and amortisation) increased from €31.6m to €32.3m. This is due to an increase in Tricoya UK's operating costs compared to the prior year (€0.9m) due to ongoing running costs being treated as operating expenditure in the year following the introduction of Tricoya UK's hold period in H2 FY23. It is also the result of increased investment in sales & marketing partially offset by lower administrative operating costs as a result of the business transformation programme.

Depreciation and amortisation charges increased by €1.3m to €9.6m following commercial production from reactor 4 in September 2022.

Underlying finance expenses increased €1.2m to €4.4m due to higher interest rates agreed during the November 2023 fundraising (explained further below), higher market interest rates on the variable rate borrowings during the year, primarily before the November 2023 fundraising and interest on Tricoya UK's NatWest facility not being capitalised post the introduction of the hold period for Tricoya UK in H2 FY23.

An impairment loss (exceptional non-cash item) of €7.0m was recognised in the first half relating to the Tricoya segment (2023: €86.0m) due to an increase in the discount rate used following an increase in market interest rates and the Company specific market volatility factor.

An exceptional operating cost of €1.2m has been recognised in the year for restructuring costs relating to the business transformation programme.

An exceptional financial income of €0.2m has been recognised related to US dollars held as cash for investment into Accoya USA, following the fundraising in November 2023. This treatment did not meet the requirements for hedge accounting under IFRS 9, Financial Instruments, and therefore the foreign exchange gain on the revaluation of the US dollars has been accounted for in Finance Expenses as an Exceptional item. This treatment is similar to the prior year where an exceptional income of €1.4m was recognised.

2024	€4.8m
2023	€22.9m

ADJUSTED EBITDA

€4.8m
(€18.1m)

2024	(€37.1m)
2023	(€44.1m)

NET DEBT

(€37.1m)
+€7m

Finance Review continued

An exceptional financial gain of €0.3m has been recognised in relation to the revaluation of the Value Recovery Instrument ("VRI") (see note 23).

Accsys' share of its US joint venture (Accoya USA LLC) net loss, which is accounted for using the equity method, increased by €3.1m to €4.1m (2023 loss: €1.0m) as the entity increased its pre-operating activity through the year as it progresses towards commercial operations in summer 2024.

Adjusted EBITDA (Group EBITDA before exceptional items and including 60% of the US Joint venture's EBITDA) decreased by €18.1m to €4.8m due to the lower gross profit generated, referred to above and a €3m proportional increase in the US Joint venture's EBITDA loss as it progresses its pre-operational activities.

Underlying loss before tax increased by €20.4m to €9.4m (2023: profit of €11.0m). After taking into account exceptional items (including the impairment loss and restructuring cost), loss before tax amounted to €17.1m (2023: €67.1m).

The tax charge of €0.8m was lower than the prior year (€2.8m) in line with the lower profitability during the year.

Underlying loss per share increased to €0.04 per share (2023: profit of €0.05 per share). A statutory loss per share was recognised of €0.08 per share (2023: €0.19 per share).

Cash flow

Cash flows generated from operating activities before changes in working capital decreased by €13.8m to €8.9m (2023: €22.7m), following the lower EBITDA generated during the year. Free cashflow (net cash from operating activities less capex) improved to €3.7m inflow (2023: €13.6m outflow) following a decrease in capex spend in the year, partially offset by lower cash generated from operating activities.

Inventory levels decreased by €4.2m with management action taken to decrease raw material levels during the year.

In November 2023, the Group completed a successful fundraise, raising new gross proceeds of circa €24m and agreed an amendment and extension to its bank facilities with ABN Amro. The proceeds from the fundraising allow Accsys to complete delivery of the Accoya plant in Kingsport, USA, strengthen its balance sheet and increase working capital headroom during the challenging macro trading environment experienced during the year. The fundraise included:

- A placing and subscription of new ordinary shares raising gross proceeds of approximately €13 million;
- The issue of approximately €21 million new Convertible Loan Notes and the refinancing and discharge of the existing 2022 €10 million convertible loan with De Engh BV Limited, the net raise of €11 million of new gross proceeds. The new convertible loan notes have a 6 year term, carry a fixed coupon of 9.5%, with interest rolled up and deferred for the first 2.5 years (see note 29 for further details).

- The ABN Amro facilities (€40.5 million term loan and €25 million revolving credit facility (RCF)) were extended by 18 months to 31 March 2026, and the \$10 million cash collateral previously provided to ABN Amro was released, with €7.5 million utilised to repay the term loan. The amended facilities included an amortisation holiday until 30 June 2025, with rolled up interest of 3% on the delayed repayments. The term loan interest rates were amended to vary between 4.34% to 5.34% and the RCF margin to vary between 3% and 4%. The amendment included certain minimum liquidity covenants, in addition to the net leverage covenants and interest covenants previously contracted. (see note 29 for further details).

At 31 March 2024, the Group held cash balances of €27.4m, a €0.8m increase in the year, attributable to the successful fundraise in November 2023 detailed above and positive operating cash generated during the year partially offset by loan repayments on the ABN Amro term loan (€12m) which included scheduled repayments of €4.5m and a repayment of €7.5m referred to above, the repayment of the €5m previously drawn on the ABN Amro RCF and €5m was invested into our US joint venture with Eastman (Accoya USA) during the year.



Image credit: SS Great Britain Trust

CASE STUDY

ACCOYA CHOSEN FOR THE NEW DECKING OF THE HISTORIC SS GREAT BRITAIN SHIP

Bristol, United Kingdom

The deck of the historic SS Great Britain in Bristol, UK is being replaced with Accoya. The first decking boards made from Accoya were placed on the 4th December. Expected to take 32 weeks in total, the project will see 6,050 metres of timber being fitted. The boards will weather to a stunning silver colour recreating the original colour of the deck.

The new decking will help preserve the deck of the ship and the original ironwork that sits underneath. Alongside the vital conservation work, the project will enable wheelchair and step-free access to every area of the ship.

Designed by Brunel, the SS Great Britain is a museum ship and former passenger steamship that was advanced for her time. She was the largest passenger ship in the world from 1845 to 1854, sailing around the world 32 times. The ship has been a visitor attraction since its return to Bristol in 1970.

The conservation project is being carried out by the SS Great Britain Trust, funded by Arts Council England through the Museum Estate & Development Fund (MEND). The decking was supplied by Robbins Timber.



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

Finance Review continued

Financial position

Plant and machinery additions of €1.8m (2023: €21.4m) consisted primarily of maintenance capex for the Arnhem plant.

Trade and other receivables were at a similar level to the prior year at €17.6m (2023: €18.1m).

Trade and other payables reduced by €7.1m to €18.8m (2023: €25.9m), attributable to a decrease in operational creditors, and capex payables following the completion of the Arnhem expansion project and lower activity at the Tricoya UK plant in Hull.

Amounts payable under loan agreements decreased to €60.2m during the year (2023: €65.9m) following loan repayments on the ABN Amro loan (€12m), the net increase in convertible loans of €11m and following the capital raise, the repayment of the €5m drawn on the ABN Amro revolving credit facility which remains available headroom.

Net debt decreased by €7m in the year to €37.1m (2023: €44.1m) following the successful capital raise in November 2023, with €5m invested into our US joint venture during the year.

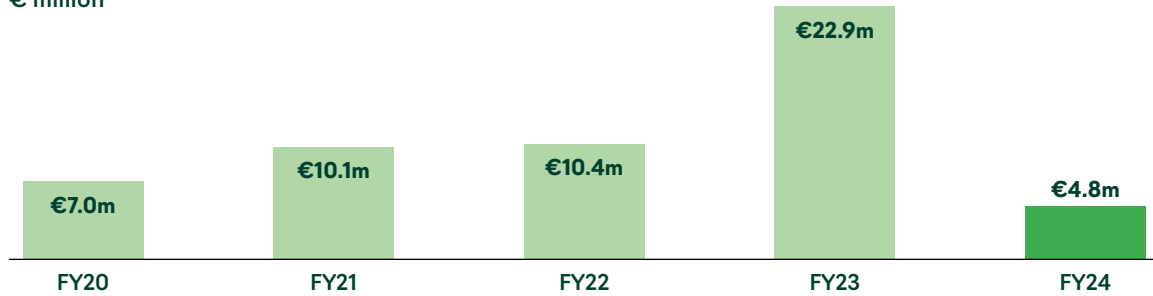
Going concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least for the 12 months from the date these financial statements are approved (the 'going concern period'). As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital and liquidity requirements, and bank facility covenant compliance for the going concern period under a base case scenario and a severe but plausible downside scenario.



Accoyo USA colleagues on site

Group Adjusted EBITDA 2020-2024 € million



The cash flow forecasts used for the going concern assessment represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving a certain level of performance relating to the production and sale of Accoya, and the management of its working capital.

In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya UK plant in Hull unless the Board definitively determines to proceed with the project and appropriate levels of funding arrangements are obtained to do so. In the base scenario, financial support is included for ongoing care & maintenance costs, whilst in the downside scenario, it is assumed that the Group discontinues its financial support in relation to the Tricoya UK plant.

The Directors' have also considered the possible quantum and timing of funding required to complete the plant currently being commissioned by Accoya USA LLC, and for the initial operational working capital requirements of the entity.

Notwithstanding that the construction project benefits from certain contractual measures in place with the

lead engineering, construction and procurement contractor, Accsys has a contractual obligation to fund its 60% share of Accoya USA LLC on a pro rata basis with its joint venture partner (Eastman Chemicals Company).

The Group is also dependent on the Group's financial resources including its existing cash position, banking and finance facilities (see note 29 for details).

The Directors considered a severe but plausible downside scenario against the base case with reduced Accoya sales volumes and increased funding into Accoya USA LLC and a reverse stress test was performed to determine the decrease in Accoya sales volume from the Arnhem plant required to breach banking covenants. The Directors do not expect the assumptions in the severe but plausible downside scenario or the reverse stress test scenario to materialise, but should they unfold, the Group has several mitigating actions it can implement to manage its going concern risk, such as deferring discretionary capital expenditure and implementing further cost reductions to maintain a sufficient level of liquidity and covenant headroom during the going concern period.

The combined impact of the above downside scenarios and mitigations does not trigger a minimum liquidity breach or covenant breach at any point in the going concern period. In

the reverse stress test, a decrease of approximately 10% on Accoya sales volume from the Arnhem plant compared to an equivalent prior year period or a decrease of approximately 20% compared to the equivalent base scenario period (both excluding North American sales which move to the Kingsport site once operational) was required to reach the banking covenant breach point.

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, after carefully considering all the factors explained in this statement, there is sufficient liquidity and covenant headroom such that there is no material uncertainty with respect to going concern and have prepared the financial statements on this basis.

Hans Pauli
Interim Chief Financial Officer
25 June 2024

Our Products

ACCSYS PRODUCES THREE PRODUCTS



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



Accoya Color brings all the high performance and sustainability benefits of Accoya wood in a stunning grey colour. It is highly stable due to the minimal movement of Accoya wood in different weather conditions. This stability makes it the ideal decking or cladding material. As it is coloured through to the core, the grey colour cannot flake or wear off. This makes it long lasting and low maintenance, without the need for coatings or further treatments, saving time and money in the long run. Like Accoya, Accoya Color is non-toxic and one of the few building products to be Cradle to Cradle® Certified Gold for its circular economy benefits.

Accoya comparison chart

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

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



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

ACCOYA IS

Cradle to Cradle Certified®

AT THE GOLD LEVEL FOR ITS CIRCULAR ECONOMY BENEFITS

WARRANTY FOR

50 years

ABOVE GROUND AND 25 YEARS IN GROUND OR FRESHWATER

REDUCTION OF OVER

75%

IN SWELLING CAUSED BY MOISTURE UPTAKE

CERTIFICATION



DEMONSTRATING LEADING SUSTAINABILITY CREDENTIALS



Find out more online | www.accoya.com



Find out more online | www.tricoya.com

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

PERFORMANCE

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

FINISH

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

SUSTAINABILITY

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

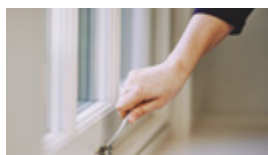
Product applications

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



DECKING

For low maintenance decking that withstands wear and tear in any climate, Accoya is the answer. With superior stability compared to traditional decking materials, Accoya combines the charm of real wood with exceptional performance credentials.



WINDOWS

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



DOORS

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



CLADDING

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

Our Market

A SIGNIFICANT GROWTH OPPORTUNITY

Overview

Accsys' products are positioned within the global wood products market, the global wood products market size is expected to grow from \$805b in 2024 to \$1,054b in 2028 with a CAGR of 7%. (Source: The Business Research Company).

Our products outperform competing materials most strongly when used in an outside environment.

They compete with the high value end of the outdoor wood market.

Accoya and Tricoya offer market-leading warranties and service life, along with sustainability credentials that make them particularly attractive in an increasingly environmentally responsible world.

56,568m³

ACCOYA SOLD IN THIS FINANCIAL YEAR

Targeted segment penetration

With products that could be described as disruptive to existing materials, we have focused on developing regions and product applications which will support sustainable growth.

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

Tricoya panels are manufactured using Accoya for Tricoya from Arnhem.

Agreements have been secured with Finsa and Medite, who use the Tricoya acetylated wood elements in place of traditional wood chip feedstock to create, market and sell Tricoya panels.

Sales of Tricoya panels have increased significantly each year since Medite introduced them to the market in 2012, being used both in place of 'traditional' panels and in applications where wood panels would not have previously been feasible.

Focus

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

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



Holzpur AG building, Switzerland. Architects: Böhler & Scheidegger

Demand drivers

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

1

Performance

Our products are most frequently chosen for their characteristics, quality and performance across all climate extremes, often resulting in low total cost of ownership across the product lifetime. This is fundamental to our proposition.

This competitive advantage against other woods and non-wood materials means we believe we can grow faster than the market through market penetration and share gains.

2

Construction and redevelopment

Rising GDP per capita, economic development and higher standards of living are fuelling construction, the principal driver of wood consumption, across the world. Our products are used in new constructions and in the refurbishment, redevelopment and remodelling of commercial and residential buildings and projects.

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

3

Megatrends Sustainability

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

Shifting consumer priorities

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

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

Lifestyle changes

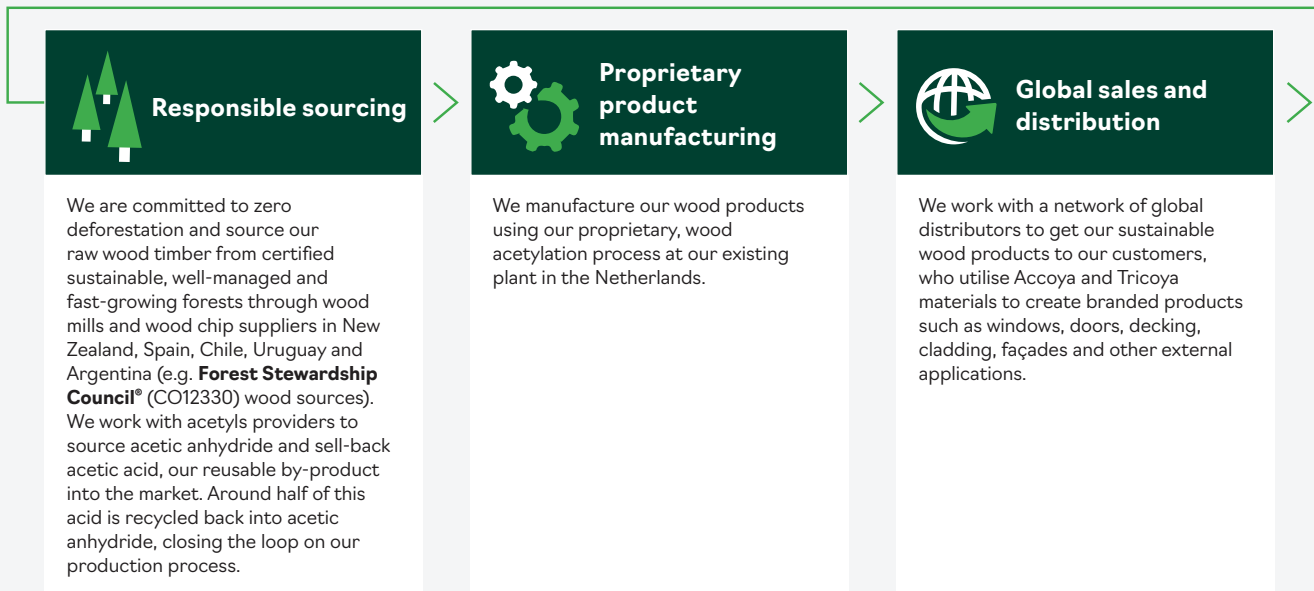
Socio-economic changes are driving a cultural shift in expectations for residences and commercial buildings and there is an increasing demand for high performance and low maintenance wood products suitable for outdoor use.

Our Business Model

CREATING NEW OPPORTUNITIES FOR THE BUILT ENVIRONMENT

What we do

We enhance the natural properties of wood to make high performance building products that are extremely durable and stable, opening up new opportunities for the built environment. Our activities also focus on the strategic expansion of our business to capture the substantial global market opportunity we believe is achievable with our products.



Outputs

 <p>Forest Stewardship Council® (FSC) certified</p>	<p>56,568m³</p> <p>Accoya wood sold this year</p> <p>€136.2m revenue</p>	<p>45 countries</p> <p>in which we hold c.334 patent family members</p>
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The value we create

Customers

Providing high performance and sustainably sourced solutions

Trusted long term relationships to meet our customers' needs

Colleagues

Rewarding careers

A safe and diverse working environment that support equal opportunities

Suppliers

Strong and trusted relationships

A collaborative approach to supporting our suppliers' businesses and growing together



Our stakeholders

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

Our Stakeholder Engagement report on [page 64](#) sets out further detail on our stakeholder relationships.

Building new plants and optimising existing sites

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

We identify new international locations and appropriate partners to develop additional capacity in order to meet our longer-term growth potential in global markets. Our second production plant in Kingsport, Tennessee, USA as part of our joint venture with Eastman is expected to commence production this summer.

Accoya USA
Joint venture with Eastman in Kingsport, Tennessee

R&D and patented technology

We have developed families of patents, providing robust protection over our proprietary products and processes. We continue to invest in R&D, focused on optimising our existing product offering and technologies and investing in focused technology solutions. Our brands Accoya and Tricoya, are globally registered trademarks, portraying our products' sustainable, high quality and long-term performance.

€1.5m
R&D investment* in FY24
*** excludes capex on new technology**

A partnership approach

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

MEDITE and FINSA
Our partners who convert Accoya for Tricoya into Tricoya wood panels

Business Partners
Business opportunities

Shareholders
Long-term value creation

Community and the environment
Giving the world a choice to build sustainably
Creating local jobs

See our Stakeholder Engagement section | [Page 64](#)

Our Strategy

SETTING THE COURSE FOR SUSTAINABLE GROWTH

The Senior Leadership Team is undertaking a thorough review of our strategy. A full update on our strategy will be provided in FY25.

Until then, our strategy remains aligned with our four existing strategic pillars: Over the next pages we outline our progress against these pillars and focus areas going forward.



Grow product demand



Deliver manufacturing excellence



Develop our technologies



Continue to build our organisational capability



GROW PRODUCT DEMAND

Developing market opportunities to drive revenue growth

Our focus

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

[Read more about Our Products](#) | [Page 26](#)

2024 Progress

- Responded to challenging market backdrop and slow demand with investment in sales and marketing, including adding seven new distributors
- Creation of new commercial function integrating sales, marketing and customer service
- Investment in additional resource to create further demand as capacity becomes available, including strategic hire with a new North American Sales Director
- Further increase in lead generation funnel for Approved Manufacturers
- Good year on year growth for Accoya Color sales volumes; new market launch in UK
- Award wins for Accoya Color – People's Choice in the Most Innovative Deck or Patio Product Award, Pool, Spa, Patio (PSP)/Deck Expo 2023; The Architect's Newspaper – Best of Products award for Accoya Color Grey Decking in the Finishes and Surfaces Outdoor category

Looking forward

- More resource dedicated to sales & marketing to create further demand as capacity becomes available
- Continued North American sales and brand development
- Explore new market and geographic opportunities e.g. Middle East, Central Eastern Europe and South America
- Continuing to support our customers to enhance service, ensuring long term customer preference
- Further development of Accoya Color for decking to build on positive momentum
- System Partner expansion – co-branding with coatings, adhesives, and hardware manufacturers
- Further expansion of B2B activities including Approved Manufacturers Programme and collaboration with customers

Our Strategy continued



DELIVER MANUFACTURING EXCELLENCE

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

Our focus

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

➤ Read more about our manufacturing expansion in the 'Chair's Statement' | [Page 04](#)

2024 Progress

- Establishment of site-based HSE Committees, with increased review, monitoring and reporting of safety indicators, focusing on creating a zero-harm culture
- 'Solid Roots' programme in Arnhem launched to create a mature manufacturing platform at our largest site
- Accoya USA JV with Eastman – plant expected to commence production in summer 2024.
- A financial partner was appointed to support with the Tricoya Hull plant
- Implementation of wood scanning equipment

Looking forward

- Launch of Life Saving Rules – guidelines designed to prevent serious and fatal injuries
- Commence ERP project to drive operational excellence
- Further optimisation of our processes to maximise production reliability
- Commercial operations at Accoya USA plant expected summer 2024
- Resolution on Tricoya Hull plant
- Full benefit of wood scanning capabilities

CASE STUDY

THE SHADY BROOK OFFICE BUILDING DEVELOPED BY HALF PRICE BOOKS

Dallas, United States

Dallas-based retailer Half Price Books has constructed a new office complex adjacent to its flagship store on Northwest Highway. Designed by local firm Cunningham Architects, the project consists of four stories and 26,000 square feet of space that will be used for a mix of office and retail functions.

Distinctive for its Accoya wood Brise-soleil, the architects drew inspiration from the firm's first commission for the bookseller, the renovation of its flagship store, which featured the installation of a slatted wood screen behind the store's signage.

PRODUCT DETAILS

The Shady Brook Office Building

Architect: Cunningham Architects

Location: Dallas

Completion Date: 2023



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



Shady Brook building

Our Strategy continued



DEVELOP OUR TECHNOLOGIES

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

Our focus

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

➤ [Read more about Innovation & Technology | Page 30](#)

2024 Progress

- Merger of our Global Technology Centre/R&D team with the Quality function to drive quality (process) improvements for Accoya and Tricoya
- Installation of new automated wood scanning equipment in Arnhem to further improve product quality
- Ongoing research into alternative sustainable wood species, resulting in the development of Accoya Color made from Taeda
- Steady production at Accoya Color plant in Barry; improved kilning cycle time leading to higher volume potential
- Continued IP protection, and safeguarding freedom to operate, in various areas applicable to the Accoya and Tricoya businesses

Looking forward

- Ongoing improvements to overall production process efficiencies, including optimising the wood scanning capabilities
- Longer-term research into potential for additional product categories as overall capacity increases
- Continued development of our IP portfolio
- Continued research into, and assessment of, alternative raw materials supply options

CASE STUDY

THREE-DIMENSIONAL THINKING WITH MEDITE® TRICOYA® EXTREME

Hampshire, UK

PC Landscapes was approached by a client in Hampshire who was looking to revamp an entertaining space in their garden and pool area. As part of the renovation, PC Landscapes utilised Medite Tricoya Extreme (MTX) to provide a cleaner contemporary feel.

Their first idea was to clad the side wall with MTX to create a smooth backdrop that will stand the test of time so that images can be placed against the wall. As MTX is lightweight, the images could be hung alongside vertical timber batons. However, as the design progressed and the clients became more engaged, PC Landscapes suggested extruding the batons to create a series of vertical 'Fins'. The design then turned into something more three-dimensional.

The CNC Wood Company in Bordon, Hampshire created the 'Fin' sections from the MTX. 10mm rebates were cut vertically into multiple MTX sheets with a 30mm gap between each rebate, which provided a contemporary look to clad the remaining walls. PC Landscapes also worked with Southampton-based company Bespoke 4 Joinery who then sealed and painted the MTX.

The 18mm thick MTX 'Fins' on the wall by the swimming pool, created the impression of a 3D ellipse reducing in size along the wall which made the feature far more dynamic. The spaces between the 'Fins' were painted green, to highlight each ellipse and white on the outer edge so that when viewed from the front a pattern could be seen.

PRODUCT DETAILS

Medite Tricoya Extreme

Architect: PC Landscape

Joiner: Bespoke 4 Joinery

Routing services: CNC Wood Company



I loved the potential possibilities and was amazed by the lifespan of the product, which was probably the biggest driver to using MTX"

Paul Cowell

Managing Director and Landscape Architect,
PC Landscapes.



Our Strategy continued



CONTINUE TO BUILD OUR ORGANISATIONAL CAPABILITY

Developing our people and organisational capabilities to manage our growth

Our focus

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

➤ [Read more about our Senior Leadership Team | Page 74](#)

2024 Progress

- Transformed the organisation to be leaner and more agile
- Appointment of a new CEO, with significant experience in large capital project management, cost management and financial forecasting
- Appointment of a new HR Director, with experience in the building materials industry
- Continued investment in training and development to support skills and talent pipeline
- Identified key talents within the organisation

Looking forward

- New strategy launch and review of our values and behaviours
- Focus on creating a performance driven culture
- Continue building strong local organisations to deliver on transformation programme
- Enhanced Employee Benefit Trust to reward high performance and improve retention
- Launch of Technical Training Academy for operations teams
- Improving capital project delivery: stronger project management and contracting practices
- Employee engagement survey
- Appointment of CFO
- Ongoing progressive enhancement of processes and management systems

CASE STUDY

ACCOYA CHARRED TIMBER FAÇADE WITH GRAD

Paris, France

An urban renewal project in the Parisian suburb of Clichy-La-Garenne will become the largest low-carbon building in France.

The bustling 47,000m² urban campus, known as BLACK, provides users with a true 'workplace of tomorrow' by creating a sustainable and inspiring modern workspace within commutable distance from La Défense, Paris – the busiest business district in Europe.

Situated right beside Parc des Impressionnistes, the project's ethical design blends nature's elements with unique architecture to create a space that sits in harmony with its surroundings.

The distinctive timber cladding has undergone the Japanese charring technique of Yakisugi. This ancient art involves burning the wood to create a decorative and protective layer of charcoal on its surface.

By opting for a façade using Accoya timber that has been treated using this process, the architect saved 1,000 tonnes of CO₂ without compromising on performance.

The carbon savings resulted from the fact that the initial design had recommended the use of aluminium. The decision to replace this with charred Accoya wood was one of a number of material decisions made to enhance the building's environmental performance and credentials.

Overall, the use of low-carbon materials resulted in a saving of 3,000 tonnes of carbon¹.

The charred wood façade is installed on the GRAD railing system to combine modernity with the traditional. The GRAD system holds the wood in place whilst remaining completely hidden to preserve the building's unique biophilic design.

PRODUCT DETAILS

Client: Redman

Architect: Emmanuel Combarel Dominique Marrec Architectes (ECDM)

Area: 47,000 m²

Quantity of Accoya wood: 6740 m²

Charring: Les Brûleurs de Bois

Accoya distributor: Henry Timber

Clip system: Grad

Year: 2023

¹ Please see <https://alts.axa-im.com/responsible-investing/esg-strategy/black>.

Risk Management

HOW WE IDENTIFY, EVALUATE AND MITIGATE RISKS

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

Risk governance

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

The Audit Committee's Terms of Reference ensure it has the capability and structure to operate independently of the Accsys Executive Team, specifically:

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

The current Chair of the Audit Committee is Roland Waibel. Roland is an experienced Non-Executive Director and has had a long executive career which included group finance director roles at large multinational organisations, which means he has a deep understanding of business and financial risk and related controls and control processes.

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

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

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

New and emerging risks

Accsys' Risk Committee remains alert to the presence of new or emerging risks to the business, as well as to any changes in the status or prevalence of existing risks to the business. No emerging risks were identified in the past year.

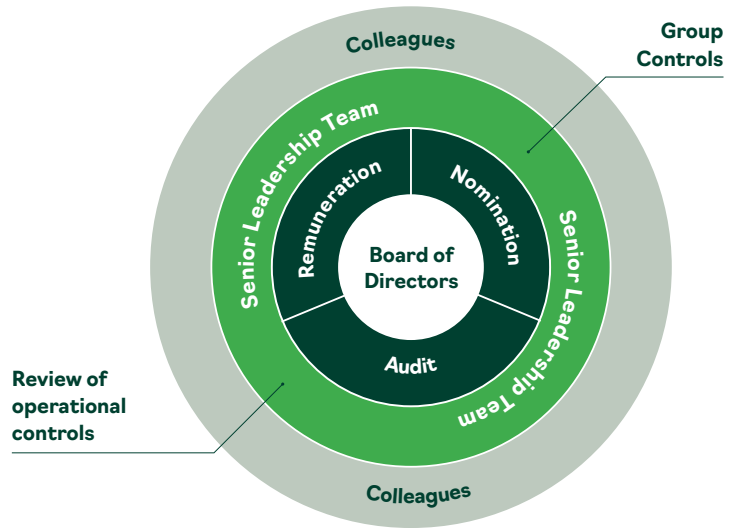
Risk culture

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

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

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




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



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



Risk	Description	Mitigation	Risk trend
<p>Finance</p>	<p>A lack of strong financial control and planning may adversely impact the Group, both in respect of its short-term requirements, as well as enabling it to complete key capital projects.</p> <p>Given the Group's size relative to the scale of capital-intensive projects necessary for it to meet its growth strategy, the Group may be adversely affected by cost overruns on those projects.</p> <p>Further, if additional capital is required to fund cost shortfalls, such additional capital may not always be readily available, or if it is, the cost of capital may be relatively higher.</p>	<p>Relevant members of the Senior Leadership Team, with oversight from the Finance Team, are tasked with ensuring sufficient planning and management of demand creation, raw material inventory management and operational production to maximise working capital efficiency and cash generation. In particular, the Group has implemented and invested in additional sales, inventory and operational planning measures to optimise capability in this area.</p> <p>Accsys has appropriate measures in place to monitor and control operational and capital expenditure, including appropriate KPIs which are regularly reviewed by the Senior Leadership Team and by the Board.</p> <p>During FY24, Accsys successfully raised additional capital to finance the completion of the Kingsport project and the Accsys Board also held additional meetings throughout the year to ensure an appropriate level of focus on the Company's financial position. Accsys also took a number of steps to continuously improve its FP&A capability in FY24, including commencing an upgrade programme of its ERP platform to further develop its control and planning systems, which will continue into FY25.</p>	<p>↔</p>


Risk Management continued

Risk	Description	Mitigation	Risk trend
<p>Health, Safety and Environment</p>	<p>The Group's manufacturing business and operation of industrial plants involve the use of both raw wood and certain chemicals, where there is a risk of health, safety or environmental (HSE) incidents at our sites such as injury, damage, explosion, contamination, or death. These represent ongoing risks with potentially catastrophic impact.</p> <p>Where Accsys is involved in constructing new plants, there is also HSE risk present in the nature of construction activities.</p>	<p>HSE responsibility is delegated appropriately through the organisational line of control, with the Group Manufacturing and Projects Director overseeing HSE for the manufacturing business and operations. These responsibilities are set out in applicable HSE policies. Our simplified organisational design has made this more transparent.</p> <p>Site level HSE committees which facilitate detailed review of HSE matters between local site managers and senior management have been implemented.</p> <p>At the newly operational site in Kingsport, which the Group owns together with Eastman Chemical Company in joint venture, standard operating procedures and policies were carefully developed in conjunction with both owners.</p> <p>Our aim is to maintain and increase HSE awareness and ensure a safety first HSE culture persists. In our simplified organisation, reviewing this more directly between senior management and accountable staff will further this objective. Where appropriate Accsys will use external support to conduct HSE risk assessments.</p>	
<p>Hull Plant</p>	<p>Failing to conclude the construction of the new Tricoya plant in Hull, including its commissioning and start-up, in a timely manner, or at all, may affect the Group's ability to generate revenue or develop its Tricoya business as planned.</p> <p>It is possible that Accsys may not be able to obtain funding at an acceptable and/or necessary level and cost relative to the project requirements.</p>	<p>The Board has appointed a financial advisor to assist with its search for a strategic and/or financing partner. Finalising the evaluation of funding options remains a key priority for the Senior Leadership Team and the Board. It remains a priority for the Board that any course of action taken in respect of Hull does not have an adverse financial impact on Accsys.</p> <p>Whilst a decision on Hull is pending, the Senior Leadership Team ensures that maintenance costs at the plant remain within the Board's expectations and are funded by internally generated cash flow.</p>	
<p>Kingsport Plant</p>	<p>The successful commissioning and startup of commercial operations of the new Accoya plant in Kingsport, Tennessee may affect the Group's ability to generate revenue as planned if commencement is materially delayed and/or costs materially more than budgeted.</p>	<p>The joint Accsys and Eastman Chemical Company team have been intensively and continually reviewing the progress of the project. They have appointed experienced managers to monitor progress to ensure that the plant proceeds to commercial production materially on time and within budget.</p>	

Risk	Description	Mitigation	Risk trend
Licensing/ Partnering and Protection of Intellectual Property	<p>A loss of demand for technology licences or interest in partnering with Accsys for new or existing plants may adversely impact our ability to realise long-term value from our IP.</p> <p>Similarly, a failure of our existing business partners, including contractors, licensees, and suppliers to perform as expected under our agreements could adversely impact our financial performance.</p> <p>In addition, as a business which materially benefits from IP, the loss of confidential information, patent rights, trademarks and other intellectual property is a key risk. A failure to maintain Accsys' portfolio of IP in line with its strategy, by patenting new inventions, acquisition or by prevailing in any IP litigation may have a material adverse impact on the Group. Together these risks could weaken the Group's competitive advantage in its Tricoya and Accoya businesses.</p>	<p>Developing strong relationships with current and future business partners to embed a pipeline of new business opportunities and foster key relationships is an important focus for Accsys' corporate development team. Accsys' Sales and Marketing teams will also work with partners to help them to grow their Accoya or Tricoya businesses.</p> <p>Accsys has dedicated resource to manage its IP which, together with external IP attorneys, are responsible for maintaining and developing the Group's IP portfolio. Accsys uses confidentiality and IP agreements when dealing with its business partners. To mitigate risk in relation to IP protection, training is given to employees to help ensure awareness of the need to protect our IP.</p>	
Market and Supply Chain Disruption	<p>Planned and/or unplanned macroeconomic effects and/or specific market dislocations may cause direct and indirect impacts on the price and/or availability of natural gas, raw materials and logistics. Given the relatively high proportion of input cost attributable to acetic anhydride and raw wood, material disruption in these markets may adversely impact Accsys' business.</p> <p>Commentary on risk trend: During the year, risk factors stayed at an elevated level due to asymmetry in Accsys' customer demand fluctuations and relative less correlative volume flexibility inherent in acetyl and wood purchasing markets.</p>	<p>Building long-term relationships with key suppliers of raw materials, including new and existing suppliers of acetic anhydride, continues to be of paramount importance to Accsys. Accsys continuously reviews its acetyl supplier arrangements to ensure as much optimality on acetyls as market conditions allow for.</p> <p>In managing the supply chain for raw wood sourcing, risk is mitigated through a number of supplier screening, selection and monitoring steps and processes. It is also a requirement that Accsys' wood suppliers are FSC® (or equivalent) certified. Further information on Accsys' approach to supply chain risk management and biodiversity can be found on the Sustainability and ESG section of the Accsys corporate website.</p> <p>The Group has continued testing new species of raw wood from different geographic regions which would be suitable for application in respect of both Accoya and Tricoya. The Group also continued to build up resilience in its supply chain through further contractually binding arrangements with raw material suppliers.</p>	
Manufacturing	<p>The Group's ability to generate revenue and progress EBITDA relies heavily on its manufacturing capability. Manufacturing capability may be materially and adversely impacted by operational issues, including inadequate and/or insufficient preventative maintenance, engineering capability, equipment performance, activity planning, and site level procurement practice.</p>	<p>During FY24, Accsys started work on a three-year continuous improvement programme at its largest production site, focused on people, processes and systems. This work should support holistic improvement in site operations, with performance being measurable against clear operational KPIs.</p>	

Risk Management continued

Risk	Description	Mitigation	Risk trend
Talent	<p>The potential inability to source or attract a sufficient number of capable people, retain sufficient numbers of people (including adequate engagement and enablement) and ineffective performance management and leadership of Accsys' people, could, if not mitigated, have a material adverse effect on Accsys' ability to deliver its strategy.</p>	<p>The Group maintains an ability to attract and retain skilled people through various processes and policies under the leadership of the Group's HR function. In addition, Accsys values and invests in colleague engagement and communication to maintain a positive and motivated culture.</p> <p>Detailed reviews of functional requirements aim to ensure that the Group can appropriately resource its organisational needs at a time of expansion. Evaluations are carried out to identify those functions that are of critical importance for the Group and individuals within those functions that are themselves critical and/or are considered of high potential. Accsys also operates a Group-wide bonus scheme, together with a long-term incentivisation plan and other measures which seeks to reward, incentivise, motivate, attract, and retain critical personnel by way of share-based awards with deferred vesting.</p> <p>During FY24, the Group commenced a number of initiatives to reinforce employee engagement, including reviews of job descriptions and establishment of management development courses. These measures will continue through into FY25.</p>	
Sale of Products	<p>Accsys relies on high levels of demand for its premium products, driven principally by the unique qualities and sustainability credentials that Accoya and Tricoya deliver. A key risk for Accsys is that changes in demand may arise out of macroeconomic events beyond the Group's control which may affect end-consumers' appetite to purchase premium products, together with changes in building material trends and/or increased competitive offerings increasing the relative substitutability of Accsys' products. This risk may be exacerbated by Accsys nearly doubling its production capacity in an 18 month window spanning FY24 and FY25.</p> <p>Commentary on risk trend: During FY24 the Company experienced a weakening in demand for its products set against challenging global sector conditions. Whilst Q4 FY24 showed resilient trading and Accsys has taken mitigating actions to strengthen demand, the macroeconomic outlook remains uncertain and Accsys continues to see sale of products as an upwards trending risk in light of its capacity requirements.</p>	<p>The Group maintains structured Sales, Marketing and Product Quality functions which focus on supporting and growing our sales and customer demand, while ensuring the quality of our products.</p> <p>Research and development continues, with the goal of increasing overall product quality by way of enhancing quality control standards and carrying out root cause analysis.</p> <p>The Group has seen strong demand for Accoya Color and it continues to seek to develop this demand globally.</p> <p>In FY24, the Group invested significantly in its Sales and Marketing function and added new distribution channels, all with a view to supporting the Group's sales targets.</p>	

Risk	Description	Mitigation	Risk trend
<p>Environmental, Social and Governance (ESG), Sustainability and Climate Related Risk</p>	<p>Through its products, Accsys offers the world a choice to build more sustainably, and ESG goes to the heart of what the Group does. An inability to recognise ESG issues and mitigate ESG risks may be materially detrimental to the Group's prospects as a company with strong ESG credentials. For instance, failing to achieve crucial environmental product credentials, such as Cradle to Cradle® certification, could adversely impact Accsys' position in the market as a supplier of superior sustainable materials.</p> <p>Climate related risk is becoming an increasingly important topic for Accsys and other organisations. For a detailed review of Accsys' climate risks, please see the Climate Disclosures Report on page 55.</p>	<p>Accsys has a robust approach to ESG governance in key ESG areas including health and safety, people and wellbeing, ensuring fair and ethical conduct, producing and selling products that are sustainable and sourced responsibly, controlling Accsys' impact on the environment, and seeking to benefit the broader society and communities around Accsys.</p> <p>For mitigation actions relating to climate related risks, please see the Climate Disclosures Report on page 55.</p> <p>The Board engages with the Senior Leadership Team in setting meaningful ESG and sustainability targets. During FY24, Accsys continually focused on ensuring awareness of upcoming legislation and took steps to comply with frameworks such as TCFD and disclosures such as GRI and SASB, as well as achieving Cradle to Cradle® recertification.</p> <p>In FY25, the Group is planning to commence its review of science-based targets to ensure ongoing appropriate management of its carbon footprint. The Group will also continue to explore alternative sources and regions for timber supply to mitigate the impact of potential climate-related events.</p>	
<p>IT</p>	<p>As a Company with valuable technological IP and with manufacturing processes that depend on IT systems, a failure of IT security, continuity or inadequate management information may have a serious impact on the Group's business.</p> <p>Risks relating to IT and cybersecurity are considered by the Audit Committee as part of its regular review of the Group's Risk Register.</p> <p>Commentary on risk trend: Like many other organisations, Accsys sees cybersecurity as an upwards trending risk.</p>	<p>Accsys maintains a high level of IT security through the adoption of a continuous improvement in enterprise information and data security process, and policy compliance. Physical device and systems security software and industry-leading security platforms have been implemented to monitor and manage the continually-evolving threat landscape.</p> <p>Accsys continues to develop and implement processes and procedures to support its ongoing operational security, in particular towards the strategic objective of achieving ISO 27001 compliance. Approximately 90% of the Group's IT environment is service based/cloud hosted, and supported by organisations which are ISO 27001 certified.</p> <p>During FY24, Accsys invested in additional cybersecurity infrastructure. Accsys continues to conduct third-party vulnerability scanning and analysis including simulated hacker attacks, and has IT business continuity plans in place with disaster recovery and incident response testing held annually.</p>	
<p>Governance, Compliance and Law</p>	<p>A failure to maintain appropriate governance structures or a lack of a clear business strategy may lead to poor decision making and operational performance. It may also increase the risk of the Group failing to meet or stay compliant with applicable laws and regulations.</p>	<p>Accsys has adopted the QCA Corporate Governance Code and reports against it on a comply or explain basis. In addition to the disclosures set out in this Report and Accounts, Accsys' current Statement of Compliance relating to the QCA Code explains how Accsys complies with the Code and, in turn, mitigates risk. A copy of Accsys' current QCA Compliance Statement can be found on page 81.</p> <p>Accsys also has dedicated legal and governance resource, headed by the General Counsel and Company Secretary, who is responsible for the Group's legal and Company secretarial affairs.</p> <p>Accsys regularly monitors legal and regulatory matters at a Group and business level, consulting with specialist advisers as necessary.</p>	

Sustainability

CEO Introduction

At Accsys, we are committed to embedding sustainable business practices into every aspect of our operations. Our product offering enables the world to build more sustainably, and our strategic focus is on ensuring best-in-class practices and creating positive change around our product, people and processes.

















Sustainability is core to our purpose and strongly established in our Company DNA."

Dr Jelena Arsic van Os
CEO

Our sustainability strategy is based on the material issues identified as most relevant to our stakeholders. In 2020, we conducted our first materiality assessment to identify the ESG factors that are most pertinent to Accsys and its stakeholders. This comprehensive process involved direct engagement with internal and external stakeholders to ascertain the ESG factors they consider to be most important. We identified ten priority material issues which form the framework for our ESG strategy and are aligned to the United Nations Sustainable Development Goals. The material issues underwent thorough review and approval by our Board.

Sustainability and climate related topics are discussed at least annually by the Accsys Board. With ESG targets integrated into our Executive remuneration, our approach to these issues is a core part of both our purpose of 'changing wood to change the world' and our integrated business and growth strategy.

ESG Framework

	ENVIRONMENT 	SOCIAL 	GOVERNANCE 
Material Issues	<ul style="list-style-type: none"> Sustainable and quality products Energy and climate change Responsible sourcing Innovation and technology Ecological footprint 	<ul style="list-style-type: none"> Health and safety People and wellbeing Society and communities 	<ul style="list-style-type: none"> Fair and ethical conduct Governance management and advocacy
Strategy	<p>Impactful action and data-led direction</p> <p>Use improved data to refine action plans and set realistic, ambitious and attainable targets</p> <p>Implement and support new programmes and initiatives</p> <p>Manage and reassess material issues and stakeholder priorities to ensure continued relevance</p>		
Strategic focus areas	<ul style="list-style-type: none"> Continue to focus on our product to make it as sustainable as possible, using the most resource-efficient manufacturing processes and accredited to the standards that our customers value and respect Commitment to Zero Deforestation 	<ul style="list-style-type: none"> Prioritise health and safety and create a Zero Incident culture Create satisfying jobs with clear career development opportunities to attract and retain the best talent Build an inclusive culture where colleagues can bring their whole selves to work 	<ul style="list-style-type: none"> Hold ourselves to the highest levels of corporate governance standards as well as best practice governance around environmental and social issues, compliance and quality Always conduct our business in a fair and ethical manner
Priorities	<ul style="list-style-type: none"> SBTi and Net Zero targets in place by 2030 Maintain best-in-class product certifications Zero deforestation 	<ul style="list-style-type: none"> Zero harm to colleagues and contractors 	<ul style="list-style-type: none"> Outstanding governance and compliance
SDG alignment	   	   	  

Progress on sustainability strategy

First, we are pleased to report that for the first time, we are disclosing climate-related information in accordance with the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD). Our comprehensive climate-related disclosures report can be found on pages 55 to 63. This is the result of a significant amount of work across the organisation to identify and assess our climate risks, opportunities and resilience. These insights have now been integrated into our strategy and governance framework, informing our decision-making processes and risk management systems. This integration underscores our commitment to addressing climate-related risks and opportunities across all levels of our organisation. Now that the Company has completed its climate scenario analysis, the Board will review the relevant climate risks at least annually as part of its wider risk assessment activities.

In another step forward in our efforts to embed sustainable business practices, in FY24 Accsys became a signatory of the UN Global Compact (UNGC). As participants of the UNGC, Accsys commits to implementing the Ten Principles of the UN Global Compact and to report its progress on these efforts annually.

We need our people to be highly engaged, motivated and performance driven if we are to achieve our strategic goals. We continued to develop our learning and development programmes in FY24 as well as offering colleagues the opportunity to participate in our Accoya USA exchange programme.

The programme enabled colleagues from Arnhem and Kingsport to share knowledge, skills and culture as well as giving colleagues leadership and learning opportunities. Furthermore, to support a culture of performance and accountability, this year we are pleased to introduce our 'Idea Box' giving colleagues the opportunity to put forward innovative ideas and be rewarded for the ideas that are implemented.

Engaging with societies and communities is important to us. In FY24, we were delighted to partner with the designers of the National Autistic Society Garden at the RHS Chelsea Flower Show 2024, donating Accoya Color for walkways and structures in the show garden. The durability of Accoya was important as the garden will be permanently rehoused in at the National Autistic Society's supported living centre at Catrine Bank, Scotland.

We continue to assess and benchmark our ESG performance against the S&P Corporate Sustainability Assessment. We are pleased to report further progress this year, achieving a 5% increase to 45/100. Moreover, we have maintained our position in the top quintile of our industry sector (Paper and Forest Products).

Looking ahead

We are committed to continuing to drive best practice and be an ESG leader amongst our peers. We are now focusing on using the data we have been collecting in recent years to start setting realistic, ambitious, and attainable targets based on the Science Based Targets initiative (SBTi) to reduce our carbon intensity per m₂ of product produced.

As part of this we will also advance our energy management processes and begin the journey for our Arnhem site to be ISO 50001 certified.

With significant new reporting requirements coming, including the ISSB standards and the Corporate Sustainability Reporting Directive (CSRD), we will be furthering our preparations to ensure that we will be compliant with mandatory reporting requirements and reviewing our material issues through an updated double materiality assessment.

We are incredibly proud of our product eco-labels and certifications. As these standards evolve and become even more rigorous, we want to ensure that we evolve our business with them and maintain our credentials.

Furthering the development of our people and ensuring safe and rewarding jobs and working environments for all remain crucial aspects of our strategy. Next year, we will launch a Technical Training Academy focused on enhancing our people's technical capabilities and supporting career advancement. We are also looking at a new volunteering programme to make it easier for our colleagues to volunteer for causes relevant to our local communities.

Over the following pages we describe our approach, key highlights and metrics on each aspect of ESG as well as next steps for FY25.

Sustainability continued



Environment

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

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

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



45,390 tCO₂

SEQUESTERED IN PRODUCTS SOLD
(FY23: 50,827 tCO₂)*

Zero waste to landfill (FY23: 0)

100% certified sustainable (i.e. FSC® (CO12330) wood sources (FY23: 100%)

123 tonnes of Accoya wood off-cuts reclaimed from manufacturers and re-processed for Tricoya (FY23: 60 tonnes)

100% suppliers screened using social and environmental criteria (FY23: 100%)

100% of new supplier wood mills visited before supply (FY23: 100%) and 80% of wood supply mills visited within three years (FY23: 81%)

100% of operations subject to human rights reviews or impact assessments (FY23: 100%)

0.12 tCO₂e/m³ Scope 1 & 2 emissions intensity (FY23: 0.12 tCO₂e/m³) see Greenhouse Gas Emissions information on page 50 for more information.

* These figures are unaudited

FY24 highlights

- **Increased renewable electricity usage as a proportion of total electricity:** renewables now 76% of the overall mix, including RECs (FY23: 63%)
- **Expansion of our wood sources to include** fast growing FSC Certified® Taeda pine from Argentina and Uruguay. Used for Accoya Color testing
- **Distillation column optimisation** at Arnhem through increased automation to reduce steam consumption. Result was an annual reduction of steam by 9% in column 1 and by 24% in column 2
- **100% recyclable packaging for Accoya Color**
- **Cradle to Cradle Certified®:** In November 2023, Accoya was re-awarded Cradle to Cradle Certified® at the prestigious 'Gold' level
- **EED energy audit** in December 2023 at our Arnhem site identified opportunities to improve energy efficiency
- **Enhancing production circularity:** agreement with Eastman to recycle 100% of our acetic acid byproduct produced at Accoya USA into acetic anhydride production for our use, saving 0.87 metric tonnes of CO₂ per metric tonne of anhydride used for Accoya USA
- **Minimising impacts of raw materials sourcing:** Lifecycle Analysis (LCA) of all existing and potential acetic anhydride supply options completed to guide future sourcing decisions
- **91%** increase annual volume (m³) of Accoya offcut reclamation being remanufactured for Tricoya

Looking forward

- Maintain 100% certified sustainable wood sources in FY25
- Implement actions from the energy audit and begin ISO 50001 certification for our Arnhem site
- Set Science Based Targets for reducing our carbon intensity by 2030
- Process optimisation to reduce energy consumption
- Increase in-person wood mill supplier engagement
- Continue to maximise the use of raw materials and reduce the impact of our supply chain through:
 - Expanding the use of lower grade woods for our engineered wood products to maximise the use of forest resources
 - Continuing to explore the use of other suitable wood species, source locations and supply options for more sustainable and lower impact wood sourcing
 - Ongoing evaluation of acetic anhydride supply sourcing, reuse and recycling of acetic acid co-product

ENVIRONMENT CASE STUDY

Moving Accoya Color to fully recyclable packaging



At Accsys, we are proud that our product plays a part in the circular economy due to it being 100% recyclable and able to be disposed of in the same way as non-modified wood. As the recyclability of our products is extremely important to us, it is only right that our packaging emulates the same core values.

Where possible, Accsys aims to minimise the use of any packaging. However, some packaging is necessary to ensure that our products are delivered safely and in good condition to our customers.

Our Accoya Color product is highly resistant to the usual negative impacts of water and exposure on wood, but can still get wet, dirty or damaged during storage, transport and on site. We wrap our Accoya Color product in paper to clearly identify the brand within our customers' facilities, and to protect against dirt or water uptake.

Historically this pallet wrap has not been recyclable. In December 2023 we were delighted to switch this wrap to a fully recyclable version that has undergone a pulping assessment at the BioComposites Centre. The wrap received an overall A rating received using the Aticelca classification system, a recognition of cellulose-based products that are evaluated on their level of recyclability.

Not only does this Accoya Color packaging help to maintain the high quality of the product, but it does so in a way that reduces waste and emphasises our sustainable and circular economy philosophy.

Sustainability continued

Greenhouse Gas Emissions

Scope 1 & 2

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

Scope 1 & 2 Greenhouse gas (GHG) emissions information

		FY24 Total	FY23* Total
Scope 1 emissions			
Stationary combustion	tCO ₂ e	5,631	5,916
Mobile combustion	tCO ₂ e	84	70
Refrigerants	tCO ₂ e	20	-
Subtotal Scope 1	tCO ₂ e	5,735	5,986
Scope 2 emissions location-based			
Electricity	tCO ₂ e	2,788	3,292
Scope 2 emissions market-based			
Electricity	tCO ₂ e	947	1,636
Total Scope 1 and 2 emissions market-based	tCO ₂ e	6,682	7,622
Carbon offsets retired	tCO ₂ e	6,003	2,843
Scope 1 and 2 emissions market based (net value)	tCO ₂ e	679	4,779
Accoya wood product produced	m ³	56,568	63,344
Scope 1 and Scope 2 emissions intensity per m ³ product produced (market based)	tCO ₂ e /m ³ *	0.12	0.12
Energy consumption associated with Scope 1 and 2 emissions	MWh	41,575	43,240

* The FY23 figures have been restated to reflect more accurate data now available for the Barry site. This includes an updated electricity estimate and unit based natural gas usage data rather than spend estimates. Previous figures: Scope 1: 5,479 tCO₂e; Scope 2 location based: 3,238 tCO₂e; 40,296 MWh energy consumption. We use market-based emissions to calculate our GHG inventory. These figures are not subject to assurance or audit.

Changes to previous year

Scope 1 and 2 emissions saw a year-on-year decrease primarily due to lower production volumes out of Arnhem.

Use of Renewable Energy Certificates (RECs)

- Accsys purchases Renewable Energy Certificates (RECs) to green its electricity consumption and meet targets set for our Cradle to Cradle® Certification (currently August 2023-August 2025). We currently purchase RECs to green at least 50% of our manufacturing emissions for the two-year certification period (August 2023-August 2025). Since this certification period runs differently to the financial year, our RECs may not directly reflect the financial year's electricity consumption. RECs are accounted for in the Scope 2 Market based emissions. We purchase RECs through our energy provider in Arnhem and have a contract up to FY26.

	FY24	FY23
Renewable Energy Certificates (RECs) Retired (MWh)	6,935	4,783

Scope 3 emissions reporting

- Our Scope 3 emissions can be seen in the ESG data table on our website: www.accsysplc.com/changing-the-world/environmental-social-governance

Scope 1, 2 & 3 Emissions Methodology

- We have reported on the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, as well as other Scope 3 emissions in our value chain.
- We set our reporting boundaries using the equity share approach. We report on all sites where we have a share in equity in the operations; this includes 100% of emissions from our manufacturing facility in Arnhem, the Netherlands, our Accoya Color facility in Barry, UK, our Dallas office, our Tricoya site in Hull, and our London office. In FY24, we have also included 60% of the emissions from our joint venture in Kingsport, which was previously excluded from our FY23 footprint due to its negligible emissions impact. Accsys holds a 60% interest in the joint venture and Eastman 40%.
- Our Scope 2 emissions are reported using both the location-based and market-based approaches, to account for the purchase of Renewable Energy Certificates (RECs), a market-based instrument, for our site in Arnhem.
- Emissions have been calculated using the main requirements of the GHG Protocol – Corporate Accounting and Reporting (revised edition) and the following data and emissions factor sources: IPCC 2006 Guidelines for National Greenhouse Gas Inventories, 2007 IPCC Fourth Assessment Report, IEA Emissions Factors (2023), CEDA (2023), UK Government GHG Conversion Factors for Company Reporting (2023), SimaPro 9.5 and Ecolnvent 3.10. For our market-based Scope 2 emissions reporting, we also use residual mix factors sourced from the Association of Issuing Bodies (AIB) and Green-e.
- In 2022, we commissioned Environmental Product Declarations (EPD) for our wood products. These EPDs include Cradle-to-grave life-cycle assessments (LCAs) and are based on our production data. The results from these EPDs are used to estimate the Scope 3 emissions associated with our products.
- We have also retired 6,003 tCO₂e of carbon credits to offset a proportion of our GHG emissions. The credits are Verified Carbon Units (VCUs), certified by VERRA, using the Verified Carbon Standard (VCS) to recognise emissions reductions. Additionally, the credits are certified by VERRA's Climate, Community & Biodiversity Standards (CCB) to highlight their additional co-benefits.
- Our net market-based emissions totals account for purchased RECs (Renewable Energy Certificates) and for credits retired in the reporting year.

Restatement position

Previous years' emissions would be restated if a recalculation results in a change of more than 5% in the previously stated emissions total. Reasons for recalculating could include the availability of more accurate data, identification and correction of errors or new information becoming available. In FY24 we restated our FY23 emissions as set out on page 50.



Sustainability continued



Social

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

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

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

30.5

TOTAL HOURS OF TRAINING AND DEVELOPMENT PER PERSON

Zero fatalities (FY23: zero)*

1.83 Lost Time Incident Rate (LTIR) (FY23: 1.0)**

Zero incidents of discrimination (FY23: zero)

Accoya USA and Arnhem exchange programme to share culture and knowledge

Approximately €15k worth of Accoya donated to charity (FY23: €72,219 in cash donations was donated to charity)

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

** Per 200,000 hours worked.

	Total headcount	% Male	% Female
Non-Executive Board Members	4	75	25
Senior managers*	30	70	30
All employees	213	87	13

Note: Table reflects FY24 for Accsys. Headcount is exclusive of joint venture.

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

FY24 highlights

- **Continued implementation and adoption of Digital Safety Observation cards** to make it easier and quicker to report safety issues
- **Continued commitment to Learning and Development:** Addition of two further modules in our management training programme: 'Building High Performing Teams' and 'Decision Making'; the launch of the 'Accsys Leadership Club' to develop future leaders from within
- **Introduction of an Idea Box programme** to encourage colleague innovation and ideation
- **Support delivered to communities** through charitable product donations (with screening criteria through the Charity Committee), including a donation of Accoya Color to the National Autistic Society at RHS Chelsea 2024 and Accoya to a community garden in Heaton Moor, Manchester

Looking forward

- Focusing the business on 'a journey to zero' HSE incidents
- A phased approach of implementing the nine lifesaving rules to continue
- Increased focus on operational risk assessments and mitigation on all three elements of ESG
- Implementation of new Behavioural Competency Framework to support new corporate strategy
- Launch of the Technical Training Academy to build technical training competencies
- Create an online learning and development system to facilitate training

**SOCIAL
CASE STUDY**

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

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

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

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

In November 2023, Accoya was Cradle to Cradle Certified® at the prestigious 'Gold' level. It also achieved 'Platinum' (the highest level) for both 'Material Health' and 'Water Stewardship'. This recognises that Accoya as a product adheres to very high standards of sustainability, alongside its recognised high performance and durability credentials.



Sustainability continued



Governance

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

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

Zero incidents

of bribery and corruption (FY23: zero incidents)

Zero fines and zero non-monetary sanctions from non-compliance with environmental laws and/or regulations (FY23: 1*)

1 'meet the Board' event held for Accsys colleagues

100% relevant colleagues (including Board) communicated with and completed refresher training on anti-corruption policies and other key topics (FY23: 100%)

Zero regulatory fines, sanctions or settlements (FY23: €4,109*)

Zero direct spend on political campaigns, lobbying or think tanks (FY23: zero)

FY24 highlights

- Qualitative Climate Scenario Analysis conducted and climate risks and opportunities identified and integrated into our governance structure
- First Climate Disclosures report (see page 55)
- Accsys became a signatory of the UN Global Compact (see case study)
- Accsys scored 45/100 in the S&P Global Corporate Sustainability Assessment – reflecting a 5% improvement over last year's score
- Policy review including a new Human Rights Policy and an Environmental and Climate Change Policy
- Continued adherence to QCA Corporate Governance Code (see page 81 for more information)
- Continuing to integrate ESG principles into procurement practices
- Monitoring and training in relation to key governance topics, including Anti-Bribery, Market Abuse and Modern Slavery

* Relating to a small chemical spillage.

GOVERNANCE CASE STUDY



UN Global Compact

Sustainability is core to our mission of changing wood to change the world. As well as providing customers with products that can help them build better, we also want to do business in the most responsible way. As a commitment to this, in FY24 we have officially become a signatory of the United Nations Global Compact, a voluntary leadership platform for development, implementation and disclosure of responsible business practices.

As participants of the UNGC, Accsys commits to implementing the Ten Principles of the UN Global Compact which encompass one of four themes: Human Rights, Labour, Environment and Anti-Corruption, in order to report its progress on these efforts annually. Accsys will benefit from access to the UNGC's extensive tools and resources to engage with its employees across the globe and improve their learning and training in sustainability.

Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with more than 15,000 companies and 3,800 non-business signatories based in over 180 countries, and more than 69 local networks.

Looking forward

- Continuous improvement of Board focus on ESG
- ESG strategy refresh
- Monitoring and preparing for new reporting frameworks e.g. CSRD and ISSB standards



Fourth year of reporting to GRI and SASB

Climate Disclosures Report (TCFD)

Introduction

At Accsys we are continually developing our sustainability and ESG strategy. In recent years, monitoring and managing the climate risks and opportunities that could potentially impact the Company has become a key priority to us. This is our first year in which we are publicly disclosing these climate risks and opportunities.

We are proud to have put our first Climate Disclosure report together which is in alignment with the Task Force on Climate-related Financial Disclosures (TCFD). Where possible and appropriate, we have also begun to align with some of the International Financial Reporting Standards (IFRS 2) requirements. To ensure alignment, this section has been broken down into each of the four pillars of the TCFD (Governance, Strategy, Risk Management, Metrics and Targets).

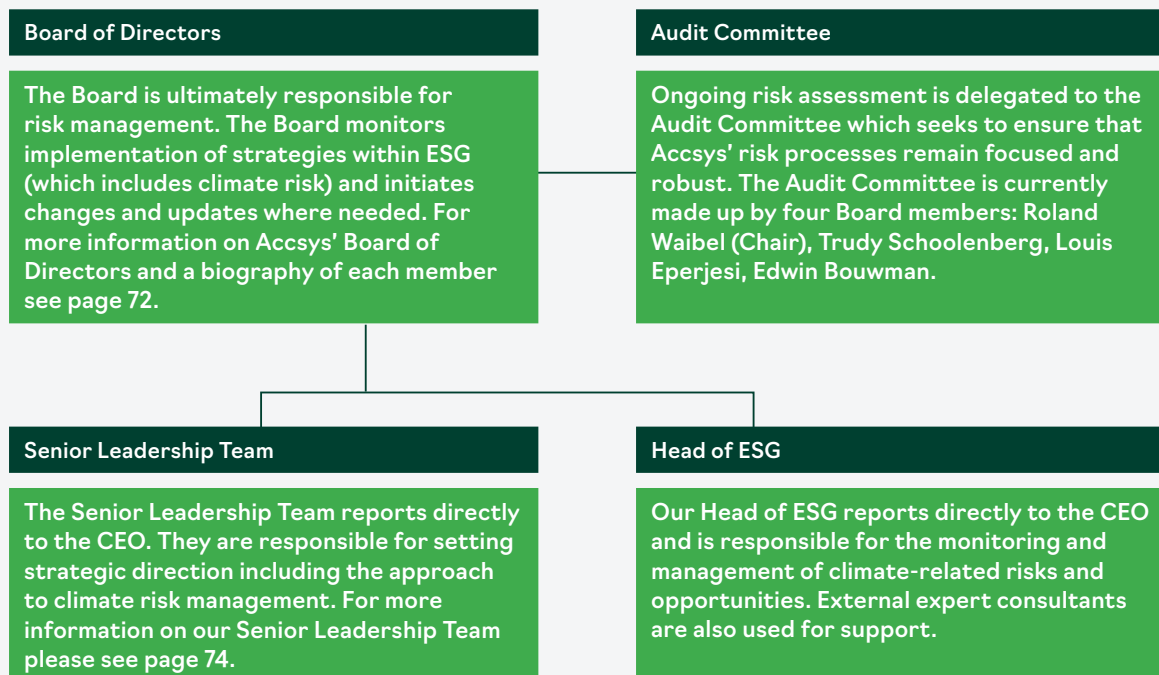
Governance

a) Describe the Board's oversight of climate-related risks and opportunities

Accsys' Board of Directors is responsible for overseeing Accsys' governance framework and all associated risks (which includes ESG and climate-related risks). This ongoing risk assessment at the Board level is provided through the Audit Committee which has responsibility for monitoring and management of the Company's risks, including climate-related risks (see more in Risk Management section). All enterprise level risks, which include climate-related risks and opportunities are reviewed annually as part of the Audit Committee's risk management process and day-to-day management of risk is delegated appropriately throughout the organisation.

In relation to climate-related risks specifically, the monitoring of these risks is led by Accsys' Head of ESG, together with other relevant colleagues. See diagram below for more information on how climate-related risks and opportunities are managed at Accsys.

Climate-related risks and opportunities governance structure



Climate Disclosures Report (TCFD) continued

b) Describe management's role in assessing and managing climate-related risks and opportunities

Between September 2023 and April 2024, Accsys carried out a qualitative climate scenario analysis to review and identify key climate-related risks and opportunities. This involved engaging key stakeholders at Accsys, including Board members and senior management in workshops to capture potential risks and opportunities across the business. More information on the methodology can be seen in the strategy and risk management section. This work was led by Accsys' Head of ESG with support by expert climate consultants from EcoAct and oversight from the Senior Leadership Team. Information related to ESG and climate risk is further disclosed and monitored through the publication of Accsys' annual ESG data table where the Company's Scope 1, 2 and 3 greenhouse gas emissions, as well as other ESG metrics, are disclosed.

These procedures and governance mechanisms enable the Board and the Senior Leadership Team to closely monitor the Company's sustainability and climate-related performance, as well as ensuring sufficient management focus and resource allocation.

See the Governance section on page 70 for more information on corporate policies and procedures at Accsys.

Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Through the qualitative climate scenario analysis, Accsys has identified what its climate-related risks and opportunities are and has highlighted the impact of them over different time horizons. These timescales focus on three time periods:

- **Near-term:** the period up to the 2030s, specifically considering climate projection data from 2021 to 2030. This time frame focuses on the immediate impacts and changes that are expected to occur or begin manifesting within this decade.
- **Medium-term:** extends to the 2050s, with the analysis based on climate projection data for the period from 2021 to 2050.
- **Long-term:** the period beyond the 2050s, considering climate projection data from 2050 to the end of the century.

The identified risks table highlights what these material risks are over these time horizons and describes the impact of them on Accsys' business, strategy and financials, as well as on Accsys' business model and value chain.

The physical risk analysis was based on Accsys' key geographical regions. For physical risks, this included Accsys' main operational sites as well as key locations in the supply chain. Exposure to climate hazards has been evaluated based on information from IPCC climate models driven by Representative Concentration Pathways (RCP) 2.6 and 8.5 scenarios. These scenarios provide insight into potential physical risks under different future pathways. RCP 2.6 represents a low carbon scenario, emphasising sustainability and low challenges to mitigation and adaptation. RCP 2.6 is the scenario that aligns most closely with the goals of the Paris Agreement and is consistent with keeping global temperature rise well below 2°C above pre-industrial levels. RCP 8.5 represents a high carbon scenario, characterised by high challenges to mitigation and low challenges to adaptation.

For transition risks, two scenarios have been applied to understand the range of transition risks that could be seen depending on if the business as usual or a sustainability pathway are followed, i.e. a low and a high carbon world. A wide number of sources were analysed within each scenario representing different understanding of how these scenarios might materialise. This is required due to transition risk scenarios being less defined and subject to different considerations and assumptions.

Below are a list of the transition scenarios that have been reviewed:

- The IEA World Energy Outlook 2020 Model includes the following scenarios, covering estimated temperature rises of 1.5°C – 3.3°C with a large focus on the Energy Sector.
 - Stated Policies Scenario (STEPS);
 - Sustainable Development Scenario (SDS);
 - Delayed Recovery Scenario (DRS)
 - Net Zero Emissions by 2050 (NZE2050).
- The IEA Energy Technology Perspectives (2017 & 2020) Models include the following scenarios covering estimated temperature rises of 1.5°C – 3.3°C with a focus on Industry, Buildings, Transport and Energy. The newer edition of the Energy Technology Perspectives use the same scenario narratives as the World Energy Outlook 2020 scenarios but focuses on the roll out of low-carbon technology.
 - Reference Technology Scenario (RTS);
 - 2°C Scenario (2DS);
 - Beyond 2°C Scenario (B2DS);
 - Sustainable Development Scenario (SDS);
 - Stated Policies Scenario (STEPS).

Based on the review of the wide range of scenarios, the low and high carbon scenarios have been defined as:

- Low carbon scenario: Decarbonisation efforts are substantially ramped up from the short term all the way to 2050 and beyond, with increasing pressure from employees, stakeholders, governments, businesses and investors to reach global warming of only 1.5°C by 2050. This will take the form of increasing regulation covering increasing reporting requirements, higher carbon prices and wider implementation of carbon pricing mechanisms globally, higher expectations from businesses, larger impact on a company's reputation from climate inaction, etc.

- High carbon scenario: Decarbonisation efforts remain aligned with current policies only, leading to some efforts in the short term but there will be no climate-related transition in the medium to long-term. In the short term, the world may look somewhat similar to the low carbon scenario however, beyond the short term, there will be no additional pressure from any stakeholder to take action on climate change. In this scenario, Accsys' business would mainly be affected by the physical impacts of climate change that may materialise as a business risk across its value chain.

The likelihood level for each risk focuses on the evidence that the specific driver will materialise in a specific scenario and time horizon. The probability of exposure increasing has then been categorised into five categories, with the percentages representing the likelihood of an event happening in a given year:

- Remote ($X < 1\%$): Event may occur only in exceptional circumstances
- Unlikely ($1\% < X < 10\%$): Event may occur in exceptional circumstances
- Possible ($10\% < X < 50\%$): Event could occur at sometime
- Likely ($50\% < X < 90\%$): Event will occur at sometime
- Almost Certain ($X > 90\%$): Event will probably occur in most circumstances

For each risk considered the level of impact has been assessed categorised by the following assessing impacts across finance, operations, reputation, governance, and customer and colleague impact:

- Very Low
- Low
- Medium
- High
- Very High

A combination of desk-based research, climate datasets and engagement with stakeholders within the business was carried out to ensure the most representative risk ratings for each climate risk assessed.

Climate Disclosures Report (TCFD) continued

Identified Material Risks

Risk description	Risk category	Climate scenario and most relevant time horizon	Likelihood rating	Impact rating	Impact description	Mitigation actions
<p>Physical risks: Although physical risks are expected to see the biggest increase in frequency and intensity after 2050, it should be noted that physical risks may already be directly impacting Accsys' operations as all have already increased in frequency and intensity globally due to climate changes. Therefore the risks posed by these hazards should not be discounted in the near and medium term.</p>						
<p>Increased intensity and frequency of extreme weather events impacting operational sites and supply chain</p> <p>Across Accsys' operational locations in the UK, USA and the Netherlands, the frequency and intensity of all extreme weather events is expected to increase, potentially causing significant damage and disruption at Accsys' operational sites.</p>	Acute	High Carbon Long Term (Beyond 2050)	Likely	High	<p>Lost revenue and cost of replacing damaged assets</p> <p>Extreme weather events could cause significant damage at Accsys' key operational sites leading to significant delays, whilst clean-up operations take place, and/or write-off of existing assets including machinery, buildings and timber stock, resulting in lost revenue due to delays. Furthermore, delays caused by extreme weather events in both Accsys' supply chain and to direct operations all contribute to lost revenue.</p>	<p>Emergency response: Regularly review and update emergency response plans and flood risk resilience.</p> <p>Diversification of suppliers: Continue to explore alternative sources and regions for timber sourcing to ensure varied geographical supply.</p> <p>Insurance review: Regularly review insurance coverage to ensure it matches the sites' flood risk profile.</p>
<p>Chronic shifts in climate impacting supply and demand</p> <p>Global temperatures are expected to increase due to climate change in the coming years. This will likely impact current areas of forest used to produce timber, potentially affecting both quality and quantity available to Accsys.</p>	Chronic	High Carbon Long Term (Beyond 2050)	Very Likely	Medium	<p>Decreased revenue due to increased operating costs and decreasing availability of timber supply</p> <p>Current supplier growing locations could no longer be suitable due to changing temperatures. Higher temperatures could also lead to previously inconsequential pests and diseases becoming prevalent in the regions where Accsys' suppliers operate, both reducing the quality and availability of timber. Alongside this, the expected increased demand for timber globally could lead to higher costs and reduced availability of Accsys' key supply.</p>	<p>Diversification of suppliers: Continue to explore alternative sources and regions for timber supply to reduce dependency on a few areas.</p> <p>Research: Continue to invest in researching different tree species that meet Accsys' production needs.</p> <p>Supplier partnerships: Continue to work closely with suppliers to support the implementation of sustainable practices and enhance their adaptive capacity.</p>

Risk description	Risk category	Climate scenario and most relevant time horizon	Likelihood rating	Impact rating	Impact description	Mitigation actions
<p>Increase in drought periods and water stress</p> <p>Across both Accsys' operational and supplier locations drought periods are expected to become more common and intense, impacting both Accsys' direct operations that require water as well as the quality and quantity of timber supply.</p>	Chronic	High Carbon Long Term (Beyond 2050)	Likely	High	<p>Decreased revenue due to decreased production capacity and increased indirect cost</p> <p>During drought periods reduced water availability could lead to restrictions being put in place limiting the availability of water for Accsys' production processes and hence reducing production capacity and revenue. Decrease in water supply at key supplier growing locations could cause soils and vegetation to dry out, damaging trees and leading to reduction in availability of good quality timber, thus increasing raw material prices.</p>	<p>Water usage efficiency: Implement water-saving technologies and processes to reduce water consumption where possible.</p> <p>Sustainable water sources: Continue to use non-traditional water sources such as rainwater harvesting or recycled water at all sites.</p> <p>Diversification of suppliers: Continue to explore alternative sources and regions for timber supply to reduce dependency on fewer areas.</p>
Transition risks:						
<p>Technological Risks</p> <p>New technological solutions will need to be leveraged by companies to aid the journey toward net zero. Significant capital cost, and research and development, is required in order to successfully incorporate new technology into current operations which could ultimately prove to be unsuccessful.</p>	Technology	Low Carbon Near and Medium Term (2024–2050)	Likely	High	<p>High Investment Costs and Stranded Assets</p> <p>Technological developments in the industry may present substantial capital and operating risks for Accsys as newer technologies may replace existing ones and Accsys may have to invest in acquiring them for several reasons (lower carbon emissions or energy prices, efficiencies, etc.). Not investing in them may leave Accsys with higher operating costs whereas investing in them would lead to high capital costs and would leave existing assets stranded as they would have to be retired before their full economic lifecycle.</p>	<p>Efficiency investments: Utilise findings from EED energy audit at Arnhem to identify and prioritise investments in energy-efficient technologies that reduce overall consumption and emissions.</p> <p>Partnerships and collaborations: Engage with technology providers, research institutions, and industry consortiums to stay at the forefront of technological advancements.</p>

Climate Disclosures Report (TCFD) continued

Risk description	Risk category	Climate scenario and most relevant time horizon	Likelihood rating	Impact rating	Impact description	Mitigation actions
<p>Carbon and Energy Pricing Risks</p> <p>Global commitments have been made to transition to low carbon energy. High demand for low carbon energy could create supply issues leading to volatility in the market.</p> <p>Alongside this many countries are introducing Carbon Pricing mechanisms across sectors, driving up costs of materials and products with high associated carbon. Further costs are likely to be incurred via Carbon Border Adjustment Mechanisms (CBAM) which aims to account for the carbon cost of producing imported goods.</p>	Market/ Policy and Legal	Low Carbon	Very Likely	High	<p>Increased Operating Costs</p> <p>Increase in the scope and pricing of carbon emissions may leave Accsys with increased operating costs across its entire value chain. Similarly, fossil fuel energy prices may rise leaving Accsys with a higher energy bill, unless it transitions to more resilient and reliable (in terms of supply and prices) energy sources.</p>	<p>Energy efficiency improvements: Explore ISO 50001 certification to ensure energy efficient processes are in place.</p> <p>Explore feasibility of solar panels at Arnhem.</p> <p>Carbon pricing strategies: Monitor developments in carbon pricing and if appropriate develop strategies to manage impact.</p> <p>Supply chain review: Implement regular reviews of Accsys' acetic anhydride supply chain to ensure that Accsys is sourcing from the most environmentally sustainable suppliers with low carbon footprints.</p>

In Accsys' FY24 summary of principal risks, Accsys identified climate-related risks as an identified risk for the Group. The table above provides more specific details of potential climate-related risks identifiable at this point in time.

Opportunities

Through the climate scenario analysis, several climate-related opportunities have been identified. These were assessed by evaluating their likelihood and impact, providing Accsys with an understanding of their potential materiality across different time horizons and scenarios.

Accsys' commitment to producing sustainable products using innovative technologies aligns with increasing market demand for low carbon and circular building materials. As the industry shifts towards 'Net Zero' building practices, Accsys' products, which are already recognised as low-impact alternatives and that hold industry leading accreditations such as Cradle to Cradle Certified® Gold, stand to see increased demand. The drive towards sustainable construction and consumer preferences for more sustainable materials are megatrends driving demand for Accsys' products (see page 28 for more information on our market) and support Accsys' long-term revenue growth.

As a pioneer in wood modification, Accsys already has a strong foothold in the market and has established supplier relationships. By securing a stable and reliable supply of low-carbon raw material early this gives Accsys a competitive advantage over competitors who may face challenges in sourcing these materials in the future when demand, regulation or physical conditions mean these resources are more sought after or scarce.

Accsys' strong reputation for providing sustainable building solutions supports it in attracting and retaining talent that is passionate about sustainability. As society takes strides in the transition to a Net Zero future, employees increasingly expect the companies they work for to take serious climate action. Given the abundance of research demonstrating that the younger generation has an increased expectation for companies to be held to account on climate action, as this younger generation becomes the core workforce, Accsys has an opportunity to take a competitive lead against peers through attracting and retaining talent through its product proposition and climate action. This could lead to increased revenues through innovation and a decrease in hiring costs.

a) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning and b) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

In Accsys' ongoing efforts to enhance its climate resilience and sustainability, it has assessed its organisational resilience from a strategic standpoint. Through this evaluation, Accsys has identified several key material risks, featured in its Identified Material Risks table, which include:

- Increased intensity and frequency of extreme weather events impacting operational sites;
- Chronic shifts in climate impacting supply and demand;
- Increase in drought periods and water stress;
- Technological risks; and
- Carbon and energy pricing risks.

Accsys is reviewing its business strategy and is committed to developing a strategy that aligns with global climate resilience efforts.

Resilience in a Low-Carbon Scenario

In a low-carbon scenario, Accsys' resilience is underpinned by its strategic focus on innovation and market adaptation. Accsys' products are inherently climate-resilient, offering an alternative to tropical hardwoods and resource intensive man-made materials. They are also durable and long lasting and perform well in changing weather conditions brought on by climate change. Accsys takes pride in the sustainable sourcing of its wood, ensuring that it is renewable over the product life cycle. This minimises Accsys' environmental footprint and helps position its products as preferred choices among architects and customers seeking sustainable building materials. By opting for Accsys' products, stakeholders actively contribute to carbon sequestration efforts and reduce reliance on resource-intensive alternatives. This aligns well with global shifts towards stricter environmental regulations and a growing consumer preference for sustainable products. This proactive approach positions Accsys to capitalise on new market opportunities that arise as industries and consumers seek greener alternatives.

Climate Disclosures Report (TCFD) continued

Accsys is committed to further improving its resilience through the adoption of Science-Based Targets (SBTs). These targets will provide Accsys with clear long-term objectives to reduce its dependency on fossil fuels.

However, even in a low-carbon scenario, Accsys will need to diversify its sourcing strategies to include multiple regions and suppliers in order to mitigate climate risks. The forthcoming introduction of the Carbon Border Adjustment Mechanism (CBAM) is anticipated to have an effect on Accsys' supply chain, potentially increasing costs for Accsys' acetic anhydride sourcing. In response, Accsys is actively engaging with suppliers to stay ahead of regulatory changes and optimise operational cost and carbon efficiency.

Resilience in a High-Carbon Scenario

In a high carbon scenario, the resilience of Accsys' strategy will depend on Accsys' capacity to adapt to chronic shifts in climate conditions that may disrupt both supply and demand. Accsys will need to forecast these shifts and adjust its business model accordingly. This could include expanding Accsys' operational footprint and employing advanced predictive analytics to foresee and mitigate potential impacts on the supply chain.

Accsys acknowledges that there is more work to be done on this. Whilst the climate scenario analysis work has currently focused on a qualitative analysis, in the future Accsys will seek to include a quantitative analysis to further determine Accsys' resilience to the effects of varying climate change scenarios.

Risk Management

a) Describe the organisation's processes for identifying and assessing climate-related risks, b) Describe the organisation's processes for managing climate-related risks and c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Through the climate scenario analysis, which began in 2023, certain Board members and members of the Senior Leadership Team participated in a series of workshops to discuss the analysis of scientific evidence of climate risks and opportunities relevant to Accsys. The methodology of our processes for identifying, assessing and managing climate-related risks can be seen in the Strategy section.

Climate risks are recognised as a principal risk to Accsys (see page 45). Although the climate-related risks have been identified through a climate scenario analysis, the way in which they are assessed, prioritised and monitored is integrated into Accsys' overall risk management process. The way Accsys identifies, assesses, manages and monitors risks is explained in more detail in the Risk Management section on page 40. Accsys will continue resourcing this work through the processes previously described under the Governance section to ensure the risks are managed appropriately.

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Accsys assesses climate-related risks and opportunities using a number of metrics. These metrics, which encompass greenhouse gas emissions and other metrics such as water withdrawal, are identified in the ESG data table which is a separate standalone document on Accsys' website. Accsys recognises the importance of accurate and comprehensive data to ensure that it can make appropriate strategic and risk management decisions.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

See the greenhouse gas emissions table on page 50 which outlines Accsys' Scope 1 and 2 emissions. Accsys' Scope 3 emissions can be seen in its ESG data table on the website.

Emissions have been calculated following the GHG Protocol Corporate Accounting and Reporting (revised edition) using the following data-bases: IPCC 2006 Guidelines for National Greenhouse Gas Inventories, 2007 IPCC Fourth Assessment Report; and IEA factors (2022). Accsys also uses the UK Government GHG Conversion Factors for Company Reporting (2022). SECR guidance has been followed.

Publicly reporting Scope 3 emissions (which Accsys started in 2023 but also publicly shared its 2022 emissions) ensures Accsys' emissions disclosures are fully aligned with TCFD recommendations.

The related climate risks associated with emissions include: technological risks, required us to invest in more energy efficient infrastructure or energy production; and chronic shifts in climate impacting supply and demand, which could impact Accsys' raw materials sourcing and logistics leading to the use of potentially higher carbon raw materials or logistics. Accsys is committed to setting out targets which are endorsed by the Science Based Target Initiative (SBTi) across all scopes by 2030.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In addition to the SBTs which Accsys will set by 2030 to support it in managing climate-related risks, Accsys also embeds metrics and targets related to climate change into its employee remuneration. In recent years, the variable compensation plan has included a KPI of achieving a specific year on year increase in the S&P Global Corporate Sustainability Assessment (CSA). Climate risk is a key part of this and Accsys reports various environmental metrics including greenhouse gas emissions.

To maintain its Cradle to Cradle Certified® standard which Accsys holds for Accoya and Accoya Color products, Accsys is committed to achieving 50% electricity from renewables for its manufacturing electricity use. Accsys has a target to increase this annually by 1%.

In addition to this, Accsys has carbon credit targets, where it seeks to offset 50% of its scope 1 emissions each year. Accsys currently purchases these offsets through Pawan wind, India which is certified by the Verified Carbon Standard (VCS). Accsys is proud to meet both these renewable and offsetting targets and maintain the gold Cradle to Cradle Certified® standard for both Accoya Wood and Accoya Color.

Stakeholder Engagement

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

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

The following symbols       refer to the Section 172(1) factors (a) to (f).



The likely consequences of any decision in the long term



The interests of the company's employees



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



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



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



The need to act fairly as between members of the company

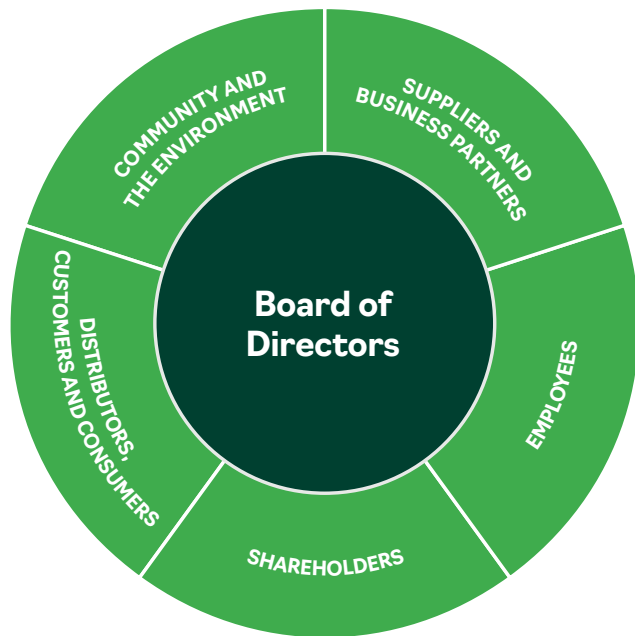
The Board is regularly updated on engagement and feedback from Accsys' broad spectrum of stakeholders to enable it to consider such views during relevant decision-making processes, taking into account the impact of decisions on stakeholder groups.

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

The table on page 66 summarises the Group's key stakeholders and highlights the issues which matter the most to them. It goes on to further illustrate how the Board engages with each stakeholder group and ties in key decision making against the Section 172(1) (a) to (f).

Respect and value all stakeholders

Everyone we work with and encounter is important – our colleagues, customers, partners, suppliers, investors, the community and environment and more. We proactively engage with our stakeholders to understand their needs and respond to their feedback and the Board considers the needs of our stakeholders in its decision making.



➤ See more about our business activities in our Business Model | [Page 30](#)



Private home, Germany. Architects: Delugan Meissl Associated Architects. Photographer: Piet Niemann

Stakeholder Engagement continued

STAKEHOLDER GROUP	WHAT MATTERS TO THIS STAKEHOLDER GROUP	HOW THE BOARD ENGAGES
Shareholders	<ul style="list-style-type: none"> • Financial performance of the business • Operational performance of the business • Risk management • Board composition and succession • Long-term sustainable and profitable growth • ESG issues relating to climate change • Strong governance 	<ul style="list-style-type: none"> • Annual general meetings • Investor relations-led engagements and presentations during the year • The Board reviews and approves communication that is circulated to investors including trading updates, Annual Report and RNS announcements • Investor feedback following communication of the Company's full and half year results to investors • Direct investor engagement periodically
Suppliers and business partners	<ul style="list-style-type: none"> • Terms and conditions • Modern slavery (in the supply chain) • Data protection/GDPR • Relationship management • Business conduct and reliability • Responsible sourcing • Business performance 	<ul style="list-style-type: none"> • Key account management
Distributors, customers and consumers	<ul style="list-style-type: none"> • Product quality and performance • Level of customer service and accountability • Product availability • Communication and regular dialogue • Collaboration on sales and marketing • Sustainability objectives • Standards of business conduct • Protection of data 	<ul style="list-style-type: none"> • Board members meeting with key distributors
Employees	<ul style="list-style-type: none"> • Health and safety (and working conditions) • The Company's financial position • Learning and development opportunities • Diversity and equality • Pension scheme • Impact of technology on the workforce • Empowerment • Having a stake in the business 	<ul style="list-style-type: none"> • Regular communication updates in different forms, from in-person meetings to video conferences and forums • Employee feedback and questions are actively encouraged • Ensures appropriate whistle-blowing platform in place
Community and the environment	<ul style="list-style-type: none"> • Impact on the development, performance and position of the Company and the Company's impact on climate change • How the Company assesses climate change expertise • Understanding of local community, the communities in which it operates and being a responsible employer 	<ul style="list-style-type: none"> • Environmental and Climate Change Policy • Societies and Communities Strategy

The following symbols **a b c d e f** refer to the Section 172(1) factors (a) to (f) on page 64.

BOARD ACTIVITY AND KEY DECISIONS	STRATEGIC PRIORITY
<ul style="list-style-type: none"> • Capital Raise – raising gross proceeds of c.€34.2m • Directorate changes • Monitoring progress on key corporate activities • Review and approval of the full and half year results of the Company • Review and approval of Group cost savings project • Approval of FY25 budget • Board oversight of Hull review process • Review and approval of externally facilitated compliance risk assessment and subsequent approval for Executive Team to address recommended actions • Appointment of Chair and Non-Executive Directors <p>a b c d e f</p>	<ul style="list-style-type: none"> • Build organisational capability • Develop our technology
<ul style="list-style-type: none"> • Monitoring key supply chain metrics and decision making • Review and approval of the 2024 Modern Slavery Statement and review of supply chain and business partner risk identification and mitigation • Consolidating relationships with joint venture partners and key suppliers <p>a b c d e f</p>	<ul style="list-style-type: none"> • Grow product demand • Practice manufacturing excellence
<ul style="list-style-type: none"> • Board monitoring of sales metrics and product quality • Approval of significant investment in the Accsys sales and marketing team • Participation of Directors in key regional trade shows <p>a c e</p>	<ul style="list-style-type: none"> • Grow product demand • Practice manufacturing excellence
<ul style="list-style-type: none"> • Directorate changes • Approval of the FY24 LTIP award to relevant employees • Approval of allotment of shares in connection with EBT awards • Prioritising health and safety and commitment to building a strong culture through regular reporting of HSE matters to the Board • Board site visits, including visit to Arnhem in March 2024 and ad hoc visits from individual Directors to other Company sites • Review and approval of Human Rights Policy • Approval and roll out of core corporate compliance training <p>a b c d e</p>	<ul style="list-style-type: none"> • Build organisational capability
<ul style="list-style-type: none"> • Commitment to ensuring our product continues to have a positive impact • Commitment to certification (in November 2023, Accoya was reawarded Cradle to Cradle® certified Gold, and Platinum for Material Health, recognising its circular economy benefits) • Commitment to sourcing 100% of our wood from FSC® (or PEFC) certified sustainable and well managed sources • Embedding ESG into the Company's incentivisation targets • Approval of Company joining UN Global Compact – a non-binding United Nations pact to get businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation • Board approval of amendments to Environmental and Climate Change Policy <p>a b d e</p>	<ul style="list-style-type: none"> • Practice manufacturing excellence

Stakeholder Engagement continued

Long-term view

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

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

Good business conduct

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

Statement of engagement with other business relationships

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

Statement of engagement with employees

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

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

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

This Strategic Report was approved by the Board of Directors on 25 June 2024 and is signed on its behalf by:

Dr Jelena Arsic van Os
Chief Executive Officer

Roland Waibel
Non-Executive Director

GOVERNANCE



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Board of Directors



Trudy Schoolenberg

Non-Executive Chair



Appointed to the Board

1 April 2018

Background and Experience

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

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

External Appointments

Trudy is currently a Non-Executive Director of:

- SPIE SA
- Elementis PLC
- TI Fluid Systems PLC

Dr Jelena Arsic Van Os

Chief Executive Officer



Appointed to the Board

27 June 2023

Background and Experience

Dr Jelena Arsic van Os has over 20 years' experience in senior executive leadership roles in large-cap multinational companies. Prior to joining Accsys Jelena was VP Plastics, Coatings, Adhesives and Rubber Performance Minerals EMEA and APAC at Imerys SA, a global leader in mineral-based specialty solutions. Prior to this, Jelena held a number of senior executive positions across the globe during her 17 years tenure at AkzoNobel, the large-cap, chemicals and coatings company.

Jelena has a PhD in Solid State Chemistry from Radboud University Nijmegen, Netherlands.

External Appointments

None



Louis Eperjesi

**Non-Executive Director
(Senior Independent Director)**



Appointed to the Board

14 June 2022

Background and Experience

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

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

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

External Appointments

Louis is currently a Non-Executive Director of:

- Trifast PLC
- Howden Joinery Group plc
- Ibstock Plc

Notes

- Steven Salo served as a Director for the period 1 April 2023 to 15 May 2024.
- The following Directors also served during the year reported, but stepped down from the Board at the conclusion of the AGM in September 2023:
 - Stephen Odell
 - Sean Christie
 - Sue Farr
 - Alexander Wessels

Key to Committees

● Audit Committee ● Nomination Committee ● Remuneration Committee ● Chair of Committee

**Roland Waibel****Independent Non-Executive Director****Appointed to the Board**

1 August 2023

Background and Experience

Roland joined the Accsys Board on 1 August 2023, bringing over 30 years of chemicals, pharmaceutical, textile and process industry knowledge and experience. He most recently held the position of Chief Financial Officer of Archroma Group, a leading chemical supplier to the textile and paper industry, between 2013 and 2022. Prior to Archroma, Roland was the Chief Financial Officer of Omya AG and Lonza Group AG. He also served as Non-Executive Director of Adval Tech Holding AG, an international supplier to the automotive industry, between 2005 and 2020.

External Appointments

None

Edwin Bouwman**Non-Independent Non-Executive Director****Appointed to the Board**

12 December 2023

Background and Experience

Edwin brings over 30 years of experience in the energy and building materials industry and has held executive roles at both public and private multinational companies, including Royal Dutch Shell, Roto Smeets N.V., CRH Plc and SHV Energy. During his career, Edwin has established a track record of successful business transformation, delivering both organic and acquisitive growth strategies to enable substantial portfolio performance improvement.

Edwin was appointed pursuant to a Relationship Agreement with Teslin Participaties Coöperatief U.A. and "De Engh" B.V. dated 21 November 2023.

External Appointments

None

Hans Pauli**Interim Chief Financial Officer****Appointed (on a non-statutory basis)**

15 May 2024

Background and Experience

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

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

External Appointments

Hans is a Non-Executive Director of BioTech VC, MedSciences.

- Trudy Schoonenberg was appointed Interim Chair on 12 September 2023 and was appointed permanent Chair with effect from 12 December 2023.
- External appointments include significant or listed company appointments only.

➤ For a full list of Directors during the year | [See the Directors' Report on page 110](#)

Senior Leadership Team

The Senior Leadership Team includes the Chief Executive Officer, the Chief Financial Officer and the following individuals:

John Alexander	Jane Connor	Pablo Steenwinkel	Stephen Cox	Nick Hartigan
Group Commercial Director	Chief People Officer	Group Head of Technology	Group Manufacturing and Projects Director	General Counsel and Company Secretary
Background and Experience	Background and Experience	Background and Experience	Background and Experience	Background and Experience
<p>John is responsible for all aspects of product sales for Accsys, managing a team across the globe. John has a degree in Forestry and Forest Products from the University of Wales and an MSc in Timber Engineering from the University of Maine, USA.</p> <p>John's career in the wood product industry started as technical manager at Jeld-Wen, the world's largest manufacturer of windows and doors, and he subsequently moved to BSW Timber, the largest forestry and sawmilling group in the UK.</p> <p>Initially joining Accsys as Head of Product Development in 2010, John became Director of Sales and Product Development in 2015 and in 2020 tightened the focus of his role on sales activities and strategy.</p>	<p>Jane is responsible for all aspects of global HR, including responsibility for developing a comprehensive global HR strategy which supports business growth and expansion, attracts and retains top talent and drives high performance.</p> <p>Jane joined Accsys in July 2023, having previously worked at Wolseley Group, Greene King plc, Kwik-Fit and others. She has gained comprehensive experience working for companies in professional services, building materials, manufacturing, B2B, B2C, consumer, tech, leisure, telecommunications and automotive industries where she has led multi-award winning People functions.</p>	<p>With over 20 years of technology leadership experience in the chemicals industry, Pablo started his career at Accsys in January 2021 and is responsible for all aspects of product and process support and innovation for Accsys, leading the Global Technology Centre (GTC), a global team of experts in the fields of wood (modification) science, chemistry, process technology and intellectual property development.</p> <p>Pablo has an MSc in Chemistry from the University of Leiden (NL) and a PhD in Chemistry from the University of Utrecht (NL) and previously worked at Zeneca Resins (now part of Covestro), Avery Dennison and, most recently, at Flint Group as Senior Technical Director Packaging Inks EMEA.</p>	<p>Stephen joined Accsys in March 2023, taking on a newly created role. He oversees Accsys' global manufacturing sites and projects, and drives forward operational efficiencies. This role supports and reinforces Accsys' global expansion plans, as well as the Company's commitment to, and drive for, achieving operational and project excellence.</p> <p>Stephen spent 25 years at the manufacturer Coats PLC, rising to the position of Group Manufacturing Director. He brings a wealth of experience in manufacturing transformation, strategy and ramp up.</p>	<p>Nick is responsible for the legal affairs of the Accsys Group and is also the Company Secretary, having joined Accsys in 2022. Nick has particular legal and regulatory expertise in corporate transactions, capital raisings (equity and debt), lender management and complex litigation.</p> <p>Nick qualified at a leading UK international law firm.</p> <p>He has gained extensive experience working with or for companies in the oil and gas, construction, building materials and manufacturing sectors.</p>

Our Senior Leadership Team (SLT) comprises a group of leaders who are experts in their fields with a broad range of specialism and sector knowledge. Together, they drive and manage Group activities and are committed to ensuring we deliver on our plans for growth and commercial success. Their hard work, commitment and specialist advice has supported the growth of Accsys Technologies PLC.

Chair's Statement of Governance



By working towards our purpose, acting in accordance with the QCA Code and our values, and by pursuing our strategy, we aim to grow both our business and our positive impact on the world."

Trudy Schoolenberg
Non-Executive Chair

Dear Shareholder,

I am delighted to introduce this Governance Report for the year, my first as Chair. I would like to express my thanks to Stephen Odell, my predecessor for his dedicated service to the Company and leadership of the Board during the last three years.

This Governance section of the Annual Report and Financial Statements sets out our governance framework, detailing how the Board operates in compliance with the ten principles of the Quoted Companies Alliance Corporate Governance Code in order to support the Group in maintaining high standards of corporate governance, help to deliver its strategic goals and ultimately, achieve long-term success for the benefit of all stakeholders.

The Board of Directors

The year ending 31 March 2024 has seen a period of evolution and transition for the Board. In 2023 we welcomed Steven Salo to the Board as Chief Financial Officer on 1 April 2023 and Jelena Arsic van Os joined the Board on 27 June 2023 becoming Chief Executive Officer on 1 July 2023. Following the departure of Stephen Odell who stepped down as Chair at the conclusion of the AGM on 20 September 2023, I was appointed Interim Chair and, after due process, including consultation with shareholders, I was appointed permanent Chair on 12 December 2023.

In addition, after serving for nine years, both Sean Christie and Sue Farr stepped down from the Board at the conclusion of the 2023 AGM, and due to increases in his executive commitments, Alexander Wessels also stepped down at the conclusion of the 2023 AGM. On behalf of the Board, I thank each of the outgoing Directors for their dedication and service to the Company.

In line with our commitment to best practice in corporate governance and in order to improve our efficiency in delivering profitable growth and value for our shareholders, the decision was taken to reduce the size of the Board and we were pleased to welcome Roland Waibel as Independent Non-Executive Director on 1 August 2023 and Edwin Bouwman as Non-Independent Non-Executive Director on 12 December 2023. You can read more about Roland and Edwin under Board Directors on pages 72 and 73.

Since the year end, as announced on 16 May 2024, Steven Salo stepped down as Chief Financial Officer and Hans Pauli (Accsys' Director of Corporate Development) will act as interim Chief Financial Officer whilst a search is underway for the Chief Financial Officer role.

Chair's Statement of Governance continued

On behalf of the Board, I thank Steven for his service and contribution to Accsys during a challenging period for the Company and wish him all the best for the future. I am also grateful to Hans for supporting the Company during this transitional phase.

It has been another full and busy year for the Board, whilst we embedded our new CEO and finalised the appointment and induction of our new Non-Executive Directors (NEDs). Throughout this transitional period, the Board has remained focused on working together to provide agile and resilient decision making whilst ensuring an appropriate level of scrutiny in order to achieve the Company's purpose for the benefit of all stakeholders.

As part of aligning the Board's activities with the Company's needs, the Board took the decision in FY24 to stand down the Board-level Health, Safety and Environmental (HSE) Committee. This step has allowed a greater focus on HSE issues at site level whilst the Board still retains responsibility for HSE policy and oversight.

Finally, the Board, as a whole commits a significant amount of time to ad hoc Board meetings, site visits, the induction process for new NEDs and general information sessions, in addition to the scheduled meetings for the year, further reflecting the passion and determination of the Board in ensuring the long-term sustainable success of the Company. See the Directors' Report on page 110 for further information.

Board performance

In accordance with good governance practice, we undertake an annual evaluation to ensure that the Board, and its Committees and individually, each Director is performing effectively. During the year, the Board participated in an internal Board effectiveness review and the key actions identified will be implemented during the coming months. Details of the recommendations and actions taken are set out on page 92. Following the Board's compositional changes, our focus will be on continuing to establish relationships both across the Board and with the Senior Leadership Team and strengthening cohesiveness to ensure the Board works together as effectively as possible to achieve long-term sustainable success of the business and ultimately to guide the business into the next phase of growth as we continue with our purpose of changing wood, to change the world.

Environmental, Social and Governance (ESG)

The Group understands that ESG is a vital area of focus for both our shareholders and stakeholders. Sustainability in particular is at the very heart of what we do as a Group. The Board is deeply aware of the Group's impact on the environment and the communities in which we operate and the Board regularly engages with and discusses ESG topics. We are committed to reducing our impact on climate change and responsibly sourcing sustainable quality products.

Please see pages 46 to 54 for further details of our FY24 ESG performance and outlook for FY25. We have also, for the first time, conducted a qualitative scenario analysis to identify our climate related risks, the results of which you can read more about in our Climate Disclosures Report on page 55.

Quoted Companies Alliance Corporate Governance Code (the QCA Code)

Accsys has adopted the QCA Code and follows and reports against it on a comply-or-explain basis. We explain how we have complied with the QCA Code throughout the year reported on pages 81 to 86. For further detail on each section please refer to the Statement of Compliance of the QCA Code which can be found on our website at www.accsysplc.com.

As a Company we have a strong purpose and values which shapes relationships with our stakeholders from our employees to our distributors, licensees and others. We want to ensure that our business is not only a commercial success, but is also run in a responsible fashion.

Corporate governance and social responsibility lies at the very core of our business and remains a key focus for the Board. The Board believes that good governance plays a key part in the Company's ability to achieve its strategic aims and deliver successful long-term development of the Group. By working towards our purpose, acting in accordance with the QCA Code and our values, and by pursuing our strategy, we aim to grow both our business and our positive impact on the world.

AGM

We will notify shareholders about our AGM in due course, with our intention being that it will be held in person on 25 September 2024. For further details please refer to the AGM Notice that will be sent out to shareholders under separate cover.

The year ahead

Looking through to FY25, the Board will be focusing on reviewing the Company's objectives and strategy and ensuring the Group meets its commitments to stakeholders.

As I look ahead, I believe Accsys is a business with tremendous opportunity, able to navigate the near-term market challenges and capable of meeting its significant potential and I look forward to supporting our CEO, Jelena Arsic van Os and the wider team in my role as Chair.

Trudy Schoolenberg

Non-Executive Chair

25 June 2024

➤ For further detail on the Board membership during the year, see the Directors' Report | [Page 110](#)

Corporate Governance

Board Leadership

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

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

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

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

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

Governance framework

Division of responsibilities

Board Role	Responsibilities
Chair	<ul style="list-style-type: none"> Leads the Board and is responsible for the overall effectiveness of Board governance Sets the Board's agenda, with emphasis on strategy, performance and value creation Shapes the culture of the Board
Chief Executive Officer	<ul style="list-style-type: none"> Develops strategies, plans and objectives to propose to the Board Leads the organisation to ensure the delivery of the strategy Ensures effective communication with shareholders Day-to-day management of Group operations
Chief Financial Officer	<ul style="list-style-type: none"> Implements the Group financial strategy Supports the Chief Executive Officer in the delivery of the strategy Oversees financial reporting and internal controls
Non-Executive Directors	<ul style="list-style-type: none"> Demonstrate independence and impartiality (INEDs only) Bring experience and special expertise to the Board Constructively challenge the Executive Directors Monitor the delivery of the strategy within the risk and control framework set by the Board Monitor the integrity and effectiveness of the Group's financial reporting, internal controls and risk management system Promote and support the Group's values and commitment to high standards of corporate governance Serve on the Board's Committees (as appointed)
General Counsel & Group Company Secretary	<ul style="list-style-type: none"> Advises the Board on best practice and corporate governance matters Ensures Directors receive appropriate notice of meetings and accurate and timely information to enable them to effectively discharge their duties Executes all of the decisions, resolutions and changes agreed by the Board Provides advice to the Board of Directors as required Acts as liaison between the Board and Senior Leadership Team (as necessary)

Leadership structure

Board of Directors

The Board has ultimate responsibility for ensuring the long-term success of the Company by providing leadership and direction and ensuring there is a framework of effective controls to assess and manage risk. The Board sets the Group's strategy, purpose, values and culture to ensure the needs of our shareholders and other stakeholders are met.

The Board delegates responsibility for certain matters to its principal committees

Audit Committee

Remuneration Committee

Nomination Committee

Senior Leadership Team

The Board delegates responsibility for the delivery of the Group's strategy and the day-to-day operation of the business to the Senior Leadership team.

Directors' attendance record

The following table shows the attendance record of individual Directors at scheduled meetings of the Board and its Committees during the year to 31 March 2024. Directors attended a number of additional meetings throughout the year including Board Committee meetings, Non-Executive Director only meetings and other meetings as dictated by business need (see notes below table).

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	HSE Committee
	Attended	Attended	Attended	Attended	Attended
Dr Geertrui 'Trudy' Schoolenberg	8/8	3/3	5/5	4/4	2/2
Steven Salo (stepped down 15 May 2024)	8/8	n/a	n/a	n/a	n/a
Dr Jelena Arsic van Os (appointed 27 June 2023)	6/6	n/a	n/a	n/a	1/1
Stephen Odell (stepped down 20 September 2023)	4/4	1/1	n/a	2/2	1/1
Sean Christie (stepped down 20 September 2023)	3/4	1/1	2/2	1/1	n/a
Sue Farr (stepped down 20 September 2023)	4/4	1/1	2/2	1/1	n/a
Alexander Wessels (stepped down 20 September 2023)	4/4	1/1	2/2	1/1	1/1
Louis Eperjesi	8/8	3/3	5/5	4/4	n/a
Roland Waibel (appointed 1 August 2023)	5/5	2/2	3/3	3/3	n/a
Edwin Bouwman (appointed 12 December 2023)	2/2	1/1	2/2	n/a	n/a

Notes

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

In addition to the scheduled meetings indicated above, a further 13 Board meetings, 1 meeting of the Remuneration Committee, and 2 meetings of the Nomination Committee were held throughout the year.

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

The HSE Committee was discontinued during FY24.

- For biographical details of the Board and Senior Leadership Team | [See pages 72 to 74](#)
- For diversity of the Board | [See page 91](#)
- For Board activity | [See pages 66 to 67](#)

Corporate Governance continued

Audit, Risk and Internal financial control

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

- The Company's organisational structure has clear lines of responsibility.
- The Company prepares a comprehensive annual budget that is approved by the Board.
- Monthly results are reported against the budget and variances are closely monitored by the Board.
- The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.
- The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute assurance against material misstatement or loss.

➤ For the Audit Committee Report | [See pages 87 to 88](#)

The QCA Corporate Governance Code Statement of Compliance 2024

The QCA Corporate Governance Code ('The QCA Code') is constructed around ten broad principles. Set out below are the ten principles and a summary explanation of how the Company currently complies with each key principle of the 2018 QCA Code.

In November 2023 the QCA published a revised Corporate Governance Code. Whilst the Company is not yet required to report against these revisions, Accsys believes it is well-positioned to apply the revised key principles throughout its business activities and practices and report on this in 2025.

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


Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> • The Company's strategy is currently to: <ul style="list-style-type: none"> (i) develop market opportunities to drive revenue growth by increasing the Accoya and Tricoya volume sold and number of distributors by developing market opportunities into core business; (ii) grow its global manufacturing production position and production capacity in Europe and the USA and establish new platforms in key markets in support of, and to enable, demand growth; (iii) develop research and development of product and process-related technologies and IP programmes to protect and grow its leading market position; and (iv) develop its people and organisational capacity to enable Accsys to meet its growth objectives • The Board's annual schedule of agenda items ensures that the strategy and Business Model is reviewed at least once every year. The Board has been closely involved in the review, discussion and setting of the revised strategy. • The programme of Board effectiveness review considers whether the Board spends enough time on strategy and its business model. • Decisions made in Board meetings consider key stakeholder groups and long-term value (including for shareholders). If, and to the extent, issues come to light which challenge the Company's ability to meet its strategy and Board model, the Board proactively addresses these. <p>Our Statement of Compliance explains, in further detail, the Company's key strengths which in turn, promote long-term value for shareholders.</p>	<ul style="list-style-type: none"> • Business model and strategy (pages 30 and 32) • Company's Corporate Governance QCA Compliance Statement (pages 81 to 86) • Strategic Report (pages 14 to 69) • Board activity (pages 66 to 67) • Stakeholder engagement (pages 64 to 69)

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> • Communications with shareholders are given high priority to ensure that our strategy, business model and performance are clearly understood. There is regular dialogue with shareholders, including webcast presentations after the Company's preliminary announcement of the year-end results, regular Regulatory News Service announcements and trading updates. • The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chair of the Board and all Board Committee Chairs, together with all other Directors routinely attend the AGM and are available to answer questions from investors. • Investor roadshows are held in the UK and Netherlands offering significant shareholders an opportunity to discuss the business, management and strategy of the Company with the Executive Directors. Representatives of the Company meet regularly with shareholders. For example, during FY24, the Company met with shareholder representatives from multiple unique institutions, engaging in dialogue with over half of its shareholder register. This level of engagement enables the Board to better understand shareholders' expectations and motivations. • Regular dialogue is held with the Company's corporate brokers in order to keep informed of shareholders' views. 	<ul style="list-style-type: none"> • Corporate Governance QCA Compliance Statement (pages 81 to 86) • Stakeholder engagement (pages 64 to 69)

The QCA Corporate Governance Code Statement of Compliance 2024 continued

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

Compliant	How this was applied	Where to find further information in the Accounts
	<ul style="list-style-type: none"> • The Company's business model identifies that investment in key resources on which the business relies – Accsys' intellectual property, expertise, innovation, research and development, branding, employees and relationships with numerous third parties including business partners, equipment manufacturers, wood suppliers, distributors and customers – underpins all that Accsys does. Investment from the Company's other key stakeholders, its shareholders and finance providers make this possible. • The Board receives regular reports on the engagement, feedback and status of key stakeholders, including investor relations led updates in respect of shareholders and updates on all levels of the workforce from the Chief People Officer. This is complemented by frequent briefings on ESG and customer and supplier issues to members of the Board. These reports and updates enable the Board to consider stakeholders' views during relevant decision making processes. • The Board takes steps to verify feedback. For example, each year, the Board invites personnel to attend 'Meet the Board Lunches' at its offices, providing an informal forum to facilitate and encourage engagement and open dialogue between the Board and the Company's workforce. • Accsys places great importance on community and social responsibility and our Sustainability Report highlights our commitment to acting in a socially responsible way and includes details of the impact that our business and operations have on the wider community. The Company reports to global reporting frameworks GRI and SASB and in November 2023 joined the United Nations Global Compact - the world's largest voluntary corporate sustainability initiative and catalyst for transforming business through principle-driven environmental, social and governance practices. Further details on these can be found in our Sustainability Report on the Company's website. • Accsys is committed to continuing research and development concerning its products and processes. • During FY24, Accsys participated in a number of shareholder ESG surveys. Feedback from these surveys was positive, including scoring the highest rating possible in one survey. 	<ul style="list-style-type: none"> • Stakeholder engagement (pages 64 to 69) • Corporate Governance QCA Compliance Statement (pages 81 to 86) • See www.accsysplc.com/ for the Sustainability Report and Modern Slavery Statement

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

Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. The Board is responsible for establishing and maintaining the Company's system of internal risk management, including in relation to its priority surrounding health, safety and the environment, and places importance on maintaining a strong financial control environment. The key internal procedures, which the Directors have established with a view to providing effective internal controls, include clear lines of responsibility within the organisation structure, a comprehensive annual budget that is approved by the Board and the identification of major business risks to enable appropriate action. Furthermore, monthly results are reported against the budget and variances are closely monitored by the Directors. The Audit Committee is responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board. The Risk Committee comprises the Executive Directors and certain members of the Senior Leadership Team, meets regularly and updates a risk register which outlines the nature of principal risks facing the Company and any mitigating factors required to protect against such risks. The Risk Committee reports to the Audit Committee and provides updates to the Risk Register and thereafter, the Audit Committee reports the same to the Board. The process to mitigate risks within the business can be found on page 40. 	<ul style="list-style-type: none"> Risk and risk management (pages 40 to 45) Corporate Governance QCA Compliance Statement (pages 81 to 86) See www.accsysplc.com/ for the Sustainability Report/Modern Slavery Statement and Audit Committee Terms of Reference Audit Committee Report (pages 87 to 88) Strategic Report (pages 14 to 69)

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

Compliant	How this was applied	Where to find further information in this Report and Accounts or Company website
✓	<ul style="list-style-type: none"> The Board has gone through a period of change during the year reported, and each appointment to the Board underwent a rigorous and transparent nomination process through the Nomination Committee. The Nomination Committee's Terms of Reference require it to ensure that recommendations on Board appointments or composition must only be made having had due regard for the benefits of diversity on the Board, including gender, social and ethnic backgrounds, and cognitive and personal strengths and merits and taking care that appointees have enough time available to devote to the position. As at the date of this Annual Report, the Board is comprised of one Independent Non-Executive Chair, one Independent Non-Executive SID, two other Non-Executive Directors (one of whom is Non-Independent) and one Executive Director. The Board has constituted three standing Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee, with ad hoc committees constituted as required. In addition to regular scheduled Board meetings, there is frequent contact between all the Directors in connection with the Company's business including through the Audit, Nomination and Remuneration Committee meetings which are held as required, but as a minimum twice per annum, save for where the Terms of Reference of a Committee state that a higher frequency of meetings is required. Non-Executive Directors' terms of appointment provide that they will spend as much time as necessary and/or reasonably requested by the Board for the fulfilment of their duties. This is anticipated to be in the order of 20 (or more) days, although this is not definitive. All Executive Directors are engaged on a full-time basis. The Board has a Board effectiveness review programme. The Board receives updates and information on a structured basis through Board and Committee meeting packs, together with ad hoc information and dialogue provided as necessary by the Executive Directors and Company Secretary between meetings. 	<ul style="list-style-type: none"> Board of Directors (pages 72 to 73) Directors' attendance record (page 79) Audit Committee Report (pages 87 to 88) Nomination Committee Report (pages 89 to 92) Remuneration Report (pages 93 to 109) See www.accsysplc.com ('Investors' page) for the Company's Corporate Governance QCA Compliance Statement, Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee and Terms of Reference Remuneration Committee

The QCA Corporate Governance Code Statement of Compliance 2024 continued

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

Compliant	How this was applied	Where to find further information in this Report and Accounts or Company website
✓	<ul style="list-style-type: none"> The Board is satisfied that it has the appropriate balance of financial, public markets and sector skills and experience, as well as an appropriate balance of personal qualities and capabilities. Where appropriate, each Director keeps their skills up-to-date, for example by the completion of the Group's online training programme, attendance at seminars, briefings and through literature. Through the Nomination Committee, the Board ensures that it understands and challenges its own diversity, including gender balance, social and ethnic backgrounds, and cognitive and personal strengths as part of reviewing the Board's composition. In March 2024 the Board carried out a comprehensive review of each Director's experience, skills and capabilities set against the desired experience, skills and capabilities appropriate for the Company. After review, the Board was satisfied that between all the Directors, they collectively have the necessary experience, skills and capabilities appropriate to meet the Company's needs. Expert advisors support the Group's businesses and contribute relevant industry and commercial experience. These advisors are drawn from industry, finance, legal and other advisory groups. Further information on the engagement and role of external advisors can be found in our Statement of Compliance of the QCA Code. All Directors have access to the advice and services of the Company Secretary and in-house legal counsel. In addition, procedures are in place to enable the Directors to obtain other independent professional advice (legal or otherwise) in the furtherance of their duties, if necessary, at the Company's expense. 	<ul style="list-style-type: none"> Board of Directors (pages 72 to 73) Corporate Governance QCA Compliance Statement (pages 81 to 86)

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

Compliant	How this was applied	Where to find further information in this Report and Accounts or Company website
✓	<ul style="list-style-type: none"> The Board undertakes an annual review process whereby each Director completes a 'Board and Director Review and Evaluation questionnaire', ensuring that the Board regularly undertakes a formal and rigorous evaluation of its own performance and that of its Committees and individual Directors. During FY24, the Board continued to make progress against recommendations made in the 2023 Internal Board Evaluation. For further information on progress against the recommendations made in the 2023 Internal Board Evaluation, please see page 92 of the Nomination Committee Report. Due to material changes in the composition of the Board during FY24, the decision was taken to defer the external Board effectiveness review originally scheduled to take place and instead conduct an internal review for FY24. The results of the internal Board evaluation were shared and discussed with the Board as a whole at a meeting in March 2024. Further detail on areas for development can be found in the Nomination Committee Report on page 92. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (pages 81 to 86) Board performance (page 92) Nomination Committee Report (pages 89 to 92)

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


Compliant	How this was applied	Where to find further information in the Accounts
✓	<ul style="list-style-type: none"> Focus on corporate governance and social responsibility lies at the very core of our business through our purpose of 'Changing wood to change the world', and our business model – 'Giving the world a choice to build sustainably and creating value for all our stakeholders'. Accsys has a robust purpose and set of values which guide decision making and operations throughout the business. The strategy and business model of the Company in relation to ethical values is readily promoted and embraced throughout the Group and is evident from the Company's many accreditations. The Board receives updates from the Executives on corporate culture which enables it to monitor and provide input into how the Company's ethical values and behaviours are implemented through the organisation. 	<ul style="list-style-type: none"> Statement of Compliance of the QCA Code (pages 81 to 86) Sustainability Report (pages 46 to 63) Statement of Engagement with Employees (page 69) Stakeholder engagement (pages 64 to 69) Environmental, Social and Governance Statements (available at www.accsysplc.com 'Investors' page) Our Values (www.accsysplc.com/about-us)

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

Compliant	How this was applied	Where to find further information in this Report and Accounts or Company website
✓	<ul style="list-style-type: none"> The Board meets regularly and is responsible for strategy, performance and approval of major capital projects, determining the Group's risk appetite and setting the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. Board meetings are usually held in London with site visits scheduled to take place annually in at least Arnhem to ensure the Board has a deep understanding of the Group's operations. In addition to scheduled meetings there is frequent discussion between all the Directors in connection with the business of the Company including through meetings of the Audit, Nomination and Remuneration Committees which are held as required, but as a minimum, twice per annum unless the Terms of Reference of a Committee determine that meetings should be held more frequently. Day-to-day operating decisions are made by the Executive Directors with support from the Senior Leadership Team. The Board is responsible for the long-term success of the Company. There is a formal schedule of matters which are reserved for the Board, including matters relating to strategy and management, structure and capital, financial reporting and controls, internal controls, contracts, communications, Board memberships, remuneration, delegation of authority, corporate governance and Group policies. This schedule of 'matters reserved' is reviewed periodically, and is updated as required to reflect the Group's evolution and to update it in line with best corporate governance practice, as applicable for Accsys' business. During the year, the Company initiated a risk assessment of its compliance with corporate policies. The review was facilitated by an external firm and no material concerns were identified. A report of recommendations was provided and the Executive Team are taking a risk-based approach to the prioritisation of the recommendations made. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (pages 81 to 86) See www.accsysplc.com for Sustainability Report, Modern Slavery Statement, Terms of Reference Audit Committee, Terms of Reference Nomination Committee and Terms of Reference Remuneration Committee. Section 172(1) Statement (page 67)

The QCA Corporate Governance Code Statement of Compliance 2024 continued

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

Compliant	How this was applied	Where to find further information in this Report and Accounts or Company website
	<ul style="list-style-type: none"> The Company regularly communicates with shareholders and other stakeholders including through presentations after the Company's preliminary announcement of the year-end results and six-monthly results and bi-annual webcasts. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Company issues regular news to its stakeholders via RNS, all of which are displayed on the Company's website. Constitutional and governance information, including relating to shareholder meetings and the outcome of shareholder votes, can also be found on the Company's website (Corporate Governance). As noted above, the Board has constituted three standing Committees: the Audit Committee, Nomination Committee and Remuneration Committee, with ad hoc Committees constituted as required. Details of the work of each of the Committees during the year can be found in the Further Reading links opposite. 	<ul style="list-style-type: none"> Corporate Governance QCA Compliance Statement (pages 81 to 86) Nomination Committee Report (pages 89 to 92) Audit Committee Report (pages 87 to 88) Remuneration Report (pages 93 to 109) www.accsys.plc.com/news

Audit Committee Report



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

Roland Waibel
Chair of the Audit Committee

Membership

Roland Waibel (Chair of the Audit Committee)
Trudy Schoolenberg
Louis Eperjesi
Edwin Bouwman

Responsibilities

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

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

Dear Shareholder

As Chair of the Audit Committee (the Committee), I am pleased to present this report for the financial year ended 31 March 2024. I pass on my gratitude to Sean Christie, who was Chair of the Committee for a part of the period under review. This report provides a summary of the Committee and its focus and activities during the course of FY24.

Role of the Committee

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

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

The Audit Committee meets at least three times a year.

➤ For attendance at Audit Committee meetings see Directors' attendance record | [Page 79](#)



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

Audit Committee Report continued

The Audit Committee considers the independence and objectivity of the external auditor on an annual basis with particular regard to non-audit services. The Audit Committee is entitled to obtain, at Accsys' expense, independent legal, accounting or other professional advice on any matter it believes is necessary to do so.

Key matters addressed by the Committee during the year

Financial reporting

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

External audit matters

- Having conducted a review of alternative options, recommended reappointment of PwC as external auditor for the financial year ending 2024
- Reviewed the independence, objectivity and effectiveness of the external auditor
- Reviewed the external audit plan taking account of the scope, materiality and audit risks and agreeing the audit fees
- Monitored the value of non-audit services provided by the external auditor, ensuring the services do not affect the auditors' objectivity and independence

Risk management

- Undertook a detailed review of the Group's risk register and the related mitigations, ensuring that risks are appropriately identified, evaluated and mitigated, as appropriate. See Risk section from page 40
- Effectuated a detailed review of the Group's IT security arrangements (strategy and posture)
- Ensured appropriate scrutiny of the Company's IT and cybersecurity arrangements, recognising that Roland Waibel (Board member and Committee Chair) has past experience in the implementation of IT, information security and cybersecurity

Other areas of focus

- Recommendation of engagement of external provider, Grant Thornton, to support the Company's internal audit activities
- Reviewed the effectiveness of the Company's ERP system

Roland Waibel
Chair of the Audit Committee
25 June 2024

Corporate governance

- Reviewed changes in the field of corporate governance

Nomination Committee Report



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

Trudy Schoolenberg
Chair of the Nomination Committee

Membership

Trudy Schoolenberg (Chair of the Nomination Committee)
Louis Eperjesi
Roland Waibel

Responsibilities

- Ensures there is a formal, rigorous and transparent procedure for appointments to the Board;
- Leads the process for appointments and makes recommendations to the Board;
- Assists the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders;
- Ensures plans are in place for orderly succession to positions on the Board, the Company Secretary and the Senior Leadership Team;
- Oversees the development of a diverse pipeline for succession; and
- Works and liaises with other Board committees, as appropriate, including the Remuneration Committee in respect of any remuneration package to be offered to new appointees of the Board.

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

Dear Shareholder

As Chair of the Nomination Committee (the Committee), I am pleased to present its report for the year ended 31 March 2024. This report provides a summary of the Committee's activities during the course of year. Stephen Odell was Chair of the Committee for part of the period under review and I extend my thanks to him for his leadership during that time.

FY24 was a period of transition and evolution for the Board and as such, a busy year for the Committee. Following the announcement of the departure of Stephen Odell in September 2023, the Committee approved a recommendation that I be appointed Interim Chair of the Board with effect from the conclusion of the September AGM. After due process and shareholder consultation, I was later appointed permanent Non-Executive Chair, and Chair of the Nomination Committee with effect from 12 December 2023.

During the year, we welcomed Steven Salo to the Board as Chief Financial Officer on 1 April 2024 and Dr Jelena Arsic van Os as Chief Executive Officer on 1 July 2023. We also welcomed on 1 August 2023 Roland Waibel as an Independent Non-Executive Director, and Edwin Bouwman, who joined the Board on 12 December 2023 following the Company entering into a Relationship Agreement with its two largest shareholders, Hoogh Blarick BV and Teslin Participaties Coöperatief. Also during the year, Sue Farr, Sean Christie and

➤ For attendance at Nomination Committee meetings see Directors' attendance record | [Page 79](#)



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

Nomination Committee Report continued

Alexander Wessels stepped down from the Board at the conclusion of the AGM in September 2023 and at that point also ceased to be members of the Committee.

In light of the challenges facing the Company during FY24, it was decided to reduce the size of the Board with the aim of improving efficiency.

Since the year end, as announced on 16 May 2024, Steven Salo stepped down as Chief Financial Officer and Hans Pauli (Accsys' Director of Corporate Development) will act as interim Chief Financial Officer whilst a search is underway for the Chief Financial Officer role.

In addition to the above, the main focus of the Committee this year has been on embedding our new Executives and finalising the appointment and induction process of our new Non-Executive Directors. As a Committee, we must ensure that the Company attracts the best talent to lead and drive our business forward and having attracted the best, we must ensure the Company does all it can to develop and retain them.

The rest of this report provides a summary of the focus and activities of the Committee during the course of the year.

Board and Chair Independence

During the first part of the period reported, the Board was chaired by Stephen Odell who, for a short period, assumed the role of Executive Chair of the Board on an interim basis from 1 April 2023, until the appointment of Dr Jelena Arsic van Os as Chief Executive Officer on 1 July 2023. Following Jelena's appointment, Stephen returned to his prior role as Non-Executive Chair until he stepped down on 20 September 2023. Thereafter, the Board, and the Committee have been chaired by Trudy Schoolenberg as Independent Non-Executive Director.

As at the date of this report, the Board comprises one Executive Director, together with three Independent Non-Executive Directors (including the Chair) and one Non-Independent Non-Executive Director who collectively provide constructive challenge, strategic guidance and advice on key areas.

Appointments to the Board are controlled by the Nomination Committee. The Committee's Terms of Reference state that a majority of Committee members should be Independent Non-Executive Directors. During FY24 and as at the date of this report, all serving members of the Committee are Independent Non-Executive Directors.

Role of the Committee

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

Key matters discussed during the year

FY24 has been a significant year for Accsys in terms of Board changes and the Committee lead the process for the following significant appointments:

Appointment of Chief Executive Officer

Dr Jelena Arsic van Os joined the Board of Accsys on 27 June 2023 and become Chief Executive Officer on 1 July 2023.

Appointment of Chair

Following the departure of Stephen Odell at the conclusion of the 2023 AGM, Trudy Schoolenberg was appointed Interim Chair of the Board. Following due process and consultation with shareholders, Trudy was later appointed on a permanent basis as Non-Executive Chair, and Chair of the Nomination Committee with effect from 12 December 2023.

Appointment of Non-Executive Directors

Roland Waibel was appointed as Independent Non-Executive Director on 1 August 2023. Edwin Bouwman was appointed as a Non-Independent Non-Executive Director on 12 December 2023 pursuant to a Relationship Agreement entered into on 21 November 2023 between the Company and its two largest shareholders, Hoogh Blarick BV and Teslin Participaties Coöperatief UA (the 'TDE Relationship Agreement'). You can read more about Roland and Edwin under Board of Directors on page 73.

Appointment of Senior Independent Director

Following the end of FY24, Louis Eperjesi was appointed Senior Independent Director on 19 April 2024.

Board appointments

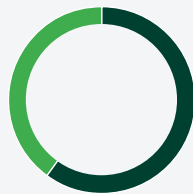
The Committee Terms of Reference require the Nomination Committee to give full consideration to succession planning for both the Directors and the Senior Leadership Team. In doing so, the Committee must consider the challenges and opportunities facing the Company as well as the skills, diversity (including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

Board gender



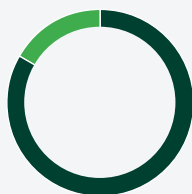
● Male 3
● Female 2

Board Independence



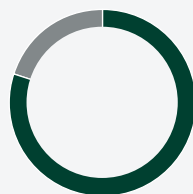
● Independent 3
● Non-Independent 2

Senior manager gender



● Male 5
● Female 1

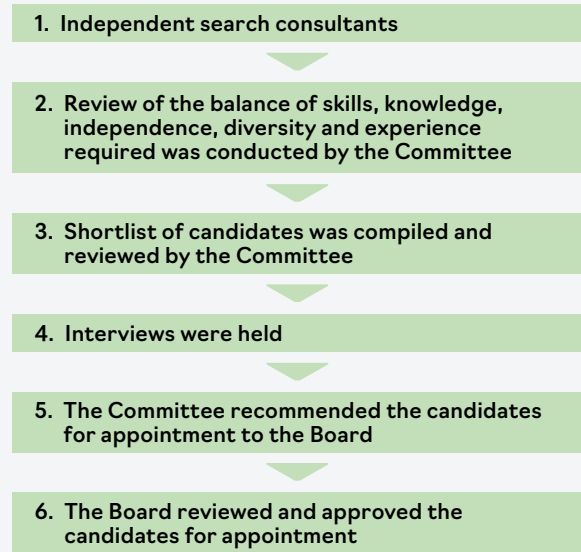
Length of Tenure of Directors¹



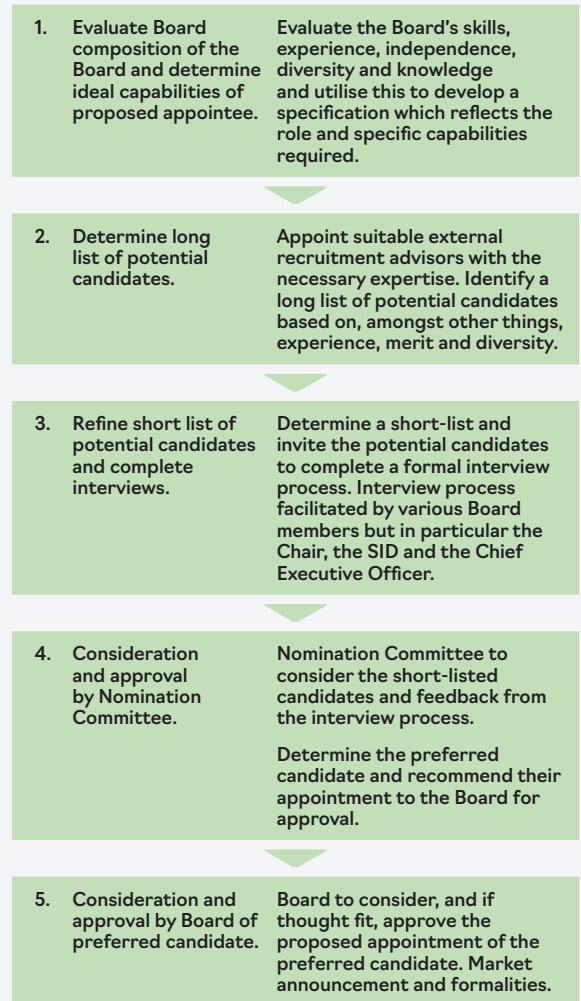
● 0-3 years 4
● 4-6 years 0
● 6-9 years 1

¹ Tenure is calculated on number of complete years to 30 June 2024.

Executive Director appointment process



Non-Executive Director appointment process



Nomination Committee Report continued

2024 Board and Committee evaluation

In accordance with best practice and the requirements of the QCA Code, the Board undertakes annual effectiveness reviews of the Board and its Committees. Ordinarily an externally facilitated review would take place every three years, with internal reviews conducted in the interim years. It was intended that an external effectiveness review take place during FY24, however, due to extensive changes in the composition of the Board during the period, a decision was taken to undertake an internal evaluation, rather than the previously contemplated external review on this occasion.

The internal evaluation was facilitated by the Company Secretary working alongside the Chair, and took the form of a detailed anonymous questionnaire which explored the functionality, composition and strengths of the Board as a whole as well as the relationship between Board members and engagement with key stakeholders. Board members were asked to complete the questionnaire during Q4 FY24 and the consolidated results from the questionnaires were then shared with the Board as a whole in March 2024. It was determined that a detailed evaluation of the Chair would not be included on this occasion, given the relatively recent appointment of the Chair.

Internal Board effectiveness review

1. Board agreed basis and scope of review

2. Tailored questionnaires distributed to Board members

3. Board members considered and completed questionnaires

4. Responses were compiled and presented to Board by the Company Secretary

5. Board discussion on results

6. Agreed action plan of continuous improvement

7. Update to be provided in the Annual Report for the year ending 2024

Key findings from the FY24 Board evaluation process and the proposed initiatives to address recommendations are summarised below.

FY24 progress

During FY24, the Board made progress against recommendations made in the 2023 Board Evaluation including:

- reviewing key Board documentation; and
- enhancing ways of working with new Executive Directors.

FY25 enhancements

During FY25, the Board will review the 2024 Board Evaluation results in more detail, with expected actions to include:

- ensure the Board continues to have sufficient involvement with setting and monitoring the Company's objectives and strategy;
- ensure external evaluation conducted for FY25; and
- measures to continuously improve Board meetings and other Board business.

Trudy Schoolenberg

Chair of the Nomination Committee

25 June 2024

Remuneration Report



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

Louis Eperjesi

Chair of the Remuneration Committee

Membership

Louis Eperjesi

(Chair of the Remuneration Committee)

Trudy Schoolenberg

Edwin Bouwman (with effect from 12 December 2023)

Roland Waibel (with effect from 1 August 2023)


Stephen Odell, Sue Farr, Sean Christie and Alexander Wessels were members of the Remuneration Committee during the period, until they stepped down from the Board following the AGM on 20 September 2023.

On behalf of the Board, I am pleased to present our Remuneration Report for the year ended 31 March 2024.

This report describes the work of the Remuneration Committee and how it has applied our current Remuneration Policy (the Policy) that was approved by shareholders at the 2021 AGM and with a vote in favour in excess of 99%.

In line with the three-year renewal cycle set out in the UK remuneration reporting regulations, we will be seeking approval for a new Policy at the 2024 AGM. Following a review, the Remuneration Committee has concluded that current Policy remains largely fit-for-purpose. The new Policy is set out on pages 104 to 109 and will be subject to a binding vote at the 2024 AGM.

The remainder of the report sets out how we propose to implement the new Policy for the year ahead and describes how the current Policy has been applied for the period ended 31 March 2024. This part of the report will be subject to an advisory vote at our 2024 AGM.

 For attendance at Remuneration Committee meetings see Directors' attendance record | [Page 79](#)



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

Remuneration Report continued

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

As set out in detail in the Chair's Statement, FY24 has been a challenging year for Accsys. However, we remain confident in the large market opportunity for our products. Our investments made during the year in sales and marketing began to show results in the fourth quarter and we have reduced net debt following the successful capital raise in November and tight working capital management. Against a challenging market backdrop we have been disciplined on pricing and maintained a high ASP. The business has undergone an extensive transformation with existing structures and processes simplified and new operational KPIs implemented to drive performance.

The completion of Accoya USA is a major milestone for Accsys. We are excited to see commissioning well underway with production expected to commence in the summer. When on stream this new facility provides a production unit close to customers in the largest potential market for Accoya. This represents a significant growth opportunity for the business.

Our growth ambitions and progress against our strategic priorities for growth are set out in our Strategic Report from page 14.

Board changes

We announced on 4 April 2023 the appointment of Dr Jelena Arsic van Os as our Chief Executive Officer Designate. Dr Jelena Arsic van Os was appointed to the Board with effect from 27 June 2023. Steven Salo joined the business as Chief Financial Officer with effect from 1 April 2023. The remuneration packages on the appointment for each of Jelena and Steven were described in the 2023 Remuneration Report.

As set out in the 2023 Remuneration Report, we also agreed to make the following buy-out awards to Jelena in respect of remuneration at her former employer that she forfeited as a result of joining Accsys:

- an award over 131,557 shares in respect of forfeited performance shares which had vested, with a value equal to the value of the forfeited shares. This award will vest on 27 June 2024, being the first anniversary of the date on which Jelena commenced employment with Accsys; and

- a payment of £78,700 in respect of forfeited bonus otherwise payable in respect of the former employer's financial year ended 31 December 2022. This bonus was paid by her former employer and will therefore not be paid by Accsys.

The performance shares buy-out award is included in the total remuneration earned by the CEO for the year ended 31 March 2024 in the table on page 99.

As announced on 16 May 2024, Steven Salo stepped down from his role as Chief Financial Officer with effect from 15 May 2024, at which point his service agreement also came to an end. Details of his remuneration earned in respect of FY24 are included in the table on page 99. As he was a Director for the full financial year ended 31 March 2024, Steven continued to be eligible to earn a bonus in respect of FY24, subject to the achievement of the applicable performance measures. Further details are described below and on page 101.

The Committee exercised discretion to treat Steven Salo as a 'Good Leaver' for the in-flight LTIP award granted on 27 July 2023. This LTIP award will vest on its normal vesting date subject to the achievement of the applicable performance conditions and a reduction to reflect the cessation of employment being before the end of the vesting period. To the extent it vests, the award will remain subject to the two-year post-vesting holding period. Further information is included on page 101 along with information on certain other payments made to or to be made to Steven following him leaving the business.

There have also been a number of Non-Executive Director changes in the year. Trudy Schoolenberg assumed the role of Interim Chair at the conclusion of the AGM on 20 September 2023 and was appointed as permanent Non-Executive Chair with effect from 12 December 2023. Edwin Bouwman was appointed to the Board with effect from 12 December 2023 and Roland Waibel was appointed to the Board with effect from 1 August 2023.

Executive remuneration outcomes FY2024

For the year ended 31 March 2024, the maximum annual bonus opportunity for Dr Jelena Arsic van Os and Steven Salo was 125% of salary.

Details of the performance conditions are set out on page 100. Reflecting the financial performance of the Group in the year and delivery against non-financial objectives, Dr Jelena Arsic van Os earned a bonus of 21.2% of the maximum, equivalent to 26.4% of salary (pro-rated to reflect her period of service in the year). Steven Salo earned a bonus of 21.2% of the maximum, equivalent to 26.4% of salary for the year.

The Committee believes this outcome is an appropriate reflection of performance against objectives in the year and no discretion was exercised in respect of the bonus outcome. However, recognising that FY24 has not been without its specific challenges for Accsys, the Committee exercised its discretion and decided that all of the FY24 bonus earned should be paid in shares. None of the bonus earned for FY24 will therefore be paid in cash. The Executive Directors will instead be paid the bonus earned in shares, of which 80% will vest on grant and 20% will vest at the end of a two year deferral period.

Neither Dr Jelena Arsic van Os nor Steven Salo received an LTIP award which vests in respect of performance to FY24.

LTIP awards – grant 2023

2023 LTIP awards were granted to Dr Jelena Arsic van Os, Steven Salo, and other participants on 27 July 2023. The LTIP awards are nil priced options over Ordinary shares of €0.05 each in the Company. Awards for FY24 were granted at the level of 125% of salary to Dr Jelena Arsic van Os following her appointment as CEO in June 2023, rather than by reference to the fixed numbers of shares determined for the former CEO. Steven Salo was granted an LTIP award over 100% of salary, rather than by reference to the fixed numbers of shares, following his appointment as CFO on 1 April 2023. Further details of the performance conditions are set out on page 100. As noted above, when he left the business, Steven Salo retained his LTIP award, which will vest subject to the satisfaction of performance conditions and a pro-rated reduction to reflect his departure from the business before the end of the vesting period.

Overview of proposed Policy changes

As noted above, following a review of the current Policy, the Remuneration Committee has concluded that Policy remains largely fit-for-purpose.

- The overall structure of the remuneration package will remain the same, with incentives delivered in the form of an annual bonus (part of which is delivered in deferred shares) and a performance based LTIP with vesting based on performance conditions assessed over three years followed by a two-year holding period.
 - No significant changes are proposed to the quantum of the remuneration packages. The key change is in relation to the articulation of the LTIP opportunity. The Policy approved in 2021 provides for an annual LTIP grant of 125% of salary for the CEO and 100% of salary for the CFO in respect of FY22, with the intention that the number of shares under each grant would be fixed for each of FY23 and FY24 although with discretion to grant awards up to the level of 300% of salary.
- Under the new Policy, the ordinary annual LTIP opportunity will remain at 125% of salary for the CEO and 100% of salary for the CFO, with discretion to grant awards of up to 300% of salary in line with the current Policy. The reference to the number of shares under each grant being fixed has been removed.
- Other minor changes have been made to take account of the practical operation of the new Policy and changes in practice since the 2021 Policy was approved.

Remuneration Report continued

Remuneration – at a glance and implementation of the Remuneration Policy for the year ending 31 March 2025

We operate a simple and transparent overall structure. The key components and features of our framework are summarised in the table below together with a summary of how we propose to implement the new Policy for the financial year ending 31 March 2025.

Salary	<ul style="list-style-type: none"> Salaries are normally reviewed annually by the Committee. Our approach is to set base salaries to reflect the individual's skills and experience, with increases for Executive Directors normally in line with those awards to the wider workforce, although we have flexibility to award higher increases in appropriate circumstances. For FY25 the average salary increase for the wider workforce is 3%, effective 1 July 2024. However, no base salary increase will be awarded for Dr Jelena Arsic van Os for FY25. 																					
Benefits and pension	<ul style="list-style-type: none"> Benefits consist of private medical insurance and life insurance. The CEO also receives a £3,500 per month (net of tax) housing allowance up to July 2025. The additional benefit allowances provided to Dr Jelena Arsic van Os were needed to secure her appointment taking into account that she was recruited from the EU where the provision of additional benefit allowances is a standard part of the package. In line with best practice, the additional benefit allowance does not count towards pension or the annual bonus or LTIP. We believe these allowances are proportionate to the circumstances and aligned with the approach taken by other UK listed companies recruiting Executives from outside the UK. Furthermore, this is also consistent with our approach for other employees hired from outside the UK where additional benefits allowances are provided on a case-by-case basis. Pension allowance of 8% of salary, aligned with other employees in the business in the UK. 																					
Annual bonus	<ul style="list-style-type: none"> Maximum annual bonus opportunity of 125% of base salary. Target opportunity of 62.5% of salary. Based on a mix of financial, strategic and operational objectives, with stretching targets. 20% deferral into fixed number of shares for two years, strengthening alignment of executive and shareholder interests. No leaver provisions. Malus and clawback provisions apply. <p>For the year ending 31 March 2025, payouts will be determined based on the delivery of stretching financial, operational, and personal objectives with the weightings for the various components as set out in the following table. Steven Salo was not eligible to earn an annual bonus for the part of the 2025 financial year for which he remained with the business.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Measure</th> <th style="text-align: center;">Group scorecard weighting</th> <th style="text-align: center;">Weighting as % of maximum</th> </tr> </thead> <tbody> <tr> <td>Total sales volumes</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">27%</td> </tr> <tr> <td>Adjusted Group EBITDA</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">27%</td> </tr> <tr> <td>Cash flow generation</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">27%</td> </tr> <tr> <td>ESG</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">9%</td> </tr> <tr> <td>Sub-total – Group objectives:</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">90%</td> </tr> <tr> <td>Personal objectives</td> <td></td> <td style="text-align: center;">10%</td> </tr> </tbody> </table> <p>The Committee believes that the underlying targets are commercially sensitive and cannot be disclosed at this stage.</p>	Measure	Group scorecard weighting	Weighting as % of maximum	Total sales volumes	30%	27%	Adjusted Group EBITDA	30%	27%	Cash flow generation	30%	27%	ESG	10%	9%	Sub-total – Group objectives:	100%	90%	Personal objectives		10%
Measure	Group scorecard weighting	Weighting as % of maximum																				
Total sales volumes	30%	27%																				
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Cash flow generation	30%	27%																				
ESG	10%	9%																				
Sub-total – Group objectives:	100%	90%																				
Personal objectives		10%																				

Long-term incentive plan

- As described above, for FY25 Dr Jelena Arsic van Os will be granted an award of options at the level of 125% of salary.
- The number of shares that vest will be subject to performance measured over a period of three years. Details of the targets and weightings are set out below.
- Vested awards will be subject to an additional two-year holding period, aligned with best practice for UK-listed and Dutch companies and in excess of typical practice for AIM-listed companies.
- Malus and clawback provisions apply.

The performance conditions for the LTIP awards to be granted in FY25 are set out below.

	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
Relative Total Shareholder Return (TSR) ¹	30%	Median	Upper quartile
Adjusted EBITDA per share in FY27	40%	€0.07	€0.13
Cumulative cash generation ²	30%	€0 cash inflow	€10m cash inflow

1. TSR measured based on Relative TSR performance compared to companies in the AIM Index excluding financial services and natural resources companies with opening TSR based on average TSR for 1 month to 31 March 2024 and end TSR based on one month average to 31 March 2027.

- Vesting is on a straight-line basis between: threshold and maximum.
- 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.

2. Cumulative cash generation is calculated on net cash flow excluding loan and interest payments.

The Committee also has the ability to exercise discretion to make adjustments to the formulaic vesting outcome if it considers it appropriate to do so, including if the formulaic outcome: does not reflect performance during the vesting period; is not appropriate in the context of circumstances that were unexpected or unforeseen at the grant date; materially deviates from the intention of the Directors' Remuneration Policy.

Shareholding guidelines

Executive Directors are expected to build up and retain a shareholding of at least 250% of salary for the CEO and 225% of salary for the CFO.

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

Remuneration Report continued

Non-Executive Directors

The fees for the Non-Executive Directors (NED) for FY24 and proposed fees for FY25 are set out in the table below. No increase is proposed to the base fee. It is proposed that the fee for the SID, Audit Committee Chair and Remuneration Committee Chair would be increased to £8,400, £8,000 and £8,000 respectively with effect from 1 July 2024.

Metric	Year ending March 2025	Year ended March 2024
Chair fee	£97,000	See note below ¹
Base NED fee	£45,000	£45,000
Additional fees:		
Non-UK Resident Non-Executive Director Fee	£4,000	£4,000
Senior Independent Director	£8,400	£5,400
Committee chair per Committee	£8,000	£5,400

1. As disclosed in the Directors' Remuneration Report for the year ended 31 March 2023, the former Chair Stephen Odell received a salary of £26,400 per month in the period from 1 April 2023 to 30 June 2023 to reflect his role as Executive Chair, with his fee returning to £97,000 per annum with effect from 1 July 2023 when his role reverted to that of Non-Executive Chair. Trudy Schoolenberg's Chair fee with effect from 20 September 2023 was set at £97,000 (in line with the former Chair).

With effect from 17 September 2021, Non-UK resident Non-Executive Directors' fees are supplemented by an additional fee of £4,000 p.a. to take account of the additional time commitment required by non-UK resident Accsys Non-Executive Directors (including but not limited to travelling to Board meetings). Trudy Schoolenberg receives this fee in addition to her Chair fee (on the same basis as other non-UK resident Accsys Non-Executive Directors).

2024 AGM

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

Yours sincerely

Louis Eperjesi

Chair of the Remuneration Committee

Remuneration received by Directors in the year ended 31 March 2024 (audited)

Directors' remuneration for FY24 for those who served as Directors in that financial year (and the remuneration of any such Director for FY23) is shown in the following tables. Therefore, in line with the UK reporting regulations, those Directors who served during FY23 but not during FY24 (Robert Harris, William Rudge and Nick Meyer) are not included in the table for FY23 included below.

	Currency	Salary / Fees	Benefits in Kind ¹	Pension	Buy-out award ²	Total Fixed Remuneration	Annual Bonus	LTIPs Vested / Expected to Vest ³	Total Variable Remuneration	FY24 Total Remuneration	FY24 Total Remuneration EUR
Executive Directors											
Dr Jelena Arsic van Os ⁴	£	292	40	23	137	492	77	-	77	569	664
Steven Salo ⁵	£	265	11	21	-	297	70	-	70	367	426
Non-Executive Directors											
Sean Christie ⁶	£	24	-	-	-	24	-	-	-	24	28
Sue Farr ⁶	£	21	-	-	-	21	-	-	-	21	25
Trudy Schoolenberg ⁷	£	80	-	-	-	80	-	-	-	80	92
Stephen Odell ⁶	£	101	-	-	-	101	-	-	-	101	115
Alexander Wessels ⁶	£	26	-	-	-	26	-	-	-	26	30
Louis Eperjesi ⁸	£	48	-	-	-	48	-	-	-	48	55
Edwin Bouwman ⁹	£	15	-	-	-	15	-	-	-	15	17
Roland Waibel ¹⁰	£	36	-	-	-	36	-	-	-	36	41

	Currency	Salary / Fees	Benefits in Kind ¹	Pension	Total Fixed Remuneration	Annual Bonus ²	LTIPs Vested / Expected to Vest ³	Total Variable Remuneration	FY23 Total Remuneration	FY23 Total Remuneration EUR
Executive Directors										
Dr Jelena Arsic van Os ⁴	£	-	-	-	-	-	-	-	-	-
Steven Salo ⁵	£	-	-	-	-	-	-	-	-	-
Non-Executive Directors										
Sean Christie ⁶	£	50	-	-	50	-	-	-	50	57
Sue Farr ⁶	£	44	-	-	44	-	-	-	44	51
Trudy Schoolenberg ⁷	£	54	-	-	54	-	-	-	54	62
Stephen Odell ⁶	£	95	-	-	95	-	-	-	95	110
Alexander Wessels ⁶	£	54	-	-	54	-	-	-	54	62
Louis Eperjesi ⁸	£	36	-	-	36	-	-	-	36	41
Edwin Bouwman ⁹	£	-	-	-	-	-	-	-	-	-
Roland Waibel ¹⁰	£	-	-	-	-	-	-	-	-	-

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

1. Taxable benefits for the Executive Directors in the year included car allowance, private medical insurance, life insurance. The CEO also receives a £3,500 per month housing allowance (net of tax) up to July 2025. The gross (before tax) values are shown in the table above in line with the UK reporting regulations.
2. The Buy-Out Award reflects an award granted to Dr Jelena Arsic van Os in respect of remuneration at her former employer that she forfeited as a result of joining Accsys as described in the Directors' Remuneration Report for the 2023 financial year and being an award over 131,557 shares in respect of forfeited performance shares which had vested, with a value of €160,236 calculated by reference to the closing share price of €1.22 on 26 July 2023.
3. As noted below, neither Dr Jelena Arsic van Os nor Steven Salo received an LTIP award which vests in respect of performance to FY24.
4. Dr Jelena Arsic van Os was appointed to the Board with effect from 27 June 2023.
5. Steven Salo was appointed to the Board with effect from 1 April 2023.
6. Sue Farr, Sean Christie, Alexander Wessels and Stephen Odell stepped down from the Board following the AGM on 20 September 2023.
7. Trudy Schoolenberg assumed the role of Interim Chair at the conclusion of the AGM on 20 September 2023 and was appointed as permanent Non-Executive Chair with effect from 12 December 2023.
8. Louis Eperjesi was appointed to the Board with effect from 14 June 2022.
9. Edwin Bouwman was appointed to the Board with effect from 12 December 2023.
10. Roland Waibel was appointed to the Board with effect from 1 August 2023.

Remuneration Report continued

Annual bonus for the year ended 31 March 2024 (audited)

For the year ended 31 March 2024, the maximum annual bonus opportunity for Dr Jelena Arsic van Os and Steven Salo was 125% of salary, pro-rated in the case of Dr Jelena Arsic van Os to reflect her period of service in the year. The payout was determined based on performance, taking into account the delivery of stretching financial and operational objectives with the weightings for the various components as set out in the table below.

	Group scorecard weightings	Out-turn for Group scorecard	Weighting as % of maximum	Out-turn for CFO	Out-turn for CEO
Group objectives:					
Group EBITDA	52.9%	0%	45%	0%	0%
Cash generation	17.6%	0%	15%	0%	0%
Working capital management	11.8%	9%	10%	7.65%	7.65%
ESG Agenda development	5.9%	4%	5%	3.40%	3.40%
Strategic progress Kingsport	11.8%	6%	10%	5.10%	5.10%
Sub-total – Group objectives:	100%	19%	85%	16.2%	16.2%
Personal objectives ¹ :					
			15%	5%	5%
Final bonus outcome (% of maximum)				21.2%	21.2%
Final bonus outcome (% of salary)				26.4%	26.4%
Bonus £value – paid 100% in shares				£70,059	£77,330

1. Pay-out under the personal objectives was subject to an underpin relating to the Hull project and has been capped at 5% of maximum.

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

Overall, the bonus outcome was 21.2% of the maximum (125%) equivalent to 26.4% of salary. The Committee believes this outcome is an appropriate reflection of performance against objectives in the year and no discretion was exercised in respect of the bonus outcome. However, recognising that FY24 has not been without its specific challenges for Accsys, the Committee exercised its discretion and decided that all of the FY24 bonus earned should be paid in shares. None of the bonus earned for FY24 will therefore be paid in cash. The Executive Directors will instead be paid the bonus earned in shares, of which 20% will be delivered in deferred shares that would be expected to vest in July 2026.

LTIP vesting in respect of performance to the year ended 31 March 2024 (audited)

Neither Dr Jelena Arsic van Os nor Steven Salo received an LTIP award which vests in respect of performance to FY24.

Scheme interests awarded during the year (audited)

In line with the Policy, 2023 awards were made to the Executive Directors on 27 July 2023, as set out below.

	Type of Award	Basis of award granted	Number of shares under award	Face value of award £000s ¹	% of maximum vesting for threshold performance	Performance period
Dr Jelena Arsic van Os	Nil cost options	125%	499,488	487.5	25%	Three years to 31 March 2026
Steven Salo		100%	271,516	265	25%	Three years to 31 March 2026

1. Face value based on Share price of £0.976 being the average closing price of a share on AIM on the four days preceding the date of grant.

The performance targets for these awards are as follows:

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

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

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

The only payments for loss of office or payments to past Directors made during FY24 were to Robert Harris as described in the FY23 Directors' Remuneration Report. There are no other payments for loss of office or payments to former Directors to be disclosed.

Information in relation to the remuneration arrangements associated with Steven Salo stepping down from the Board and leaving the business on 15 May 2024 are set out below.

Steven Salo's remuneration earned for FY24 is included in the table on page 99. Following the end of FY24,

- Mr Salo received his salary and benefits up to his last day of employment in the usual way.
- Mr Salo will receive a payment in lieu of his six month notice period, payable in three equal instalments in May, June, and July 2024.
- He retained the LTIP award granted on 27 July 2023, which will remain subject to the rules of the LTIP and will vest on its normal vesting date subject to the achievement of the applicable performance conditions and a reduction to reflect the cessation of employment being before the end of the vesting period. To the extent it vests, the award will remain subject to the two-year post-vesting holding period.
- Mr Salo received a payment of approximately £4,600 in respect of outstanding holiday entitlement. The Company has made a payment of £1,250, plus VAT where relevant, in respect of legal expenses and associated costs.
- Mr Salo will not receive any other remuneration payment or payment for loss of office.

Statement of Directors' shareholdings and share interests (audited)

	Shares beneficially held ¹ as at 31 March 2024 (or if earlier the date on which they ceased employment)	Vested but unexercised LTIPs	Unvested LTIP awards ²	Unvested Deferred bonus awards
Dr Jelena Arsic van Os	29,761	–	631,045	–
Steven Salo	16,393	–	271,516	–
Sean Christie	83,369	–	–	–
Sue Farr	35,000	–	–	–
Trudy Schoolenberg	88,888	–	–	–
Stephen Odell	40,650	–	–	–
Alexander Wessels	–	–	–	–
Louis Eperjesi	–	–	–	–
Edwin Bouwman	–	–	–	–
Roland Waibel	–	–	–	–

1. Includes shares held by connected persons.

2. The unvested LTIP awards consist of the 2023 LTIP awards and, in the case of Dr Jelena Arsic van Os, the shares subject to the Buy-Out Award granted in respect of forfeited performance shares which had vested as described earlier in this report and in the Directors' Remuneration Report for the 2023 financial year. The performance conditions for the 2023 LTIP awards are summarised earlier in this report. As set out above, Mr Salo retained the LTIP awards granted on 27 July 2023, which will vest subject to the satisfaction of the performance conditions and a time based reduction to reflect the cessation of employment before the end of the vesting period. The time pro-rated unvested LTIP awards held by Mr Salo following him leaving the business on 15 May 2024 is 93,091. To the extent the awards vest, they will remain subject to the two year post-vesting holding period.

There have been no other changes in the beneficial holdings of the Directors between the year end and the date of this report.

Remuneration Report continued

Relative importance of spend on pay

During the year ended 31 March 2024, the total pay for all Group employees decreased by 0.4% to €18,508,000 (2023: €18,584,000). There were no dividends or share buybacks in either year.

	FY24	FY23	Difference as a percentage vs FY23
Remuneration for all employees	€18,508,000	€18,584,000	(0.4)%

Annual percentage change in remuneration of Directors and employees

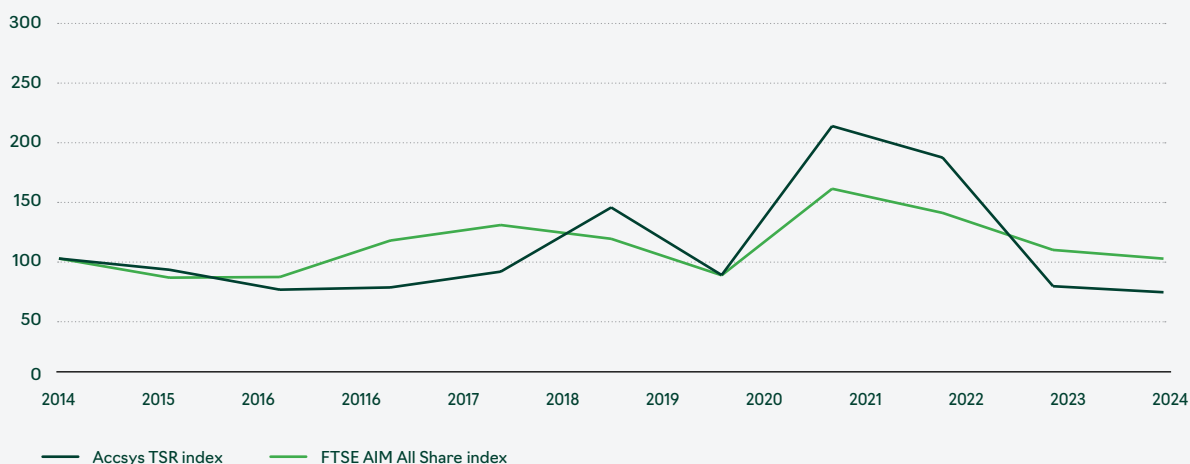
The following table has been prepared in accordance with the UK reporting regulations.

	% change 2023/2024			% change 2022/2023			% change 2021/2022			% change 2020/2021		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
Executive Directors												
Dr Jelena Arsic												
van Os	-	-	-	-	-	-	-	-	-	-	-	-
Steven Salo	-	-	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors												
Sean Christie ¹	2%	-	-	5%	-	-	7%	-	-	(6%)	-	-
Sue Farr ¹	2%	-	-	0%	-	-	1%	-	-	(6%)	-	-
Trudy Schoolenberg ³	49%	-	-	9%	-	-	12%	-	-	(6%)	-	-
Stephen Odell ^{1,2}	2%	-	-	6%	-	-	-	-	-	-	-	-
Alexander Wessels ¹	2%	-	-	14%	-	-	12%	-	-	-	-	-
Louis Eperjesi ⁴	6%	-	-	-	-	-	-	-	-	-	-	-
Edwin Bouwman	-	-	-	-	-	-	-	-	-	-	-	-
Roland Waibel	-	-	-	-	-	-	-	-	-	-	-	-
Average UK employee	16%	14%	4%	11%	37%	68%	(13%)	(14%)	(63%)	(1%)	10%	14%

1. Sean Christie, Sue Farr, Stephen Odell and Alexander Wessels stepped down from the Board following the AGM on 20 September 2023. Their 2023/2024 remuneration has been annualised for comparison purposes.
2. Fees relating to Stephen Odell's period serving as Executive Chair have been excluded from the table for comparison purposes.
3. Trudy Schoolenberg assumed the role of Interim Chair at the conclusion of the AGM on 20 September 2023 and was appointed as permanent Non-Executive Chair with effect from 12 December 2023. The increase in remuneration in 2023/2024 reflects her role change.
4. Louis Eperjesi was appointed to the Board on 14 June 2022. His 2022/2023 remuneration has been annualised for comparison purposes.

Performance graph and CEO remuneration

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



Since joining the Board on 27 June 2023, the CEO's total remuneration together with the proportion attributable to bonus or vested incentives is as set out in the table below:

	2015	2016	2017	2018	2019	2020	2020	2021	2022	2023	2024	2024
	€'000	€'000	€'000	€'000	€'000	(P.Clegg)	(R.Harris)	€'000	€'000	€'000	(Stephen Odell)	(Dr Jelena Arsic van Os)
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total remuneration	783	613	1,632	502	809	477	216	579	519	688	90	503
% of Bonus of Total	54%	36%	18%	32%	26%	16%	38%	43%	27%	37%	N/A	18%
% of Bonus Cap	68%	33%	48%	28%	36%	17%	33%	41%	21%	36%	N/A	21%
% of vested LTIPs maximum	N/A	N/A	58%	N/A	50%	45%	N/A	N/A	N/A	N/A	N/A	N/A

Consideration of matters relating to Directors' remuneration

The Remuneration Committee consists of Louis Eperjesi (Committee Chair with effect from 20 September 2023), Trudy Schoolenberg, Roland Waibel and Edwin Bouwman. Excluding Edwin Bouwman, all members of the Remuneration Committee (including the Chair on appointment) are considered to be independent. Throughout the year, Alexander Wessels, Sean Christie, Sue Farr and Stephen Odell were also members of the Committee until they resigned from the Board following the 2023 AGM, with Alexander Wessels being Chair of the Committee until his resignation. No individual was present when their own remuneration was being discussed.

Following appointment in 2018, Deloitte LLP (Deloitte) continues to be engaged as independent adviser to the Committee. The Committee is satisfied that Deloitte remains independent of the Company and that the advice provided is impartial and objective. Deloitte is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. Their total fees for the provision of remuneration services to the Committee during the financial year to 31 March 2024 were £24,550 (plus VAT).

Remuneration Report continued

Statement of voting at general meeting

The AGM held on 17 September 2021 included an ordinary resolution in respect of the approval of the Directors' Remuneration Policy for the year ended 31 March 2021. 100,572,490 (99.92%) votes were cast for the resolution, 81,332 against and 10,374,431 withheld.

At the AGM held on 20 September 2023, an ordinary resolution was passed in respect of the approval of the Directors' Remuneration Report (excluding the Remuneration Policy) for the year ended 31 March 2023. 107,503,125 (98.72%) votes were cast for the resolution, 1,389,403 against and 93,997 withheld.

Directors' Remuneration Policy

This part of the Remuneration Report sets out our proposed Directors' Remuneration Policy. The approach taken by the Committee to the determination of the new Policy and the differences between the new Policy and the policy approved by shareholders at the 2021 AGM are described in the statement from the Committee Chair on page 95.

The Policy will be put to a binding shareholder vote at the 2024 AGM to be held on 25 September 2024 and, subject to shareholder approval, will take formal effect from the conclusion of the AGM.

Directors' Remuneration Policy

Element	Purpose and operation	Maximum	Performance measures
Base salary	An appropriate level of fixed remuneration to reflect the individual's skills and experience. Salaries are normally reviewed annually by the Committee, taking into account relevant factors that may include: individual performance, corporate performance, changes to an individual's role and responsibilities, and appropriate market data.	There is no prescribed maximum. Any percentage increase to a salary would normally be within or below the range of increases awarded to the wider workforce. Larger increases may be awarded in circumstances considered appropriate by the Committee, such as an increase in the size of the business or the responsibilities of the role, or changes in the competitive marketplace.	N/A
Benefits	To provide a market competitive benefits package. Benefits may comprise a car allowance, private medical insurance (including for the Executive Director's spouse or civil partner and dependent children), dental insurance, life insurance, income protection and reimbursed business expenses (including any associated tax liability) incurred in performance of duties. The Committee may determine that other benefits be provided where appropriate (for example – relocation costs).	There is no prescribed maximum. The level of benefits is set at an appropriate market rate.	N/A
Pension	Contributions to a defined contribution pension scheme. Executive Directors may be permitted to take a cash supplement instead of some or all of the contributions to a pension scheme.	The maximum level of pension contribution (or cash allowance in lieu, or combination of pension contribution and cash allowance) for Executive Directors will be aligned with the contribution level for the wider workforce in the relevant country as determined by the Committee. Current contributions are 8% of salary for the Executive Directors.	N/A

Element	Purpose and operation	Maximum	Performance measures
Annual Incentive Plan	<p>To drive and reward the delivery of business objectives for the financial year.</p> <p>The bonus is discretionary and any payout is determined by the Committee following assessment of the performance conditions. Targets are set and assessed by the Committee each year.</p> <p>Normally no more than 80% of any bonus will be paid in cash, with the balance paid in deferred shares. The Committee may permit the deferral of a greater proportion of any bonus earned.</p> <p>Deferred shares typically vest after two years with no further performance conditions.</p> <p>Malus and clawback and dividend equivalent provisions apply (see notes to the table).</p> <p>Amounts may be satisfied in cash, or at the Committee's discretion, shares (or instruments related to the value of shares).</p>	<p>The ordinary maximum annual opportunity for an Executive Director is 125% of salary.</p> <p>The Committee retains discretion to provide a maximum opportunity of up to 200% of salary in respect of a particular financial year. The Committee does not currently intend to award a bonus opportunity in respect of FY2025 in excess of 125% of salary.</p>	<p>Awards will normally be based on a combination of financial and non-financial goals measured over one financial year, with at least 50% of the maximum annual opportunity normally assessed against financial metrics.</p>
Long Term Incentive Plan (LTIP)	<p>To reward Executive Directors for the delivery of long-term performance and align their interests with shareholders.</p> <p>Awards may be in the form of nil or nominal cost options, or any other form which the Committee considers has an equivalent economic effect. Awards vest following assessment of the performance conditions, which are ordinarily measured over a period of at least three years. Awards are subject to an additional holding period of at least two years following the end of the three year performance period. The holding period will be structured either on the basis that: (1) the Executive Director is not entitled to acquire shares until the end of it; or (2) the Executive Director is entitled to acquire shares following vesting but that (other than as regards sales to cover tax liabilities and any exercise price) the Executive Director is not able to dispose of those shares until the end of it.</p> <p>Malus, clawback and dividend equivalent provisions apply (see notes to the table).</p>	<p>The ordinary maximum value (as determined by the Committee) of shares over which an Award may be granted to an Executive Director in respect of a financial year is:</p> <ul style="list-style-type: none"> • 125% of salary for the CEO; and • 100% of salary for an Executive Director other than the CEO. <p>The Committee retains discretion to make an award to any Executive Director in respect of a financial year over shares with a value (as determined by the Committee) of up to 300% of salary.</p>	<p>Performance targets are ordinarily measured over a period of at least three financial years, using performance measures aligned to the delivery of the strategy and long-term shareholder value.</p> <p>Subject to the Committee's discretion to amend the formulaic outturn, 25% of awards vests for attaining a threshold level of performance.</p> <p>Non-financial performance measures will normally be subject to a financial underpin.</p>

Notes to the Policy table:

- Deferred shares and LTIP awards which vest under this Policy may benefit from the right to receive an amount equal to the value of any dividends which would have been paid on vested shares up to the time of vesting (or where the award is subject to a holding or deferral period, up to the time of release). These dividend equivalents may assume the reinvestment of dividends into shares on such basis as the Committee determines.
- The Annual Incentive Plan and LTIP contain malus and clawback provisions in the event of a material misstatement of results, censure by a regulatory authority or any other serious damage to the Company reputation, or fraud or gross misconduct. The cash and, if applicable, share elements of the Annual Incentive Plan may be clawed back for a period of three years from the date on which the Annual Incentive Plan payment is made. Awards under the LTIP may be cancelled or reduced (prior to vesting), or clawed back for a period of three years post vesting.
- The remuneration framework for other employees is based on broadly consistent principles used to determine the policy for Executive Directors. All executives and senior managers are generally eligible to participate in some form of annual incentive arrangement. Participation in the LTIP is extended to executives, senior managers and other key staff, with LTIP performance conditions generally consistent across all levels. Individual salary and pension levels and incentive award sizes vary according to the level of seniority and responsibility.
- The choice of the performance measures applicable to the Annual Incentive Plan and LTIP reflects the Committee's view that incentives should be aligned to the Group's key financial and strategic objectives. For both the Annual Incentive Plan and the LTIP, the Committee sets challenging targets taking into account the Board's objectives for the business. The measures for the FY2025 AIP and LTIP awards are described in the statement from the Committee Chair on pages 93 to 95.
- Performance conditions may be amended or substituted by the Committee if the Committee considers that an amended or substituted performance condition is reasonable, appropriate and would not be materially less difficult to satisfy.
- The Committee may use its discretion to adjust formulaic outturns under the Annual Incentive Plan and LTIP, within the range of the minimum to maximum opportunity, including reducing an outturn to zero. The circumstances in which the Committee may exercise such discretion include if the Committee believes that the vesting outturn that would otherwise apply does not reflect the underlying financial performance of the Group or Executive Director, that vesting outturn is not appropriate in the context of circumstances that were unexpected or unforeseen, and if that vesting level would materially deviate from the intention of this Policy.
- The terms of any deferred shares or LTIP shares may be adjusted to take account of a Company reorganisation, such as a variation of capital, rights issue, demerger or special dividend. All discretions available under the rules of any share plan operated by the Group will be available under this Policy, except where expressly limited under this Policy. This includes that awards may be granted as cash based awards over a notional number of shares, and that share awards may be settled in whole or in part in cash at the election of the Remuneration Committee; the Remuneration Committee would only use these cash provisions for operational flexibility, for example if a regulatory restriction in any territory prevented the Company from offering shares to an Executive Director.

Remuneration Report continued

Shareholding guideline

To increase long term alignment between executives and shareholders, Executive Directors are expected to build up and retain a beneficial holding of at least 250% of salary for the CEO and 225% of salary for the CFO. The Committee retains discretion to vary the application of these guidelines in exceptional circumstances. Vested but unexercised LTIP shares and shares representing any bonus which has been earned and has been delivered in shares will count towards the guideline (on a net of assumed tax basis). It is anticipated that the level of shareholding set out in the guideline will normally be met within five years of appointment as an Executive Director. The Committee will take into account LTIP vesting levels and personal circumstances when assessing progress against the guideline.

Application of the Remuneration Policy

The potential payout under the Policy for Dr Jelena Arsic van Os under different illustrative performance scenarios is set out below.



In illustrating the potential reward, the following assumptions have been made.

	Fixed pay (payable in all performance scenarios)	Annual Bonus	LTIP
Minimum performance	Base salary (being the latest known salary as at 1 April 2024).	No bonus	No LTIP vesting
Performance in line with expectations	Employer pension contributions of 8% based on the latest known salary.	Bonus equal to 62.5% of salary (50% of maximum)	LTIP vests equivalent to 62.5% of salary (i.e. 50% of the maximum award)
Maximum performance	Benefits as disclosed in the single figure table on page 99 for the year ending 31 March 2024, annualised to reflect the CEO's part year of service in that year.	Bonus equal to 125% of salary (maximum bonus earned)	LTIP vests equivalent to 125% of salary (i.e. maximum vesting)
Maximum performance (plus an assumed 50% increase in the share price for the purposes of the LTIP element)		Bonus equal to 125% of salary (maximum bonus earned)	LTIP vests equivalent to 125% of salary (i.e. maximum vesting) and an assumed 50% increase in the share price

Recruitment Remuneration policy

The Company's recruitment policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

The recruitment package for a new Executive Director would normally be set in accordance with the terms of the Policy Table for Executive Directors. Circumstances in which other elements of remuneration may be awarded include:

- an interim appointment being made to fill an Executive Director role on a short term basis;
- if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short term basis; and
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or LTIP award for that year as there would not be sufficient time to assess performance; subject to the limit on variable remuneration, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.

Salaries would be set at an appropriately competitive level to reflect the skills and experience of the individual and the scope of their role and their potential to lead the Company's growth agenda. The Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

Where an individual forfeits remuneration in respect of a previous employment or engagement as a result of appointment to the Company, the Committee may offer compensatory payments or awards to facilitate recruitment. Any such payments or awards would be in such form as the Committee considers appropriate and would normally reflect the nature, time horizons, and performance requirements attaching to that remuneration. There is no limit on the value of such compensatory awards, but the Committee's intention is that the value awarded would be, in the view of the Committee, no higher than the amount forfeited (as determined by the Committee).

For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

Directors' service contracts

The notice period under the service contract of Dr Jelena Arsic van Os is summarised in the following table:

Name	Notice period from individual (months)	Notice period from Company (months)
Jelena Arsic van Os ¹	6	6

¹ The notice period under Jelena Arsic van Os' service contract is 12 months (from either party) until 27 June 2024, at which point it reduces to the six months referred to in the table above.

Executive Directors' service contracts, which do not contain expiry dates, provide that compensation provisions for termination without notice will include salary and provide that sums may be paid in instalments and decrease or cease if the individual finds an alternative role. The Committee may also include in any such payment an amount in respect of benefits and/or pension.

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

Remuneration Report continued

Termination policy summary

When determining leaving arrangements for an Executive Director the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

In addition to a payment in lieu of notice referred to above, a departing Executive Director may be eligible for incentive awards, which will be treated in accordance with the rules of the relevant plan, as summarised in the table below:

Incentive plan	Summary of leaver provisions
Annual Incentive Plan	<p>In certain 'good leaver'¹ circumstances, an individual may remain eligible for an annual bonus with respect to the financial year of cessation (pro-rated for time, unless the Committee determines otherwise). Any payment will remain subject to performance (as determined by the Committee) and is normally payable after the end of the financial year. The Committee retains discretion to pay the annual bonus early and not to apply deferral, but would do so only in compassionate circumstances.</p> <p>Deferred shares will normally continue on cessation of employment, other than in the event of gross misconduct. If an award continues, the Committee has discretion to disapply the deferral period in appropriate circumstances.</p>
LTIP	<p>Unvested Awards</p> <p>Unvested awards normally lapse on cessation of employment.</p> <p>However, in certain 'good leaver'¹ circumstances, as defined in the Plan rules, awards will be retained. In such circumstances:</p> <ul style="list-style-type: none"> awards will normally vest on their original vesting date; the Committee will determine the extent of vesting based on the assessment of the performance conditions in the ordinary way; awards will be reduced pro-rata to reflect the proportion of the vesting period that has elapsed at cessation, unless the Committee determines otherwise; and awards will normally remain subject to the holding period. <p>Alternatively, in good leaver circumstances, the Committee may determine that awards should vest when the participant ceases employment.</p> <p>Vested Awards</p> <p>Vested awards (i.e. awards that are in their holding period) will normally continue and remain subject to the holding period, other than in the event of dismissal for gross misconduct or fraud when they will lapse. If an award continues, the Committee has discretion to disapply the holding period in appropriate circumstances.</p>

¹ Death, injury, ill-health, disability, or the sale of their employing entity out of the Group, or for any other reason at the Committee's discretion.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any accrued holiday pay, fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment.

Change of control

In the event of a change of control of the Company:

- A payment under the Annual Incentive Plan shall be determined by applying the performance targets (on such basis as the Committee considers appropriate) and calculated on an appropriate time pro-rata basis.
- Deferred shares and LTIP awards will vest. Deferred shares would vest in full. The proportion of LTIP awards which shall vest will be determined at the discretion of the Committee having regard to the extent to which the performance targets have been achieved and, unless the Committee determines otherwise, the proportion of the vesting period that has elapsed. Any holding period will cease to apply. Alternatively, the Committee may permit or require awards to be rolled-over into equivalent awards from the acquiring company.

Policy Table for Non-Executive Directors (NEDs)

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

NED contracts

The NEDs, including the Chair, have letters of appointment which set out their duties and responsibilities. Appointments may be terminated by three months' notice on either side.

Name	Unexpired term (months)
Trudy Schoolenberg	33
Louis Eperjesi	12
Edwin Bouwman	30
Roland Waibel	25

Consideration of employment conditions elsewhere in the Group

As explained in the general policy section of the Remuneration Policy, the Committee takes into account Group-wide pay and employment conditions. The Committee reviews the average Group-wide base salary increase and bonus costs and is responsible for all discretionary and all-employee share arrangements. The Committee did not consult directly with employees in preparing the Directors' Remuneration Policy, but feedback on reward policies is gathered through a number of means, including discussions with the Works Council at the Company's site in Arnhem which is where the majority of the employees are based.

Consideration of shareholder views

The Committee engaged with major shareholders in respect of the renewal of the Remuneration Policy in 2024.

During each year, the Committee considers shareholder feedback received in relation to the AGM, plus any additional feedback received through other means of dialogue. The Committee also regularly reviews the implementation of the Policy in the context of published shareholder guidelines.

Legacy arrangements

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretion available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed: (i) prior to the Policy set out above coming into effect; (ii) during the term of, and were consistent with, any previous policy approved by shareholders; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes, 'payments' includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Directors' Report

for the year ended 31 March 2024

The Directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2024.

The Company has chosen, in accordance with s414C (11) of the Companies Act 2006, to provide disclosures and information in relation to a number of matters which are covered elsewhere in this Annual Report and Accounts. The Corporate Governance Report approved by the Board is provided on pages 78 to 80 and the Sustainability Report on pages 46 to 63 are incorporated by reference into this Directors' Report. The Company elects to report under the Quoted Company Alliance Corporate Governance Code.

Statutory information

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

Topic	Section of Annual Report	Page number
Stakeholder engagement	Stakeholder Engagement	64
• Statement of engagement with employees		
• Statement of engagement with other business relationships		
Financial instruments	Note 32 of the financial statements	165
Greenhouse gas emissions ('GHG')	Sustainability Report	50
Corporate Governance Statement 2024	Corporate Governance Report	78
Environmental matters	Sustainability Report	48
Social and community issues	Sustainability Report	52
Principal risks and uncertainties	Strategic Report	40
Research and development	Finance Review	20
	Sustainability Report	46
	Financial statements	114
Charitable donations	Sustainability Report	52
Directors' interest in shares	Remuneration Report	101

Registered number: 05534340

Registered office address:

4th Floor, 3 Moorgate Place, London, EC2R 6EA

Incorporated in: England and Wales

Type: Public Limited Company

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

Principal activities

The principal activities of the Group are the production and sale of Accoya solid wood and Tricoya wood elements, technology and product development, as well as the licensing of technology for the production and sale of Accoya and Tricoya via the Company's subsidiaries: Titan Wood Limited, Titan Wood B.V., Titan Wood Technology B.V., Titan Wood Inc., Accoya Color UK Limited, Tricoya Technologies Limited, Tricoya UK Limited, Accsys Jersey Limited, Accsys (Accoya USA) Holdings LLC, Accsys USA Holdings Inc and its joint venture Accoya USA, LLC (collectively the 'Group'). Manufactured through the Group's proprietary acetylation processes, these products exhibit superior dimensional stability and durability compared with alternative natural, treated and modified woods as well as more resource intensive man-made materials.

A review of the business is set out in the Chair's Statement on page 04 and the CEO Review on page 16.

Strategic Report

The Strategic Report, which can be found on pages 14 to 69, sets out the Group's strategy, business model, key performance indicators; and a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

Board of Directors

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

Geertrui Schoolenberg (known as Trudy Schoolenberg)

Jelena Arsic van Os (appointed Director on 27 June 2023)

Alexander Wessels (ceased being a Director on 20 September 2023)

Louis Eperjesi

Roland Waibel (appointed Director on 1 August 2023)

Edwin Bouwman (appointed Director on 12 December 2023)

Steven Salo (appointed Director on 1 April 2023; ceased being a Director on 15 May 2024)

Stephen Odell (ceased being a Director on 20 September 2023)

Susan Jane Mair (known as Sue Farr, ceased being a Director on 20 September 2023)

Michael Christie (known as Sean Christie, ceased being a Director on 20 September 2023)

All Directors will stand for election or re-election at the 2024 AGM.

➤ For more information on the Board of Directors, including their biographies | [See pages 72 to 73](#)

Directors' indemnities

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

Employment policies

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

Information on the gender ratio of our employees is available in the Sustainability section on page 52.

Disabled employees

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

Likely future developments

Details of likely future developments can be found in the section marked 'The year ahead', contained in the Chair's Statement on page 77.

Political donations

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

Post balance sheet events

On 16 May 2024, Steven Salo stepped down from his role as Chief Financial Officer. A search is underway for a replacement. During this period, Hans Pauli will act as Interim CFO. Hans has been with the Group for over 14 years in various roles, amongst others as CFO from 2010 to 2012. There have been no other material events since 31 March 2024 and the date of this report.

Share capital

The Company's issued share capital comprises Ordinary shares of €0.05 each which are admitted to trading on London Stock Exchange AIM and listed and admitted to trading on Euronext Amsterdam. As at 31 March 2024, the Company's issued share capital comprised 239,518,372 Ordinary shares.

➤ For more information see note 25 to the financial statements | [See page 159](#)

Share issues

During the year, the Company issued 20,136,679 Ordinary shares as follows:

- In November 2023, 19,144,281 Ordinary shares were issued to raise gross proceeds of approximately €13.2 million (€12.7 million less expenses).
- Between July 2023 and May 2024, 568,107 Ordinary shares were issued following the exercise of nil cost options granted under the Company's 2013 Long Term Incentive Plan ('LTIP').
- In February 2024, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 202,059 shares were issued as 'Matching Shares' at nominal value under the Plan.
- In July 2023, a total of 222,232 of shares were allotted to the Company's Employee Benefit Trust (EBT) in relation to one-off incentivisation awards for certain employees. The terms of the award to relevant employees require the shares to be held on trust by the EBT until July 2024, subject to relevant employees remaining in employment during the prior year.

Results and dividends

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

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

Directors' Report continued

Principal risks and uncertainties

The business, financial condition or results of operations of the Group could be adversely affected by any of the risks set out in the Strategic Report. The Group's systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them.

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

Health and safety ('H&S')

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

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

The Board oversees health and safety operations and activities through receiving regular updates from the Senior Leadership Team on H&S matters.

Significant shareholdings

So far as the Company is aware (further to formal notification), the following shareholders held legal or beneficial interests in Ordinary shares of the Company exceeding 3% as at 31 March 2024:

Shareholder	Number of Ordinary shares/ voting rights	Percentage of Ordinary shares
Teslin Participaties Coöperatief U.A.	35,720,981	14.91
De Engh B.V.	34,343,727	14.34
BGF	19,061,806	7.96
VP Participaties B.V.	14,150,000	5.91
Janus Henderson Investors London & Amsterdam Trust Company	10,802,462	4.51
Decico	10,274,132	4.29
ABN Amro Private Banking	8,330,215	3.48
Rabobank	8,246,305	3.44
Stichting DeGiro	8,114,785	3.39
Saxo Bank	7,606,499	3.18
INEOS Acetyls Investments Limited	7,500,000	3.13
ING Bank	7,496,688	3.13

There are no restrictions in respect of voting rights.

As disclosed in the announcement made by the Company on 21 November 2023 (the "2023 Capital Raise RNS"), the participation of Teslin Participaties Coöperatief U.A and De Engh BV Limited in the Capital Raise (as defined and particularised in the 2023 Capital Raise RNS) constituted a transaction which was considered to be subject to AIM Rule 13 of the AIM Rules for Companies.

Going concern

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

Independent auditors

PricewaterhouseCoopers LLP (PwC) has been the external auditor of the Company since April 2011.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge:

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

Amendment of the Articles

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

Approved by the Board and signed on its behalf by:

Nick Hartigan
Company Secretary
25 June 2024

Statement of Directors' Responsibilities

in respect of the financial statements

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

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

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

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

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

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

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

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

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed under Board of Directors on pages 72 & 73 confirm that, to the best of their knowledge:

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

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

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

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

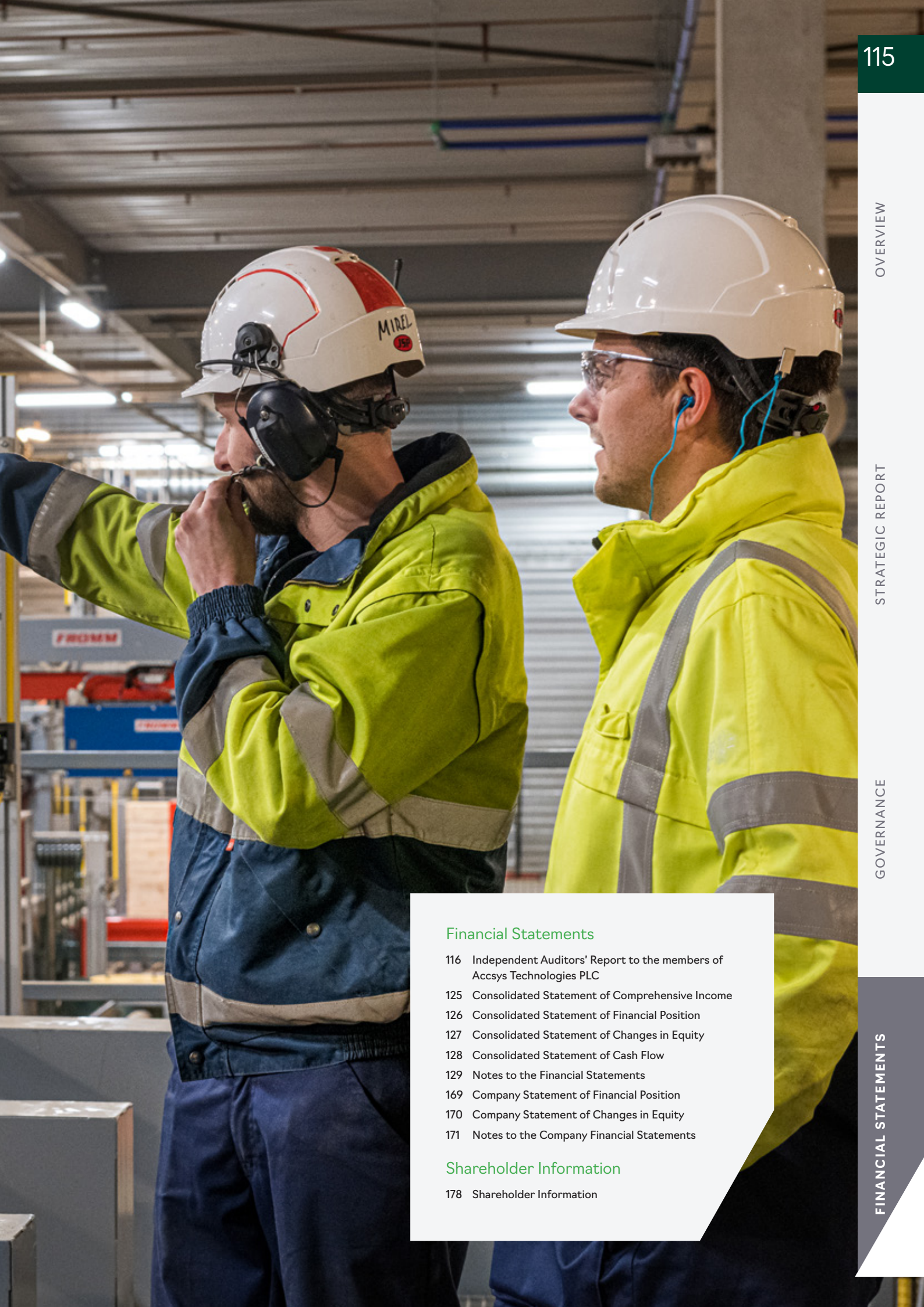
This responsibility statement was approved by the Board of Directors on 25 June 2024 and is signed on its behalf by:

Jelena Arsic van Os
Chief Executive Officer

Roland Waibel
Non-Executive Director

FINANCIAL STATEMENTS





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Independent Auditors' Report to the members of Accsys Technologies PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Accsys Technologies PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2024 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and the Dutch Financial Markets Supervision Act.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2024; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flow, and the Consolidated and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

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

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

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Audit scope

- We performed full scope audits over three reporting units, audit work over material financial statement line items for four reporting units including the joint venture entity in North America which cumulatively accounted for 100% (2023: 100%) of the Group's revenue.
- The UK based Group audit team maintained regular contact with our component team in the Netherlands throughout the planning and execution of their work. The audit in respect of the North America subsidiary business was carried out by the Group team in the UK.

Key audit matters

- Impairment of non-current assets (Group)
- Recoverability of investments in subsidiary undertakings (Company)

Materiality

- Overall Group materiality: 1,350,000 EUR (2023: 1,600,000 EUR) based on 1% of Total Revenue.
- Overall Company materiality: 1,280,000 EUR (2023: 1,520,000 EUR) based on 1% of Total Assets but capped at 95% of Group materiality.
- Performance materiality: 1,012,500 EUR (2023: 1,200,000 EUR) (Group) and 960,000 EUR (2023: 1,140,000 EUR) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent Auditors' Report continued

Key audit matter

How our audit addressed the key audit matter

Impairment of non-current assets (Group)

At 31 March 2024 the Group carried €4.2m of goodwill (2023:€4.2m), €5.8m of other intangible assets (2023: €6.3m), and €93.5m of tangible fixed assets (2023: €106.1m) all of which are material. Refer to note 15 & 16. Management is required to perform an annual impairment review of goodwill and perform an impairment assessment when a trigger has been identified in accordance with IAS 36. The carrying value of non-current assets are contingent on future cashflows of the underlying cash generating units ('CGUs') and if there is a risk that these cash flows do not meet the Directors' expectations, the non-current assets will be impaired. The assessment over the recoverable amount of the underlying CGUs is judgemental and includes a number of key assumptions, changes to which could result in a materially different outcome. Following management's assessment, an impairment of €7.0m was booked to reduce the carrying value of the Tricoya CGU to its recoverable amount due to continued uncertainty over the timing of completion of the Hull Plant. The key assumptions underpinning this assessment included timing of the hold period, discount rate, long term growth rate, production and sales volumes and price. We focussed on this area because of the inherent judgement and estimation uncertainty involved in determining the key assumptions.

In respect of the impairment charge booked, we assessed the methodology for determining the recoverable amount of the CGUs. We assessed the appropriateness of the discount rate and assumptions applied and assessed the reasonableness of the impairment charge calculated. We satisfied ourselves that it was appropriate. The headroom in the Accoya CGU was significant and therefore, our audit work primarily focussed on the Tricoya CGU given the decision to pause the development of the plant. We satisfied ourselves that the forecasts were reasonable and had been prepared with appropriate Board involvement and represented the Directors' current view of likely outcome. With the assistance of our valuation experts we tested the value-in-use models, including challenging management forecasts and key assumptions particularly around the timing of the Hull plant hold period as well as the additional cost required for completion. We also considered other key assumptions such as production and sales volume, price and discount rate, and found that these assumptions were reasonable. We assessed the mathematical accuracy and integrity of the impairment models and determined that the impairment charge had been appropriately calculated. Given the estimation uncertainty inherent in the impairment calculations, the financial statements include a sensitivity analysis (refer to note16). Having re-performed the sensitivity calculations and considered whether any other sensitivities might be more appropriate, we are satisfied that the financial statements adequately disclose the potential risk of future impairment and reversal. We satisfied ourselves that any reasonable possible change that results in a material adjustment to the impairment charge had been considered.

Recoverability of investments in subsidiary undertakings (Company)

Refer to note 4 in the Parent Company financial statements. The Parent Company had €27.3m of investments in subsidiary undertakings. There is a risk that the performance of the subsidiary undertakings is not sufficient to support their carrying value and the assets may be impaired. As part of their considerations the Directors compared the carrying amount of the investment to their recoverable amount using a value in use model. Having performed this assessment, no impairment was recognised.

We evaluated management's assessment and considered the consistency with other audit procedures performed. We verified that the inputs to the assessment were mathematically accurate and compared the carrying value of the investments to the recoverable amounts determined by the value in use model. Based on our work we found that the Directors' view that there was no impairment to recognise was appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group's accounting process is structured around a central finance function based in the UK. The accounting records for each of the territories in which the Group operates is managed through the central finance function except for the Netherlands entity which maintains their own accounting records and reports to the central finance function through the submission of management reporting packs. We used our component auditor (PwC Netherlands), who are familiar with the local laws and regulations, to perform an audit of the complete financial information in respect of the subsidiary. In order to direct and supervise the component audit, the Group engagement team sent detailed instructions to the local audit team. These included communication of the areas of focus and other required communications. The consolidation, financial statement disclosures and a number of complex items were audited by the Group engagement team in the UK. These areas included the going concern assessment, share based payments, tax accounting and impairment assessment in respect of non-current assets. Taken together, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

The impact of climate risk on our audit

We made enquiries of management to understand their process to assess the extent of the potential impact of climate change risks on the Group and its financial statements. We used our knowledge of the Group to consider the completeness of the risk assessment, giving consideration to both physical and transition risks. Management has outlined within their Strategic Report their sustainability goals, highlighting a focus on producing sustainable wood products that are responsibly sourced from certified sustainable, well managed and fast growing forests. This has been factored into their strategy and future business plans. Whilst the impact of climate change is uncertain there were no indications that the useful lives of the assets are currently impacted by climate change. We also read the disclosures made in relation to climate change, in the other information within the Annual Report, and considered their consistency with the financial statements and our knowledge from our audit.

Independent Auditors' Report continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	1,350,000 EUR (2023: 1,600,000 EUR).	1,280,000 EUR (2023: 1,520,000 EUR).
How we determined it	1% of Total Revenue	1% of Total Assets but capped at 95% of Group materiality
Rationale for benchmark applied	Given that the business is in a growth stage, revenue was considered the most appropriate measure to use and is a generally accepted benchmark.	The Company is a non-trading holding Company and accordingly we conclude that total assets is an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was 510,000 EUR to 1,280,000 EUR. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to 1,012,500 EUR (2023: 1,200,000 EUR) for the Group financial statements and 960,000 EUR (2023: 1,140,000 EUR) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above 67,500 EUR (Group audit) (2023: 80,000 EUR) and 64,000 EUR (Company audit) (2023: 76,000 EUR) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding of the approach adopted by management through discussions with appropriate individuals within and outside the finance function and in particular with the Interim Group CFO.
- Tested the integrity of the model used for the going concern assessment covering the period through to 30 September 2025, by recalculating certain outputs and checking the mathematical accuracy of the formulas within the model. We also agreed the forecasts used to the FY25 board approved budget, tested the accuracy of the inputs of the model by agreeing back to source documentation and obtained the loan agreements and recomputed the financial covenants in the models.
- Discussions with management to understand the status of the Hull Tricoya plant and the decision and ability to delay any further development of the plant for two years.
- Using our knowledge from the audit and the assessment of management's ability to forecast accurately, we applied our own stress test to management's severe but plausible downside and in particular to the expected sales volumes as well as funding required into the US joint venture.
- We have assessed the appropriateness of disclosures within the Annual Report in note 1 of the Group financial statements and note 1 of the Company financial statements in respect of going concern and are satisfied that they are appropriate and disclose the risks associated with the Group's future financial performance and its impact on loan covenant compliance.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report continued

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporate tax legislation, UK employment legislation and equivalent local laws and regulations applicable to the component team, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to achieve desired financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We held discussions with Group management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation, that could give rise to a material misstatement in the Group and Company financial statements.
- Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the going concern assessment, the refinance of Group finance facilities and impairment of assets.
- We did not identify any key audit matters relating to irregularities, including fraud. We also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

It is also our responsibility to assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 8 September 2011 to audit the financial statements for the year ended 31 March 2011 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 31 March 2011 to 31 March 2024.

Report on other legal and regulatory requirements

We have checked the compliance of the consolidated financial statements of the Group as at 31 March 2024 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements. That is, for the Group:

- The consolidated financial statements are prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.
- In our opinion, the consolidated financial statements of the Group as at 31 March 2024, identified as 213800HKRFK8PNUNV581-2024-03-31-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Jonathan Lambert (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25 June 2024

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

		2024 €'000	2024 €'000	2024 €'000	2023 €'000	2023 €'000	2023 €'000
	Note	Underlying	Exceptional items*	Total	Underlying	Exceptional items*	Total
Accoya wood revenue		123,139	-	123,139	143,493	-	143,493
Tricoya panel revenue		4,134	-	4,134	1,374	-	1,374
Licence revenue		77	-	77	329	-	329
Other revenue		8,820	-	8,820	16,822	-	16,822
Total revenue	3	136,170	-	136,170	162,018	-	162,018
Cost of sales		(95,287)	-	(95,287)	(106,852)	-	(106,852)
Gross profit		40,883	-	40,883	55,166	-	55,166
Other operating costs	4	(41,927)	(8,200)	(50,127)	(39,878)	(87,453)	(127,331)
Operating (loss)/profit	8	(1,044)	(8,200)	(9,244)	15,288	(87,453)	(72,165)
Finance income	9	138	-	138	-	-	-
Finance expense	10	(4,418)	530	(3,888)	(3,224)	9,350	6,126
Share of net loss from joint venture accounted for using the equity method	28	(4,100)	-	(4,100)	(1,036)	-	(1,036)
(Loss)/Profit before taxation		(9,424)	(7,670)	(17,094)	11,028	(78,103)	(67,075)
Tax expense		(765)	-	(765)	(2,787)	-	(2,787)
(Loss)/Profit for the year		(10,189)	(7,670)	(17,859)	8,241	(78,103)	(69,862)
Items that may be reclassified to profit or loss							
Gain/(loss) arising on translation of foreign operations		2	-	2	(61)	-	(61)
Gain/(loss) arising on foreign currency cash flow hedges		-	-	-	42	-	42
Total other comprehensive (loss)/gain		2	-	2	(19)	-	(19)
Total comprehensive gain/(loss) for the year		(10,187)	(7,670)	(17,857)	8,222	(78,103)	(69,881)
Total comprehensive gain/(loss) for the year is attributable to:							
Owners of Accsys Technologies PLC		(10,187)	(7,670)	(17,857)	9,509	(48,566)	(39,057)
Non-controlling interests		-	-	-	(1,287)	(29,537)	(30,824)
Total comprehensive gain/(loss) for the year		(10,187)	(7,670)	(17,857)	8,222	(78,103)	(69,881)
Basic profit/(loss) per ordinary share	13	€(0.04)	-	€(0.08)	€0.05	-	€(0.19)
Diluted profit/(loss) per ordinary share	13	-	-	-	€0.04	-	-

* See note 5 for details of exceptional items.

The notes on pages 129 to 168 form an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 March 2024

Registered Company 05534340

	Note	2024 €'000	2023 €'000
Non-current assets			
Intangible assets	15	10,048	10,491
Investment accounted for using the equity method	28	31,685	30,859
Property, plant and equipment	16	93,474	106,051
Right of use assets	17	3,736	4,044
Financial asset at fair value through profit or loss	18	-	-
		138,943	151,445
Current assets			
Inventories	21	25,743	29,946
Trade and other receivables	22	17,612	18,075
Cash and cash equivalents	29	27,427	26,593
Corporation tax receivable		250	459
		71,032	75,073
Current liabilities			
Trade and other payables	24	(18,797)	(25,896)
Obligation under lease liabilities	17	(690)	(980)
Short term borrowings	29	-	(9,500)
Corporation tax payable		(6,719)	(6,082)
		(26,206)	(42,458)
Net current assets		44,826	32,615
Non-current liabilities			
Obligation under lease liabilities	17	(3,648)	(3,755)
Other long term borrowings	29	(60,204)	(56,420)
Financial guarantee	31	-	-
Financial liability at amortised cost	23	(1,102)	(1,383)
		(64,954)	(61,558)
Net assets		118,815	122,502
Equity			
Share capital	25	11,976	10,963
Share premium account		262,394	250,717
Other reserves	26	114,743	114,743
Accumulated loss		(270,421)	(254,042)
Own shares		(8)	(8)
Foreign currency translation reserve		131	129
Capital value attributable to owners of Accsys Technologies PLC		118,815	122,502
Non-controlling interest in subsidiaries	27	-	-
Total equity		118,815	122,502

The financial statements on pages 125 to 168 were approved by the Board of Directors on 25 June 2024 and signed on its behalf by

Jelena Arsic van Os
Director

Roland Waibel
Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

	Share capital Ordinary €000	Share premium €000	Other reserves €000	Own Shares €000	Foreign currency translation reserve €000	Accumulated Loss €000	Total equity attributable to equity shareholders of the company €000	Non- Controlling interests €000	Total Equity €000
Balance at 31 March 2022	9,638	223,326	114,701	(6)	190	(210,505)	137,344	35,526	172,870
Loss for the year	-	-	-	-	-	(39,038)	(39,038)	(30,824)	(69,862)
Other comprehensive gain/(loss) for the year	-	-	42	-	(61)	-	(19)	-	(19)
Share based payments	-	-	-	-	-	366	366	-	366
Shares issued	731	-	-	(2)	-	(22)	707	-	707
Premium on shares issued	-	19,526	-	-	-	-	19,526	-	19,526
Share issue costs	-	(1,086)	-	-	-	-	(1,086)	-	(1,086)
Acquisition of subsidiary shares from non-controlling interests	594	8,951	-	-	-	(4,843)	4,702	(4,702)	-
Balance at 31 March 2023	10,963	250,717	114,743	(8)	129	(254,042)	122,502	-	122,502
Loss for the year	-	-	-	-	-	(17,859)	(17,859)	-	(17,859)
Other comprehensive gain/(loss) for the year	-	-	-	-	2	-	2	-	2
Share based payments	-	-	-	-	-	1,480	1,480	-	1,480
Shares issued	1,013	-	-	-	-	-	1,013	-	1,013
Premium on shares issued	-	12,319	-	-	-	-	12,319	-	12,319
Share issue costs	-	(642)	-	-	-	-	(642)	-	(642)
Acquisition of subsidiary shares from non-controlling interests	-	-	-	-	-	-	-	-	-
Balance at 31 March 2024	11,976	262,394	114,743	(8)	131	(270,421)	118,815	-	118,815

Share capital is the amount subscribed for shares at nominal value (note 25).

Share premium account represents the excess of the amount subscribed for share capital over the nominal value of these shares, net of share issue expenses. Share issue expenses comprise the costs in respect of the issue by the Company of new shares.

See note 26 for details concerning Other reserves.

Non-controlling interests relate to the previous investment of various parties into Tricoya Technologies Limited and Tricoya UK Limited. The Group purchased the remaining shareholding in the Tricoya entities in the prior year (see note 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 on pages 129 to 168 form an integral part of these financial statements.

Consolidated Statement of Cash Flow

for the year ended 31 March 2024

	2024 €'000	2023 €'000
(Loss)/profit before taxation	(17,094)	(67,075)
<i>Adjustments for:</i>		
Amortisation of intangible assets	828	780
Depreciation of property, plant and equipment, and right of use assets	8,751	7,512
Impairment loss	7,000	86,000
Net finance expenses/(income)	3,750	(6,126)
Equity-settled share-based payment expenses	1,480	366
Accsys portion of Licence fee received from joint venture	-	300
Share of net loss of joint venture	4,100	1,036
Currency translation losses/(gains)	108	(70)
Cash inflows from operating activities before changes in working capital	8,923	22,723
(Increase)/decrease in trade and other receivables	393	(1,154)
(Increase)/decrease in inventories	4,203	(9,596)
Increase/(decrease) in trade and other payables	(6,403)	4,673
Net cash from operating activities before tax	7,116	16,646
Tax received	81	87
Net cash from operating activities	7,197	16,733
Cash flows from investing activities		
Investment in property, plant and equipment	(3,090)	(29,773)
Foreign exchange deal settlement related to hedging of Hull Capex	-	(81)
Investment in intangible assets	(385)	(437)
Investment in joint venture	(4,926)	(28,979)
Net cash (used in) investing activities	(8,401)	(59,270)
Cash flows from financing activities		
Proceeds from loans	9,901	10,000
Other finance costs	(36)	(250)
Interest Paid	(2,774)	(2,429)
Repayment of lease liabilities	(1,044)	(940)
Repayment of loans/rolled up interest	(17,000)	-
Proceeds from issue of share capital	13,332	20,258
Share issue costs	(642)	(1,086)
Net cash from financing activities	1,737	25,553
Net decrease in cash and cash equivalents	533	(16,984)
Effect of exchange rate changes on cash and cash equivalents	301	1,523
Opening cash and cash equivalents	26,593	42,054
Closing cash and cash equivalents	27,427	26,593

The notes on pages 129 to 168 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2024

1. Accounting Policies

Basis of accounting

The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. In addition, the financial statements are also prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Dutch Financial Markets Supervision Act.

Going Concern

The consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future, and at least for the 12 months from the date these financial statements are approved (the 'going concern period'). As part of the Group's going concern review, the Directors have assessed the Group's trading forecasts, working capital and liquidity requirements, and bank facility covenant compliance for the going concern period under a base case scenario and a severe but plausible downside scenario.

The cash flow forecasts used for the going concern assessment represent the Directors' best estimate of trading performance and cost implications in the market based on current agreements, market experience and consumer demand expectations. These forecasts indicate that, in order to continue as a going concern, the Group is dependent on achieving a certain level of performance relating to the production and sale of Accoya, and the management of its working capital.

In both scenarios, the Directors have assumed no commitment will be made to complete the construction and start-up of the Tricoya UK plant in Hull unless the Board definitively determines to proceed with the project and appropriate levels of funding arrangements are obtained to do so. In the base scenario, financial support is included for ongoing care & maintenance costs, whilst in the downside scenario, it is assumed that the Group discontinues its financial support in relation to the Tricoya UK plant.

The Directors' have also considered the possible quantum and timing of funding required to complete the plant currently being commissioned by Accoya USA LLC, and for the initial operational working capital requirements of the entity. Notwithstanding that the construction project benefits from certain contractual measures in place with the lead engineering, construction and procurement contractor, Accsys has a contractual obligation to fund its 60% share of Accoya USA LLC on a pro rata basis with its joint venture partner (Eastman Chemicals Company).

The Group is also dependent on the Group's financial resources including its existing cash position, banking and finance facilities (see note 29 for details).

The Directors considered a severe but plausible downside scenario against the base case with reduced Accoya sales volumes and increased funding into Accoya USA LLC and a reverse stress test was performed to determine the decrease in Accoya sales volume from the Arnhem plant required to breach banking covenants. The Directors do not expect the assumptions in the severe but plausible downside scenario or the reverse stress test scenario to materialise, but should they unfold, the Group has several mitigating actions it can implement to manage its going concern risk, such as deferring discretionary capital expenditure and implementing further cost reductions to maintain a sufficient level of liquidity and covenant headroom during the going concern period. The combined impact of the above downside scenarios and mitigations does not trigger a minimum liquidity breach or covenant breach at any point in the going concern period. In the reverse stress test, a decrease of approximately 10% on Accoya sales volume from the Arnhem plant compared to an equivalent prior year period or a decrease of approximately 20% compared to the equivalent base scenario period (both excluding North American sales which move to the Kingsport site once operational) was required to reach the banking covenant breach point.

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, after carefully considering all the factors explained in this statement, there is sufficient liquidity and covenant headroom such that there is no material uncertainty with respect to going concern and have prepared the financial statements on this basis.

Notes to the Financial Statements continued

for the year ended 31 March 2024

1. Accounting Policies continued

Exceptional Items

Exceptional items are events or transactions that fall outside the ordinary activities of the Group and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include items relating to the restructuring of a significant part of the Group, impairment losses (or the reversal of previously recorded exceptional impairments), expenditure relating to the integration and implementation of significant acquisitions and other one-off events or transactions, such as re-financing of Group borrowings. See note 5 for details of exceptional items.

Business combinations

A subsidiary is an entity over which the Group has control. Control is evident where the Group is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect those returns through its power over that entity. The consolidated financial statements present the results of the Group including the results of Accsys Technologies plc and its subsidiaries and joint venture. All Intra-group transactions and balances are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition 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 operations acquired or disposed are included in the consolidated statement of comprehensive income from the effective date of acquiring control or up to the effective date of disposal.

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.

Non-controlling interests are measured, at initial recognition, as the non-controlling proportion of the fair values of the assets and liabilities recognised at acquisition.

After initial recognition, non-controlling interests are measured as the aggregate of the value at initial recognition and their subsequent proportionate share of profits and losses less any distributions made. Changes in the Group's interests in subsidiaries that do not result in a change in control are accounted for as equity transactions. Any resulting difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration payable or receivable is recognised directly in equity and attributed to the shareholders.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration receivable. Revenue is recognised to the extent that it is highly probable that a significant reversal will not occur based on the consideration in the contract. The following specific recognition criteria must also be met before revenue is recognised.

Manufacturing revenue

Revenue is recognised from the sale of goods at a point in time and is measured at the amount of the transaction price received in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in the future. Revenue is recognised when the Group's performance obligations under the relevant customer contract have been satisfied. Manufacturing revenue includes the sale of Accoya wood, Tricoya panels.

Licensing fees

Licence fees are recognised over the period of the relevant agreements according to the specific terms of each agreement or the quantities and/or values of the licensed product sold. The accounting policy for the recognition of licence fees is based upon satisfaction of the performance obligations set out in the contract such as an assessment of the work required before the licence is signed and subsequently during the design, construction and commissioning of the licensees' plant, with an appropriate proportion of the fee recognised upon signing and the balance recognised as the project progresses to completion. The amount of any cash received but not recognised as income is included in the financial statements as deferred income and shown as a liability.

Other revenue

Included within other revenue are raw wood and acetic acid sales. Revenue is recognised from the sale of goods at a point in time and is measured at the amount of the transaction price received in exchange for transferring goods. Revenue is recognised when the Group's performance obligations have been satisfied.

Finance income

Interest accrues using the effective interest method, i.e. the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Finance expenses and borrowing costs

Finance expenses include the fees, interest and other finance charges associated with the Group's loan notes, credit facilities and leases, which are expensed over the period that the Group has access to the loans, facilities and leases.

Foreign exchange gains or losses on the loan notes are included within finance expenses.

Interest on borrowings directly relating to the construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred.

Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period. The capitalisation of borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

Share based payments

The Company awards nil cost options to acquire Ordinary shares in the capital of the Company to certain Directors and employees. The Company has also previously awarded bonuses to certain employees in the form of the award of deferred shares of the Company.

In addition the Company has established an Employee Share Participation Plan under which employees subscribe for new shares which are held by a trust for the benefit of the subscribing employees. The shares are released to employees after one year, together with an additional, matching share on a one for one 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.

Notes to the Financial Statements continued

for the year ended 31 March 2024

1. Accounting Policies continued

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 date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average monthly exchange rates prevailing in the month in which the transaction took place. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Such translation differences are reclassified to profit and loss only on disposal or partial disposal of the overseas operation.

Foreign exchange hedging

The Group has adopted IFRS 9 hedge accounting in respect of the cash flow hedging instruments that it uses to manage the risk of foreign exchange movements impacting on future cash flows and profitability.

The Group has prospectively assessed the effectiveness of its cash flow hedging using the 'hedge ratio' of quantities of cash held in the same currency as future foreign exchange cash flow quantities related to committed investment in plant and equipment. The Group has undertaken a qualitative analysis to confirm that an 'economic relationship' exists between the hedging instrument and the hedged item. It is also satisfied that credit risk will not dominate the value changes that result from that economic relationship.

At the end of each reporting period the Group measures the effectiveness of its cash flow hedging and recognises the effective cash flow hedge results in Other Comprehensive Income and the Hedging Effectiveness Reserve within Equity, together with its ineffective hedge results in Profit and Loss. Amounts are reclassified from the Hedging Effectiveness Reserve to property, plant and equipment once construction has been completed or Profit and Loss when the associated hedged transaction affects Profit and Loss. Further details are included in note 5.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset they are credited to a deferred income account and released to the statement of comprehensive income over the expected useful life of the relevant asset on a straight line basis.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets and liabilities acquired. It is capitalised, and is subject to annual impairment reviews by the Directors. Any impairment arising is charged to the consolidated statement of comprehensive income. Where the fair value of the identifiable assets and liabilities acquired is greater than the fair value of consideration paid, the resulting amount is treated as a gain on a bargain purchase and is recognised in the consolidated statement of comprehensive income.

Joint venture

The Group has entered into a joint venture agreement with Eastman Chemical Company, forming Accoya USA LLC. The Group applies IFRS 11 for this joint arrangement, and following assessment of the nature of this joint arrangement, has determined it to be a joint venture. Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost.

Further details concerning the Accoya USA LLC joint venture with Eastman Chemical Company are included in note 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 eight and 20 years.

Notes to the Financial Statements continued

for the year ended 31 March 2024

1. Accounting Policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charged. Cost includes the original purchase price of the asset as well as costs of bringing the asset to the working condition and location of its intended use. The capitalisation of costs is suspended during extended periods in which it suspends active development of a qualifying asset. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset, except freehold land, over its expected useful life on a straight line basis, as follows:

Plant and machinery	These assets comprise pilot plants and production facilities. These facilities are depreciated from the date they become available for use over their useful lives of between five and 20 years
Office equipment	Useful life of between three and five years
Leased land and buildings	Land held under a finance lease is depreciated over the life of the lease

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 statement of comprehensive income over the period of the lease.

Lease expenses for leases with a duration of one year or less and low-value assets are not recognised in the consolidated statement of financial position, and are charged to the consolidated income statement when incurred. Low-value assets are determined based on quantitative criteria.

The Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Inventories

Raw materials, which consist of unprocessed timber and chemicals used in manufacturing operations, are valued at the lower of cost and net realisable value. The basis on which cost is derived is a first-in, first-out basis.

Finished goods, comprising processed timber, are stated at the lower of weighted average cost of production or net realisable value. Costs include direct materials, direct labour costs and production overheads (excluding the depreciation/depletion of relevant property and plant and equipment) absorbed at an appropriate level of capacity utilisation. Net realisable value represents the estimated selling price less all expected costs to completion and costs to be incurred in selling and distribution.

Fair value measurement

Assets and liabilities that are measured at fair value, or where the fair value of financial instruments has been disclosed in notes to the financial statements, are based on the following fair value measurement hierarchy:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Specific valuation methodologies used to value financial instruments include 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. In the prior year, Cash and cash equivalents included cash pledged to ABN Amro as collateral for the \$20 million Letter of Credit provided to FHB. See note 31.

Notes to the Financial Statements continued

for the year ended 31 March 2024

1. Accounting Policies continued

Financial liabilities

Other financial liabilities

Trade payables and other financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Loans and other borrowings are initially recognised at the fair value of amounts received net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued.

The liability is initially measured at fair value, which is determined based on the present value of the difference in cash flows between the contractual payments required under the FHB borrowing (provided to the Company's joint venture – Accoya USA) and the payments that are estimated to be required without the guarantee being provided by Accsys to FHB. To calculate the fair value of the guarantee, the present value calculation is then weighted by the probability of the guarantee being called by FHB.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

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.

Adjusted EBITDA

Underlying EBITDA plus the Group's attributable share of our USA joint venture's underlying EBITDA. Adjusted EBITDA provides a measure of the cash-generating ability of the business that is comparable from year to year.

Adjusted EBIT

Underlying EBIT plus the Group's attributable share of our USA joint venture's underlying EBIT. Adjusted EBIT provides a measure of the operating performance that is comparable from year to year.

Net Debt/Underlying EBITDA

Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.

Accoya Manufacturing margin

Accoya segmental underlying gross profit excluding Accoya underlying licence revenue and marketing services expressed as a percentage over Accoya segmental total revenue excluding Accoya underlying licence revenue and marketing services. Accoya Manufacturing margin provides a measure of the profitability of the Accoya operations relative to revenue.

Adjusted Cash

Cash & cash equivalents less restricted cash. See note 29.

Free cashflow

Net cash from operating activities less investment in property, plant and equipment. See note 29.

2. Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates**Goodwill**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of judgements in relation to discount rates and future forecasts (See note 15 & 16). The recoverability of these balances is dependent upon the level of future licence fees and manufacturing revenues. While the scope and timing of the production facilities to be built under the Group's existing and future agreements remains uncertain, the Directors remain confident that revenue from own manufacturing, existing licensees, new licence or consortium agreements will be generated, demonstrating the recoverability of these balances.

Intellectual property rights (IPR) and property, plant and equipment

The Group tests the carrying amount of the intellectual property rights and property, plant and equipment whenever events or changes in circumstances indicate that the net book value may not be recoverable. These calculations require the use of estimates in respect of future cash flows from the assets by applying a discount rate to the anticipated pre-tax future cash flows. Within this process, the Group makes a number of key assumptions including operating margins, production volumes, discount rates, terminal growth rates and forecast cash flows. Additional information is disclosed in note 15 & 16, which highlights the estimates applied in the value-in-use calculations for those CGUs that are considered most susceptible to changes in key assumptions and the sensitivity of these estimates. The Group also reviews the estimated useful lives at the end of each annual reporting period (See note 15 & 16). The price of Accoya wood and the raw materials and other inputs vary according to market conditions outside of the Group's control. Should the price of the raw materials increase greater than the sales price or in a way which no longer makes Accoya competitive, then the carrying value of the property, plant and equipment or IPR may be in doubt and become impaired. The Directors consider that the current market and best estimates of future prices mean that this risk is limited.

Valuation of value recovery instrument ("VRI")

These calculations require the use of estimates in respect of future cash flows and by applying a discount rate to the anticipated future cash flows. The same future cash flows modelled in Property, plant and equipment testing are used for this calculation. Additional information is disclosed in note 16 & 23.

Notes to the Financial Statements continued

for the year ended 31 March 2024

1. Accounting judgements and estimates continued

Accounting judgements

In preparing the Consolidated Financial Statements, management has to make judgments on how to apply the Group's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Consolidated Financial Statements and the key sources of uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Financial asset at fair value through profit or loss

The Group has an investment in listed equity shares carried at nil fair value as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Group makes appropriate enquiries and considers all of the information available to it in order to determine the fair value (See note 18).

Investment in joint venture

The Group, together with Eastman Chemical Company formed a new Company, Accoya USA LLC, 60% owned by Accsys and 40% owned by Eastman. The two parties are assessed to jointly control the entity, due to the operating agreement requiring both joint venture partners to approve key business decisions. See note 28 for further details.

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 2023:

- IFRS 17 insurance contracts;
- Definition of Accounting Estimates – Amendments to IAS 8;
- OECD Pillar Two Rules
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 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 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	Underlying €'000	Exceptional items €'000	TOTAL €'000	Underlying €'000	Exceptional items €'000	TOTAL €'000
Accoya wood revenue	123,139	-	123,139	143,494	-	143,494
Licence revenue	-	-	-	300	-	300
Other revenue	8,770	-	8,770	16,773	-	16,773
Total Revenue	131,909	-	131,909	160,567	-	160,567
Cost of sales	(91,393)	-	(91,393)	(105,608)	-	(105,608)
Gross profit	40,516	-	40,516	54,959	-	54,959
Other operating costs	(28,859)	(1,000)	(29,859)	(27,912)	-	(27,912)
Profit from operations	11,657	(1,000)	10,657	27,047	-	27,047
Profit from operations / EBIT	11,657	(1,000)	10,657	27,047	-	27,047
Depreciation and amortisation	8,947	-	8,947	7,695	-	7,695
EBITDA	20,604	(1,000)	19,604	34,742	-	34,742

Reconciliation of Accoya Adjusted EBIT and EBITDA

	Year ended 31 March 2024 €'000	Year ended 31 March 2023 €'000
Profit / (loss) from operations / Underlying EBIT	11,657	27,047
Accoya USA EBIT	(3,993)	(911)
Adjusted EBIT	7,664	26,136
	Year ended 31 March 2024 €'000	Year ended 31 March 2023 €'000
Underlying EBITDA	20,604	34,742
Accoya USA EBITDA	(3,724)	(700)
Adjusted EBITDA	16,880	34,042

Revenue includes the sale of Accoya, licence income and other revenue, principally relating to the sale of acetic acid. Revenue also includes sales of lower visual grade Accoya to Tricoya customers for the purposes of producing Tricoya panels as a temporary workaround until the dedicated Tricoya Hull plant is operational.

All costs of sales are allocated against manufacturing activities in Arnhem and in Barry (Wales) unless they can be directly attributable to a licensee. Other operating costs include all costs associated with the operation of the Arnhem and Barry manufacturing sites, including directly attributable administration, sales and marketing costs.

See note 5 for explanation of Exceptional items.

Average headcount = 166 (2023: 175)

Notes to the Financial Statements continued

for the year ended 31 March 2024

3. Segmental reporting continued

Reconciliation of Accoya Adjusted EBIT and EBITDA continued

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.

	2024 €'000	2023 €'000
Accoya segmental underlying EBITDA	20,604	34,742
Accoya underlying Licence revenue	-	(300)
Accoya segmental underlying EBITDA (excluding Licence Income)	20,604	34,442
Accoya segmental underlying gross profit	40,516	54,959
Accoya underlying Licence revenue	-	(300)
Accoya manufacturing gross profit	40,516	54,659
Accoya Manufacturing Margin	30.7%	34.1%
	2024	2023
Accoya Manufacturing gross profit - €'000	40,516	54,659
Accoya sales volume - m ³	56,568	63,344
Accoya manufacturing gross profit per m ³	716	863

Tricoya

	Tricoya Segment					
	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	Underlying €'000	Exceptional items €'000	TOTAL €'000	Underlying €'000	Exceptional items €'000	TOTAL €'000
Tricoya panel revenue	4,134	-	4,134	1,373	-	1,373
Licence revenue	77	-	77	29	-	29
Other revenue	50	-	50	49	-	49
Total Revenue	4,261	-	4,261	1,451	-	1,451
Cost of sales	(3,894)	-	(3,894)	(1,244)	-	(1,244)
Gross profit	367	-	367	207	-	207
Other operating costs	(6,961)	(7,200)	(14,161)	(5,823)	(86,000)	(91,823)
Loss from operations	(6,594)	(7,200)	(13,794)	(5,616)	(86,000)	(91,616)
Loss from operations	(6,594)	(7,200)	(13,794)	(5,616)	(86,000)	(91,616)
Depreciation and amortisation	566	-	566	527	-	527
Impairment	-	7,000	7,000	-	86,000	86,000
EBITDA	(6,028)	(200)	(6,228)	(5,089)	-	(5,089)

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

Other operating costs include pre-operating costs for the Tricoya Hull Plant.

See note 5 for explanation of Exceptional items.

Average headcount = 6 (2023: 23), 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 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	Underlying €'000	Exceptional items €'000	TOTAL €'000	Underlying €'000	Exceptional items €'000	TOTAL €'000
Accoya wood revenue	-	-	-	-	-	-
Licence revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross result	-	-	-	-	-	-
Other operating costs	(4,617)	-	(4,617)	(4,681)	(1,453)	(6,134)
Loss from operations	(4,617)	-	(4,617)	(4,681)	(1,453)	(6,134)
Loss from operations	(4,617)	-	(4,617)	(4,681)	(1,453)	(6,134)
Depreciation and amortisation	-	-	-	-	-	-
EBITDA	(4,617)	-	(4,617)	(4,681)	(1,453)	(6,134)

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. The corporate segment has been adjusted in line with internal reporting with some operating costs being reclassified to the Accoya segment. The prior year has also been amended to reflect the change in internal reporting.

Average headcount = 49 (2023: 33)

Research and Development

	Research & Development Segment					
	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	Underlying €'000	Exceptional items €'000	TOTAL €'000	Underlying €'000	Exceptional items €'000	TOTAL €'000
Accoya wood revenue	-	-	-	-	-	-
Licence revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross result	-	-	-	-	-	-
Other operating costs	(1,490)	-	(1,490)	(1,458)	-	(1,458)
Loss from operations	(1,490)	-	(1,490)	(1,458)	-	(1,458)
Loss from operations	(1,490)	-	(1,490)	(1,458)	-	(1,458)
Depreciation and amortisation	66	-	66	67	-	67
EBITDA	(1,424)	-	(1,424)	(1,391)	-	(1,391)

Research and Development costs are those associated with the Accoya and Tricoya processes. Costs exclude those which have been capitalised in accordance with IFRS (see note 15).

Average headcount = 15 (2023: 13)

Notes to the Financial Statements continued

for the year ended 31 March 2024

3. Segmental reporting continued

Total

	Total					
	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	Underlying €'000	Exceptional items €'000	TOTAL €'000	Underlying €'000	Exceptional items €'000	TOTAL €'000
Accoya/Tricoya revenue	127,273	-	127,273	144,867	-	144,867
Licence revenue	77	-	77	329	-	329
Other revenue	8,820	-	8,820	16,822	-	16,822
Total Revenue	136,170	-	136,170	162,018	-	162,018
Cost of sales	(95,287)	-	(95,287)	(106,852)	-	(106,852)
Gross profit	40,883	-	40,883	55,166	-	55,166
Other operating costs	(41,927)	(8,200)	(50,127)	(39,878)	(87,453)	(127,331)
Profit/ (loss) from operations	(1,044)	(8,200)	(9,244)	15,288	(87,453)	(72,165)
Finance income	138	-	138	-	-	-
Finance expense	(4,418)	530	(3,888)	(3,224)	9,350	6,126
Investment in joint venture	(4,100)	-	(4,100)	(1,036)	-	(1,036)
Profit/(Loss) before taxation	(9,424)	(7,670)	(17,094)	11,028	(78,103)	(67,075)

See note 5 for details of Exceptional items.

Reconciliation of Underlying EBIT and EBITDA

	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023
	€'000	Exceptional items €'000	TOTAL €'000	€'000	Exceptional items €'000	TOTAL €'000
		€'000	€'000		€'000	€'000
Profit / (loss) from operations / EBIT	(1,044)	(8,200)	(9,244)	15,288	(87,453)	(72,165)
Depreciation and amortisation	9,579	-	9,579	8,292	-	8,292
Impairment	-	7,000	7,000	-	86,000	86,000
EBITDA	8,535	(1,200)	7,335	23,580	(1,453)	22,127

Reconciliation of Adjusted EBIT and EBITDA

	Year ended 31 March 2024 €'000	Year ended 31 March 2023 €'000
	Profit / (loss) from operations / Underlying EBIT	(1,044)
Accoya USA EBIT	(3,993)	(911)
Adjusted EBIT	(5,037)	14,377
	Year ended 31 March 2024 €'000	Year ended 31 March 2023 €'000
Underlying EBITDA	8,535	23,580
Accoya USA EBITDA	(3,724)	(700)
Adjusted EBITDA	4,811	22,880

	2024 €'000	2023 €'000
Analysis of Revenue by geographical area of customers:		
UK and Ireland	46,903	55,395
Rest of Europe	47,364	63,635
Americas	28,878	29,778
Rest of World	13,025	13,210
	136,170	162,018

Revenue generated from two customers exceeded 10% of Group revenue of 2024. These two customers represented 36% (€16,717,000) & 33% (€15,461,000) of the revenue from the United Kingdom and Ireland, relating to Accoya revenue. Revenue generated from two customers exceeded 10% of Group revenue of 2023. This included 35% (€19,230,000) & 33% (€18,547,000) of the revenue from the United Kingdom and Ireland, relating to Accoya revenue.

Assets and liabilities on a segmental basis:

	Accoya 2024 €'000	Tricoya 2024 €'000	Corporate 2024 €'000	R&D 2024 €'000	TOTAL 2024 €'000	Accoya 2023 €'000	Tricoya 2023 €'000	Corporate 2023 €'000	R&D 2023 €'000	TOTAL 2023 €'000
Non-current assets	118,134	19,697	1,016	96	138,943	123,705	27,047	531	162	151,445
Current assets	43,552	3,162	18,711	5,607	71,032	52,699	3,872	13,630	4,872	75,073
Current liabilities	(10,344)	(11,705)	(4,101)	(56)	(26,206)	(23,413)	(4,156)	(14,833)	(56)	(42,458)
Net current assets/ (liabilities)	33,208	(8,543)	14,610	5,551	44,826	29,286	(284)	(1,203)	4,816	32,615
Non-current liabilities	(1,979)	(7,803)	(55,137)	(35)	(64,954)	(2,545)	(8,665)	(50,289)	(59)	(61,558)
Net assets/ (liabilities)	149,363	3,351	(39,511)	5,612	118,815	150,446	18,098	(50,961)	4,919	122,502

The Investment accounted for using the equity method (investment into Accoya USA) is included in the Accoya segment. See note 28.

Analysis of non-current assets (Other than financial assets and deferred tax):

	2024 €'000	2023 €'000
UK	23,129	30,485
Other countries	111,583	116,729
Unallocated – Goodwill	4,231	4,231
	138,943	151,445

The segmental assets in the current year were predominantly held in the UK, USA and mainland Europe (prior year UK, USA and mainland Europe). Additions to property, plant, equipment and intangible assets in the current year were predominantly incurred in the UK and mainland Europe (Prior Year UK and mainland Europe). The increase in Investment accounted for using the equity method (investment into Accoya USA) incurred in USA. There are no significant intersegment revenues.

Notes to the Financial Statements continued

for the year ended 31 March 2024

4. Other operating costs

Other operating costs consist of the operating costs, other than the cost of sales, associated with the operation of the plant in Arnhem, Barry, the offices in Dallas and London and certain pre-operating costs associated with the plant in Hull:

	2024 €'000	2023 €'000
Sales and marketing	6,044	5,219
Research and development	1,490	1,458
Other operating costs	11,731	10,675
Administration costs	13,083	14,234
Exceptional Items	1,200	1,453
Other operating costs excluding depreciation and amortisation	33,548	33,039
Depreciation and amortisation	9,579	8,292
Impairment loss – exceptional item	7,000	86,000
Total other operating costs	50,127	127,331

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. Other operating costs are those costs directly attributable to Accoya. This includes staff costs for the Arnhem and Barry sites and support functions not captured in Corporate, Sales and Marketing or general administrative costs for the Arnhem and Barry sites.

During the period, €384,000 (2023: €437,000) of internal development & patent related costs were capitalised and included in intangible fixed assets. No internal costs have been capitalised in relation to strategic capex projects in the current year. In the prior year, €171,000 of internal costs were capitalised in relation to Arnhem's Accoya plant expansion project and €566,000 of internal costs were capitalised in relation to our plant build in Hull, UK. Both were included within tangible fixed assets.

Refer to Note 5 for description of exceptional costs. The impairment loss is in relation to Tricoya assets, refer to note 5 and 16.

5. Exceptional items

	2024 €'000	2023 €'000
Advisor fees in relation to Tricoya consortium reorganisation	–	(1,453)
Impairment of the Tricoya segment assets	(7,000)	(86,000)
Partial net derecognition of NatWest loan	–	9,353
Revaluation / recognition of Valuation Recovery Instrument "VRI" liability	281	(1,383)
Foreign exchange differences on Corporate USD cash held for investment in to USA JV- incl. in Finance expense	249	1,380
Restructuring costs	(1,200)	–
Total exceptional items	(7,670)	(78,103)

Exceptional Items

In the year:

- an exceptional operating cost of €1.2m (€1m in Accoya and €0.2m in Tricoya) has been recognised for Restructuring costs relating to decreasing the Group's Administrative operating cost base.
- An impairment loss (non-cash item) of €7.0m has been recognised in the year relating to the Tricoya segment (FY23: €86.0m) due to an increase in the discount rate to 14.25% used following an increase in market interest rates and the Company specific market volatility factor. In the prior year, an impairment of the Tricoya segment assets was recognised, due to identification of additional time and costs (€35m) to complete the plant; a decrease in the estimated maximum production capacity of the plant once commercially operational from 30,000MT to 24,000MT; and the discount rate applied was updated to 13.5%.
- Foreign exchange differences were recognised due to US dollars held for investment into Accoya USA LLC. Following the November 2023 capital raise (and in the prior year, following the May 2021 capital raise), the amount raised to invest into Accoya USA was translated into US dollars and held in cash ensuring that foreign exchange movements did not decrease the amount raised below the US dollar investment into Accoya USA. This treatment did not meet

the requirements for hedge accounting under IFRS 9, Financials instruments, and therefore the foreign exchange gain on the revaluation of the US dollars has been accounted for in Finance expenses.

- €0.3m relates to the revaluation of the Value Recovery Instrument ("VRI"). See note 29 for further details.

In the prior year:

- an exceptional operating cost was recognised for advisor fees associated with advising Accsys on acquiring the full ownership of TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited), from its previous Tricoya Consortium Partners.
- NatWest also agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to €6m, under a new 7-year term. This resulted in the derecognition of the balance drawn on the NatWest loan on the date of the restructure of €15.4m and recognition of the new €6m loan. – Separate to, and in addition to the amended €6m loan, NatWest is entitled to obtain recovery, via the Value Recovery Instrument ("VRI") agreement, of up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya UK plant once operational. A financial liability was recognised of €1.4m in the prior year in respect of the VRI.

6. Employees

	2024 €'000	2023 €'000
Staff costs (including Directors) consist of:		
Wages and salaries	18,508	18,584
Social security costs	3,044	2,838
Other pension costs	1,357	1,573
Share based payments	1,494	201
	24,403	23,196

Pension costs relate to defined contribution plan contributions.

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

	2024	2023
Sales and marketing, administration, research and engineering	122	142
Operating	114	103
	236	245

7. Directors' remuneration

	2024 €'000	2023 €'000
Directors' remuneration consists of:		
Directors' emoluments	1,450	1,170
Company contributions to money purchase pension schemes	52	38
	1,502	1,208

Compensation of key management personnel included the following amounts:

	Salary, bonus and short term benefits €'000	Pension €'000	Share based payments charge €'000	2024 Total €'000	2023 Total €'000
Jelena Arsic van Os	477	27	171	675	-
Steven Salo	401	25	27	453	-
Rob Harris	-	-	-	-	619
William Rudge	-	-	-	-	100
	878	52	198	1,128	719

Notes to the Financial Statements continued

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7. Directors' remuneration continued

The Group made contributions to one (2023: one) Director's personal pension plan, with Jelena Arsic van Os receiving cash in lieu of pension.

The figures in the above table are impacted by foreign exchange noting that the remuneration for J Arsic van Os and S Salo are denominated in Pounds Sterling.

The compensation in the above table for J Arsic Van Os represents the period in which she was appointed as a director and not a full year.

The compensation also includes a LTIP buy-out award in respect of remuneration at her former employer that she forfeited as a result of joining Accsys, of 131,557 shares which vests on 27 June 2024.

Key management personnel includes the executive directors

8. Operating profit

	2024 €'000	2023 €'000
This has been arrived at after charging/(crediting):		
Staff costs	24,403	23,196
Depreciation of property, plant and equipment, and right of use assets	8,751	7,512
Impairment	7,000	86,000
Amortisation of intangible assets	828	780
Operating lease rentals	40	77
Foreign exchange losses / (gains)	108	(70)
Research & Development (excluding staff costs)	700	469
Fees payable to the Company's auditors for the audit of the Group's annual financial statements	193	183
Fees payable to the Company's auditors for other services:		
– audit of the Company's subsidiaries pursuant to legislation	212	205
– audit related assurance services	–	–
Fees payable to Component auditor for audit of subsidiaries:	190	182
Total audit and audit related services:	595	570

9. Finance income

	2024 €'000	2023 €'000
Interest receivable on bank and other deposits	138	–

10. Finance expense

	2024 €'000	2023 €'000
Arnhem land and buildings lease finance charge	159	179
Interest on loans	3,536	2,500
Interest on lease liabilities	133	115
Other finance expenses	590	430
Total underlying finance expenses	4,418	3,224
Exceptional items and other adjustments		
Foreign exchange (gain) on Corporate USD cash held for investment in to USA JV	(249)	(1,380)
Partial derecognition of NatWest loan	–	(9,353)
Revaluation / recognition of Valuation Recovery Instrument "VRI"	(281)	1,383
Total Finance expense / (income)	3,888	(6,126)

11. Tax expense

	2024 €'000	2023 €'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 prior year	121	-
Research and development tax (credit) in respect of current year	-	(121)
	121	(121)
Overseas tax at rate of 15%	8	32
Overseas tax at rate of 25%	636	2,876
Deferred Tax		
Utilisation of deferred tax asset	-	-
Total tax charge reported in the statement of comprehensive income	765	2,787

	2024 €'000	2023 €'000
(b) The tax charge for the period is higher than the standard rate of corporation tax in the UK (2024: 25%, 2023: 19%) due to:		
Profit/(Loss) before tax	(17,094)	(67,075)
Expected tax charge at 25% (2023 - 19%)	(4,273)	(12,744)
Expenses not deductible in determining taxable profit	-	148
Tricoya segment assets impairment	1,750	16,340
Tax (income)/losses for which no deferred income tax asset was (utilised)/recognised	3,159	(1,654)
Effects of overseas taxation	8	818
Research and development tax charge/ (credit) in respect of prior years	121	3
Research and development tax (credit) in respect of current year	-	(124)
Total tax charge reported in the statement of comprehensive income	765	2,787

€ '000	Deferred tax assets		Deferred tax liabilities	
	2024	2023	2024	2023
At 1 April	621	484	(621)	(484)
Credited/ (charged) to the consolidated income statement	(112)	137	112	(137)
At 31 March	509	621	(509)	(621)

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. See note 19.

12. Dividends Paid

	2024 €'000	2023 €'000
Final Dividend €Nil (2023: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

Notes to the Financial Statements continued

for the year ended 31 March 2024

13. Basic and diluted profit/(loss) per ordinary share

The calculation of profit per ordinary share is based on profit after tax and the weighted average number of ordinary shares in issue during the year.

	2024		2023	
	Underlying	Total	Underlying	Total
Basic earnings per share				
Weighted average number of Ordinary shares in issue ('000)	227,911	227,911	210,693	210,693
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	(10,189)	(17,859)	9,528	(39,038)
Basic profit/(loss) per share	€ (0.04)	€ (0.08)	€ 0.05	€ (0.19)
Diluted earnings per share				
Weighted average number of Ordinary shares in issue ('000)	-	-	210,693	-
Equity options attributable to BGF (see note 30)	-	- *	8,449	- *
Equity options attributable to convertible loan note issued (see note 29)	-	-	-	-
Weighted average number of Ordinary shares in issue and potential ordinary shares ('000)	-	-	219,142	-
Profit/(Loss) for the year attributable to owners of Accsys Technologies PLC (€'000)	-	-	9,528	-
Diluted profit/(loss) per share	-	- *	€ 0.04	- *

* Diluted loss per share is not disclosed for Total diluted loss per share. IAS 33 "Earning per share" defines Dilutive share options as share options which would decrease profit per share or increase loss per share. Equity options to BGF are disclosed in Note 31 and convertible loan notes in note 29, which if exercised, would decrease Total loss per share. As a result, these are anti-dilutive and therefore shown as nil.

14. Share based payments

The Group operates a number of share schemes which give rise to a share based payment charge. The Group operates a Long-Term Incentive Plan ('LTIP') in order to reward certain members of staff including the Senior Management team and the Executive Directors.

Options – total

The following figures take into account options awarded under the LTIP, together with share options awarded in previous years under the 2008 Share Option schemes.

Outstanding options granted are as follows:

Date of grant	Number of outstanding options at 31 March		Weighted average remaining contractual life, in years	
	2024	2023	2024	2023
19 September 2013 (LTIP)	-	443,675	-	0.5
24 June 2016 (LTIP)	130,099	130,099	2.3	3.3
20 June 2017 (LTIP)	100,651	100,651	3.3	4.3
18 June 2018 (LTIP)	61,407	185,840	4.3	5.3
15 July 2020 (LTIP)	-	850,540	6.3	7.3
23 June 2021 (LTIP) ¹	415,079	511,112	7.3	8.3
12 July 2022 (LTIP)	263,182	352,486	8.3	9.3
28 July 2023 (LTIP)	1,343,091	-	9.3	-
Total	2,313,509	2,574,403	8.0	6.1

1 – 415,079 nil cost options are outstanding in the 2021 LTIP award at 31 March 2024 but 38,546 options are estimated to vest on the vesting date in the 2024 calendar year.

Options – total continued

Movements in the weighted average values are as follows:

	Weighted average exercise price	Number
Outstanding at 01 April 2022	€ 0.00	3,959,643
Granted during the year	€ 0.00	620,698
Forfeited during the year	€ 0.00	(1,570,164)
Exercised during the year	€ 0.00	(435,774)
Expired during the year	€ 0.00	-
Outstanding at 31 March 2023	€ 0.00	2,574,403
Granted during the year	€ 0.00	1,438,216
Forfeited during the year	€ 0.00	(1,131,001)
Exercised during the year	€ 0.00	(568,109)
Expired during the year	€ 0.00	-
Outstanding at 31 March 2024	€ 0.00	2,313,509

The exercise price of options outstanding at the end of the year was €nil (for LTIP options) (2023: €nil) and their weighted average contractual life was 8.0 years (2023: 6.1 years).

Of the total number of options outstanding at the end of the year 292,157 (2023: 860,265) had vested and were exercisable at the end of the year.

Long Term Incentive Plan ('LTIP')

In 2013, the Group established a Long-Term Incentive Plan, the participants of which are key members of the Senior Management Team, including Executive Directors. The establishment of the LTIP was approved by the shareholders at the AGM in September 2013.

2013 LTIP Award performance conditions and 2016 outcome

The LTIP in 2013 awarded 4,103,456 nil cost options and 2,472,550 vested in the financial year ended 31 March 2017. No nil cost options remain as at 31 March 2024 after allowing for options exercised in the year.

2016 LTIP Award performance conditions and 2019 outcome

The LTIP in 2016 awarded 1,070,255 nil cost options and 494,433 vested in the financial year ended 31 March 2020. 130,099 nil cost options remain as at 31 March 2024 after allowing for forfeitures and options exercised in the year.

2017 LTIP Award performance conditions and 2020 outcome

The LTIP in 2017 awarded 1,087,842 nil cost options and 326,999 vested in the financial year ended 31 March 2021. 100,651 nil cost options remain as at 31 March 2024 after allowing for forfeitures and options exercised in the year.

2018 LTIP Award performance conditions and 2021 outcome

The LTIP in 2018 awarded 1,170,160 nil cost options and 185,840 vested in the financial year ended 31 March 2022. 61,407 nil cost options remain as at 31 March 2024 after allowing for forfeitures and options exercised in the year.

2020 LTIP Award performance conditions and 2021 outcome

The LTIP in 2020 awarded 1,326,966 nil cost options and no share options vested in the financial year ended 31 March 2024.

Notes to the Financial Statements continued

for the year ended 31 March 2024

14. Share based payments continued

Awards made in July 2021 and LTIP Award performance conditions

During the financial year ended 31 March 2022, a total of 918,659 LTIP awards were made primarily to members of the Senior Management team including the Executive Directors:

The performance targets for 863,624 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
EBITDA per share in FY24	60%	€0.15	€0.24
Cumulative Sales Volume (FY22 to FY24) (m ³)	30%	267,000	297,000
ESG – improvement in reporting ratings	10%	33% on attaining each of the 3 year milestones: Y1 – Attain investor ESG external rating/score Y2 – Improve or at least maintain ESG external rating/score Y3 – Improve or at least maintain ESG external rating/score	

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- EBITDA per share targets are set and determined so as to exclude licensing income.
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.

Element	Element A (EBITDA per share)	Element B (Sales volume growth)	Element C (ESG Reporting Metrics)
Grant date	23 Jun 21	23 Jun 21	23 Jun 21
Share price at grant date (€)	2.06	2.06	2.06
Exercise price (€)	0.00	0.00	0.00
Expected life (years)	3	3	3
Contractual life (years)	10	10	10
Vesting conditions (Details set out above)	EBITDA	Sales volume growth	ESG reporting metrics
Risk free rate	-0.67%	-0.67%	-0.67%
Expected volatility	20%	20%	20%
Expected dividend yield	0%	0%	0%
Fair value of option	€ 2.06	€ 2.06	€ 2.06

The remaining 55,035 of the awards made in summer 2021 were specific to individuals dedicated to the Tricoya consortium with performance measures linked to progress and development of the Tricoya plant and its subsequent operation.

The fair value of these options were €2.06 on their Grant date.

All of the above awards, made in summer 2021 are subject to a three-year performance period (i.e. year end March 2024) and a further two-year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Awards made in July 2022 and LTIP Award performance conditions

During the prior year, a total of 620,698 LTIP awards were made to members of the Senior Management team including the Executive Directors:

The performance targets for these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
Cumulative Sales Volume (FY23 to FY25) (m ³)	25%	206,000	232,000
Average Gross contribution (%)	25%	49.60%	55%
Share performance compared to AIM Index	40%	Median	Upper quartile
ESG – improvement in reporting ratings	10%	15% improvement in S&P ESG score over the three-year period	20% improvement in S&P ESG score over the three-year period

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- Gross contribution defined as Revenue from sale of Accoya/Tricoya less Net acetyls and raw wood cost
- Sales Volume is defined as combined sales volume (in cubic metres, or equivalent) of Accoya and Tricoya.
- Share performance is compared to AIM Index performance excluding Financial services and natural resource stocks

Element	Element A (Sales volume growth)	Element B (Gross Contribution %)	Element C (Share price growth)	Element D (ESG Reporting Metrics)
Grant date	12 Jul 22	12 Jul 22	12 Jul 22	12 Jul 22
Share price at grant date (€)	1.21	1.21	1.21	1.21
Exercise price (€)	0.00	0.00	0.00	0.00
Expected life (years)	3	3	3	3
Contractual life (years)	10	10	10	10
Vesting conditions (Details set out above)	Sales volume	Gross Contribution %	Share price	ESG reporting metrics
Risk free rate	0.45%	0.45%	0.45%	0.45%
Expected volatility	20%	20%	20%	20%
Expected dividend yield	0%	0%	0%	0%
Fair value of option	€ 1.21	€ 1.21	€ 0.90	€ 1.21

All of the above awards, made in summer 2022 are subject to a three-year performance period (i.e. year end March 2025) and a further two-year holding period. In addition, awards are also subject to malus/ claw-back provisions.

Notes to the Financial Statements continued

for the year ended 31 March 2024

14. Share based payments continued

Awards made in July 2023 and LTIP Award performance conditions

During the year, a total of 1,438,216 LTIP awards were made to members of the Senior Management team including the Executive Directors:

The performance targets for 1,306,659 of these awards are as follows:

Metric	Weighting (% of award)	Threshold	Maximum
Vesting (% of maximum)		25%	100%
Cumulative Sales Revenue (FY24 to FY26) (€)	45%	€500m	€600m
Underlying EBITDA per share (€)	45%	0.18	0.20
ESG – improvement in reporting ratings	10%	6% improvement in S&P ESG score over the three-year period	9% improvement in S&P ESG score over the three-year period

- Vesting is on a straight-line basis between points in the schedule.
- Appropriate adjustments may be made to ensure fair and consistent performance measurement over the performance period in line with the business plan and intended stretch of the targets at the point of award.
- Sales Revenue excludes revenue from Accoya USA LLC.

The remaining 131,557 of these awards related to a buy-out award granted to Jelena Arsic van Os, the group's CEO, in respect of remuneration forfeited at her former employer as a result of joining Accsys. The awards vest on 27 June 2024 and have no other vesting criteria. The fair value of these options were €1.22 on their Grant date.

Element	Element A (Cumulative sales revenue)	Element B (Underlying EBITDA per share)	Element D (ESG Reporting Metrics)
Grant date	28 Jul 23	28 Jul 23	28 Jul 23
Share price at grant date (€)	1.24	1.24	1.24
Exercise price (€)	0.00	0.00	0.00
Expected life (years)	3	3	3
Contractual life (years)	10	10	10
Vesting conditions (Details set out above)	Sales revenue	EBITDA per share	ESG reporting metrics
Risk free rate	2.755%	2.755%	2.755%
Expected volatility	20%	20%	20%
Expected dividend yield	0%	0%	0%
Fair value of option	€ 1.24	€ 1.24	€ 1.24

All of the above awards, made in summer 2023 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.

Employee Benefit Trust – Share bonus award

190,492 new Ordinary shares are held by an Employee Benefit Trust as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2022 to 31 March 2023, 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 2024 (subject to certain other provisions including regulations, good-leaver, take-over and Remuneration Committee discretion provisions). As at 31 March 2024, the Employment Benefit Trust was consolidated by the Company and the 190,492 shares are recorded as Own Shares within equity.

Employee Share Participation Plan

The Employee Share Participation Plan (the 'Plan') is intended to promote the long-term growth and profitability of Accsys by providing employees with an opportunity to acquire an ownership interest in new Ordinary shares ('Shares') in the Company as an additional benefit of employment. Under the terms of the Plan, the Company issues these Shares to a trust for the benefit of the subscribing employees. The Shares are released to employees after one year, together with an additional Share on a 1 for 1 matched basis provided the employee has remained in the employment of Accsys at that point in time (subject to good leaver provisions). The Plan is in line with industry approved employee share plans and the maximum amount available for subscription by any employee is €5,000 per annum. 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. 202,059 matching shares were issued to employees in January 2024. No new subscription was opened during the year ended 31 March 2024.

15. Intangible assets

	Internal Development costs €'000	Intellectual property rights €'000	Goodwill €'000	Total €'000
Cost				
At 01 April 2022	7,642	74,992	4,231	86,865
Additions	57	380	-	437
At 31 March 2023	7,699	75,372	4,231	87,302
Additions	50	335	-	385
At 31 March 2024	7,749	75,707	4,231	87,687
Accumulated amortisation				
At 01 April 2022	2,894	73,137	-	76,031
Amortisation	385	395	-	780
At 31 March 2023	3,279	73,532	-	76,811
Amortisation	399	429	-	828
At 31 March 2024	3,678	73,961	-	77,639
Net book value				
At 31 March 2024	4,071	1,746	4,231	10,048
At 31 March 2023	4,420	1,840	4,231	10,491
At 31 March 2022	4,748	1,855	4,231	10,834

Refer to note 16 for the recoverability assessment of these intangible assets.

Notes to the Financial Statements continued

for the year ended 31 March 2024

16. Property, plant and equipment

	Land and buildings €'000	Plant and machinery €'000	Office equipment €'000	Total €'000
Cost or valuation				
At 01 April 2022	17,976	187,445	4,353	209,774
Additions	-	21,376	341	21,717
Foreign currency translation gain	-	-	3	3
At 31 March 2023	17,976	208,821	4,697	231,494
Additions	-	1,779	333	2,112
Reclassification	-	(3,669)	(451)	(4,120)
At 31 March 2024	17,976	206,931	4,579	229,486
Accumulated depreciation				
At 01 April 2022	1,353	29,495	2,265	33,113
Charge for the year	358	5,397	572	6,327
Foreign currency translation gain	-	-	3	3
Impairment loss	-	86,000	-	86,000
At 31 March 2023	1,711	120,892	2,840	125,443
Charge for the year	358	6,847	482	7,687
Foreign currency translation gain	-	-	2	2
Impairment loss	-	7,000	-	7,000
Reclassification	-	(3,669)	(451)	(4,120)
At 31 March 2024	2,069	131,070	2,873	136,012
Net book value				
At 31 March 2024	15,907	75,861	1,706	93,474
At 31 March 2023	16,265	87,929	1,857	106,051
At 31 March 2022	16,623	157,950	2,088	176,661

Plant and machinery assets with a net book value of €17,851,000 are held as assets under construction and are not depreciated, relating to the Hull Plant (31 March 2023: €24,851,000).

Impairment review

The carrying value of the property, plant and equipment, internal development costs and intellectual property rights are split between two cash generating units (CGUs), representing the Accoya and Tricoya segments and the carrying value of Goodwill is allocated to the Accoya segment. The recoverable amount of these CGUs are determined based on a value-in-use calculation which uses cash flow projections for a period of 5 to 7 years based on latest financial budgets and discounted at a pre-tax discount rate of 14.25% (31 March 2023: 13.5%) to determine their present value. A cash flow projection period of 7 years was used for the Tricoya segment calculation to reflect the future cashflows of the plant, considering the estimated hold period, remaining completion activities and production ramp-up.

The key assumptions used in the value in use calculations are:

- the manufacturing revenues, operating margins and future licence fees estimated by management;
- the timing of completion of the Tricoya Hull plant;
- the timing of completion of construction of additional facilities (and associated output);
- forecast UK natural gas prices;
- the long term growth rate; and
- the discount rate.

The Directors have determined that an impairment of €93 million should be recognised in the Tricoya CGU, of which €7 million was recognised in the year ended 31 March 2024.

The remaining recoverable amount of the Tricoya CGU at 31 March 2024 is €20m.

The increase in the impairment of the Tricoya segment assets is caused by an increase in market indicators & interest rates used to calculate the discount rate utilised in the value in use calculation. The discount rate increased by 0.75% to 14.25% (13.5% at 31 March 2023).

Key assumptions applied to the Tricoya CGU were as follows:

- a discount rate of 14.25%;
- Project capital costs to bring the plant into commercial operation of €35m;
- A production capacity of 24,000MT
- A “hold period” of 2 years from 31 March 2024 (period in which no construction activities is performed); and
- a long-term growth rate of 2%.

The impact the following changes to these key assumptions would have, if made in isolation, on the impairment calculated for the Tricoya CGU is as follows:

- a 1% increase in the discount rate: increase of €6m
- a 1% decrease in the long-term growth rate: increase of €3m
- a 12-month extension in the hold period: increase of €8m
- a 6,000MT increase in the production capacity: decrease of €18m
- a €10m increase in the capital costs to bring the plant into commercial operation: increase of €7m

17. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Right-of-use assets	
	2024 €'000	2023 €'000
Right-of-use assets		
Properties	2,762	2,880
Equipment	973	1,148
Motor Vehicles	1	16
	3,736	4,044

Additions to the right-of-use assets during the financial year were €757,000 (2023: €590,000).

	Minimum lease payments	
	2024 €'000	2023 €'000
Amounts payable under lease liabilities:		
Within one year	771	1,132
In the second to fifth years inclusive	2,364	2,085
After five years	3,242	3,502
Less: future finance charges	(2,039)	(1,984)
Present value of lease obligations	4,338	4,735

Notes to the Financial Statements continued

for the year ended 31 March 2024

17. Leases continued

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

The statement of comprehensive income shows the following amounts relating to leases:

	2024 €'000	2023 €'000
Depreciation charge of right-of-use assets		
Properties	428	893
Equipment	625	255
Motor Vehicles	11	34
	1,064	1,182
Interest expense (included in finance cost)	292	294
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	22	60
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	18	18
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	-	-

The total cash outflow for leases in 2024 was €1,044,000 (2023: €940,000)

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

The Group leases various offices, land, equipment and cars. Rental contracts are typically made for fixed periods of 1-10 years, although, if appropriate, a longer term may be entered into. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Lease extension options and lease termination options are only included in the calculation of the lease liability if there is reasonable certainty that they will be exercised. Some of the Group's leases have extension and termination options attached to them.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar economic environment within similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of small items of office furniture and equipment.

18. Financial asset at fair value through profit or loss

	2024 €'000	2023 €'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.

There continues to be no active market for these shares as at 31 March 2024. As such a reliable fair value cannot be calculated and the investment is carried at a nil fair value (2023: nil).

A total of 498,522 shares were held at 31 March 2024.

19. Deferred taxation

The Group has a recognised deferred tax asset of €509,000 (2023: €621,000) offsetting a recognised deferred tax liability of €509,000 (2023: €621,000). See note 11.

The Group also has an unrecognised deferred tax asset of €71m (2023: €62m) which is largely in respect of trading losses of the UK subsidiaries and has been calculated using the tax rate which is expected to be applicable when the tax losses are expected to be utilised. The deferred tax asset has been recognised only to the extent of the deferred tax liability, due to the uncertainty of the timing of future expected profits of the related legal entities which is dependent on the profits attributable to licensing and future manufacturing income.

20. Subsidiaries

A list of subsidiary investments, including the name, country of incorporation and proportion of ownership interest is given in note 4 to the Company's separate financial statements.

21. Inventories

	2024 €'000	2023 €'000
Raw materials and work in progress	18,214	24,220
Finished goods	7,529	5,726
	25,743	29,946

The amount of inventories recognised as an expense during the year was €75,018,000 (2023: €89,357,000).

22. Trade and other receivables

	2024 €'000	2023 €'000
Trade receivables	14,044	14,398
Other receivables	1,616	1,154
VAT receivable	874	1,472
Prepayments	1,078	1,051
	17,612	18,075

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Trade and other receivables in the above table are stated net of provision for doubtful debts. The majority of trade and other receivables is denominated in Euros, with €1,765,000 of the trade and other receivables denominated in US Dollars (2023: €1,633,000).

Notes to the Financial Statements continued

for the year ended 31 March 2024

22. Trade and other receivables continued

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

Ageing of past due but not impaired trade receivables

	2024 €'000	2023 €'000
Up to 30 days overdue	714	1,361
Over 30 days and up to 60 days overdue	117	290
Over 60 days and up to 90 days overdue	17	-
Over 90 days overdue	-	14
	848	1,665

The Group over the past couple of years has not experienced any bad debt. Based on the current debtor profile the Group does not expect any bad debts to occur. As a result of this, no material expected credit losses are expected and therefore no ECL provision has been provided for within these financial statements.

23. Financial liability at amortised cost

	2024 €'000	2023 €'000
Value Recovery Instrument ("VRI")	1,102	1,383

In November 2022, NatWest agreed to restructure its TUK debt facility, reducing the principal amount by €9.4m to total €6m, under a new 7-year term (see note 29). Separate to, and in addition to the amended €6m loan, under the Value Recovery Instrument ('VRI') agreement, NatWest will be entitled to obtain recovery of up to approximately €9.4m, on a contingent basis, depending on the profitability of the Tricoya Hull plant once operational.

The valuation of the VRI was calculated on the same future cashflows modelled for the Tricoya impairment. See note 16 for a list of the key assumptions.

24. Trade and other payables

	2024 €'000	2023 €'000
Trade payables	11,824	17,942
Other taxes and social security payable	847	1,083
Accruals and deferred income	6,126	6,871
	18,797	25,896

25. Share capital

	2024 €'000	2023 €'000
Allotted – Equity share capital		
239,518,372 Ordinary shares of €0.05 each (2023: 219,381,693 Ordinary shares of €0.05 each)	11,976	10,963
	11,976	10,963

All ordinary shares are called up, allotted and fully paid.

In the year ended 31 March 2023:

In May 2022, 13,793,103 Placing and Subscription Shares were issued as part of the capital raise to strengthen the Company's balance sheet, increase liquidity headroom and fund additional costs to complete the Arnhem Plant Reactor 4 capacity expansion. The Shares were issued at a price of €1.45 (£1.23) per ordinary share, raising gross proceeds of €20 million (before expenses).

Between August and December 2022, 435,774 Shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

In July 2022, 137,665 shares were issued to an Employee Benefit Trust (EBT) at nominal value, as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2021 to 31 March 2022. These shares will vest in July 2023, subject to the employees continuing employment within the Group.

In November 2022, 11,875,801 shares were issued to the Tricoya Consortium Partners (INEOS, MEDITE, BGF & Volantis) at a price of €0.80 (£0.71) per share. This formed part of a Sales Purchase Agreement with the Tricoya Consortium Partners whereby Accsys acquired the remaining 38.2% holding in TUK that TTL did not already own and the 23.5% holding in TTL that it did not already own. See note 28.

In January 2023, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 174,144 shares were issued as "Matching Shares" at nominal value under the Plan.

In addition, various employees newly subscribed under the Plan for 203,906 Shares at an acquisition price of €0.81 per share, with these shares issued to a trust, to be released to the employees after one year, together with an additional share on a matched basis (subject to continuing employment within the Group).

In the year ended 31 March 2024:

Between July and February, 790,339 Shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

In November 2023, 19,144,281 ordinary shares were issued as part of the capital raise along with a debt extension package (see note 29) to allow Accsys to commence commercial operations of its North American Accoya plant in Kingsport, USA, strengthen its balance sheet and increase working capital in the face of a challenging macro trading environment.

In January 2024, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 202,059 shares were issued as "Matching Shares" at nominal value under the Plan.

Notes to the Financial Statements continued

for the year ended 31 March 2024

26. Other reserves

	Capital redemption reserve €000	Merger reserve €000	Hedging Effectiveness reserve €000	Other reserve €000	Total Other reserves €000
Balance at 1 April 2022	148	106,707	295	7,551	114,701
Total comprehensive income for the period	-	-	42	-	42
Balance at 31 March 2023	148	106,707	337	7,551	114,743
Total comprehensive income for the period	-	-	-	-	-
Balance at 31 March 2024	148	106,707	337	7,551	114,743

The closing balance of the capital redemption reserve represents the amounts transferred from share capital on redemption of deferred shares in a previous year.

The merger reserve arose prior to transition to IFRS when merger accounting was adopted.

The hedging effectiveness reserve reflects the total accounted for under IFRS 9 in relation to the Tricoya segment (see note 1).

The other reserve represents the amounts received for subsidiary share capital from non-controlling interests net with the carrying amount of non-controlling interests issued (see note 27).

27. Transactions with non-controlling interests

The total carrying amount of the non-controlling interests in TUK (Tricoya UK Limited) and TTL (Tricoya Technologies Limited) at 31 March 2022 was €35.5m (2021: €37.2m).

In November 2022, Accsys reached agreement to acquire full ownership of TUK and TTL, from its Consortium Partners (INEOS, MEDITE, BGF & Volantis). Under the agreement Accsys acquired the remaining 38.2% holding in TUK that TTL did not already own and the 23.5% holding in TTL that it did not already own.

Consideration of 11.9 million new ordinary Accsys shares was provided to the other Tricoya Consortium Partners valued at €9.5m (€0.81 per share).

TUK and TTL were consolidated in the Group results in the prior year and continue to be consolidated following this purchase.

28. Investment in Joint Venture

In August 2020, Accsys together with Eastman Chemical Company formed a new Company, Accoya USA LLC, 60% owned by Accsys and 40% owned by Eastman. Accoya USA LLC is constructing and will operate an Accoya plant in Kingsport, Tennessee (USA) to serve the North American market. The plant is designed to initially produce approximately 43,000 cubic metres of Accoya per annum and to allow for cost-effective expansion.

Under IFRS 11 – Joint arrangements, the two parties are assessed to jointly control the entity, due to the operating agreement requiring both joint venture partners to approve key business decisions. Accoya USA is accounted for as a joint venture and equity accounted for within the financial statements.

At 31 March 2024, Accsys and Eastman have contributed combined equity of \$70m to Accoya USA LLC.

An eight-year term loan of \$70 million has been provided by First Horizon Bank ('FHB') of Tennessee, USA. FHB are also providing a further \$10 million revolving line of credit to be utilised to fund working capital. The FHB term loan is secured on the assets of Accoya USA and will be supported by Accoya USA's shareholders, including \$50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing \$30 million (see note 31). The interest rate varies between 1.3% to 2.1% over USD LIBOR. Principal repayments commence one year following the completion and start-up of the facility, and are calculated on a ten-year amortisation period.

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

	2024 €'000	2023 €'000
Opening balance	30,859	3,216
Investment in Accoya USA	4,926	28,979
Less: Accsys proportion (60%) of Licence fee received	-	(300)
Loss for the year	(4,100)	(1,036)
Closing balance	31,685	30,859

The Group has equity accounted for the joint venture in these consolidated accounts.

Reconciliation of investment in Accoya USA:

	2024 €'000	2023 €'000
Net assets of Accoya USA (USD)	60,002	58,425
60% of net assets of Accoya USA (EUR)	33,359	32,229
Less: Accsys proportion (60%) of Licence fee received to date	(1,500)	(1,500)
Foreign exchange movements	(174)	130
Closing balance	31,685	30,859

The income statement, balance sheet and cashflows for Accoya USA LLC, are set out below:

Accoya USA income statement:

	2024 €'000	2023 €'000
Operating costs	(6,653)	(1,519)
Operating loss	(6,653)	(1,519)
Interest payable	(179)	(207)
Loss before taxation	(6,832)	(1,726)
Tax expense	-	-
Total comprehensive loss for the financial year	(6,832)	(1,726)
Accsys proportion (60%) of US JV EBITDA	(3,724)	(700)
Accsys proportion (60%) of US JV EBIT	(3,993)	(911)
Accsys proportion (60%) of US JV total loss from operations	(4,100)	(1,036)

Balance Sheet:

	2024 €'000	2023 €'000
Non-current assets		
Property, plant and equipment	122,662	69,327
Right of use assets	6,919	6,242
	129,581	75,569
Current assets		
Inventories	1,201	-
Trade and other receivables	114	236
Cash and cash equivalents	6,089	8,701
	7,404	8,937
Current liabilities		
Trade and other payables	(10,508)	(14,682)
Obligation under lease liabilities	(491)	(455)
Net current liabilities	(3,595)	(6,200)
Non-current liabilities		
Obligation under lease liabilities	(6,635)	(5,875)
Other long term borrowing	(63,701)	(9,781)
	(70,336)	(15,656)
Net assets	55,650	53,713

Notes to the Financial Statements continued

for the year ended 31 March 2024

28. Investment in Joint Venture continued

Cash flows:

	2024 €'000	2023 €'000
Cash flows from operating activities	(4,679)	(1,147)
Cash flows from investing activities	(56,553)	(49,568)
Cash flows from financing activities	58,620	59,181
Net increase in cash and cash equivalents	(2,612)	8,466

29. Commitments under loan agreements

	2024 €'000	2023 €'000
Loan obligations		
Within one year	–	9,500
In the second to fifth years inclusive	32,446	50,288
In greater than five years	27,758	6,132
Present value of loan obligations	60,204	65,920
Amounts payable under loan agreements – undiscounted cashflows:		
Within one year	1,646	10,312
In the second to fifth years inclusive	34,294	52,976
After five years	43,917	9,962
Less future finance charges	(19,653)	(7,330)
Present value of loan obligations	60,204	65,920

ABN Debt Facilities

In November 2023, Accsys and ABN Amro agreed to amend and extend the Company's main borrowing facilities by 18 months to a maturity date of 31 March 2026. The facilities agreement with ABN Amro comprise a

- €33m remaining Term Loan Facility and,
- €25m Revolving Credit Facility ('RCF').
- The Term Loan has no scheduled repayments of the term loan until 30 June 2025, quarterly payments of €1.125m thereafter.
- Term Loan interest varies between 4.34% and 5.34% with additional rolled up interest of 3% accruing on €2.25 million for the period from 5 April 2024 to 4 October 2024, €4.5 million for the period from 5 October 2024 to 4 April 2025 and €6.75 million from 5 April 2025, representing the Term Loan Facility amortisation payments that were deferred under the amortisation holiday.
- RCF interest rate varies between 3.0% and 4% above EURIBOR.

Approximately €20m of the RCF was utilised to provide a Letter of Credit by ABN Amro to FHB in support of the Accoya USA JV funding arrangements, and the remaining €5 million was undrawn at 31 March 2024.

The facilities are secured against the assets of the Group which are 100% owned by the Company and include covenants such as net leverage, interest cover which are based upon the results and assets which are 100% owned by the Company and minimum liquidity covenants.

Convertible Loan notes

In the November 2023 capital raise, new unsecured, non-transferable convertible loan notes were issued totalling €21 million (including the refinancing and discharge of the existing €10 million 2022 Convertible Loan).

The convertible loans have a 6 year term and carry a fixed rate coupon of 9.5%. For the first 2.5 years the coupon is rolled up and deferred and following the 2.5 year period, the deferred interest can either be converted into ordinary shares of the Company or paid in cash over the remaining 3.5 years at the option of the holders of the convertible loan notes. Following that 2.5 year period, interest shall be payable in cash.

The convertible loan note holders will have the right to convert the convertible loan notes they hold into Ordinary Shares of the Company at a price of 83.22 Euro cents per share.

Tricoya Natwest facility:

In November 2022, Tricoya UK Limited (the Company's subsidiary) agreed with Natwest Bank plc to restructure its TUK debt facility, reducing the principal amount to a €6m loan with a 7 year term. The facility is secured by fixed and floating charges over all assets of Tricoya UK Limited.

Interest is calculated with the margin ranging from 325 to 475 basis points plus Euribor and capitalised during the 7 year term. No repayments are due until the facility maturity date.

At 31 March 2024, the Group had €6.7m (31 March 2023: €6.0m) borrowed under the facility.

Tricoya UK Limited also provided a Value Recovery Instrument ("VRI") agreement to Natwest, to recover up to approximately €9.4m, on a contingent basis, depending on profitability of the Tricoya Hull plant once operational. The contingent payments to NatWest are based upon free cash-flow generated by the Hull plant (see note 23).

Accoya USA facility:

In March 2022 the Company's joint venture, Accoya USA agreed an eight-year \$70 million loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant. FHB are also providing a further \$10 million revolving line of credit to be utilised to fund working capital. The FHB term loan is secured on the assets of Accoya USA and is supported by Accoya USA's shareholders, including \$50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing \$30 million (see note 28 & 31). The interest rate varies between 1.3% to 2.1% over USD LIBOR. Principal repayments commence one year following the completion and start-up of the facility, and are calculated on a ten-year amortisation period. Accoya USA is equity accounted for in these financial statements, therefore this Borrowing is not included in the Group's borrowings. (See note 28).

To support Accsys' limited guarantee, Accsys provided a \$20 million Letter of Credit ('LC') to FHB. The LC is issued by ABN Amro, utilising part of the revolving credit facility.

Reconciliation to net debt:

	2024 €'000	2023 €'000
Cash and cash equivalents	27,427	26,593
Less:		
Amounts payable under loan agreements	(60,204)	(65,920)
Amounts payable under lease liabilities (note 17)	(4,338)	(4,735)
Net debt	(37,115)	(44,062)

Notes to the Financial Statements continued

for the year ended 31 March 2024

29. Commitments under loan agreements continued

Reconciliation of free cashflow

	2024 €'000	2023 €'000
Net cash from operating activities	7,197	16,733
Investment in property, plant and equipment	(3,475)	(30,291)
Free cashflow	3,722	(13,558)

Restricted cash

In the prior year, the cash and cash equivalents disclosed above and in the Consolidated statement of cash flow includes \$10 million which is pledged to ABN Amro as collateral for the \$20 million Letter of Credit provided to FHB (see note 28 & 31). In the current year, this cash pledged was released as part of the funding arrangements agreed with ABN Amro in November 2023.

Reconciliation to adjusted cash:

	2024 €'000	2023 €'000
Cash and cash equivalents	27,427	26,593
Less: Cash pledged to ABN for Letter of Credit	–	(9,828)
Adjusted Cash	27,427	16,765

	Borrowings €'000	Leases €'000	Sub-total €'000	Cash €'000	Total €'000
Net debt as at 31 March 2022	(63,989)	(5,217)	(69,206)	42,054	(27,152)
Cash flows	(10,000)	940	(9,060)	(16,984)	(26,044)
New leases	–	(590)	(590)	–	(590)
Foreign exchange adjustments	–	67	67	1,523	1,590
Other changes	8,069	65	8,134	–	8,134
Net debt as at 31 March 2023	(65,920)	(4,735)	(70,655)	26,593	(44,062)
Cash flows	17,000	1,044	18,044	533	18,577
New leases	–	(757)	(757)	–	(757)
Foreign exchange adjustments	–	40	40	301	341
New loans	(9,901)	–	(9,901)	–	(9,901)
Other changes	(1,383)	70	(1,313)	–	(1,313)
Net debt as at 31 March 2024	(60,204)	(4,338)	(64,542)	27,427	(37,115)

Other changes relate to accrued interest and other financing costs. In the prior year, the majority of other changes related to the Tricoya restructure which has been detailed above within this note and accrued interest.

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 Business Growth Fund). In addition to the issue of the Loan Notes, which have since been repaid as part of the Group re-finance in October 2021, the Company issued 8,449,172 options over Ordinary Shares of the Company to BGF exercisable at a price of £0.62 per Ordinary Share at any time until 31 December 2026 (the 'Options').

At 31 March 2024 a total 8,449,172 Options exist attributable to BGF. This represents 3.5% (2023: 3.9%) of the issued share capital of the Company as at 31 March 2024.

See note 29 for details on the convertible loan notes issued during the November 2023 capital raise.

31. Guarantee provided to FHB

In March 2022 the Company's joint venture, Accoya USA agreed an eight-year \$70million loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant and a further \$10 million revolving line of credit to be utilised to fund working capital (see note 28 & 29). The FHB term loan is supported by Accoya USA's shareholders, including \$50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing \$30 million (see note 28).

To support Accsys' limited guarantee, Accsys provided a \$20 million Letter of Credit, issued by ABN Amro, to FHB (see note 29).

The \$30 million limited guarantee provided to FHB is accounted for under IFRS 9 'Financial instruments' and held at a fair value of € nil, representing a present value calculation of €8.6 million weighted by the estimated probability of FHB calling on the guarantee being close to 0%, and therefore any remaining value being close to € nil. This probability has been assessed due to the requirements in place under the Joint venture operating agreement to fund cost over runs on the project, should they arise.

32. Financial instruments

Financial instruments

Lease liabilities

Lease creditors of €4,338,000 as at 31 March 2024 (2023: €4,735,000) relates to various offices, land, equipment and cars that the Group leases (see note 17).

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the parent Company, comprising share capital, reserves and accumulated losses.

The Board reviews the capital structure on a regular basis. As part of that review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group will balance its overall capital structure through new share issues and the raising of debt if required.

The Group's strategy is to maintain a Net Debt / EBITDA ratio of below 2.5x over the longer term while remaining within covenant levels set in its ABN Amro loan facility. One of the key covenants under the ABN Amro facility is the Net Debt/EBITDA ratio based upon the results and assets which are 100% owned by the Company, with the covenant test at 2.5x, increasing to 2.75x for the covenant tests for the 12 months ending 30 September 2024, 31 December 2024 and 31 March 2025 and then returning to 2.5x. On this basis, Net Debt/EBITDA ratio was calculated at 0.6 for the year ending 31 March 2024.

No final dividend is proposed in 2024 (2023: €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.

Notes to the Financial Statements continued

for the year ended 31 March 2024

32. Financial instruments continued

Financial Instruments by category

2024/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial assets					
Trade and other receivables		15,660	-	-	15,660
Financial asset investments	Level 2	-	-	-	-
Cash and cash equivalents		27,427	-	-	27,427
Total		43,087	-	-	43,087

2023/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial assets					
Trade and other receivables		15,552	-	-	15,552
Financial asset investments	Level 2	-	-	-	-
Cash and cash equivalents		26,593	-	-	26,593
Total		42,145	-	-	42,145

2024/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings – loans		(60,204)	-	-	(60,204)
Lease liabilities		(4,338)	-	-	(4,338)
Trade and other payables		(11,824)	-	-	(11,824)
Value Recovery Instrument ("VRI")	Level 2	(1,102)	-	-	(1,102)
Total		(77,468)	-	-	(77,468)

2023/ € '000	Fair value hierarchy	At amortised cost	At fair value though profit or loss	At fair value through OCI	Total
Financial liabilities					
Borrowings – loans		(65,920)	-	-	(65,920)
Lease liabilities		(4,735)	-	-	(4,735)
Trade and other payables		(17,942)	-	-	(17,942)
Value Recovery Instrument ("VRI")		(1,383)	-	-	(1,383)
Total		(89,980)	-	-	(89,980)

Money market deposits are held at financial institutions with high credit ratings (Standard & Poor's rating of A).

All assets and liabilities mature within one year except for the lease liabilities, for which details are given in note 17 and loans, for which details are given in note 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. Equity contributions into Accoya USA and a smaller proportion of revenue and expenditure are incurred in US dollars and expenditure is also incurred in pounds sterling. In addition some raw materials, while priced in Euros, are sourced from countries which are not within the Eurozone. The Group monitors any potential underlying exposure to other exchange rates.

If exchange rates changed by 5% from exchange rates at 31 March 2024, the effect on the P&L from the revaluation of:

- Trade Receivables – P&L impact would not be material. The details of the Trade receivables per Currency is disclosed in note 22 with the US Dollar receivables held in Titan Wood Inc, which has a US Dollar reporting currency.
- Trade payables – P&L impact would be approximately €144,000.

Interest rate risk management

Some of the Group's borrowings have variable interest rates based on a relevant benchmark (i.e. EURIBOR) plus an agreed margin. Surplus funds are invested in short term interest rate deposits to reduce exposure to changes in interest rates. The Group does not currently enter into any interest rate hedging arrangements, although will review the need to do so in respect of the variable interest rate loan facilities.

If the interest rate changed by 5% on loans which have a variable interest element, the P&L impact would be approximately €341,000.

Credit risk management

The Group is exposed to credit risk due to its trade receivables from customers and cash deposits with financial institutions. The Group's maximum exposure to credit risk is limited to their carrying amount recognised at the balance sheet date.

The Group ensures that sales are made to customers with an appropriate credit history to reduce the risk where this is considered necessary. The Directors consider the trade receivables at year end to be of good credit quality including those that are past due (see note 22). The Group is not exposed to any significant credit risk exposure in respect of any single counterparty or any group of counterparties with similar characteristics other than the balances which are provided for as described in note 22.

The Group has credit risk from financial institutions. Cash deposits are placed with a group of financial institutions with suitable credit ratings in order to manage credit risk with any one financial institution. All Financial institutions utilised by the Group, and with which the Group holds cash balances have investment grade credit ratings.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. See note 17 & 29.

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.

Notes to the Financial Statements continued

for the year ended 31 March 2024

33. Capital Commitments

	2024 €'000	2023 €'000
Contracted but not provided for in respect of property, plant and equipment	-	-

34. Related party transactions

Loan from De Engh BV Limited

As part of the Accoya USA JV funding arrangements, in the prior year, Accsys provided a \$20 million Letter of Credit ('LC') to FHB. (see note 29 & 31). To support the LC, Accsys agreed a €10 million convertible loan with De Engh BV Limited ('De Engh') in March 2022, an investment company based in the Netherlands (the 'Convertible Loan') and a Accsys shareholder holding 10.57% of Accsys' issued share capital at 31 March 2023. The Convertible Loan proceeds were placed with ABN Amro solely as cash collateral to enable ABN Amro to grant the \$20 million LC to FHB.

In November 2023, the convertible loan with De Engh BV was discharged and refinanced. New convertible loans totalling €21 million were issued to current shareholders (see note 29).

There have been no other related party transactions in the year.

35. Events occurring after 31 March 2024

On 16 May 2024, Steven Salo stepped down from his role as Chief Financial Officer. A search is underway for a replacement. During this period, Hans Pauli will act as an Interim CFO. Hans has been with the Group for over 14 years in various roles, amongst others as CFO from 2010 to 2012. There have been no other material events since 31 March 2024.

Company Statement of Financial Position

as at 31 March 2024

	Note	2024 €'000	2023 €'000
Non-current assets			
Investments in subsidiaries	4	27,283	25,803
Right of use assets		-	3
Financial asset at fair value through profit or loss	5	-	-
		27,283	25,806
Current assets			
Debtors	6	291,756	279,062
Cash at bank and in hand		21	12,062
		291,777	291,124
Creditors: amounts falling due within one year	7	(12,916)	(22,485)
Net current assets		278,861	268,639
Creditors: amounts falling due after more than one year	8/9	(53,529)	(50,288)
Net assets		252,615	244,157
Capital and reserves			
Called up Share capital	10	11,976	10,963
Share premium account		262,394	250,717
Reserve for own shares		(8)	(8)
Capital redemption reserve		148	148
Profit and loss account		(21,895)	(17,663)
Total shareholders' funds		252,615	244,157

The notes on pages 171 to 177 form an integral part of the parent Company financial statements.

The financial statements were approved by the Board and authorised for issue on 25 June 2024 and signed on its behalf by:

Jelena Arsic van Os
Director

Roland Waibel
Director

Company Statement of Changes in Equity

for the year ended 31 March 2024

	Called up Share capital €000	Share premium account €000	Capital redemption Reserve €000	Own Shares €000	Profit and loss account €000	Total Shareholders Funds €000
Balance at 31 March 2022	9,638	223,326	148	(6)	(11,535)	221,571
Loss for the financial year	-	-	-	-	(6,472)	(6,472)
Share based payments	-	-	-	-	366	366
Shares issued	1,325	-	-	(2)	(22)	1,301
Premium on shares issued	-	28,477	-	-	-	28,477
Share issue costs	-	(1,086)	-	-	-	(1,086)
Balance at 31 March 2023	10,963	250,717	148	(8)	(17,663)	244,157
Loss for the financial year	-	-	-	-	(5,712)	(5,712)
Share based payments	-	-	-	-	1,480	1,480
Shares issued	1,013	-	-	-	-	1,013
Premium on shares issued	-	12,319	-	-	-	12,319
Share issue costs	-	(642)	-	-	-	(642)
Balance at 31 March 2024	11,976	262,394	148	(8)	(21,895)	252,615

The profit and loss includes €8,010,000 of non-distributable reserves arising from the liquidation of Accsys Chemicals Limited in the year ended 31 March 2007.

Notes to the Company Financial Statements

for the year ended 31 March 2024

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The separate financial statements of Accsys Technologies PLC ('the Company') have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) for the year ended 31 March 2024. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2 of the Group financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The Company has taken advantage of the exemption in FRS 101, and has not disclosed information required by the standard as the consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 'Financial instruments: disclosures'.
- The Company has taken advantage of the exemption available under FRS 101 and not disclosed related party transactions with wholly owned subsidiary undertakings.
- The Company has taken advantage of the exemption available under FRS 101 and the requirements of IAS 7 to not disclose a Statement of Cash Flows.

As permitted under section 408 of the Act the Company has elected not to present its own profit and loss account for the year. The loss for the financial year was €5,712,000 (2023: €6,472,000).

Going concern

The Company from a going concern perspective is inextricably linked to the Group. As explained in note 1 to the Group's consolidated financial statements, the Directors have concluded that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. This conclusion also applies to the preparation of the Company's financial statements for the reasons set out in that note.

Investments

Except where a reliable fair value cannot be obtained, unlisted shares held by the Company are stated at historical cost less any provision for impairment.

Share based payments

When the parent entity grants options over equity instruments directly to the employees of a subsidiary undertaking, then in the parent company financial statements the effect of the share based payment is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity. The fair value of the options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Notes to the Company Financial Statements continued

for the year ended 31 March 2024

1. Accounting policies continued

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes except for deferred tax assets which are only recognised to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Financial assets

Debtors & Cash at bank and in hand

The Company follows the Group's accounting policies for Debtors and Cash. See note 1 to the Group financial statements.

Financial liabilities

Other financial liabilities

Trade payables and other financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Accounting judgements

In preparing the Financial Statements, management has to make judgments on how to apply the accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Financial Statements and the key sources of uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Financial asset at fair value through profit or loss

The Company has an investment in listed equity shares carried at nil fair value as a reliable fair value cannot be obtained since there is no active market for the shares and there is currently uncertainty around the future funding of the business. The Company makes appropriate enquiries and considers all of the information available to it in order to determine the fair value.

Carrying value of intercompany receivables and investments in subsidiaries

The recoverable amounts of these balances have been determined based on value in use calculations. These calculations require the use of judgements in relation to discount rates and future forecasts. The recoverability of these balances is dependent upon the level of future licence fees and manufacturing revenues relating to group companies. While the scope and timing of the production facilities to be built under the Group's existing and future agreements remains uncertain, the Directors remain confident that revenue from own manufacturing, existing licensees, new licence or consortium agreements will be generated, demonstrating the recoverability of these balances.

Prior year adjustment

In the prior year, Titan Wood Limited issued shares to the Company for a total consideration of €8.4m. This transaction was incorrectly disclosed within Amounts owed by Group Undertakings. The prior year numbers have been adjusted to correct for this. The effect of this adjustment was to increase investments in subsidiaries by €8.4m (see note 4) and decrease Amounts owed by Group undertakings (see note 6). There was no P&L impact from this change.

2. Profit and loss account

A loss of €5,712,000 (2023: €6,472,000) is dealt with in the Company financial statements of Accsys Technologies PLC. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company. Fees payable to the Company's auditors for the audit of the Group's annual financial statements was €193,000 (2023: €183,000). Fees payable to the Company's auditors for the audit of the Company's subsidiaries was €212,000 (2023: €205,000), fees payable to Component auditors for audit of subsidiaries was €190,000 (2023: 182,000).

The information disclosed in the Group's consolidated financial statements under IFRS2 'Share-based payment' is within note 14, providing further information regarding the Company's equity settled share based payment arrangements.

3. Employees

The Company had no employees other than Executive Directors (2024: 2 and 2023: 2) during the current or prior year.

Non-executive Directors received emoluments in respect of their services to the Company of €403,000 (2023: €442,000). Details have been included in the Remuneration Report. The Company did not operate any pension schemes during the current or preceding year.

4. Investments in subsidiaries

The Directors have considered the recoverability of the carrying values, taking into account the net assets as well as the long term expected performance of the subsidiaries and do not consider that any impairment is currently required. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on Board approved financial budgets. Cash flows have been projected for a period of 5 to 7 years plus a terminal value discounted at a pre-tax discount rate of 14.25% per annum (2023: 13.5%) and a growth rate of 2% to determine their present value. The key assumption used in the value in use calculations is the level of manufacturing revenues and future licence fees estimated by management over the budget period. These have been based on past experience and expected future revenues but are limited to existing assets and those under construction.

	€'000
Cost	
At 1 April 2022	21,698
Additions	8,419
Share based payments	366
At 31 March 2023	30,483
Additions	-
Share based payments	1,480
At 31 March 2024	31,963
Impairment	
At 1 April 2022 and 1 April 2023 and 31 March 2024	4,680
Net book value	
At 31 March 2024	27,283
At 31 March 2023	25,803

The following were the principal subsidiary undertakings at the end of the year and have all been included in the financial statements:

In the prior year, Titan Wood Limited issued shares to the Company for a total consideration of €8.4m. This transaction was incorrectly disclosed within Amounts owed by Group Undertakings. The prior year numbers have been adjusted to correct for this. The effect of this adjustment was to increase investments in subsidiaries by €8.4m and decrease Amounts owed by Group undertakings (see note 6). There was no P&L impact from this change.

Notes to the Company Financial Statements continued

for the year ended 31 March 2024

4. Investments in subsidiaries continued

	Class	2024 % shares and voting rights held	2023 % shares and voting rights held
Subsidiary undertakings			
Titan Wood Technology BV (Netherlands)	Ordinary	100	100
Titan Wood BV (Netherlands)	Ordinary	100	100
Titan Wood Limited (UK)	Ordinary	100	100
Titan Wood Inc (USA)	Ordinary	100	100
Accsys (Accoya USA) Holdings LLC (USA)	Ordinary	100	100
Accsys USA Holdings Inc (USA)	Ordinary	100	100
Tricoya Technologies Limited (UK)	Ordinary	100	100
Tricoya UK Limited (UK)	Ordinary	100	100
Accoya Color UK Limited (UK)	Ordinary	100	100
Accsys Jersey Limited (Jersey)	Ordinary	100	0
Joint venture undertakings			
Accoya USA LLC (USA)	Ordinary	60	60

The shares in Titan Wood BV, Titan Wood Inc, Accsys (Accoya USA) Holdings LLC, Accsys USA Holdings Inc, Accoya USA LLC, Accoya Color UK Limited, Tricoya Technologies Ltd and Tricoya UK Ltd are held indirectly by the Company.

The principal activities of these companies were as follows:

Titan Wood Technology B.V. *	The provision of technical and engineering services to licensees, and the technical development of acetylation opportunities.
Titan Wood B.V. *	The manufacture and sale of Accoya acetylated wood.
Titan Wood Limited **	Establishing global market penetration of Accoya and Tricoya as the premium wood and wood elements brands respectively for external applications requiring durability, stability and reliability through the licensing of the Group's proprietary process for wood acetylation.
Titan Wood Inc. ****	Provision of Sales, Marketing and Technical services.
Accsys (Accoya USA) Holdings LLC ****	Holdings company
Accsys USA Holdings Inc ****	Holdings company
Tricoya Technologies Limited **	Engaged in the commercialisation of technology for the production of Tricoya Wood Elements around the world.
Tricoya UK Limited **	The construction and operation of manufacturing plant for Tricoya wood chips as the premium wood elements brand for external applications requiring durability, stability and reliability.
Accoya Color UK Limited (UK) **	The manufacture of colored acetylated wood.
Accsys Jersey Limited ***	The issuing of convertible loan notes on the Group's behalf.
Accoya USA LLC ****	The construction and operation of a manufacturing plant for Accoya acetylated wood to serve the North American market.

Registered office of subsidiaries:

* P.O. Box 2147, 6802 CC, Arnhem, The Netherlands

** 4th Floor, 3 Moorgate Place, London, EC2R 6EA, United Kingdom

*** 22 Grenville Street, St Helier, JE4 8PX, Jersey

**** Building 470, 200 South Wilcox Drive, Kingsport, Tennessee, 37660, USA

5. Financial asset at fair value through profit or loss

	2024 €'000	2023 €'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 2024. As such a reliable fair value cannot be calculated and the investment is carried at a nil fair value (2023: nil).

A total of 498,522 shares were held at 31 March 2024.

6. Debtors

	2024 €'000	2023 €'000
Amounts owed by Group undertakings	291,691	278,443
Prepayments and accrued income	65	619
	291,756	279,062

In the prior year, Titan Wood Limited issued shares to the Company for a total consideration of €8.4m. This transaction was incorrectly disclosed within Amounts owed by Group Undertakings. The prior year numbers have been adjusted to correct for this. The effect of this adjustment was to increase investments in subsidiaries by €8.4m (see note 4) and decrease Amounts owed by Group undertakings. There was no P&L impact from this change.

The amounts owed by Group undertakings currently have no repayment plans in place, however the intention is for the Group's subsidiaries to repay this balance in the future. A repayment plan will be determined and commence for the loan when the subsidiaries have surplus cash and the Group requires the cash for other purposes. The Directors have considered the recoverability of the balances, taking into account the net assets as well as the long term expected performance of the subsidiaries and do not consider that any impairment is currently required. The group will use the operational profits of the subsidiaries to flow cash around the group thus repaying the loans. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on latest board approved financial budgets. Cash flows have been projected for a period of 5 to 7 years plus a terminal value discounted at a pre-tax discount rate of 14.25% (2023: 13.5%) and a 2% growth rate to determine their present value. Refer to note 16 of the Group financial statements for the key assumptions and sensitivity analysis for this calculation.

7. Creditors: amounts falling due within one year

	2024 €'000	2023 €'000
Trade creditors	707	908
Amounts owed to Group undertakings	11,677	11,695
Obligation under lease liabilities	6	3
Short term borrowings	-	9,500
VAT	62	-
Accruals and deferred income	464	379
	12,916	22,485

The amounts owed to Group undertakings are payable upon demand and are unsecured.

Notes to the Company Financial Statements continued

for the year ended 31 March 2024

8. Commitments under lease liabilities

	Minimum lease payments	
	2024 €'000	2023 €'000
Amounts payable under lease liabilities:		
Within one year	6	3
In the second to fifth years inclusive	-	-
After five years	-	-
Less: future finance charges	-	-
Present value of lease obligations	6	3

9. Commitments under loan agreements

	2024	2023
	€'000	€'000
Amounts payable under loan agreements:		
Within one year	-	10,311
In the second to fifth years inclusive	35,940	52,977
After five years	33,370	-
Less future finance charges	(15,781)	(3,500)
Present value of loan obligations	53,529	59,788

10. Called up Share capital

	2024	2023
	€'000	€'000
Allotted – Equity share capital		
239,518,372 Ordinary shares of €0.05 each (2023: 219,381,693 Ordinary shares of €0.05 each)	11,976	10,963
	11,976	10,963

In the year ended 31 March 2023:

In May 2022, 13,793,103 Placing and Subscription Shares were issued as part of the capital raise to strengthen the Company's balance sheet, increase liquidity headroom and fund additional costs to complete the Arnhem Plant Reactor 4 capacity expansion. The Shares were issued at a price of €1.45 (£1.23) per ordinary share, raising gross proceeds of €20 million (before expenses).

Between August and December 2022, 435,774 Shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

In July 2022, 137,665 shares were issued to an Employee Benefit Trust (EBT) at nominal value, as part of the annual bonus, in connection with the employee remuneration and incentivisation arrangements for the period from 1 April 2021 to 31 March 2022. These shares will vest in July 2023, subject to the employees continuing employment within the Group.

In November 2022, 11,875,801 shares were issued to the Tricoya Consortium Partners (INEOS, MEDITE, BGF & Volantis) at a price of €0.80 (£0.71) per share. This formed part of a Sales Purchase Agreement with the Tricoya Consortium Partners whereby Accsys acquired the remaining 38.2% holding in TUK that TTL did not already own and the 23.5% holding in TTL that it did not already own. See note 28.

In January 2023, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 174,144 shares were issued as "Matching Shares" at nominal value under the Plan.

In addition, various employees newly subscribed under the Plan for 203,906 Shares at an acquisition price of €0.81 per share, with these shares issued to a trust, to be released to the employees after one year, together with an additional share on a matched basis (subject to continuing employment within the Group).

In the year ended 31 March 2024:

Between July and February, 790,339 Shares were issued following the exercise of nil cost options, granted under the Company's 2013 Long Term Incentive Plan ('LTIP').

In November 2023, 19,144,281 ordinary shares were issued as part of the capital raise along with a debt extension package (see note 29 of the Group financial statements) to allow Accsys to commence commercial operations of its North American Accoya plant in Kingsport, USA, strengthen its balance sheet and increase working capital in the face of a challenging macro trading environment.

In January 2024, following the subscription by employees in the prior year for shares under the Employee Share Participation Plan (the 'Plan'), 202,059 shares were issued as "Matching Shares" at nominal value under the Plan.

11. Reconciliation of movements in shareholders' funds

	2024 €'000	2023 €'000
Loss for the financial year	(5,712)	(6,472)
Share based payments charged to subsidiaries	1,480	366
Proceeds from issue of shares	13,332	29,802
Share issue costs	(642)	(1,086)
Shares issued related to Employee share plans	-	(22)
Own shares	-	(2)
Net increase in shareholders' funds	8,458	22,586
Opening shareholders' funds	244,157	221,571
Closing shareholders' funds	252,615	244,157

12. Dividends Paid

	2024 €'000	2023 €'000
Final Dividend €Nil (2023: €Nil) per Ordinary share proposed and paid during year relating to the previous year's results	-	-

13. Deferred taxation

The Company has an unrecognised deferred tax asset of €7.0m (2023: €6.7m) which is largely in respect of trading losses and has been calculated using the tax rate which is expected to be applicable when the tax losses are expected to be utilised. The deferred asset has not been recognised due to the uncertainty of the timing of future expected profits of the fellow subsidiary (in which the Company is in the same tax group) attributable to licensing activities.

14. Guarantee provided to FHB

In March 2022 the Company's joint venture, Accoya USA agreed an eight-year \$70million loan from First Horizon Bank ('FHB') of Tennessee, USA in respect of the construction and operation of the Accoya USA plant and a further \$10 million revolving line of credit to be utilised to fund working capital (see note 28 & 29 in the Group financial statements). The FHB term loan is supported by Accoya USA's shareholders, including \$50 million through a limited guarantee provided on a pro-rata basis, with Accsys' 60% share representing \$30 million.

15. Guarantee provided on convertible loan notes issued by Accsys Jersey Limited

In the November 2023 fundraising, Accsys Group issued €21 million of new convertible loans through the Company's subsidiary Accsys Jersey Limited (see note 29 in the Group financial statements for further details on these convertible loan notes). The Company has provided a guarantee to the Convertible loan holders for the obligations under the convertible loan notes and the Company is contracted to provide to the convertible loan note holders ordinary shares in the Company if the convertible loan notes are converted.

Shareholder Information

Accsys Technologies PLC is a public limited company incorporated in the United Kingdom

Directors	Trudy Schoolenberg Dr Jelena Arsic van Os Edwin Bouwman Louis Eperjesi Roland Waibel	Non-Executive Chair Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Nick Hartigan	
Company Number	05534340	
Registered Office	4th Floor 3 Moorgate Place London EC2R 6EA	
Bankers	Barclays Bank One Churchill Place London E14 5HP ABN AMRO Bank Velperweg 37 6824 BM Arnhem The Netherlands	NatWest Bank 250 Bishopsgate London EC2M 4AA
Registrars	Link Group Central Square 29 Wellington Street Leeds LS1 4DL	
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London, WC2N 6RH	
Lawyers	Slaughter & May One Bunhill Row London EC1Y 8YY	
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