

ALLST

ALL STREET. TRANSFORMING RESEARCH



Accsys Technologies Plc



Business Overview

ESTABLISHED: 2005

LOCATION: London, UK

LISTING: AIM London
NYSE Euronext Amsterdam

TYPE OF COMPANY: For profit

NUMBER OF EMPLOYEES: 124

ISSUED SHARE CAPITAL:
90,627,283 ordinary shares of €0.05

BUSINESS AREA:
Recyclable Materials;
Environmental Sustainability

COMPANY WEBSITE:
www.accsysplc.com

BUSINESS OVERVIEW

Accsys Technologies Plc (Accsys) is an environmental science and technology company. The company's activities are the development and commercialisation of the acetylation of solid wood and wood elements (wood chips, fibres and particles) and their associated technologies. The primary focus is on the production, sale and licensing of Accoya® solid wood and Tricoya® wood elements technology through its 100% owned subsidiary, Tricoya Technology Limited. The attributes of Accoya® make it a highly effective solution for a wide range of external applications including doors, windows, cladding, decking, shutters, louvers, civil works, landscaping, outdoor furniture and more.

Accsys' operations comprise three principal business units:

- The commercial scale Accoya® wood production facility in the Netherlands
- Technology development
- Technology licensing

The company's technologies and brands are internationally protected by patents and trademarks. They have been technically validated at full commercial production level, pilot-scale or are subject to independent validation by experts.

SOCIAL MISSION

An increasing global population and consumption has resulted in our planet being overexploited with a depletion of resources, mass deforestation of tropical forests, waste problems, toxic emissions and global warming. Therefore, it seems unimaginable to remain consuming endangered materials like tropical hardwood and non-renewable, high emitting building materials such as plastics, concrete and metals at an alarming rate.

Accsys aims to reduce the use of environmentally unfriendly building materials and products by the utilisation of propriety technology and the introduction of their products throughout the world. Accsys products offer alternative, sustainable new materials that resolve many of the limitations that wood and these other materials have.

WHO BENEFITS?

GLOBAL COMMUNITY: Through responsible and sustainable management of forests as natural ecological habitats and carbon sinks

NATIONAL AND INTERNATIONAL GOVERNMENTS: Accsys products provide an alternative to building materials to limit the impact of environmental deforestation and comply with specific national and international requirements.

ACCYS DISTRIBUTORS: The ability to sell a high margin product that performs highly in tough economic conditions. In addition an ongoing relationship with Accsys with complete product and marketing support services.

THIRD PARTY LICENSEES: Working with third party companies to build new production facilities and provide access to acetylation facilities and marketing rights through licensing and partnerships as well as joint development and distribution deals.

EMPLOYEES: Discounted products for staff setting up new initiatives involving Accsys products. Career development in the form of academic and industry qualifications.

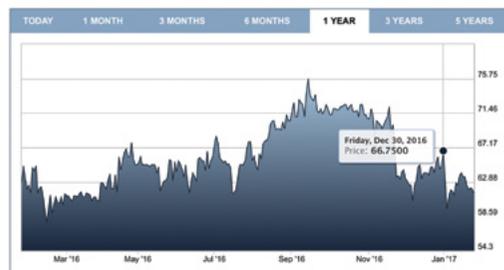
END USERS: Benefits of the use of Accsys products include improved costs over time, new opportunities, higher margins, product development and environmental gains.

Commercial and Financial Summary

CAPITAL STRUCTURE

Accsys is financed through majority equity share capital and with some finance leases. At 30 September 2016, total finance lease/capital was 5.34%. This was an increase from 4.25% in September 2015.

PRICE CHART¹



BUSINESS HIGHLIGHTS

FINANCIAL PERFORMANCE:

Demand for Accoya continues to grow with sales volumes increasing by 4% to 17,506m³ and with growth accelerating into the second half of the financial year; Half year group revenue decreased by 5% due to an expected reduction in licence related income and an unexpected supply chain bottleneck which has now been resolved. Further licensing income expected in the second half of the financial year.

OPERATIONAL PERFORMANCE:

Building work commenced on the expansion of Accoya manufacturing plant in Arnhem, on track to increase manufacturing capacity by 20,000m³ by December 2017.

PIPELINE:

Significant progress has been made towards completion of the proposed Tricoya consortium with BP and Medite with final agreements, including funding from third parties, expected later this year. Detailed planning progressing in respect of the wood chip acetylation plant to be located in Hull.

FINANCIAL INFORMATION

Year End (€m)	Mar-2015	Mar-2016	Sept-2016 ²
Group turnover	46.1	52.7	25.5
EBITDA	(2.4)	2.4	(2.8)
Profit before tax	(8.3)	(0.9)	(2.9)
EPS	(0.09)	(0.01)	(0.04)
Tangible Fixed Assets	19.5	20.3	27.9
Shareholders' Funds	41.1	42.0	42.1
Cash Balances	10.8	8.2	7.9
Cash flow from operating activities ³	(2.9)	3.5	(1.5)
Quick Ratio ⁴	1.5	1.4	1.2

FINANCIAL INFORMATION⁵

TICKER: AXS

SHARE PRICE: 66.75p (close 31/12/16)

MARKET CAP: £59.44m (close 31/12/16)

¹ Source: LSE

² Unaudited Interim results

³ Before changes in working capital

⁴ (Cash+Marketable Securities+Receivables/Current Liabilities)

⁵ <http://markets.ft.com/data/equities>

Impact Assessment Matrix

ECONOMIC IMPACT

	MEASUREMENT	REPORTED OUTCOME
Sales Volume	Accoya® Sept 2016 production 17,506m ³	+3% revenue six months to Sept 2016 to €22.5m
End-User	Durability	Lasts 50 years above ground and 25 years below, Class 1
	Renewable and reusable	Non-toxic and biodegradable
	Dimensional Stability	Swelling reduced by 75%, paints and varnishes last 3 times longer
	Less frequent coatings necessary reduce costs	Coatings last 3 or 4 times longer
Production	Production volume	+4% achieved in six months to Sept 2016

ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
Emissions	Emissions per m ³ Accoya produced	88 (2016) ⁶
Carbon Footprint	Replacing non-renewable building materials	181 kg CO ₂ per m ³
	Use of Accoya® as an alternative to tropical hardwoods	1 m ³ of wood may store over 1 ton of CO ₂ for its lifetime ⁷
	Amount of treated wood products sold	1 m ³ of wood may store over 1 ton of CO ₂ for its lifetime
	Life of material compared to alternative wood products	1 m ³ of wood may store over 1 ton of CO ₂ for its lifetime
	Demand reduction for endangered hardwood species	Replaced with Accsys products
	Reduction of externalities from chemicals/coatings used	Coatings last 3 to 4 times longer
	Toxicity impact of incineration	Carbon neutral as long as equivalent new trees are planted and grown
	Material consumption compared to wood alternatives	50 years above ground and 25 years below ground lifespan

SOCIAL IMPACT

	MEASUREMENT	REPORTED OUTCOME									
Education & Training	Addressing skills-gap in the sector	Support for MSc in Timber Engineering									
	Addressing skills-gap in the sector	Accoya Joinery Certification Program									
	Addressing skills-gap in the sector	AIA & RIBA online architectural courses									
Employment & Training¹	Average number of monthly employees / Interns at Dutch facilities	<table border="1"> <thead> <tr> <th></th> <th>2014-2015</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Employment</td> <td>118</td> <td>118</td> </tr> <tr> <td>Interns</td> <td>5</td> <td>4</td> </tr> </tbody> </table>		2014-2015	2015-16	Employment	118	118	Interns	5	4
			2014-2015	2015-16							
		Employment	118	118							
Interns	5	4									

GOVERNANCE

	MEASUREMENT	REPORTED OUTCOME
Corporate Governance	Proportion of NED ⁸	4 of 7 Directors
	Non-Executive Chairman	Yes
Financial Inclusion	% of employees participating in Employee Share Plan	Participation in Employee share plan increased by 15% between 2015-2016
Diversity	% female employees	17%: 2015 18%:2016
	% female senior management	10%
	% female board	1 out of 7

⁶ Emissions calculated following the GreenHouseGas protocol; <http://www.ghgprotocol.org/>

⁷ Sources – Building with wood = The active form of climate protection (2011) Centre of Life and Food Sciences WeihenstephanTechnische Universität München. <http://forestlearning.edu.au/images/resources/How%20carbon%20is%20stored%20in%20trees%20and%20wood%20products.pdf>

⁸ Non-Executive Directors

¹ Information not available for 2016

MUST READ

This report has been commissioned by the Social Stock Exchange Limited and prepared by All Street Research Limited ("All Street Research").

All Street Research has produced this report in reliance on an exemption from the Financial Promotion Restriction to be found in article 20 of the Financial Services and Markets Act 2000 ("FSMA") (Financial Promotion) Order 2005.

For these purposes, All Street Research's reports and website are considered to be a publication or service that is a "qualifying publication" under that article and under article 54 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. It is therefore clearly understood that: No part of this research report amounts to the provision of investment advice specific to the investment circumstances of any user or other person.

This report is not to be construed as advice or recommendations to you specifically. This report is directed at individuals having sufficient investment sophistication to critically assess the information, analysis and opinion presented in herein. You should do your own due diligence, and take into account your personal financial circumstances and investment objectives, including your tolerance for risk, before investing.

By accepting this report you are deemed to warrant and to undertake that:

- (i) you are sufficiently expert to understand the risks involved with the investments to which this report relates; and
- (ii) you will comply with all applicable provisions of FSMA and the Financial Promotion Order with respect to anything you do in relation to this document.

If you are in any doubt about the investments to which this communication relates you should consult an authorised person who specialises in advising on this kind of investment

Provision of this report is not, in and of itself, intended to lead or to enable persons to invest. This report and any other materials on our website or publications should not be construed by any subscriber or prospective subscriber as a solicitation to effect, or attempt to effect, any transaction in a security. Use of All Street Research information available from this report is at your own risk. In no event will you hold All Street Research or any affiliated party liable for any direct or indirect trading or investment losses caused by any information on this document.

Trading involves risk, including possible loss of principal and other losses. All Street Research makes no representations that any of its materials will result in profits in trading. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings.

In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance.

This report is published solely for informational purposes and is made available on a complimentary basis. This report is based on publicly available information, together with information provided by the companies profiled in this report. Such information is presented "as is," and All Street Research cannot guarantee the adequacy, accuracy, completeness or timeliness of such information. Any forward-looking statements, opinions, views, subjective statements, and other commentary (together, "Subjective Statements") contained herein do not represent the views or opinions of All Street Research, but have been reproduced from publicly available third party sources, or from information supplied by the companies profiled herein. Such Subjective Statements contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. Any consensus forecasts provided herein have been reproduced in their entirety from publicly available information produced by third party data providers.

Cut-off dates have been applied to the information contained in the report such that some of the information published in the report may have changed between such cut-off dates, and the date of publication. Such changes may in some cases be material, such that there may be material differences between the current state and financial position of the companies and securities profiled herein, and the information presented herein. You should assume that all information that you review through this report is subject to change or updating at any time, and may be updated or deleted without warning or liability on our part. We may have previously distributed (and may in the future distribute) the information in these reports and analyses in different forms, including materially different or updated business, financial and market information in relation to the companies profiled herein.

Neither All Street Research nor any persons connected with All Street Research have any direct or indirect financial interest in any company that is reviewed in this report.

You agree that you will not communicate any content of this report to any other person unless that person has agreed to be bound by this Disclaimer. If you are acting as an agent for any other person, such person must also be identified by name to All Street Research. None of the material or any copy of it may be altered or distributed to any party without express written permission from All Street Research.