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Accsys Technologies PLC
26 June 2024

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

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

Preliminary results for the year ended 31 March 2024

Resilient Q4 performance with strategic progress on Accoya USA and operational transformation programme

	Year to 31 March 2024	Year to 31 March 2023	Year to 31 March 2022	**%23-24 Change**
Revenue	**€136.2m**	**€162.0m**	€120.9m	(16%)
Gross profit	**€40.9m**	**€55.2m**	€36.0m	(26%)
Gross margin	**30%**	**34%**	30%	
Adjusted EBITDA[1]	**€4.8m**	**€22.9m**	€10.4m	(€18.1m)
Period end net debt	**(€37.1m)**	**(€44.1m)**	(€27.2m)	(€7.0m)
Accoya sales volume	**56,568m^3**	**63,344m^3**	59,649m^3	(11%)

Financial overview

- **FY24 results ahead of FY24[2] consensus -** As a result of resilient trading in Q4 FY24 and cost saving initiatives, adjusted EBITDA at €4.8m.
  - Full year adjusted EBITDA adversely impacted by: lower sales volumes, increased mix of lower margin sales, a €3m proportional increase in our US Joint venture's EBITDA loss as it progresses its pre-operational activities and a change in accounting method for Hull, with ongoing running costs being treated as operating expenditure.
  - Good sales pricing discipline maintained through the year against competitors in a challenging market, resulting in maintenance of high ASP.
- **Revenues at €136.2m -** Impacted by lower sales volumes due to high customer inventory levels at the beginning of the financial year combined with a challenging macroeconomic trading environment for the construction and building materials sector, particularly in Q3. Revenues were also impacted by lower volumes and lower average sales prices for acetic acid and nonrecurrence of the energy price premium.
  - Resilient trading in Q4, driven by increased investment in sales and marketing and the addition of new distribution channels.
- **Double digit year on year growth in sales volumes for Accoya Color and Accoya for Tricoya** - Strong demand for Accoya Color decking; 14% year-on-year Accoya for Tricoya sales growth.

Notes

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

[2]Accsys considers consensus FY24 Adjusted EBITDA to be €2.5 million as of 01 May 2024.

- **Business transformation programme and working capital initiatives showing encouraging results -** The Group's business transformation programme realised more than €3.0m annualised savings. Tight working capital management through FY24, including a €4.2m decrease in inventory levels during the year.

  - On a half yearly basis, H2 operating costs decreased €2.7m, 19% reduction on the prior year period reflecting management cost actions.

- **Reduction in net debt -** Net debt of €37.1m at 31 March 2024, a reduction of €7.0m from 31 March 2023 (€44.1m), following the successful capital raise in November 2023, with €5.0m invested into our US Joint venture during the year.

Strategic highlights

- **Accoya USA JV** - Plant completed with commissioning underway and first batches expected to be produced in the coming weeks, adding 43,000m^3 of additional production capacity.
- **Transformation and reshaping of the business under new leadership** to simplify operational processes, drive cost efficiencies, and focus on commercial and operational performance improvements.
- **Sales and marketing acceleration to drive demand creation,** including the addition of seven new distributors (four in EMEA and three in the USA) and three direct manufacturing customers (one in North America and two in Central and Eastern Europe).
- **Focus on maximising returns on existing assets with our 'Solid Roots' operational reliability** programme in Arnhem targeting efficiency improvements[3].
- During FY24 the Company 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.
- The Group has set four operational targets for the year ahead: (1) Kingsport to be commercially operational by the end of summer 2024; (2) Improved incentive plans; (3) Deliver €3m operating cost savings in the year; (4) Solid Roots 500 bps reliability improvement in (Overall Equipment Effectiveness) OEE for key equipment in Arnhem.
- The Senior Leadership Team is undertaking a thorough review of the Company's strategy. An investor event will be held in H2 FY25 providing a full update on strategy.

Outlook

The Company has made a good start to FY25. While market headwinds in the building materials and construction industry persist and are expected 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 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 100,000m^3 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.

Notes

[3]At our main production site in Arnhem, the 'Solid Roots' programme is 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.

Jelena Arsic van Os, Executive Chair of Accsys, commented:

"FY24 has been challenging with recessionary forces impacting demand in the construction and building materials market. We took decisive steps to counter these challenges and delivered a more resilient fourth quarter, with our full year results coming in ahead of updated market expectations. We have streamlined the business, begun to remove complexity, driven

operational efficiencies, and invested in sales and marketing. These transformational measures make Accsys a leaner, more agile organisation with a greater focus on profitable and sustainable growth.

Operationally we have made significant strides. We are hugely excited to have completed the construction of the Accoya USA plant with commissioning well underway and production expected to commence this summer. The addition of a second Accoya production plant marks a significant step forward for our Company. It strategically positions production nearer to our key North American market, ensuring customers reliable supply and deepening our operational resilience.

In the coming year we expect to take advantage of having two Accoya production plants. With our increased production flexibility and capacity, we will continue to invest and professionalise our commercial activities, particularly in North America. As inflation steadies and the construction market recovers, we are in a strong position to capitalise on demand and drive growth."

Ends

This announcement comprises inside information for the purposes of EU MAR and UK MAR. The person responsible for making this announcement is Nick Hartigan, General Counsel and Company Secretary, Accsys Technologies PLC.

For further information, please contact:

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There will be a presentation relating to these results at 10.00am UK time on 26 June 2024. The presentation will take the form of a webcast and conference call, details of which are below:

Webcast link (for audio and visual presentation):
Click on the link below or copy and paste ALL of the following text into your browser:
https://edge.media-server.com/mmc/p/n2mv8tvv

Phone Participants: for those participants who would like to ask a question live over the phone lines, please register on the following link. You will then be sent a confirmation email with a link to dial-in numbers.

https://register.vevent.com/register/BIfc9564bbac1244568f650bd0a860bb8d

Accsys Technologies PLC

CEO Review

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 the end of summer 2024; (2) Improved incentive plans; (3) Deliver €3m operating cost savings in the year; (4) Solid Roots 500 bps reliability improvement in (Overall Equipment Effectiveness) OEE for key equipment in Arnhem.

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 distributers' 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.

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.

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 revitalized the distribution of the Tricoya panels produced by Finsa and Medite in North America and APAC

We have revitalized 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**	

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.

Outlook

The Company has made a good start to FY25. While market headwinds in the building materials and construction industry persist and are expected 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 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.

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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

Accsys Technologies PLC

Finance Review

	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%)

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 56,568m^3, 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 to an increase in Tricoya UK's operating costs compared to the prior year ([illegible]) 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 fundraise (explained further below), higher market interest rates on the variable rate borrowings during the year, primarily before the November 2023 fundraise 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 Fundraise 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.

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 €8.9.m (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.

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

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.

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

Consolidated statement of comprehensive income for the year ended 31 March 2024

	Note	2024 €'000 Underlying	2024 €'000 Exceptional items*	2024 €'000 Total	2023 €'000 Underlying	2023 €'000 Exceptional items*	2023 €'000 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	11	(765)	-	(765)	(2,787)	-	(2,787)
(Loss)/ Profit from continuing operations		**(10,189)**	**(7,670)**	**(17,859)**	**8,241**	**(78,103)**	**(69,862)**
Items that may be reclassified to profit or loss							
(Loss)/ gain 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		-

The notes form an integral part of these financial statements.

* See note 5 for details of exceptional items.

Accsys Technologies PLC

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 were approved by the Board of Directors on 25 June 2024 and signed on its behalf by

Jelena Arsic van Os

Roland Waibel **Directors**

The notes form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of changes in equity for the year ended 31 March 2024

	Share capital Ordinary €000	Share premium €000	Other reserves €000	Own Shares €000	Foreign currency trans-lation reserve €000	Accumula-ted Loss €000	Total equity attributable to equity shareholders of the company €000	Non-Controlling interests €000	Total Equity €000

	€000	€000	€000	€000	€000	€000	€000	€000	€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)
Aquisition 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)
Aquisition 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 form an integral part of these financial statements.

Accsys Technologies PLC

Consolidated statement of cash flows for the year ended 31 March 2024

	2024 €'000	2023 €'000
(Loss)/ profit before taxation	(17,094)	(67,075)
Adjustments for:		
Amortisation of intangible assets	828	780
Depreciation of property, plant and equipment, and right of use assets	8,751	7,512

[illegible]	[illegible]	[illegible]
Impairment loss	7,000	86,000
Net finance expense / (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 form an integral part of these financial statements.

Accsys Technologies PLC

Notes to the financial statements for the year ended 31 March 2024

1. Accounting Policies

General Information

The financial information set out in these preliminary results does not constitute the company's statutory accounts for the years ended 31 March 2024 or 31 March 2023. Statutory accounts for the year ended 31 March 2023 have been filed with the Registrar of Companies and those for the year ended 31 March 2024 will be delivered to the Registrar in due course; both have been reported on by the auditors. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2023 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The auditors' report on the Annual Report and Financial Statements for the year ended 31 March 2024 is unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Basis of accounting

The Group's financial statements have been prepared under the historical cost convention (except for certain financial instruments and equity investments which are measured at fair value), in accordance with 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.

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 1 for 1 basis.

The fair value of options and deferred shares granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is charged to the consolidated statement of comprehensive income over the vesting period during which the employees become unconditionally entitled to the options or shares.

The fair value of share options granted is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options which eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

The Group contributes to certain defined contribution pension and employee benefit schemes on behalf of its employees. These costs are charged to the consolidated statement of comprehensive income on an accruals basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date together with any adjustment to tax payable in respect of previous years. Current tax includes the expected impact of claims submitted by the Group to tax authorities in respect of enhanced tax relief for expenditure on research and development.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Recognition of deferred tax assets is restricted to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (the functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the parent Company, and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currencies are recognised at the rates of exchange prevailing on the 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.

11 for this joint arrangement, and following assessment of the nature of this joint arrangement, has determined it to be a joint venture. Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost.

Further details concerning the Accoya USA LLC joint venture with Eastman Chemical Company are included in note 28.

Other intangible assets

Intellectual property rights, including patents, which cover a portfolio of novel processes and products, are shown in the financial statements at cost less accumulated amortisation and any amounts by which the carrying value is assessed during an annual review to have been impaired. At present, the useful economic life of the intellectual property is considered to be 20 years.

Internal development costs are incurred as part of the Group's activities including new processes, process improvements, identifying new species and improving the Group's existing products. Research costs are expensed as incurred. Development costs are capitalised when all of the criteria set out in IAS 38 'Intangible Assets' (including criteria concerning technical feasibility, ability and intention to use or sell, ability to generate future economic benefits, ability to complete the development and ability to reliably measure the expenditure) have been met. These internal development costs are amortised on a straight line basis over their useful economic life, between 8 and 20 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charged. Cost includes the original purchase price of the asset as well as costs of bringing the asset to the working condition and location of its intended use. 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 5 and 20 years
Office equipment	Useful life of between 3 and 5 years
Leased land and buildings	Land held under a finance lease is depreciated over the life of the lease

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 $20million Letter of credit provided to FHB. See note 31.

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 noncash 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 cashflows modelled in Property, plant and equipment testing are used for this calculation. Additional information is disclosed in note 16 & 23.

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	**Year ended 31 March 2023**
	€'000	**€'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	**Year ended 31 March 2023**
	€'000	**€'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 work-around 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)

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 - m3	56,568	63,344
Accoya manufacturing gross profit per m3	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 how it is reflected in 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

Research & Development Segment

	Year ended 31 March 2024 Underlying €'000	Year ended 31 March 2024 Exceptional items €'000	**Year ended 31 March 2024 TOTAL €'000**	Year ended 31 March 2023 Underlying €'000	Year ended 31 March 2023 Exceptional items €'000	**Year ended 31 March 2023 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)

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
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	**Year ended 31 March 2023**
	€'000	**€'000**
Profit / (loss) from operations / Underlying EBIT	(1,044)	15,288
Accoya USA EBIT	(3,993)	(911)
Adjusted EBIT	(5,037)	14,377

	Year ended 31 March 2024	**Year ended 31 March 2023**
	€'000	€'000
Underlying EBITDA	8,535	23,580
Accoya USA EBITDA	(3,724)	(700)
Adjusted EBITDA	4,811	22,880

Analysis of Revenue by geographical area of customers:

	2024 €'000	2023 €'000
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.

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 derecogition 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

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		
Foreign exchange (gain) on Corporate USD cash held for investment in to USA JV	(249)	(1,380)
Partial derecogition 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 years	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

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

	Deferred tax assets		**Deferred tax liabilities**	
€ '000	**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	-	-

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 Underlying	**2024 Total**	**2023 Underlying**	**2023 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 2024	2023	Weighted average remaining contractual life, in years 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.

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.

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:

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.

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.

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 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	**2023**
	€'000	**€'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	**2023**
	€'000	**€'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

Present value of lease obligations	4,338	4,735

(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

	€'000	€'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).

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

	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.

<u>In the year ended 31 March 2023:</u>

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.

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

	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)

Net debt	(37,115)	(44,062)

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 $20million 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

	Liabilities from financing activities			Other assets	
	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 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.

Financial Instruments by category

	Fair value hierarchy	At amortised cost	At fair value though profit or	At fair value through OCI	Total

2024/ € '000			loss		
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 (ie. 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.

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 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.

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