

26 March 2020

CLEANTECH BUILDING MATERIALS PLC, NASDAQ FIRST NORTH GROWTH MARKET,  
COPENHAGEN

TICKER: CBM

## **Cleantech Building Materials plc**

### **Unaudited Preliminary Results to 31 December 2019**

Cleantech Building Materials plc ("CBM" or the "Company" or the "Group"), presents its results for the twelve months ended 31 December 2019. The unaudited financial statements are appended to this announcement.

These results are unaudited because as a consequence of the Covid-19 pandemic our auditors, Crowe U.K. LLP, are presently unable to sign the Audit Report on these financial statements, whilst they consider the impact of these circumstances on going concern and subsequent events. These accounts have been prepared in accordance with the rules and standards applicable at this time. It is possible that these rules may be changed in light of the Covid-19 situation, before our auditors sign their Audit Report, which may require a change in these accounts. We will announce our audited results, as soon as they are available and highlight any differences from these results.

The Directors are not proposing the payment of a dividend.

#### **Chairman's Statement**

2019 has been a breakthrough year for CBM and its strategy to build an Accoya® wood factory in China.

On 9 July 2019, CBM's subsidiary company Diamond Wood China Limited ("DW") signed a legally binding Investment Framework Agreement with Nantong Acetic Acid Company ("NTAAC") to provide circa US \$50m in equity and debt financing for the first Accoya® wood factory in China. DW will be the majority shareholder in the joint venture, and will additionally receive a substantial royalty on profits. NTAAC is amongst China's top speciality chemical companies, serving global clients in the US and Europe. The company is listed on the Shanghai Stock exchange.

On 10 July 2019, we announced the signing of a subscription agreement with a family office for €15m euros ("Investor"). These funds will be used to finance the Group's share of the equity financing for the joint venture with NTAAC.

In November 2019, the Bank of Jiangsu provided DW and NTAAC with a signed MOU committing to provide €22m euros of debt financing. In China, such a signed commitment document is unusual, and attests to the strength of the Accoya® wood factory project, and the long relationship between NTAAC and Bank of Jiangsu.

On 12 December 2019, the Administration Committee of Jiangsu Rudong Yangkou Port Economic Development Zone provided DW and NTAAC with a signed commitment letter identifying the plot of land reserved for the Diamond Wood Accoya® wood factory.

During the course of 2019 we continued to invest in the development of our marketing and sales operations in China and the ASEAN countries, which resulted in new offtake agreements being added to the growing list of manufacturers and wholesalers in the region committing to purchase significant volumes of Accoya® wood from the Group. These agreements, and the ongoing business with our

existing base of distribution partners, attest to a strong and increasing demand for Accoya® wood in the region.

It is the Board's view that there is sufficient demand in China and the ASEAN territories to warrant the construction of our own Accoya® wood factory. DW previously purchased the exclusive licence to sell and produce Accoya® wood in those regions from Accsys' subsidiary Titan Wood Limited ("TW") for circa €20m euros.

The recent 2019 agreement with NTAAC, and the subscription agreement signed by CBM with the Investor, are the foundations for the build out of DW's strategy to manufacture and sell its own Accoya® wood. DW's wholesalers and manufacturers are demanding such a stable and cost-competitive source of Accoya® wood.

At this time, the Covid-19 outbreak has not impacted our timetable, as we have been able to progress discussions and planning for the joint venture. However, if there is a prolonged travel ban, then there will inevitably be some delays, and we will work to keep any such delays to a minimum. The Worldwide spread of Covid-19 is clearly very concerning and will have an impact on the World Economy. Our business is focussed on China and at the time of writing the rate of infection in China is falling. Our team and our partners NTACC have worked well remotely and we have not experienced any delays. At this time we do not currently expect restrictions to combat the Covid-19 virus in China to impact our timetable for moving forward with NTACC. We are an English company, with a majority of the Board based in the UK. As our CEO and CFO are based in Shanghai, our meetings are held remotely and accordingly the impact of the disruption to normal business caused by measures to combat the Covid-19 virus is anticipated to have limited impact on how the Board of the Company manages its business.

Simon Allocca joined the Board this year. Simon's many years as a senior banker have added to the Board's skill sets and he has made an immediate contribution.

The Group reported a loss of €4,490,000 for the 12 months ended 31 December 2019 (2018: €4,661,000), which reflects the fact that the Group has borne the cost of its infrastructure and staff.

I would like to take this opportunity to again express my sincere gratitude to my fellow Directors and staff for their hard work and commitment over the past year.

I look forward to providing you with further updates at our next Annual General Meeting ("AGM"). The timing of that AGM and the release of our audited Annual Report for 2019 is subject to uncertainty due to the impact of the Covid-19 virus. We will inform the market further once we are able to provide definitive dates.

## **Strategy and Objectives**

The Group's primary strategic objectives for 2020 are to:

1. To engage a leading engineering, procurement and construction firm to lead the construction of an Accoya® wood manufacturing facility in China.
2. Together with the Group's chemical industry joint venture partner, NTAAC, to ensure that the Accoya® wood manufacturing facility is constructed on time and on budget, and operated efficiently.
3. To grow sales of Accoya® wood to regional wholesalers.
4. To build relationships with large-volume wood product manufacturers through testing and trials in anticipation of Accoya® wood being produced in the Group's own factory.

5. To develop the Group's marketing and sales initiatives to further expand market channels and offtake agreements in the Chinese and ASEAN markets.

## Financial Overview

The Group's revenues for the 12 months ended 31 December 2019 remained steady at €927,000 (2018: €703,000) and consisted mainly of Accoya® wood sales to customers in Thailand, Vietnam, Singapore, Indonesia and Malaysia.

The Group realised a net loss of €4,490,000 for the year to 31 December 2019 (2018: €4,661,000). As at 31 December 2019, the Group had cash and cash equivalents of €283,000 (2018: €8,000) as well as an available facility of approximately €2.5m, and an equity commitment to finance the Joint Venture of an additional €15m euros. The Company has significantly reduced its outstanding debts during 2019, and now has net current liabilities of €588,000 (2018: €1,531,000).

We did not see any increase in the amount of Accoya® wood we received this year and as a consequence of this shortage, DW's channel partners have been unable to tender large-volume construction projects, and our manufacturing customers have had to delay their market launch plans. This inability to serve the growing demand in the region has been a frustrating development for all concerned

Once the Group is producing its own Accoya® wood, the Board believes the financial performance of the Group will be radically transformed.

## Future Developments

The Group continues to advance its discussions with potential partners to significantly grow its business and to construct and operate its own Accoya® wood manufacturing facility. The Group expects to commence construction of its own Accoya® wood manufacturing facility during 2020.

The Company's next financial report will be unaudited accounts for the six months to 30 June 2020 which we plan to publish in August 2020. We will inform the market accordingly should the impact of the Covid-19 virus cause this date to change.

THE DIRECTORS OF CLEANTECH BUILDING MATERIALS PLC ACCEPT RESPONSIBILITY FOR THE CONTENTS OF THIS ANNOUNCEMENT

Further information may be found at the Company's website at [www.cbm-plc.com](http://www.cbm-plc.com)

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The information communicated in this announcement is “inside information” for the purposes of article 7 of the Market Abuse Regulation 596/2014.