

5 June 2024

## **Cleantech Building Materials plc**

### **Chair's Update**

Cleantech Building Materials plc ("CBM", the "Company" or the "Group"), is pleased to provide an update from the Company's Chair, Willy Paterson-Brown:

"It is my great pleasure and a privilege to have become the new Chair of the Board of Directors of CBM on 30 April 2024. Having previously overseen the building of the first Accoya® Wood factory in the Netherlands and the commercialisation of the Accoya® brand as Chair and Chief Executive Officer of Accsys Technologies PLC, I am looking forward to opening up the opportunity in China. The Company and its subsidiary companies, Diamond Wood China Ltd ("Diamond Wood"), in Hong Kong, and the local companies in China, are in a strong position to build a substantial business and benefit from the significant demand for our sustainable wood product.

I would like to thank Paul Richards for his service to the Company over the last seven years as Chair of the Group. He has overseen the development of the Group during the difficult Covid years, which continued through into the second quarter of 2023 in China.

I would also like to welcome Luke Lo as the new Chair of Diamond Wood. Dr Lo is an international business leader with over 35 years' experience developing new technology driven business in the Greater China and ASEAN markets. Luke built and successfully sold a multinational construction equipment company, based in Shanghai, which markets new products and services into government public works projects in China and throughout Asia. He has been a strong supporter of Accoya® Wood in China and with his industry and government knowledge is ideally positioned to exploit the huge potential of the business there. He has a MBA and PhD and is based in Shanghai.

Greg Lee, who was the Founder of Diamond Wood, remains a Director of Diamond Wood and we will continue to rely on his expert knowledge and experience of Accoya® Wood in China, developed over more than 16 years.

During 2023 the Company made the strategic decision to de-list from the Nasdaq First North Growth Market in Copenhagen. Shareholders overwhelmingly voted in favour of the motion, with more than 98% approving the decision, which resulted in the completion of the delisting from the Danish Stock Exchange in November 2023.

Following discussions with key debt and equity stakeholders and partners on the ground in China it was decided to buy out 100% of the operating business in China. This was not an easy decision, but it became apparent that the Company was being restricted in its potential by only owning 51% of the joint venture and that by owning 100% of the business the benefits for debt, equity and trade opportunities were clear.

Demand for Accoya® Wood remains extremely strong. Our forecasting shows that owning the whole business enables us to create a sustainable business model that will drive shareholder value and will allow

greater flexibility to our financing needs as we build out the first Accoya® factory in China over the next year and in the years to come. We believe the expansion of the Accoya® production capacity will reduce shareholder dilution because our operations will have a greater ability to finance our future growth which in due course will allow for larger dividends for shareholders.

The agreement to separate from Nantong Acetic Acid Chemical Company Limited (“NTAAC”) was concluded in March 2024, resulting in all sales and marketing contracts, off-take agreements, intellectual property, engineering plans, technical information and some staff contracts reverting to Diamond Wood. The process has been amicable and the relationship with NTAAC has been maintained for future trade relations as appropriate.

The Company has all the key people in place, with the relevant experience, to start delivering on our exciting business plan. Now that we are a private company, and own all of our operations, we are confident that we are in a position to control how we execute to maximise our outlined ambition. The economic outlook in China, despite the bias of western media, is excellent and we are being well supported in-country at the municipal, provincial and national levels and are very optimistic for the future development of the business. To highlight this the local authorities with whom we are engaged are helping us to develop and promote a sustainable business with large scale growth potential. This is not always reflected in the mainstream media which, I believe, is worth mentioning. In this post Covid era, the timing is perfect to be developing a Direct Foreign Investment company in China. We have the additional advantage of having a business centred around low carbon output in a market that is hungry for high quality, sustainable products. Government support, development incentives and local initiatives together with 100% ownership of the local operating business further add to the Company’s significant potential.

In 2023 Diamond Wood (albeit via the joint venture company) continued to invest in the development of its marketing and sales operations in China and the ASEAN countries through the import and sale of Accoya® Wood throughout the region. This will continue until the Accoya® factory is in production. This ongoing business, with Diamond Wood’s existing base of distribution partners, attests to a strong and increasing demand for Accoya® Wood in the region, with the product only being available on allocation.

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 and for being so welcoming to me as I take on the role as the new Chair, a role which I relish and very much look forward to exploiting the enormous potential within the Group.”

**Further Enquiries:**

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## Notes to Editors:



CBM, through its subsidiary Diamond Wood China Limited, owns exclusive manufacturing rights to Accoya® Wood in China and is in the process of establishing a new large scale Accoya® Wood factory in China to meet the huge demand in the region.

For more information please see: <http://www.cbm-plc.com> and <https://www.diamondwoodchina.com>



Accoya® Wood is produced using a proprietary patented acetylation technology that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a 'high technology wood'. Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya® Wood is particularly suited to exterior applications where performance and appearance are valued. Moreover, the Accoya® Wood production process does not compromise the wood's strength or machinability. The combination of dimensional stability, durability and retained strength means that Accoya® Wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material.



As an example of Accoya® Wood's use, Google's London headquarters, currently under construction, will be the largest wooden façade in the world (23,300 m<sup>2</sup> total area). Accoya® wood was selected for its negative carbon footprint, resistance to exterior elements, and its beautiful natural aesthetic.



For more information please see: <https://www.accoya.com>