



# TRANSFORMATIONAL YEAR WITH GOOD PROGRESS ACHIEVED

2023 PRELIMINARY RESULTS  
AUGUST 2023

JAMES CROPPER PLC

ESTABLISHED 1845

## FORWARD-LOOKING STATEMENT

*This document may contain certain forward-looking statements with respect to the Group's plans and expectations relating to its future performance, results, strategic initiatives, objectives and financial position, including liquidity and capital resources.*

*These forward-looking statements are not guarantees of future performance. By their very nature, all forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future and are or may be beyond the Group's control. Accordingly, the Group's actual results and financial condition may differ materially from those expressed or implied in any forward-looking statements.*

*Forward-looking statements in this presentation are current only as of the date on which such statements are made. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this presentation shall be construed as a profit forecast.*



# COMPANY OVERVIEW

## PIONEERING MATERIALS TO SAFEGUARD OUR FUTURE

A global market leader in advanced materials and paper products incorporating pioneering non-wovens and electrochemical coatings, paper and packaging.

Established in 1845, James Cropper is a specialist provider of niche solutions tailored to unique customer specifications, ranging from substrates and components in hydrogen electrolysis and fuel cells to bespoke colours and textures in paper and moulded fibre packaging designed to replace single use plastics.

Operating across multiple markets from renewable energy to luxury retail with an international workforce and an operational reach in over 50 countries.

Renowned globally for service, capability and pioneering, multi award-winning commitment to the highest standards of sustainability.

Our goal is to be operationally carbon neutral by 2030 and to reduce carbon through the entire supply chain to net zero by 2050.

REVENUE **£129.7m** ↑ 24%  
(2022: £104.9m)

ADJUSTED OPERATING  
PROFIT (APM 1\*)

**£4.8m**  
↑ 4%

\*Excluding IAS 19 impact  
and exceptionals  
(2022: £4.6m)

ADJUSTED PROFIT  
BEFORE TAX (APM 2\*)

**£3.2m**  
↓ 21%

\*Excluding IAS 19 impact  
and exceptionals  
(2022: £4.0m)

PROFIT  
BEFORE TAX

**£1.3m**  
↓ 53%

(2022: £2.8m)

NET  
BORROWINGS

**£16.6m**  
↑ 35%  
(2022: £12.3m)

EARNINGS PER  
SHARE

**5.4p**  
↓ 62%  
(2022: 14.2p)

FULL YEAR DIVIDEND  
PER SHARE

**6.0p**  
(2022: 10.0p)



# COMPANY OVERVIEW

## STRENGTHENING OUR PROPOSITION

### ADVANCED MATERIALS

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#### FUTURE ENERGY

Incorporating TFP Hydrogen, and including materials and products for fuel cell gas diffusion layer substrates (GDL), coatings for PEM electrolyzers, water purification, carbon capture, batteries and wind.

#### TECHNICAL FIBRES

Core technical fibre markets including aerospace, defence, medical, construction and industrial.



### PAPER PRODUCTS

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#### LUXURY PACKAGING

Incorporating James Cropper's multi-award winning Colourform™ moulded pulp innovation with the speciality packaging papers made for the world's leading luxury brands.



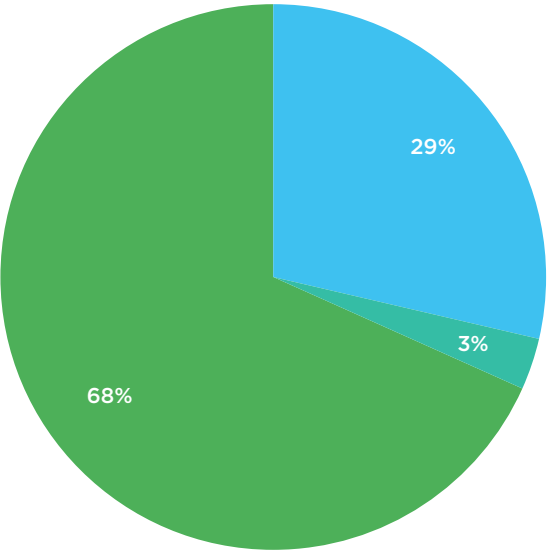
#### CREATIVE PAPERS

The Group's historic business supplying specialist paper markets. Renowned for its tailor-made expertise in colour, unique sustainable fibre technology and embossing solutions.



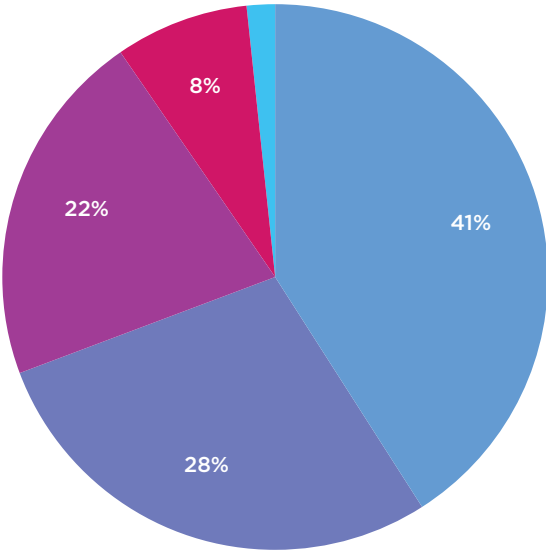


# COMPANY OVERVIEW



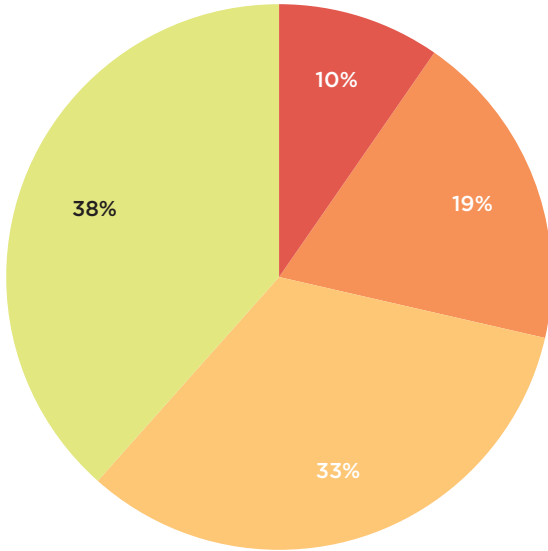
- Technical Fibre Products
- Colourform™
- Paper

2023 REVENUE



- UK
- Europe
- Americas
- Asia
- Other 1%

GEOGRAPHICAL % SEGMENTATION OF REVENUE



- Future Energy
- Technical Fibres
- Luxury Packaging
- Creative Papers

MARKET-FACING % SEGMENTATION OF REVENUE







# OUR PATHWAY TO CREATE LONG-TERM SHAREHOLDER VALUE

## GOOD PROGRESS BEING MADE

Drive revenue growth in premium value segments

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Invest in systems to simplify processes and access smarter data

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Deliver margin improvement through increased productivity

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Restructure paper business around profitable core

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Accelerate carbon reduction activities

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Create greater long-term differentiation through innovation

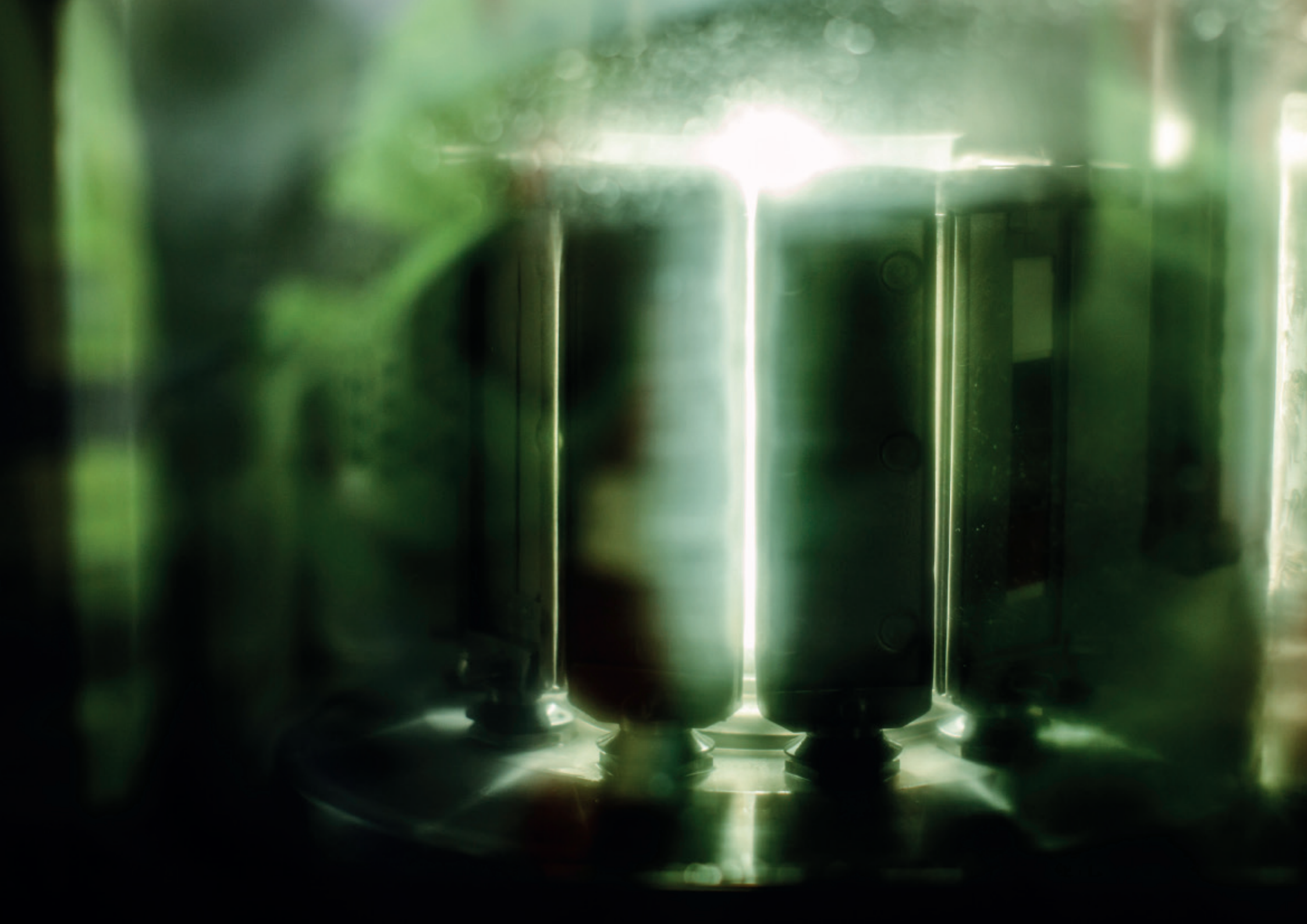
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Strengthen senior leadership team



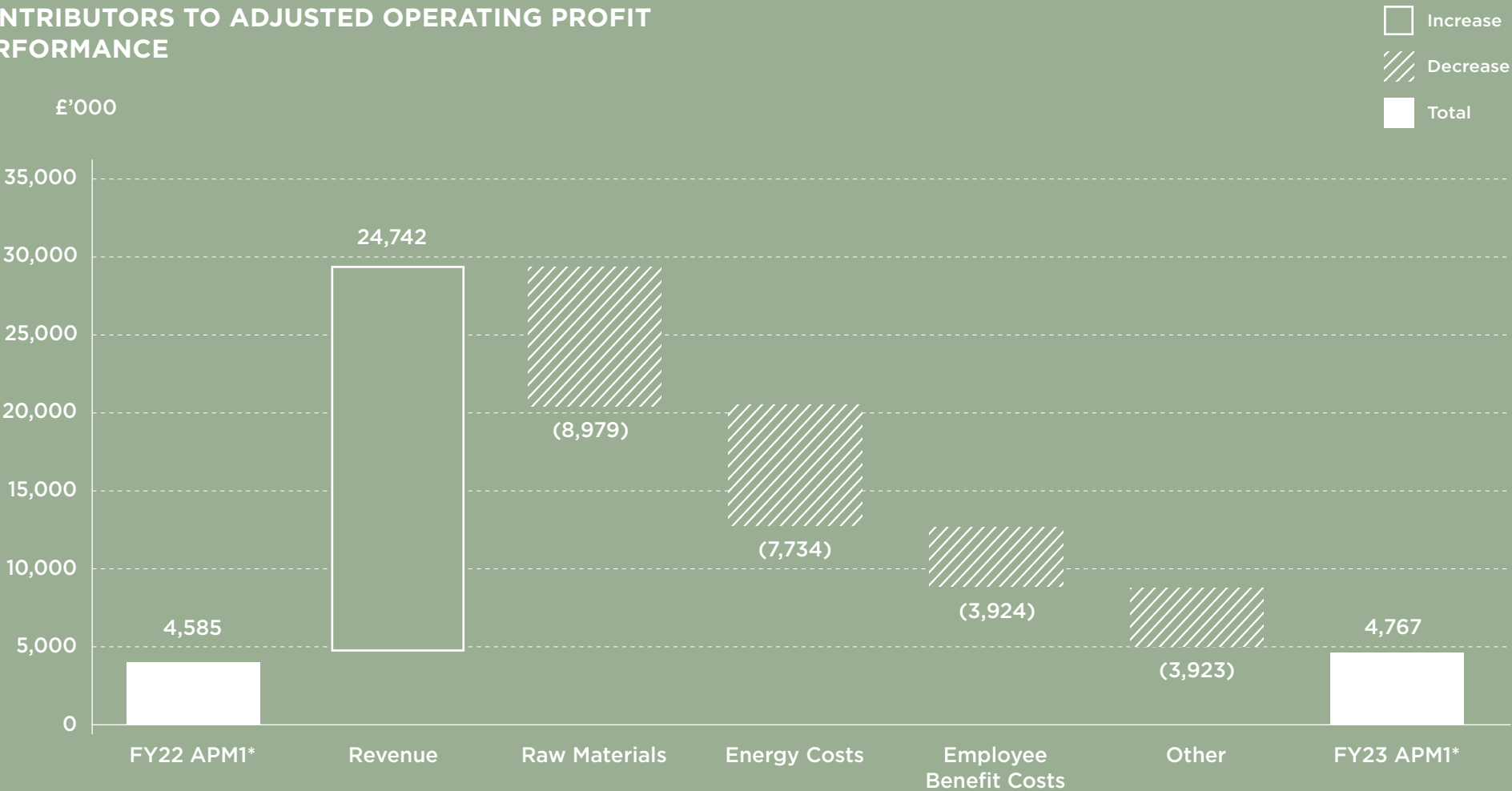






# STRONG BUSINESS PERFORMANCE UNDER VOLATILE MARKET CONDITIONS

## CONTRIBUTORS TO ADJUSTED OPERATING PROFIT PERFORMANCE



\*APM 1 Adjusted operating profit refers to operating profit before interest and prior to the impact of IAS 19 and exceptional items







# FINANCIAL HEADLINES

Strong recovery in a transformational year, 24% increase in revenue driven by high demand and retained contracts

Despite significant inflationary cost headwinds, adjusted operating profit (APM1) increased 4%

Adjusted profit before tax (APM2), 21% lower due to an increase in net finance costs

Exceptional costs of £1.1m reflect outperformance at TFP Hydrogen and consequent reassessment of contingent consideration (2022: £0.4m)

Profit before tax, 53% lower due to an increase in net finance costs and exceptional items



Summary of results	2023 £'000	2022 £'000
Revenue	129,664	104,922
Adjusted operating profit (APM1*)	4,767	4,585
Adjusted profit before tax (APM2**)	3,195	4,045
Impact of IAS 19	(787)	(914)
Exceptional items	(1,095)	(354)
<b>Profit before tax</b>	<b>1,313</b>	<b>2,777</b>
Earnings per share	5.4p	14.2p

\*APM1: Operating profit excluding IAS 19 and exceptional items

\*\*APM2: Profit before tax excluding IAS 19 and exceptional items







# BALANCE SHEET HEADLINES

Equity shareholders' funds decreased by £2.4m largely due to actuarial losses on the net pension deficit

Net debt increased by £4.3m as the business continues to invest in capital expenditure

The Group remains well within net debt/EBITDA banking covenants of 3.5x, achieving 1.8x at year end

The Group benefits from an interest rate cap, limiting exposure to the high interest rate environment

	2023 £'000	2022 £'000
Non-pension assets – excluding cash	86,754	81,568
Non-pension liabilities – excluding borrowings	(25,990)	(24,913)
Net IAS 19 pension deficit (after deferred tax)	60,764 (12,105)	56,655 (9,847)
Net debt	48,659 (16,594)	46,808 (12,294)
Equity shareholders' funds	32,065	34,514
Gearing % - before IAS 19 deficit	38%	28%
Gearing % - after IAS 19 deficit	52%	36%
Capital expenditure	5,779	6,761



# CASH FLOW HEADLINES

Operational cash flows generated are £1.5m higher than FY2022

Continued investment in capital expenditure to facilitate future revenue growth

Inflow from financing activities as drawdown of debt exceeds repayments



	2023 £'000	2022 £'000
Net cash inflow from operating activities	5,550	4,029
Net cash outflow from investing activities	(6,643)	(6,598)
	(1,093)	(2,569)
Net cash inflow from financing activities	622	3,436
Net (decrease) / increase in cash and cash equivalents	(471)	867
Effects of exchange rate fluctuations on cash held	400	118
Net (decrease) / increase in cash and cash equivalents	(71)	985
Opening cash and cash equivalents	7,750	6,765
Closing cash and cash equivalents	7,679	7,750





# TECHNICAL FIBRE PRODUCTS

## 19% REVENUE GROWTH

Record full-year sales for TFP Group

## HYDROGEN APPLICATIONS CONTINUE TO GROW

Doubling revenue

## US ELECTROLYSER COATING CAPABILITY HAS INCREASED GLOBAL OUTPUT TO 3.2GW PER YEAR

Adding 1.2GW capacity from previous year

## NEW LEADERSHIP APPOINTMENTS

Further acceleration of sales and market growth.

## FULL RECOVERY IN AEROSPACE SECTOR

Strong growth vs. prior year

## HYDROGEN - LARGEST GROWTH MARKET

CAGR market growth rate for Fuel cell >20% and PEM Electrolyser >60%

## SUPPLY CHAIN STABILISING WITH IMPROVED RAW MATERIAL AVAILABILITY

Dual sourcing strategy delivered

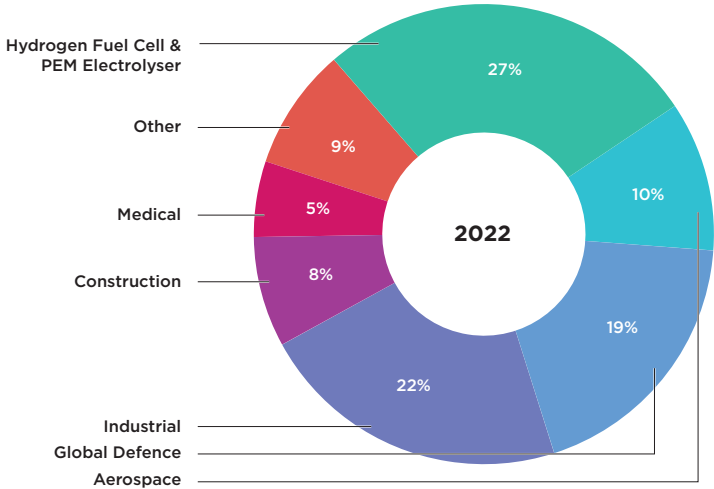
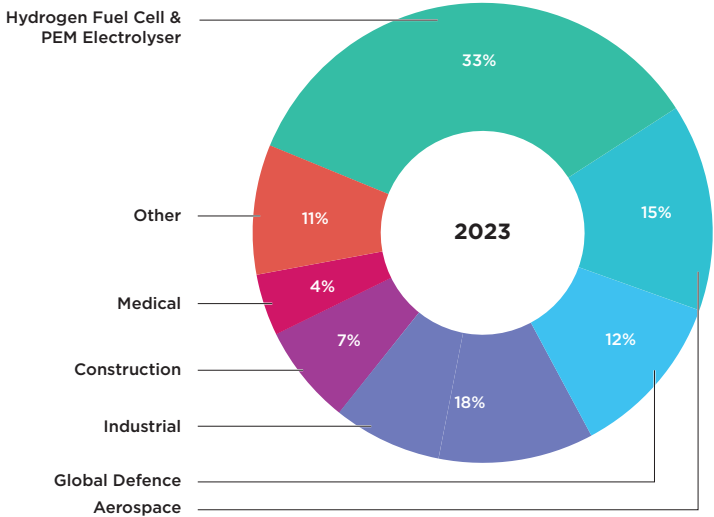
## GROSS MARGINS HELD TO FY22 LEVELS

Despite significant raw materials and energy inflation

## PRODUCT LAUNCH: ECOVEIL

New range of sustainable materials for use in multiple composite markets

	2023 £'000	2022 £'000	Change
Revenue	37,187	31,209	19%
Adjusted EBITDA	10,714	9,905	8%
Adjusted Operating Profit (before exceptional)	9,244	8,684	6%







# COLOURFORM™

## 29% REVENUE GROWTH

Record full-year sales

## HEADLINE INNOVATION PROJECTS CONTINUE TO EXPAND

New contracts with premium beauty, wines and spirits partners

## WINNERS OF 16 INTERNATIONALLY ACCLAIMED AWARDS

Disrupting the luxury packaging market

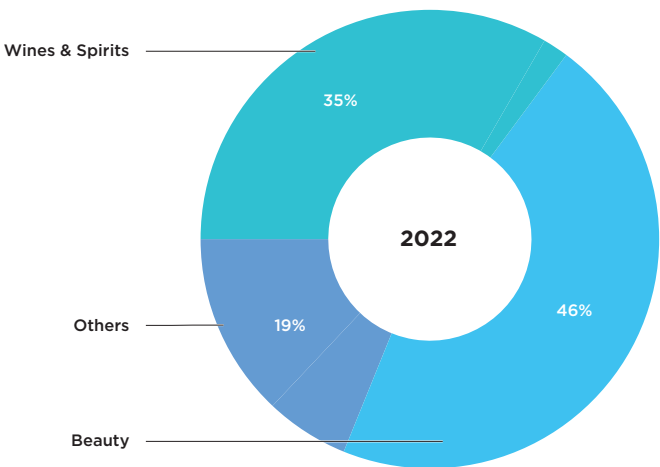
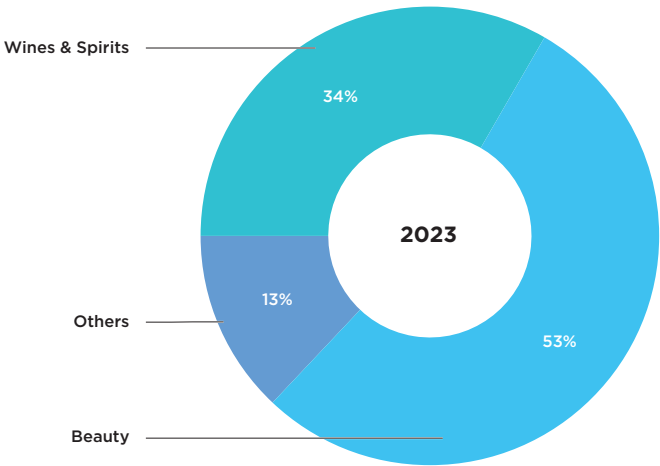
## TARGETED INDUSTRY FACING DESIGN AND INNOVATION ROADSHOWS

Globally reaching over 40 customer DMUs in priority segments

## INTEGRATION WITH PAPER DIVISION

Exploiting operational synergies

	2023 £'000	2022 £'000	Change
Revenue	4,326	3,363	29%
Adjusted EBITDA	(260)	174	-249%
Adjusted Operating Loss (before exceptional)	(1,057)	(754)	-40%





Chloé

EAU DE PARFUM NATURELLE

100% NATURAL

ROSE BIO • ORGANIC ROSE

1 FL OZ e 30 ml



FLACON CONTENANT  
80% DE VERRE RECYCLÉ  
CARTON CONTENANT  
40% DE PAPIER RECYCLÉ

GLASS BOTTLE CONTAINING  
80% OF RECYCLED MATERIALS  
CARDBOARD CONTAINING  
40% OF RECYCLED MATERIALS



# PAPER

## 25% REVENUE GROWTH

Maintained strong recovery considering volatile market

## GROWTH IN LUXURY PACKAGING AND HIGH VALUE CREATIVE PAPER

Share growth with existing customers combined with new business wins

## INFLATIONARY INCREASES OFFSET BY COST PASS-THROUGH

>30% increase in Y/Y ASP including energy surcharge

## ORGANISATIONAL RESTRUCTURE

Planned 15% reduction in headcount and realignment of roles

## COMMISSIONED EMBOSSING CENTRE OF EXCELLENCE

Allowing precision-made textured paper for Creative Papers and Luxury Packaging

## STREAMLINED PRODUCT AND CUSTOMER PORTFOLIO

Rationalisation of long customer tail and low value product ranges, reducing complexity and driving margin improvements

## JAMES CROPPER FIBREBLEND™ - EXPANSION OF FIBRE UPCYCLING CAPABILITY

Over 75% of our custom-made paper products contain a blended source

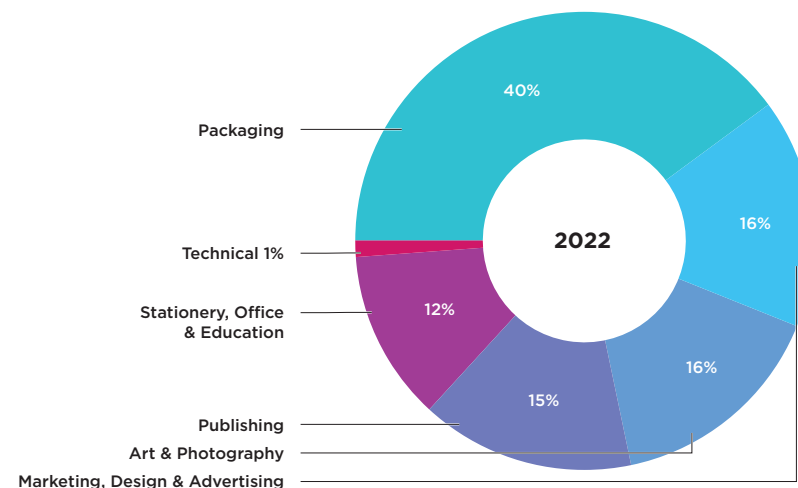
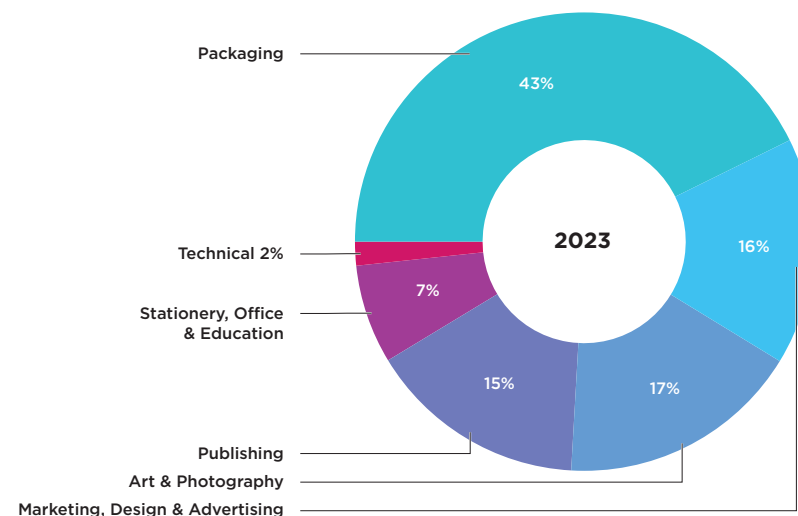
## INVESTMENT IN MAJOR UPGRADE TO POWERHOUSE

Improved resilience and efficiency in energy generation

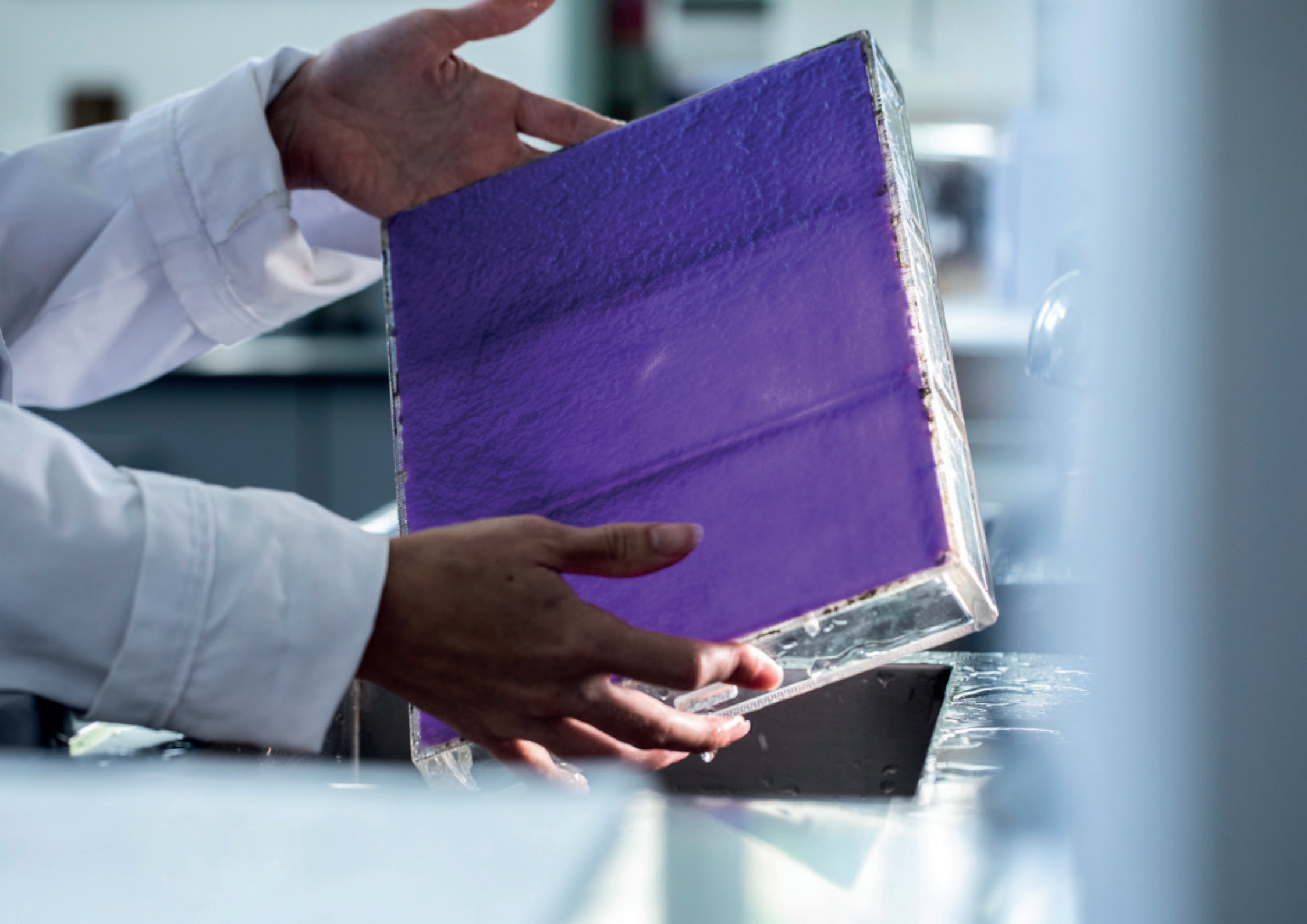
## LAUNCHED FIRST-EVER 100% PLASTIC FREE REMEMBRANCE POPPY

Made entirely from responsibly sourced materials

	2023 £'000	2022 £'000	Change
Revenue	88,151	70,350	25%
Adjusted EBITDA	(1,277)	(796)	-60%
Adjusted Operating Loss (before exceptional)	(2,847)	(2,338)	-22%







# WELL POSITIONED FOR VALUE CREATION

## PIONEERING MATERIALS TO SAFEGUARD OUR FUTURE

### STRONG FOUNDATIONS

- Pioneering leaders
- Technical and commercial expertise
- Long-term sustainable focus
- History of know-how and stewardship

### GLOBAL ADVANCED MATERIALS COMPANY

- Market leading products
- Custom technical solutions
- High-technology materials focus
- Value-add niche applications

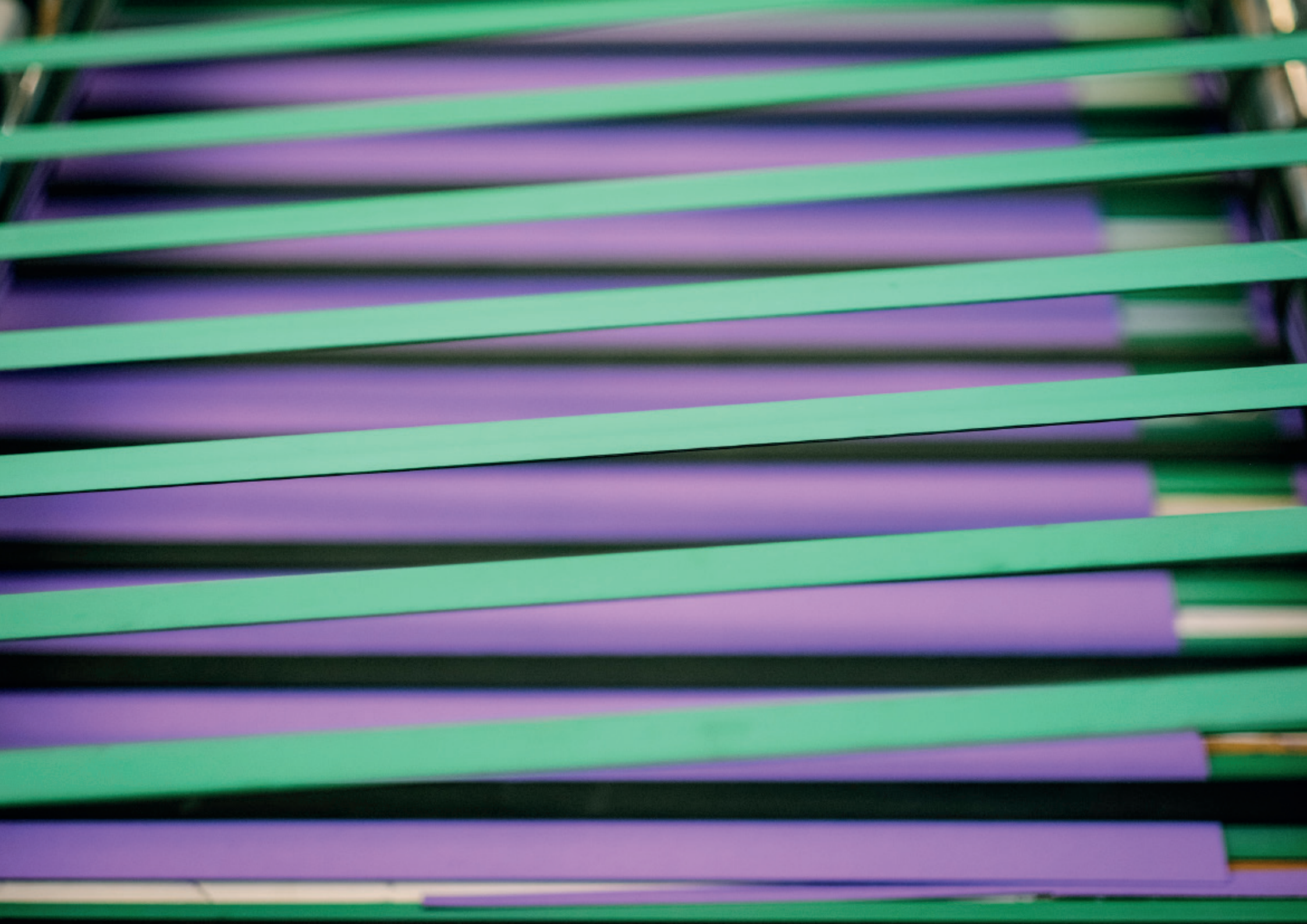
### ATTRACTIVE END MARKETS

- Aligned with secular growth trends
  - Clean energy
  - Lightweighting
  - Sustainable packaging
  - Reduce, re-use, recycle

### SUSTAINABLE GROWTH

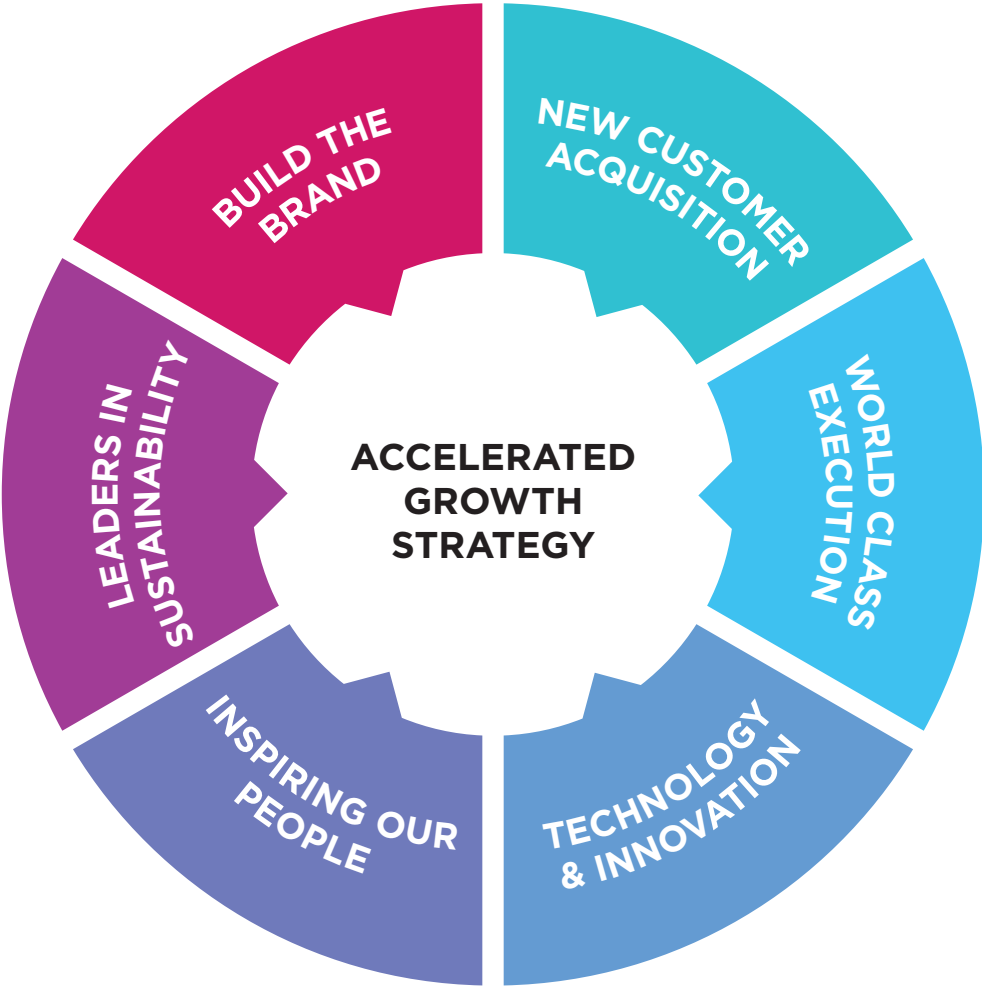
- New product development
- Compelling commercial opportunities
- Balanced capital allocation
- Committed to decarbonisation







# OUR NEW STRATEGY FOR ACCELERATED GROWTH



Profitable growth through **NEW CUSTOMER ACQUISITION** – Targeting secular growth markets such as expanding our Hydrogen offer in North America and retaining contracts in the Luxury Packaging sector

**WORLD CLASS EXECUTION** – Long-term investment programme to simplify processes and systems that will enable smarter access to data and drive improved productivity and performance. Implementing a lean business programme across the Group

**TECHNOLOGY & INNOVATION** – Centre for Innovation driving decarbonisation of Group’s operations; making ever greater use of recovered fibres; helping to create technology roadmaps in emerging markets such as green hydrogen, fuel cells and carbon capture

**INSPIRING OUR PEOPLE** – Supported by the code of ethics and behaviours to build a global and diverse workforce. Investing in workplace facilities, engagement tools and leadership development programmes

**LEADERS IN SUSTAINABILITY** – Two axes: recognising our responsibility to reduce and ultimately eliminate our emissions through the installation of our Low Carbon Energy Centre and providing the technological capability for our customers to transition to cleaner energy alternatives

**BUILD THE BRAND** – Create greater brand equity by investing in the James Cropper brand. Reorganising ourselves from three separate divisions (Technical Fibre Products, Colourform™ and Paper) into four market-facing segments all under the Group name



# GOOD PROGRESS ACHIEVED TO DATE

## NEW CUSTOMER ACQUISITION

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- Securing a global footprint across the Future Energy sector
- Retaining key customers in Luxury Packaging with strengthening pipeline
- Integration of Colourform™ with Paper Products is creating a compelling Luxury Packaging offer

## WORLD CLASS EXECUTION

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- Successful dual sourcing strategy now facilitating supplier contract negotiations
- Embedding a lean culture with investment in tools and data
- Moving to continuous machine running on fewer assets and leaner structure in Paper Products

## TECHNOLOGY & INNOVATION

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- Team formed with new technology and market mapping in progress

## INSPIRING OUR PEOPLE

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- Strengthened organisational leadership team
- Continued investment in growing talent through LEAP leadership development programme

## BUILD THE BRAND

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- Brand architectural strategy completed
- Value proposition for each customer facing segment underway
- Visual identity refresh in early development

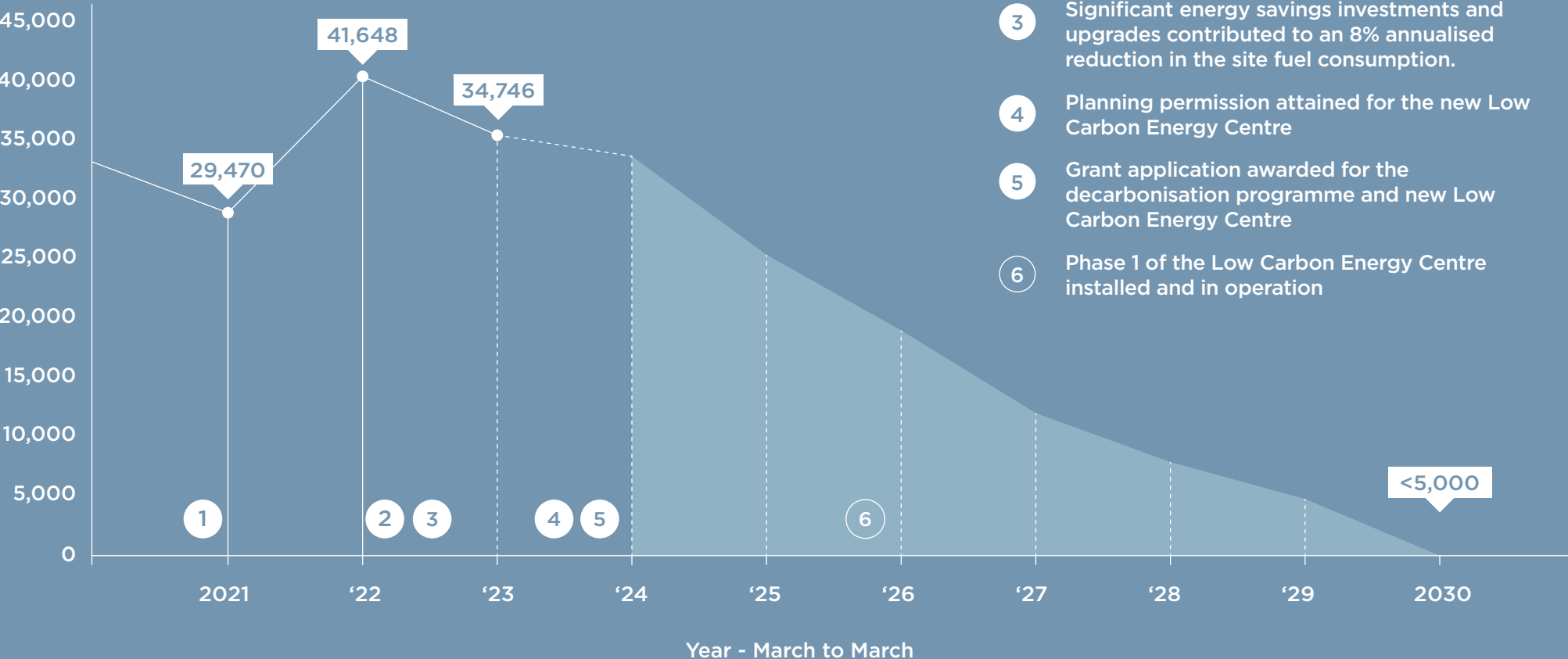




# OUR JOURNEY TO NET ZERO

THIS CHART REPRESENTS DECARBONISATION & ENERGY  
SCOPE 1 & SCOPE 2 EMISSIONS ONLY

Tonnes / CO<sub>2</sub>e / Year

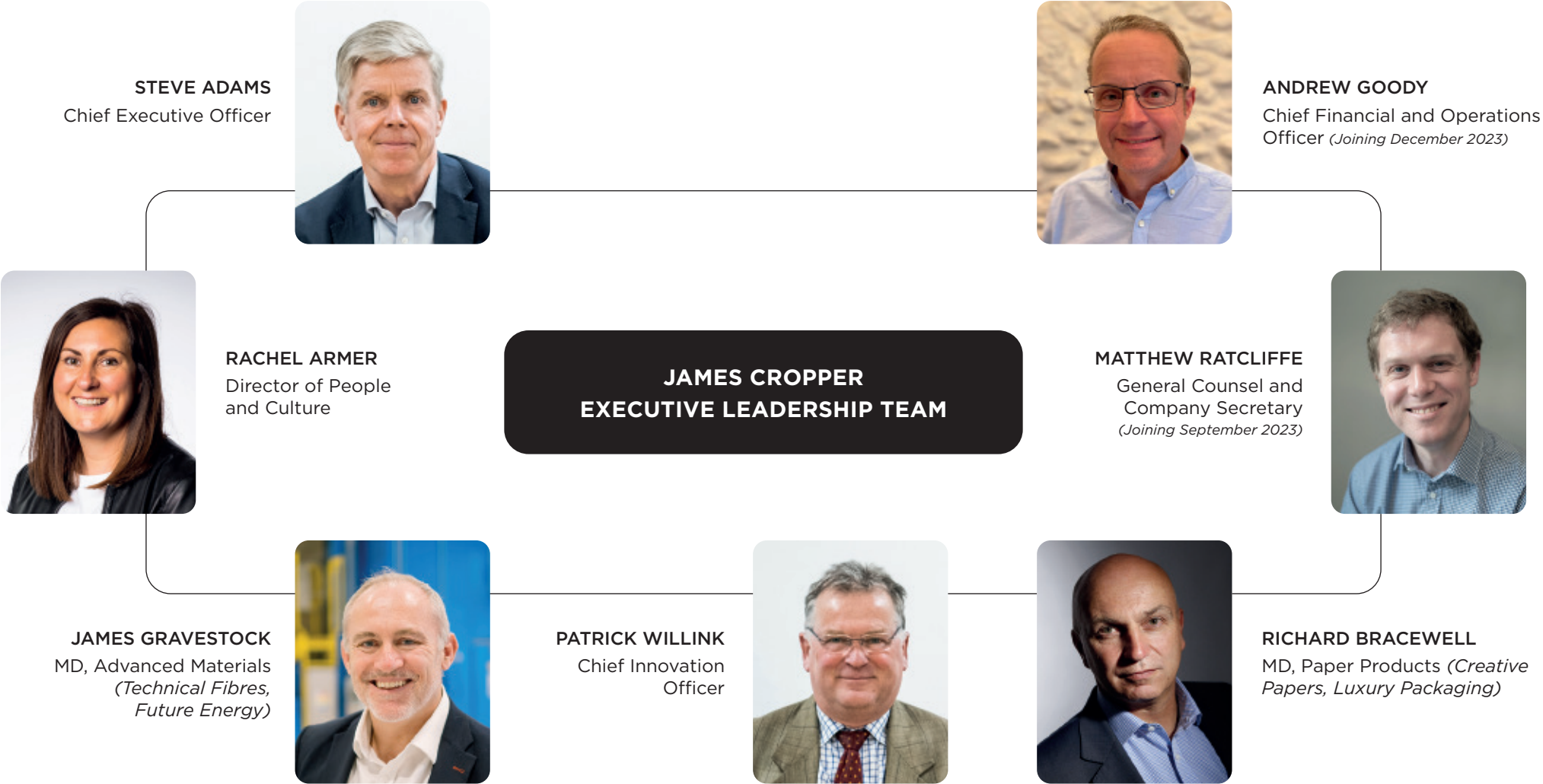








# BUILDING CAPABILITY AND FOCUS





JAMES  
CROPPER  
EST. 1845

# OUTLOOK

Future Energy and Luxury Packaging to deliver high market growth and value, respectively

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Integration of Colourform™ with Paper to drive a unique and compelling Luxury Packaging proposition

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Streamlined Paper Product offer to drive margin improvements and productivity

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Consolidation across the organisation and estate to reduce costs and improves efficiency

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Continued technological leaders in recycled content and responsible sourcing

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Strengthen our sector leadership in carbon reduction

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Sharper focus with better clarity and assessment of our climate risks

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Strong leadership team to reposition James Cropper

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Drive brand value, recognition and preference in each market focused segment



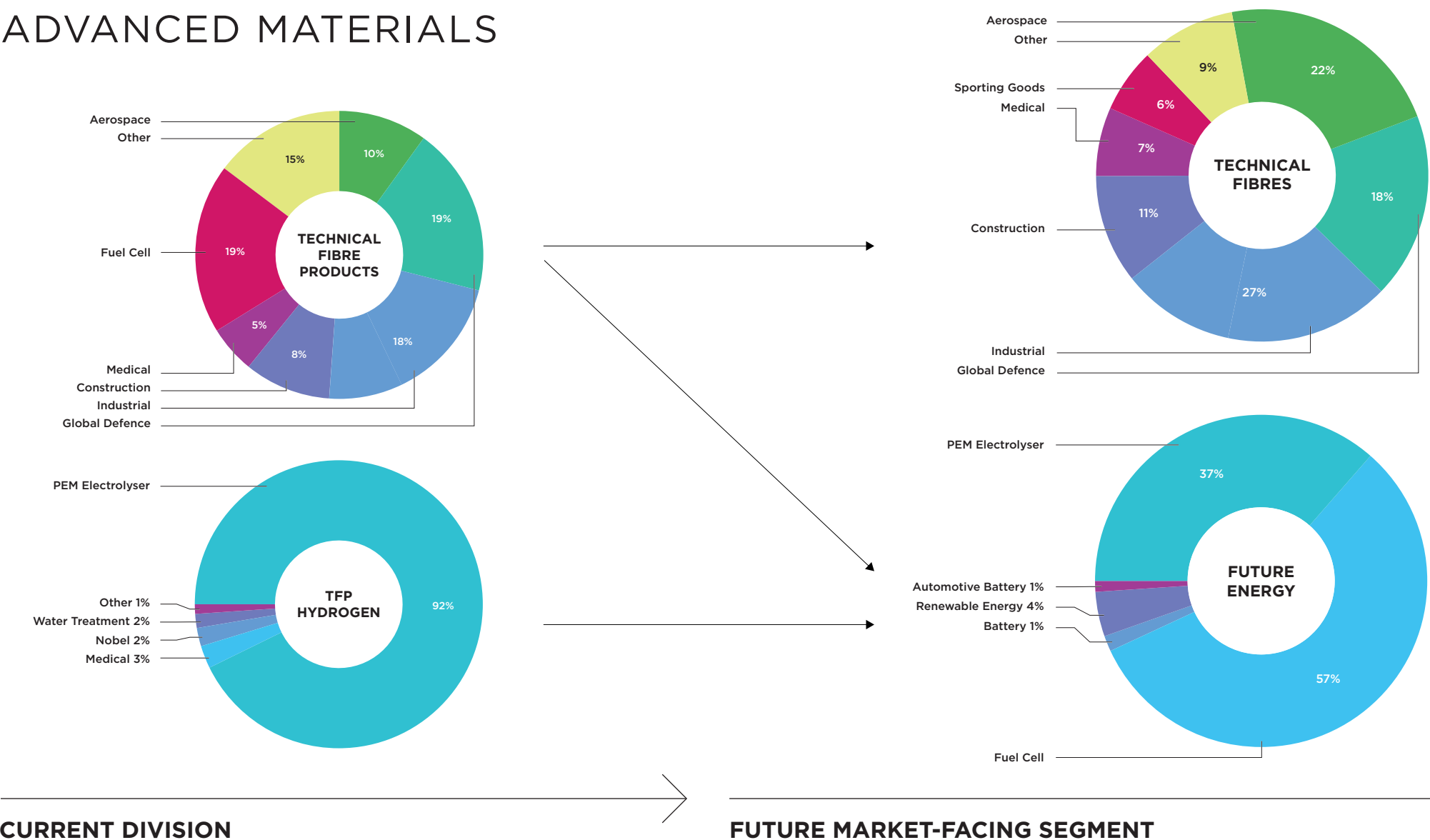


# APPENDIX

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# REPOSITIONING JAMES CROPPER

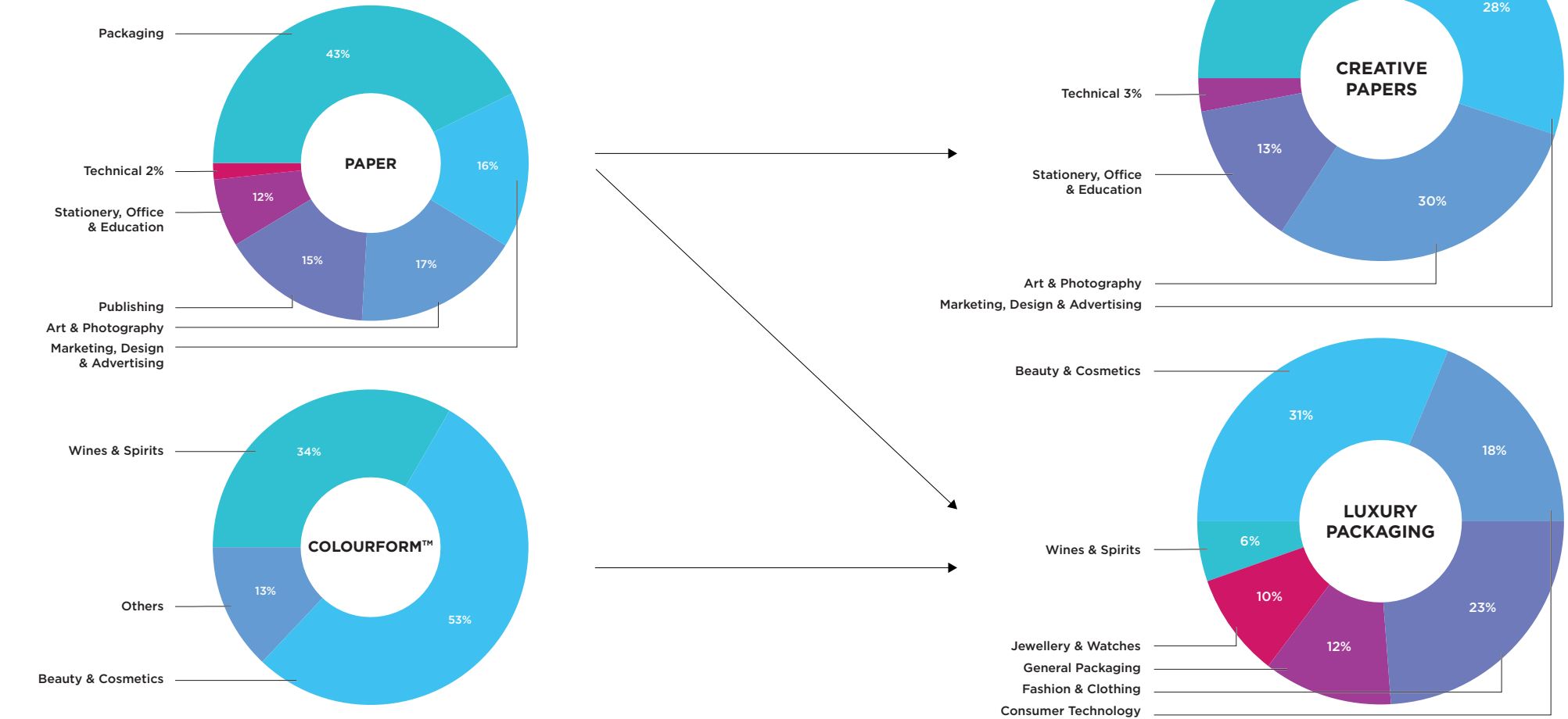
## ADVANCED MATERIALS





# REPOSITIONING JAMES CROPPER

## PAPER PRODUCTS



CURRENT DIVISION

FUTURE MARKET-FACING SEGMENT

# GROUP REVENUE



Geographical segments	2023 £'000	2022 £'000	Change
UK	53,517	41,193	30%
Europe	35,986	29,091	24%
Asia	10,997	11,114	-1%
The Americas	28,175	22,534	25%
Other	989	990	0%
<b>Continuing operations</b>	<b>129,664</b>	<b>104,922</b>	<b>24%</b>

59% of the Group's sales are exports bringing US Dollars and Euros to the Group (61% prior year). Currency movements had a 3% impact on sales with the US Dollar and the Euro strengthening in the period.

# BORROWINGS AND FUNDS



Funding	2023 £'000	2022 £'000
Facilities	39,773	40,544
Less: Undrawn facilities	(15,500)	(20,500)
Total Borrowings	24,273	20,044
Less: Cash and cash equivalents	(7,679)	(7,750)
Net debt	16,594	12,294
Cash and cash equivalents	7,679	7,750
Undrawn facilities	15,500	20,500
Funds available at year end	23,179	28,250
Borrowings: Repayable within one year	(1,758)	(1,595)
Funds available at year end	21,421	26,655



# PENSIONS

The April 2022 triennial “ongoing” valuations	Staff Scheme £'000	Works Scheme £'000	Total £'000
Discount Rate	2.75%	2.75%	2.75%
Assets	48,846	59,226	108,072
Liabilities	(48,277)	(76,378)	(124,655)
Surplus / (Deficit)	569	(17,152)	(16,583)
Funding Level - %	101%	78%	87%

The defined benefit schemes are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the schemes liabilities (based on a premium above gilt yields), the expected rate of inflation in the future and the mortality assumptions for members of the schemes. Changes in these assumptions will impact the deficit positively or negatively.

The increase in discount rates from 2.5% in April 2019 to 2.75% in April 2022, together with a reduction

in life expectancies as a result of a review of future mortality improvements, acted to reduce liabilities. However, this reduction was offset in part by an increase in future inflation expectations over the period.

As part of the triennial valuation, the Company agreed with the Trustee to pay annual deficit contributions of £1.3m per annum. In addition, the Company will also continue to cover the cost of the annual PPF levy.

# PENSIONS

## THE STATEMENT OF FINANCIAL POSITION IAS 19 DEFICIT

The combined pension scheme deficits on an IAS 19 measure has worsened over the year from £13.1m to £16.1m (before deferred tax). This table shows the overall value of the schemes' assets which have decreased by 33% in the period whilst the schemes liabilities decreased by 27%.

A significant increase in corporate bond yields over the year, combined with a reduction in long-term inflationary expectations, has led to a material reduction in the scheme's liabilities.

However, the scheme's assets have also significantly decreased due to lower-than-expected returns. Overall, the reduction in assets exceeded the reduction in liabilities, leading to a combined increase in the scheme's deficit.

In line with previous years, the IAS 19 valuation includes a correction for sex-inequalities inherent

in Guaranteed Minimum Pensions (GMPs), along with the estimated cost of equalising GMPs for past transfer value payments.

The "true" cost of GMP equalisation will take a few years to fully evaluate, however the Company would expect any variances compared to the original estimates would flow through the Other Comprehensive Income (OCI) statement.



IAS 19 pension valuation 2022	Staff Scheme	Works Scheme	Both Schemes		Change %
	2023	2022	2023	2022	
Discount Rate	4.85%	4.90%	4.88%	2.75%	
	£'000	£'000	£'000	£'000	
Assets	34,557	38,608	73,165	109,909	(33%)
Liabilities	(36,701)	(52,604)	(89,305)	(121,651)	(27%)
Deficit	(2,144)	(13,996)	(16,140)	(11,742)	
Effect of limit on recoverable surplus	-	-	-	(1,388)	
Net Deficit	(2,144)	(13,996)	(16,140)	(13,130)	23%
Funding Level - %	94%	73%	82%	90%	(8%)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

## NINE STRATEGIC ESG INTENTS

### SUSTAINABLE MANUFACTURING

- WATER
- DECARBONISATION AND ENERGY
- WASTE AND RESOURCE MANAGEMENT

Capital investment on energy savings contributed to an 8% annualised reduction in site fuel consumption

Decarbonisation programme attained planning permission

Purchased 100% renewable electricity from grid for Burneside site

### PEOPLE AND SOCIETY

- EMPLOYEE WELLBEING
- ENHANCES LIVELIHOODS
- LOCAL COMMUNITY

Our leadership development programme, LEAP trained over 50 leaders, further 40 employees will participate in the coming year

Cost of living payments to all employees totalling £0.6 million

Strengthened methodologies in partnership with external consultants making incremental improvements in data accuracy for sustainable manufacturing

### RESPONSIBLE BUSINESS PRACTICES

- MATERIALS WITH PURPOSE
- BUSINESS ETHICS AND RISK
- SUPPLY CHAIN

Launched Fibreblend™ upcycled technology: over 75% of our custom-made paper products contain a blended fibre source



# LEADERS IN ADVANCED MATERIALS, LUXURY PACKAGING AND PAPER PRODUCTS

## Our Purpose

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**PIONEERING MATERIALS TO  
SAFEGUARD OUR FUTURE**

## Our Values

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**FORWARD-THINKING, RESPONSIBLE,  
CARING**

