



INVESTOR  
BRIEFING  
PACK

JUNE 2022

JAMES CROPPER PLC

ESTABLISHED 1845









JAMES  
CROPP  
EST. 1845





**PIONEERING MATERIALS  
TO SAFEGUARD OUR  
FUTURE**

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Our Purpose

**FORWARD THINKING,  
RESPONSIBLE, CARING**

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Our Values





JAMES CROPPER <sup>PLC</sup>

ESTABLISHED 1845



WORN &  
REBORN

100% RECYCLED

**TURNING WORN  
DENIM INTO PREMIUM  
PACKAGING PAPER**

20% UPCYCLED DENIM, 100% RECYCLED

Post-consumer denim,  
sourced with partners:  
a world first in recycled fibres.

**RYDAL  
APPAREL**



JAMES CROPPER <sup>PLC</sup>

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**WE MAKE  
PRODUCTS THAT  
ARE PART OF A  
SUSTAINABLE  
SOLUTION**





## 2021-2022 FULL YEAR HEADLINES

Strong demand recovery. 33% revenue growth across the group, above pre-covid levels and surpassing previous highs.

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Revenue growth experienced in all divisions.

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Underlying profit improvement from £1.1m (excluding covid-19 government grants in 2021) to £4.0m.

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Strong performance in TFP division, surpassing previous highest turnover, up on pre-covid by 18%.

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Recent acquisition of TFP Hydrogen is performing well.

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Substantial energy cost headwinds mainly impacting the Paper division.

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Colourform achieves positive pre-tax earnings and receives international awards for recently launched products.

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Completed on a £25 million club-bank financing deal to support its sustainable growth goals.

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Investments doubled to £6.7m focusing on future growth.

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Good progress on ESG initiatives.

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Positive succession for TFP MD complete and group board strengthened with two new NEDs.







## KEY PERFORMANCE INDICATORS

REVENUE **£104.9m** ↑ 33% (2021: £78.8m)

ADJUSTED OPERATING  
PROFIT (APM 1)\*

**£4.6m**

↑ 2%

(Excluding IAS 19 impact and  
exceptionals) (2021: £4.5m)

ADJUSTED PROFIT BEFORE  
TAX (APM 2)\*

**£4.0m**

↑ 1%

(Excluding IAS 19 impact and  
exceptionals) (2021: £4.0m)

PROFIT BEFORE TAX

**£2.8m**

↑ 61%

(2021: £1.7m)

NET BORROWINGS

**£12.6m**

↑ 68%

(2021: £7.5m)

DILUTED EARNINGS  
PER SHARE

**14.2p**

↓ 13%

(2021: 16.4p)

FULL YEAR DIVIDEND  
PER SHARE

**10.0p**

(2021: nil)



# FINANCIAL HEADLINES



	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
<b>Revenue</b>	104,922	78,768	104,667	101,095	96,312
Adjusted operating profit (Excluding IAS 19 impact and exceptional items)	4,585	4,510	7,240	4,262	6,133
Adjusted profit before tax (Excluding IAS 19 impact and exceptional items)	4,045	4,023*	6,674	3,962	5,825
Impact of IAS 19	(914)	(802)	(1,215)	(1,386)	(1,248)
<b>Profit before tax</b>	2,777	1,719	5,459	2,576	4,541
Earnings per share - diluted	14.2p	16.4p	50.6p	24.3p	43.0p

\*Includes £2,915k covid-19 related government grants.





WORN &  
REBORN

RYDAL  
APPAREL



# BALANCE SHEET HIGHLIGHTS



	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Non-pension assets - excluding cash	82,390	70,779	72,084	64,871	59,899
Non-pension liabilities -excluding borrowings	(24,841)	(18,444)	(19,032)	(16,236)	(15,585)
Net IAS 19 pension deficit (after deferred tax)	(9,847)	(14,933)	(7,600)	(18,798)	(16,162)
Net borrowings	(12,572)	(7,502)	(11,055)	(8,561)	(4,806)
Equity shareholders' funds	35,130	29,900	34,397	21,276	23,346
Gearing % - before IAS 19 deficit	28%	17%	26%	21%	12%
Gearing % - after IAS 19 deficit	36%	25%	32%	40%	21%
Capital expenditure £'000	6,761	3,127	9,195	5,229	1,935





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# TECHNICAL FIBRE PRODUCTS

## 27% REVENUE GROWTH

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Across all regions.

## HYDROGEN APPLICATIONS DRIVING HIGHEST GROWTH RATES

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With TFPH acquisition.

## DEMAND RETURNING IN AEROSPACE

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As aircraft build rates increase.

## NEW NON-WOVEN LINE FULLY OPERATIONAL, ADDING ADDITIONAL 50% CAPACITY

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## RECORD ORDER BOOK

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Going into new financial year.

## NEW TECHNICAL SPECIFICATIONS GAINED IN PEM WATER ELECTROLYZER SECTOR

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## NET ZERO APPLICATIONS FOR CARBON CAPTURE USAGE AND STORAGE, AND EV, DRIVING SIGNIFICANT VOLUME GROWTH OPPORTUNITIES

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## NEW US ELECTROLYZER STACK COMPONENT COATING LINE OPERATIONAL IN H1 2022/23

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TFP	2022 £'000	2021 £'000	Change
Revenue	31,209	24,570	27%
EBITDA	9,905	7,855	26%
Profit (before exceptional)	8,684	6,892	26%





# JAMES CROPPER PAPER

## 37% REVENUE GROWTH

Strong post-covid recovery growth across all segments.

## SIGNIFICANT NEW CONTRACT WINS

Especially in luxury packaging.

## SUBSTANTIAL ENERGY PRICE INCREASES

Additional materials and freight inflationary pressures.

## HEADWINDS BEING STEMMED BY PRICE INCREASES AND IMPLEMENTATION OF AN ENERGY SURCHARGE

## CONTINUED STRONG DRIVE TO SUBSTITUTE VIRGIN FIBRE

With recovered fibre and new recovered sources secured.

## LAUNCH OF NEW MATERIALS TECHNOLOGIES

Such as James Cropper FibreBlend™ upcycling and blending of waste and fresh fibres.

## NEW PRODUCT LAUNCHES

Such as Wainwright Colours™ (organic dyes and pigments), Rydal Apparel™ (produced from used denim fabrics).

## INVESTMENTS IN NEW EMBOSSING AND VARNISHING CAPABILITY

As well as powerhouse efficiency and resilience.

## STRENGTHENED COMMERCIAL TALENT

To support portfolio change and leadership team in supply chain to drive transformation.

Paper	2022 £'000	2021 £'000	Change
Revenue	70,350	51,376	37%
EBITDA	(796)	2,052	(139%)
(Loss) / profit	(2,338)	393	(695%)



**Ruimart**  
CHAMPAGNE  
BLANC DE BLANCS  
REIMS FRANCE



# COLOURFORM

## 19% REVENUE GROWTH

## COLOURFORM BRAND CONTINUES TO GAIN MOMENTUM

By winning more international prestigious design and sustainability awards.



## NEW PRODUCT LAUNCHES

In Champagne, spirits, and fragrances.

## PROJECTS NOW BEING DELIVERED AS A TIER 1 PROVIDER, DIRECTLY TO THE BRANDS

## NEW CONTACTS

In drinks, fragrance and luxury fashion sectors won for launch in 2022/23.

## ADDITIONAL VALUE-ADDED CAPABILITY

To enhance finished products including foiling and printing.

## 100% POWERED BY GREEN ENERGY

Main source from onsite solar.

## STRENGTHENING THE COMMERCIAL TALENT WITHIN THE TEAM

Colourform	2022 £'000	2021 £'000	Change
Revenue	3,363	2,822	19%
EBITDA	174	(43)	505%
Loss (before exceptional)	(754)	(1,441)	48%







# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## NINE STRATEGIC ESG INTENTS

### SUSTAINABLE MANUFACTURING

- DECARBONISATION AND ENERGY
- WATER
- WASTE AND RESOURCE MANAGEMENT

### PEOPLE AND SOCIETY

- EMPLOYEE WELLBEING
- ENHANCES LIVELIHOODS
- LOCAL COMMUNITY

### RESPONSIBLE BUSINESS PRACTICES

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

Our commitment to net zero has driven a programme to understand and rethink how we consume and manage energy.

Market ethics review completed resulting in the board agreeing to cease production for products deemed to support unethical markets.

Code of ethics and behaviours launched reflecting our Purpose and Values.

Opening of company gym to support health and wellbeing.

Inclusion of ESG as a key performance indicator for the long term incentive scheme for directors.

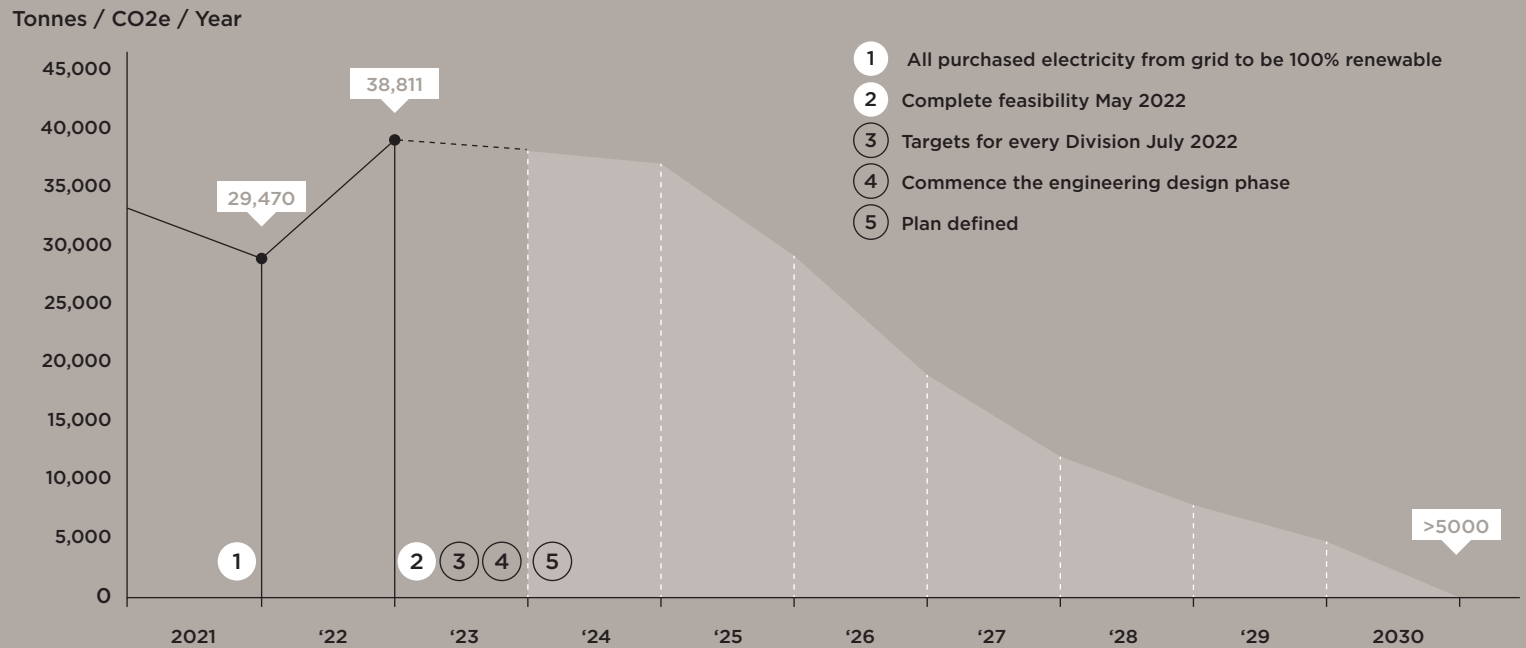
Expansion of the Solar community energy generation scheme.

Colourform now supplied by 100% green energy.





# DECARBONISATION AND ENERGY



Our commitment to net zero has driven a programme to understand and rethink how we consume and manage energy.

In 2021, we embarked on a feasibility study to understand the key technology that will enable this transition to decarbonise our operations. This study concluded in May 2022 and has significantly increased our confidence in delivering this programme.

We believe it is possible to eliminate the vast majority of our direct emissions by 2030.

We have commenced our engineering design phase early, with the first 'front end' designs ready later in 2022.





# OUTLOOK

High demand has continued in the new financial year, with a strong orderbook projected.

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Investments will be completed including a new varnish and embossing line in Paper and TFP Hydrogen USA coating line.

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£8.9m of additional investments to support growth across all three divisions.

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Energy surcharge will be maintained for the period of high energy prices in Paper.

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Paper has returned to positive profit at the start of the new financial year.

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New product launches across all three divisions accelerating growth.

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Investment in Technology and Innovation.

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ESG credentials continue to build including further progress on decarbonisation and energy reduction.





# SUPPLEMENTARY INFORMATION

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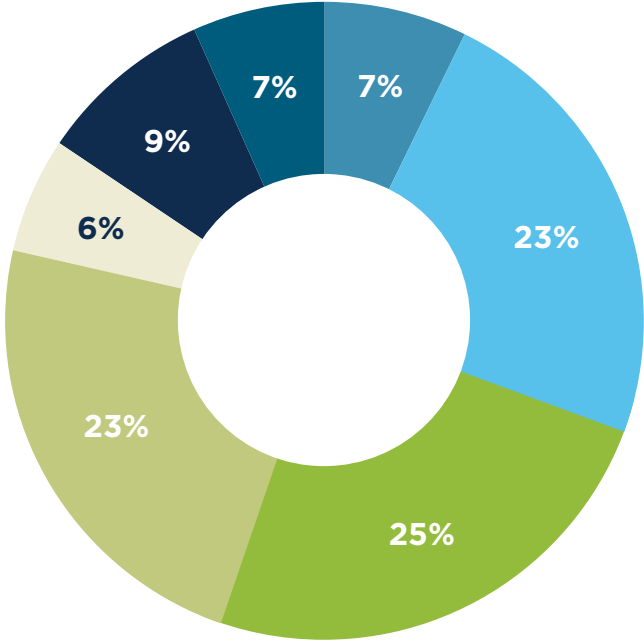


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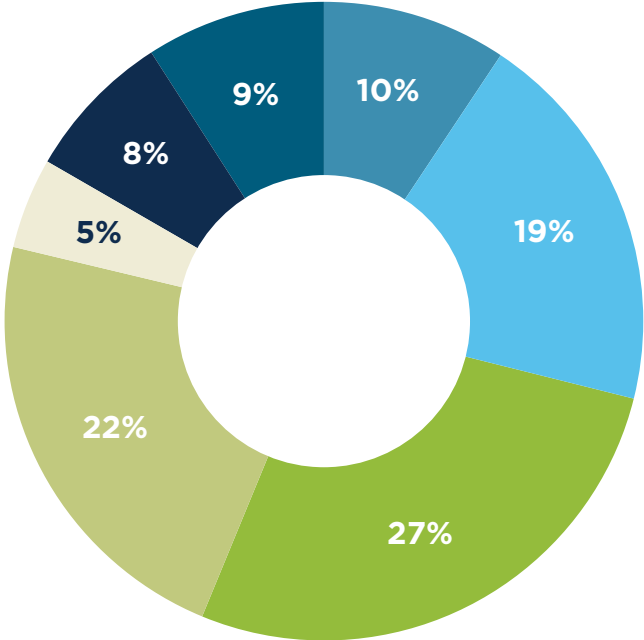
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# TECHNICAL FIBRE PRODUCTS MARKETS



PRIOR YEAR



CURRENT YEAR





  
SWAROVSKI

  
SWAROVSKI

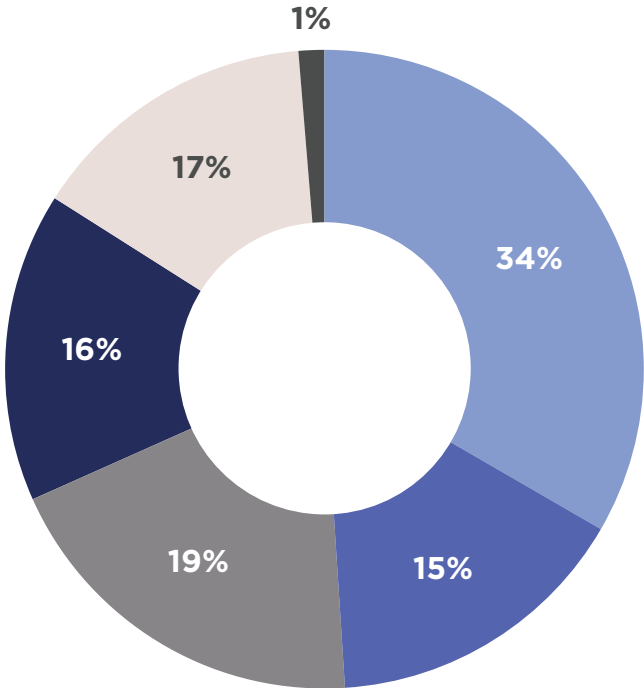
  
SWAROVSKI

JAMES CROPPER <sup>PLC</sup>

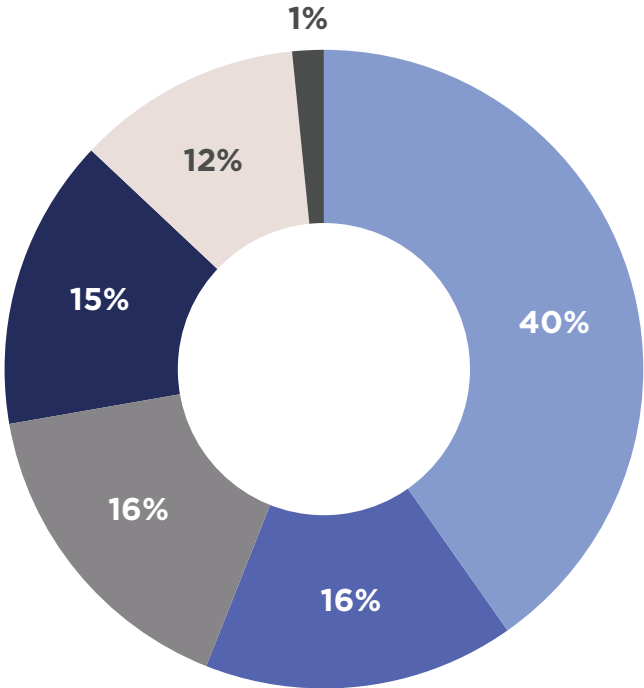
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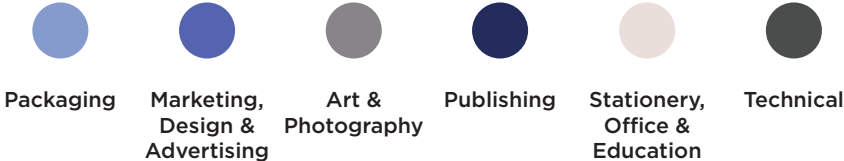
# JAMES CROPPER PAPER MARKETS



PRIOR YEAR



CURRENT YEAR



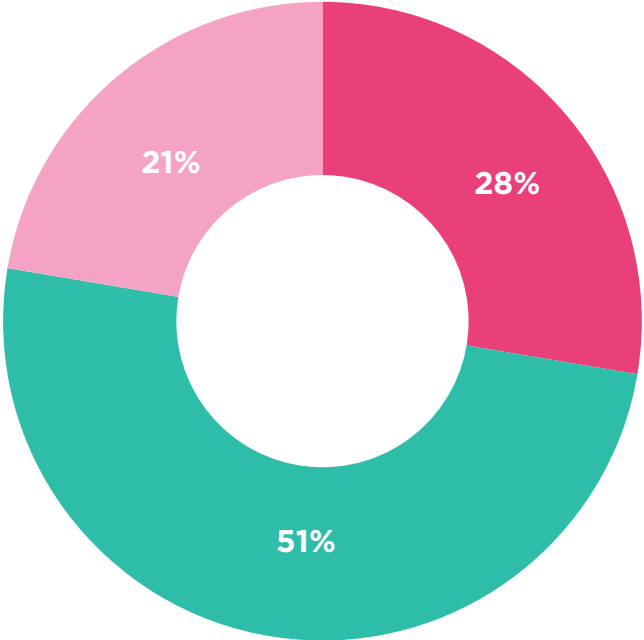


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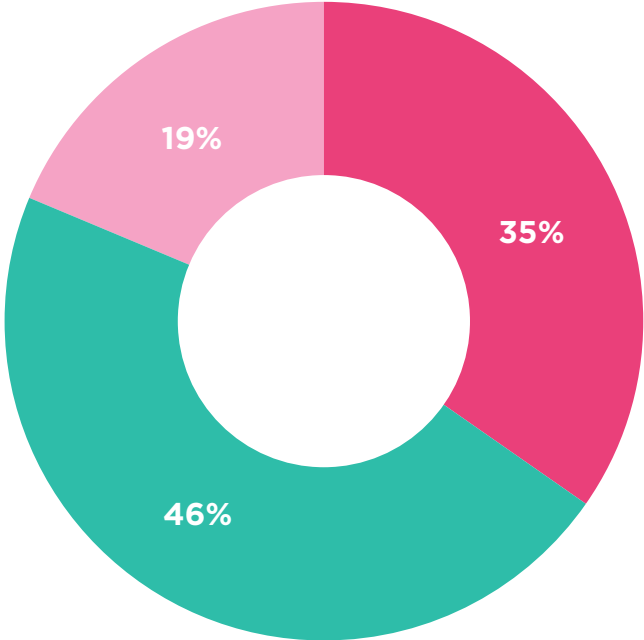
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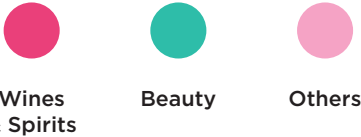
# COLOURFORM MARKETS



PRIOR YEAR



CURRENT YEAR







# GROUP REVENUES



Geographical segments	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000	Change
UK	41,193	29,955	38%
Europe	29,091	22,001	32%
Asia	11,114	5,819	91%
The Americas	22,534	19,996	13%
Other	990	997	(1%)
<b>Continuing operations</b>	<b>104,922</b>	<b>78,768</b>	<b>33%</b>

61% of the Group's sales are exports bringing in US Dollars and Euros to the Group (62% prior year). Currency movements had a 2% impact on sales with the US Dollar strengthening and the Euro weakening in the period.



{just beautiful paper & art}

Hallmark  
CUP CYCLING™  
BY JAMES CROPPER  
TURNING COFFEE CUPS INTO BEAUTIFUL CARDS

I used to be a coffee cup!

I USED TO BE A COFFEE CUP

I USED TO BE A COFFEE CUP

I USED TO BE A COFFEE CUP

I USED TO BE A COFFEE CUP

ALL YOU NEED is love

Wish come TRUE

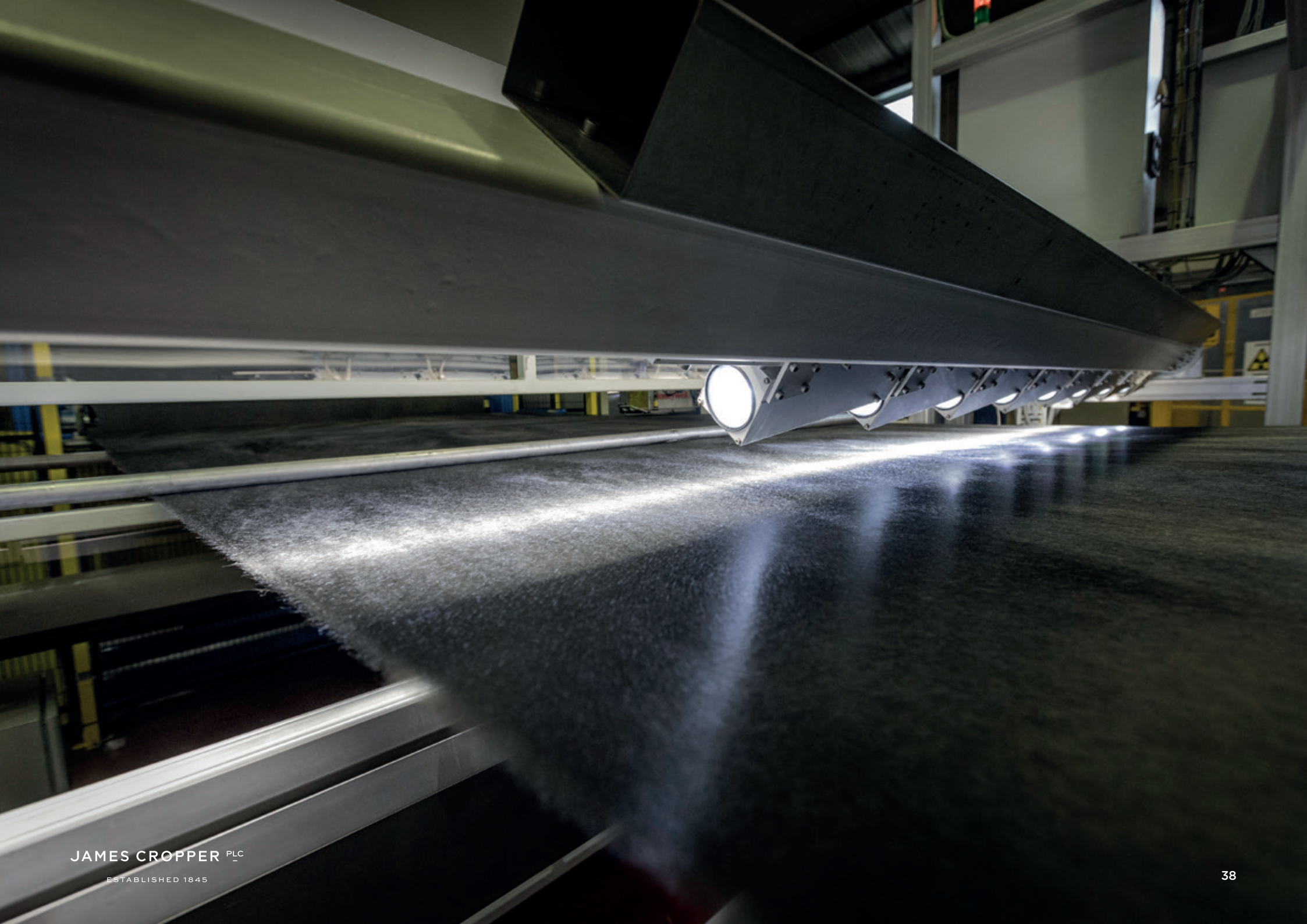
you're SO LOVELY



# BORROWINGS AND FUNDS



	2022 £'000	2021 £'000	Change £'000
Borrowings: repayable within one year	(1,595)	(8,301)	6,706
Borrowings: non-current	(18,727)	(5,966)	(12,761)
Facilities drawn down	20,322	14,267	6,055
Undrawn facilities	20,500	11,260	9,240
Facilities	40,822	25,527	15,295
Cash and cash equivalents	7,750	6,765	985
Undrawn facilities	20,500	11,260	9,240
Funds available at year end	28,250	18,025	10,225
Borrowings: repayable within one year	(1,595)	(8,301)	6,706
Funds available in excess of one year	26,655	9,724	16,931





# PENSIONS

## THE IAS19 PENSION VALUATION MARCH 22

## IAS 19 VALUATION



	Staff Scheme £'m	Works Scheme £'m	Both Schemes Mar-22 £'m	Both Schemes Mar-21 £'m
<i>Discount rate</i>	2.75%	2.75%	2.75%	2.00%
Assets	50.1	59.2	109.4	117.1
Liabilities	(48.5)	(72.6)	(121.1)	(135.6)
Deficit	1.6	(13.4)	(11.7)	(18.4)
Limit recoverable surplus	(1.4)	-	(1.4)	-
Net (Deficit)/ Surplus	0.2	(13.4)	(13.1)	(18.4)
<i>Funding level - %</i>	103.3%	78%	90.3%	86.4%

The combined funding position on an IAS19 measure has improved over the period from a deficit of £18.4 million to a deficit of £13.1 million. The combined decrease in the schemes' overall deficit is principally caused by rise in the discount rates due to the upward swing in corporate bond yields, offset partially by an increase in expected future inflation.

The IAS 19 pension deficit is likely to be different in the future from this position due to volatility driven by assumptions the standard adopts.



**Rydal Obsidian Black**  
100% Fresh Fibre



**350 g/m<sup>2</sup> - Folding Boxes**

The luxurious antique feel of Rydal makes it the preferred choice for high end folding box boards or garment



**220 g/m<sup>2</sup> - Retail Carrier Bags**

The high surface strength ensures good glueability and prevents splitting on folds for superb converting performance.



# PENSIONS

## TRIENNIAL “ON-GOING” VALUATION - 2019

## ON-GOING VALUATION

	Staff Scheme £'m	Works Scheme £'m	Both Schemes £'m
<i>Discount rate</i>	2.45%	2.55%	2.50%
Assets	51.1	56.8	108.0
Liabilities	(53.9)	(74.0)	(127.9)
Deficit	(2.7)	(17.2)	(19.9)
<i>Funding level - %</i>	94.9%	76.8%	84.4%

The triennial “on-going” valuation as at April 2019 shows a combined deficit of £19.9m. A new triennial valuation as at April 22 has commenced.

Past Service deficit contributions and PPF levy payments are £1.3m per annum. From April 2022 shareholder distributions made over and above £500k a year will result in an additional cash top up payment being paid to the schemes the following financial year according to an agreed ratchet mechanism\*.

\*For example a shareholder distribution of £1m will result in a top up deficit payment of £0.1m, a shareholder distribution of £1.5m will result in a top up deficit payment of £0.3m.

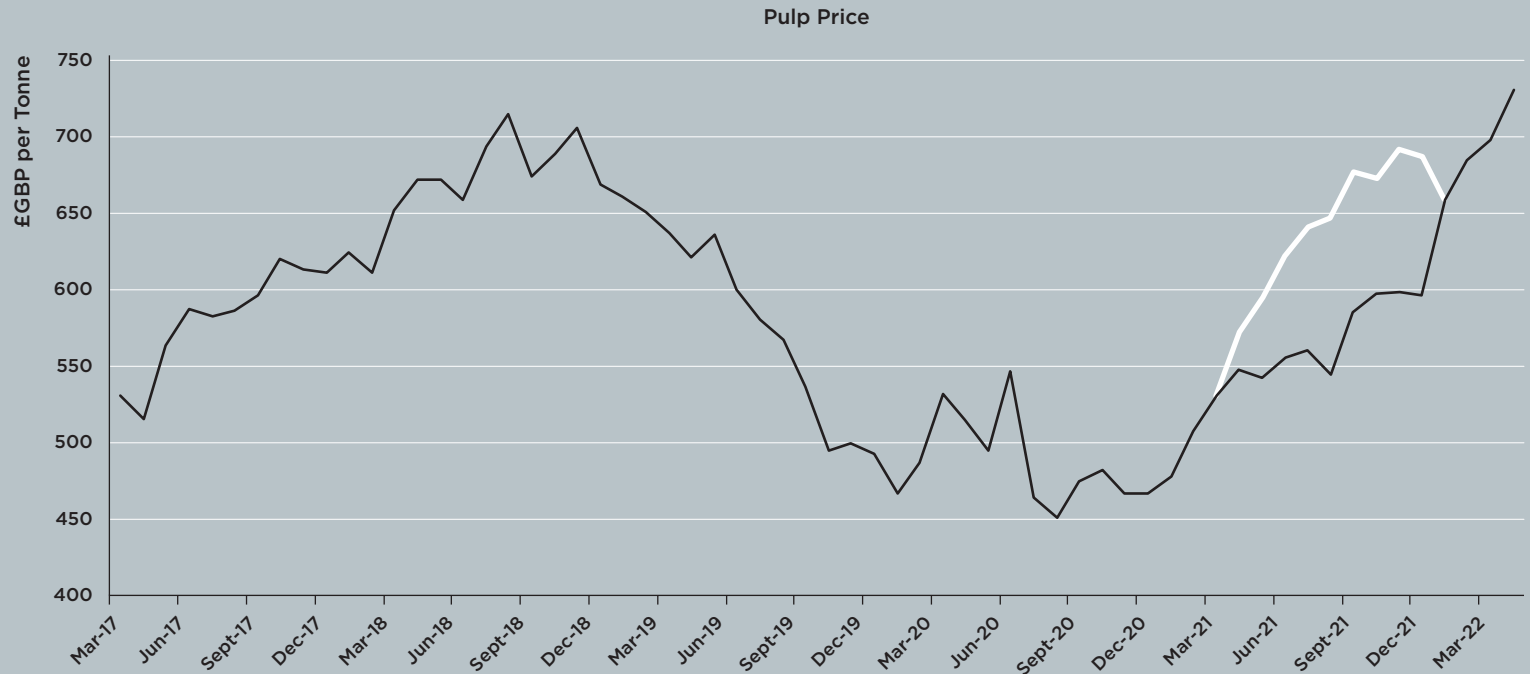








# PULP PRICE



The Company took out a pulp hedge to protect against price rises for the April 21 to Dec 21 period, covering a third of its predicted requirement. The white line in the above graph shows the price per tonne that the Company would have paid should no such hedging arrangement have been in place.

The latest forecast shows pulp prices are continuing to rise. Pulp prices are closely monitored, and the Company

will continue to explore the possibility of further hedging arrangements.

Demand for product with Reclaimed or recycled waste is on the increase and the Company has installed additional storage capacity to process more recovered fibre in our Reclaimed Fibre plant. It is the Company's aim that 50% of fibre will come from recovered streams by 2025.

**THANK YOU**



**JAMES CROPPER** PLC

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