

JAMES CROPPER PLC

ESTABLISHED 1845

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LEADERS IN ADVANCED MATERIALS AND PAPER PRODUCTS

PIONEERING MATERIALS TO SAFEGUARD OUR FUTURE FORWARD
THINKING,
RESPONSIBLE,
CARING

Our Purpose

Our Values



PROVIDERS OF PRODUCTS AND SERVICES
THAT MEET THE ENVIRONMENTAL AND
SUSTAINABILITY NEEDS OF SOCIETY

BUILDING ON OUR FOUNDATIONS AS WE PREPARE A FUTURE OF ACCELERATED GROWTH

INVESTING IN OUR BUSINESS TO BE EVEN MORE CUSTOMER-CENTRIC



STRONG FOUNDATIONS

INNOVATION

MARKET LEADING EXPERIENCE AND EXPERTISE

LONG-TERM SUSTAINABLE FOCUS HISTORY OF KNOW-HOW AND STEWARDSHIP



HALF-YEAR HEADLINES

Group revenues for the half-year were up on the prior year (H1 2021) by 23%

Demand remains strong, with revenue growth across each of the three divisions

Adjusted PBT (excluding IAS 19 impact and exceptional items) at £nil due to energy inflation and raw material price increases

Exceptional cost provision of £0.5m for contingent consideration as TFP Hydrogen projections increase

Cost of living payments totalling £0.7m paid to support employee health and wellbeing

Interim dividend declared at 2.0p per share

Expectations for FY23 have been reduced with an adjusted PBT of £2.0m against previous market expectations of £5.4m

Capital investments in energy saving improvements to paper machines delivering 5-7% annualised reduction in site energy consumption

Decarbonisation project investment moving to planning application phase

Steve Adams appointed as Chief Executive Officer on 10 August 2022



FINANCIAL HEADLINES



Summary of results	Half-year to 24 Sept 22 £'000	Half-year to 25 Sept 21 £'000	Full year to 26 March 22 £'000
Revenue	61,583	50,039	104,922
Adjusted operating profit*	453	2,474	4,585
Operating (loss) / profit	(213)	2,310	3,684
Adjusted (loss) / profit before tax*	(13)	2,263	4,045
Impact of IAS 19	(304)	(350)	(914)
Exceptional items	(540)	-	(354)
(Loss) / profit before tax	(857)	1,913	2,777
(Loss) / earnings per share - basic and diluted	(9.2p)	16.2p	14.2p

^{*}Excludes the impact of IAS 19 and exceptional items.



BALANCE SHEET HEADLINES



	Half-year to 24 Sept 22 £'000	Half-year to 25 Sept 21 £'000	Full year to 26 March 22 £'000
Non-pension assets - excluding cash	85,113	74,213	81,846
Non-pension liabilities -excluding borrowings	(28,986)	(19,482)	(24,613)
	56,127	54,731	57,233
Net IAS 19 pension deficit (after deferred tax)	(9,677)	(12,835)	(9,847)
	46,450	41,896	47,386
Net borrowings	(12,156)	(9,637)	(12,572)
Equity shareholders' funds	34,294	32,259	34,814
Gearing % - before IAS 19 deficit	28%	21%	28%
Gearing % - after IAS 19 deficit	35%	30%	36%
Capital expenditure £'000	2,360	2,877	6,761



TECHNICAL FIBRE PRODUCTS

25% HALF-YEAR REVENUE GROWTH

Record half-year sales for the TFP Group

HYDROGEN APPLICATIONS DRIVE HIGHEST GROWTH RATES AND CONTINUE TO BE A MAJOR AREA OF FOCUS

With new customer specifications gained in both GDL customers (non-woven) & Electrolyser customers (coating)

TFP HYDROGEN PRODUCTS CONTINUES TO PERFORM AHEAD OF EXPECTATIONS

Future projections higher than expected resulting in increased provision for contingent consideration

US ELECTROLYSER COATING CAPABILITY IS OPERATIONAL

NEW NON-WOVEN LINE ALREADY SUPPLYING OUR GLOBAL CUSTOMERS

RAW MATERIAL AND ENERGY INFLATION CONTINUES TO CHALLENGE BUT MANAGED THROUGH PASSING PRICE INCREASES TO CUSTOMERS

DUAL SOURCING PROGRAMME TO INCREASE SUPPLY CHAIN RESILIENCE

Progressing well with majority of critical raw materials identified and tested

BUILDING ORGANISATIONAL CAPABILITY FOR FUTURE GROWTH

Strong focus on commercial and operational excellence

AEROSPACE SECTOR PICKS UP FUELLING NON-WOVEN GROWTH



COLOURFORM

8% HALF-YEAR REVENUE GROWTH

CONTINUING TO DISRUPT THE LUXURY PACKAGING SECTOR

MARKET FIRST FOR INNOVATIVE AND SUSTAINABLE OUTER PACKAGING

TARGETED INDUSTRY FACING DESIGN AND INNOVATION ROADSHOWS

Concentrated efforts on project pipeline acceleration in target segments

EXPLOITING SYNERGIES WITH LUXURY PACKAGING FOCUS IN PAPER DIVISION

OVERALL CATEGORY WINNER OF THE DIELINE AWARD. BOTH YELLOW AND WOOD PENCIL D&AD AWARDS

CONTINUED R&D INTO ADDED-VALUE CAPABILITIES

Novel embellishment techniques being scaled up

SIGNIFICANT ADVANCEMENT IN DESIGN AND PRODUCT QUALITY



JAMES CROPPER PAPER

23% HALF-YEAR REVENUE GROWTH

Continued strong recovery on previous half-year

NEW CONTRACT WINS IN LUXURY PACKAGING

Strong customer advocacy with existing brands

AGGRESSIVE PORTFOLIO REALIGNMENT

Driving to a more streamlined and profitable core business

SIGNIFICANT PRICE INCREASES IMPLEMENTED

Counter impact of energy and raw materials cost increases

AGILE ENERGY AND FREIGHT SURCHARGE MECHANISMS IN PLACE

JAMES CROPPER FIBREBLEND™ - AN ALTERNATIVE FIBRE CAPABILITY SETTING MARKET STANDARD

54% of enquires by volume are for recovered fibres

NEW EMBOSSING AND VARNISHING CAPACITY COMMISSIONED

Meeting demand in our luxury packaging service offer

RE-ALIGNMENT OF SUPPLY CHAIN ORGANISATION TO DRIVE END TO END CUSTOMER FOCUS



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

NINE STRATEGIC ESG INTENTS

SUSTAINABLE MANUFACTURING

- DECARBONISATION AND ENERGY REDUCTION
- WATER REDUCTION
- WASTE AND RESOURCE MANAGEMENT

PEOPLE AND SOCIETY

- EMPLOYEE WELLBEING
- ENHANCE LIVELIHOODS
- LOCAL COMMUNITY

RESPONSIBLE BUSINESS PRACTICES

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

On track with our net zero programmes. Energy saving investments on paper machines delivering 5-7% annualised reduction in site energy consumption

Colourform supplied by 100% green energy

Decarbonisation project investment moving to planning application phase

Grant funding is being sought to help accelerate the implementation of the decarbonisation project

Embedding of Code of Ethics behaviours and Dignity at Work expectations

LEAP leadership development programme deployed across all leadership levels

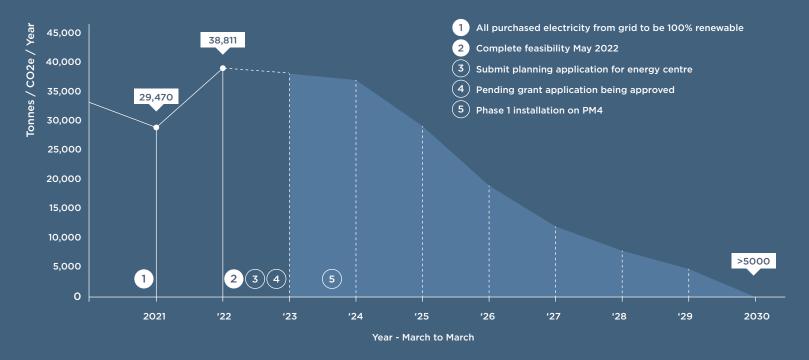
ESG performance metrics embedded within Annual Incentive Plans

Multiple waste streams have been qualified in the FibreBlend™ brand

Supporting our employees with additional cost of living payments



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. The Company is moving the decarbonisation project investment to planning application. Grant funding is being sought to help accelerate the implementation of the programme. We remain committed to being operationally carbon neutral by 2030.



OUTLOOK

James Cropper Group

- Investing to optimise operations in readiness for world class execution
- Investing in talent and leadership to drive efficiency, flexibility and responsiveness
- Exploring synergies across the Group to capitalise on market pull and future growth opportunities

Technical Fibre Products

- Hydrogen market continues to be a major focus area in readiness for customer scale up
- Organisational changes drive readiness for large scale growth

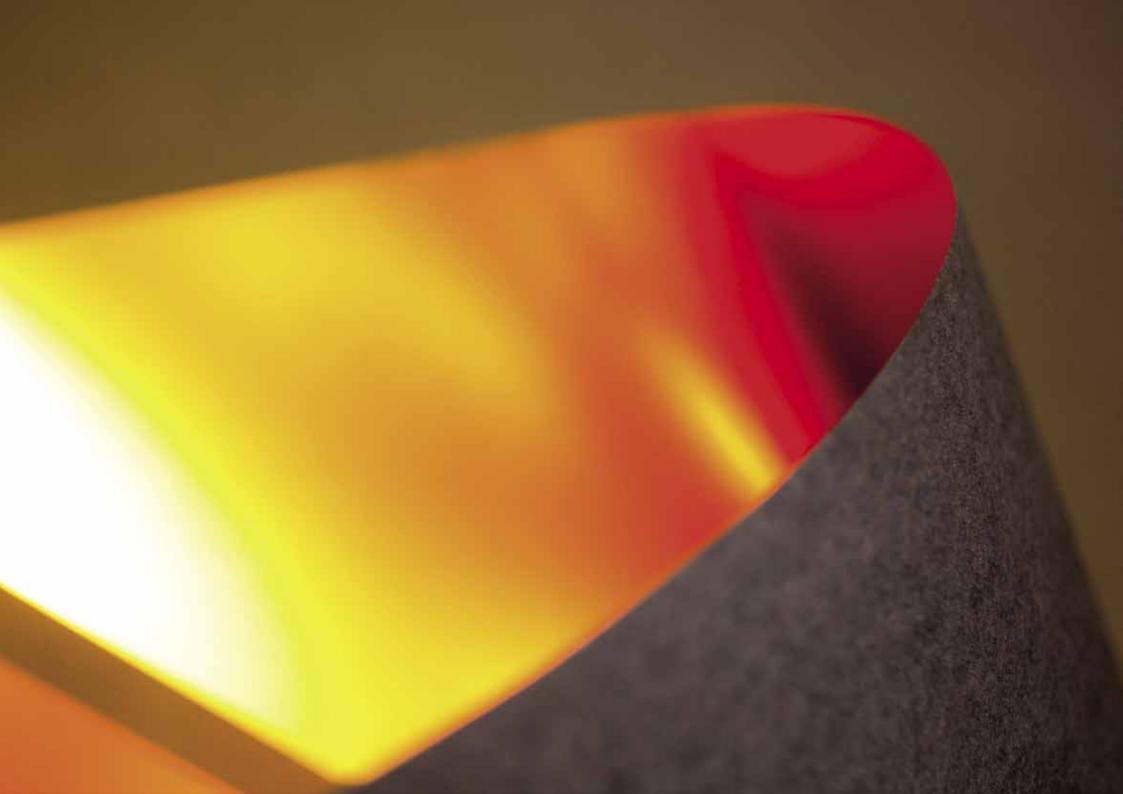
Colourform

- Focus on acceleration of pipeline in target segments
- Advances in design and product quality add capability and value

James Cropper Paper

- Right-sizing its product portfolio around a smaller profitable core
- Continued strong demand for recycled content and responsible sourcing

"While short term profitability has been impacted, we fully expect to return to profitability in the next six months. The decisive actions taken, combined with the ongoing investments across the Group have strengthened our long term growth prospects which remain significant in the coming years." Mark Cropper, Chairman



CUSTOMER-CENTRIC STRATEGY

"Our immediate priority is delivering a customercentric strategy. Across the divisions, our customers are increasingly larger corporations who will be more demanding, seeking solution providers and credible partners. Driving synergies through the business, investing in our people and systems and being a brand with differentiation will present us as their partner of choice; agile, dynamic, sustainable and innovative. Creating a richer customer experience."

Steve Adams, Chief Executive Officer



2023 PRIORITIES

NEW CUSTOMER
ACQUISITION FOR
PROFITABLE GROWTH

WORLD CLASS EXECUTION

TECHNOLOGY AND INNOVATION

INSPIRED PEOPLE

LEADERS IN SUSTAINABILITY

BUILDING THE BRAND



APPENDIX

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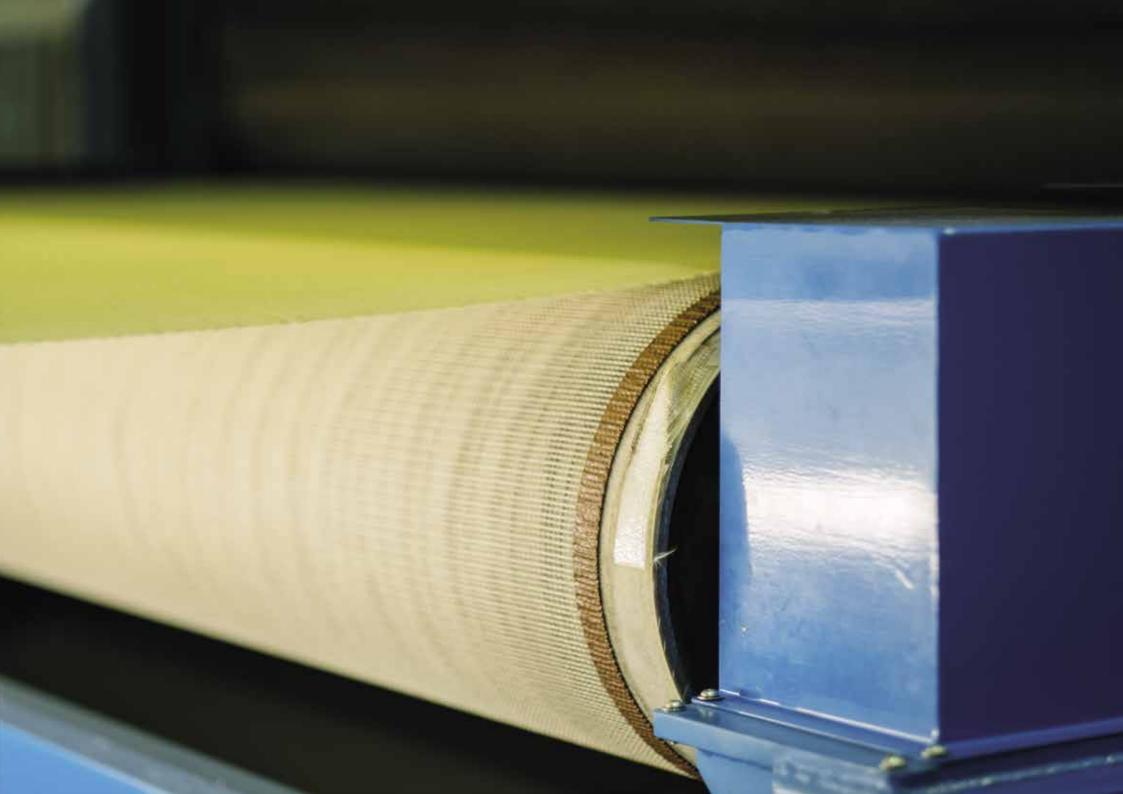


GROUP REVENUES

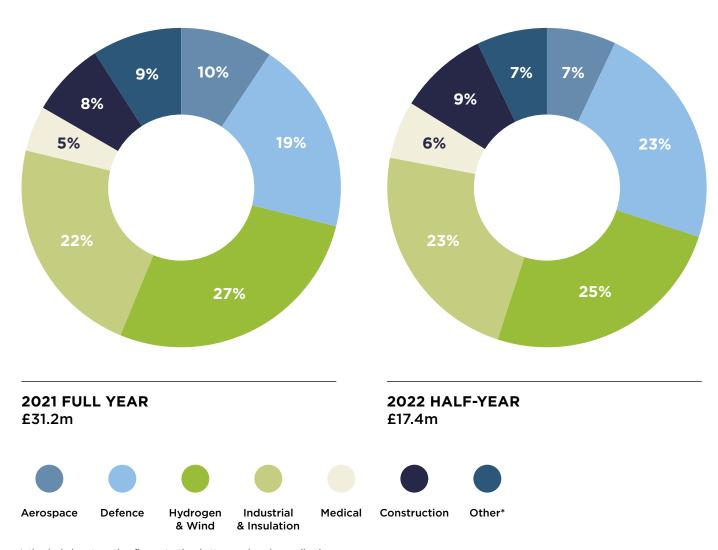


£m	Sept 2022	% Sales	Sept 2021	% change
UK	27.7	45.0%	18.6	49%
Europe	16.5	26.8%	14.1	17%
Americas	12.3	20.0%	11.5	7%
Asia	4.7	7.6%	5.7	-18%
Other	0.4	0.6%	0.1	300%
Total	61.6	100.0%	50.0	23%

55% of the Group's sales are exports bringing in US Dollars and Euros to the Group (63% prior half-year).



TECHNICAL FIBRE PRODUCTS MARKETS



 $\ensuremath{^*}\xspace$ other include automotive, fire protection, battery, and marine application



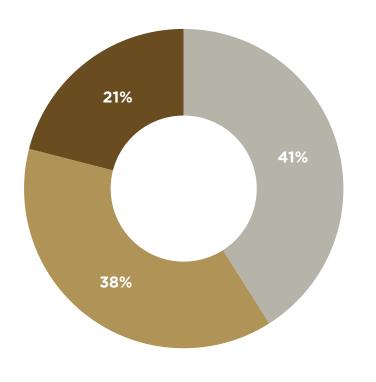
TECHNICAL FIBRE PRODUCTS REVENUES

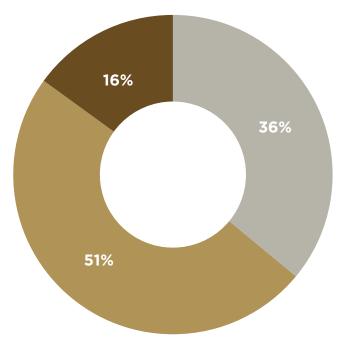


£m	Sept 2022	% Sales	Sept 2021
UK	4.5	25.9%	2.3
Europe	4.9	28.2%	3.9
Americas	7.4	42.5%	7.1
Asia	0.6	3.4%	0.6
Total	17.4	100.0%	13.9



COLOURFORM MARKETS





2022 HALF-YEAR

£2.1m

2021 FULL YEAR £3.4m



 $\ensuremath{^*}\xspace$ other include design services, royalties, fashion and electronics



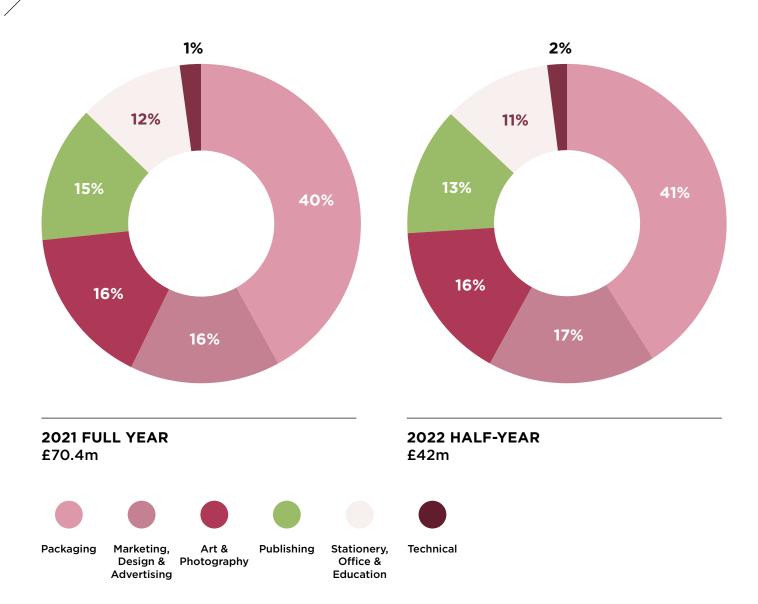
COLOURFORM REVENUES



£m	Sept 2022	% Sales	Sept 2021
UK	0.2	9.5%	0.3
Europe	1.8	85.7%	1.4
Asia	O.1	4.8%	0.2
Total	2.1	100.0%	1.9



JAMES CROPPER PAPER MARKETS





JAMES CROPPER PAPER REVENUES



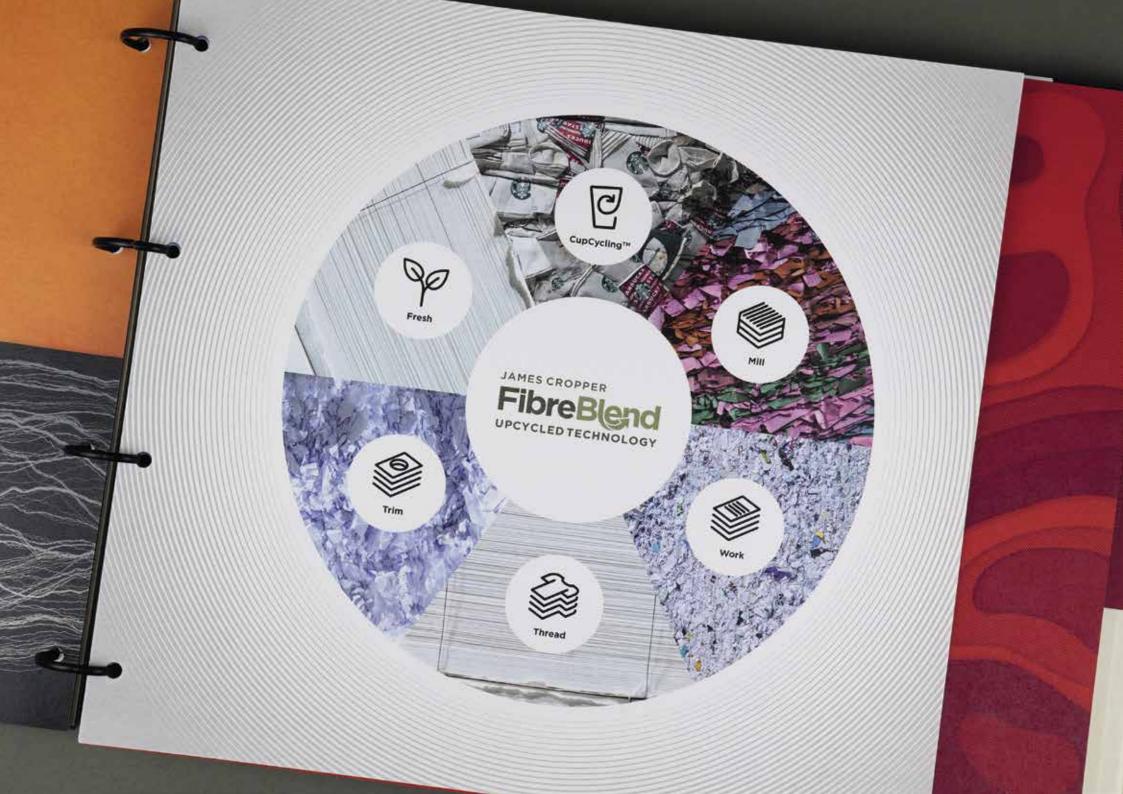
£m	Sept 2022	% Sales	Sept 2021
UK	23.0	54.8%	16.0
Europe	9.8	23.3%	8.8
Americas	4.9	11.7%	4.4
Asia	4.0	9.5%	4.9
Other	0.3	0.7%	-
Total	42.0	100.0%	34.1



BORROWINGS AND FUNDS



	Sept 2022 £'m	Sept 2021 £'m	March 2022 £'m
Net debt	12.2	9.6	12.6
ROU	4.4	4.0	4.0
Net debt exclusive of ROU	7.8	5.6	8.6
Borrowings: repayable within one year	1.1	8.1	1.1
Borrowings: non-current	20.8	4.9	15.3
Facilities drawn down	21.9	13.0	16.4
Undrawn facilities	15.5	4.7	20.5
Facilities	37.4	17.7	36.9
Cash and cash equivalents	14.1	7.4	7.8
Undrawn facilities	15.5	4.7	20.5
Funds available at period end	29.6	12.1	28.3
Borrowings: repayable within one year	(1.1)	(8.1)	(1.1)
Funds available in excess of one year	28.5	4.0	27.2



PULP PRICE



The latest forecasts show pulp prices are continuing to rise. Pulp prices are closely monitored and the Company will continue to explore the possibility for hedging investments.

Demand for products with reclaimed or recycled waste has risen with 54% of prospective and existing customers

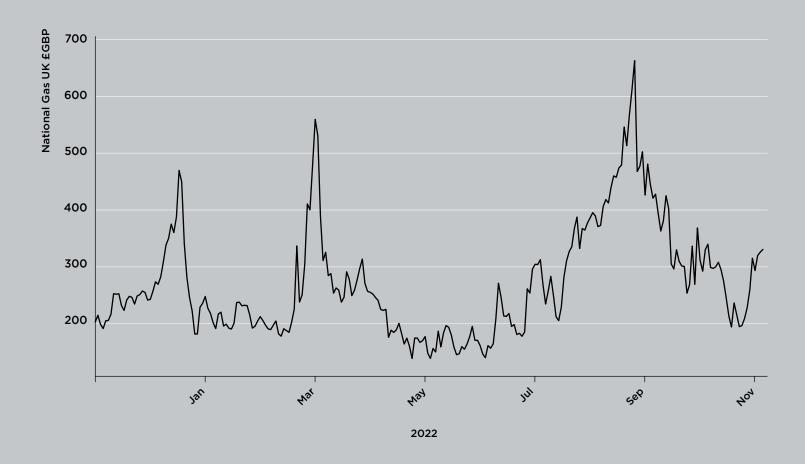
requesting for their paper order to contain reclaimed or recycled paper.

We have expanded our storage capacity to process more recovered fibres in our Reclaimed Fibre plant.

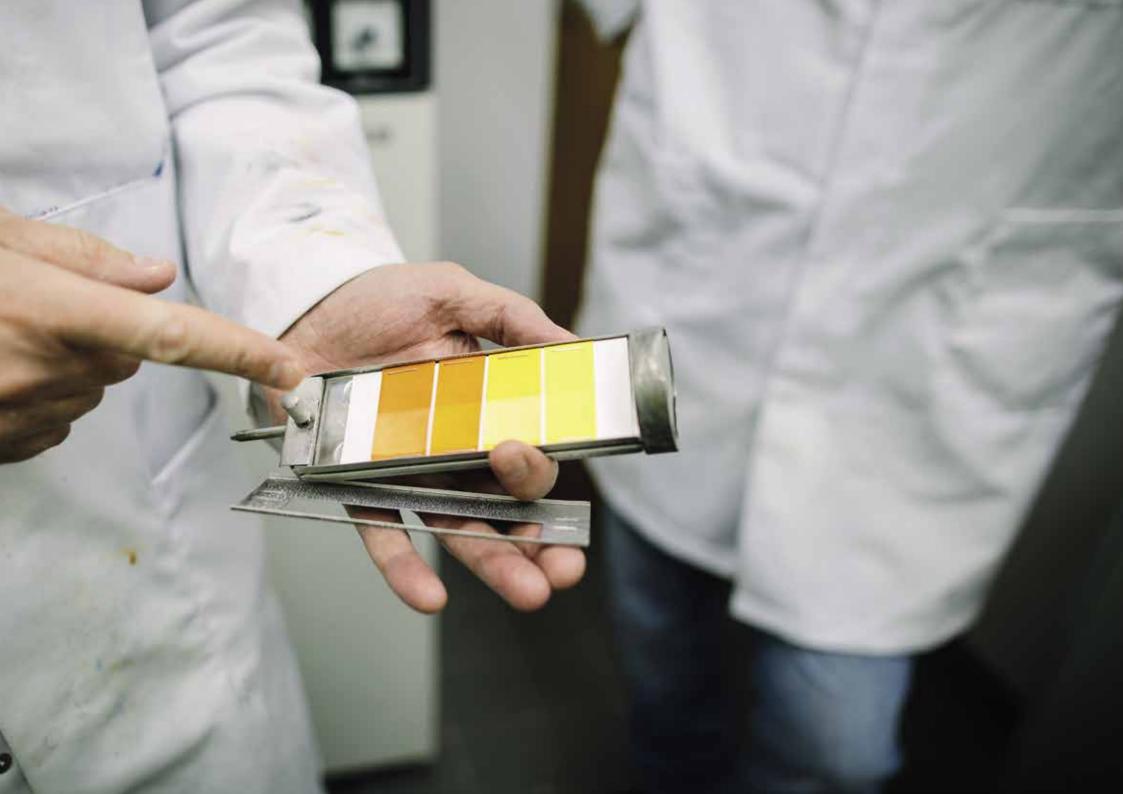
The company has qualified multiple waste streams now positioned under its Fibreblend $^{\text{TM}}$ brand.



GAS PRICE



Source: Trading Economics



PENSIONS

TRIENNIAL "ON-GOING" VALUATION - 2019

	Staff Scheme £'m	Works Scheme £'m	Both Schemes £'m
Discount rate	3.55%	3.55%	3.55%
Assets Liabilities	51.1 (53.8)	56.8 (74.0)	107.9 (127.8)
Deficit	(2.7)	(17.2)	(19.9)
Funding level - %	95.0%	76.8%	84.4%

UNPRECEDENTED MOVEMENT IN YIELDS

The extreme volatility in the gilt market during September 22 and October 22 saw significant increases in gilt yields which caused stress to many LDI schemes including those of James Cropper.

A number of asset trades were required by the investment managers for the pension schemes

in order to manage capital requirements and maintain the investment strategy for the two pension schemes.

- During this time the liabilities for both pension schemes dropped significantly due to increase in gilt yields
- However, assets also fell due to the hedging in place against gilt yield movements

Markets are now appearing to settle with UK gilt yields remaining relatively stable.

ON-GOING VALUATION

Work has commenced on the next triennial valuation for April 2022 which determines the latest position and allows re-alignment to the longer term target.

A total of £1.4m a year is paid including PPF levies to reduce past service deficits.

IAS 19 PENSION VALUATION

The combined funding position on an IAS 19 measure has improved over the 6 months from a deficit of £13.1m to £12.9m. The small decrease in net liability has been driven by a significant increase in corporate bond yields, leading to a reduction in the DBO, largely offset by a corresponding decrease in assets due to the level of hedging in place.

THE IAS 19 PENSION VALUATION AT H1 END SEPT 2022

	Staff Scheme £'m	Works Scheme £'m	Both Schemes £'m
Discount rate	5.35%	5.30%	5.33%
Assets Liabilities	34.5 (35.3)	38.7 (50.8)	73.2 (86.1)
Deficit	(0.8)	(12.1)	(12.9)
Funding level - %	97.7%	76.2%	85.0%



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