JAMES CROPPER PLC

ESTABLISHED 1845

24 August 2023

James Cropper plc

('James Cropper', the 'Company' or the 'Group')

Full Year Results

Transformational Year with Good Progress Achieved

James Cropper plc (AIM: CRPR), a global market leader in advanced materials, luxury packaging and paper products, today announces its results for the year ended 1 April 2023.

Headlines:

Financial

- Strong recovery in a transformational year, with a 24% increase in revenue to £129.7m (2022: £104.9m) driven by high demand and retained contracts
- Despite the significant inflationary cost headwinds, adjusted operating profit increased 4% to £4.8m (APM1*) (2022: £4.6m)
- £3.2m adjusted profit before tax, 21% lower (2022: £4.0m) (APM2**) due to an increase in net finance costs
- Exceptional costs of £1.1m which reflects outperformance at TFP Hydrogen and consequent reassessment of the value of contingent consideration (2022: £0.4m)
- Profit before tax of £1.3m, 53% lower (2022: £2.8m) due to an increase in net finance costs and exceptional costs
- Net debt of £16.6m up 35% (2022: £12.3m)
- Earnings per share 5.4p down 62% (2022: 14.2p)
- Full year dividend proposal 6.0p per share in line with expectations (2022: 10.0p)

***APM1 "Adjusted operating profit"** refers to operating profit before interest and prior to the impact of IAS 19

and exceptional items

****APM2 "Adjusted profit before tax"** refers to profit before tax prior to the impact of IAS 19 and exceptional items

Operational

- Strong global pipeline in Future Energy sector
- TFP Hydrogen exceeded our expectations
- Well advanced in the transformation of the Paper division post year end
- Significantly tighter scope around decarbonisation project: 40% lower capital investment requirement
- Ongoing energy saving actions contributed to 8% annualised reduction in site fuel consumption
- Strengthened the Board and Executive leadership team
- Strengthened broader organisational leadership to drive strategy

Outlook

- Future Energy and Luxury Packaging to deliver high market growth and value, respectively
- Integration of Colourform with Paper to drive a unique and compelling Luxury Packaging proposition
- Consolidation across the organisation and estate to reduce costs and improve efficiency

- Streamlined Paper Product offer to drive margin improvements and productivity
- Continued technological leaders in recycled content and responsible sourcing
- Strengthen our sector leadership in carbon reduction
- Sharper focus with better clarity and assessment of our climate risks
- Strong leadership team to reposition James Cropper
- Drive brand value, recognition and preference in each market focused segment

Commenting on the full year results, James Cropper CEO Steve Adams said:

"We achieved a good performance for the year with 24% revenue growth in spite of unprecedented market headwinds. In FY2023, significant progress was made in repositioning James Cropper to capitalise on growth opportunities within its core and emerging end-markets, such as the fast-growing renewable energy and decarbonisation markets which are in need of novel high-performance materials and sustainable fibres.

We will aim to drive increased value for our shareholders through accelerated growth in each of our market focused segments; Creative Papers, Luxury Packaging, Technical Fibres and Future Energy by leveraging our potential as one Company under the James Cropper name.

I am excited by the many opportunities and have confidence in our strategy to accelerate growth and in our exceptional team worldwide to make a real difference. The foundations are in place to create a greater global presence for James Cropper, by repositioning ourselves to better serve our existing and target customers."

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Notes for editors:

James Cropper is a market leader in advanced materials and paper products. Led by the Cropper family for six generations, the business has an international workforce and an operational reach in over 50 countries.

Established in 1845, the Group manufactures paper, packaging and advanced materials incorporating pioneering non-wovens and electrochemical coatings.

James Cropper is a specialist provider of niche solutions tailored to a unique customer specification, 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.

The Group operates across multiple markets from luxury retail to renewable energy. It is renowned globally for service, capability, pioneering and multi award-winning commitment to the highest standards of sustainability.

James Cropper’s goal is to be operationally carbon neutral by 2030 and to reduce carbon through its entire supply chain to net zero by 2050.

Chairman's Letter

Dear Shareholders

As I look back over the last year what stands out is less the circumstances, which were challenging as ever in some quarters, but more the broad range of positive actions we have taken to reposition the Company over this period. These actions have strengthened our foundations for sustained growth in every corner.

I must thank all our customers for their support in the year. Even then, at times it was challenging to keep up with the inflationary environment.

The resulting impact was lessened by outperformance in Technical Fibre Products and its Hydrogen business unit. Overall, however, significant credit is due to our workforce who addressed the unfolding situation with exceptional urgency and dedication.

Adapting to circumstance always leads to change and accordingly within the year we have comprehensively reviewed our growth plans and the foundations required to ensure we maximise opportunities and minimise risks as these roll forwards.

This has enabled us to bring to life our strategy in realigning the business to be centred around our customers.

Our products and markets will remain broadly the same, but we will start the journey to reposition ourselves operating as one Company. To move from three separate divisions (James Cropper Paper, Technical Fibre Products and Colourform™) into four market-facing segments, all unified under the Group name, James Cropper:

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

My greatest desire for James Cropper is that while we remain proud of our great heritage, we always feel young, and achieve this balance by seamlessly combining generations of know-how with a relentless appetite for renewal.

The reorganisation truly encapsulates this blend from our historic roots in papermaking to cutting edge materials and components in renewable energy.

Importantly, across this range it is no longer accurate to refer to us as a paper-mill or paper business, as has been the norm since our outset in 1845. Today, James Cropper is successfully transitioning to an advanced materials and paper products group across everything it does, committed to pioneering innovation in traditional markets alongside breakthrough areas.

We are determined to stay modern and relevant, which will lead us to spend more over the coming years as we invest in our processes and systems. This will enable smarter access to data, leaner working practices and cost savings.

In the same vein, we will also look to invest further in innovation to meet the anticipated demands of future markets and customers, whether technical, environmental or economic.

We have ambitious plans to decarbonise the Group's operations, the first phase will be to cut natural gas use by 25% by 2025, keeping us on track to achieve net zero across our entire supply chain by 2050. This includes novel approaches to heat generation that we hope can blaze the way for other energy intensive manufacturers.

We are also investing to enhance our position in hydrogen electrolysis, fuel cells, carbon capture and other fast-growing markets. The growth potential is significant, but we will only earn a share through step changes in performance and cost reduction. This will involve both technology advances and operational investments. For example, we have recently commissioned a hydrogen component line in the United States, taking production closer to a large share of our customer base whilst at the same time cutting freight and duty costs.

Our paper and packaging partnerships within luxury and premium retail sectors remain strong, whether designing new tailor-made papers or Colourform™ products or offering customers more sustainable options and recycled fibres.

On this note, we are proud to have been involved in the recent creation of the first-ever 100% plastic-free remembrance poppy for the British Legion, whom we have proudly partnered with since 1978.

We have also launched our FibreBlend Upcycled Technology programme, offering a choice of different recovered fibre categories. This builds on our award-winning CupCycling proposition which gives used coffee cups a second life as a valuable fibre source for high quality paper. At present, over 75% of our custom-made paper products contain a blended fibre source. Our plans in this area include developing a unique technique to separate cotton, recyclable into paper, from artificial fibres.

Dividend

In financial terms, the Group reported a profit before tax of £1.3m for the period ended 1 April 2023. This was down by 53% versus the prior period with the Group revenue rising by 24% split between Paper (+25%), Colourform™ (+29%) and Technical Fibre Products (+19%).

In line with expectations, the Board is proposing a final dividend of 4.0 pence per share, making a total dividend for the year of 6.0 pence per share.

Board changes

This year has seen several changes to our leadership team. In August 2022, Steve Adams was appointed CEO, following the departure of Phil Wild.

Since the year end, we have also seen the departure of Isabelle Maddock, our CFO, who resigned in June 2023. I would like to personally thank both Phil and Isabelle for their dedicated service to James Cropper.

Transitioning to a brighter future

As ever, James Cropper continues to earn its future by building a diversified business across multiple markets and geographies and by adapting with pace, when required. I am very conscious that this has included the hard choice to restructure our Paper division from four machines to three with associated headcount reductions.

The decision was not taken lightly but has been essential to address years of headwinds and margin pressures and create a more resilient, profitable business.

Overall, we are blessed with a talented team and a range of materials and products that have never been more relevant in a world that rapidly needs to learn to live in greater balance with nature. Common to all our activities is the opportunity to accelerate the transition to greener economies and societies, and grow a vibrant group around this. I am hopeful these actions will position us better than ever to truly deliver on this.

Everyone in the Company is playing a part in this journey and I would like to thank all who work for us and with us for their continued commitment to James Cropper.

Mark Cropper

Chairman

23 August 2023

Chief Executive Officer's Review

I am delighted to report our financial results in my first year as CEO. Despite a year of unprecedented economic turbulence and market volatility with high energy and raw material costs still being prevalent, we have continued to show resilience.

All parts of our business responded with conviction and pace to implement actions to offset as much of the cost headwinds as possible. The Group also experienced strong demand and retained contracts throughout the period across all divisions, with 24% revenue growth in the year to 1 April 2023, which is ahead of previous market expectations.

I wish to express my sincerest thanks to all our customers for their continued loyalty and support and to our employees who have remained focused on delivering the best outcome possible.

Over this last year, we have made significant progress in our journey to reposition James Cropper to an advanced materials and paper products group.

We have defined and introduced our six strategic priorities, building a solid foundation to drive a strategy for accelerated growth.

Our customer base is changing and we are putting the right measures in place to improve both the customer and employee experience and to truly deliver on our purpose of 'pioneering materials to safeguard our future'.

We have strengthened our commercial leadership teams to expand in markets that we currently already operate in, whilst being constantly curious to explore new opportunities. We are also in the process of further strengthening our Executive Leadership team with the skills and knowledge to support our ambitious growth plans.

The fast-growing renewable energy and decarbonisation markets are creating an ever-greater need for novel and high-performance materials, while sustainable fibres, and low, or zero, carbon processing are driving growth within paper and packaging.

After 12 months of planning, I am also pleased to share that the installation of our new energy-efficient boiler has taken place. This will dramatically improve our energy efficiency and resilience as we drive forward with our net zero carbon ambition.

These energy saving investments in upgrades to our paper machines, along with a small decrease in gross paper production over the last 12 months, have contributed to an 8% annualised reduction in site fuel consumption and

we are on track to build our Low Carbon Energy Centre with the necessary planning application attained and grant application awarded.

A strategy for accelerated growth:

1. **Profitable growth through new customer acquisition:** Opportunities to expand in new and existing markets
2. **World class execution:** Investment in global systems and functions
3. **Technology and Innovation:** Centre for Innovation will include decarbonisation and waste fibres as well as exploring new ideas
4. **Leaders in sustainability**: Recognising our responsibility to reduce and ultimately eliminate our emissions
5. **Inspiring our people**: Building a culture of trust, cooperation and involvement
6. **Build the brand**: Presenting a more meaningful and relevant face to our increasingly global customer base

Financial Review

Revenue and adjusted operating profit

Group revenue for the financial period is £129.7m, up 24% on the prior period (2022: £104.9m) driven by organic volume growth, price increases and the energy surcharge applied to counter energy and raw material cost increases.

Revenue for the Paper division increased by 25% in the period to £88.2m generating an adjusted operating loss of £2.8m, compared to £2.3m in the prior period.

Revenue for the TFP division increased by 19% in the period to £37.2m generating an adjusted operating profit of £9.2m, compared to £8.7m in the prior period.

Revenue for Colourform™ grew by 29% in the period to £4.3m, generating an adjusted operating loss of £1.1m, compared to £0.8m in the prior period.

Summary table of results

		2023 £'000	2022 £'000	Change %
Group Revenue		**129,664**	**104,922**	**24%**
Adjusted EBITDA	**APM4**	**9,045**	**8,636**	**5%**
Profit summary				
Paper Products		(2,847)	(2,338)	22%
Technical Fibre Products (TFP)		9,244	8,684	6%
Colourform™		(1,057)	(754)	40%
Other Group expenses		(573)	(1,007)	-43%
Adjusted operating profit	APM1	4,767	4,585	4%
Fair value movement on derivatives		(330)	-	0%
Net finance costs (excluding exceptional items and IAS 19 impact)		(1,242)	(540)	130%
Adjusted profit before tax	APM2	3,195	4,045	-21%
Exceptional costs		(986)	(354)	179%
Exceptional finance costs		(109)	-	0%
Adjusted profit before tax after exceptional items	APM3	2,100	3,691	-43%
Net IAS 19 pension adjustments				
Net current service charge required		(442)	(547)	-19%
Net interest		(345)	(367)	-6%
Net IAS 19 pension impact		(787)	(914)	-14%
Profit before tax		**1,313**	**2,777**	**-53%**

The Group monitors adjusted EBITDA as it provides a measure of the cash generating ability of the Group that is comparable year-on-year. Despite demand increasing, inflationary pressures on raw materials, distribution and energy costs have dampened margins, with an adjusted EBITDA increasing by 5% on the prior year.

Energy costs proved a significant headwind and the unprecedented price rises saw costs increase 104% year-on-year, from £7.4m in FY2022 to £15.2m in FY2023.

Similarly, with inflationary pressures in the pulp, recycled pulp, chemicals and dyes markets, material costs increased 23% year-on-year. During the year, the Group also paid a one-off cost of living payment to employees totalling £0.6m in recognition of the escalating costs that employees were facing.

Depreciation and amortisation charges increased by 6% year-on-year, mainly due to the timings of capital investment programmes.

Divisional highlights

While operating under the Group's combined Purpose and Values, currently each business division acts independently, focusing on niche markets and growth areas:

Technical Fibre Products

Within Technical Fibre Products demand remains strong with contracts returning to pre-Covid levels in aerospace, defence and the industrial sectors.

TFP Hydrogen continues to exceed our expectations and our new coating line within our Schenectady, New York hub, became operational, building on our successful UK Hydrogen plant in Launceston and bringing capability even closer to our US customers.

This significant investment will provide a more attractive offer to our existing and potential customers across North America, as well as providing a blueprint for future James Cropper hydrogen coating lines worldwide, supporting the electrolyser manufacturing hubs being established globally as the technology adoption accelerates.

James Cropper Paper

Within the Paper division, demand in many of our traditional volume areas such as files and folders, commercial print and stationery papers has declined as those sectors continued to move away from paper to digital or they prove to no longer be economically viable. We are taking this opportunity to right-size our business, streamlining our portfolio and service offer to be much more aligned on high value partnerships. In particular, we are focussing our offer on luxury packaging and premium creative papers where our customers really value our innovation, expertise and quality.

This year the Embossing Centre of Excellence was opened. The installation of an embosser varnisher includes smart eye production technology for precision-made textured paper.

This multi-million pound investment will allow James Cropper to meet growing demand for surface aesthetics in luxury packaging and creative papers, as well as best in class service for bespoke textural effects alongside the development of individual colour.

Colourform™

Colourform™ continues to disrupt the luxury packaging market, maintaining a strong pipeline of sales with 29% revenue growth throughout the year. This was driven by innovative new market launches in the luxury drinks and cosmetics sectors.

We celebrated being the overall category winners for the Dieline award as well as receiving both the Yellow and Wood pencil D&AD awards. Receiving international acclaim for our creativity and sustainability in a way that no other product in the global packaging market has ever been able to achieve.

Overall, while margins are relatively strong, profits were nevertheless impacted by inflationary pressures in raw materials and energy prices. Moving forward, the division is expected to drive ongoing revenue growth in profitable long-term packaging rebrands, coupled with an improved focus on operational performance to increase margins and manage costs. The integration of Colourform™ into James Cropper Luxury Packaging will create greater synergies, build better efficiencies in our operating model as well as increase relevance and scale in key markets.

Expenses and profit

Other expenses have increased from £20,960k in 2022 to £25,471k in the year to 1 April 2023. The business has experienced widespread cost inflation across an array of overhead expenditure, with distribution costs and consultancy expenses increasing materially.

In the first half of the year the Paper division suffered considerable machine downtime, which resulted in a significant increase in repairs and maintenance expenditure in the year.

TFP Hydrogen continued to perform above management expectations in the year to April 2023. Business outlook continues to improve and at the year end this required the value of the contingent consideration on the business acquisition to be reassessed. An exceptional cost of £1,095k (2022: £354k) has been posted to the Statement of Comprehensive Income in this regard.

Management considers this adjustment a positive indication on the future value of the business and the profit that TFP Hydrogen will deliver.

With strong revenue growth, adjusted operating profit (see APM1 Alternative Performance Measures) was £4,767k in the year, up 4% on prior period, despite the challenging economic environment, which saw unprecedented raw material and energy prices.

Net finance costs have increased by £702k in the year, as the Group has continued to draw down on its external borrowing facilities and interest rates have increased notably.

The Group has hedged the first £15m drawn down of the external financing across UKEF and Commercial Facility at a rate of 1.5% plus margin, which provides assurances and visibility over future interest payments and limits exposure to increasing interest rates.

Adjusted profit before tax (see APM 2 Alternative Performance Measures) was £3,195k in the year and ahead of market expectations, partly due to stronger trading in TFP and the accounting adjustments of provisions relating to TFP.

After the impact of IAS 19 the Group reports a profit before tax of £1,313k, a 53% decrease on prior year (2022: £2,777k).

The Group's profit after tax for the period is £516k (2022: £1,358k) which calculates to earnings per share of 5.4p (2022: 14.2p).

Alternative performance measures

These accounts contain two main adjusting factors being the impact of IAS 19 pension adjustments which is separated out and exceptional items. These APM measures are used internally to evaluate business performance and are used in this report;

APM 1 "Adjusted operating profit"

Adjusted operating profit refers to operating profit before interest and prior to the impact of IAS 19 and exceptional items.

APM2 "Adjusted profit before tax"

Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19 and exceptional items.

APM3 "Adjusted profit before tax after exceptional items"

Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19.

APM4 "Adjusted EBITDA"

EBITDA is a common term that refers to operating profit before interest, tax, depreciation and amortisation. Adjusted EBITDA is EBITDA prior to the impact of IAS 19 and exceptional items. The impact of IAS 19 and exceptional items are presented in the summary tables of results.

IAS 19 pension adjustment is separated out from operating profit measures as the impact of IAS 19 varies from one reporting period to another which makes year-on-year comparison of performance challenging. Over the last 12 years, the average impact is a charge to profit before tax of £1,052k. This year the charge is £787k (2022: charge of £914k).

Currency

	US$	**€**
Opening Rate v. £	1.3165	1.1998
Closing Rate v. £	1.2333	1.1370
£ weakened against currency (%)	(6.32%)	(5.23%)

This table compares the opening and closing exchange rates for the financial period. Sterling weakened against the Dollar and Euro over the year. 59% of the Group's revenue is earned from customers outside of the UK (2022: 61%) bringing in Dollars and Euros to the Group. Euros are used to purchase Euro priced pulp and raw materials and Dollar receipts are used to fund the purchase of Dollar priced pulp, creating a natural hedge across the Group. Potential exposure to any foreign currency surpluses, or deficits, are dealt with via foreign currency trades using forward selling or forward purchasing contracts. Currency movements had a 3% impact on revenue increasing revenues by £3,884k for the period.

Statement of financial position (SFP)

Non-pension assets have increased largely due to capital expenditure, an increase in trade debtors and the recognition of the interest rate cap in other financial assets.

Capital investment in the period was £5,779k (2022: £6,761k). Investments are driven largely to enable growth in the form of increasing capacity, improving capability or generating cost savings.

We have concluded the build of additional embossing varnishing capability in the Paper division and new energy technologies have been introduced in Paper to facilitate the path towards the Group's net zero goals.

The Group experienced a greater level of revenue in the period compared to the prior period, and, inevitably with this, an increase within trade and other receivables of £2,857k and inventory of £711k.

After deferred tax the Net IAS 19 deficit has increased by £2,258k to £12,105k (2022: £9,847k), the reasons for which are detailed in the Pension Report in the 2023 Annual Report.

As a result of these movements on the pension scheme deficits, shareholders' funds show an overall decrease of £2,449k to £32,065k.

SFP	2023 £'000	2022 Restated* £'000
Non-pension assets - excluding cash	86,754	81,568
Non-pension liabilities - excluding borrowings	(25,990)	(24,913)
	60,764	56,655
Net IAS 19 pension deficit (after deferred tax)	(12,105)	(9,847)
	48,659	46,808
Net debt	(16,594)	(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 £'000	5,779	6,761

* see note 11 for details of the restatements.

Cash Flow	2023 £'000	2022 Restated* £'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

* see note 11 for details of the restatements.

In the period the Group's net cash outflow was £71k (2022: inflow £985k).

The Group continued to invest in capital expenditure throughout the year in order to facilitate future revenue growth by building capacity and capability.

There was also an increased demand for working capital following the improved demand in the year.

Net debt

The Group incorporates £3,791k (2022: £3,949k) of right-of-use leases in its 2023 borrowings figure. The Group's banking arrangements monitor net debt excluding IFRS 16.

On this basis net debt has increased over the year from £8,345k to £12,803k, an increase of £4,458k. Net debt including right of use lease liabilities is £16,594k, an increase of £4,300k on the prior period.

Net debt before RoU leases	2023 £'000	2022 Restated* £'000
Cash and cash equivalents	7,679	7,750
All borrowings excluding RoU leases	(20,482)	(16,095)
Net debt on an equivalent comparison basis	**(12,803)**	**(8,345)**

* see note 11 for details of the restatements.

Funding and facilities

The Group funds its operations and investments from operating cash flow and from borrowings and leases.

The Group has a core banking facility in the UK and further loan support in the US, along with some lease arrangements, all with high street banks. The Group has a core £25m banking facility under UKEF's Export Development Guarantee scheme which is aimed at enabling additional bank liquidity to support exporters.

This finance arrangement is available for general corporate purposes and will be used to support strategic growth and innovation, capital expenditure and decarbonisation programmes. The facility has an availability period of a further 2 years and an overall tenure of 8 years from inception, repayments are on a straight line basis from years 4 to 8. The Group's key financial covenants are EBITDA: net Interest 4x, and the Net Debt: EBITDA 3.5x. The Group is in compliance with all its banking covenants at the period end.

Cash and cash equivalents decreased marginally from £7,750k to £7,679k in the year. Long term borrowings (falling due after more than a year) increased by £4,066k to £22,515k. Facilities comprise of unused overdraft facilities of £3,500k plus the total unused credit facilities of £12,000k, this means a total of £15,500k remains unutilised at the year-end date. Having taken account of current borrowings to be paid within 12 months of the reporting period the Group has £21,421k available to the Group beyond 12 months.

Funding	2023 £'000	2022 Restated* £'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

* see note 11 for details of the restatements.

Inspiring our people

We recognise that it is the passionate, committed and talented people we employ that will help us navigate through the business changes and opportunities we have before us to deliver long term sustainable business growth.

Our online employee opinion survey is in its second year and saw a marked increase in employee participation as well as increased engagement.

Whilst this is pleasing to see, we will work even harder to deliver an improved proposition for our employees with continued focus on upgrading our policies, updating our working practices and reviewing our remuneration and career opportunities for all.

We have concluded the first year of our LEAP leadership development programme with 50 leaders - from first line leaders to Executive Committee members - having benefited from the course. A further cohort of approximately 40 employees will be invited to participate in the coming year.

We have committed to invest in creating a great place to work and will continue with our pledge across all our sites to improve the workplace environment, providing more facilities and amenities for our employees.

Over the next three years it is our intention to invest in a multi-million pound programme to update our IT systems and infrastructure. This will drive significant efficiency and productivity improvements as well as improving resilience. The investment will equip our teams to make smarter, data driven decisions and improve our response times and agility in dealing with our customers.

Looking forward with confidence

I am excited by the many opportunities we have in front of us as a Company but certainly do not underestimate the external challenges that we continue to face.

I have confidence in our strategy to accelerate growth and in our exceptional team worldwide to make a real difference.

We will create a greater global presence for James Cropper, by repositioning ourselves to better serve our existing and target customers.

We will also drive increased value for our shareholders through accelerated growth in each of our market focused segments; Creative Papers, Luxury Packaging, Technical Fibres and Future Energy by leveraging our potential as one Company under the James Cropper name.

Building on our foundations, we aim to redefine ourselves and become – what we believe – will be a different organisation with a very bright future.

Steve Adams

Chief Executive Officer

23 August 2023

James Cropper PLC

Group Statement of Comprehensive Income

	Note	53 week period to 1 April 2023 £'000	52 week period to 26 March 2022 £'000
Revenue	6	129,664	104,922
Provision for impairment reversal		134	184
Other income		650	744
Changes in inventories of finished goods and work in progress		817	385
Raw materials and consumables used		(48,556)	(39,577)
Energy costs		(15,162)	(7,428)
Employee benefit costs		(34,459)	(30,535)
Depreciation and amortisation		(4,278)	(4,051)
Other expenses		(25,471)	(20,960)
Operating Profit	9	3,339	3,684
Fair value movement on derivatives		(330)	-
Interest payable and similar charges		(1,697)	(924)
Interest receivable and similar income		1	17
Profit before taxation	9	1,313	2,777
Tax expense		(797)	(1,419)
Profit for the period		516	1,358
Earnings per share - basic and diluted		5.4p	14.2p
Other comprehensive income			
Profit for the period		516	1,358
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		222	49
Pulp hedge fair value adjustment		-	(501)
Cash flow hedges – effective portion of changes in fair value		1,040	10
Cash flow hedges – cost of hedging		(355)	-
Foreign tax adjustment		-	(13)
Items that will never be reclassified to profit or loss			
Retirement benefit liabilities – actuarial (losses) / gains		(3,888)	4,777
Deferred tax on actuarial losses / (gains) on retirement benefit liabilities		972	(179)
Other comprehensive (expense) / income for the period		(2,009)	4,143
Total comprehensive (expense) / income for the period attributable to equity holders of the Company		(1,493)	5,501

James Cropper PLC
Statement of Financial Position

	Note	Group as at 1 April 2023 £'000	Group as at 26 March 2022 Restated £'000	Company as at 1 April 2023 £'000	Company as at 26 March 2022 Restated £'000
Assets					
Goodwill		1,264	1,264	-	-
Intangible assets		1,524	1,584	788	769
Property, plant and equipment		32,717	30,551	1,758	1,630
Right-of-use assets		6,765	7,358	402	343
Investments in subsidiary undertakings		-	-	7,350	7,350
Other financial assets		654	-	654	-
Deferred tax assets		4,198	3,534	4,118	3,459
Total non-current assets		47,122	44,291	15,070	13,551
Inventories		18,304	17,593	-	-
Trade and other receivables		24,763	21,906	53,991	54,749
Provision for impairment		(643)	(777)	-	-
Other financial assets		428	-	428	-
Cash and cash equivalents		7,679	7,750	3,506	4,011
Corporation tax		815	1,838	582	968
Total current assets		51,346	48,310	58,507	59,728
Total assets		98,468	92,601	73,577	73,279
Liabilities					
Trade and other payables		21,106	20,936	7,465	16,324
Other financial liabilities		58	6	58	6
Loans and borrowings		1,758	1,595	217	133
Total current liabilities		22,922	22,537	7,740	16,463
Long-term borrowings		22,515	18,449	13,019	7,904
Retirement benefit liabilities	8	16,140	13,130	16,140	13,130
Contingent consideration on business acquisition		1,423	578	-	-
Deferred tax liabilities		3,403	3,393	112	123
Total non-current liabilities		43,481	35,550	29,271	21,157
Total liabilities		66,403	58,087	37,011	37,620
Equity					
Share capital		2,389	2,389	2,389	2,389
Share premium		1,588	1,588	1,588	1,588
Translation reserve		775	553	-	-
Reserve for own shares		(1,407)	(1,407)	(1,407)	(1,407)
Cash flow hedging reserve		1,040	-	1,092	-
Cost of hedging reserve		(355)	-	(355)	-
Retained earnings		28,035	31,391	33,259	33,089
Total shareholders' equity		32,065	34,514	36,566	35,659
Total equity and liabilities		98,468	92,601	73,577	73,279

The Parent Company reported a profit for the period ended 1 April 2023 of £4,042k (2022: £4,554k).

James Cropper PLC
Statement of Cash Flows

For the period ended 1 April 2023 (2022: for the period ended 26 March 2022)

	Group 2023 £'000	Group 2022 Restated £'000
Cash flows from operating activities		
Profit for the period	516	1,358
Adjustments for:		
Tax expense	797	1,419
Depreciation and amortisation	4,278	4,051
Earn out adjustment on contingent consideration on business acquisition	986	-
Net IAS 19 pension adjustments within profit	442	914
Past service pension deficit payments	(1,665)	(1,443)
Foreign exchange differences	(136)	-
Profit on disposal of property, plant and equipment and intangible assets	(589)	-
Interest receivable and similar income	(1)	(17)
Interest payable and similar charges	1,697	926
Share based payments	(59)	(107)
Fair value movements on derivatives	330	-
Changes in working capital:		
Increase in inventories	(696)	(2,103)
Increase in trade and other receivables	(3,614)	(5,942)
Increase in trade and other payables	2,396	5,945
Tax received	868	(972)
Net cash generated from operating activities	5,550	4,029
Cash flows from investing activities		
Purchase of intangible assets	(1,126)	(56)
Purchase of property, plant and equipment	(5,267)	(6,142)
Deferred consideration on business acquisition paid	-	(400)
Contingent consideration on business acquisition paid	(250)	-
Net cash used in investing activities	(6,643)	(6,598)
Cash flows from financing activities		
Proceeds from issue of new loans	5,050	9,191
Repayment of borrowings	(288)	(3,123)
Fees paid on raising finance	-	(278)
Repayment of lease liabilities	(1,561)	(1,170)
Interest received	1	17
Interest paid	(858)	(709)
Non-deliverable forward contract payment	(330)	-
Payments on interest rate cap	(495)	-
Purchase of own shares	-	(256)
Dividends paid to shareholders	(897)	(236)
Net cash generated 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
Cash and cash equivalents at the start of the period	7,750	6,765
Cash and cash equivalents at the end of the period	7,679	7,750
Cash and cash equivalents consists of:		
Cash at bank and in hand	7,679	7,750
Cash and cash equivalents at the end of the period	7,679	7,750

James Cropper PLC
Statement of Changes in Equity - Group

All figures in £'000	Share capital	Share premium	Translation reserve	Reserve for Own Shares	Cost of Hedging reserve	Cash flow Hedging reserve	Retained earnings	Total
At 27 March 2021 – As previously reported	2,389	1,588	504	(1,151)	-	501	26,070	29,901
Restatement – note 11	-	-	-	-	-	-	(300)	(300)
At 27 March 2021 - Restated	2,389	1,588	504	(1,151)	-	501	25,770	29,601
Comprehensive income for the period	-	-	-	-	-	-	1,358	1,358
Total other comprehensive income	-	-	49	-	-	(501)	4,595	4,143
Dividends paid	-	-	-	-	-	-	(236)	(236)
Purchase of own shares	-	-	-	(256)	-	-	-	(256)
Share based payment charge	-	-	-	-	-	-	(96)	(96)
Total contributions by and distributions to owners of the Group	-	-	-	(256)	-	-	(332)	(588)
At 26 March 2022 - Restated	2,389	1,588	553	(1,407)	-	-	31,391	34,514
Comprehensive income for the period	-	-	-	-	-	-	516	516
Total other comprehensive income	-	-	222	-	(355)	1,040	(2,916)	(2,009)
Dividends paid	-	-	-	-	-	-	(897)	(897)
Share based payment charge	-	-	-	-	-	-	(59)	(59)
Total contributions by and distributions to owners of the Group	-	-	-	-	-	-	(956)	(956)
At 1 April 2023	2,389	1,588	775	(1,407)	(355)	1,040	28,035	32,065

James Cropper PLC

Statement of Changes in Equity - Company

All figures in £'000	Share capital	Share premium	Reserve for Own Shares	Cost of Hedging reserve	Cash flow Hedging reserve	Retained earnings	Total
At 27 March 2021	2,389	1,588	(1,151)	-	-	24,253	27,079
Comprehensive income for the period	-	-	-	-	-	4,554	4,554
Total other comprehensive income	-	-	-	-	-	4,614	4,614
Dividends paid	-	-	-	-	-	(236)	(236)
Share based payment charge	-	-	-	-	-	(96)	(96)
Purchase of own shares	-	-	(256)	-	-	-	(256)
Total contributions by and distributions to owners of the Group	-	-	(256)	-	-	(332)	(588)
At 26 March 2022	2,389	1,588	(1,407)	-	-	33,089	35,659
Comprehensive income for the period	-	-	-	-	-	4,042	4,042
Total other comprehensive income	-	-	-	(355)	1,092	(2,916)	(2,179)
Dividends paid	-	-	-	-	-	(897)	(897)
Share based payment charge	-	-	-	-	-	(59)	(59)
Total contributions by and distributions to owners of the Group	-	-	-	-	-	(956)	(956)
At 1 April 2023	2,389	1,588	(1,407)	(355)	1,092	33,259	36,566

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

James Cropper Plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom and listed on the Alternative Investment Market (AIM). The condensed consolidated financial statements of the Company for the 53 weeks ended 1 April 2023, comprise the Company and its subsidiaries (together referred to as the Group).

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed consolidated set of financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the 53 week period ended 1 April 2023. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the 53 week period ended 1 April 2023.

The consolidated financial statements of the Group for the 53 week period ended 1 April 2023 are available upon request from the Company's registered office Burneside Mills, Kendal, Cumbria, LA9 6PZ or at www.jamescropper.com.

The financial information is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern

The Directors have performed a rigorous assessment of the financial forecasts for the 2-year period ending 31 March 2025, including consideration of the principal risks faced by the Group and the Company, as detailed in the 2023 Annual Report. Following this review the Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the 53 week period ended 1 April 2023.

2 Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the 53 week period ended 1 April 2023.

3 Risks and uncertainties

The principal risks and uncertainties which may have the largest impact on performance are disclosed in the 2023 Annual Report and are namely:

Pandemic risk; fire; net zero emissions; pension; cyber risk; flood; water abstraction; energy price volatility and pulp price volatility.

The Board considers that the principal risks and uncertainties set out in the 2023 Annual Report remain relevant for the current financial year.

4 Alternative performance measures

The Company uses alternative performance measures to allow users of the financial statements to gain a clearer understanding of the underlying performance of the business.

Profit before tax represents the Group's overall performance and financial position, however it contains significant non-operational items relating to IAS 19 that the Directors believe make year-on-year comparison of performance challenging.

Measures used to evaluate business performance are 'Adjusted operating profit' (operating profit excluding the impact of IAS 19 and exceptional costs), and 'Adjusted profit before tax' (profit before tax excluding the impact of IAS 19 and exceptional costs). The alternative performance measures are reconciled in note 9.

5 Earnings per share

The calculation of basic earnings per share is based on earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share adjusted to assume conversion of all dilutive options.

6 Segmental information

IFRS 8 Operating Segments requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the four main operating segments, principally based in the UK:

- James Cropper Paper Products (Paper): comprising James Cropper Speciality Papers, a manufacturer of specialist paper and boards, and James Cropper Converting, a converter of paper.

- James Cropper 3D Products (Colourform™) – a manufacturer of moulded fibre products.

- Technical Fibre Products (TFP) – a manufacturer of advanced materials.

- Group Services – comprises central functions providing services to the subsidiary companies.

	Revenue		Adjusted operating profit / (loss)	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Paper	88,151	70,350	(2,847)	(2,338)
Colourform™	4,326	3,363	(1,057)	(754)
TFP	37,187	31,209	9,244	8,684
Group services and other	-	-	(573)	(1,007)
	129,664	104,922	4,767	4,585

7 Dividend

An interim dividend of 2.0p per share was paid in the period. The Board is proposing a final dividend of 4.0p per share, making a total declared dividend for the period of 6.0p per share. (2022: 10.0p per ordinary share).

Subject to approval by shareholders at the Annual General Meeting to be held on 26 September 2023, the dividend will be paid on or before the 20 October 2023 to all shareholders on the register as at the 8 September 2023.

8 Retirement benefit obligations

Movements during the period in the Group's defined benefit pension schemes are set out below:

	2023	2022
	£'000	£'000
Net obligation brought forward	(13,130)	(18,436)
Expense recognised in the income statement	(1,319)	(1,570)
Contributions paid to the schemes	2,197	2,099
Actuarial (losses) and gains	(3,888)	4,777
Net obligation carried forward	(16,140)	(13,130)

9 Alternative performance measures

	2023	2022
	£'000	£'000
Adjusted operating profit	4,767	4,585
Net IAS 19 pension adjustments:		
current service costs	(974)	(1,203)
future service contributions paid	532	656
Exceptional Items:		
Increase in earn out provisions	(986)	(354)
Operating profit	3,339	3,684

	2023	2022
	£'000	£'000
Adjusted profit before tax	3,195	4,045
Net IAS 19 pension adjustments:		
current service costs	(974)	(1,203)
future service contributions paid	532	656
finance costs	(345)	(367)
Exceptional items:		
Increase in earn out provisions	(1,095)	(354)
Profit before tax	1,313	2,777

10 Related parties

There have been no significant changes in the nature of related party transactions in the period ended April 2023 from that disclosed in the 2022 Annual report.

11 Prior period restatement

The comparatives detailed below have been restated. No adjustment impacts prior year profit. Net assets have reduced by £300k.

Statement of Financial Position - Group

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Trade and other receivables[1]	22,184	(278)	21,906
Long-term borrowings[1]	18,727	(278)	18,449
Deferred tax liability[2]	3,093	300	3,393
Retained earnings[2]	31,691	(300)	31,391

Statement of Financial Position - Company

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Trade and other receivables[1]	55,027	(278)	54,749
Long-term borrowings[1]	8,182	(278)	7,904

Statement of Cashflows - Group

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Increase in trade and other receivables[1]	(6,220)	278	(5,942)
Increase in trade and other payables[3]	5,545	400	5,945
Net cash generated from operating activities	**3,351**	**678**	**4,029**
Purchase of property, plant and equipment[4]	(6,705)	563	(6,142)
Deferred consideration on business acquisition paid[3]	-	(400)	(400)
Net cash used in investing activities	**(6,761)**	**163**	**(6,598)**
Proceeds from issue of new loans[4]	9,754	(563)	9,191
Fees paid on raising finance[1]	-	(278)	(278)
Net cash used in financing activities	**4,277**	**(841)**	**3,436**

1 Fees paid on raising finance previously allocated to prepayments within trade and other receivables have been reallocated against borrowings in the statement of financial position and the related cash flow has been separately disclosed under financing activities. There is no impact on net assets or cash and cash equivalents.

2 The opening balance of the deferred tax liability for FY2022, has been increased by £300k, following the finalisation of previous years computations due to errors identified at the tax provisioning stage. This results in a corresponding reduction in retained earnings.
3 The deferred consideration on business acquisition paid previously disclosed within increase in trade and other payables has been separately disclosed under investing activities to more appropriately reflect the nature of the cash flow. There is no impact on net assets or cash and cash equivalents.
4 The cash flow relating to additions to property, plant and equipment previously included additions to right-of-use assets which are financed via lease and are therefore non-cash. The correction has resulted in a decrease in purchase of property, plant and equipment and a decrease in proceeds from issue of new loans.

Retirement benefit liabilities

The gross amount of the Works scheme fair value of assets has been increased by £521k to account for the annuities held but not previously recognised. The defined benefit obligation has been increased by the corresponding amount resulting in a nil impact on the retirement benefit liabilities disclosed.

	Group and Company		
	As previously reported	Restatement	Restated
All figures in £'000	2022	2022	2022
Fair value assets	109,388	521	109,909
Defined benefit obligation	121,130	521	121,651
Retirement benefit liabilities	(11,742)	-	(11,742)
Effect of limit on recoverable surplus	(1,388)	-	(1,388)
Retirement benefit liabilities	(13,130)	-	(13,130)

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and that the preliminary report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

(i) An indication of important events that have occurred during the period and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the financial period; and

(ii) Material related party transactions in the period and any material changes in the related party transactions described in the last Annual Report.

The Directors of James Cropper Plc are detailed on our Group website www.jamescropper.com

Forward-looking statements

Sections of this financial report may contain 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 financial report 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 announcement shall be construed as a profit forecast.

Annual General Meeting

The Annual General Meeting will be held on 26 September 2023. The notice of Annual General Meeting will be mailed to shareholders on or around 4 September 2023 together with a copy of the 2023 Annual Report.

Content of this report

The financial information set out above does not constitute the Group's statutory accounts for the 12 months ended 1 April 2023 or 26 March 2022 but is derived from those accounts.

Statutory accounts for the 12 months ended 26 March 2022 have been delivered to the Registrar of Companies. The auditor, BDO LLP, has reported on the 2022 accounts; the report (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for the 12 month period ended 1 April 2023 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor, Grant Thornton UK LLP, has reported on these accounts; their report (i) is unqualified, (ii) does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) does not include a statement under either section 498 (2) or (3) of the Companies act 2006.

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