

JAMES CROPPER PLC

ESTABLISHED 1845

James Cropper plc ('CRPR', the 'Company' or the 'Group'), the leading advanced materials and paper products group is pleased to announce its

Preliminary results for the 52 weeks ended 26 March 2022

Revenue achieves new high, entering new financial year with a strong order book projection.

	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£'m	£'m
Revenue	104.9	78.8
Adjusted operating profit (excluding IAS19 and exceptional items)	4.6	4.5
Operating profit	3.7	2.4
Adjusted profit before tax (excluding IAS19 and exceptional items)	4.0	4.0
Impact of IAS19 on income statement	(0.9)	(0.8)
Exceptional items	(0.3)	(1.5)
Profit before tax	2.8	1.7
Earnings per share – basic and diluted	14.2p	16.4p
Proposed final dividend per share	7.5p	Nil
Total dividend for the year	10.0p	Nil
Net borrowings	(12.6)	(7.5)
Net borrowings (excluding right-of-use leases)	(8.6)	(3.7)
Equity shareholders' funds	34.8	29.9
Gearing % - before IAS 19 deficit	28%	17%
Gearing % - after IAS 19 deficit	36%	25%
Capital expenditure	6.8	3.1

Highlights

- Revenues up by 33% and higher than pre-pandemic levels, with growth in all divisions.
- Profit before tax up by 62%.
- TFP Hydrogen performing better than expectations. TFP revenue up by 27%.
- Colourform achieves a positive EBITDA and 19% revenue growth.
- Paper impacted with substantial energy costs with 37% revenue growth but a loss before tax.
- New loan facility of £25m under UK Export Finance to support sustainable strategic growth plans.
- Investment expenditure doubled to £6.7m, to support growth plans.
- Return to dividend payments with a proposed 7.5p final dividend, making a total of 10.0p per share (2021: nil pence per share).
- The Group board strengthened with two new NEDs and appointment of TFP Managing Director complete.

Mark Cropper, Chairman, commented:

"The green agenda represents a significant growth opportunity for all our divisions."

"Looking forward the outlook remains positive across the Group."

"Our mantra since the earliest days of the Covid crisis has been to "emerge stronger" and I am confident that this has truly been the case".

Enquiries:

Isabelle Maddock, Chief Financial Officer
James Cropper PLC (AIM :CRPR.L)
Telephone: +44 (0) 1539 722002
www.jamescropper.com

Robert Finlay, Henry Willcocks, John More
Shore Capital
Telephone: +44 (0) 20 7601 6100

The Annual General Meeting of the Company will be held at 11.00am on Wednesday 27 July 2022 at the Bryce Institute, Burneside, Cumbria.

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	52 weeks ended 26 March 2022 £'000	52 weeks ended 27 March 2021 £'000
Summary of results		
Revenue	104,922	78,768
Adjusted operating profit (excluding IAS19 and exceptional items)	4,585	4,510
Adjusted profit before tax (excluding IAS19 and exceptional items)	4,045	4,023
Impact of IAS 19	(914)	(802)
Exceptional items	(354)	(1,502)
Profit before tax	2,777	1,719

	52 weeks ended 27 March 2021 £'000	52 weeks ended 27 March 2021 £'000
Revenue		
James Cropper Paper	70,350	51,376
Colourform	3,363	2,822
Technical Fibre Products	31,209	24,570
	104,922	78,768
Adjusted operating profit (excluding IAS19 and exceptional items)	4,585	4,510
Net interest (excluding IAS19 impact)	(540)	(487)
Adjusted profit before tax (excluding IAS19 and exceptional items)	4,045	4,023
IAS19 pension adjustments		
Net current service charge against operating profits	(547)	(563)
Finance costs charged against interest	(367)	(239)
	(914)	(802)
Exceptional items		
Restructuring costs	-	(1,118)
Transaction costs on acquisition of a business	-	(384)
Increased earn out provisions	(354)	-
	(354)	(1,502)
Profit before tax	2,777	1,719

The IAS 19 pension adjustments are explained in detail in the Financial Review section of the Annual Report. The total amount excluded from the IAS pension Charge is £914k (2021: £802k). The adjustment, which we refer to in these accounts as the "IAS 19 impact" represents the difference between the pension charge as calculated under IAS 19 and the cash contributions for the current service cost only as determined by the latest triennial valuation. The Directors consider that the adjusted pension charge better reflects the actual pension costs for ongoing service compared to the IAS 19 charge. This adjustment is made internally when we assess performance and is also used in the EBITDA and EPS targets used in management incentive schemes

The IAS 19 pension adjustment to the income statement of £914k (2021: £802k) comprises:

	Period ended 26 March 2022 £'000	Period ended 27 March 2021 £'000
Current service charge	1,203	1,034
Normal contributions	(656)	(471)
Interest charge	367	239
IAS 19 pension adjustment	914	802

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Balance sheet summary

	As at 26 March 2022	As at 27 March 2021
	£'000	£'000
Non-pension assets – excluding cash	82,302	70,780
Non-pension liabilities – excluding borrowings	(25,069)	(18,444)
	57,233	52,336
Net IAS19 pension deficit (after deferred tax)	(9,847)	(14,933)
	47,386	37,403
Net borrowings	(12,572)	(7,502)
Equity shareholders' funds	34,814	29,901
Gearing % - before IAS19 deficit	28%	17%
Gearing % - after IAS19 deficit	36%	25%
Capital expenditure	6,761	3,127

Chairman's Letter

Dear Shareholders

The year to 26 March 2022 has been yet again another long and memorable year for the Company and all those associated with it. The challenges have continued with the tail end of the pandemic, not so long ago joined by the onset of the Ukraine war. Both have led to dramatic rises in input costs, in particular in relation to energy. I am pleased to report the Group has responded with mitigating actions at every step and as a result our revenues are back to pre-pandemic levels, profits have risen and demand remains high across all divisions.

The result has been driven in part by the record performance of the TFP division, which has seen strong organic sales and the successful integration of the newly rebranded TFP Hydrogen subsidiary, following the acquisition of PV3 Technologies Limited ("PV3") in January 2021.

In financial terms, the Group reports a profit before tax of £2.8m for the period. This was up by 62% versus the prior period with Group turnover rising by 33%, split between Paper (+37%), TFP (+27%), and Colourform (+19%).

This year has also seen several changes at Board level. James Gravestock was appointed Managing Director of the TFP division and an Executive Director of the Group, following the departure of Martin Thompson. On behalf of the Board, I would like to welcome James and to thank Martin for his significant contribution over the past 18 years, not least his part in the significant and sustained growth of the TFP division.

There were also significant changes on the non-executive side of the board. Our Senior Independent Director Dr Andrew Hosty stepped down during the year and I would also like to thank him for his valuable contributions in recent years.

Following on from this the Board chose to appoint two new non-executive directors in November: Sarah Miles, CEO of Feelunique.com, a market leader in cosmetics and beauty e-commerce, and Martin Court, Chief Commercial Officer of Victrex plc, the FTSE 250 advanced materials group. In April 2022 Martin assumed the role of Senior Independent Director. They both bring with them a wealth of commercial experience and I am delighted they chose to join us at an exciting moment in our growth journey.

Turning to other themes, our growth and product development strategies are also ever more aligned with helping our customers and consumers reduce their environmental impact, whether via greener papers and packaging or the advanced materials TFP has developed for a wide range of renewable energy.

Colourform continues to grow, with some highly creative innovative packaging products launched in the luxury beauty and premium alcoholic beverage markets. The division has generated a positive EBITDA for the first time as it continues to grow towards sustainable profitability.

The growth of our new subsidiary TFP Hydrogen has exceeded expectations in the year. This adds to the strong position TFP has built up over many years as a maker of materials and components for both fuel cells and hydrogen electrolyzers. This sector is fast gaining traction as a key element of the global transition away from fossil fuels. Furthermore TFP is on track to

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shift the majority of its sales to applications supporting the Global Net Zero Carbon emissions movement within the next five years; helping us as a business to safeguard and protect the future of our planet.

Closer to home, we also continue to address our own impacts. During the year we have progressed our programme to deliver significant decarbonisation by 2030 and the Paper division's ambition to source 50% of its fibre from waste by 2025. We are also taking further steps, not least via our ESG sub-committee, to better monitor and measure and ESG targets and further evolve policies and programmes that align with our Purpose and Values.

The Board is recommending a final dividend of 7.5 pence per share, making a total dividend for the year of 10.0 pence per share. A final dividend has not been paid since 2019 owing to the pandemic. Earnings per share have fallen by 13% to 14.2 pence.

I would like to thank our Board and all of our employees for the resilience they have shown during what have been very challenging months and years. Our mantra since the earliest days of the Covid crisis has been to "emerge stronger" and I am confident that this has truly been the case.

Outlook

Looking forward, the outlook remains positive across the Group as we enter the new financial year with a record order book. While there are short term challenges in the Paper division due to external factors, we have put in place measures to mitigate these and plans are well underway to transition all of the divisions away from natural gas. The geopolitical climate has cemented and accelerated Government support for cleaner and greener hydrogen energy and TFP has the power to help facilitate this energy transition, by reducing costs and improving accessibility. Overall the green agenda represents a significant growth opportunity for all our divisions. Colourform will continue to grow year-on-year and Paper's strategy to enrich margins will also be significantly underpinned by its environmental initiatives.

Mark Cropper
Chairman
20 June 2022

Chief Executive's Review

I am pleased to report our financial results for the period, which yet again underline the continued resilience of the Group as we successfully navigated two unprecedented events - the end of the Covid pandemic, which saw resource and supply chain challenges, and the Ukraine War, which sparked an energy crisis and has compounded global inflation.

The Group has experienced strong demand throughout the period and across all divisions, with over 30% sales growth in the current year to 26th March 2022, which is ahead of previous market expectations.

Profit in 2021 included £2.9m of Covid-19 related government grants. No grants were included in 2022, demonstrating a strong underlying Adjusted profit before tax improvement from £1.1m (excluding grants) in 2021 to £4.0m in 2022.

While all of the divisions have felt the impact of these events in some way, the Paper division was significantly affected, as it is, by far, our most energy-intensive division. The division is accountable for 88% of the Group's energy expenditure, with costs in the period 70% higher than the pre-Covid period ending March 2020. Up to the end of the period, the Group had negotiated a fixed price contract for a significant proportion of the energy purchased, mitigating the impact of the crisis in the short term. Once this agreement ended in Q4, the division was exposed to the higher energy prices, which has impacted Group results in the current period (as announced on 23 March 2022).

As with all energy intensive businesses, the Paper division continues to incur higher than average energy costs, however, fixed prices for Q1 in the current period and an energy surcharge to all customers of the division are mitigating the impact over the medium term. The Paper division saw a strong recovery following the impact of Covid, with revenues at 93% of pre-pandemic levels and excellent customer retention rates. Programmes are well in advance to transition all Group divisions away from natural gas dependence.

The TFP division has had a record year for revenue, including better than expected results for the recently acquired TFP Hydrogen subsidiary, resulting in a full earn out payment for year one of the earn out period, and an increase in provisions for the future earn out expectations. Revenues were up on the previous period by 27%, surpassing the previous highest turnover by more than £4m, and higher than the pre-Covid period by 18%. Estimates suggest hydrogen

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could eventually account for 18% of primary energy, underlining TFP's role as an exciting and key growth area for the Group.

The Colourform division continues to grow with revenues up by 19% on the previous period and 31% higher than the pre-Covid period. The division has also shown positive EBITDA. With pioneering, award-winning products and high profile brand partnerships secured for the short to medium term and energy security from being powered by 100% renewable energy, Colourform is projected to continue to grow year on year.

Revenue, Operating Profit and Capital Expenditure

Group revenue for the financial period was £104.9m, up 33% on the prior period (2021: £78.8m), with profits before tax of £2.8m, an increase of 62% on the prior period (2021: £1.7m). Earnings per share have fallen 13% to 14.2p per share (2021: 16.4p per share).

Revenue for the Paper division rose by 37% in the period to £70.4m generating an operating loss of £2.4m compared to an operating loss of £0.4m in the prior period, for reasons previously disclosed. Revenue for the TFP division rose by 27% in the period to £31.2m generating an operating profit of £8.7m, compared to an operating profit of £6.9m in the prior period. Revenue for Colourform grew by 19% in the period to £3.4m, generating an operating loss of £0.8m, compared to an operating loss of £1.4m in the prior period.

Capital investments during the period amounted to £6.8m compared to £3.1m in the prior period.

The Group has completed a £25m financing deal with NatWest Bank and HSBC Bank, supported by UK Export Finance. The funding will be used to invest in additional investments to support our strategic growth plans and support our ESG commitments including decarbonisation.

Group Strategy

Our company's Purpose (*Pioneering Materials to Safeguard our Future*) and Values (*Forward Thinking, Responsible and Caring*), provide our guiding principles for our growth strategies across each business.

Our main markets within each business include:

TFP

- Clean Energy (Hydrogen)
- Defence
- Aerospace
- Green Technologies

Paper

- Packaging
- Art
- Design & Advertising
- Publishing

Colourform

- Wines & Spirits
- Fragrances
- Beauty

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

TFP

TFP is accelerating sales, particularly in clean energy, and building global capacity.

Case study: TFP sales into clean energy, such as wind and hydrogen markets, have grown by 75%, from £5.7m to £10.0m in the past 12 months. The division has also achieved a 70% reduction in the volume of waste generated, compared to 2015.

Paper

Paper is growing its market share in luxury packaging and focusing on delivering improved margins.

Case Study: A key innovation of Paper is creating value from waste. As well as increasing the level of upcycled material, such as coffee cups, into luxury paper, the division has launched Rydal Apparel, which is a 100% recycled packaging product, incorporating 20% used denim fabrics.

Colourform

Colourform has diversified its client base, by evolving from a sustainable alternative to plastic packaging to delivering sustainable, highly designed, point of sale outer packaging.

Case Study: The energy used to operate our Colourform factory is now 100% powered by green electricity, most of which is from community owned solar panels within our facility generating 1 megawatt - the UK's largest roof mounted PV system.

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Ethical Markets

As each business is focused on growing ethical and environmental markets, we have undertaken a thorough ethical markets review of our current business and its supply chain, which has resulted in exiting some markets.

Through an in-depth analysis of our upstream supply chain, we discovered a small number of products in what we would classify as unethical markets. We have now appropriately exited these over the period and are building our market pipelines aligned to our values.

Investing in Future Growth

Group investments in the year have doubled year on year, to £6.8m (2021: £3.1m). In the year the additional production line in TFP became operational, adding 50% additional capacity for non-woven materials. In addition, TFP's acquisition of PV3, rebranded TFP Hydrogen, was completed and provides catalyse coating capability for hydrogen PEM electrolyzers. A new TFP Hydrogen coating line was started last year at our USA manufacturing facility, which will be operational later this year and ready to serve the USA hydrogen market.

Paper's luxury packaging products require unique embossing and sustainable coatings and, to support market share growth, we began to create additional manufacturing capability last year and established a new dedicated manufacturing cell. This increased capacity and capability will be operational later this financial year. As Colourform is focusing more attention to outer finished sustainable packaging, there have been investments in both product design capability and decorative product finishing.

Our People

At James Cropper we have a strong company culture, which is reflected in the Purpose and Values we have set out and continue to build on and embed into the entire Group. We have also updated our Code of Ethics, to create clear, guiding principles that dictate how we engage with our clients, our suppliers, and our colleagues. We will be supporting and embedding these ethics across the Group, with further education and training during in the current period.

To demonstrate our commitment to improving the health and wellbeing of our teams, our employee survey has been improved to provide more targeted and clearer feedback on areas that are working well and can be replicated across the Group, and areas in need of improvement.

Over 5% of our employees are starting their first career journey with James Cropper, including four graduates and 27 apprentices. This, together with working alongside local schools and colleges on STEM career awareness, helps to encourage the next generation into our business, bringing with them innovation and ideas as well as securing our future talent pipeline for the Group.

To support our strategic ESG ambitions our long-term incentive programme for senior leaders now incorporates additional non-financial measures, focusing on ESG improvements.

I would like to take the opportunity to thank all the James Cropper employees for their hard work during the year, they have showed tremendous commitment and flexibility, and to demonstrate our thanks, we have awarded an extra day's holiday to all employees.

The UK has a long history of being at the forefront of the science and technology revolution - inventing some of the world's best technology, which we still use to this day. At James Cropper we combine over 177 years of experience with world leading innovation and pioneering manufacturing technology, which together can help to safeguard the future of our planet.

Phil Wild
Chief Executive Officer
20 June 2022

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From the Chief Financial Officer's Review:

Cash flow

In the period the Group's net cash inflow was £985k (2021: outflow £2,199k). Investment expenditure commenced in the latter half of the prior year and continued into this period to enable growth through an increase in capacity and capability. Cash invested in working capital to support the return to normal operations also increased. Lease and borrowing facilities increased in the year to support all activities.

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 USA, 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 3 years and an overall tenor of 8 years, repayments are on a straight line basis from years 4 to 8. The Group's key financial covenants are EBITDA: Interest 4x, and the Net Debt: EBITDA 3.5x. A £4m CLBIL was taken out in Oct 2020 as a safety net during the covid pandemic, this has been repaid in full. The Group is in compliance with all its banking covenants at the period end.

Cash and cash equivalents increased from £6,765k to £7,750k in the year. Long term borrowings (falling due after more than a year) also increased by £12,761k to £18,727k. The expiry profile of existing borrowings is detailed in note 19.3 to the financial statements of the annual report. The Group is in compliance with all its banking covenants at the period end. Undrawn facilities comprise of unused overdraft facilities of £3,500k plus the total unused credit facilities of £17,000k, this means a total of £20,500k remains unutilised at the year-end date. Having taken account of current borrowings to be paid within 12 months of the balance sheet date the Group has £26,655k available to the Group beyond 12 months.

Funding	2022	2021	Change
	£'000	£'000	£'000
Cash and cash equivalents	7,750	6,765	985
Borrowings: repayable within one year	(1,595)	(8,301)	6,706
Borrowings: non-current	(18,727)	(5,966)	(12,761)
Net debt	(12,572)	(7,502)	(5,070)
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

Net debt

The Group incorporates £3,949k (2021: £3,771k) of right-of-use leases in its 2022 borrowings figure. The Groups banking arrangements monitor net debt excluding 1FRS 16. On this basis net debt has increased over the year from £3,731k to £8,623k, an increase of £4,892k largely supporting the capital and working capital requirements of each business as the Group emerges

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stronger from the pandemic. Net debt including Right of use lease liabilities is £12,572k, an increase of £5,070k on the prior period.

Net Debt before RoU leases	2022	2021
	£'000	£'000
Cash and cash equivalents	7,750	6,765
All Borrowings excluding RoU leases	(16,373)	(10,496)
Net debt on an equivalent comparison basis	(8,623)	(3,731)

Going concern

The Directors carry out a review of the Group's financial position for the period up to 12 months after the date of signing the audit report, providing a comprehensive review of revenue, expenditure and cash flows taking into account specific business risks, requirements and latest economic forecasts. These inform the Group's cash and debt requirements. The Group's financial position, cash flows, liquidity and borrowing facilities are described in the financial statements. At 26 March 2022, James Cropper had £17m of undrawn committed facilities. The principal loan arrangements are described in note 18 of the financial statements. The Group has £7.75m of cash available to support its short term needs.

The Group's 12 month forecast period from the date of signing the audit report has been tested for plausible downsides scenarios including further expected effects of the pandemic, hampered market growth, increasing carbon cost and commodity prices. In the event that a scenario partly or fully takes place the Group has various options available to maintain liquidity and continue operations. We have assessed the combined impact of these scenarios on the Group's key financial metrics of EBITDA, net debt and net debt to underlying EBITDA. The Group remains within its key financial covenant which is its net debt to underlying EBITDA ratio must not exceed 3.5 times. The break-even calculation indicates that EBITDA would need to fall 85% before triggering the covenant. The Board is satisfied that the Group will be able to respond to such scenarios through various means which may include a reduced or deferred capital expenditure programme to ensure that the Group continues to meet its ongoing obligations.

The Board is satisfied that the Group will have sufficient liquidity to meet its needs over the 12 month forecast period from the date of signing the audit report. The Directors have a reasonable expectation that the Group remains a going concern over the forecast period.

The Board is satisfied it has sufficient cash resources to meet its obligations as they fall due throughout this duration and the Board has a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future.

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CONSOLIDATED INCOME STATEMENT

	52 week period to 26 March 2022	52 week period to 27 March 2021
	£'000	£'000
Revenue	104,922	78,768
Reversal of / (Provision for) impairment	184	(431)
Other income	744	3,036
Changes in inventories of finished goods and work in progress	385	598
Raw materials and consumables used	(39,577)	(28,290)
Energy costs	(7,428)	(3,078)
Employee benefit costs	(30,535)	(28,417)
Depreciation and amortisation	(4,051)	(4,489)
Other expenses	(20,960)	(15,252)
Operating Profit	3,684	2,445
Interest payable and similar charges	(924)	(730)
Interest receivable and similar income	17	4
Profit before taxation	2,777	1,719
Taxation	(1,419)	(153)
Profit for the period	1,358	1,566
Earnings per share – basic and diluted	14.2p	16.4p

OTHER COMPREHENSIVE INCOME

Profit for the period	1,358	1,566
<i>Items that are or may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	49	(80)
Pulp hedge fair value adjustment	(501)	501
Cash flow hedges – effective portion of changes in fair value	10	258
Foreign tax adjustment	(13)	-
<i>Items that will never be reclassified to profit or loss</i>		
Retirement benefit liabilities – actuarial gains / (losses)	4,777	(8,750)
Deferred tax on actuarial (gains) / losses on retirement benefit liabilities	(179)	1,663
Other comprehensive income / (expense) for the period	4,143	(6,408)
Total comprehensive income / (expense) for the period		
Attributable to equity holders of the Company	5,501	(4,842)

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STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 26 March 2022 £'000	As at 27 March 2021 £'000	As at 26 March 2022 £'000	As at 27 March 2021 £'000
Assets				
Goodwill	1,264	1,264	-	-
Intangible assets	1,584	1,946	769	1,013
Property, plant and equipment	30,551	30,696	1,630	1,774
Right-of-use assets	7,358	4,160	343	236
Investments in subsidiary undertakings	-	-	7,350	7,350
Deferred tax assets	3,534	3,729	3,459	3,706
Total non-current assets	44,291	41,795	13,551	14,079
Inventories	17,593	15,469	-	-
Trade and other receivables	22,640	16,053	55,027	50,863
Provision for impairment	(777)	(961)	-	(260)
Other financial assets	-	501	-	-
Cash and cash equivalents	7,750	6,765	4,011	2,861
Corporation tax	1,838	1,425	968	1,384
Total current assets	49,044	39,252	60,006	54,848
Total assets	93,335	81,047	73,557	68,927
Liabilities				
Trade and other payables	21,392	15,780	16,324	22,989
Other financial liabilities	6	16	6	16
Loans and borrowings	1,595	8,301	133	94
Total current liabilities	22,993	24,097	16,463	23,099
Long-term borrowings	18,727	5,966	8,182	211
Retirement benefit liabilities	13,130	18,436	13,130	18,436
Deferred consideration on business acquisition	578	401	-	-
Deferred tax liabilities	3,093	2,246	123	102
Total non-current liabilities	35,528	27,049	21,435	18,749
Total liabilities	58,521	51,146	37,898	41,848
Equity				
Share capital	2,389	2,389	2,389	2,389
Share premium	1,588	1,588	1,588	1,588
Translation reserve	553	504	-	-
Reserve for own shares	(1,407)	(1,151)	(1,407)	(1,151)
Hedging reserve	-	501	-	-
Retained earnings	31,691	26,070	33,089	24,253
Total shareholders' equity	34,814	29,901	35,659	27,079
Total equity and liabilities	93,335	81,047	73,557	68,927

The Parent Company reported a profit for the period ended 26 March 2022 of £4,554k (2021: £4,072k).

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STATEMENT OF CASH FLOWS

	Group	
	52 weeks ended 26 March 2022	52 weeks ended 27 March 2021
	£'000	£'000
Cash flows from operating activities		
Net profit	1,358	1,566
Adjustments for:		
Tax	1,419	153
Depreciation and amortisation	4,051	4,489
Transaction costs on business acquisition	-	384
Net IAS 19 pension adjustments within SCI	914	802
Past service pension deficit payments	(1,443)	(498)
Foreign exchange differences	-	783
Gain on early termination of Right-of use assets	-	(19)
Bank Interest income	(17)	(4)
Bank interest expense	926	491
Share based payments	(107)	245
Increase in inventories	(2,103)	(1,448)
(Increase) / decrease in trade and other receivables	(6,448)	3,401
Increase / (decrease) in trade and other payables	5,773	(2,406)
Tax paid	(972)	-
Net cash generated from operating activities	3,351	7,939
Cash flows from investing activities		
Purchase on intangible assets	(56)	(42)
Purchase of property, plant and equipment	(6,705)	(3,085)
Acquisition of business net of cash and cash equivalents	-	(1,359)
Net cash used in investing activities	(6,761)	(4,486)
Cash flows from financing activities		
Proceeds from issue of new loans	9,754	6,390
Repayment of borrowings	(3,123)	(10,313)
Repayment of lease liabilities	(1,111)	(818)
Interest received	17	4
Interest paid	(768)	(353)
Distribution of own shares	(256)	100
Dividends paid to shareholders	(236)	-
Net cash generated / (used) from financing activities	4,277	(4,990)
Net increase / (decrease) in cash and cash equivalents	867	(1,537)
Effect of exchange rate fluctuations on cash held	118	(662)
Net increase / (decrease) in cash and cash equivalents	985	(2,199)
Cash and cash equivalents at the start of the period	6,765	8,964
Cash and cash equivalents at the end of the period	7,750	6,765
Cash and cash equivalents consists of:		
Cash at bank and in hand	7,750	6,765
	7,750	6,765

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital £'000	Share premium £'000	Translation reserve £'000	Own shares £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
At 28 March 2020	2,389	1,588	584	(1,251)	-	31,087	34,397
Comprehensive income for the period	-	-	-	-	-	1,566	1,566
Total other comprehensive income	-	-	(80)	-	501	(6,829)	(6,408)
Distribution of own shares	-	-	-	100	-	-	100
Share based payment charge	-	-	-	-	-	246	246
Total contributions by and distributions to owners of the Group	-	-	-	100	-	246	346
At 27 March 2021	2,389	1,588	504	(1,151)	501	26,070	29,901
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	2,389	1,588	553	(1,407)	-	31,691	34,814

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Company	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total £'000
At 28 March 2020	2,389	1,588	(1,251)	27,073	29,799
Comprehensive income for the period	-	-	-	4,072	4,072
Total other comprehensive income	-	-	-	(7,137)	(7,137)
Distribution of own shares	-	-	100	-	100
Share based payment charge	-	-	-	245	245
Total contributions by and distributions to owners of the Group	-	-	100	245	345
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)
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	2,389	1,588	(1,407)	33,089	35,659

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 52 weeks ended 26 March 2022, 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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 52 week period ended 26 March 2022. 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 52 week period ended 26 March 2022.

The consolidated financial statements of the Group for the 52 week period ended 26 March 2022 are available upon request from the Company's registered office Burneside Mills, Kendal, Cumbria, LA9 6PZ or at www.jamescropper.com.

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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 robust assessment, including review of the 12 month forecast period from the date of signing the audit report including consideration of the principal risks faced by the Group and the Company, including the potential impact of Covid 19 on the business, as detailed in the Group's Annual Report 2022. 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 52 week period ended 26 March 2022.

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 52 week period ended 26 March 2022.

3 Risks and uncertainties

The principal risks and uncertainties which may have the largest impact on performance are disclosed in the 2022 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 2022 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 obscure an understanding of the key performance trend.

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:
 - JC Speciality Papers – relates to James Cropper Speciality Papers a manufacturer of specialist paper and boards.
 - JC Converting – relates to 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.

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

	Revenue		Operating profit / (loss)	
	52 week period ended	52 week period ended	52 week period ended	52 week period ended
	26 March 2022	27 March 2021	26 March 2022	27 March 2021
	£'000	£'000	£'000	£'000
Paper	70,350	51,376	(2,338)	(309)
Colourform	3,363	2,822	(754)	(1,542)
TFP	31,209	24,570	8,684	6,482
Group services and other	-	-	(1,007)	(2,186)
	104,922	78,768	4,585	2,445

7 Dividend

An interim dividend of 2.5p per share was paid in the period and the Board are recommending a final dividend of 7.5p per share, making a total declared dividend for the period of 10.0p per share. (2021: nil per ordinary share).

If approved by members at the Annual General Meeting, the final dividend will be paid on 12 August 2022 to all shareholders on the register on 8 July 2022.

8 Retirement benefit obligations

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

	52 week period ended 26 March 2022	52 week period ended 27 March 2021
	£'000	£'000
Obligation brought forward	(18,436)	(9,382)
Expense recognised in the income statement	(1,570)	(1,273)
Contributions paid to the schemes	2,099	969
Actuarial (losses) and gains	4,777	(8,750)
Obligation carried forward	(13,130)	(18,436)

9 Alternative performance measures

	52 week period ended 26 March 2022	52 week period ended 27 March 2021
	£'000	£'000
Adjusted operating profit	4,585	4,510
Net IAS 19 pension adjustments:		
current service costs	(1,203)	(1,034)
future service contributions paid	656	471
Exceptional Items:		
restructuring costs	-	(1,118)
Transaction costs on acquisition of business	-	(384)
Increase in earn out provisions	(354)	
Operating profit	3,684	2,445

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	52 week period ended 26 March 2022	52 week period ended 27 March 2021
	£'000	£'000
Adjusted profit before tax	4,045	4,023
Net IAS 19 pension adjustments:		
current service costs	(1,203)	(1,034)
future service contributions paid	656	471
finance costs	(367)	(239)
Exceptional items:		
Restructuring costs	-	(1,118)
Transaction costs on acquisition of business	-	(384)
Increase in earn out provisions	(354)	
Profit before tax	2,777	1,719

10 Related parties

There have been no significant changes in the nature of related party transactions in the period ended 26 March 2022 from that disclosed in the 2021 Annual report.

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.

Content of this report

The financial information set out above does not constitute the Group's statutory accounts for the 12 months ended 26 March 2022 or 27 March 2021 but is derived from those accounts.

Statutory accounts for the 12 months ended 27 March 2021 have been delivered to the Registrar of Companies. The auditor, BDO LLP, has reported on the 2021 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.

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The statutory accounts for the 12 month period ended 26 March 2022 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor, BDO 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.