

19 April 2023

**James Cropper plc**  
(‘James Cropper’, the ‘Company’ or the ‘Group’)

**Trading Update**

*and*

**Strategy for Accelerated Revenue and Profit Growth**

James Cropper plc (AIM:CRPR), a global market leader in advanced materials, luxury packaging and paper products, today provides a trading update and overview of the strategy to accelerate revenue and profit growth across the Group.

**Trading Update: exceeding PBT expectations**

The Board is pleased to announce an improved trading performance in the second half of the financial year ended 1 April 2023. The Company, subject to audit, expects to generate £130 million revenue for FY23 and an adjusted profit before tax of not less than £2.2 million, exceeding market expectations of £2.0 million.

**Strategy Update: a new business model to accelerate revenue and profit growth**

The Company has made significant progress since 2022 in repositioning James Cropper to capitalise on growth opportunities within its core and emerging end-markets. 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.

In order to position the company to accelerate growth, the Group is today announcing three strategic changes:

1. Brand profile: reorganisation and renaming.
2. A step change of investment in innovation and systems.
3. Streamlining the Paper division to improve productivity and margins.

**Brand profile: reorganisation and renaming**

The Group will invest in the James Cropper brand by reorganising itself from three separate divisions (James Cropper Paper, Technical Fibre Products and Colourform) into four market-facing segments all under the Group name:

- **James Cropper Creative Papers**  
The Group's historic business supplying specialist paper markets with a world leading range of coloured and embossed papers, and unique sustainable fibre options including CupCycling.
- **James Cropper Luxury Packaging**  
Incorporating James Cropper's multi-award winning Colourform moulded pulp innovation and the packaging papers made for the world's leading luxury brands.
- **James Cropper Technical Fibres**  
Core technical fibre markets including aerospace, defence, construction and industrial.
- **James Cropper Future Energy**  
Incorporating TFP Hydrogen, and including materials and products for fuel cells, carbon capture, batteries and wind.

The above segments will be managed under two Managing Directors covering paper products and advanced materials respectively.

The new brand strategy positions the Company across an exciting spectrum from heritage to cutting edge and leverages the brand value of the James Cropper name across all markets and geographies.

This will also generate a more focused operation and streamlined cost base with greater collaboration and sharing of functions across the Group.

The reorganisation and renaming will be delivered within the remainder of this calendar year.

**Investment in innovation and systems**

The strategy will realise greater synergies across the Group, supported by a multi-million pound investment in the next three years that will simplify processes and systems and combine Group functions. In turn this will enable smarter access to data and inform leaner working practices allowing the Group to operate more efficiently.

To drive future growth through innovation, the Board has made a senior level appointment with the move of Patrick Willink to the new position of Chief Innovation Officer, starting immediately. Patrick will lead a Centre for Innovation at James Cropper, bringing a wealth of experience to this role, as former Paper Operations Director, Group Chief Technology Officer, and most recently Managing Director of Colourform, the Group's award-winning luxury packaging division.

The Innovation team will be scaled up to play a critical part in ensuring James Cropper will meet the anticipated demands of future markets and customers, whether technical, environmental or economic, to drive costs down and volumes up. Activities will include: delivering ambitious plans to decarbonise the Group's operations; making ever greater use of recovered fibres; and helping to create technology roadmaps in emerging markets such as green hydrogen, fuel cells and carbon capture.

#### **Streamlining the Paper division**

Another key element of the Group's strategy will be significant changes to the Paper division. In order to create a more resilient and higher margin business that is less exposed to the multiple headwinds it has faced for many years, the Group is proposing to reduce the number of paper machines in operation from four to three, with two machines anticipated to be in production at any one time.

Together with the reorganisation and streamlining of Group functions and related investment (as outlined above), this will lead to a change in overall headcount, and accordingly the Company has today submitted an advance notification of redundancies, with a 90-day consultation period commencing with immediate effect. Overall, approximately 10% of employees will potentially be affected, predominantly within the Paper and Group functions at a cost of £2.1m, of which the majority will be cash.

#### **Timing of annual results**

The Company has recently appointed Grant Thornton UK LLP as auditors and as this will be the first year audit with the new team, expects that the annual accounts for the year ended 1 April 2023 will be announced later than historically reported. An update will be made in due course once the specific date is known.

**James Cropper Chief Executive Officer, Steve Adams said:***"After a year in which the Company has faced unprecedented challenges, I am extremely grateful to the whole team for helping to exceed against our revised expectations. However, moving forward, we must continue to be mindful of future headwinds and drive margin improvement."*

*"We're a purpose-driven business built on strong values and announcing potential job losses is not a decision taken lightly. We will work collaboratively with our employees, unions, and representatives throughout this process. Change is difficult yet it is essential to ensure the sustainability and growth of James Cropper."*

*"Our strategic realignment will drive margin improvements by bringing greater focus on our customers and allow us to take better advantage of our size and remain agile and dynamic in our markets. Combined with our wealth of manufacturing knowledge, sustainability alternatives and pioneering abilities we will strengthen our position across multiple sectors as the preferred global partner of choice."*

**Commenting on the Strategy Update, James Cropper Chairman, Mark Cropper added:***"The next few years should see breakout growth in many areas as we truly live our purpose and help the world shift to a low carbon economy in better balance with nature. Nevertheless, we have become increasingly aware that this will not be achieved without more robust and efficient systems, greater collaboration across our different businesses, and a resizing of our Paper business to make it more consistently profitable and sustainable."*

**-ENDS-**

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The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU No. 596/2014) (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

#### **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.

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