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23 July 2024

**James Cropper plc**

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

**Full Year Results**

*Robust response to a challenging trading environment; progress against strategic objectives*

James Cropper plc (AIM: CRPR), the Advanced Materials and Paper & Packaging group, today announces its audited results for the year ended 30 March 2024.

**Headlines**

Financial

- Challenging year with Group revenue down 21% at £103.0m (2023: £129.7m) due to weaker end-market demand and energy surcharges (totalling £9.0m) in the prior period.
- Adjusted operating profit\* of £2.0m (2023: £4.8m) with the impact of revenue shortfall partly mitigated by falling raw material and energy prices and cost savings from actions to streamline the business.
- Adjusted profit before tax\*\* of £0.8m (2023: £3.2m), ahead of revised Board expectations announced on 17 January 2024 despite significant market challenges impacting performance in the second half.
- Exceptional costs of £5.3m (2023: £1.1m) including restructuring costs of £2.3m and non-cash asset impairment charge of £4.4m, partly offset by £1.4m credit from settlement of pensions-related legal claim.
- Loss before tax of £5.3m (2023: profit of £1.3m) after exceptional costs and IAS 19 pensions charge of £0.8m.
- Net debt of £15.5m, down £1.1m (2023: £16.6m) reflecting increased focus on cash management.
- Capital expenditure reduced to £3.8m (2023: £5.8m) in response to market conditions.
- Basic and diluted loss per share of 41.8p (2023: earnings of 5.4p per share).
- No final dividend proposed, resulting in a total dividend for the year of 3.0p per share (2023: 6.0p per share).

\*Alternative Performance Measure 1 (APM1) "adjusted operating profit" refers to operating profit before interest and prior to the impact of IAS 19 and exceptional items.

\*\*Alternative Performance Measure 2 (APM2) "adjusted profit before tax" refers to profit before tax prior to the impact of IAS 19 and exceptional items.

Operational

- Products increasingly focused on end-markets with strong secular growth trends: clean energy, lightweighting and sustainability.
- Restructured Paper & Packaging business has a more efficient operating model and reduced break-even revenue.
- Pricing has been resilient, underpinned by strong customer relationships with margins supported by lower input costs and productivity initiatives.
- More rigorous capital investment, cost and cash disciplines applied across the business.
- Refreshed executive leadership team focused on driving our growth strategy.

**Current trading and outlook**

- FY2025 year-to-date trading has been in line with the Board's expectations.
- Input costs (pulp and energy) have remained high through H1 FY2025.
- Strong opportunity pipeline in Advanced Materials where, despite slower end-market growth in hydrogen fuel cell in FY2024, the mid-term outlook for both Energy Solutions and Composite Solutions remains strong.
- Order intake levels in the Paper & Packaging business point to signs of recovery in FY2025 and the new

- Order intake levels in the Paper & Packaging business point to signs of recovery in FY2025 and the new operating model is delivering improved margins.
- The Board remains confident that, despite external challenges, the Group is positioned to drive increased value for shareholders through a return to growth in the Group's key markets.
- Clear strategic priorities and medium-term targets to capitalise on market opportunities:
  - Targeting mid-to-high single-digit annual revenue growth and an increase in adjusted operating profit margin to high single digits over the medium term, driven by:
    - Advanced Materials business growth, including revenues from Energy Solutions rising to in excess of 15% of Group revenue.
    - Innovation in higher margin technologies across the businesses aligned with strong end-markets.
    - Leveraging the Group's focus on sustainability and recycling.
    - Further productivity gains through lean continuous improvement.
  - Targeting a medium-term increase in return on capital employed to low-to mid-teens, through greater capital allocation discipline directed largely towards the hydrogen business to meet anticipated demand.
  - Maintaining and strengthening the balance sheet, with a medium-term Net Debt to EBITDA ratio target of 1-2x.

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

*"After a strong first half that showed continued momentum on the previous year, difficult market conditions during late 2023 and early 2024 across both businesses required a concerted effort to protect prices and margins and to focus on productivity and cost savings.*

*"This was achieved whilst also concluding the significant restructuring of our Paper & Packaging business and adopting a completely new continuous running operating model for the first time.*

*"Our teams also remained focused on identifying new growth opportunities and winning new customer projects.*

*"I am extremely proud of the entire James Cropper team for their commitment to our business and servicing our many customers around the globe.*

*"We remain resolute in our focus on driving value for our shareholders through our accelerated growth strategy. The Advanced Materials business remains poised to capitalise on the anticipated scale-up in the hydrogen sector through clarity on national government funding and support programmes for green hydrogen. Order intake levels in the Paper & Packaging business point to signs of recovery in FY2025 and our new operating model is already delivering improved margins. Group Trading in the first quarter of the current year-to-date is in line with the Board's expectations.*

*"The foundations have been laid for ongoing productivity and efficiency gains. Our new James Cropper branding offers the opportunity to connect and build traction with both new and existing customers, while our commitment to innovation focuses on developing new high value products and technologies."*

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**Notes for editors:**

James Cropper is a market leader in Advanced Materials and Paper & Packaging, centred around four market audiences: Energy Solutions, Composite Solutions, Luxury Packaging and Creative Papers.

A purpose-led business, built upon six generations of the Cropper family, James Cropper has a 600+ international workforce and an operational reach in over 50 countries

international workforce and an operational reach in over 50 countries.

Established in 1845, the Group manufactures creative papers, luxury 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 net zero by 2030 and to reduce carbon through its entire supply chain to net zero by 2050.

## **Chair's Letter**

Dear Shareholders

The 2024 financial year was one of significant change for James Cropper.

At the beginning of the year, we announced the Board's strategy to develop a new business model to accelerate growth in revenue and profitability. This included better leveraging the breadth and capability of the Group under a single brand repositioning James Cropper as an advanced materials business, investing in innovation and systems to drive efficiencies, and combining Paper and Colourform® into a single Paper & Packaging division which was further streamlined to reduce operating costs. I am pleased we were able to make good progress against these strategic objectives and I believe that our resulting business is better positioned for growth as we move forward.

Despite this progress in repositioning the Group, we announced in January that some of our most promising growth opportunities, not least those in hydrogen and fuel cells, are taking longer to bear fruit than previously expected due to delayed market growth. At the same time, we reported that difficult market conditions across the Paper & Packaging business were expected to continue through the second half of the year.

Looking into FY25, we continue to strengthen our relationships with customers and partners in our Advanced Materials business, where solid foundations have been laid for future growth. In our Paper & Packaging business, we are seeing some market recovery with volumes from key customers returning to previous levels. Furthermore, I am pleased with progress being made across the Group to grow our technical capability and market share in target industries. This will enhance our resilience and position us as the preferred supplier in fast-growing sectors, ranging from sustainable packaging to hydrogen, carbon capture and other energy transition markets.

Growth will also be supported by the launch of our new James Cropper brand in July 2024 which will further leverage our technical capabilities and outstanding reputation for developing innovative products and solutions.

## Sustainability

As an organisation, James Cropper continues to innovate in its approach to sustainable business. Our ambitious decarbonisation plan, which has recently attracted significant grant funding, progressed during the year with ground works being completed to enable the construction of a new energy centre and the completion of our technical design. We also commenced a project to explore freshwater recycling which will reduce our levels of water abstraction and increase energy efficiency. Whether through the use of recycled materials in luxury packaging as an alternative to plastics, or by producing coatings and technical substrates for use in the hydrogen energy sector, we continue to redefine our offering with the future in mind.

## Board

In the last 12 months, we have been pleased to report some significant appointments to the Board.

On 27 November 2023, Andrew Goody joined the Board as Chief Financial and Operating Officer, succeeding Isabelle Maddock who stood down in June 2023. Andrew has been a valuable addition to the Board and executive team, bringing significant leadership, financial and business transformation experience.

On 22 July 2024 we announced the appointment of Jon Yeung, who will join the Board as an independent Non-Executive Director and Audit Committee Chair following conclusion of our AGM in September 2024. In addition to being a chartered accountant, Jon brings significant experience in finance and in the creation of shareholder value through business transformation and growth, and I look forward to working with him going forwards. At the same time, we announced that Jim Sharp will step down as a Director and from the Board at the AGM. On behalf of the Board, I wish to thank Jim for his continued support and significant contribution.

In addition, on 25 September 2023, Matthew Ratcliffe was appointed into the new role of General Counsel and Company Secretary, in succession to Jim Aldridge who stood down as Company Secretary in April 2023.

Each appointment brings fresh perspectives and insight to James Cropper, and I am delighted by the level of talent we continue to attract. In the year, our Nomination Committee led an assessment of the skills, capabilities, and diversity of our Board to ensure that we retain an optimal balance of operational and commercial knowledge, financial acumen, entrepreneurial leadership, and independent challenge.

## Stakeholder engagement

Stakeholder engagement is an important aspect of our business, and the Board recognises its responsibilities to promote the success of the Group for the benefit of its members having regard to the interests of broader stakeholders.

During the year, I met with some of our largest shareholders to discuss the business, our present challenges, broader strategy, and my role as Chair. These meetings provided helpful insight to the views of our investors, which is an important consideration for the Board, and I am very grateful to those who took the time to meet and offer feedback. We also look forward to welcoming shareholders at our forthcoming AGM in September 2024.

## Dividend

Given the challenging macroeconomic environment in the second half of the year and the Group's focus on efficient cash management alongside investment to support future growth, the Board is not proposing a final dividend for the year, leaving the total dividend for the year at 3.0 pence per share (FY23: 6.0 pence per share). The Board remains committed to its dividend programme and will keep under review the potential for resuming dividend payments in due course.

## Outlook

James Cropper is a dynamic business with a passion for innovation. Our advanced ranges of products and solutions enable us to continually evolve to meet the needs of tomorrow as we transition to a greener and more sustainable society.

Whilst growth in Advanced Materials was slower than we expected in the last year, the mid-term outlook in both Energy Solutions and Composite Solutions remains strong. Our repositioning of the Paper & Packaging business in the year has delivered a more streamlined operation which is better placed for growth in the medium term.

Short term challenges remain, with input costs remaining high and a degree of political uncertainty, but I am confident that the strength of our offering in growing markets presents significant opportunities.

I am very proud of our colleagues for the support and dedication shown in a difficult year and I believe that we have emerged a stronger business. Our response to significant market challenges in the second half of the year enabled us to achieve a full year performance ahead of the Board's revised expectations following our

year enabled us to achieve a full-year performance ahead of the Board's revised expectations following our January 2024 trading update, and this could not have been achieved without the continued support of our people.

**Mark Cropper**  
Non-Executive Chair

### Chief Executive Officer's Review

I am pleased to provide a review of the financial year ended 30 March 2024.

At the outset of the year, we laid out our Group strategy to accelerate growth in revenue and profitability. This six-point plan has formed the basis for the decisions and actions we have taken during the year and, despite challenging market conditions in the second half of the year particularly, I am pleased that we have made progress towards our strategic goals. James Cropper is now a significantly more efficient business and is strongly positioned in various markets that are expected to grow in the years ahead.

### GROUP

	<b>FY24 £'000</b>	<b>FY23 £'000</b>
Revenue	102,968	129,664
Adjusted EBITDA (APM4)	6,606	9,045
Adjusted Operating Profit (APM1)	1,977	4,767
Adjusted Profit Before Tax (APM2)	758	3,195

Trading in the first half of the year showed continued momentum from the strong finish to the previous financial year. Much work was done to identify growth opportunities within existing and new markets.

Despite strong trading in the first half, difficult market conditions during late 2023 and early 2024 across both the Advanced Materials and Paper & Packaging businesses resulted in a downward revision to the Board's full-year expectations which was announced on 17 January 2024.

These revised expectations in January were, however, exceeded at the full year, owing to a strong focus on business development, pricing protection, operational improvements, and reduced input costs - a great effort from across all parts of the business against a difficult backdrop.

My sincerest thanks, once again, are extended to all our valued customers for their continued support and to our talented employees who have been so committed to serving our customers in the face of such challenging market conditions.

### ADVANCED MATERIALS

	<b>FY24 £'000</b>	<b>FY23 £'000</b>
Revenue	34,503	37,187
Adjusted EBITDA (APM4)	9,280	10,714
Adjusted Operating Profit (APM1)	7,715	9,244

The Advanced Materials business performed well in the first half, building on its work to develop specifications with hydrogen electrolyser OEMs, where its technical and process capabilities continued to provide differentiation in this sector. Demand in the hydrogen fuel cell sector also remained buoyant in the first half, as did the aerospace and automotive sectors within Composite Solutions.

The second half saw a marked slowdown in hydrogen fuel cell market demand, driven largely by the sluggish uptake of hydrogen powered passenger cars. This was partially offset by growth in the electrolyser business albeit at a level below the Board's original expectations due to delays in major infrastructure projects. Throughout the year we continued to acquire new customers and progress trials and develop specifications with key electrolyser OEMs. The business is well positioned to take advantage of expected growth in this

sector over the medium term.

At the same time, we invested significant effort in enhancing our pipeline of opportunities through developing closer relationships with customers and launching a reinvigorated portfolio and market growth plan, all aligned to selected key focus markets where we see opportunity for growth.

We also established an Advanced Materials Innovation Group, linking together the technical teams from our Burnside, Launceston and Schenectady sites to develop and progress innovation roadmaps for each of these key focus markets. This is part of our focus on technological advancement and the development of value-adding products and services for existing and new customers.

Continued technical innovation and high service levels contributed to maintaining margins in the year. Input costs were well managed through supplier negotiation and a focus on productivity initiatives from operations teams. In addition, the business has concentrated on accelerated market growth opportunities in battery technology, aerospace and advanced air mobility (AAM), EMI shielding, PEM electrolyser, hydrogen fuel cell and carbon capture.

Revenues across the division totalled £34.5m for the year, a reduction of 7.3% (FY23: £37.2m). Adjusted operating profit of £7.7m was £1.5m below prior year (FY23: £9.2m) due to the drop in revenue.

Looking forward, our aim is to be recognised as true experts and innovators within our key focus markets, building upon our know-how and strong relationships with customers and partners, and to selectively invest in the development of further value-adding solutions to drive growth. As part of the Group's rebranding exercise, new product portfolios aligned to our key focus markets have been developed to enable customers to better understand the technology and solutions we offer.

In support of our commitment to world class execution, we are implementing a strategy to drive efficiencies and operational excellence and continuing to invest in the development of our people with a focus on leadership, talent, and performance.

Our knowhow, capabilities, and strong industry relationships put our Advanced Materials business in a strong position to capitalise on the significant market growth expected in the medium and long term and the Board remains confident in the continued growth prospects for the Advanced Materials business.

#### **PAPER & PACKAGING**

	<b>FY24</b>	<b>FY23</b>
Revenue	68,465	92,477
Adjusted EBITDA (APM4)	(2,473)	(1,537)
Adjusted Operating Loss (APM1)	(5,138)	(3,904)

Our focus for FY2024 in the Paper & Packaging business was to consolidate around more profitable and sustainable products and markets, particularly solutions for luxury packaging, through a streamlining of our portfolio. In April 2023, we commenced a collective consultation with our Trade Union for a restructuring of the business around a reduced asset base and a right-sized workforce, driving productivity and efficiency from continuous operation under an optimised shift pattern. We also began the integration of our Colourform® business within the Paper business under one Paper & Packaging business. The interests of our stakeholders were at the heart of this process, not least our people, and I am pleased to have seen strong engagement, support, and resilience throughout. The restructuring activity resulted in a reduction of 15% of our workforce, primarily through voluntary redundancy.

As announced in January 2024, the Paper & Packaging business experienced a significant downturn in volume during the second half of the year caused by supply chain destocking, compounded by the impact of high inflation on consumer confidence. Despite volume pressures, customer retention remained high with strong relationships at the channel, converter and end-customer level. Lower input costs, mix improvements and productivity initiatives as well as maintenance of strong average selling prices helped to protect margins.

The restructuring activity was completed by the end of December 2023, with continuous running in production across fewer paper assets and with work ongoing to optimise the new operating model. Our restructuring activities and taking cost out of our Paper & Packaging business has driven margin improvement.

The future project pipeline is encouraging and forward indicators, such as order intake, point to signs of market recovery in FY2025.

## GROUP STRATEGY

Our Group strategy is built around six key pillars, enveloped within a commitment to a safe working environment, designed to drive value growth for all our stakeholders:

1. **Profitable growth through NEW CUSTOMER ACQUISITION** - Targeting secular growth trends such as clean energy, lightweighting, sustainable packaging and reduce - re-use - recycle.
2. **WORLD CLASS EXECUTION** - Long-term investment programme to simplify processes and systems that will enable smarter access to data and drive improved productivity and performance. Implementing a lean business programme across the Group.
3. **TECHNOLOGY & INNOVATION** - Our Centre for Innovation is driving decarbonisation of the Group's operations; making ever greater use of recovered fibres; helping to create technology roadmaps in emerging markets such as green hydrogen, fuel cells and carbon capture.
4. **INSPIRING OUR PEOPLE** - Supported by our Code of Ethics and Behaviours to build a global and diverse workforce. Investing in workplace facilities, engagement tools and leadership development programmes.
5. **LEADERS IN SUSTAINABILITY** - Recognising both our responsibility to reduce and ultimately eliminate emissions through the installation of our Low Carbon Energy Centre and providing solutions which enable our customers to transition to sustainable products and energy alternatives.
6. **BUILD THE BRAND** - Positioning the Group along an exciting spectrum from heritage to cutting edge that leverages the brand value of the James Cropper name across all our markets and geographies. Repositioning ourselves to better serve our target customers and provide a stronger connection to our Purpose.

## EXECUTIVE LEADERSHIP

During the year we made several significant changes to our executive leadership team to bring enhanced commercial discipline and alignment to our growth strategy.

In November, Andrew Goody joined the Company as Chief Financial and Operating Officer, succeeding Isabelle Maddock who stood down in June 2023. Andrew's focus is to apply his experience and expertise to further enhance our financial processes, capital allocation and growth strategy.

Matthew Ratcliffe was appointed into the new role of General Counsel and Company Secretary in September 2023, succeeding Jim Aldridge who stood down as Company Secretary in May 2023. As a qualified lawyer, Matthew will focus on enhancing our commercial contractual capability, supporting our teams with commercial negotiations around supply, development and supplier agreements as well as bringing rigour to the company secretariat.

Patrick Willink took on the role of Chief Innovation Officer, relinquishing his leadership of the Colourform® business as we consolidated that operation together with our Paper business. Reigniting our innovation engine is core to our purpose and pioneering spirit as we seek to build next generation technology platforms in both Advanced Materials and Paper & Packaging.

Richard Bracewell stepped into the Paper & Packaging Managing Director role after having successfully orchestrated the restructuring and consolidation of that business as Transformation Lead.

Upon the resignation of James Gravestock as Managing Director for our Advanced Materials Business in January 2024, we have appointed Andy Walton into that role. Andy joins us from Victrex and has over 30 years of experience in the chemicals, sustainable solutions, and advanced materials sectors. He has led multiple global businesses to deliver high performance solutions to OEMs and Tier 1 suppliers within Aerospace, Automotive, Energy and Industrial end markets.

I have huge confidence in this strengthened executive team to drive shareholder value as we build out our plan

## CAPITAL EXPENDITURE

The drop in capital expenditure in the year from £5.8m to £3.8m reflects our response to the challenging market conditions. In addition, previous investments in capacity and capability, combined with the restructuring of our Paper & Packaging business and a concerted effort to forecast demand more accurately have allowed us to optimise our capacity requirements. Our operations teams in both businesses have adopted lean manufacturing processes to drive productivity and more efficient machine utilisation.

We have continued to invest in our hydrogen business to ensure sufficient capacity to meet anticipated demand and during the year we commenced the first phase of construction for our new decarbonisation energy centre with site clearance and groundbreaking for the new foundations.

## WORLD CLASS EXECUTION

During the year we have made great strides to improve our cost base as well as drive productivity and efficiency through the use of lean manufacturing tools across all parts of the business. Stock reduction programmes, sourcing savings and outsourcing, such as for pallet making, have all been in focus.

We also appointed Paul Bonnefin as Information Systems Director to strengthen our systems infrastructure and architecture capability and bring focus to our ERP requirements assessment.

## TECHNOLOGY AND INNOVATION

Pioneering innovation continues to be critical to our growth plan. Our innovation teams have been working on a number of strategically important development projects focused on building new opportunities as well as protecting the Company.

In addition to the work of the Advanced Materials Innovation Group, we have been focused on the development of technical papers that build on our expertise of using many different fibres and draws on the experience and knowledge from all the Group's businesses. We are seeking to push the boundaries of our fibre knowledge by deriving new sources of fibre through pioneering work to recover papermaking fibres from waste textiles.

To minimise our impact on the local environment in the Lake District World Heritage Site, we are striving to clean and re-use the water essential to the papermaking process, minimising the amount discharged but also reducing the amount abstracted from the river.

Looking to the longer term, we are seeking to use artificial intelligence and machine learning to create predictive models that help improve productivity and efficiency whilst creating a culture of innovation across the Group by encouraging shared learning and collaboration to create new and unique ideas.

## INSPIRING OUR PEOPLE

Our people continue to be critical to the success of our business and never more so than in the last year. The unprecedented restructuring and alignment to a new operating model in our Paper & Packaging business was conducted under a collective agreement with our Trade Union.

A series of meetings were held from April to September 2023 under a dedicated Transformation Leader and team, culminating in a positive ballot vote for the changes. The successful outcome was a testament to both sides in upholding our Values of *Forward Thinking*, *Responsible* and *Caring* and I want to commend our Trade Union for their commitment to the process.

Further to the implementation of our renewed Code of Ethics and Behaviours last year, this year we launched a new anonymous ethics hotline via an independent provider, Safecall. During a period of such change, it was important to provide the ability for all employees to confidently raise concerns, should they arise.

We also conducted our third online employee opinion survey in the latter part of the year to capture the voice of our employees. A slightly lower engagement score to the previous year reflected a degree of concern and uncertainty over the external trading environment and internal changes. The Executive team has built a comprehensive communication and engagement programme that will be rolled out during FY2025 to enhance confidence, both in our strategy for future growth but also in bringing stability to our organisation moving forward.



We are also committed to building the strength and capability of our leadership population. On the back of our successful in-house LEAP leadership development programme, we will now be bringing leaders together, Group-wide, to engage around a revised set of James Cropper Leadership Standards, designed to reinforce the responsibility of all our leaders to help their teams work towards a common goal of growth.

### **LEADERS IN SUSTAINABILITY**

We made significant strides towards our net zero carbon ambition during the year with the commencement of the civil construction work in January 2024 to clear the site for our new Low Carbon Energy Centre which will house the proprietary technology required to decarbonise our paper making operations. We also secured £4.2m in innovation funding from the Industrial Energy Transformation Fund (IETF) to support the project. Work is still ongoing to complete the detailed engineering design phase as well as exploring alternative phasing for the build work to ensure an optimised return on investment. A number of third parties continue to express interest in our pioneering capability and we are in discussions on how to accelerate the deployment and take up of the technology for broader industry benefit.

### **SAFE WORKING ENVIRONMENT**

Our commitment to a safe working environment remains unwavering. This year we set up a Central Safety Committee which I chair, which is made up of senior leaders, including the Trade Union, from across the Group. The committee is tasked with delivering programmes that will move our organisation from being *reactive* to *proactive* and fully engaged in our safety journey.

As a company, despite the rigour in our safety systems and processes our challenge continues to be one of hearts and minds and behavioural safety. We have a suite of activities aimed at improvements in this area, including our recent launch of our Committed to Safety programme and the introduction of our "10 Golden Rules" campaign.

I am also delighted to have made the appointment of a new Group Head of Health and Safety. Ross Troughton, who joined us in June 2024, is a pragmatic and experienced health and safety leader who brings a wealth of industry experience and who will work directly under me to drive our safety improvement actions across all locations and functions within the Company.

### **BUILDING THE BRAND**

During the last year we have invested considerable creative time in building an updated brand position for James Cropper, aligned to our growth strategy. This refresh recognises we are globally minded but rooted in our communities. We are inventive and open to change, but proud of where we have come from. We are forging new materials and possibilities, but still place human values, knowledge and craft at the heart of what we do. These are the characteristics and realities of James Cropper that have inspired the evolution of our new branding, the first example being our new, reformatted annual report.

Our 179 years of expertise, our ability to reinvent ourselves and adapt in the face of challenges and our proven track record of pioneering and innovation, together give us real traction with our global customers.

Coming together as one James Cropper company also allows us to harness the incredible ingenuity of our people and to collaborate in a more disciplined way to drive synergies and growth.

### **LOOKING FORWARD WITH CONFIDENCE**

The foundations are in place, and we remain committed to delivering against our six strategic priorities. Uniting our exceptional team worldwide under one James Cropper company will be transformative and powerful.

Trading in the current year-to-date is in line with the Board's expectations, and comfortably within the bank covenants reset in June 2024. I am confident that, despite the external challenges we continue to face, our progress in the last year will drive increased value for our shareholders through accelerated growth in our market-focused segments.

**Steve Adams**  
Chief Executive Officer

## Chief Financial Officer's Review

### RESULTS FOR THE PERIOD

		2024 £'000	2023 £'000
<b>Group Revenue</b>		<b>102,968</b>	<b>129,664</b>
<b>Adjusted EBITDA</b>	<b>APM4</b>	<b>6,606</b>	<b>9,045</b>
Profit summary			
Paper and Packaging Products		(5,138)	(3,904)
Advanced Materials		7,715	9,244
Other Group expenses		(600)	(573)
Adjusted operating profit	APM1	1,977	4,767
Fair value movement on derivatives		-	(330)
Net finance costs (excluding IAS 19 impact)		(1,219)	(1,242)
Adjusted profit before tax	APM2	758	3,195
Exceptional costs		(5,010)	(986)
Exceptional finance costs		(262)	(109)
Adjusted (loss) / profit before tax after exceptional items	APM3	(4,514)	2,100
Net IAS 19 pension adjustments			
Net current service charge required		6	(442)
Net interest		(753)	(345)
Net IAS 19 pension impact		(747)	(787)
<b>(Loss) / profit before tax</b>		<b>(5,261)</b>	<b>1,313</b>

### ALTERNATIVE PERFORMANCE MEASURES

The Board uses four alternative performance measures (APMs) to evaluate business performance. The purpose of these APMs is to highlight underlying business performance by removing the impact of exceptional gains and losses and removing IAS 19 pension costs that can vary significantly across reporting periods.

- APM1 - "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 (Loss) / Profit Before Tax after Exceptional Items": Adjusted (loss) / profit before tax refers to profit before tax prior to the impact of IAS 19.
- APM4 - "Adjusted EBITDA": EBITDA refers to profit before interest, tax, depreciation and amortisation. Adjusted EBITDA is EBITDA prior to the impact of IAS 19 and exceptional items.

### REVENUE

Group revenue for the financial period of £103.0m was 21% below the prior period figure of £129.7m, principally due to a weakening of the paper and packaging market, particularly in the second half of the year.

Revenue in the Paper & Packaging business fell by £24m or 26% in the period due in part to the unwinding of energy surcharges of £9m in the prior period combined with weak end-market demand as a result of economic uncertainty and high inflation, exacerbated by destocking across the onward supply chain.

Revenue in the Advanced Materials business fell by £2.7m in the period reflecting a slowdown in the European fuel cell market with customers scaling back trials and manufacturing due to weaker and market

hydrogen fuel cell market with customers scaling back trials and manufacturing due to weaker end-market demand. The Advanced Materials business achieved year-on-year revenue growth in the electrolysis segment where market demand remained more buoyant.

## **COSTS AND EXPENSES**

Material costs fell by £13.8m from £48.6m in the prior period to £34.8m in the financial period to 30 March 2024, dropping from 37.4% of revenue in the prior period to 33.8%. The drop in material costs as a percentage of revenue reflects lower average raw material input prices during the period, lower volumes and a favourable revenue mix, with higher margin Advanced Materials revenue increasing to 33.5% of total revenue (prior period: 28.7%).

Energy costs fell by £8.1m from £15.2m in the prior period to £7.1m in the financial period to 30 March 2024 due to the drop in energy prices and lower energy usage as a result of reduced production volumes and carbon efficiency measures.

Employee costs of £34.5m in the financial period to 30 March 2024 were in line with the prior period but include £1.8m of employee related exceptional costs in respect of the restructuring of the Paper & Packaging business. Underlying cost savings from the headcount reductions delivered as part of the restructuring were able to offset both the exceptional restructuring costs themselves and the impact of our annual pay award of 7.6%, which reflected the elevated UK inflation environment in 2023.

Other expenses fell by £6.0m, from £25.5m in the prior period to £19.5m in the financial period to 30 March 2024 with savings achieved in most areas, notably distribution, legal, consulting and travel costs. These savings reflect a combination of lower business activity and targeted cost reduction programmes.

## **ADJUSTED EBITDA**

Adjusted Group EBITDA (APM4) for the financial period of £6.6m was £2.4m below the prior period figure of £9.0m. This reflects the £26.7m drop in revenue in the financial period to 30 March 2024, partly offset by the cost savings achieved in the year.

The adjusted Group EBITDA margin for the financial period of 6.4% was 0.6 percentage points below the margin of 7.0% achieved in the prior period.

## **ADJUSTED OPERATING PROFIT**

Adjusted Group operating profit (APM1) for the financial period of £2.0m was £2.8m below the prior period figure of £4.8m, giving an adjusted operating profit margin for the financial period of 1.9% (prior period: 3.7%).

The Paper & Packaging business recorded an adjusted operating loss of £5.1m, a £1.2m deterioration against the prior period. The impact on adjusted operating profit of the drop in revenue was partly offset by a reduction in pulp prices and energy related costs and by the cost benefits from streamlining the business.

Adjusted operating profit in the Advanced Materials business fell by £1.5m in the period to £7.7m due to the drop in revenue and the impact of input price inflation.

## **ADJUSTED PROFIT BEFORE TAX**

Adjusted Group profit before tax (APM2) for the financial period of £0.8m was £2.4m below the prior period due to the shortfall in EBITDA, with cost savings not fully offsetting the drop in revenue.

## **EXCEPTIONAL COSTS**

Exceptional operating costs in the financial period of £5.0m principally comprised restructuring costs of £2.3m incurred in respect of the streamlining of the Paper & Packaging business, a non-cash impairment charge of £4.4m as explained below, a credit of £1.4m from settlement of a legal claim in respect of the Group's pension arrangements and a credit of £0.4m based on reassessment of the contingent consideration due in respect of the acquisition of TFP Hydrogen Limited.

During the period the Group recognised a £4.4m impairment of the carrying value of the tangible fixed assets in its Paper business, reducing the net book value of those assets at 30 March 2024 from £16.7m to £12.3m. Whilst the Board remains confident in the future of the Paper business, it believes that the reduced fixed asset carrying value better reflects the current position of the business after three years of pre-tax losses and in light of the restructuring of the business carried out during the period ended 30 March 2024.

#### STATEMENT OF FINANCIAL POSITION

	2024	2023
	£'000	£'000
Non-current assets	41,910	47,122
Total current assets (excluding cash)	34,829	43,667
Total current liabilities (excluding loans and borrowings)	(15,570)	(21,164)
Non-current liabilities - excluding borrowings	(2,772)	(4,826)
	58,397	64,799
Net IAS 19 pension deficit	(17,293)	(16,140)
	41,104	48,659
Net borrowings	(15,537)	(16,594)
Equity shareholders' funds	25,567	32,065

Equity shareholders' funds fell by £6.5m during the financial period primarily due to the £4.0m unadjusted post-tax loss for the period, which included a non-cash fixed asset impairment charge of £4.4m in the Paper & Packaging business and exceptional restructuring costs of £2.3m, partly offset by the £1.4m exceptional pension settlement in the period. The drop in shareholders' funds in the period also reflects a £1.3m actuarial loss (net of deferred tax) on the Company's pension schemes and dividends paid of £0.7m.

The net book value of fixed assets fell by £5.1m across the financial period, primarily due to the £4.4m impairment of the carrying value of the tangible fixed assets in the Paper & Packaging business. Capital expenditure of £3.8m (prior period £5.8m) was scaled back during the period in response to challenging market conditions and as a result was below the underlying depreciation charge for the period.

Working capital fell by £2.9m across the financial period due to the drop in revenue and a focus in the second half of the period on reducing stock levels in response to market conditions.

Net debt of £15.5m was £1.1m lower than 2023 reflecting increased focus on cash management.

#### CASH FLOW

	£'000	£'000
Net cash inflow from operating activities	7,170	5,550
Net cash outflow from investing activities	(4,315)	(6,643)
	2,855	(1,093)
Net cash (outflow) / inflow from financing activities	(1,483)	622
Net increase/(decrease) in cash and cash equivalents	1,372	(471)
Effects of exchange rate fluctuations on cash held	160	400
Net increase/(decrease) in cash and cash equivalents	1,532	(71)
Opening cash and cash equivalents	7,679	7,750
Closing cash and cash equivalents	9,211	7,679

The net cash inflow from operating activities in the financial period of £7.2m (prior period £5.6m) primarily comprises:

comprises:

- Adjusted EBITDA (APM 4) of £6.6m;
- Cash inflow from working capital of £2.9m;
- Net cash outflow on exceptional items of £1.0m, reflecting restructuring costs less a cash receipt on settlement of a historic pension legal dispute; and
- Pension deficit reduction payments of £1.4m in line with the agreement with the Trustee following the triennial actuarial valuation as at 31 March 2022.

The net cash inflow from operating activities was £1.6m above the prior period despite the drop in Adjusted EBITDA due to an improvement in working capital and the settlement received on the historic pension legal dispute. The net cash outflow on investing activities in the financial period of £4.3m includes capital expenditure of £3.8m (prior period: £5.8m) and contingent consideration on the TFP Hydrogen Products Limited acquisition of £0.25m.

The net cash outflow from financing activities of £1.5m in the financial period comprises repayments of £1.9m on the US bank loan and lease liabilities, £0.9m of cash interest payments and dividends of £0.7m, partly offset by £2m drawn down on the UK bank loan in the early part of the financial period.

#### NET DEBT, FUNDING AND FACILITIES

	2024	2023
Net debt at year-end	£'000	£'000
	15,000	
UKEF UK bank loan	4,059	13,000
US term loan		4,531
Less: capitalised transaction fees	(145)	(134)
Lease liabilities	5,834	6,876
Total Borrowings	24,748	24,273
Less: Cash and cash equivalents	(9,211)	(7,679)
Net debt	15,537	16,594
<b>Funding availability at year-end</b>		7,679
Cash and cash equivalents	9,211	
Overdraft	3,500	3,500
Undrawn facility on UKEF UK bank loan		12,000
Funds available at year end	12,711	23,179

The Group funds its operations from operating cash flow, a UK bank loan, a US bank loan, lease facilities and also has a £3.5m overdraft facility to provide additional liquidity.

- The UK bank loan is a £25m facility with HSBC Bank Plc and National Westminster Bank Plc under the UKEF's Export Development Guarantee scheme. At 30 March 2024 £15m (1 April 2023: £13m) was drawn under this facility. The amount drawn at 31 March 2025 is repayable in 20 equal quarterly instalments from June 2025 to March 2030. The interest rate on the facility is SONIA +1.95%. The floating interest rate cost on the first £15m drawn under the facility is capped at 1.5% until 31 March 2026.
- The US bank loan is a term facility with HSBC Bank USA at an interest rate of SOFRA + 2.75%. At 30 March 2024 \$5.1m (1 April 2023: \$5.6m) was outstanding under the facility. The facility is being repaid at \$150,000 per quarter, rising to \$187,500 per quarter from March 2025 and \$225,000 per quarter from March 2026, with the remaining balance of \$3.2m repayable in December 2026. This facility does not have any financial covenants.
- The Group has a number of lease liabilities that run for terms between three and five years that are typically secured on the asset they were used to purchase at various rates of interest. The total amount borrowed on these facilities at 30 March 2024 was £5.8m of which £1.1m was repayable within 12 months (1 April 2023: £6.9m borrowed of which £1.3m was repayable within 12 months).
- The Group has a £3.5m overdraft facility with HSBC Bank Plc that was renewed in May 2024 and has an

- The Group has a £3.5m overdraft facility with HSBC Bank PLC that was renewed in May 2024 and has an annual renewal date of May 2025 and an interest rate of Bank of England Base Rate plus 1.95%. The facility was undrawn throughout the year to 30 March 2024.

The UK bank loan has two financial covenants that are measured on the Company's financial quarter-end dates. Both financial covenants have been amended for the June, September and December 2024 test dates to provide additional headroom against potential downside scenarios.

- The ratio of net debt to the last 12 months' EBITDA is required to be no higher than 3.5. The maximum ratio has been reset to higher levels for the June 2024, September 2024 and December 2024 test dates, reverting to 3.5 from the March 2025 test date.
- The ratio of EBITDA to net interest, both calculated by reference to the 12 months ending on the test date, is required to be no less than 4.0. The minimum ratio has been reset to lower levels for the June 2024, September 2024 and December 2024 test dates, reverting to 4.0 from the March 2025 test date.

The definition of EBITDA for the purpose of these covenants excludes exceptional items and all IAS19 pension adjustments.

A further covenant relating to liquidity has been agreed for the period to 31 December 2024, whilst the two financial covenants are at amended levels.

Further drawdowns on the UK bank loan are not permitted during the period that the two financial covenants are at amended levels.

The Group was in compliance with its banking covenants at 30 March 2024 and throughout the financial year that ended on that date.

#### KEY PERFORMANCE INDICATORS

	FY22 actual	FY23 actual	FY24 actual	Medium- term targets
<b>Key Strategic Indicators</b>				
Revenue growth %	33.2%	23.6%	-20.6%	Mid-to-high single digit annual growth
Adjusted operating profit %	4.4%	3.7%	1.9%	Rising to high single digits
% sales from Energy Solutions	n/a	n/a	11.0%	Rising to mid-teens
<b>Key Performance Indicators</b>				
Adjusted EBITDA %	8.2%	7.0%	6.4%	Rising to low double digits
Operating cash flow (£m)	4.0	5.6	7.2	85-95% of Adjusted operating profit
Net debt to EBITDA ratio	1.4	1.8	2.4	Cycle dependent: target range 1-2x
Return on Capital Employed	10.8%	9.8%	4.3%	Rising to low-to-mid-teens

The Board has set medium term targets for the Group's Key Strategic and Key Performance Indicators.

Annual percentage revenue growth is targeted at mid to high single digits over the medium term, initially driven by recovery in the Paper and Packaging business and then by growth of Energy Solutions revenue within Advanced Materials. Energy Solutions revenue is defined as revenue from hydrogen fuel cell, electrolysis and wider renewable energy applications.

The Group's Adjusted operating profit margin (APM1) is targeted to rise to high single digits as a percentage of revenue. This underpins the target improvement in Adjusted EBITDA margin (APM4).

The Group is targeting operating cash flow conversion at 85-95% of Adjusted operating profit (APM1) based on continued robust control of working capital and taking account of pension fund deficit reduction payments that are included in operating cash flow.

The Group's target percentage return on capital employed is in the low to mid-teens. The Board anticipates it will take time to reach this target as the business recovers from the challenges of the financial period to 30 March 2024.

The Board's medium-term target is for net debt to be in the range 1.0x to 2.0x Adjusted EBITDA (APM1), dependent on the market growth cycle and related capital expenditure plans.

## Andrew Goody

Chief Financial and Operations Officer

James Cropper PLC

Group Statement of Comprehensive Income

	Note	52 week period to 30 March 2024 £'000	53 week period to 1 April 2023 £'000
Revenue	6	102,968	129,664
Expected credit loss provision		130	134
Other income		1,970	650
Changes in inventories of finished goods and work in progress		(2,604)	817
Raw materials and consumables used		(34,785)	(48,556)
Energy costs		(7,130)	(15,162)
Employee benefit costs		(34,547)	(34,459)
Depreciation and amortisation		(4,619)	(4,278)
Impairment of property, plant and equipment		(4,427)	-
Write-off of assets on restructuring		(469)	-
Other expenses		(19,514)	(25,471)
<b>Operating (loss)/profit</b>	<b>9</b>	<b>(3,027)</b>	<b>3,339</b>
Fair value movement on derivatives		-	(330)
Interest payable and similar charges		(2,234)	(1,697)
Interest receivable and similar income		-	1
<b>(Loss)/profit before taxation</b>	<b>9</b>	<b>(5,261)</b>	<b>1,313</b>
Tax income/(expense)		1,264	(797)
<b>(Loss)/profit for the period</b>		<b>(3,997)</b>	<b>516</b>
<b>(Loss)/earnings per share - basic and diluted</b>		<b>(41.8p)</b>	<b>5.4p</b>

### Other comprehensive income

<b>(Loss)/profit for the period</b>		<b>(3,997)</b>	<b>516</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(196)	222
Cash flow hedges - effective portion of changes in fair value		(258)	1,040
Cash flow hedges - cost of hedging		109	(355)
<b>Items that will never be reclassified to profit or loss</b>			
Retirement benefit liabilities - actuarial losses		(1,787)	(3,888)
Deferred tax on actuarial losses on retirement benefit liabilities		447	972
Other comprehensive expense for the period		(1,685)	(2,009)
<b>Total comprehensive expense for the period attributable to equity holders of the Company</b>		<b>(5,682)</b>	<b>(1,493)</b>

James Cropper PLC

Statement of Financial Position

	Note	Group as at 30 March 2024 £'000	Group as at 1 April 2023 £'000
<b>Assets</b>			
Goodwill		1,264	1,264
Intangible assets		1,210	1,524
Property, plant and equipment		27,667	32,717
Right-of-use assets		6,028	6,765
Other financial assets		341	654
Deferred tax assets		5,400	4,198
<b>Total non-current assets</b>		<b>41,910</b>	<b>47,122</b>
Inventories		15,796	18,304
Trade and other receivables		17,723	24,763
Provision for impairment		(513)	(643)
Other financial assets		478	428
Cash and cash equivalents		9,211	7,679
Corporation tax		1,345	815
<b>Total current assets</b>		<b>44,040</b>	<b>51,346</b>
<b>Total assets</b>		<b>85,950</b>	<b>98,468</b>
<b>Liabilities</b>			

<b>LIABILITIES</b>		
Trade and other payables	15,570	21,106
Other financial liabilities	-	58
Loans and borrowings	1,610	1,758
<b>Total current liabilities</b>	<b>17,180</b>	<b>22,922</b>
Long-term borrowings	23,138	22,515
Retirement benefit liabilities	8	17,293
Contingent consideration on business acquisition	-	1,423
Deferred tax liabilities	2,772	3,403
<b>Total non-current liabilities</b>	<b>43,203</b>	<b>43,481</b>
<b>Total liabilities</b>	<b>60,383</b>	<b>66,403</b>
<b>Equity</b>		
Share capital	2,389	2,389
Share premium	1,588	1,588
Translation reserve	579	775
Reserve for own shares	(1,407)	(1,407)
Cash flow hedging reserve	782	1,040
Cost of hedging reserve	(246)	(355)
Retained earnings	21,882	28,035
<b>Total shareholders' equity</b>	<b>25,567</b>	<b>32,065</b>
<b>Total equity and liabilities</b>	<b>85,950</b>	<b>98,468</b>

James Cropper PLC

Statement of Group Cash Flows

	52 week period to 30 March 2024 £'000	53 week period to 1 April 2023 £'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(3,997)	516
<b>Adjustments for:</b>		
Tax (income)/expense	(1,264)	797
Depreciation and amortisation	4,619	4,278
Impairment of property, plant and equipment	4,427	-
Write-off of assets on restructuring	469	-
Earn out adjustment on contingent consideration on business acquisition	(422)	986
Net IAS 19 pension adjustments within profit	(6)	442
Past service pension deficit payments	(1,381)	(1,665)
Foreign exchange differences	(40)	(136)
Profit on disposal of property, plant and equipment and intangible assets	(40)	(589)
Interest receivable and similar income	-	(1)
Interest payable and similar charges	2,234	1,697
Share based payments	(152)	(59)
Fair value movements on derivatives		330
<b>Changes in working capital:</b>		
Decrease / (increase) in inventories	2,352	(696)
Decrease / (increase) in trade and other receivables	6,110	(3,614)
(Decrease) / increase in trade and other payables	(5,576)	2,396
Tax (paid) / received	(162)	868
<b>Net cash generated from operating activities</b>	<b>7,171</b>	<b>5,550</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(965)	(1,126)
Purchase of property, plant and equipment	(3,220)	(5,267)
Proceeds on disposal intangible assets	120	-
Contingent consideration on business acquisition paid	(250)	(250)
<b>Net cash used in investing activities</b>	<b>(4,315)</b>	<b>(6,643)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new loans	2,000	5,050
Repayment of borrowings	(429)	(288)
Repayment of lease liabilities	(1,449)	(1,561)
Interest received	-	1
Interest paid	(941)	(858)
Non-deliverable forward contract payment	-	(330)
Payments on interest rate cap	-	(495)
Purchase of own shares	-	-
Dividends paid to shareholders	(664)	(897)
<b>Net cash used in financing activities</b>	<b>(1,483)</b>	<b>622</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,372</b>	<b>(471)</b>
Effects of exchange rate fluctuations on cash held	160	400
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,532</b>	<b>(71)</b>
Cash and cash equivalents at the start of the period	7,679	7,750
<b>Cash and cash equivalents at the end of the period</b>	<b>9,211</b>	<b>7,679</b>

Cash and cash equivalents consists of cash at bank and in hand.



## 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
<b>At 26 March 2022</b>	<b>2,389</b>	<b>1,588</b>	<b>553</b>	<b>(1,407)</b>	<b>-</b>	<b>-</b>	<b>31,391</b>	<b>34,514</b>
Comprehensive income for the period	-	-	-	-	-	-	516	516
Total other comprehensive expense	-	-	222	-	(355)	1,040	(2,916)	(2,009)
Dividends paid	-	-	-	-	-	-	(897)	(897)
Share based payment charge	-	-	-	-	-	-	(59)	(59)
<b>Total contributions by and distributions to owners of the Group</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(956)</b>	<b>(956)</b>
<b>At 1 April 2023</b>	<b>2,389</b>	<b>1,588</b>	<b>775</b>	<b>(1,407)</b>	<b>(355)</b>	<b>1,040</b>	<b>28,035</b>	<b>32,065</b>
Comprehensive expense for the period	-	-	-	-	-	-	(3,997)	(3,997)
Total other comprehensive expense	-	-	(196)	-	109	(258)	(1,340)	(1,685)
Dividends paid	-	-	-	-	-	-	(664)	(664)
Share based payment charge	-	-	-	-	-	-	(152)	(152)
<b>Total contributions by and distributions to owners of the Group</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(816)</b>	<b>(816)</b>
<b>At 30 March 2024</b>	<b>2,389</b>	<b>1,588</b>	<b>579</b>	<b>(1,407)</b>	<b>(246)</b>	<b>782</b>	<b>21,882</b>	<b>25,567</b>

## 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 30 March 2024, comprise the Company and its subsidiaries (together referred to as the Group).

**Statement of compliance**

The condensed consolidated financial statements set out herein do not constitute the Group's statutory accounts for the 52 weeks ended 30 March 2024, or the 52 weeks ended 1 April 2023 within the meaning of sections 434 of the Companies Act 2006, but is derived from those accounts.

The audited accounts for the 52 weeks ended 30 March 2024 will be posted to all shareholders in due course and will be available on the Group's website. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information for the 52 weeks ended 1 April 2023 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on those accounts and expressed an unmodified audit opinion which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

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 52 week period ended 30 March 2024. 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 30 March 2024.

The consolidated financial statements of the Group for the 52 week period ended 30 March 2024 are available upon request from the Company's registered office Burnside Mills, Kendal, Cumbria, LA9 6PZ or at [www.jamescropper.com](http://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 Group sets an annual budget and 3-year strategic plan against which performance is compared, and operates a monthly reporting and quarterly forecasting cycle, which the Board uses to monitor profitability and liquidity and ensure the Group has sufficient debt facilities to ensure its ongoing viability.

The Board believes that an 18-month planning horizon to September 2025, based on the Board approved annual budget and strategic plan, is an appropriate period over which to evaluate the Group's ability to continue as a going concern.

In carrying out this evaluation the Board considered the challenging trading environment during the second half of the financial period to 30 March 2024 and applied various sensitivities, including modelling a severe but plausible downside scenario that reduced revenue significantly below the levels assumed in the budget and strategic plan. The Board also carried out reverse stress tests to identify the extent to which revenue, profit and cash generation would have to fall against the base case forecast, in order to cause challenges to liquidity or bank covenant compliance. Given the market outlook and trading after the end of the financial period the Board concluded that the reverse stress test was an implausible scenario.

As part of its risk mitigation strategy the Group has agreed amendments to the two financial covenants in its UK bank loan for the June, September and December 2024 test dates to provide additional headroom against potential downside scenarios.

Based on this evaluation the Directors consider that the Group and company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Therefore the Directors have adopted the going concern basis in preparing the 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 30 March 2024.

## **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 preparation of financial statements in conformity with IFRS requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's key sources of significant estimates are as detailed below:

### ***(i) Retirement benefits***

IAS 19 Employee Benefits requires the Group to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies.

The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant Statement of Financial Position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time.

These assumptions are subject to periodic review. The Group takes specialist advice and seeks to follow the most appropriate method, applied consistently from year to year.

### ***(ii) Contingencies***

The Group has identified that the historical valuation of the defined benefit pension obligation did not capture the potential additional liabilities arising in relation to the normal retirement dates for male and female members of the Staff Scheme.

An estimate of the additional liability has been included in the financial statements since year ended 31 March 2019. An allowance of 0.15% of liabilities has been included in the valuation. If the ultimate impact is greater or lesser, the difference will be taken as an experience adjustment through the Other Comprehensive Income in the relevant year.

### **(iii) Impairment**

IAS 36 requires an entity to assess whether there is any indication that an asset may be impaired. The Group considers that three successive years of operating losses and the underlying market conditions that have contributed to those losses are an indication of potential impairment of the fixed assets in the Paper and Packaging business. Therefore an impairment review was carried out, which resulted in an impairment of £4.4m being recognised against the carrying value of the fixed assets in the Paper and Packaging business.

The impairment review required the Group to make assumptions including, but not limited to, future revenue growth rates and the discount rate to apply to future cash flows. The use of different assumptions could have a material effect on the impairment charge included in the Group Statement of Comprehensive income and the fixed asset carrying value included in the Statement of Financial Position.

The Group considered various scenarios and market sensitivities in assessing the future revenue growth rate assumptions to use in the impairment calculation. The Group took specialist advice to determine the discount rate to apply to future cash flows.

## **3 Risks and uncertainties**

The Board considers that the principal risks and uncertainties set out in the 2023/4 Annual Report remain relevant for the current financial year. In addition the Board has identified a further principal risk around market growth.

## **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 and Packaging Products (Paper and Packaging):** comprising James Cropper Speciality Papers, a manufacturer of specialist paper and boards, James Cropper Converting, a converter of paper, and James Cropper 3D Products (Colourform<sup>TM</sup>), 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)	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Paper and Packaging	68,465	92,477	(5,138)	(3,904)
TFP	34,503	37,187	7,715	9,244
Group services and other	-	-	(600)	(573)
	102,968	129,664	1,977	4,767

## 7 Dividend

An interim dividend of 3.0p per share was paid in the period. The Board is not proposing a final dividend, making a total declared dividend for the period of 3.0p per share. (2023: 6.0p per share).

## 8 Retirement benefit obligations

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

	2024	2023
	£'000	£'000
Net obligation brought forward	(16,140)	(13,130)
Expense recognised in the income statement	(1,181)	(1,319)
Contributions paid to the schemes	1,815	2,197
Actuarial (losses) and gains	(1,787)	(3,888)
Net obligation carried forward	(17,293)	(16,140)

## 9 Alternative performance measures

	2024	2023
	£'000	£'000
Adjusted operating profit	1,977	4,767
Net IAS 19 pension adjustments:		
current service costs	(428)	(974)
future service contributions paid	434	532
Exceptional Items:	(5,010)	(986)
Operating (loss) / profit	(3,027)	3,339

	2024	2023
	£'000	£'000
Adjusted profit before tax	758	3,195
Net IAS 19 pension adjustments:		
current service costs	(428)	(974)
future service contributions paid	434	532
finance costs	(753)	(345)
Exceptional items:	(5,272)	(1,095)
(Loss) / Profit before tax	(5,261)	1,313

## 10 Exceptional items

	2024	2023
	£'000	£'000
Restructuring costs	2,309	-
Impairment of property, plant and equipment	4,427	-

impairment of property, plant and equipment	4,427	-
Earn-out adjustment on contingent consideration on business acquisition	(422)	986
Flood settlement costs	100	-
Pension settlement (income)	(1,404)	
<b>Exceptional items in operating costs</b>	<b>5,010</b>	<b>986</b>
Fair value adjustment on contingent consideration	262	109
<b>Exceptional items in interest payable and similar charges</b>	<b>262</b>	<b>109</b>

On 19 April 2023 the company announced a major restructuring of the Paper division. The restructuring involved a reduction in the number of paper machines in operation from four to three, with two machines anticipated to be in production at any one time, to better align production capacity and cost base with market outlook. This led to a redundancy program and a reduction in overall headcount.

During the year the Group recognised a £4,427k impairment loss in respect of the fixed assets in the Paper and Packaging business in its consolidated financial statements. Further detail is set out in note 2 above.

The company incurred £100k of professional services fees in FY24 to assist with the correction and alignment of the corporation tax returns with the accounting treatment of a legacy flood provision, dating back to the widespread damage Storm Desmond inflicted on the site in 2015.

The company received income of £(1,404)k from the settlement of a longstanding legal claim concerning Pension equalisation.

A cost of £262k is recognised in interest payable and similar charges to reflect the unwinding of the discounted present value of the contingent consideration payable as part of the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd). A credit of £(422)k has been booked to other expenses to adjust the accrued level of contingent consideration to the final amount due following the conclusion of the earn-out agreement.

The adjustments above are treated as exceptional items as they distort the underlying operating profitability of the Group and make year on year comparison of performance challenging.

## 11 Related parties

There have been no significant changes in the nature of related party transactions in the period ended April 2024 from that disclosed in the 2023 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:

- (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](http://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 4 September 2024. The notice of Annual General Meeting will be issued to shareholders on or around 5 August 2024 together with a copy of the 2024 Annual Report.

#### **Content of this report**

The financial information set out above does not constitute the Group's statutory accounts for the 52 week period ended 30 March 2024 or the 53 week period ended 1 April 2023 but is derived from those accounts.

Statutory accounts for the 53 week period ended 1 April 2023 have been delivered to the Registrar of Companies. The auditor, Grant Thornton LLP, has reported on the 2023 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 52 week period ended 30 March 2024 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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