

JAMES CROPPER ^{PLC}

ESTABLISHED 1845

9 November 2023

James Cropper plc

(“James Cropper”, the “Company” or the “Group”)

Interim Results

Accelerated growth strategy on track

Financial and operational performance drives gross margin expansion and increased profitability in the Group

James Cropper plc (AIM: CRPR), a global market leader in advanced materials, luxury packaging and paper products, announces its results for the six months ended 30 September 2023 (‘H1 FY24’).

Financial Headlines:

- Group revenue broadly in line with the Board’s FY24 expectations despite ongoing market headwinds in Paper Products
- Adjusted operating profit increased to £3.0m (H1 FY23: £0.5m) with gross margin performance and cost management improvement
- Profit before tax up to £2.4m (H1 FY23: loss £(0.9)m) supported by improved margins, a reduction in IAS 19 pension adjustments and exceptional items
- Earnings per share up to 19.4p (H1 FY23: loss per share (9.2)p)
- Interim dividend declared at 3.0p per share (H1 FY23: 2.0p), reflecting the Board’s confidence in the ongoing implementation of the accelerated growth strategy
- Net debt of £13.3m, down £3.3m from £16.6m at FY23 (H1 FY23: £12.2m).

Operational Headlines:

- Accelerated growth strategy on track with progress achieved during the period under review
- Continued progress made as the Group unifies its business identity under the James Cropper name, with launch ready for Q4 FY24
- Solid performance in Advanced Materials division;
 - Future Energy’s hydrogen offer continues to exceed management’s expectations
 - Technical Fibres remains healthy with growth in core customer base
- Restructuring and consolidation of Paper and Colourform is progressing well
- New leadership team in place across market-facing segments as well as at a Group level
- Decarbonisation project advancing to phase one construction, supported by grant funding
- Luxury Packaging wins internationally acclaimed Formes de Luxe award

Future Outlook:

- Continued growth in Advanced Materials division:
 - Ongoing investment for expansion in the electrolyser manufacturing operations
 - Opportunity pipeline and exploration into new growth markets such as Carbon Capture and Electrolyser OEM
- Ongoing progress in Paper Products division:
 - Restructuring due to complete in Q4 FY24, delivering further margin improvement
 - Share in target markets maintained and well positioned for anticipated recovery in global demand during FY25.
- The actions taken to date give the Board confidence that the Group is well positioned to deliver increased profitability in FY24 consistent with its expectations and that, in line with the accelerated growth strategy, revenue growth will be delivered from FY25 onwards.

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

“We have achieved a healthy first half performance with benefits from our accelerated growth strategy now becoming evident, following considerable hard work and commitment by the James Cropper team.

In spite of ongoing wider macro-economic pressures and softer demand across Paper, the actions taken to streamline the business and focus on higher margin opportunities have helped deliver an improvement in profitability. Advanced Materials continues to perform well with Future Energy again exceeding expectations.

The continued focus on our unique recovered fibre upcycling capability, moulded fibre luxury packaging offer and pioneering activities in decarbonisation keep us differentiated and relevant with our current and future customers.

Our access to the high growth Future Energy markets with an equally differentiated product and technology offer in Advanced Materials, brings significant opportunity for further growth. We are committed to ongoing investment in our capabilities and capacity with a new phase of expansion in our electrolyser manufacturing operations.

We have also built significant strength in our talent and leadership over the last year and will complement this with more agile systems and processes. With the new leadership team, and our talented global workforce, we are well positioned for greater success; from redefining our Paper Products offer to satisfying global demand for a low carbon economy through cutting edge materials and components in renewable energy.

While still in the midst of our transformation, we are confident in the future prospects of the business which is reflected in the increase in interim dividend and I look forward to achieving further value for our shareholders as we start the journey to reposition ourselves as one company, unified under the Group name, James Cropper.”

ENDS

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Notes for editors:

James Cropper is a market leader in Advanced Materials and Paper Products, centred around four market audiences: Future Energy, Technical Fibres, 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.

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.

Business Review

Building on the previous year's strong second half, the first six months of this year show an improved performance.

The economic climate continues to be challenging but overall, profits for the Group were up, with profit before tax of £2.4m (H1 FY23: loss £(0.9)m) and adjusted profit before tax at £2.4m, compared with £nil in the prior comparative period. This was due to an improved gross margin performance and cost management as well as relief on energy procurement.

The Group continues to make significant progress in repositioning James Cropper as an Advanced Materials and Paper Products business, centred around four target audiences: Future Energy, Technical Fibres, Luxury Packaging and Creative Papers, with the accelerated growth strategy on track to capitalise on the opportunities within its core and emerging end-markets.

A strategy for accelerated growth:

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

Over this period, the Group strengthened its leadership team with Matthew Ratcliffe joining as General Counsel and Richard Bracewell, internally appointed, as Managing Director of the Paper Products division. As previously announced, Andrew Goody will join the Company and the Board of Directors later this month as Chief Financial and Operations Officer.

The Centre for Innovation function has further progressed the decarbonisation programme with grant funding awarded. The project has advanced to phase one construction to support the build of the Low Carbon Energy Centre which will enable the electrification of the paper manufacturing facility.

Revenue is broadly in line with the Board's expectations with all divisions experiencing positive customer demand, albeit at a lower rate than expected within Paper Products.

Advanced Materials (Future Energy and Technical Fibres)

Revenue for the division is ahead at £19.0m in comparison to last year (H1 FY23: £17.4m).

Future Energy's hydrogen offer continues to exceed management's expectations with profit and demand growing. In North America, electrolyser manufacturers are now beginning to benefit from the new coating line with its ability to shorten supply chain and optimise logistics.

Demand within Technical Fibres remains steady, with growth seen in its core customer base. The activation of the strategic growth programmes is driving a healthy opportunity pipeline with strengthened customer relationships, exploration of new business partnerships and a focus on new growth markets such as Carbon Capture and Electrolyser OEM.

Paper Products (Luxury Packaging and Creative Papers)

Over the last twelve months, measures have been implemented to build strength and resilience in the division by restructuring and consolidating operations to drive better asset utilisation with increased efficiency and productivity.

The right-sizing of the division and consolidating Colourform into Luxury Packaging and Creative Papers is showing gross margin improvement and productivity gains despite tough market conditions across the industry.

Operating margin has continued to improve, despite the Group no longer applying an energy surcharge and some near term softening in its paper markets. Revenue at £35.6m is broadly in line with the previous year (H1 FY23: £42.0m) (H1 FY23: £38.1m excluding energy surcharge).

The Board expects global demand, particularly within Luxury Packaging, to normalise moving into FY25. In line with market expectations, the division will be well positioned for further gross margin improvements with the restructure completed and leaner working practices implemented.

The capabilities within Paper have also widened with the new Embossing Centre of Excellence in operation as well as expanding the reclaimed and recycled fibre offer.

The long-standing partnership with the Royal British Legion saw James Cropper support the launch of the first-ever 100% plastic-free remembrance poppy, a partnership proudly held since 1978 and most recently, the division won the internationally acclaimed Formes de Luxe award in the Moulded Pulp Packaging category in collaboration with Maison Perrier-Jouët for Belle Epoque 'Cocoon'.

Outlook

Within Advanced Materials, a scale up of additional capacity for the Future Energy hydrogen offer is underway with accelerated capital investment for the next phase of expansion in the UK electrolyser manufacturing operations. New market opportunities for Technical Fibres are expected to provide another year of growth.

The Group also continues to make significant progress in repositioning the business, unified under its business name, James Cropper. To build greater brand equity in the market, the Group will be launching a refreshed identity in Q4 FY24.

In the Paper division wider macro-economic pressures will endure into the second half of the year. However, the completed restructure and improved operational efficiencies will drive further recovery in margin improvement and productivity.

The actions taken to date give the Board confidence that the Group is well positioned to deliver increased profitability in FY24 consistent with its expectations and that, in line with the accelerated growth strategy, revenue growth will be delivered from FY25 onwards.

Financial Summary

	Half-year to 30 September 2023	Half-year to 24 September 2022	Full-year to 1 April 2023
	£m	£m	£m
Revenue	56.5	61.6	129.7
Adjusted operating profit *	3.0	0.5	4.8
Operating profit / (loss)	3.6	(0.2)	3.3
Adjusted profit / (loss) before tax *	2.4	(0.0)	3.2
Impact of IAS 19	(0.2)	(0.3)	(0.8)
Impact of exceptional items	0.2	(0.5)	(1.1)
Profit / (loss) before tax	2.4	(0.9)	1.3
Earnings / (loss) per share – basic and diluted	19.4p	(9.2)p	5.4p
Dividend per share declared	3.0p	2.0p	6.0p
Net debt	(13.3)	(12.2)	(16.6)
Equity shareholders' funds	33.9	34.3	32.1
Gearing % - before IAS 19 deficit	29%	28%	38%
Gearing % - after IAS 19 deficit	39%	35%	52%
Capital expenditure	1.4	2.4	5.8

* excludes the impact of IAS 19 and exceptional items (per note 8)

Financial Statement

	Half-year to 30 September 2023 £'000	Half-year to 24 September 2022 £'000	Full-year to 1 April 2023 £'000
Revenue			
Paper Products division – excluding energy surcharge	35,628	38,170	79,717
Paper Products division – energy surcharge	-	3,876	8,434
Colourform division	1,876	2,105	4,326
Technical Fibre Products division	18,995	17,432	37,187
	56,499	61,583	129,664
Adjusted operating profit *	3,048	453	4,767
Fair value movement on derivatives	-	-	(330)
Adjusted net interest	(645)	(466)	(1,242)
Adjusted profit / (loss) before tax *	2,403	(13)	3,195
IAS19 pension adjustments			
Net current service charge against operating profits	202	(126)	(442)
Finance costs charged against interest	(386)	(178)	(345)
	2,219	(317)	2,408
Exceptional items (note 8)	340	(540)	(986)
Exceptional finance costs (note 8)	(131)	-	(109)
Profit / (loss) before tax	2,428	(857)	1,313

* excludes the impact of IAS 19 and exceptional items (per note 8)

Balance sheet summary	Half-year to 30 September 2023 £'000	Half-year to 24 September 2022 £'000	Full-year to 1 April 2023 £'000
Non-pension assets – excluding cash	80,952	85,113	86,754
Non-pension liabilities – excluding borrowings	(21,636)	(28,986)	(25,990)
	59,316	56,127	60,764
Net IAS19 pension deficit (after deferred tax)	(12,153)	(9,677)	(12,105)
	47,163	46,450	48,659
Net borrowings	(13,312)	(12,156)	(16,594)
Equity shareholders' funds	33,851	34,294	32,065
Gearing % - before IAS19 deficit	29%	28%	38%
Gearing % - after IAS19 deficit	39%	35%	52%
Capital expenditure £'000	1,399	2,360	5,779

UN-AUDITED CONSOLIDATED INCOME STATEMENT

	26 week period to 30 September 2023	26 week period to 24 September 2022	53 week period to 1 April 2023
	£'000	£'000	£'000
Revenue	56,499	61,583	129,664
Provision for impairment (loss) / reversal	(116)	(69)	134
Other income	1,471	770	650
Changes in inventories	(134)	1,975	817
Raw materials and consumables used	(19,882)	(23,359)	(48,556)
Energy costs	(3,866)	(8,031)	(15,162)
Employee benefit costs	(17,845)	(18,031)	(34,459)
Depreciation and amortisation	(2,289)	(2,090)	(4,278)
Other expenses	(10,248)	(12,961)	(25,471)
Operating profit / (loss)	3,590	(213)	3,339
Fair value movement on derivatives	-	-	(330)
Interest payable and similar charges	(1,162)	(644)	(1,697)
Interest receivable and similar income	-	-	1
Profit / (loss) before taxation	2,428	(857)	1,313
Taxation	(570)	(26)	(797)
Profit / (loss) for the period	1,858	(883)	516
Earnings / (loss) per share - basic and diluted	19.4p	(9.2)p	5.4p

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit / (loss) for the period	1,858	(883)	516
<i>Items that are or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	(80)	440	222
Cash flow hedges - effective portion of changes in fair value	256	680	1,040
Cash flow hedges – cost of hedging	60	-	(355)
<i>Items that will never be reclassified to profit or loss</i>			
Retirement benefit liabilities – actuarial losses	(411)	(66)	(3,888)
Deferred tax on actuarial losses on retirement benefit liabilities	103	17	972

Other comprehensive income / (expense) for the period	(72)	1,071	(2,009)
Total comprehensive income / (expense) for the period attributable to equity holders of the Company	1,786	188	(1,493)

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2023 £'000	24 September 2022 £'000	1 April 2023 £'000
Assets			
Intangible assets	1,441	2,219	1,524
Goodwill	1,264	1,264	1,264
Property, plant and equipment	32,191	31,636	32,717
Right of use assets	6,302	7,528	6,765
Other financial asset	657	-	654
Deferred tax assets	4,215	3,171	4,198
Total non-current assets	46,070	45,818	47,122
Inventories	18,166	19,638	18,304
Trade and other receivables	20,520	21,242	24,763
Provision for impairment	(759)	(846)	(643)
Other financial assets	644	1,653	428
Cash and cash equivalents	12,348	14,147	7,679
Current tax assets	362	833	815
Total current assets	51,281	56,667	51,346
Total assets	97,351	102,485	98,468
Liabilities			
Trade and other payables	16,678	24,864	21,106
Other financial liabilities	-	415	58
Loans and borrowings	1,306	1,697	1,758
Total current liabilities	17,984	26,976	22,922
Long-term borrowings	24,354	24,606	22,515
Retirement benefit liabilities	16,204	12,902	16,140
Contingent consideration on business acquisition	1,554	922	1,423
Deferred tax liabilities	3,404	2,785	3,403
Total non-current liabilities	45,516	41,215	43,481
Total liabilities	63,500	68,191	66,403
Equity			
Share capital	2,389	2,389	2,389
Share premium	1,588	1,588	1,588

Reserve for own shares	(1,407)	(1,407)	(1,407)
Translation reserve	695	993	775
Cash flow hedging reserve	1,296	1,202	1,040
Cost of hedging reserve	(295)	-	(355)
Retained earnings	29,585	29,529	28,035
Total shareholders' equity	33,851	34,294	32,065
Total equity and liabilities	97,351	102,485	98,468

UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	26 week period to 30 September 2023	26 week period to 24 September 2022	53 week period to 1 April 2023
	£'000	£'000	£'000
Cash flows from operating activities			
Profit / (loss) for the period	1,858	(883)	516
Adjustments for:			
Tax expense	570	26	797
Depreciation and amortisation	2,289	2,090	4,278
Earn out adjustment on contingent consideration on business acquisition	-	-	986
Net IAS 19 pension adjustments within Statement of comprehensive income	(202)	304	442
Past service pension deficit payments	(531)	(598)	(1,665)
Foreign exchange differences	(205)	(125)	(136)
Loss / (profit) on disposal of property, plant and equipment	174	22	(589)
Net interest expense	1,162	464	1,696
Share based payments	-	-	(59)
Fair value movement on derivatives	-	-	330
Changes in working capital:			
Decrease / (increase) in inventories	171	(1,953)	(696)
Decrease / (increase) in trade and other receivables	4,318	1,517	(3,614)
(Decrease) / increase in trade and other payables	(4,495)	3,386	2,396
Tax (paid) / received	(28)	1,057	868
Net cash generated from operating activities	5,081	5,307	5,550
Cash flows from investing activities			
Purchase of intangible assets	(5)	(86)	(1,126)
Purchases of property, plant and equipment	(1,394)	(2,274)	(5,267)
Contingent consideration on business acquisition paid	-	-	(250)
Net cash used in investing activities	(1,399)	(2,360)	(6,643)

Cash flows from financing activities

Proceeds from issue of loans	2,000	5,189	5,050
Repayment of borrowings	(201)	(123)	(288)
Repayment of lease liabilities	(668)	(674)	(1,561)
Interest received	-	1	1
Interest paid	(481)	(291)	(858)
Non-deliverable forward contract payment	-	-	(330)
Payments on interest rate cap	-	-	(495)
Dividends paid to shareholders	-	(708)	(897)
Net cash generated from financing activities	650	3,394	622
Net increase/(decrease) in cash and cash equivalents	4,332	6,341	(471)
Effect of exchange rate fluctuations on cash held	337	56	400
Net increase in cash and cash equivalents	4,669	6,397	(71)
Cash and cash equivalents at the start of the period	7,679	7,750	7,750
Cash and cash equivalents at the end of the period	12,348	14,147	7,679
Cash and cash equivalents consists of:			
Cash at bank and in hand	12,348	14,147	7,679

UN-AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Reserve for own shares	Cash flow hedging Reserve	Cost of hedging reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	2,389	1,588	775	(1,407)	1,040	(355)	28,035	32,065
Comprehensive income for the period	-	-	-	-	-	-	1,858	1,858
Total other comprehensive income	-	-	(80)	-	256	60	(308)	(72)
Dividends paid	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Group	-	-	-	-	-	-	-	-
At 30 September 2023	2,389	1,588	695	(1,407)	1,296	(295)	29,585	33,851
At 26 March 2022	2,389	1,588	553	(1,407)	-	-	31,691	34,814
Comprehensive expense for the period	-	-	-	-	-	-	(883)	(883)
Total other comprehensive income	-	-	440	-	1,202	-	(571)	1,071
Dividends paid	-	-	-	-	-	-	(708)	(708)

Total contributions by and distributions to owners of the Group	-	-	-	-	-	-	(708)	(708)
At 24 September 2022	2,389	1,588	993	(1,407)	1,202	-	29,529	34,294

NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR 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) market of the London Stock Exchange. The condensed consolidated half year financial statements of the Company for the twenty six weeks ended 30 September 2023, which have not been audited or reviewed, comprise the Company and its subsidiaries (together referred to as the Group).

Basis of preparation

The condensed consolidated financial statements for the 26 week periods ending 30 September 2023 and 24 September 2022 are unaudited and were approved by the Directors on 8 November 2023. They do not constitute statutory accounts as defined in s434 of the Companies Act 2006. The financial statements for the year ended 1 April 2023 were prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified and did not draw attention to any matters by way of emphasis of matter. The Group's financial statements consolidate the financial statements of James Cropper Plc and its subsidiaries.

Applicable standards

These unaudited consolidated interim financial statements have been prepared in accordance with international accounting standards as adopted by the UK, under the historical cost convention except for the revaluation of certain financial instruments to fair value. They have not been prepared in accordance with IAS 34, the application of which is not required to the interim financial statements of companies trading on the Alternative Investment Market (AIM companies).

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

The half year 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, at the time of approving these interim statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from this reporting date.

For the interim going concern review, the Board has reviewed the Group's financial forecasts for the 2 year period ending 31 March 2025 against which a number of scenarios assess headroom against facilities and impacts on bank covenants, which showed adequate headroom and no covenant breaches.

Following this review the Directors are satisfied that 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

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

2 Accounting estimates and judgements

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

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

3 Risks and uncertainties

The principal risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as disclosed in the 2023 Annual Report on pages 21-25. The principal risks set out in the 2023 Annual Report were:

Pension; network and systems security; security of supply; fire; net zero emissions; employee health and safety; attraction and retention of key skills and talent; energy price volatility and corporate and regulatory compliance risk.

The Board considers that all principal risks and uncertainties set out in the 2023 annual report have not changed and remain relevant for the second half of the 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, 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 items) and 'Adjusted profit before tax' (profit before tax excluding the impact of IAS 19 and exceptional items). The alternative performance measures are reconciled in note 9.

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 profit and earnings per share targets used in management incentive schemes.

5 Earnings per share

	Six months ended 30 September 2023	Six months ended 24 September 2022	Year ended 1 April 2023
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Earnings / (loss) per share - basic and diluted	19.4p	(9.2)p	5.4p
Profit / (loss) for the period (£'000)	1,858	(883)	516
Weighted average number of shares - basic and diluted	9,554,803	9,554,803	9,554,803

6 Dividends

The proposed interim dividend of 3.0p (H1 FY23: 2.0p) per 25p ordinary share is payable on 8 January 2024 to those shareholders on the register of the Company at the close of business on 8 December 2023, with an ex-dividend date of 7 December 2023.

7 Retirement benefit obligations

	26 week period ended 30 September 2023	26 week period ended 24 September 2022	53 week period ended 1 April 2023
	£'000	£'000	£'000
Obligation brought forward	(16,140)	(13,130)	(13,130)
Expense recognised in the income statement	(563)	(568)	(1,319)
Contributions paid to the schemes	910	862	2,197
Actuarial (losses) recognised in Other Comprehensive Income	(411)	(66)	(3,888)
Obligation carried forward	(16,204)	(12,902)	(16,140)

8 Exceptional items

	26 week period ended 30 September 2023	26 week period ended 24 September 2022	53 week period ended 1 April 2023
	£'000	£'000	£'000
<i>Included in employee benefit costs:</i>			
Restructuring costs	760	-	-
<i>Included in other expenses:</i>			
Restructuring costs	304	-	-
Increase in earn-out provisions	-	540	986
<i>Included in other income:</i>			
Legal settlement	(1,404)	-	-
Exceptional items excluding finance costs	(340)	540	986
<i>Included in finance costs:</i>			
Unwind of discount on earn-out provision	131	-	109
Exceptional items	(209)	540	1,095

Restructuring costs incurred to date amount to £1,064k, the group restructure is expected to be complete by year end.

A settlement of a historic pension legal dispute was agreed in the current period resulting in the recognition of income of £1,404k.

9 Alternative performance measures

	26 week period ended 30 September 2023 £'000	26 week period ended 24 September 2022 £'000	52 week period ended 1 April 2023 £'000
Adjusted operating profit	3,048	453	4,767
Net IAS 19 pension adjustments - current service costs	202	(126)	(442)
Exceptional items	340	(540)	(986)
Operating profit / (loss)	3,590	(213)	3,339

	26 week period ended 30 September 2023 £'000	26 week period ended 24 September 2022 £'000	53 week period ended 1 April 2023 £'000
Adjusted profit / (loss) before tax	2,403	(13)	3,195
Net IAS 19 pension adjustments			
- current service costs	(177)	(390)	(974)
- future service contributions paid	379	264	532
- finance costs	(386)	(178)	(345)
Exceptional items	209	(540)	(1,095)
Profit / (loss) before tax	2,428	(857)	1,313

10 Related parties

There have been no significant changes in the nature of related party transactions in the period ended 30 September 2023 from that disclosed in the 2023 annual report.

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have not been prepared in accordance with IAS 34 as adopted by the UK and that the interim management 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 first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- (ii) Material related party transactions in the first six months 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 half-yearly 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 half-yearly 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.