



NIPPECRAFT LIMITED

(Incorporated in the Republic of Singapore)
Company registration number: 197702861N

The announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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Nippecraft Limited
Condensed Interim Financial Statements
for the six months and full year ended
31 December 2023



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A. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group			Group		
		1-Jul-23 - 31-Dec-23	1-Jul-22 - 31-Dec-22	Change	Financial year ended 31-Dec-23	31-Dec-22	Change
		US\$'000	US\$'000		US\$'000	US\$'000	
Revenue from contracts with customers	5	63,487	74,533	-15%	111,548	129,719	-14%
Cost of sales		(58,196)	(69,345)	-16%	(103,725)	(121,685)	-15%
Gross profit		5,291	5,188	2%	7,823	8,034	-3%
Distribution and marketing expenses		(2,509)	(2,762)	-9%	(4,543)	(4,876)	-7%
Administrative expenses		(1,686)	(1,445)	17%	(3,524)	(3,248)	8%
Reversal of/ (impairment loss) on financial assets		-	4	N.M.	(4)	1	N.M.
Other income, net	6	288	82	>100%	1,578	357	>100%
Finance income/ (expense), net		48	(104)	N.M.	40	(279)	N.M.
Profit/ (loss) for the period/ year	8	1,432	963	49%	1,370	(11)	N.M.
Tax expense/ (credit)	9	(28)	49	N.M.	(26)	15	N.M.
Profit for the period/ year		1,404	1,012	39%	1,344	4	>100%
Other comprehensive income:							
<u>Items that may be reclassified subsequently to profit or loss</u>							
- Foreign currency translation differences for foreign operations		135	(160)	N.M.	465	(871)	N.M.
Other comprehensive income/(loss) for the period/ year, net of tax		135	(160)	N.M.	465	(871)	N.M.
Total comprehensive income/ (loss) for the period/ year		1,539	852	81%	1,809	(867)	N.M.
Earnings per share (US cents)							
- Basic & Diluted		0.400	0.288		0.382	0.001	

Note: N.M. – Not meaningful



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B. Condensed Statements of Financial Position

	Note	Group		Company	
		As at 31-Dec-23 US\$'000	As at 31-Dec-22 US\$'000	As at 31-Dec-23 US\$'000	As at 31-Dec-22 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	3,385	3,198	2,951	2,830
Intangible assets	15	-	-	-	-
Investment in subsidiaries		-	-	16,512	16,512
Deferred tax assets		21	15	19	14
		3,406	3,213	19,482	19,356
Current assets					
Inventories		2,894	2,359	149	261
Trade and other receivables		30,649	40,017	4,870	3,156
Prepayments		146	298	32	161
Cash and cash equivalents		19,326	16,943	1,955	2,494
Asset held-for-sale	14	-	1,016	-	1,016
		53,015	60,633	7,006	7,088
TOTAL ASSETS		56,421	63,846	26,488	26,444
LIABILITIES					
Current liabilities					
Trade and other payables		22,726	32,083	886	2,382
Lease liabilities		479	248	347	135
Income tax payable		31	-	-	-
		23,236	32,331	1,233	2,517
Non-current liabilities					
Lease liabilities		1,224	1,355	1,097	1,292
Provision for Long Service Leave		9	17	-	-
		1,233	1,372	1,097	1,292
TOTAL LIABILITIES		24,469	33,703	2,330	3,809
NET ASSETS		31,952	30,143	24,158	22,635
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	36,817	36,817	36,817	36,817
Reserves		783	570	496	748
Accumulated losses		(5,648)	(7,244)	(13,155)	(14,930)
TOTAL EQUITY		31,952	30,143	24,158	22,635



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C. Condensed Statements of Changes in Equity

Group	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 01.01.2023	36,817	748	(178)	(7,244)	30,143
Transfer upon disposal of Asset held-for-sale	-	(252)	-	252	-
Profit for the year	-	-	-	1,344	1,344
Other comprehensive income for the year, net of tax					
- Currency translation differences	-	-	465	-	465
Total comprehensive income for the year	-	-	465	1,344	1,809
Balance as at 31.12.2023	36,817	496	287	(5,648)	31,952
Balance as at 01.01.2022	36,817	748	693	(7,248)	31,010
Profit for the year	-	-	-	4	4
Other comprehensive loss for the year, net of tax					
- Currency translation differences	-	-	(871)	-	(871)
Total comprehensive (loss)/ income for the year	-	-	(871)	4	(867)
Balance as at 31.12.2022	36,817	748	(178)	(7,244)	30,143

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C. Condensed Statements of Changes in Equity (Continued)

Company	Share	Asset	Accumulated	Total
	capital	revaluation	losses	equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 01.01.2023	36,817	748	(14,930)	22,635
Transfer upon disposal of Asset held-for-sale	-	(252)	252	-
Profit for the year	-	-	1,523	1,523
Total comprehensive income for the year	-	-	1,523	1,523
Balance as at 31.12.2023	36,817	496	(13,155)	24,158
Balance as at 01.01.2022	36,817	748	(15,153)	22,412
Profit for the year	-	-	223	223
Total comprehensive income for the year	-	-	223	223
Balance as at 31.12.2022	36,817	748	(14,930)	22,635



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D. Condensed Consolidated Statement of Cash Flows

	Note	Group	
		Financial year ended	
		31-Dec-23	31-Dec-22
		US\$'000	US\$'000
Cash flows from operating activities			
Profit/ (loss) before tax		1,370	(11)
Adjustments:			
Depreciation of property, plant and equipment	8	616	493
Property, plant and equipment written off		9	-
Gain on sale of Asset held-for-sale	8	(1,129)	-
(Reversal of)/ impairment loss on financial assets		4	(1)
Interest income	8	(112)	(23)
Interest expense	8	72	302
Write-down of inventories		686	713
Operating profit before working capital changes		1,516	1,473
Movement in working capital:			
Inventories		(1,087)	(1,047)
Trade and other receivables		9,777	(7,154)
Trade and other payables		(9,589)	2,011
Deposit pledged		-	(400)
Cash generated from/ (used in) operations		617	(5,117)
Income tax paid, net	9	-	-
Net cash from/ (used in) operating activities		617	(5,117)
Cash flows from investing activities			
Acquisition of property, plant and equipment	A, 14	(135)	(129)
Interest received		112	23
Proceeds from sale of Asset held-for-sale		2,145	-
Net cash from/ (used in) investing activities		2,122	(106)
Cash flows from financing activities			
Interest paid for trade financing		-	(231)
Payment of principal portion of lease liabilities		(613)	(314)
Interest paid for lease liabilities		(72)	(71)
Net cash used in financing activities		(685)	(616)
Net increase/ (decrease) in cash and cash equivalents		2,054	(5,839)
Cash and cash equivalents at beginning of year		13,043	19,458
Effects of exchange rate changes on cash and cash equivalents		329	(576)
Cash and cash equivalents at end of year	B	15,426	13,043



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D. Consolidated Statement of Cash Flows (Continued)

Group	
Financial year ended	
31-Dec-23	31-Dec-22

Note to Condensed Consolidated Statement of Cash Flows:

Note A:

Addition of property, plant and equipment	804	249
Less: Addition of right-of-use assets	(669)	(120)
Acquisition of property, plant and equipment	135	129

Note B:

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise the following amounts:

Cash at bank and in hand	10,299	12,933
Short-term bank deposits	9,027	4,010
Cash and bank balances	19,326	16,943
Bank balances and deposits pledged	(3,900)	(3,900)
Cash and cash equivalents per consolidated statement of cash flows	15,426	13,043



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E. Notes to the condensed interim consolidated financial statements

1. General Information

Nippecraft Limited (the “**Company**”) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company’s registered office and principal place of business is 2 Venture Drive #24-01 Vision Exchange, Singapore 608526.

APP Printing (Holding) Pte Ltd (“**APP Printing**”), a company incorporated in Singapore, holds 49% (2022: 49%) of the share capital of the Company and is deemed to be the controlling shareholder of the Company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi (“**PT APP**”), and Asia Pulp & Paper Company Ltd (“**APP**”) owns 92.45% (2022: 92.45%) of the shares in PT APP. APP Golden Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, currently controls approximately 66.33% (2022: 66.33%) of the voting power of APP and is considered as the ultimate holding company.

The condensed interim consolidated financial statements as at and for the six months and the financial year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group and the Company are those relating to the design, manufacture, distribution and trading of paper, personal and business organising tools, as well as general trading of pulp, chemical, and recycled waste and other products.

2. Basis of Preparation

The condensed interim financial statements for the six months and the financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2a.

The condensed interim financial statements are presented in United States dollars (“**US\$**”) which is the Company’s functional currency.



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a. New and amended standards adopted by the Group

A number of amendments to SFRS(I) have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

b. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

c. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.



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3. Segment and revenue information

The Group operates in two business segments:

- **Stationery business**
The main activities are design, development, sales and marketing of planners/ diaries, business accessories and related stationery products.
- **Trading business**
The main activities are trading and strategic sourcing of recycled waste, chemicals, papers, paper bags, pulp and other related materials.

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer (“**CEO**”) who is responsible for allocating resources and assessing performance of the operating segments.



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4. Reportable segments

Group	Stationery	Trading	Total
From 1 July 2023 to 31 December 2023	US\$'000	US\$'000	US\$'000
Segment revenue	12,928	52,672	65,600
Intra-Segment revenue	(2,113)	-	(2,113)
External revenue	10,815	52,672	63,487
Segment profit	1,319	65	1,384
Finance income			84
Finance expense			(36)
Profit before tax			1,432
Tax expense			(28)
Consolidated profit for the financial period			1,404
Segment assets	21,380	35,041	56,421
Segment liabilities	5,129	19,340	24,469
Other segment information:			
Capital expenditure	76	-	76
Depreciation	293	24	317
Write-down of inventories	568	-	568
Group	Stationery	Trading	Total
From 1 July 2022 to 31 December 2022	US\$'000	US\$'000	US\$'000
Segment revenue	13,881	63,447	77,328
Intra-Segment revenue	(2,795)	-	(2,795)
External revenue	11,086	63,447	74,533
Segment profit	787	280	1,067
Finance income			13
Finance expense			(117)
Profit before tax			963
Tax credit			49
Consolidated profit for the financial period			1,012
Segment assets	*21,434	42,412	63,846
Segment liabilities	5,622	28,081	33,703
Other segment information:			
Capital expenditure	93	-	93
Depreciation	229	1	230
Write-down of inventories	541	-	541
Reversal of impairment loss on financial assets	(4)	-	(4)

* Included asset held-for-sale of US\$1,016,000.



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Group	Stationery	Trading	Total
From 1 January 2023 to 31 December 2023	US\$'000	US\$'000	US\$'000
Segment revenue	23,256	96,798	120,054
Intra-Segment revenue	(8,506)	-	(8,506)
External revenue	14,750	96,798	111,548
Segment profit	1,270	60	1,330
Finance income			112
Finance expense			(72)
Profit before tax			1,370
Tax expense			(26)
Consolidated profit for the financial year			1,344
Segment assets	21,380	35,041	56,421
Segment liabilities	5,129	19,340	24,469
Other segment information:			
Capital expenditure	135	-	135
Depreciation	571	45	616
Gain on disposal of Asset held-for-sale	1,129	-	1,129
Write-down of inventories	686	-	686
Impairment loss on financial assets	4	-	4
Group	Stationery	Trading	Total
From 1 January 2022 to 31 December 2022	US\$'000	US\$'000	US\$'000
Segment revenue	23,484	114,508	137,992
Intra-Segment revenue	(8,273)	-	(8,273)
External revenue	15,211	114,508	129,719
Segment profit	(346)	614	268
Finance income			23
Finance expense			(302)
Profit before tax			(11)
Tax credit			15
Consolidated profit for the financial year			4
Segment assets	*21,434	42,412	63,846
Segment liabilities	5,622	28,081	33,703
Other segment information:			
Capital expenditure	129	-	129
Depreciation	491	2	493
Write-down of inventories	713	-	713
Reversal of impairment loss on financial assets	(1)	-	(1)

* Included asset held-for-sale of US\$1,016,000.



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5. Disaggregation of Revenue

The Group derives revenue from the transfer of goods at a point in time and disaggregation by type of products and geographical location based on location of customers. Revenue is recognised when the control of goods has been transferred based on shipping terms.

	<u>Group</u>		<u>Group</u>	
	1-Jul-23 - 31-Dec-23	1-Jul-22 - 31-Dec-22	12 months ended	
	US\$'000	US\$'000	31-Dec-23	31-Dec-22
	US\$'000			
Sale of goods				
- Stationery products	10,815	11,086	14,750	15,211
- Pulp and related trading products	52,672	63,447	96,798	114,508
	63,487	74,533	111,548	129,719

	<u>Group</u>		<u>Group</u>	
	1-Jul-23 - 31-Dec-23	1-Jul-22 - 31-Dec-22	12 months ended	
	US\$'000	US\$'000	31-Dec-23	31-Dec-22
	US\$'000			
Geographical markets				
- Hong Kong	31,732	39,497	63,345	59,790
- Malaysia	4,880	18,044	17,181	30,250
- Continental Europe	16,070	10	16,167	131
- Australia	5,653	5,706	7,189	7,412
- United Kingdom	4,798	4,999	6,767	7,055
- Singapore	31	132	282	935
- Indonesia	43	5,888	102	23,744
- United States of America	54	23	91	26
- Others	226	234	424	376
	63,487	74,533	111,548	129,719

	<u>Group</u>	
	As at	
	31-Dec-23	31-Dec-22
	US\$'000	
Non-current assets		
Singapore	3,019	2,847
United Kingdom	274	206
Australia	113	160
	3,406	3,213



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A breakdown of sales:

	Group		
	Financial year ended		Change
	31-Dec-23	31-Dec-22	
	US\$'000	US\$'000	
Sales reported:			
(a) First half of the financial year	48,061	55,186	-13%
(b) Second half of the financial year	63,487	74,533	-15%
	111,548	129,719	-14%
Profit/ (loss) attributable to owners of the Company			
(a) First half of the financial year	(60)	(1,008)	-94%
(b) Second half of the financial year	1,404	1,012	39%
	1,344	4	>100%

6. Other Income, net

	Group		Group	
	1-Jul-23 -	1-Jul-22 -	Financial year ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Other income				
Rental income	236	281	447	570
Government grant income	1	1	9	7
Foreign exchange gain	49	-	62	-
Gain on disposal of Asset held-for-sale	-	-	1,129	-
Others	2	56	2	56
	288	338	1,649	633
Other expenses				
Foreign exchange loss	-	256	-	276
Restructuring expenses	-	-	71	-
	-	256	71	276
Other income, net	288	82	1,578	357



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7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	-	-	-	-
Cash and bank balances and trade and other receivables (Amortised cost)	47,626	54,616	6,709	5,507
	47,626	54,616	6,709	5,507
Financial liabilities				
Trade and other payables and borrowings (Amortised cost)	24,243	33,527	2,315	3,809

8. Profit before tax

a) Significant items

	<u>Group</u>		<u>Group</u>	
	1-Jul-23 -	1-Jul-22 -	12 months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	317	230	616	493
Write-down of inventories	568	541	686	713
Property, plant and equipment written-off	-	-	9	-
Gain on disposal of Asset held-for-sale	-	-	(1,129)	-
Foreign exchange (gain)/ loss, net	(49)	256	(62)	276
Restructuring expenses	-	-	71	-
Interest income	(84)	(13)	(112)	(23)
Interest expense	36	117	72	302
Finance (income)/ expense, net	(48)	104	(40)	279



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b) Related party transactions

There were no material related party transactions apart from those disclosed under the section titled “Interested person transactions” in the financial statements or in the information required by SGX Catalyst Listing Rules Appendix 7C.

9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	1-Jul-23 -	1-Jul-22 -	12 months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense/ (credit)	31	(34)	31	-
Deferred income tax credit relating to origination and reversal of temporary differences	(3)	(15)	(5)	(15)

10. Earnings per share

Earnings per share for the period attributed to the owners of the Company during the period:

	Group			
	1-Jul-23 -	1-Jul-22 -	12 months ended	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Earnings per share based on average number of shares (US cents)	0.400	0.288	0.382	0.001

	Group	
	As at	
	31-Dec-23	31-Dec-22
	('000)	('000)
Total number of shares	351,398	351,398
Weighted average number of shares	351,398	351,398

The were no potentially dilutive shares during the period reported on.



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11. Dividends

The directors did not propose a final dividend for FY2023 (FY2022: nil) in order to conserve financial resources to meet the various challenges in the foreseeable future including challenges posed by the global economic environment.

12. Net asset value

	Group		Company	
	As at		As at	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Net asset value per share (US cents)	9.09	8.58	6.87	6.44
Number of issued shares less treasury shares ('000)	351,398	351,398	351,398	351,398

13. Financial assets at fair value through other comprehensive income

Not applicable.

14. Property, plant and equipment

During the 12 months ended 31 December 2023, the Group acquired assets amounting to US\$135,000 (31 December 2022: US\$129,000) and disposed assets amounting to US\$9,000 (31 December 2022: US\$nil).



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15. Intangible assets

	Group	
	As at	
	2023	2022
	US\$'000	US\$'000
Cost		
As at 1 January	11,926	13,339
Currency translation differences	702	(1,272)
As at 30 June	12,628	12,067
Currency translation differences	78	(141)
As at 31 December	12,706	11,926
Accumulated amortisation and impairment losses		
As at 1 January	11,926	13,339
Currency translation differences	702	(1,272)
As at 30 June	12,628	12,067
Currency translation differences	78	(141)
As at 31 December	12,706	11,926
Net carrying amount		
As at 31 December	-	-

Note:

Intangible assets were trademarks acquired by a subsidiary, Collins Debden Limited in the United Kingdom in 1995 and had a deemed useful life of 20 years.

16. Investment properties

Not applicable.



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17. Share capital

Group and Company				
31-Dec-23		31-Dec-22		
Number of ordinary shares (^{'000})	US\$ ^{'000}	Number of ordinary shares (^{'000})	US\$ ^{'000}	
Issued and fully paid ordinary shares				
At beginning and end of financial period				
351,398	36,817	351,398	36,817	

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meeting of the Company. There is no par value for these ordinary shares.

There was no change in the Company's issued and paid-up share capital from 1 July 2023 to 31 December 2023. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2023 and 31 December 2022.

There were no sales, transfers, cancellation and/or use of treasury shares during the current financial period reported on.

18. Acquisition of subsidiary

Not applicable.

19. Subsequent events

There is no known subsequent event which have led to adjustments to this set of interim financial statements.



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F. Other information required by SGX Catalyst Listing Rules Appendix 7C

1. Review

The condensed consolidated statements of financial position of Nippecraft Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six months and financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A) Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

	Group			
	Financial year ended			
	31-Dec-23	31-Dec-22	Change	
	US\$'000	US\$'000	US\$'000	
Stationery business	14,750	15,211	(461)	-3%
Trading business	96,798	114,508	(17,710)	-15%
	111,548	129,719	(18,171)	-14%

The Group recorded revenue of US\$111.5 million for the financial year ended 31 December 2023 (“FY2023”) as compared to US\$129.7 million in the previous corresponding financial year ended 31 December 2022 (“FY2022”). The decrease in revenue of US\$18.2 million or 14% was mainly attributed to the decline in both the trading business and stationery business.

Stationery business revenue decreased by US\$0.5 million or 3% mainly due to a reduction in sales in the UK due to current economic challenges and foreign exchange translation losses of US\$0.1 million.

Trading business revenue decreased by US\$17.7 million or 15% to US\$96.8 million mainly due to the absence in sales to a mandated interested person by US\$23.9 million partially offset by the increase in sales to third parties. Sales to third parties increased by US\$6.2 million or 7% from US\$90.6 million to US\$96.8 million. (Please refer to paragraph F6). The decrease in revenue from customers in Indonesia, Singapore and Malaysia as a result of strong market competition was partially offset by the increase in revenue from customers in Hong Kong and Europe.

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Gross profit

	Financial year ended		Financial year ended		Change US\$'000
	31-Dec-23		31-Dec-22		
	US\$'000	Margin	US\$'000	Margin	
Stationery business	6,843	46.4%	6,547	43.0%	296
Trading business	980	1.0%	1,487	1.3%	(507)
	7,823	7.0%	8,034	6.2%	(211)

Gross profit for FY2023 decreased by US\$0.2 million to US\$7.8 million as compared to FY2022.

Overall gross profit margin for FY2023 increased marginally by 0.8% due to the increase in gross profit contributions by the stationery business. Gross profit margin for the stationery business increased by 3.4% to 46.4% mainly driven by sales mix and decrease in write-down of inventories. Gross profit margin for trading business decreased marginally by 0.3% to 1.0% mainly due to the absence of one-off discounted pulp prices offered by the vendors and the absence of higher margin sales from a mandated interested person.

In FY2023, the trading business contributed to approximately 13% (FY2022: 19%) of the gross profit.

Distribution and marketing and Administrative expenses

	Group			
	Financial year ended			
	31-Dec-23	31-Dec-22	Change	
	US\$'000	US\$'000	US\$'000	
Distribution and marketing expenses	4,543	4,876	(333)	-7%
Administrative expenses	3,524	3,248	276	8%
Total operating expenses	8,067	8,124	(57)	-1%

Distribution and marketing expenses incurred in FY2023 decreased by US\$0.3 million or 7% as compared to FY2022. This was mainly due to the decrease in freight and storage which were partially offset by the increase in advertising and other expenses in FY2023.

Administrative expenses incurred in FY2023 increased by US\$0.3 million or 8% as compared to FY2022. This was mainly due to the increase in personnel expenses.

Other income, net

Other income increased by US\$1.2 million or 3.4 times in FY2023 as compared to FY2022. The increase was mainly attributable to gain on disposal of asset held-for-sale relating to the disposal of 9 Fan Yoong Road that was completed on 8 March 2023 and an increase in foreign exchange gains. The increase was offset by restructuring expenses and a decrease in rental income earned from the Asset held-for-sale.



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Finance income, net

Finance income, net increased by US\$0.3 million in FY2023 as compared to FY2022 mainly due to higher interest income and no interest expense incurred in financing the trading business offset by imputed interest expense.

Tax expense

Losses suffered by certain overseas subsidiaries cannot be transferred to offset against profits of profitable entities. As a result, a tax provision of approximately US\$31,000 was made.

Net profit for the year

As a result of the above, the Group's net profit after tax increased by US\$1.3 million in FY2023.

B) Condensed Statements of Financial Position

Group

Non-current assets

Property, plant and equipment increased by US\$0.2 million due to addition of right-of-use assets partially offset by the depreciation incurred in FY2023.

Current assets

Inventories increased by US\$0.5 million mainly due to anticipation of sales in the first half of FY2024.

Trade and other receivables decreased by US\$9.4 million mainly due to receipt of payment from the customers attributed to the Trading Business before 31 December 2023.

Asset held for sale amounting to US\$1.0 million related to the proposed sale of property located at 9 Fan Yoong Road. The sale of the property was completed on 8 March 2023.

Cash and bank balances increased by US\$2.4 million to US\$19.3 million as at 31 December 2023.

Current liabilities

Trade and other payables decreased by US\$9.4 million mainly due to payment made to the Trading Business suppliers before 31 December 2023.

Current lease liabilities increased US\$0.2 million due to new leases committed in FY2023 partially offset by contractual payments made in FY2023.

Non-current liabilities

Long-term lease liabilities decreased by US\$0.1 million due to new leases committed in FY2023 partially offset by contractual payments made in FY2023.



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C) Condensed Consolidated Statement of Cash Flows

Net cash generated from operating activities in FY2023 amounted to US\$0.6 million. The net cash inflows from operating activities during FY2023 were due to operating profit before changes in working capital contributing US\$1.5 million and decrease of trade and other receivables of US\$9.8 million which were partially offset by the increase in inventories of US\$1.1 million and decrease in trade and other payables of US\$9.6 million.

Net cash generated from investing activities of US\$2.1 million was mainly due to proceeds from disposal for asset held-for-sale and interest income received which were partially offset against the capital expenditure on acquisition of property, plant and equipment.

Net cash used in financing activities of US\$0.7 million was due to payment of lease liabilities including interest.

As a result of the above, cash and cash equivalents increased by US\$2.0 million in FY2023. Together with the positive effect of exchange rate changes, the cash and cash equivalents stood at US\$15.4 million as at 31 December 2023.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement had been previously disclosed to the shareholders for FY2023.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Group expects to be in a fiercely competitive landscape across both of its business segments. In our primary Stationery markets, challenges due to geographical tensions, declining demand and stringent monetary and fiscal policies remain.

Consumers who previously frequent premium stationery products, are starting to look for budget friendly stationery products to manage their expenses. In addition, inflation-driven costs in raw materials, manpower, international shipping and local logistic costs are showing no retreat. As such, the outlook for our stationery business remained uncertain.

The gross margin in our Trading business is expected to stay steady.

The Group remains committed to fine-tuning its business strategy to align with the evolving demand in our primary markets and enhance the performance of its key business units. In addition, it will proactively and flexibly strengthen its financial position, preserve cash, optimize cash flows, enhance liquidity and reduce operating costs.



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5. Dividend information

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



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6. Interested person transactions

The Group has renewed its general mandate for Interested Person Transactions (“IPT”) at the recently concluded annual general meeting held on 24 April 2023. The IPTs for FY2023 were as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)	
		Financial year ended 31-Dec-23 US\$'000	Financial year ended 31-Dec-22 US\$'000	Financial year ended 31-Dec-23 US\$'000	Financial year ended 31-Dec-22 US\$'000
<u>Sales</u>					
PT Paramitra Gunakarya Cemerlang	APP Printing (Holding) Pte Ltd, an entity under the APP Group, holds 49% of the Company's shares and is deemed to be the controlling shareholder of the Company. Entities under the APP Group (which comprises Asia Pulp & Paper Company Ltd, its subsidiaries and associated companies).	-	-	-	23,729
APP China Trading Limited		-	-	-	176
Total IPTs		-	-	-	23,905

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Review of performance of the group

Please refer to paragraph F2.

9. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.



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10. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules

Not applicable.

11. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, Nippecraft Limited confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Raja Hayat
Executive Director and
Chief Executive Officer
27 February 2024