GRAND VENTURE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

BUSINESS UPDATE FOR 1Q23

The Board of Directors (the "**Board**") of Grand Venture Technology Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to provide a voluntary update on the Group's business and financial performance for the three months ended 31 March 2023 ("**1Q23**"). The comparative financial quarter was for the three months ended 31 March 2022 ("**1Q22**").

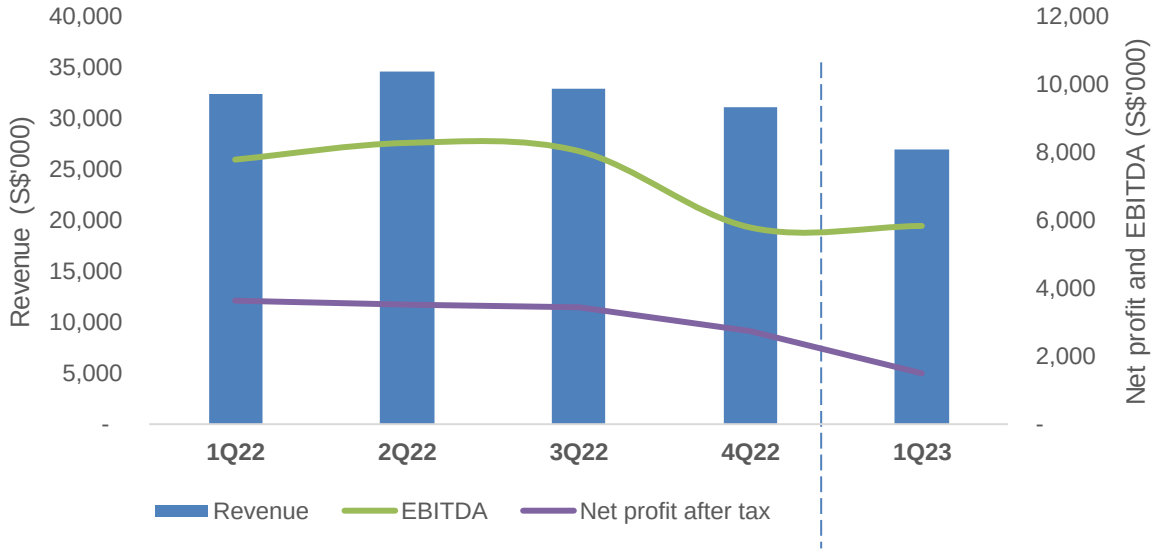
Glossary of abbreviations

XQ23:	*Financial quarter ended 31 March (1Q), 30 June, 30 September, and 31 December 2023, respectively*
EBITDA:	*Earnings before Interest, Tax, Depreciation and Amortisation* *i.e. Profit before Tax + Interest cost - Interest income + Depreciation + Amortisation*

Financial summary

S$'000	1Q23	1Q22	*Growth%*
Revenue	26,923	32,454	*(17.0)%*
Gross profit	6,786	9,237	*(26.5)%*
EBITDA	5,854	7,790	*(24.9)%*
Net profit after tax	1,513	3,624	*(58.3)%*

Gross profit margin	*25.2%*	*28.5%*	
Net profit margin	*5.6%*	*11.2%*	
EBITDA margin	*21.7%*	*24.0%*	



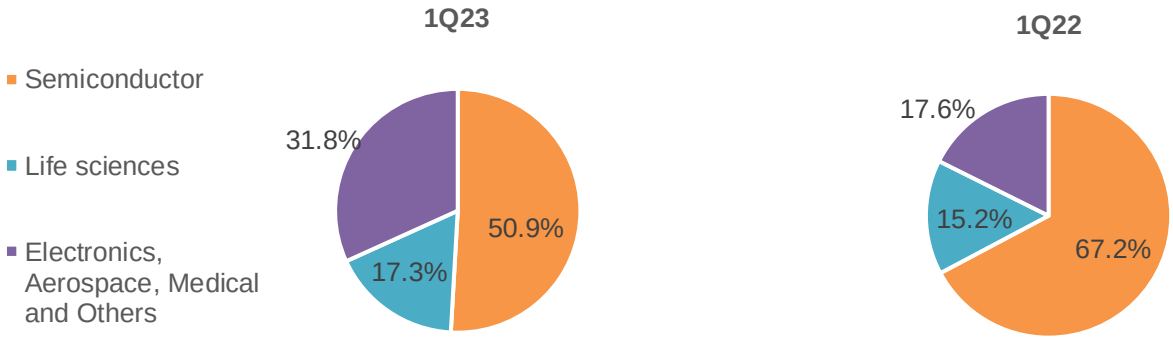
S$'000	1Q22	2Q22	3Q22	4Q22	1Q23
Revenue	32,454	34,610	32,904	31,119	26,923
Gross profit	9,237	8,824	8,510	9,229	6,786
EBITDA	7,790	8,277	8,040	5,809	5,854
Net profit after tax	3,624	3,508	3,447	2,746	1,513
Gross profit margin	*28.5%*	*25.5%*	*25.9%*	*29.7%*	*25.2%*
EBITDA margin	*24.0%*	*23.9%*	*24.4%*	*18.7%*	*21.7%*

Group revenue declined 17.0% to S$26.9 million in 1Q23, from S$32.4 million in 1Q22, mainly due to a contraction in activity in the Semiconductor segment, particularly in the back-end. The decline was partially mitigated by higher revenue contribution from the Electronics, Aerospace, Medical and Others segment.

Gross profit and EBITDA narrowed year-on-year on the back of lower levels of utilisation and additional capacity expansion to position the company for future growth. Additionally, the EBITDA calculation factored in a S$0.2 million fair value adjustment to the order backlog of its subsidiary, J-Dragon Tech (Suzhou) Co., Ltd ("**J-Dragon**"), as well as a S$0.3 million foreign exchange loss. Adjusting against these, EBITDA and net profit after tax for 1Q23 is approximately S$6.3 million (23.4% EBITDA margin) and S$2.0 million respectively. On a quarter-to-quarter basis, EBITDA has improved on cost control measures, while net profit declined as we continue to invest ahead for our newly onboarded front-end semiconductor customers.

Revenue summary by segments

	1Q23	%	1Q22	%	Growth%
	S$'000		S$'000		
Semiconductor	13,713	*50.9%*	21,798	*67.2%*	*(37.1)%*
Life sciences	4,666	*17.3%*	4,917	*15.2%*	*(5.1)%*
Electronics, Aerospace, Medical and Others	8,544	*31.8%*	5,739	*17.6%*	*48.9%*
Total	**26,923**	***100.0%***	**32,454**	***100.0%***	***(17.0)%***



Semiconductor

The Semiconductor sector contributed revenue of S$13.7 million, 37.1% lower than the S$21.8 million recorded in 1Q22, amid a seasonally quiet quarter alongside a general contraction in activity in the back-end semiconductor sector and persistent geopolitical headwinds. Nevertheless, the Group is onboarding new back-end semiconductor customer and also seeks to diversify its revenue to front-end semiconductor, life sciences, medical, aerospace and others.

Life sciences

Revenue from the Life Sciences segment declined marginally by 5.1% to S$4.7 million, from S$4.9 million in 1Q22, as the Group's customers became more cautious with inventory management amid softer market sentiments.

Electronics, Aerospace, Medical and Others

Revenue from the Electronics, Aerospace, Medical and Others segment rose 48.9% to S$8.5 million in 1Q23, compared to S$5.7 million in 1Q22, taking into account a full quarter of contribution from the Group's subsidiary, J-Dragon and Formach Asia Sdn. Bhd. ("**Formach**"), compared to a one-month contribution in 1Q22. The segment revenue also factored in marginal contraction in contribution from its Electronics business, due to general market weakness. The Medical business had experienced supply chain disruptions that affected a customer's supply of components, resulting in the customer pushing back the Group's delivery.

Outlook

The Group expects the ongoing geopolitical and trade conflicts, intensifying risks of recession and higher inflation to weigh on macroeconomic outlook in the ensuring months. While sentiments in the semiconductor industry are expected to remain muted in the first half of 2023, the Group expects industry momentum to pick in the latter half of the year as excess inventories are digested. Nevertheless, the Group is mindful that such momentum could still be delayed, given prevailing market uncertainties and the risk of slowdown. The Group continues to make good progress in obtaining qualification for parts from its front-end semiconductor customers, while working closely with these customers to pursue a greater degree of involvement in higher-value projects and content. The Group is also onboarding a new back-end semiconductor customer in the meantime.

The Group will also reinforce its long-term resilience through business diversification, as it continues to work actively alongside its Life Sciences, Medical and Aerospace customers to expand wallet share with them.

Amid the prevailing headwinds, the Group is taking this time to expand, consolidate and enhance its capabilities, competencies, and capacities. At the same time, it will maintain strict cash flow and financing discipline, while positioning itself well for the sector recovery and continuing to establish itself as a market leader. The Group will continue to focus on talent acquisition and retention, as well as actionable inorganic growth opportunities to reinforce its strategic value-add and grow alongside its customers.

BY ORDER OF THE BOARD

LEE TIAM NAM
Executive Deputy Chairman
9 May 2023