



GRAND VENTURE TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

BUSINESS UPDATE FOR 1Q22

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 2022 (“**1Q22**”). The comparative financial quarter was for the three months ended 31 March 2021 (“**1Q21**”).

Glossary of abbreviations

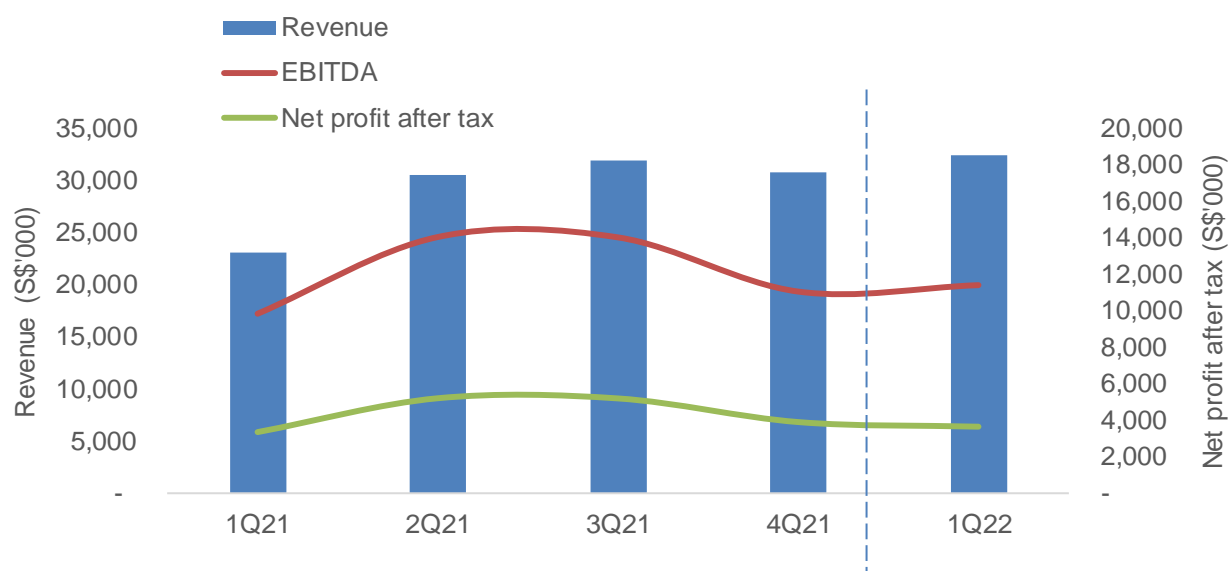
XQ21: *Financial quarter ended, 30 June, 30 September, and 31 December (4Q) 2021, respectively*

EBITDA: *Earnings before Interest, Tax, Depreciation and Amortisation*

i.e. Profit before Tax + Interest cost - Interest income + Depreciation + Amortisation

Financial summary

S\$'000	1Q22	1Q21	Growth%
Revenue	32,454	23,023	41.0%
Gross profit	9,237	7,395	24.9%
EBITDA	7,790	6,517	19.5%
Net profit after tax	3,624	3,327	8.9%
<i>Gross profit margin</i>	28.5%	32.1%	
<i>Net profit margin</i>	11.2%	14.5%	
<i>EBITDA margin</i>	24.0%	28.3%	



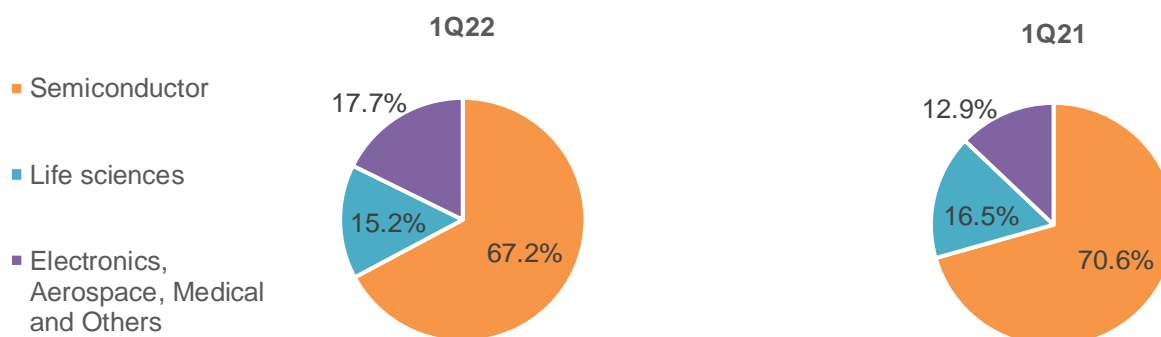
S\$'000	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	23,023	30,517	31,884	30,832	32,454
Gross profit	7,395	10,325	10,027	9,939	9,237
EBITDA	6,517	8,874	8,862	7,183	7,790
Net profit after tax	3,327	5,181	5,172	3,876	3,624
<i>Gross profit margin</i>	32.1%	33.8%	31.4%	32.2%	28.5%
<i>EBITDA margin</i>	28.3%	29.1%	27.8%	23.3%	24.0%

The Group recorded a 19.5% growth in EBITDA and 8.9% growth in net profit after tax, on the back of a 41.0% revenue increase from S\$23.0 million in 1Q21 to S\$32.5 million in 1Q22. The top and bottom-line improvements were driven by continued growth of wallet share from its key customers though margins came in lower as we absorbed capacities for future growth. The Group also experienced higher input costs in the form of materials and energy and timing differences in passing on some of these to the customers.

During 1Q22, the Group incurred approximately S\$0.2 million of one-off expenses on (i) professional and administrative charges for the completion of Formach Asia Sdn. Bhd. ("**Formach**") and J-Dragon Tech (Suzhou) Co., Ltd. ("**J-Dragon**") acquisitions, and (ii) COVID-19 related costs.

Revenue summary by segments

	1Q22	%	1Q21	%	Growth%
	S\$'000		S\$'000		
Semiconductor	21,798	67.2%	16,253	70.6%	34.1%
Life sciences	4,917	15.2%	3,808	16.5%	29.1%
Electronics, Aerospace, Medical and Others	5,739	17.7%	2,962	12.9%	93.8%
Total	32,454	100.0%	23,023	100.0%	41.0%



Semiconductor

Revenue from the Semiconductor segment rose 34.1% to S\$21.8 million in 1Q22, as sustained demand for semiconductor chips and addition of new customers and projects from the Group's recent acquisitions led to increased contribution from all key customers in the segment.

Life sciences

Revenue from Life Sciences recorded a 29.1% improvement to S\$4.9 million in 1Q22, on increased production volume for existing mass spectrometers and its bolt-on products and expanded wallet share from new customers in the segment.

Electronics, Aerospace, Medical and Others

Revenue from the Electronics, Aerospace, Medical and Others segment rose 93.8% to S\$5.7 million in 1Q22, following continued demand growth across all key customers in the segment and maiden contribution from the Group's recent acquisitions, including S\$0.8 million from the aerospace business.

Outlook

As Singapore and Malaysia make a transition towards living with COVID-19, the Group is steadily making gradual progress towards normalisation of its operations in both countries. While the Group's operations in Suzhou have been spared the direct impact of COVID-19 lockdowns in parts of China, border restrictions continue to cause supply-chain disruptions to the Group's customers, and has indirectly slowed down the Group's activities during the quarter.

Nevertheless, the Group is enjoying sustained demand from customers across the various business segments. Bolstered by robust demand from the semiconductor industry, it is also making good progress in its discussions with potential customers engaged in the manufacture of metrology and inspection, etching, and wafer deposition equipment. When fully onboarded, these customers are expected to be the key drivers for the front-end semiconductor activities of the Group in the near future.

Uncertainties in the global economic conditions triggered by various geopolitical factors such as rising interest rates, inflation and the ongoing conflict between Russia and Ukraine are expected to present challenges in the form of higher input costs. While this may lead to some margin erosion in the short term, the Group intends to work towards passing on some of the cost increase to its customers.

In the meantime, the Group is working on the synergistic (i) customer developments and (ii) utilisation of capacities across the newly acquired subsidiaries – J-Dragon and Formach, mindful of cost control measures and productivity improvements via roll out of i4.0 automation to the wider Group. Barring unforeseen circumstances, this should contribute to improvement of margins in the near future.

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Chairman

6 May 2022