



GRAND VENTURE TECHNOLOGY LIMITED

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

ANNOUNCEMENT

BUSINESS UPDATE FOR 3Q22

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 30 September 2022 (“**3Q22**”) and nine months ended 30 September 2022 (“**9M22**”). The comparative financial quarter was for the three months ended 30 September 2021 (“**3Q21**”) and nine months ended 30 September 2021 (“**9M21**”), respectively.

Glossary of abbreviations

XQ22: *Financial quarter ended, 30 June, 30 September, and 31 December (4Q) 2022, respectively*

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

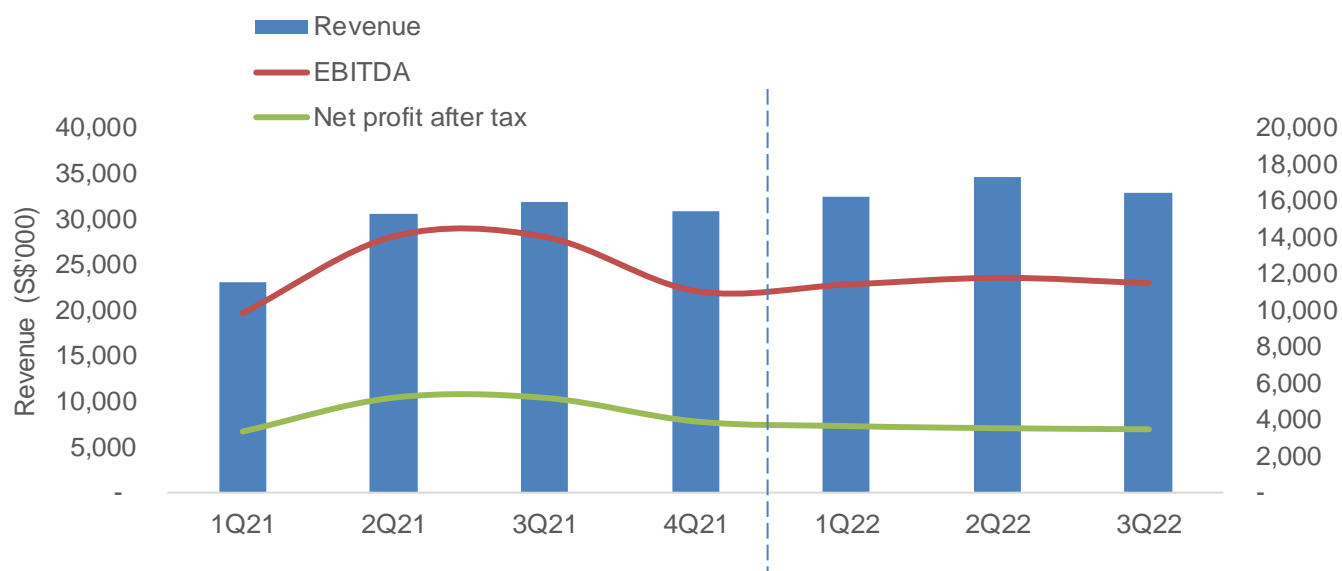
EBITDA: *Earnings before Interest, Tax, Depreciation and Amortisation*

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

Financial summary

S\$'000	3Q22	3Q21	yoy%	9M22	9M21	yoy%
Revenue	32,904	31,884	3.2%	99,968	85,424	17.0%
Gross profit	8,510	10,027	(15.1)%	26,571	27,747	(4.2)%
EBITDA	8,040	8,862	(9.3)%	24,107	24,253	(0.6)%
Net profit after tax	3,447	5,172	(33.4)%	10,579	13,680	(22.7)%

<i>Gross profit margin</i>	25.9%	31.4%		26.6%	32.5%	
<i>EBITDA margin</i>	24.4%	27.8%		24.1%	28.4%	
<i>Net profit margin</i>	10.5%	16.2%		10.6%	16.0%	



S\$'000	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	23,023	30,517	31,884	30,832	32,454	34,610	32,904
Gross profit	7,395	10,325	10,027	9,939	9,237	8,824	8,510
EBITDA	6,517	8,874	8,862	7,183	7,790	8,277	8,040
Net profit after tax	3,327	5,181	5,172	3,876	3,624	3,508	3,447
<i>Gross profit margin</i>	32.1%	33.8%	31.4%	32.2%	28.5%	25.5%	25.9%
<i>EBITDA margin</i>	28.3%	29.1%	27.8%	23.3%	24.0%	23.9%	24.4%

Group revenue rose 3.2% to S\$32.9 million in 3Q22, from S\$31.9 million in 3Q21, mainly lifted by a sharp increase in contribution from the Electronics, Aerospace, Medical and Others segments. The increase was, nevertheless, partially eroded by a slowdown in business activity in the Semiconductor segment.

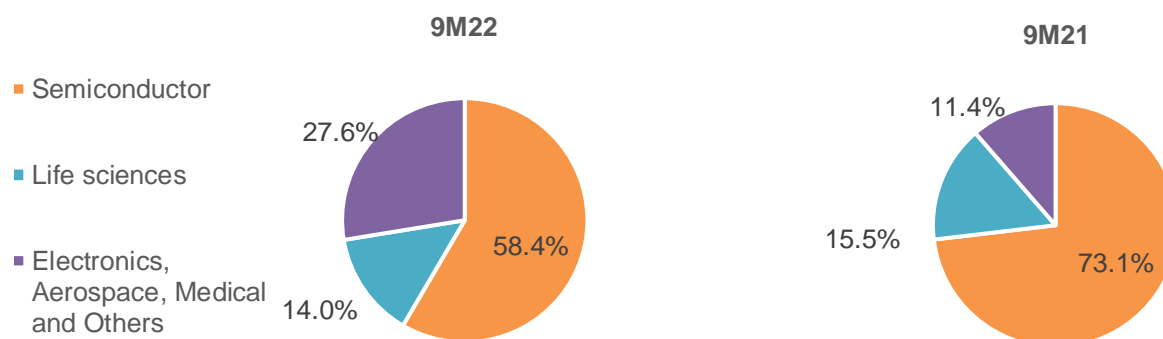
The Group recorded a 17.0% improvement in revenue to S\$100.0 million in 9M22, compared to S\$85.4 million in 9M21, driven by healthy demand from customers in the Life Sciences and the Electronics, Aerospace, Medical and Others segments. The revenue growth takes into account the higher business activity from the Semiconductor segment in 1Q22 and 2Q22.

The Group recorded year-on-year (“yoy”) contractions in gross profit margin and EBITDA margin for 3Q22 and 9M22 amid lower business activity in the back-end Semiconductor segment and as recently expanded capacities to cater for future growth are still being absorbed by the Group.

During 9M22, the Group incurred one-off expenses comprising (i) an S\$0.8 million fair value adjustment in relation to the inventories and order backlog of newly acquired subsidiaries – Formach Asia Sdn. Bhd. (“**Formach**”) and J-Dragon Tech (Suzhou) Co., Ltd. (“**J-Dragon**”); (ii) S\$0.2 million professional and administrative charges for the completion of these acquisitions, and (iii) COVID-19 related costs. On an adjusted basis, EBITDA would have recorded a growth of 3.6% yoy in 9M22.

Revenue summary by segments

	9M22	%	9M21	%	Growth%
	S\$'000		S\$'000		
Semiconductor	58,396	58.4%	62,464	73.1%	(6.5)%
Life sciences	14,000	14.0%	13,263	15.5%	5.6%
Electronics, Aerospace, Medical and Others	27,572	27.6%	9,697	11.4%	184.3%
Total	99,968	100.0%	85,424	100.0%	17.0%



Semiconductor

Revenue from the Semiconductor segment fell 6.5% year-on-year to S\$58.4 million in 9M22, on lower demand for the Group's back-end semiconductor services, in tandem with the general industry slowdown, particularly in the memory chips market.

Life sciences

The Life Sciences segment recorded steady year-on-year improvement of 5.6% to S\$14.0 million in 9M2022, as the Group expanded its wallet share from customers in the segment. The Group also secured more orders for the production of mass spectrometers and its bolt-on products, and successfully converted more first article inspections to productions.

Electronics, Aerospace, Medical and Others

Revenue from the Electronics, Aerospace, Medical and Others segment rose 184.3% year-on-year to S\$27.6 million in 9M22, driven by robust demand growth across all key customers in the segment, as well as contribution from the Group's recent acquisitions, including S\$6.4 million from the aerospace business.

Outlook

The Group expects the combination of geopolitical and economic factors, including on-going conflict between Russia-Ukraine, US-China trade tension, and rising interest rates, to continue to cloud the global economic outlook in the ensuing months. In light of this, near-term demand in the back-end semiconductor segment is expected to remain volatile. As part of its strategy to ensure sustainability of its business with Semiconductor customers, the Group is expanding its value chain participation by offering higher-value front-end semiconductor services. It continues to make good progress on its engagement with prospective customers in this market.

Business activity across the Group's other business segments is expected to remain healthy, in view of the Group's expanded wallet share with existing customers, the longer life-cycles of life sciences and medical products and stable demand from customers in the Medical and Aerospace segments.

Amid the uncertain economic conditions, it is also proactively mitigating the impact of inflationary and interest rate pressures on its operating and financing costs.

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Deputy Chairman
8 November 2022