



Grand Venture Technology Limited

(Company Registration Number 201222831E)

NEWS RELEASE

GRAND VENTURE TECHNOLOGY POSTS 1H22 NET PROFIT OF \$7.1M

- ✓ 25.3% revenue growth on improved contribution from all business segments
 - ✓ 4.4% improvement in EBITDA to \$16.1 million
 - ✓ Declares interim dividend of 0.3 cent per share

Singapore, 10 August 2022 – Mainboard-listed **Grand Venture Technology Limited** (杰纬特科技术有限公司, “GVT”, or the “Group”), a homegrown precision manufacturing solutions provider, has posted a 25.3% improvement in revenue to \$67.1 million for the six months ended 30 June 2022 (“1H22”), from \$53.5 million in the previous corresponding period (“1H21”), on higher contribution from all business segments. The Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) also grew 4.4% to \$16.1 million, from \$15.4 million in 1H21. Net profit was \$7.1 million, compared to \$8.5 million a year ago.

GVT has declared an interim dividend of 0.3 cent, to be paid out in September 2022.

Commenting on the Group’s performance, Executive Deputy Chairman Ricky Lee (李添南) said, “We are pleased to have achieved revenue and EBITDA growth in spite of economic headwinds. The profit contraction was in part due to significant investments in capability enhancement as part of our strategic positioning for future growth. These investments reflect our optimism with regard to the future demand for our services from existing customers and those to be onboarded.”

The Group’s Semiconductor segment recorded a 7.2% rise in revenue to \$41.6 million, driven by the onboarding of new customers, and the expansion of front-end semiconductor related projects. These new businesses helped to mitigate the delay in the delivery of some committed back-end semiconductor orders in light of Russia-Ukraine tensions, China’s COVID-19 restrictions and a challenging macroeconomic environment.

The Life Sciences segment registered a 14.2% improvement in revenue to \$9.4 million, on higher volume production of existing mass spectrometers and bolt-on products, as well as expanded

wallet share from new customers. The improvement was, nevertheless, capped by demand constraints on the customers' end due to COVID-19 restrictions in Shanghai, China.

Revenue from the Electronics, Aerospace, Medical and Others segment rose 149.0% to \$16.0 million in 1H22, following robust demand from the Group's key customers, along with maiden contribution from precision engineering subsidiary J-Dragon Tech (Suzhou) Co., Ltd ("J-Dragon"), which was acquired by GVT in March 2022.

Nevertheless, gross margin narrowed to 26.9% in 1H22, compared to 33.1% a year ago as the newly expanded capacity in China and Malaysia continued to progress towards higher utilisation, while margins for the new businesses had yet to be optimised.

As at 30 June 2022, the Group had net assets of \$116.2 million, compared to \$104.6 million as at 31 December 2021. With part of its cash deployed towards the acquisition of J-Dragon and precision sheet metal manufacturing company Formach Asia Sdn Bhd, the cash and cash equivalents stood at \$27.7 million, compared to \$46.3 million at end-2021.

Outlook

The Group expects to enjoy healthy demand from its customers across all its business segments in the ensuing months. Nevertheless, it is mindful of headwinds faced by some of its back-end semiconductor customers, arising from geopolitical tensions and macroeconomic challenges, which makes its move into the front-end semiconductor business a timely one. Engagement with prospective front-end semiconductor customers is progressing well and the onboarding of such new customers in due course should help to mitigate the softening demand from its back-end customers. The relocation of some manufacturing capacity to Johor, Malaysia, should help to speed up the onboarding process.

Demand from the life sciences customers should remain resilient, given the long life-cycle of the products, although near-term demand may be capped by supply chain issues on customers' ends due to prevailing COVID-19 restrictions in China. Business activity is expected to remain healthy for the Medical segment, and the Group is tapping on synergies with J-Dragon to expand its customer base.

"We are operating amid uncertain market conditions, but our value proposition and capabilities should remain attractive to our customers. We look forward to improving our capacity utilisation and further enhance our capabilities to serve our customers better over time," said Mr Lee.

About Grand Venture Technology Limited (“GVT”)

Founded in 2012, GVT is a fast-growing and trusted solutions and services provider for the manufacture of complex precision machining, sheet metal components and mechatronics modules. Its manufacturing plants in Singapore, Penang and Johor (Malaysia) and Suzhou (China) are backed by the latest automated manufacturing technologies, Class 10,000 cleanroom facilities and a certified quality management system. The Group’s highly experienced and dedicated team of engineering talent serves a strong global network of established partners and suppliers with a wide range of engineering, assembly, testing and product life cycle management solutions.

GVT’s portfolio of customers hail from the semiconductor, electronics, analytical life sciences, aerospace, medical and industrial automation industries, and represent some of the largest OEMs in their respective markets. GVT is listed on the Singapore Exchange Mainboard. Visit <http://www.gvt.com.sg> for more information.

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