

BUSINESS UPDATE FOR 3QFY2021

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 2021 (“**3QFY2021**”) and nine months ended 30 September 2021 (“**9MFY2021**”). The comparative financial periods were for the three months ended 30 September 2020 (“**3QFY2020**”) and nine months ended 30 September 2020 (“**9MFY2020**”), respectively.

Glossary of abbreviations

XQFY2021: Financial quarter ended 31 March, 30 June, and 30 September 2021, respectively

XQFY2020: Financial quarter ended 31 March, 30 June, and 30 September 2020, respectively

Financial summary

S\$'000	3QFY2021	3QFY2020	yoy%	9MFY2021	9MFY2020	yoy%
Revenue	31,884	16,698	90.9%	85,424	43,610	95.9%
Gross profit	10,027	5,321	88.4%	27,747	13,351	107.8%
Net profit after tax	5,172	1,474	250.9%	13,680	3,697	270.0%

Gross profit margin	31.4%	31.9%		32.5%	30.6%	
Net profit margin	16.2%	8.8%		16.0%	8.5%	

3QFY2021 vs 3QFY2020

In 3QFY2021, the Group recorded a 90.9% growth in revenue year-on-year (“**yoy**”), however at a marginally lower gross profit margin of 31.4% as compared to 31.9% in 3QFY2020 mainly due to operational and supply chain disruption (as discussed under the “Analysis of quarterly performance” section below). Driven by a higher top-line and the optimization of the Group’s fixed cost structure, net profit margin in 3QFY2021 improved to 16.2% from 8.8% in 3QFY2020.

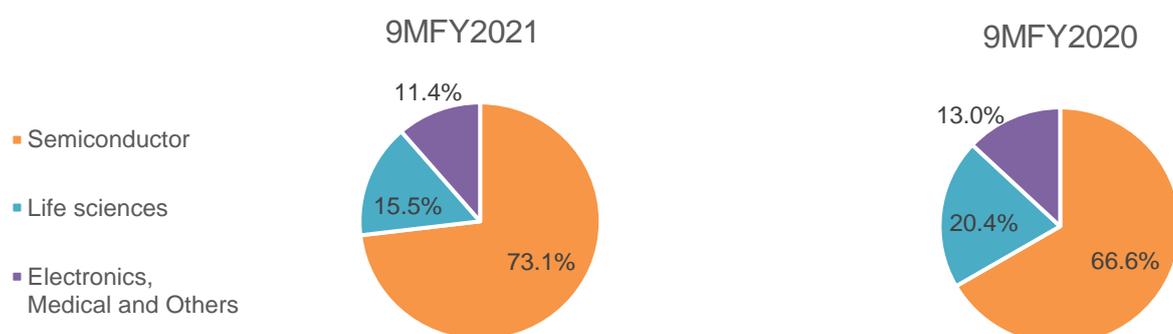
9MFY2021 vs 9MFY2020

The Group recorded a 270.0% growth in net profit after tax on the back of (i) a 95.9% increase in revenue to S\$85.4 million in 9MFY2021, from S\$43.6 million in 9MFY2020, as the Group continues to grow its wallet share from its key customers, and (ii) stronger gross profit margin at 32.5% in 9MFY2021 as compared to 30.6% in 9MFY2020 mainly due to improved capacity utilisation, despite facing various operational disruptions during the period.

In 9MFY2020, the Group received government grants of approximately S\$1.0 million comprising Jobs Support Scheme (“**JSS**”), foreign worker levy rebate and others. In 9MFY2021, the Group received approximately S\$0.2 million in government grants comprising wage credit scheme and incentives. Excluding the effects of such government grants, growth in net profit after tax in 9MFY2021 would have been approximately 395.0%.

Revenue breakdown by business segments

	9MFY2021	%	9MFY2020	%	Growth%
	S\$'000		S\$'000		
Semiconductor	62,464	73.1%	29,044	66.6%	115.1%
Life sciences	13,263	15.5%	8,900	20.4%	49.0%
Electronics, Medical and Others	9,697	11.4%	5,666	13.0%	71.1%
Total	85,424	100.0%	43,610	100.0%	95.9%



The Group recorded revenue growth across all its business segments, with the most significant increase coming from the semiconductor business. Consequently, the segment's contribution to the Group revenue expanded to 73.1% in 9MFY2021, compared to 66.6% in the previous corresponding period.

Semiconductor

The 115.1% revenue growth in the semiconductor segment to \$62.5 million was mainly attributable to the global ramp up in demand for semiconductor chips, in tandem with the macro demand for digitalisation, smart electronics, cloud computing, 5G, electric vehicles ("EV"), artificial intelligence ("AI"), and the internet of things ("IoT").

Life sciences

The 49.0% increase in revenue from the life sciences segment to S\$13.3 million was mainly driven by the mass production of mass spectrometers following receipt of customers' qualifications and on the back of higher industry demand for such equipment for use in areas including drug discovery, and vaccine production and testing.

Electronics, Medical and Others

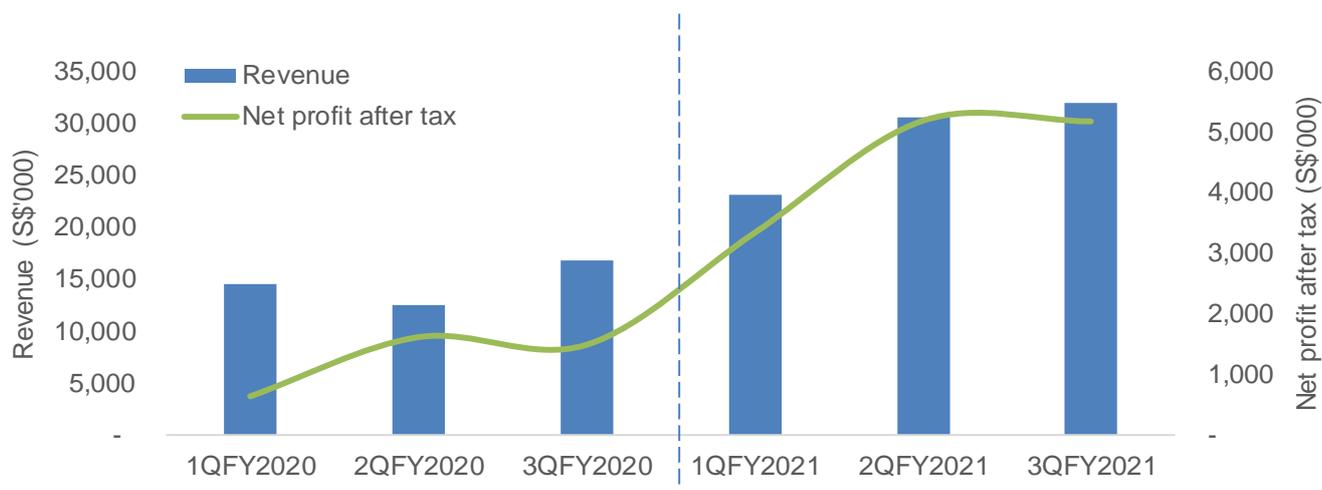
The 71.1% revenue growth in this segment to S\$9.7 million was mainly driven by strengthening of demand for electronics products as well as the increased production of components and modular assemblies for medical equipment such as surgical microscopes used by neurosurgeons.

Gross profit

Gross profit increased by 107.8% from S\$13.4 million in 9MFY2020 to S\$27.7 million in 9MFY2021, boosted by the 95.9% jump in revenue and gross profit margin improvement (9MFY2021: 32.5%; 9MFY2020: 30.6%) on the back of higher capacity utilisation.

The improvement in 9MFY2021 gross profit margin to 32.5% reflects the Group's gradual adaptation to a co-Covid operating environment, with protocols in place to deal with new developments, regulatory requirements and other challenges as they arise. Nevertheless, these protocols are not fool-proof and pandemic-related challenges - particularly those affecting the supply chain - are expected to remain and evolve. This is evidenced by the slight decline in gross profit margin for 3QFY2021 as discussed in the following section.

Analysis of quarterly performance



S\$'000	1QFY2020	2QFY2020	3QFY2020	1QFY2021	2QFY2021	3QFY2021
Revenue	14,477	12,435	16,698	23,023	30,517	31,884
Gross profit	3,314	4,716	5,321	7,395	10,325	10,027
Net profit after tax	622	1,601	1,474	3,327	5,181	5,172

The Group recorded an approximate 4.5% quarter-on-quarter (“QoQ”) revenue growth in 3QFY2021 from 2QFY2021. Gross profit margin was 31.4% as compared to 33.8% in 2QFY2021, mainly driven by factors including (i) lower utilisation in the Malaysia facilities (refer to the Company’s announcement dated 3 June 2021), (ii) operational downtime due to the vaccination drive at all of the Group’s facilities, (iii) operation and supply chain disruption due to the implementation of COVID-19 safety measures, and (iv) Suzhou’s operational downtime due to power outage.

Corporate updates

The Group is working expeditiously to deploy the capital raised from the placement exercises in March 2021 and September 2021, to maximise shareholder value. The capital is expected to be deployed into (i) the strategic merger and acquisition of engineering know-how, competencies, operational capabilities, and market share and (ii) organic growth in scaling existing competencies and market.

The Group also continues its research and development into (i) advanced manufacturing techniques, including mechatronics, and (ii) advanced materials such as quartz and ceramics so as to enhance the product and services offerings to existing and prospective customers.

The Company is making good progress towards its Industry 4.0 (“**i4.0**”) initiatives at its Singapore facilities, with the automation of a range of activities in the production floor, including material handling, fabrication, tool change and quality inspection. The Company had embarked on its technological roadmap to future-proof its operations, improve productivity and in overcoming manpower costs and restrictions.

On 1 September 2021, the Company announced its intention to transfer its listing from the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Mainboard of the SGX-ST (the “**Transfer**”). A successful Transfer will allow the Company to boost its image and profile, as well as facilitate its access to talent and funding as it stays on course to deliver its business plans and to pursue new heights. The Company had on 27 October 2021 obtained the approval in-principle (“**AIP**”) from the SGX-ST in relation to the proposed Transfer, and had on 1 November 2021 issued the circular and the notice of extraordinary general meeting on SGXNET (refer to the Company’s announcements dated 27 October 2021 and 1 November 2021, respectively).

Disclaimer

The financial figures contained herein have not been audited nor reviewed by the auditors.

The Company wishes to emphasise that none of the forward-looking statements in this document is intended to be a profit forecast, and should not be treated as such.

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Chairman
3 November 2021

*This document has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Jason Chian, Head, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*