

FOCUSLIGHT TECHNOLOGIES INC ANNOUNCES FIRST HALF 2024

FINANCIAL RESULTS

Xi'an, China – August 29th, 2024 – Focuslight Technologies Inc. (Shanghai Stock Exchange 688167) today reported financial results for the first half ended June 30th, 2024.

Key Accounting Data and Financial Indicators

(in RMB, expect per share data and percentages)

Item	Reporting Period (2024 H1)	Change from the Same Period Last Year (%)
Operating Revenue	311,215,181.58	29.85
Net Profit Attributable to Shareholders of the Listed Company	-28,119,230.48	-206.71
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-Recurring Gains and Losses	-32,478,787.71	-416.26
Net Cash Flows from Operating Activities	-3,950,289.27	-114.35
Basic Earnings per Share (RMB/Share)	-0.31	-206.90
Diluted Earnings per Share (RMB/Share)	-0.31	-206.90
Weighted Average Return on Net Assets (%)	-1.20	Decrease of 2.27 percentage points
Total R&D Investment	47,540,779.59	22.69
Proportion of R&D Investment to Operating Revenue (%)	15.28	Decrease of 0.89 percentage points

End of Reporting Period Financial Position

(in RMB, expect per share data and percentages)

Item	End of Reporting Period (June 30, 2024)	End of Previous Year (December 31, 2023)	Change (%)
Total Assets	2,907,698,079.53	2,629,364,499.63	10.59
Equity Attributable to Shareholders	2,289,465,791.46	2,411,390,703.48	-5.06

Major Holding and Associate Companies

(in 10K RMB, expect per share data and percentages)

Company	Shareholding Ratio	Total Assets	Net Assets	Operating Revenue	Net Profit
Focuslight (DG) Microoptics Co., Ltd.	100.00%	33,900.35	15,689.16	6,879.49	-20.84
Focuslight (Hong Kong) Investment Management Co., Limited	100.00%	77,752.47	77,536.72	179.29	-1,120.79
Focuslight USA LLC	100.00%	1,862.41	1,277.02	162.91	-20.61
LIMO GmbH	100.00%	14,565.42	6,297.23	6,709.03	217.05
LIMO Display GmbH	100.00%	3,336.12	3,192.12	599.50	742.39
Focuslight Europe Limited	100.00%	1,560.03	-239.14	143.92	-39.93
Focuslight (Haining) Optoelectronics Co., Ltd.	100.00%	16,220.26	3,429.86	4,491.81	313.07
Focuslight (Shaoguan) Optoelectronics Co., Ltd.	100.00%	4,215.16	-42.15	0	-97.72
Focuslight (Hefei) Optoelectronics Co., Ltd.	100.00%	1,349.59	-27.84	0	-19.59
Focuslight Switzerland SA	100.00%	38,545.11	12,365.41	8,288.61	-2,651.83
Focuslight Singapore Pte.Ltd.	100.00%	0	0	0	0

Management Comments

The main reasons for the changes in net profit attributable to shareholders and net profit attributable to shareholders excluding non-recurring gains and losses compared to the same period last year are as follows:

- Revenue Growth Below Expectations in the First Half of the Year:** The company's revenue growth in the first half of the year fell short of expectations. Due to intensified competition in the fiber laser market, which is the downstream of the company, the sales price of AuSn Pre-Deposited AlN substrate materials experienced a significant decrease compared to the same period last year. Facing the prospect of losses, the company reduced shipment volumes under price pressure. Additionally, with the increasing power of pump diode chips for fiber lasers, the new generation of AuSn Pre-Deposited AlN substrate materials is still in the introduction phase. Due to these two factors, the shipment volume of AuSn Pre-Deposited AlN substrate materials has dropped significantly compared to the same period last year.

Although the revenue from laser optics components increased, the growth was mainly due to the acquisition of Focuslight Switzerland SA. The overall revenue from laser optics components did not meet expectations. Although shipments of fast-axis collimator (FAC) products achieved double-digit growth, the continuous downward pressure on prices led to a year-over-year decline in revenue.

Due to macroeconomic factors, growth in other businesses did not meet expectations, except for the pan-semiconductor process solution business.

2. **Decline in Overall Gross Margin in the First Half of the Year:** Firstly, for the industrial market, the customers who are typically fiber laser manufacturers have significantly reduced their prices. As a supplier of upstream core components for fiber lasers, such as fast-axis collimator (FAC) and AuSn Pre-Deposited AlN substrate materials, the company faces significant price reduction pressure from downstream customers, leading to a notable decline in gross margin. Secondly, Focuslight Switzerland SA, acquired earlier this year, is still in the early stages of integration. Cost reduction plans have not yet been fully implemented, and the synergies in management and operations have not fully materialized. The micro-lens array used in automotive projected lighting has a negative gross margin, negatively impacting the company's profitability. Thirdly, due to overall revenue falling short of expectations, the company's unit fixed operating cost allocation increased, further dragging down the gross margin level. Excluding the impact of Focuslight Switzerland SA and the decline in gross margin of products for the fiber laser market, the gross margins of other company products remained relatively stable.
3. **Increase in Sales and R&D Expenses in the First Half of the Year:** The increase in sales and R&D expenses in the first half of the year was mainly due to the inclusion of Focuslight Switzerland SA's salaries and operating costs in the consolidated financial statements, as well as the company's increased investment in fundamental research and future product development.
4. **Increase in Financial Expenses in the First Half of the Year:** Due to exchange rate fluctuations of the Euro and Swiss Franc and the impact of an additional 350 million RMB in long-term loans from the acquisition of Focuslight Switzerland SA, financial expenses increased significantly compared to the previous period.
5. **Significant Decrease in Investment Income in the First Half of the Year:** Due to the decline in the expected yield of financial products and the reduced investment in principal-protected floating income products, investment income decreased significantly compared to the previous period.

Board of Directors, Focuslight Technologies Inc

About Focuslight Technologies, Inc

Founded in 2007 and headquartered in Xi'an, China, Focuslight Technologies Inc. is a fast-growing public company (Shanghai Stock Exchange Star Market: 688167) that develops and manufactures high-power diode laser components and materials (photon generation), laser optics (photon control), and photonics modules and systems (application solutions) with a focus on automotive, pan-semiconductor, and medical & health application solutions. In 2017, Focuslight successfully acquired LIMO GmbH, and completed the brand unification in January 2022. In January 2024, Focuslight acquired SUSS MicroOptics (now as Focuslight Switzerland). Focuslight owns over 400 patents worldwide and is ISO 14001, ISO 45001, ISO 9001, and IATF 16949 certified. Additional information can be found at www.focuslight.com.

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED BALANCE SHEET

(unaudited)
Acc. to China GAAP

Item	June 30, 2024	December 31, 2023
Current Assets:		
Monetary Funds	1,098,282,162.53	1,602,532,535.93
Settlement Reserve Funds		
Lending Funds		
Trading Financial Assets	110,407,301.37	
Derivative Financial Assets		
Notes Receivable	13,851,653.49	19,878,351.35
Accounts Receivable	171,516,759.70	155,161,775.34
Accounts Receivable Financing	18,198,027.76	12,211,410.85
Prepayments	15,495,420.83	11,385,019.96
Premiums Receivable		
Reinsurance Receivables		
Reinsurance Contract Reserves Receivable		
Other Receivables	6,298,208.42	25,472,182.21
Including: Interest Receivable		
Dividends Receivable		
Purchased Resale Financial Assets		
Inventory	255,783,918.18	204,864,807.57
Including: Data Resources		
Contract Assets		
Assets Held for Sale		
Non-Current Assets Due Within One Year		
Other Current Assets	25,437,128.21	8,472,516.90
Total Current Assets	1,715,270,580.49	2,039,978,600.11
Non-Current Assets:		
Loans and Advances		
Debt Investments		
Other Debt Investments		
Long-term Receivables		
Long-term Equity Investments	10,501,017.74	8,897,492.15
Other Equity Instrument Investments		
Other Non-Current Financial Assets		
Investment Properties		
Fixed Assets	419,657,358.43	329,199,688.44
Construction in Progress	104,545,314.31	60,392,652.76
Productive Biological Assets		
Oil and Gas Assets		

Right-of-Use Assets	34,793,186.27	1,222,035.50
Intangible Assets	160,577,840.31	60,831,493.48
Including: Data Resources		
Development Expenditure		
Including: Data Resources		
Goodwill	361,790,945.63	77,758,584.66
Long-term Deferred Expenses	30,479,688.56	367,043.91
Deferred Tax Assets	33,460,421.00	32,829,098.45
Other Non-Current Assets	36,621,726.79	17,887,810.17
Total Non-Current Assets	1,192,427,499.04	589,385,899.52
Total Assets	2,907,698,079.53	2,629,364,499.63
Current Liabilities:		
Short-term Borrowings	7,551,621.55	19,510,000.00
Borrowings from the Central Bank		
Borrowed Funds		
Trading Financial Liabilities		
Derivative Financial Liabilities		
Notes Payable		553,044.17
Accounts Payable	48,802,393.02	43,941,719.38
Advances from Customers		
Contract Liabilities	7,822,900.68	13,282,458.34
Sold Repurchase Financial Assets		
Deposits and Interbank Placements		
Securities Brokerage Funds		
Securities Underwriting Funds		
Employee Compensation Payable	36,993,218.27	20,831,970.85
Taxes Payable	8,867,143.61	19,746,288.50
Other Payables	28,849,826.81	27,130,374.30
Including: Interest Payable		
Dividends Payable		
Handling Fees and Commissions Payable		
Reinsurance Payables		
Liabilities Held for Sale		
Non-Current Liabilities Due Within One Year	11,164,529.53	3,019,143.34
Other Current Liabilities		
Total Current Liabilities	150,051,633.47	148,014,998.88
Non-Current Liabilities:		
Insurance Contract Reserves		
Long-term Borrowings	368,235,515.00	27,239,765.00
Bonds Payable		
Including: Preferred Stock		
Perpetual Bonds		

Lease Liabilities	27,107,490.51	505,507.91
Long-term Payables		
Long-term Employee Compensation Payable	26,257,750.86	
Provisions	11,133,728.44	7,450,911.70
Deferred Income	35,446,169.79	34,762,612.66
Deferred Tax Liabilities		
Other Non-Current Liabilities		
Total Non-Current Liabilities	468,180,654.60	69,958,797.27
Total Liabilities	618,232,288.07	217,973,796.15
Owner's Equity (or Shareholders' Equity):		
Paid-in Capital (or Share Capital)	90,363,344.00	90,363,344.00
Other Equity Instruments		
Including: Preferred Stock		
Perpetual Bonds		
Capital Surplus	2,276,848,904.91	2,268,392,393.25
Less: Treasury Stock	180,390,133.86	130,544,772.17
Other Comprehensive Income	-12,888,567.98	12,070,836.89
Special Reserves		
Surplus Reserves	12,695,500.11	12,695,500.11
General Risk Reserves		
Undistributed Profits	102,836,744.28	158,413,401.40
Total Equity Attributable to Owners of the Parent Company (or Shareholders' Equity)	2,289,465,791.46	2,411,390,703.48
Minority Interests		
Total Owner's Equity (or Shareholders' Equity)	2,289,465,791.46	2,411,390,703.48
Total Liabilities and Owner's Equity (or Shareholders' Equity)	2,907,698,079.53	2,629,364,499.63

CFO: Yiping Ye

CEO: Xingsheng Liu

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED STATEMENT OF INCOME

(unaudited)

Acc. to China GAAP

Item	2024 H1	2023 H1
I. Total Operating Revenue	311,215,181.58	239,681,967.29
Including: Operating Revenue	311,215,181.58	239,681,967.29
Interest Income		
Earned Premiums		
Fee and Commission Income		
II. Total Operating Costs	334,887,956.52	223,450,720.16
Including: Operating Costs	211,449,778.36	139,610,999.87
Interest Expenses		
Fee and Commission Expenses		
Surrender Payments		
Net Claim Expenses		
Net Provision for Insurance Contract Reserves		
Policyholder Dividend Expenses		
Reinsurance Expenses		
Taxes and Surcharges	2,055,487.54	1,978,480.19
Selling Expenses	21,614,138.99	16,211,526.33
Administrative Expenses	49,103,498.10	48,864,433.01
R&D Expenses	47,540,779.59	38,749,490.27
Financial Expenses	3,124,273.94	-21,964,209.51
Including: Interest Expenses	7,897,224.58	1,021,426.84
Interest Income	16,069,315.96	15,383,175.62
Plus: Other Income	8,270,666.11	5,049,561.24
Investment Income (Losses are indicated with "-")	-464,487.17	-82,083.59
Including: Investment Income from Associates and Joint Ventures	-445,246.67	
Gains from Derecognition of Financial Assets Measured at Amortized Cost		
Exchange Gains (Losses are indicated with "-")		
Net Hedging Gains (Losses are indicated with "-")		
Gains from Changes in Fair Value (Losses are indicated with "-")	1,148,539.73	10,261,473.03
Credit Impairment Losses (Losses are indicated with "-")	-68,859.84	-1,168,227.99
Asset Impairment Losses (Losses are indicated with "-")	-17,301,698.89	-10,643,020.20
Gains from Asset Disposal (Losses are indicated with "-")	71,711.25	-12,976.39
III. Operating Profit (Losses are indicated with "-")	-32,016,903.75	19,635,973.23
Plus: Non-operating Income	423,018.92	4,455,257.86
Less: Non-operating Expenses	75,165.44	737,267.71

IV. Total Profit (Total Loss is indicated with “-”)	-31,669,050.27	23,353,963.38
Less: Income Tax Expenses	-3,549,819.79	-2,998,075.80
V. Net Profit (Net Loss is indicated with “-”)	-28,119,230.48	26,352,039.18
(1) Classified by Continuing Operations		
1. Net Profit from Continuing Operations (Net Loss is indicated with “-”)	-28,119,230.48	26,352,039.18
2. Net Profit from Discontinued Operations (Net Loss is indicated with “-”)		
(2) Classified by Ownership		
1. Net Profit Attributable to Shareholders of the Parent Company (Net Loss is indicated with “-”)	-28,119,230.48	26,352,039.18
2. Minority Interests (Net Loss is indicated with “-”)		
VI. Net Amount of Other Comprehensive Income after Tax	-24,959,404.87	7,448,129.97
(1) Net Amount of Other Comprehensive Income Attributable to Owners of the Parent Company after Tax	-24,959,404.87	7,448,129.97
1. Other Comprehensive Income that Cannot be Reclassified to Profit or Loss		
(1) Changes in Re-measurement of Defined Benefit Plans		
(2) Other Comprehensive Income that Cannot be Transferred to Profit or Loss under the Equity Method		
(3) Changes in Fair Value of Other Equity Investments		
(4) Changes in Fair Value Attributable to Own Credit Risk		
2. Other Comprehensive Income that Can be Reclassified to Profit or Loss	-24,959,404.87	7,448,129.97
(1) Other Comprehensive Income that Can be Transferred to Profit or Loss under the Equity Method		
(2) Changes in Fair Value of Other Debt Investments		
(3) Amounts Reclassified to Other Comprehensive Income for Financial Assets		
(4) Credit Impairment Provisions for Other Debt Investments		
(5) Cash Flow Hedge Reserves		
(6) Exchange Differences on Translation of Foreign Currency Financial Statements	-24,959,404.87	7,448,129.97
(7) Others		
(2) Net Amount of Other Comprehensive Income Attributable to Minority Interests after Tax		
VII. Total Comprehensive Income	-53,078,635.35	33,800,169.15
(1) Total Comprehensive Income Attributable to Owners of the Parent Company	-53,078,635.35	33,800,169.15
(2) Total Comprehensive Income Attributable to Minority		

Interests

VIII. Earnings per Share:

(1) Basic Earnings per Share (Yuan/Share)	-0.31	0.29
(2) Diluted Earnings per Share (Yuan/Share)	-0.31	0.29

CFO: Yiping Ye

CEO: Xingsheng Liu

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED CASH FLOWS

(unaudited)

Acc. to China GAAP

Item	2024 H1	2023 H1
I. Cash Flows from Operating Activities:		
Cash Received from Sales of Goods and Rendering of Services	275,721,320.32	270,340,418.46
Net Increase in Customer Deposits and Interbank Deposits		
Net Increase in Borrowings from the Central Bank		
Net Increase in Funds Borrowed from Other Financial Institutions		
Cash Received from Premiums under Original Insurance Contracts		
Net Cash Received from Reinsurance Business		
Net Increase in Policyholder Deposits and Investments		
Cash Received from Interest, Fees, and Commissions		
Net Increase in Borrowed Funds		
Net Increase in Repurchase Business Funds		
Net Cash Received from Securities Brokerage Business		
Tax Refunds Received		
Other Cash Received Relating to Operating Activities	28,854,373.07	63,117,436.36
Subtotal of Cash Inflows from Operating Activities	304,575,693.39	333,457,854.82
Cash Paid for Purchases of Goods and Receipt of Services	99,571,359.28	142,579,423.78
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with the Central Bank and Interbank Deposits		
Cash Paid for Claims under Original Insurance Contracts		
Net Increase in Funds Lent		
Cash Paid for Interest, Fees, and Commissions		
Cash Paid for Policyholder Dividends		
Cash Paid to Employees and for Employees	155,353,636.06	102,199,462.82
Payments of Various Taxes	16,182,747.09	16,116,166.59
Other Cash Paid Relating to Operating Activities	37,418,240.23	45,038,739.31
Subtotal of Cash Outflows from Operating Activities	308,525,982.66	305,933,792.50
Net Cash Flows from Operating Activities	-3,950,289.27	27,524,062.32
II. Cash Flows from Investing Activities:		
Cash Received from Disposal of Investments	110,000,000.00	1,431,753,734.74
Cash Received from Investment Income	741,238.36	22,785,012.13
Net Cash Received from Disposal of Fixed Assets, Intangible Assets, and Other Long-term Assets	9,800.00	92,064.07
Net Cash Received from Disposal of Subsidiaries and Other		

Business Units		
Other Cash Received Relating to Investing Activities		
Subtotal of Cash Inflows from Investing Activities	110,751,038.36	1,454,630,810.94
Cash Paid for Purchases of Fixed Assets, Intangible Assets, and Other Long-term Assets	72,116,758.74	64,604,488.42
Cash Paid for Investments	220,000,000.00	1,152,060,000.00
Net Increase in Pledged Loans		
Net Cash Paid for Acquiring Subsidiaries and Other Business Units	420,528,589.46	
Other Cash Paid Relating to Investing Activities		
Subtotal of Cash Outflows from Investing Activities	712,645,348.20	1,216,664,488.42
Net Cash Flows from Investing Activities	-601,894,309.84	237,966,322.52
III. Cash Flows from Financing Activities:		
Cash Received from Absorbing Investment		16,157,787.64
Including: Cash Received from Minority Shareholders' Investment by Subsidiaries		
Cash Received from Borrowings	357,970,000.00	42,190,000.00
Other Cash Received Relating to Financing Activities		
Subtotal of Cash Inflows from Financing Activities	357,970,000.00	58,347,787.64
Cash Paid for Repayment of Debts	160,393,181.30	11,220,000.00
Cash Paid for Distribution of Dividends or Profits and for Interest Payments	32,196,215.41	39,272,302.28
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Cash Paid Relating to Financing Activities	55,717,304.89	81,296,355.23
Subtotal of Cash Outflows from Financing Activities	248,306,701.60	131,788,657.51
Net Cash Flows from Financing Activities	109,663,298.40	-73,440,869.87
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-9,155,934.29	3,320,241.20
V. Net Increase in Cash and Cash Equivalents	-505,337,235.00	195,369,756.17
Plus: Opening Balance of Cash and Cash Equivalents	1,558,569,975.37	921,291,050.40
VI. Closing Balance of Cash and Cash Equivalents	1,053,232,740.37	1,116,660,806.57

CFO: Yiping Ye

CEO: Xingsheng Liu