

FOCUSLIGHT TECHNOLOGIES INC ANNOUNCES THIRD QUARTER 2024

FINANCIAL RESULTS

Xi'an, China – October 30th, 2024 – Focuslight Technologies Inc. (Shanghai Stock Exchange 688167) today reported financial results for the third quarter ended September 30th, 2024.

Key Accounting Data and Financial Indicators

(in RMB, expect per share data and percentages)

Item	Reporting Period 2024 Q3	Change from the Same Period Last Year (%)	2024 Q1~Q3	Change from the Same Period Last Year (%)
Operating Revenue	146,939,695.79	1.49	458,154,877.37	19.17
Net Profit Attributable to Shareholders of the Listed Company	-23,667,680.73	-242.46	-51,786,911.21	-220.53
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-Recurring Gains and Losses	-24,920,922.12	-303.66	-57,399,709.83	-355.04
Net Cash Flows from Operating Activities	NA	NA	-23,269,547.54	-157.86
Basic Earnings per Share (RMB/Share)	-0.26	-244.44	-0.58	-220.83
Diluted Earnings per Share (RMB/Share)	-0.26	-244.44	-0.58	-220.83
Weighted Average Return on Net Assets (%)	-1.03	Decrease of 1.72 percentage points	-2.22	Decrease of 3.96 percentage points
Total R&D Investment	24,777,479.39	24.39	72,318,258.98	23.27
Proportion of R&D Investment to Operating Revenue (%)	16.86	Increase of 3.10 percentage points	15.78	Increase of 0.52 percentage points

End of Reporting Period Financial Position

(in RMB, expect per share data and percentages)

Item	End of Reporting Period (September 30, 2024)	End of Previous Year (December 31, 2023)	Change (%)
Total Assets	3,125,228,976.39	2,629,364,499.63	18.86
Equity Attributable to Shareholders	2,290,610,930.83	2,411,390,703.48	-5.01

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:

- 1. Revenue Growth Challenges:** The growth of business revenue in the industrial sector has faced certain challenges due to the dual impact of a general slowdown in global industrial development and intensified market competition. In the pan-semiconductor process field, the company achieved significant growth in the first three quarters, driven by our technological advantages, the robust global demand within the semiconductor industry, and the dual expansion of product offerings and customer base resulting from the acquisition of Focuslight Switzerland SA. In the optical communication sector, alongside strengthening collaborations with existing international clients, the company has increased its investment in the Chinese market and established partnerships with several leading companies in the industry. These partnerships are currently in the stages of demand confirmation and sample orders, with the growth potential of related business yet to be fully realized in the future.
- 2. Decline in Gross Margin:** Firstly, the automotive business acquired in Switzerland has been operating at a negative gross margin, which has lowered the company's overall gross margin level. The company is actively implementing a series of operational integration measures, including transferring the automotive production operations from Switzerland to Shaoguan. The equipment installation and debugging at the Shaoguan factory are currently progressing actively, and it is expected that once production starts in Shaoguan, operational costs will be significantly reduced, thereby effectively improving the company's overall gross margin. Secondly, due to market competition factors, the gross profit margin for the company's products in the industrial sector has significantly declined.
- 3. Increase in Period Expenses:** This is primarily due to increased employee compensation and other expenses directly resulting from the company's completion of two acquisition projects this year. Additionally, the company has continued to ramp up R&D investment, with a particular focus on foundational research and the development of new applications.
- 4. Increase in Financial Expenses:** On one hand, the completion of two acquisition projects has reduced the company's cash holdings, leading to a corresponding decrease in investment income. Additionally, fluctuations in the Euro and Swiss Franc exchange rates have caused cumulative exchange losses to rise in the first three quarters. Moreover, the increase in acquisition-related loans has significantly raised the company's bank loan interest expenses.
- 5. Expansion of Asset Impairment Losses:** During the reporting period, the company adhered to the principle of prudence and increased the impairment losses recognized on inventories.

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: 688167) that specializes in developing and manufacturing high-power diode laser components and materials, laser optics, as well as photonics module and system solutions focusing on optical communication, automotive, pan-semiconductor, and medical and health applications. Focuslight has expanded its global footprint through strategic acquisitions including LIMO GmbH in 2017 and SUSS MicroOptics SA in 2024 (now as Focuslight Switzerland SA). With the acquisition of assets from ams OSRAM in 2024, Focuslight extends its business to be a global photonics foundry by providing global photonics industry process development and manufacturing service under the brand of Heptagon. Learn more at www.focuslight.com and www.hptg.com.

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED BALANCE SHEET

(unaudited)

Acc. to China GAAP

Item	September 30, 2024	December 31, 2023
Current Assets:		
Monetary Funds	921,627,645.13	1,602,532,535.93
Settlement Reserve Funds		
Lending Funds		
Trading Financial Assets	5,016,828.77	
Derivative Financial Assets		
Notes Receivable	5,613,780.19	19,878,351.35
Accounts Receivable	192,872,281.16	155,161,775.34
Accounts Receivable Financing	26,866,211.53	12,211,410.85
Prepayments	18,932,454.92	11,385,019.96
Premiums Receivable		
Reinsurance Receivables		
Reinsurance Contract Reserves Receivable		
Other Receivables	15,085,978.37	25,472,182.21
Including: Interest Receivable		
Dividends Receivable		
Purchased Resale Financial Assets		
Inventory	319,109,770.51	204,864,807.57
Including: Data Resources		
Contract Assets		
Assets Held for Sale		
Non-Current Assets Due Within One Year		
Other Current Assets	19,595,860.04	8,472,516.90
Total Current Assets	1,524,720,810.62	2,039,978,600.11
Non-Current Assets:		
Loans and Advances		
Debt Investments		
Other Debt Investments		
Long-term Receivables		
Long-term Equity Investments	10,454,178.26	8,897,492.15
Other Equity Instrument Investments		
Other Non-Current Financial Assets		
Investment Properties		
Fixed Assets	705,765,569.63	329,199,688.44
Construction in Progress	140,768,379.83	60,392,652.76
Productive Biological Assets		
Oil and Gas Assets		

Right-of-Use Assets	61,172,685.21	1,222,035.50
Intangible Assets	202,832,546.64	60,831,493.48
Including: Data Resources		
Development Expenditure		
Including: Data Resources		
Goodwill	376,754,607.94	77,758,584.66
Long-term Deferred Expenses	30,263,117.94	367,043.91
Deferred Tax Assets	38,850,763.75	32,829,098.45
Other Non-Current Assets	33,646,316.57	17,887,810.17
Total Non-Current Assets	1,600,508,165.77	589,385,899.52
Total Assets	3,125,228,976.39	2,629,364,499.63
Current Liabilities:		
Short-term Borrowings	7,550,649.32	19,510,000.00
Borrowings from the Central Bank		
Borrowed Funds		
Trading Financial Liabilities		
Derivative Financial Liabilities		
Notes Payable		553,044.17
Accounts Payable	77,323,408.52	43,941,719.38
Advances from Customers		
Contract Liabilities	6,096,321.44	13,282,458.34
Sold Repurchase Financial Assets		
Deposits and Interbank Placements		
Securities Brokerage Funds		
Securities Underwriting Funds		
Employee Compensation Payable	47,485,471.31	20,831,970.85
Taxes Payable	12,063,552.06	19,746,288.50
Other Payables	34,898,175.72	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	45,409,193.96	3,019,143.34
Other Current Liabilities		
Total Current Liabilities	230,826,772.33	148,014,998.88
Non-Current Liabilities:		
Insurance Contract Reserves		
Long-term Borrowings	484,177,958.71	27,239,765.00
Bonds Payable		
Including: Preferred Stock		
Perpetual Bonds		

Lease Liabilities	52,059,951.50	505,507.91
Long-term Payables		
Long-term Employee Compensation Payable	27,528,825.43	
Provisions	8,141,833.45	7,450,911.70
Deferred Income	31,882,704.14	34,762,612.66
Deferred Tax Liabilities		
Other Non-Current Liabilities		
Total Non-Current Liabilities	603,791,273.23	69,958,797.27
Total Liabilities	834,618,045.56	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	2,278,909,460.34	2,268,392,393.25
Less: Treasury Stock	180,390,133.86	130,544,772.17
Other Comprehensive Income	9,863,696.69	12,070,836.89
Special Reserves		
Surplus Reserves	12,695,500.11	12,695,500.11
General Risk Reserves		
Undistributed Profits	79,169,063.55	158,413,401.40
Total Equity Attributable to Owners of the Parent Company (or Shareholders' Equity)	2,290,610,930.83	2,411,390,703.48
Minority Interests		
Total Owner's Equity (or Shareholders' Equity)	2,290,610,930.83	2,411,390,703.48
Total Liabilities and Owner's Equity (or Shareholders' Equity)	3,125,228,976.39	2,629,364,499.63

CFO: Yiping Ye

CEO: Xingsheng Liu

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED STATEMENT OF INCOME

(unaudited)

Acc. to China GAAP

Item	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
I. Total Operating Revenue	458,154,877.37	384,469,894.35
Including: Operating Revenue	458,154,877.37	384,469,894.35
Interest Income		
Earned Premiums		
Fee and Commission Income		
II. Total Operating Costs	503,401,888.78	340,269,581.37
Including: Operating Costs	318,082,826.18	207,831,497.90
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	2,943,201.65	3,016,432.82
Selling Expenses	34,271,739.19	25,984,752.30
Administrative Expenses	78,836,965.37	76,994,025.41
R&D Expenses	72,318,258.98	58,668,254.37
Financial Expenses	-3,051,102.59	-32,225,381.43
Including: Interest Expenses	8,722,004.13	1,406,420.27
Interest Income	22,513,230.72	24,325,502.26
Plus: Other Income	10,334,976.22	7,961,313.98
Investment Income (Losses are indicated with "-")	-511,326.65	-435,271.30
Including: Investment Income from Associates and Joint Ventures	-492,086.15	-31,962.87
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 "-")	1,686,628.78	12,443,996.09
Credit Impairment Losses (Losses are indicated with "-")	-346,021.65	-11,325,059.75
Asset Impairment Losses (Losses are indicated with "-")	-23,763,107.16	-13,049,472.96
Gains from Asset Disposal (Losses are indicated with "-")	194,111.23	68,893.57
III. Operating Profit (Losses are indicated with "-")	-57,651,750.64	39,864,712.61
Plus: Non-operating Income	441,335.61	4,510,403.98

Less: Non-operating Expenses	95,056.09	784,601.34
IV. Total Profit (Total Loss is indicated with “-”)	-57,305,471.12	43,590,515.25
Less: Income Tax Expenses	-5,518,559.91	625,226.34
V. Net Profit (Net Loss is indicated with “-”)	-51,786,911.21	42,965,288.91
(1) Classified by Continuing Operations		
1. Net Profit from Continuing Operations (Net Loss is indicated with “-”)	-51,786,911.21	42,965,288.91
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 “-”)	-51,786,911.21	42,965,288.91
2. Minority Interests (Net Loss is indicated with “-”)		
VI. Net Amount of Other Comprehensive Income after Tax	-2,207,140.20	3,120,749.64
(1) Net Amount of Other Comprehensive Income Attributable to Owners of the Parent Company after Tax		
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	-2,207,140.20	3,120,749.64
(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	-2,207,140.20	3,120,749.64
(7) Others		
(2) Net Amount of Other Comprehensive Income Attributable to Minority Interests after Tax		
VII. Total Comprehensive Income	-53,994,051.41	46,086,038.55
(1) Total Comprehensive Income Attributable to Owners of the Parent Company	-53,994,051.41	46,086,038.55

(2) Total Comprehensive Income Attributable to Minority
Interests

VIII. Earnings per Share:

(1) Basic Earnings per Share (Yuan/Share)	-0.58	0.48
(2) Diluted Earnings per Share (Yuan/Share)	-0.58	0.48

CFO: Yiping Ye

CEO: Xingsheng Liu

FOCUSLIGHT TECHNOLOGIES INC CONSOLIDATED CASH FLOWS

(unaudited)

Acc. to China GAAP

Item	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
I. Cash Flows from Operating Activities:		
Cash Received from Sales of Goods and Rendering of Services	427,738,602.80	374,246,488.77
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	72,895,375.84	52,959,146.79
Subtotal of Cash Inflows from Operating Activities	500,633,978.64	427,205,635.56
Cash Paid for Purchases of Goods and Receipt of Services	184,417,710.51	158,176,288.11
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	223,545,726.96	147,127,918.31
Payments of Various Taxes	23,263,006.58	25,831,391.18
Other Cash Paid Relating to Operating Activities	92,677,082.13	55,852,309.69
Subtotal of Cash Outflows from Operating Activities	523,903,526.18	386,987,907.29
Net Cash Flows from Operating Activities	-23,269,547.54	40,217,728.27
II. Cash Flows from Investing Activities:		
Cash Received from Disposal of Investments	335,000,000.00	1,750,280,640.00
Cash Received from Investment Income	1,669,800.01	41,292,124.20
Net Cash Received from Disposal of Fixed Assets, Intangible Assets, and Other Long-term Assets		

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	336,669,800.01	1,791,572,764.20
Cash Paid for Purchases of Fixed Assets, Intangible Assets, and Other Long-term Assets	470,741,300.85	89,772,397.92
Cash Paid for Investments	340,000,000.00	1,262,060,000.00
Net Increase in Pledged Loans		
Net Cash Paid for Acquiring Subsidiaries and Other Business Units	420,553,786.95	
Other Cash Paid Relating to Investing Activities		14,975,433.45
Subtotal of Cash Outflows from Investing Activities	1,231,295,087.80	1,366,807,831.37
Net Cash Flows from Investing Activities	-894,625,287.79	424,764,932.83
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	507,793,550.00	42,090,000.00
Other Cash Received Relating to Financing Activities	8,274.85	
Subtotal of Cash Inflows from Financing Activities	507,801,824.85	58,247,787.64
Cash Paid for Repayment of Debts	161,717,439.32	18,550,590.63
Cash Paid for Distribution of Dividends or Profits and for Interest Payments	34,736,113.98	39,549,540.53
Including: Dividends and Profits Paid to Minority Shareholders by Subsidiaries		
Other Cash Paid Relating to Financing Activities	51,103,574.19	81,805,564.53
Subtotal of Cash Outflows from Financing Activities	247,557,127.49	139,905,695.69
Net Cash Flows from Financing Activities	260,244,697.36	-81,657,908.05
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-14,195,079.75	3,255,160.87
V. Net Increase in Cash and Cash Equivalents	-671,845,217.72	386,579,913.92
Plus: Opening Balance of Cash and Cash Equivalents	1,558,569,975.37	921,363,539.02
VI. Closing Balance of Cash and Cash Equivalents	886,724,757.65	1,307,943,452.94

CFO: Yiping Ye

CEO: Xingsheng Liu