2021 Interim Results
Corporate Presentation
August 2021
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Agenda

1. Financial Highlights
2. Operation Review
3. Outlook
4. Appendix
Financial Highlights
## Outstanding Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>1H20</th>
<th>1H21</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>18,863.8</td>
<td>19,833.4</td>
<td>+5.1%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>3,676.3</td>
<td>4,946.4</td>
<td>+34.5%</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>2,123.4</td>
<td>3,229.0</td>
<td>+52.1%</td>
</tr>
<tr>
<td><strong>Income Tax Expense</strong></td>
<td>(347.3)</td>
<td>(522.3)</td>
<td>+50.4%</td>
</tr>
<tr>
<td><strong>Effective Tax Rate (%)</strong></td>
<td>16.4</td>
<td>16.2</td>
<td>-0.2ppt</td>
</tr>
<tr>
<td><strong>Profit for the Period Attributable to Owners of the Company</strong></td>
<td>1,749.0</td>
<td>2,688.0</td>
<td>+53.7%</td>
</tr>
<tr>
<td><strong>Earnings per Share – Basic (RMB cents)</strong></td>
<td>159.8</td>
<td>245.9</td>
<td>+53.9%</td>
</tr>
</tbody>
</table>
## Well-controlled Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>1H19</th>
<th>1H20</th>
<th>1H21</th>
</tr>
</thead>
<tbody>
<tr>
<td>(RMB mn)</td>
<td>(as % of revenue)</td>
<td>(as % of revenue)</td>
<td>(as % of revenue)</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>15,574.9</td>
<td>100.0%</td>
<td>18,863.8</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>1,214.7</td>
<td>7.8%</td>
<td>1,537.4</td>
</tr>
<tr>
<td>• Selling and Distribution Expenses</td>
<td>130.8</td>
<td>0.8%</td>
<td>136.0</td>
</tr>
<tr>
<td>• R&amp;D Expenditure</td>
<td>826.5</td>
<td>5.3%</td>
<td>1,068.0</td>
</tr>
<tr>
<td>• Administration Expenses</td>
<td>257.4</td>
<td>1.7%</td>
<td>333.4</td>
</tr>
</tbody>
</table>
## Solid Financial Position

<table>
<thead>
<tr>
<th></th>
<th>1H19</th>
<th>1H20</th>
<th>1H21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Ratio (Times)</strong></td>
<td>1.8</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Operating Cash Inflow (RMB mn)</strong></td>
<td>1,158.4</td>
<td>2,003.9</td>
<td>2,395.9</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents (RMB mn)</strong></td>
<td>6,084.2</td>
<td>7,516.7</td>
<td>11,872.9</td>
</tr>
<tr>
<td>• Pledged Bank Deposits (RMB mn)</td>
<td>12.2</td>
<td>3.8</td>
<td>4.7</td>
</tr>
<tr>
<td>• Financial Assets at Fair Value through Profit or Loss (RMB mn)</td>
<td>4,439.1</td>
<td>5,702.4</td>
<td>8,420.2</td>
</tr>
<tr>
<td>• Bank Balances and Cash (RMB mn)</td>
<td>1,632.9</td>
<td>1,810.5</td>
<td>3,448.0</td>
</tr>
<tr>
<td><strong>Net Cash per Share (RMB cents)</strong></td>
<td>80.5</td>
<td>122.8</td>
<td>534.5</td>
</tr>
<tr>
<td><strong>Gearing Ratio (%)</strong></td>
<td>20.4</td>
<td>19.9</td>
<td>16.4</td>
</tr>
<tr>
<td><strong>ROE (%)</strong></td>
<td>14.1</td>
<td>13.0</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Capital Expenditure (RMB mn)</strong></td>
<td>1,188.8</td>
<td>1,526.7</td>
<td>1,061.3</td>
</tr>
</tbody>
</table>
Diversified Business Portfolio

Revenue Breakdown by Product Applications

1H19
- Handset Related Products: 86%
- Vehicle Related Products: 5%
- Digital Camera Related Products: 1%
- Optical Instruments: 1%
- Other Products: 6%

1H20
- Handset Related Products: 88%
- Vehicle Related Products: 1%
- Digital Camera Related Products: 1%
- Optical Instruments: 1%
- Other Products: 2%

1H21
- Handset Related Products: 80%
- Vehicle Related Products: 2%
- Digital Camera Related Products: 1%
- Optical Instruments: 9%
- Other Products: 8%
Well-performed Gross Profit Margins

Gross Profit Margins by Business Segments

- Optical Components: 44.1%, 41.5%, 42.9%
- Optoelectronic Products: 5.9%, 11.1%, 14.8%
- Optical Instruments: 41.2%, 38.6%, 44.2%

Business Segments: Optical Components, Optoelectronic Products, Optical Instruments

Comparison: 1H19, 1H20, 1H21
Operation Review
Made Breakthroughs in Technology Continuously Built High-tech Barriers

**R&D Completed**

- **Lens sets with tunable curvature lenses**
  support rapid focus with small size
- **Ultra-wide angle lens sets**
  view angle > 140°
- **Hybrid (GM+P) large image size lens sets**
  for main cameras
- **8M autonomous driving lens sets**
  apply to NVIDIA platform
- **5M hybrid in-cabin lens sets**
  achieve monitoring drivers and passengers simultaneously
- **Core optical engines for holographic AR HUD**
- **AR color waveguides**
- **VR optical modules**
  improve distortion and chromatic aberration

**Mass Production Achieved**

- **3mm ultra-macro shooting lens sets**
  ultra macro-shooting effect similar as microscope
- **10X periscope telephoto lens sets with pure-plastic lenses**
  the first one in the industry
- **LiDAR transmitter and receiver modules**
- **LiDAR optical windows**
- **LiDAR rotating polygonal prisms**
Optoelectronic Products

**R&D Completed**

- **Camera modules with tunable curvature lenses**
  - replace the traditional VCM and achieve rapid focus

- **3X~8X continuous zoom camera modules**
  - image stabilization at all focal lengths

- **Dual OIS camera modules**
  - GM+P, better shooting quality in low light

- **In-depth visual ranging modules**
  - realize 3D & 2D combination with ToF + RGB modules

- **Miniaturised exterior viewing modules**
  - improve performance and save cost

- **ToF/structured light modules with vivo detection algorithm**
  - achieved breakthroughs in the application scenario of witness comparison

**Mass Production Achieved**

- **10X optical zoom periscope camera modules**
  - entered into the most high-end flagship model supply chain of a Korean customer for the first time

- **Gimbal stabilization camera modules with ultra-wide angle**
  - using MOC II

- **Free-form camera modules**
  - ultra-wide angle & low distortion

- **8M front-view sensing modules**
  - the first one in the industry

- **DMS modules & OMS modules**
  - achieved mass production for several domestic and overseas famous customers

- **AR/VR visual modules**
  - industry-leading market share, serving a famous customer as a core supplier

- **3D ToF modules + SDK**
  - entered into major sweeping robots customers, several projects achieved mass production
Increased R&D Investment
Further Enhanced Market Competitiveness

R&D Completed

Prism appearance inspection equipment
the first one in the industry with a highly flexible inspection optical system and software algorithm

Vehicle plane glass inspection equipment
industry-leading with high-speed linear scanning and image processing technology

Objective lenses of SAPO series
the largest numerical aperture and achromatic correction range in China

Mass Production Achieved

Wafer fragment inspection equipment
used for inspection of optical filters on the wafer, industry-leading in picking and placing objects, identifying and sorting defective pieces automatically, etc.

Real-time focusing microscopic system
used for graphic inspection of semiconductor former manufacturing process, realize import substitution and break foreign monopoly

Upright near-infrared region-II motorized fluorescence microscope in vivo imaging system
industry-leading in large field scanning jigsaw puzzle and z-axis layer scanning
Focus on Patent Layout
Strengthen Competitive Advantages

- Equipped with professional management team, actively layout independent intellectual property rights
- In the first half of 2021, 392 new authorized patents were added, including 185 invention patents
- As at 30 June 2021, 3,612 patents are pending approval, mainly related to the fields of smartphone, vehicle imaging and sensing systems, AR/VR, robot vision and other fields

Number of Authorized Patents

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Authorized Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019.12.31</td>
<td>1,521</td>
</tr>
<tr>
<td>2020.12.31</td>
<td>2,096</td>
</tr>
<tr>
<td>2021.06.30</td>
<td>2,488</td>
</tr>
</tbody>
</table>

392 Patents Added
Improve both Quality and Quantity
Further Increase Market Share

**Shipment Volume of the Company’s Handset Lens Sets**

(Unit: k)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 Q1</th>
<th>2020 Q1</th>
<th>2021 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>553,734</td>
<td>645,353</td>
<td>717,081</td>
</tr>
</tbody>
</table>

**Shipment Volume of the Company’s 6P and above Handset Lens Sets**

(Unit: k)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 Q1</th>
<th>2020 Q1</th>
<th>2021 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>135,915</td>
<td>158,841</td>
<td>163,401</td>
</tr>
</tbody>
</table>

+11.1% 
+2.9%
Maintain Leading Position as Global No.1
Further Raise Technological Barriers of Products

Shipment Volume of the Company’s Vehicle Lens Sets

(Unit: k)

- 1H19: 22,468
- 1H20: 20,506
- 1H21: 37,317

+82.0%
Consolidate the Leading Position in China
Cooperate In-depth with International Customers

**Shipments Volume of the Company’s Handset Camera Modules**

(Unit: k)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019 H1</th>
<th>2020 H1</th>
<th>2021 H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>215,160</td>
<td>268,632</td>
<td>361,244</td>
<td>+34.5%</td>
</tr>
</tbody>
</table>

**Total Shipment Volume of the Company’s Periscope Modules and Large Image Size Modules**

(Unit: k)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019 H1</th>
<th>2020 H1</th>
<th>2021 H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11,217</td>
<td>32,193</td>
<td>25,422</td>
<td>-21.0%</td>
</tr>
</tbody>
</table>

*Large image size modules refer to modules with 1/1.7” and above image size.*
Global Layout
Enhance Large-scale High-end Manufacturing Capabilities

Production Bases

R&D Centers

U.S.A

the Republic of Korea

India

Vietnam

Guangdong

Henan

Zhejiang

Shanghai

Yuyao Chengxi Production Base
Strive for Differentiated Breakthroughs of Smartphone Cameras

**Main Camera**
- High resolution camera
- Large image size camera
- Lighter & thinner camera
- Hybrid camera (GM+P)
- Functional differentiations (variable aperture/B&W…)

**Telephoto**
- 2X~3X Portrait camera
- 5X~10X Periscope camera
- Continuous optical zoom camera
- Functional differentiations (cameras support tele & macro-shooting simultaneously/sensor-shift…)

**Ultra-wide Angle**
- High resolution camera
- Fisheye camera
- Free-form camera
- Large-angle gimbal stabilization camera

**Front Camera**
- Ultra-miniaturised camera for hole screen
- Cameras support AF & wide angle simultaneously
- Under-screen camera

**Other Differentiation**
- Microscopic camera
- Pop-up camera
- …
Rapid Progress of Autonomous Driving
Huge Potential in Optical Applications

- Front-view (ADAS)
- In-cabin Monitoring
- E-mirror
- Surround-view (360°)
- Rear-view

- LiDAR Optical System
  - multi-solution (Mechanical, MEMS, 3D Flash, Polygon Scanning)

- HUD Optical System
  - multi-solution (TFT, MEMS, DLP, LCOS)

- Smart Headlamp Optical System
  - develop toward high resolution & intelligenzation

- Ground Projection Optical System

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- **Vehicle Cameras Related:**
  - Vehicle Lens Sets
  - Vehicle Modules

- **Display Related:**
  - HUD / Smart Headlamp Optical Solutions (including PGU, key optical components)

- **LiDAR Related:**
  - LiDAR Optical Solutions (including optical components, optical engine modules, etc.)
Seize the New Opportunities in the Market
Take the Lead in the Industry

Expert in Optics

Object Recognition
Facial Recognition
Gesture Recognition
Eyeball Tracking
Attitude Recognition
Facial Expression Recognition
Obstacle Avoidance
Scene Rebuilding
Map-building Navigation

Module

Module combined with SDK

Camera

Display
Recognition
Inspection
Positioning

Smart Eye

VR
AR

Drone
Sweeping Robot
Service Robot

Unmanned Supermarket
Smart TV

Facial Scanning Payment Terminal
Smart Door Lock

Panoramic Camera
Appendix
1984  
Established and engaged into the optical industry

1984

1995  
Extended the business into the field of image digitization

2003

2004

• Commenced production of handset camera modules

• Enhanced R&D and production capability of handset lens sets

• Acquired plastic aspherical lens technology

• Entered into the field of vehicle lens sets

2003

2005

2009

2012

Established subsidiaries in the U.S.A and the Republic of Korea

2013

2014

Adapted the strategic layout of 3D imaging business

2015

Established Zhejiang Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou

2016

Founded Sunny Optical (Zhejiang) Research Institute Co., Ltd. in Hangzhou

2018

Issued US$600 million five-year bonds

2019

• Established new production bases in India and Vietnam, producing handset camera modules and vehicle lens sets respectively

• Established a new subsidiary in Germany

2020

Started the construction of a new production base in Vietnam for the production of handset camera modules
Dividend Pay-out

Dividends

For the year ended 31 December

(RMB mn)

FY16 FY17 FY18 FY19 FY20

318.1 725.1 623.0 798.5 974.0
The Sunny Group Employee Offshore Trust is a trust which holds the entire issued share capital of Sun Ji Limited. Mr. Wang Wenjian, together with TMF Trust (HK) Limited, is one of the two trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust.

* As at June 30, 2021
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