



SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2382.HK)

2023 Annual Results Corporate Presentation

March 2024

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1

Financial Overview

Results Underperformed but Out of Trough

	2022	2023	Change
<i>For the year ended 31 December (RMB mn)</i>			
Revenue	33,196.9	31,681.3	-4.6%
Gross Profit	6,605.0	4,590.4	-30.5%
Profit Before Tax	2,715.0	1,358.2	-50.0%
Income Tax Expense	(240.8)	(207.8)	-13.7%
Effective Tax Rate (%)	8.9	15.3	+6.4ppt
Profit for the Year Attributable to Owners of the Company	2,407.8	1,099.4	-54.3%
Earnings per Share – Basic (RMB cents)	220.3	100.7	-54.3%

Strengthened R&D Investment Management to Enhance R&D Performance

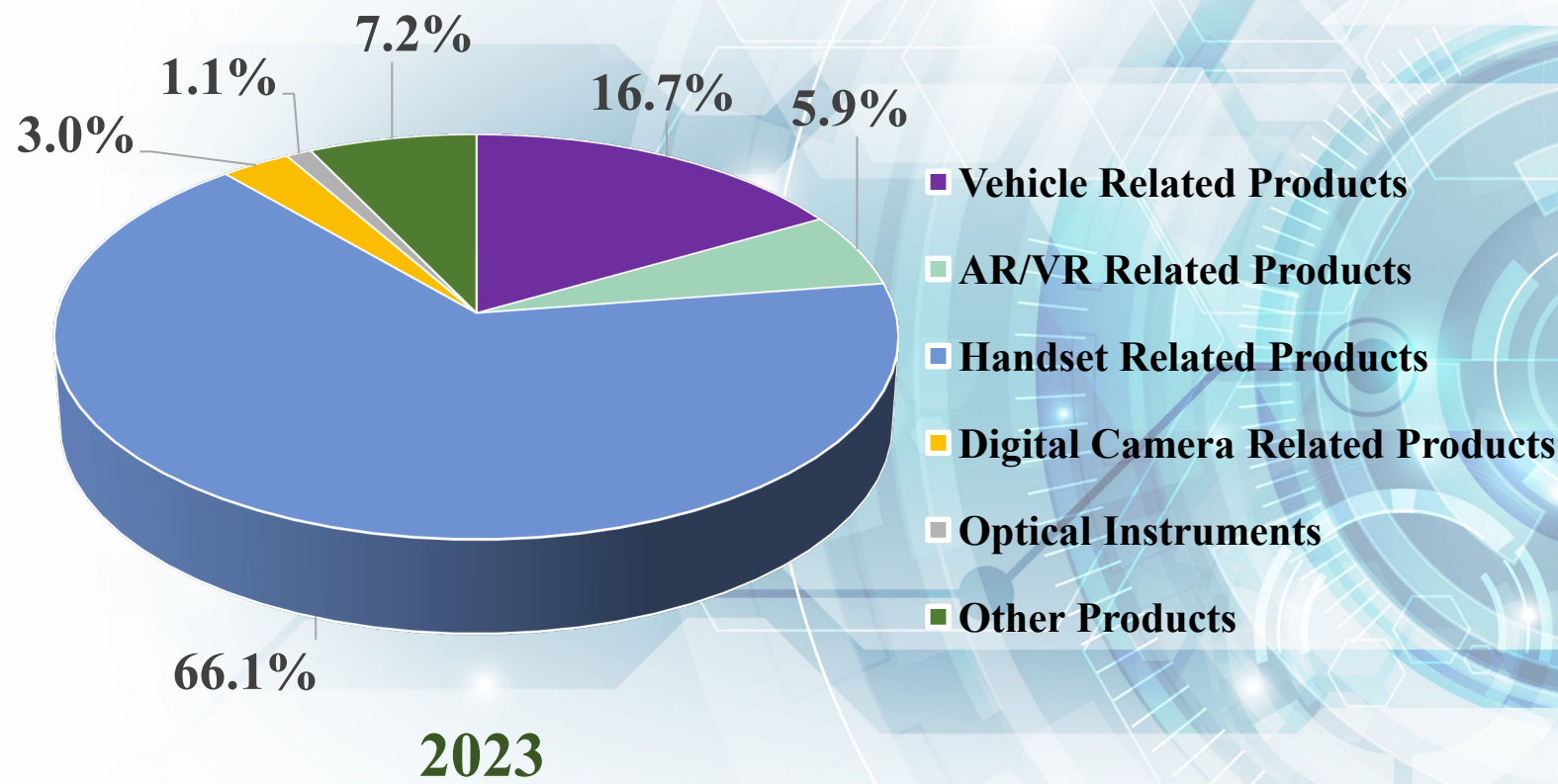
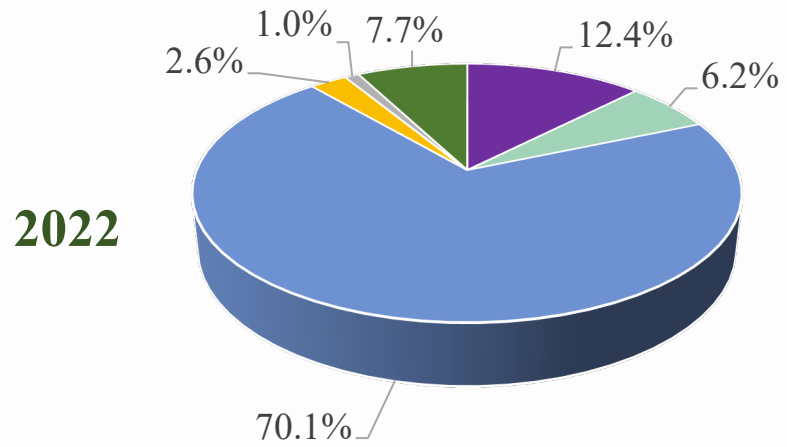
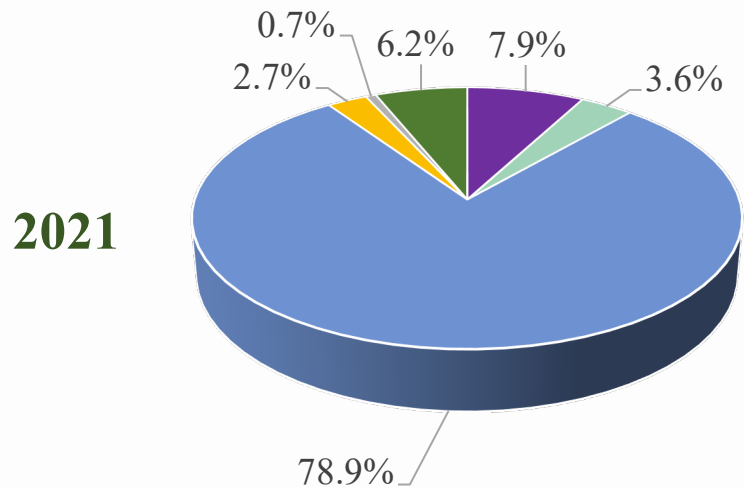
	2021		2022		2023	
<i>For the year ended 31 December (RMB mn)</i>		<i>(as % of revenue)</i>		<i>(as % of revenue)</i>		<i>(as % of revenue)</i>
Revenue	37,496.9	100.0%	33,196.9	100.0%	31,681.3	100.0%
Total Operating Expenses	3,673.9	9.7%	4,084.8	12.3%	3,991.5	12.6%
• Selling and Distribution Expenses	274.1	0.7%	352.8	1.1%	415.1	1.3%
• R&D Expenditure	2,642.2	7.0%	2,803.4	8.4%	2,566.5	8.1%
• Administrative Expenses	757.6	2.0%	928.6	2.8%	1,009.9	3.2%

Solid Financial Position with Continuing Net Operating Cash Inflow

	2021	2022	2023
Current Ratio (Times)	2.4	1.6	1.7
Operating Cash Inflow (RMB mn)	6,979.0	7,377.3	2,664.5
Cash and Cash Equivalents (RMB mn)	14,992.7	18,104.6	21,521.7
• Pledged Bank Deposits (RMB mn)	18.3	9.8	13.6
• Financial Assets at Fair Value through Profit or Loss (RMB mn)	8,275.3	10,086.4	7,113.3
• Time Deposits, Short Term Fixed Deposits, Cash and Cash Equivalents (RMB mn)	6,699.1	8,008.4	14,394.8
Net Cash per Share (RMB cents)	818.1	1,089.2	1,462.1
Gearing Ratio (%)	15.6	14.4	11.1
ROE (%)	24.2	11.2	5.0
Capital Expenditure (RMB mn)	2,588.9	3,113.8	2,487.8

More Balanced Portfolio with Increasing Revenue Contributions from Non-handset Businesses

Revenue Breakdown by Product Applications

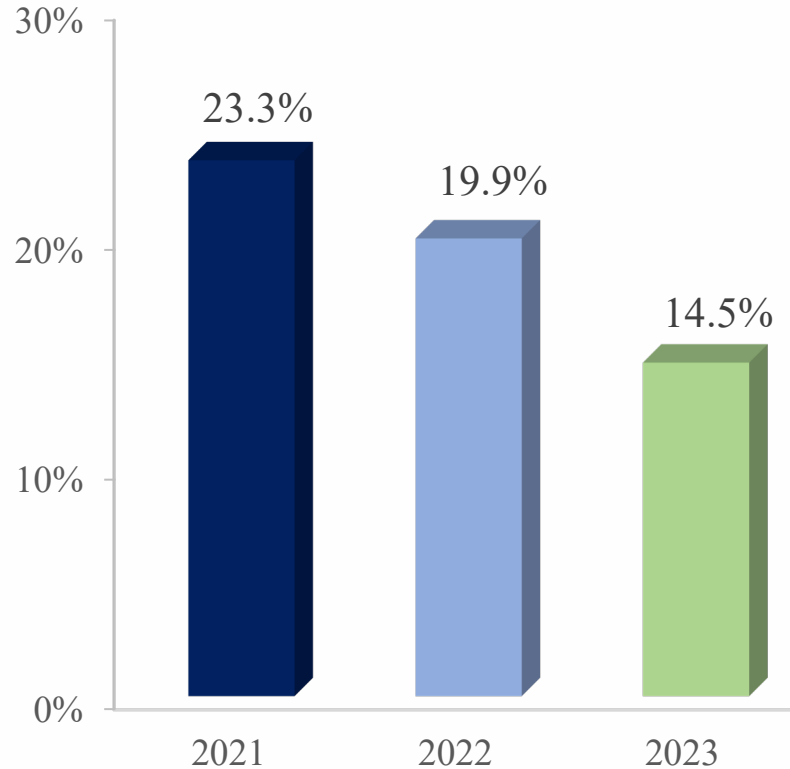


- Vehicle Related Products
- AR/VR Related Products
- Handset Related Products
- Digital Camera Related Products
- Optical Instruments
- Other Products

For the year ended 31 December

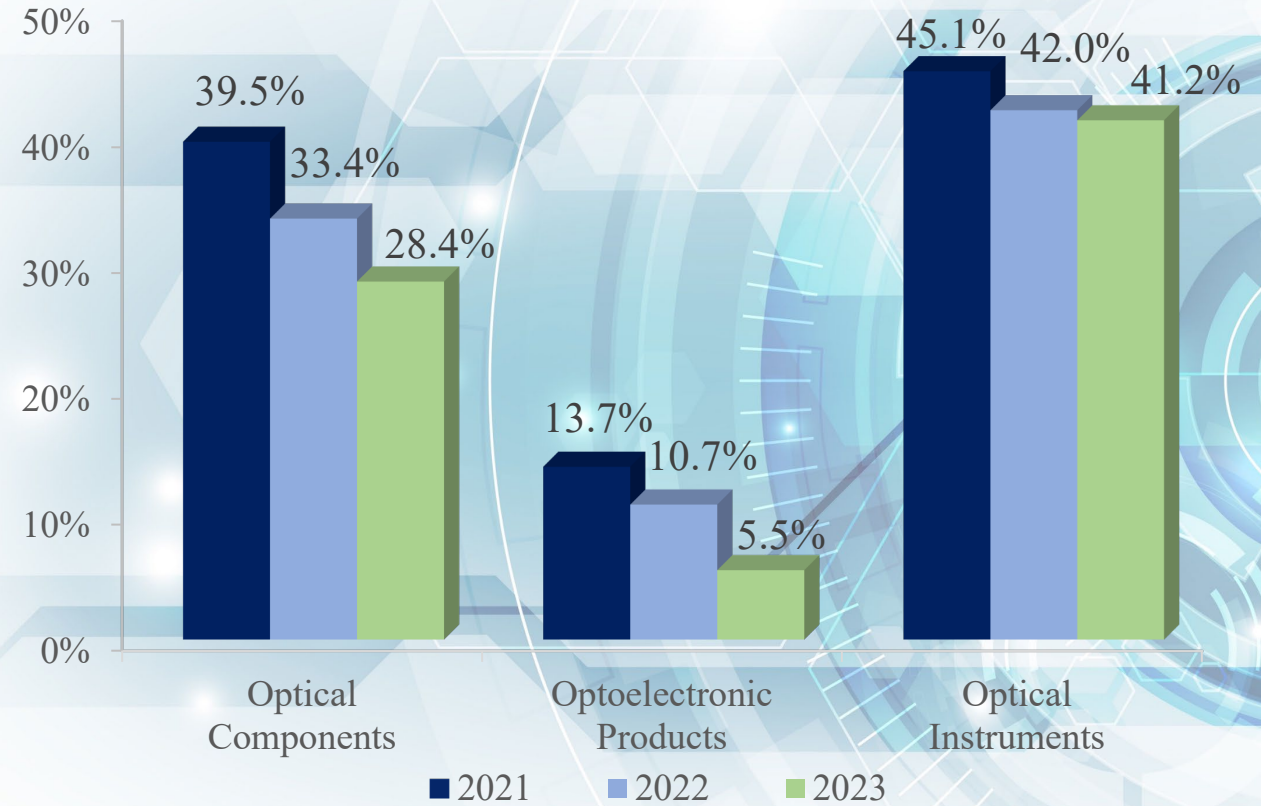
Weak Industry Demand Led to GPM Pressure Temporarily

Consolidated Gross Profit Margin



For the year ended 31 December

Gross Profit Margins by Business Segments



For the year ended 31 December



2

Operation Review

Continued to Make Breakthroughs in Technology to Seize Industry Opportunities



Vehicle Cameras

- **Completed the R&D of 17MP “2 in 1” front sensing vehicle lens sets**
achieved the combined function of a telephoto 8MP front sensing vehicle lens set and a wide FOV 17MP front sensing vehicle lens set
- **Completed the R&D of 8MP hybrid in-cabin monitoring vehicle lens sets**
innovated the design of optical structure to reduce the impact of deformed plastic lenses on optical performance
- **Obtained large designated projects on 8MP vehicle modules**
from the No.1 automobile manufacturer in the world
- **Obtained designated projects on compact DMS**
expanded to European customers

Vehicle Sector

Emerging Products in Vehicle Optics

- **Developed high-precision patch-type polygonal prisms**
Developed scanning modules with polygonal prisms
Developed various transceiver modules applying different technical principles for LiDAR
- **Mass-produced 3 new LiDAR projects**
- **Mass-produced AR-HUD PGU modules**
applied DLP technology
- **Mass-produced core lens sets for MP level smart headlamps**
- **Completed the R&D of hybrid micro-structural lens sets for 0.01MP level smart headlamps**
- **Mass-produced DMD dynamic ground projection modules**
safety warning, vehicle window projection, ground welcome and chair back projection

Deepened the Cooperation with World-renowned Customers Based on R&D Advantages



XR & Robotic Vision Sectors

XR

- **Expanded the applicable range of XR visual modules**
a preferred main solution of reference design for the next-generation mainstream platform of a renowned platform provider
- **Developed a series of cost-effective miniaturized packaging technology**
applied to all series of VR/AR visual modules

Robotic Vision

- **Mass-produced recognition modules applying palm vein algorithm**
self-developed algorithm and can be applied to intelligent door lock
- **Mass-produced RGBD modules of robotic vision**
self-developed algorithm and can be applied to service robots

Focused on Business Breakthroughs to Show Tech Superiority in High-end Products

Smartphone Sector

Handset Lens Sets

- **Mass-produced handset lens sets with large image size and variable apertures for main cameras**
- **Mass-produced periscope handset lens sets with internal focus in dual-group**

Handset Camera Modules

- **Mass-produced handset camera modules with large image size, variable apertures and OIS**
- **Mass-produced 180MP periscope handset camera modules**
- **Mass-produced handset camera modules with large image size (1/1.3") based on integrated design equipped with self-developed OIS motors**



Seized Import Substitution Trend of Instrument and Equipment and Expanded the Terminal Application Fields



Optical Instrument Sector

Intelligent Equipment

- **Completed the R&D of handset chip component inspection equipment**

adopted high-precision optical system and the combination of self-developed AI models with traditional image algorithm to achieve high-precision inspection on defects, and has an industry-leading position in the overall efficiency and inspection performance of equipment.

Microscopes

- **Mass-produced blood morphological scanners**

the scanning speed and imaging quality are in the first echelon in China and completed strategic cooperation with a leading enterprise in the blood detection sector

- **Mass-produced circulating tumor cell scanners**

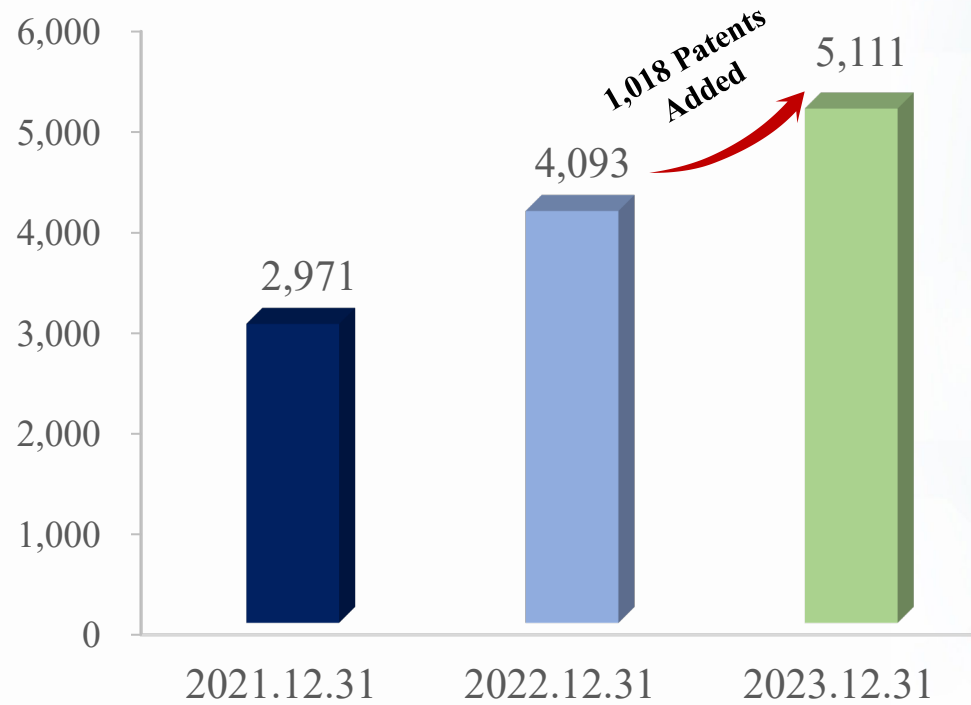
expanded the fluorescence to five channels to support the integrated imaging with a light field and fluorescence in various channels

- **Mass-produced a full series of semi-apochromatic metallurgical objectives with ultra-long working distance**

had the longest working distance in China and achieved high resolution and high-precision imaging in the industrial semiconductor sector

Strengthened Patent Layout to Build Patent Barrier

Number of Authorized Patents

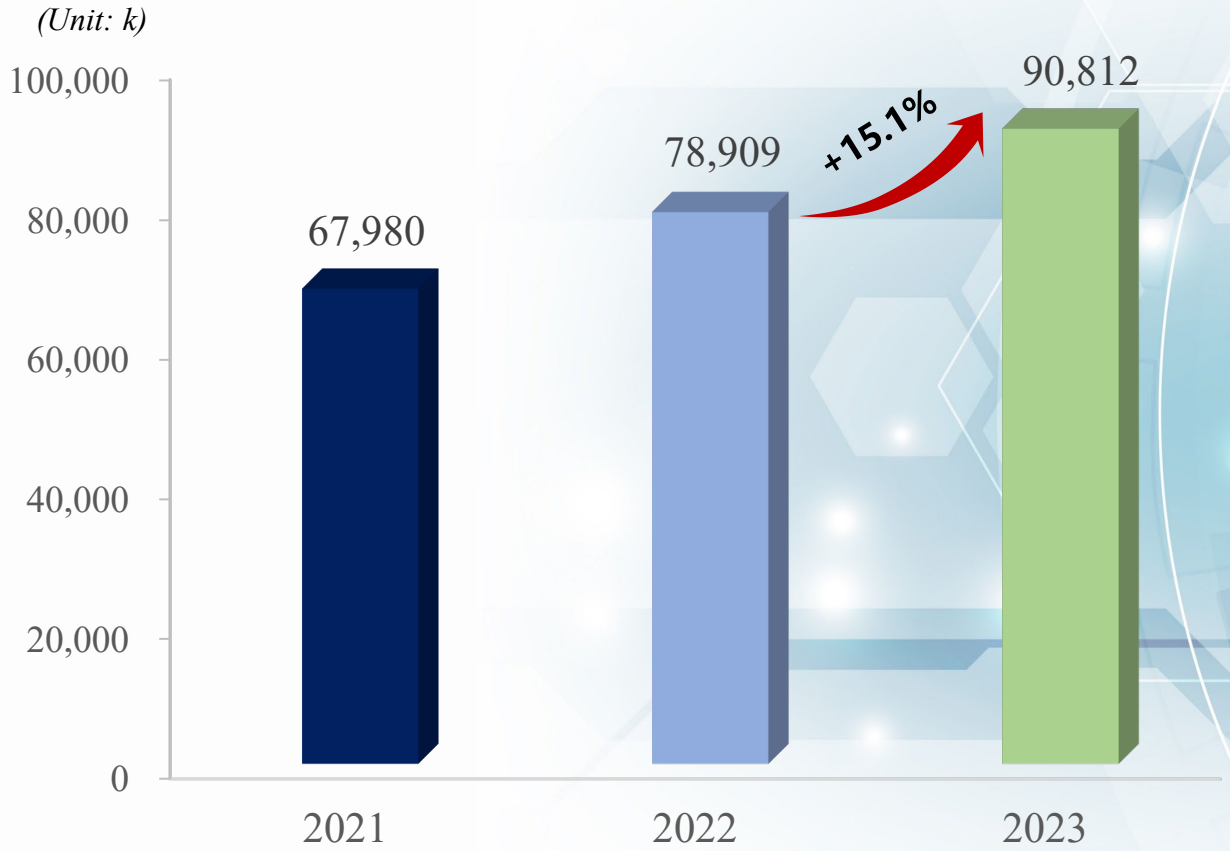


- ◆ As at 31 December 2023, the Group has obtained 5,111 authorized patents, among which were 2,290 invention patents and 2,735 utility model patents.
- ◆ As at 31 December 2023, the majority of new applications for patents are those for vehicle lens sets, LiDAR, XR and robotic vision sectors.



Kept Enlarging the Leading Gap and Solidified the Leading Position in Industry

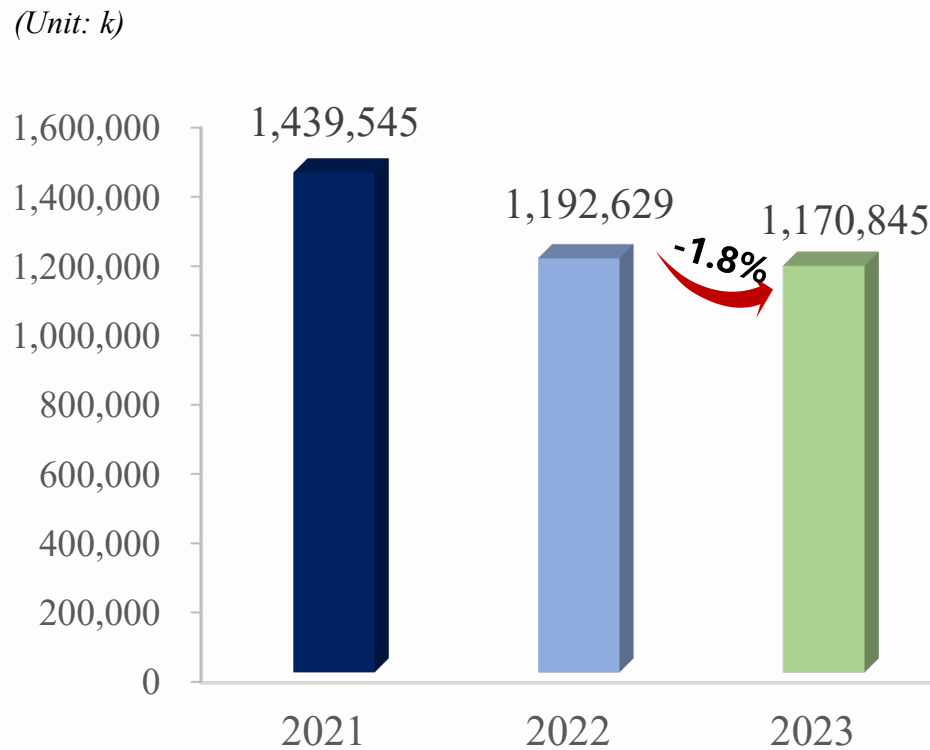
Shipment Volume of the Company's Vehicle Lens Sets



For the year ended 31 December

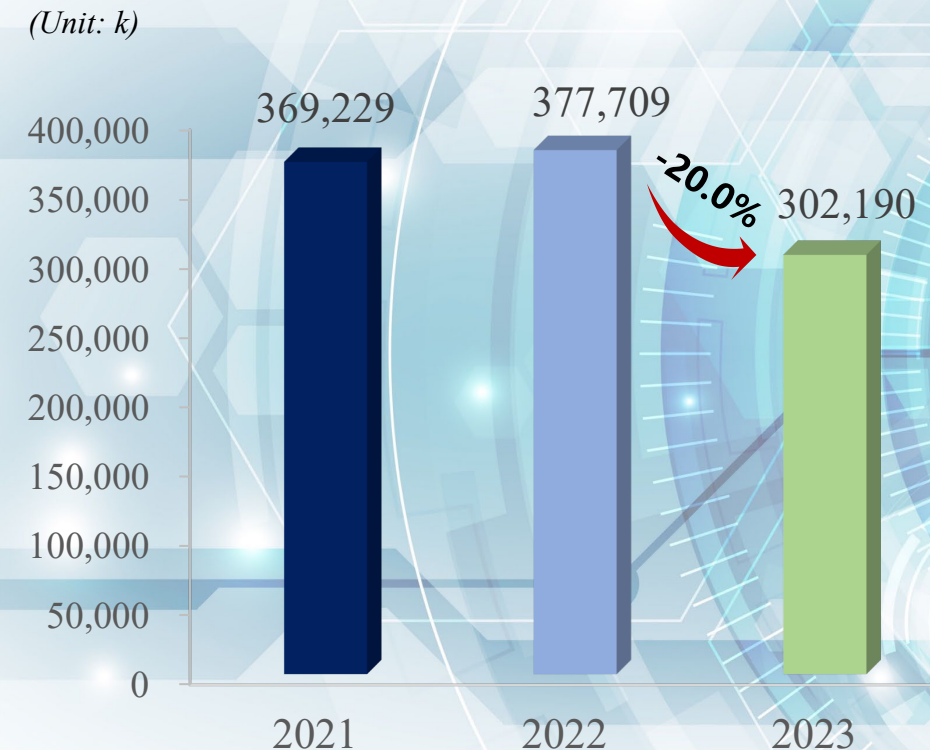
Targeted Major World-renowned Customers to Improve Our Market Share

Shipment Volume of the Company's Handset Lens Sets



For the year ended 31 December

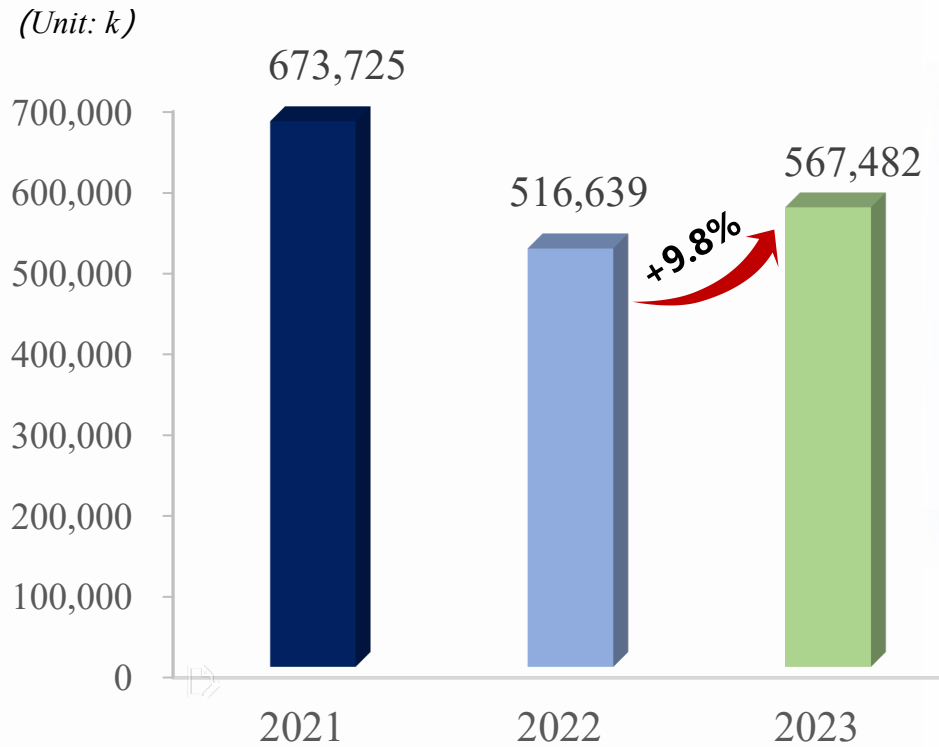
Shipment Volume of the Company's 6P and above Handset Lens Sets



For the year ended 31 December

Dug Deep into Customers' Needs to Increase Customer Stickiness

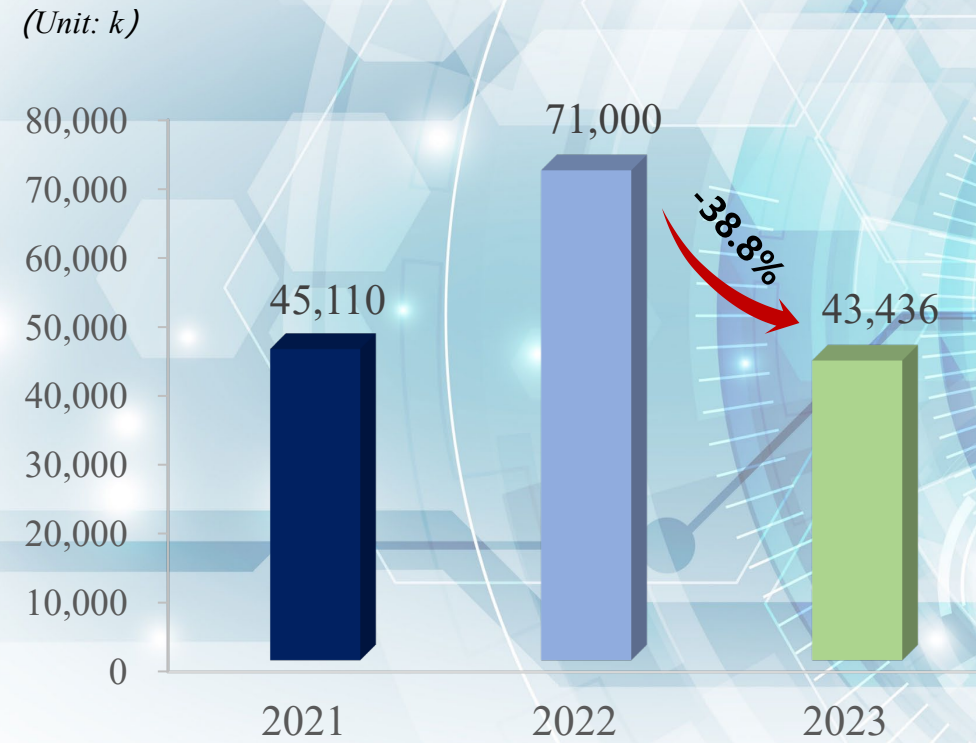
Shipment Volume of the Company's Handset Camera Modules



For the year ended 31 December

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

* Large image size modules refer to modules with 1/1.7" and above image size



For the year ended 31 December

Expanded Global Layout and Enhanced the Capabilities of High-end Manufacture in Large Scale



Production Base



R&D Center



Henan

Shanghai

Zhejiang

Guangdong

Yuyao Chengxi
Production Base

South Korea

China

India

Vietnam

Yuyao Yangming
Production Base

Yuyao Lanjiang
Production Base



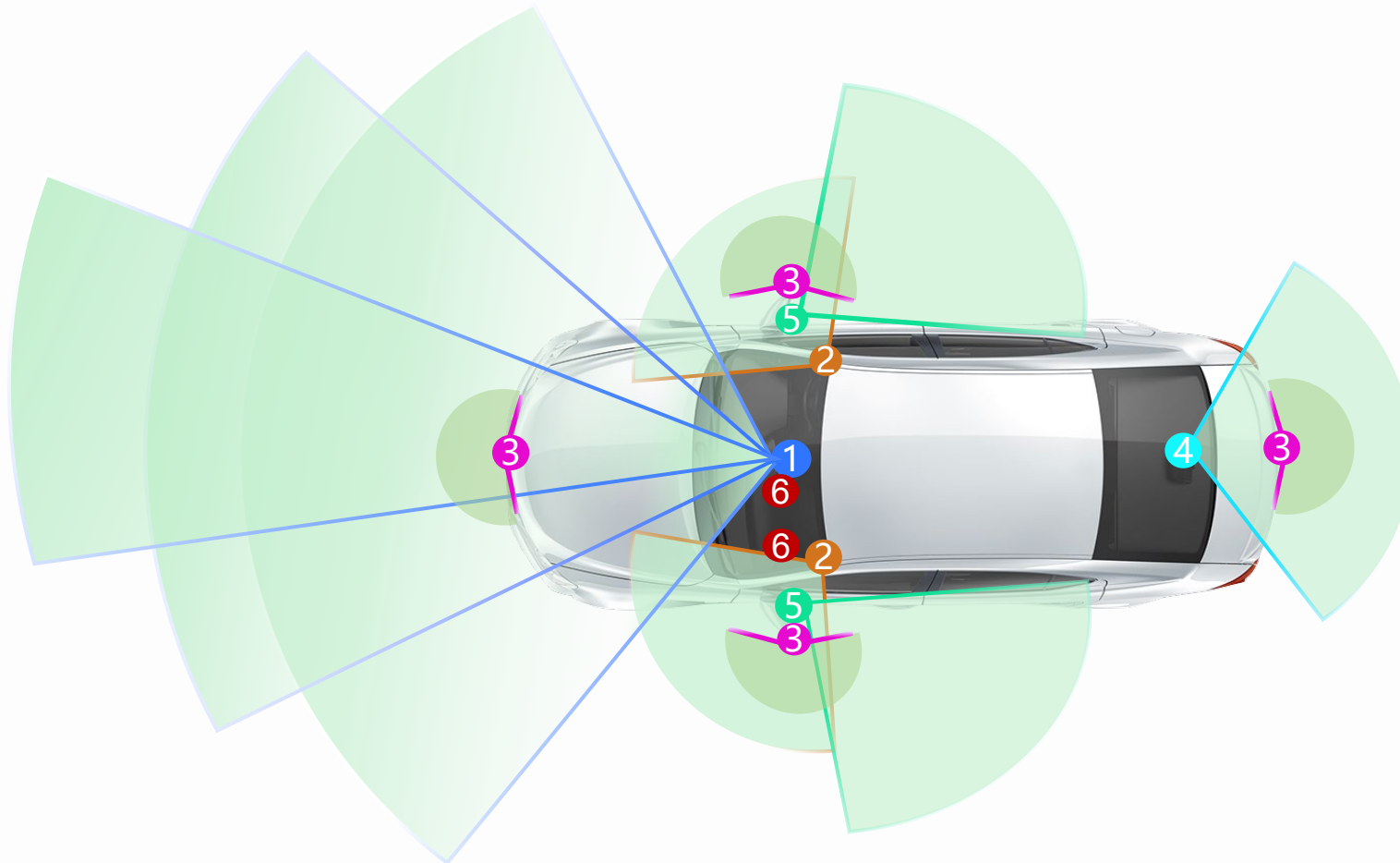


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Strategy and Outlook

Long-term Growth Momentum for Vehicle Camera Market with Continuous Tech Upgrade

- 1 ADAS (front sensing)
- 2 ADAS (side sensing)
- 3 360° surround view
- 4 Rear-view for parking
- 5 CMS
- 6 In-cabin monitoring



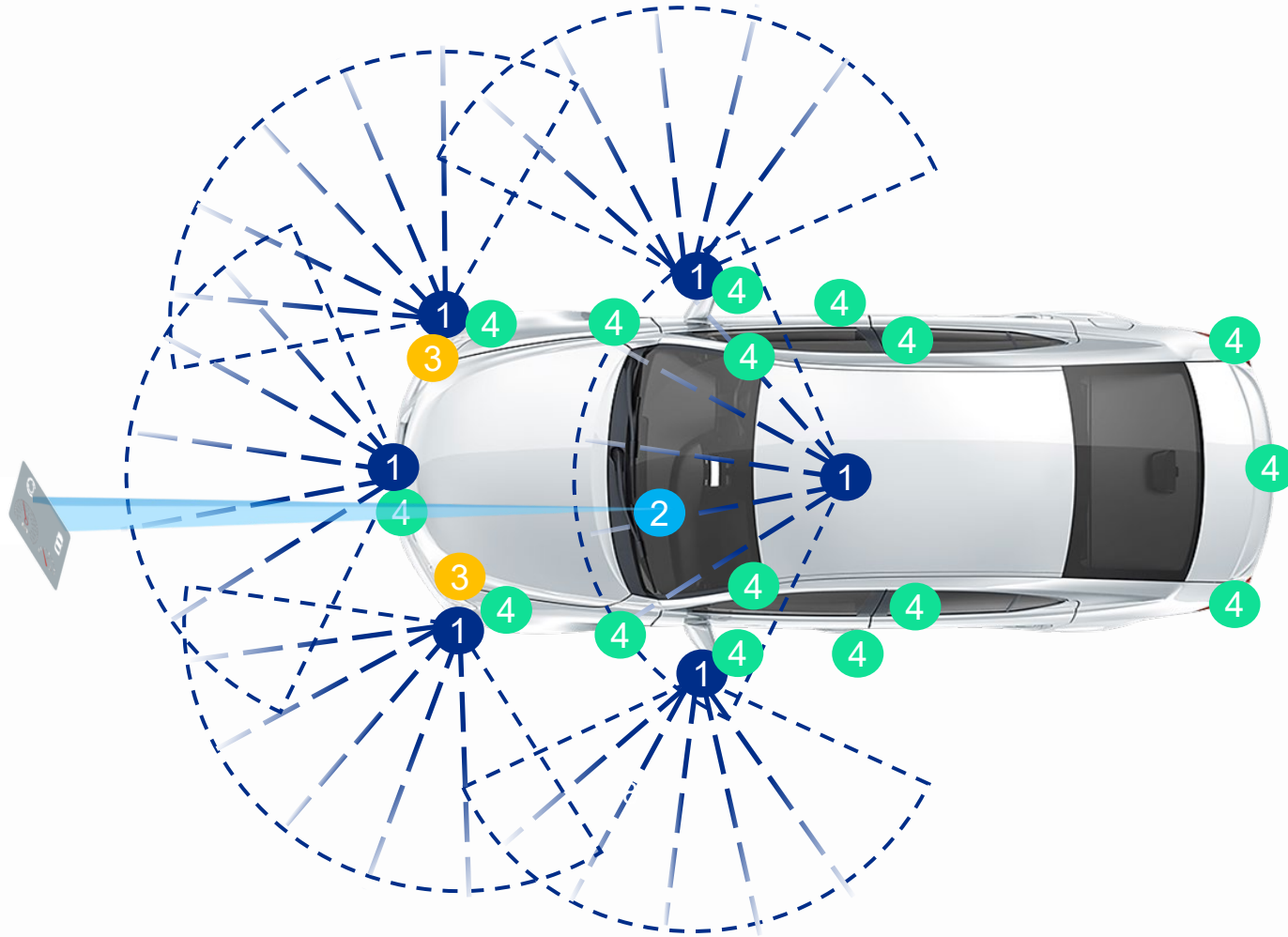
• Vehicle camera market will keep good momentum for the next 10 years with sensing camera market as the main driving force.



• The specs of high-end ADAS sensing products continue to be innovated, such as the pixel migration to 10 million level, hybrid ADAS lens sets continue to make breakthroughs.



Smart Driving Sees Fast Growth and Emerging Optics' Applications Have Broad Prospects



- 1 LiDAR
- 2 HUD
- 3 Smart headlamp
- 4 Ground projection lamp

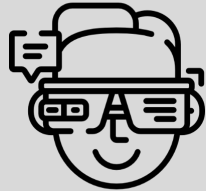
• As consumers' demands for intelligent driving safety and sense of science and technology continue to improve, LiDAR, HUD and smart headlamps are more widely used in various vehicle models.



Promising XR Market with Increasing Optical Parts in End Devices

- End devices move towards RMB trillion level TAM.
- The value of optical elements becomes the largest part in the BOM cost of end devices.

New personal mobile device



AR

Space computing



MR

Entertainment



VR

End Devices



AR Device



Perception & Interaction



Eye/Facial Tracking

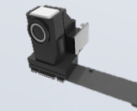


6 DOF Camera



3D Camera

XR Display



LCoS Optical Engine



Pancake Optical Engine



Micro LED Optical Engine



Optical Waveguide

Camera Specs Show Trend of Upgrading and Tech Innovations Enabling Applications' Landing

- AI tech and foldable smartphone lead the growth of high-end smartphones and promote a new round of replacement.
- The technology of module-actuator-lens set integration boosts the upgrades and innovations of cameras.



Main Camera

- Large image size + Large aperture
- Hybrid (G+P)
- Miniaturized (X/Y/Z axis)
- Variable aperture
- Sensor-shift stabilization

Ultra-wide Angle

- Small distortion
- Ultra-thin
- Large aperture

Telephoto

- Prism-centered/Prism-post
- Low-height telephoto
- Dual periscope/telephoto
- Internal focus between groups

Front Camera

- Ultra-miniaturized head
- AF/OIS
- Small wide angle (90°)
- Ultra-thin
- Large aperture



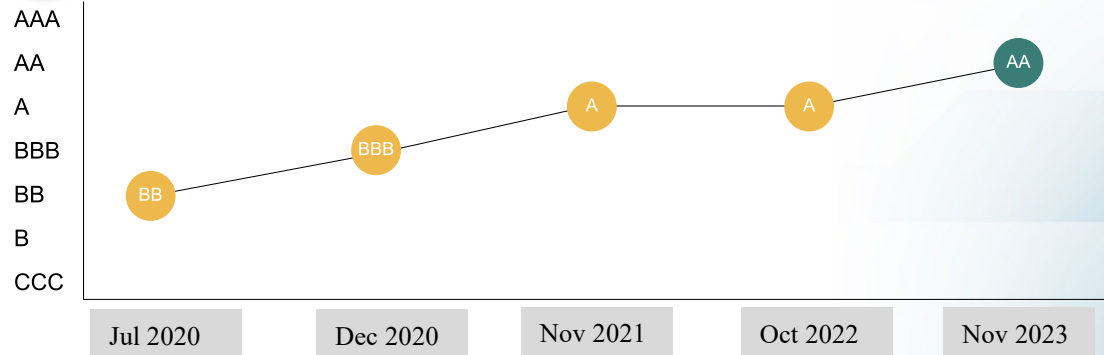
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ESG Performance Review

Enhanced ESG Management Level and Widely Recognized by Professional Institutions



MSCI Rating Improvement



ESG Selected Indexes

- FTSE4Good Index
- Hang Seng ESG 50 Index
- Hang Seng Corporate Sustainability Index
- HSI Low Carbon Index

Awards

- Sunny Optical Intelligence (Yuyao) - **National Green Low - Carbon Factory**
- Sunny Zhejiang Optics, Sunny Optoelectronics - **Provincial Green Factory**
- Sunny Automotive Optech - **Water-saving Enterprise in Zhejiang Province**
- 2023 International Green Zero-carbon Festival - **Green and Sustainable Development Contribution Award**
- The 5th InnoESG Prize - **Organizational ESG Impact Award**
- 13th Public Welfare Festival 2023 - **Model Enterprise of Sustainable Development of the Year**

Implemented Green Development for Environmental Protection

Issued a 3.5-year, USD400 million sustainability-linked bonds, the **FIRST** of its kind in the Asian technology manufacturing industry, aimed at leveraging capital markets and financial instruments to promote the improvement of ESG management practices and set a industry benchmark, and committed to achieving 20% reduction of Scope 1 and Scope 2 GHG emissions intensity in 2025 versus 2021



Increased Energy Efficiency

- Introduced an advanced electrified and digitalized energy management platform at the group level
- Introduced energy-saving equipment
- Optimized the layout and operating parameters of workshops and equipment
- Reduced energy consumption by process and tech innovation



Increased Resource Use Efficiency

- Used water-saving equipment
- Optimized production process
- Optimized reclaimed water recovery scheme
- Optimized packaging materials and processes
- Used circulating tools



Implemented Energy Transformation

- Transit to renewable energy:
 - Invested in solar photovoltaic equipment
 - Increased the purchase of green electricity



2024 Annual Targets:

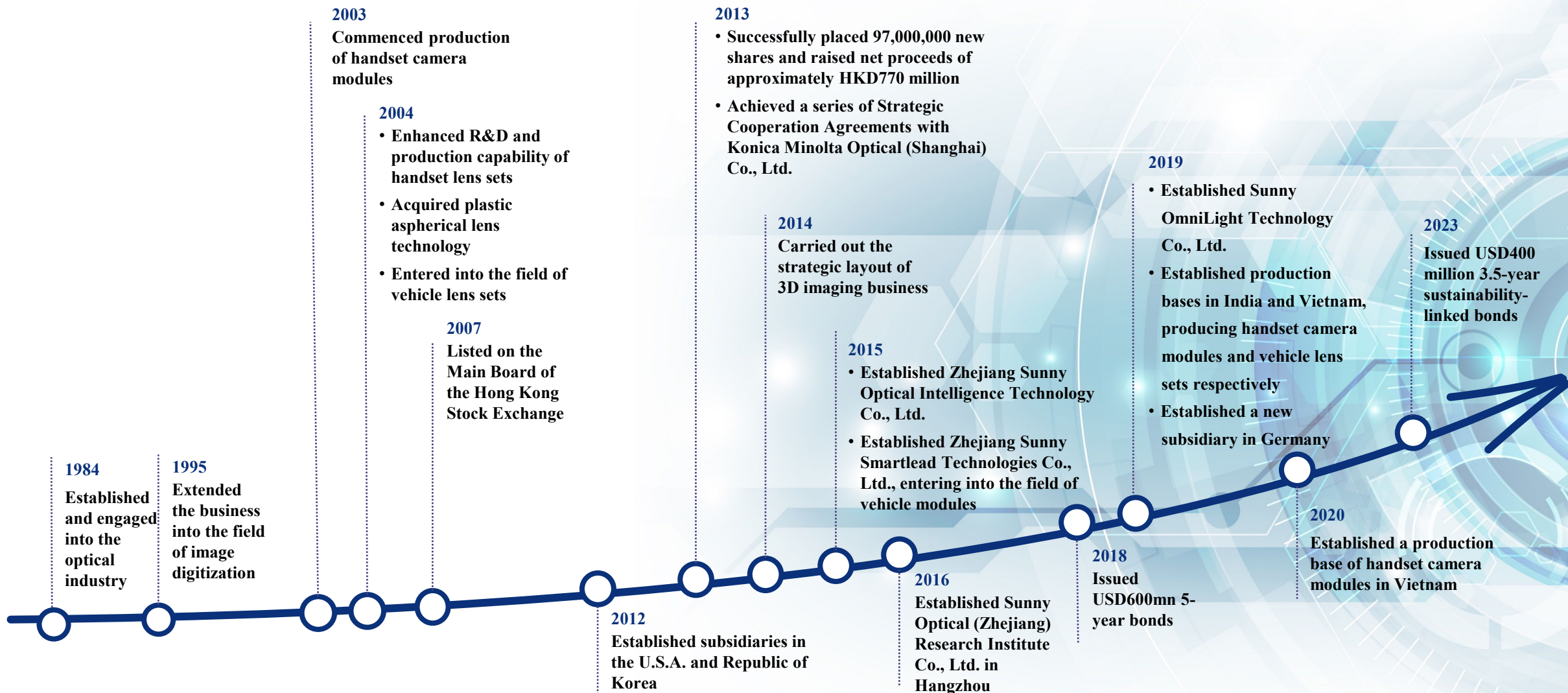
- **The proportion of clean energy usage will increase by about 13 ppt versus 2023.**
- **Greenhouse gas (Scope 1 and Scope 2) emissions intensity will decrease by more than 10% versus 2023.**



5

Appendix

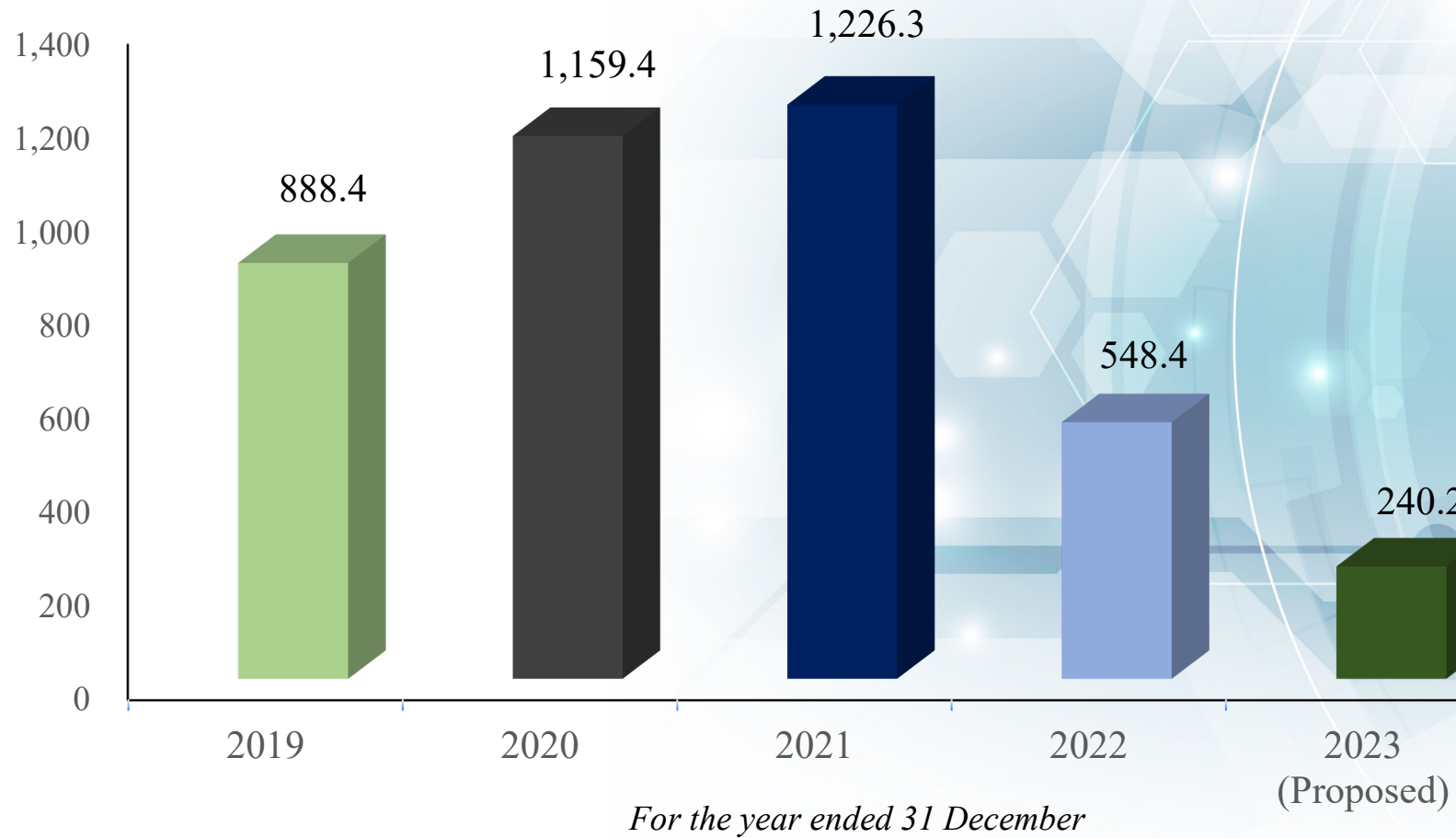
Focused on the Optoelectronic Area and Pursued Long-term Healthy Development



Adhered to the Annual Dividend Policy to Return to Shareholders

Dividends

(HKD mn)



Actively Implemented Share Award Scheme and Maintained a Stable Shareholding Structure



(1) 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 TFM Trust (HK) Limited, is one of the two trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust.

* As at 31 December 2023

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