

The logo for Goodix, featuring the word "GOODIX" in a bold, sans-serif font. The "i" is lowercase and has a red dot. The background is a blue-tinted cityscape with a prominent curved building in the foreground.

GOODIX



2021 Third Quarter Report Summary

Shenzhen Goodix Technology Co., Ltd.

603160.SH

1. Third Quarter of 2021 (“3Q21”) Highlights

Shenzhen Goodix Technology Co., Ltd. Announces Third Quarter Results

Shenzhen, China, October 28, 2021 - Goodix Technology (603160. SH), an integrated solution provider for applications based on IC design and software development, today announced the unaudited consolidated results for 3Q21 ended September 30, 2021.

Revenue was RMB 1.23 billion, a decrease of 41% year-over-year (“YoY”);

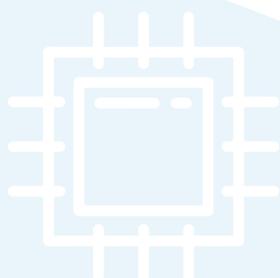
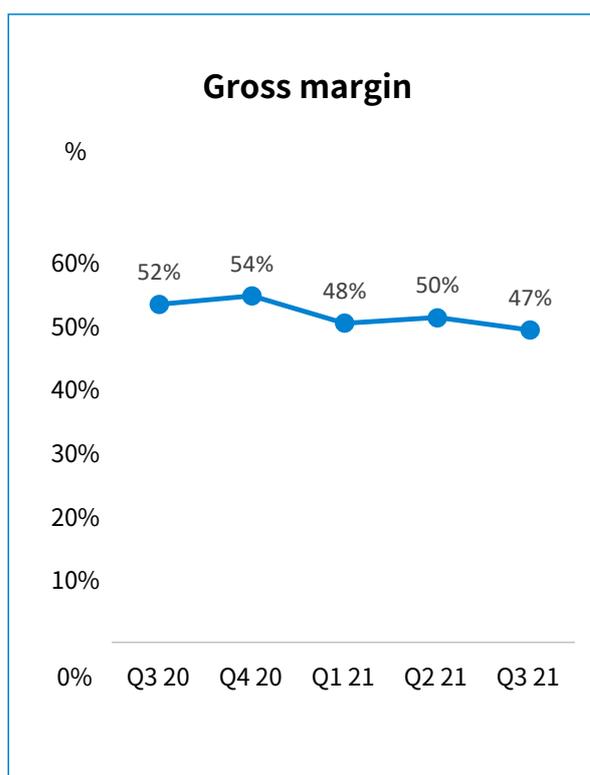
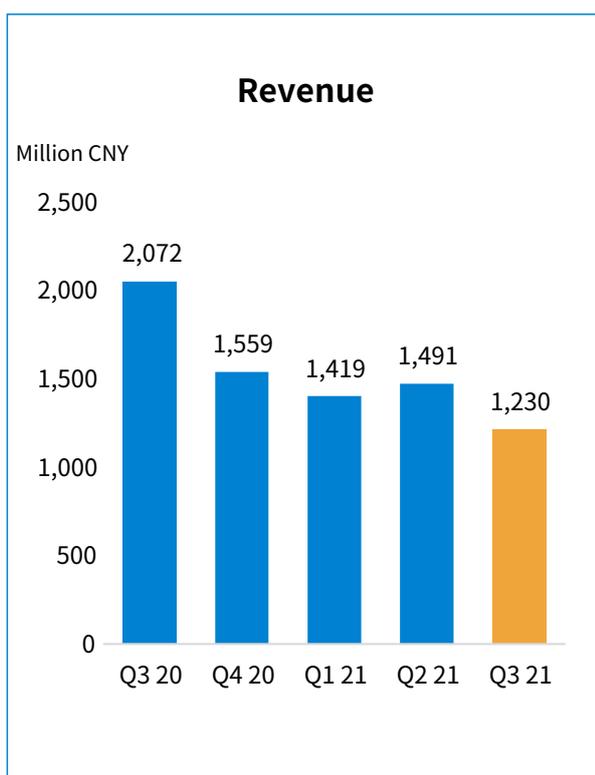
Gross Profit was RMB 575 million in 3Q21, down from RMB 1.08 billion in the third quarter of 2020 (“3Q20”), a decrease of 47% YoY;

Gross Margin was 47% in 3Q21 vs. 52% in 3Q20;

Net Profit was RMB 195 million, a decrease of 61% compared with RMB 503 million in 3Q20;

Basic EPS: RMB 0.43 per share vs. RMB 1.11 per share in 3Q20;

Diluted EPS: RMB 0.42 per share vs. RMB 1.09 per share in 3Q20.



2. Key Figures

| December Fiscal Year End (All figures in Million CNY) | Sep-21 3Q21 | Sep-20 3Q20 | YoY |
|--|----------------|----------------|------|
| Revenue | 1,230 | 2,072 | -41% |
| Gross margin (%) | 47% | 52% | -5% |
| Operating profit | 58 | 605 | -90% |
| Operating margin (%) | 5% | 29% | -24% |
| Net profit | 195 | 503 | -61% |
| R&D expenses | 384 | 455 | -15% |
| R&D / Revenue (%) | 31% | 22% | 9% |
| Cash and short-term investments | 4,780 | 3,712 | 29% |
| Total assets | 10,420 | 9,204 | 13% |
| Stockholders' equity | 8,350 | 7,443 | 12% |
| Debt ratio (%) | 20% | 19% | 1% |
| Cash flows from operating activities | 178 | 149 | 19% |

3. 3Q21 Review - Analysis of key figures

(1) Revenue

The company reported 1.23 billion revenue in 3Q21, a decrease of 41% compared with the 2.07 billion in 3Q20. The revenue spiked up in the same period of last year, mainly due to the stock-ups by one major customer in advance;

The gross profit in 3Q21 was 580 million, a 47% decrease from 1.08 billion of 3Q20, which was related to the drop in revenue;

The gross margin of 3Q21 was 47%, a 5% drop from the 52% recorded in 3Q20. The drop was primarily due to the change of the product mix and the rising cost of OEM.

(2) Operating expenses

The R&D investments of 3Q21 were 490 million, an

increase of 9% compared with 460 million in 3Q20. The company is constantly investing in R&D activities to improve the overall technical level, enrich product diversification, and broaden market space in multiple segments, all of which are efforts to maintain and secure the company's long-term development.

Goodix incurred 75 million in sales and marketing expenses in 3Q21, a 63% decrease from 201 million in 3Q20, due to the maturity of main products, the reduction of corresponding technical support;

The G&A expenses for 3Q21 were 52 million, which was 59% more than the 33 million recorded in the 3Q20. The main reason was that the company incurred more overhead and operating expenses during the a fast growth and increasing exposure in the international community.



(3) Net profit

Since the revenue decreased compared to the same period of previous year, the net profit, as a result, dropped to 195 million for 3Q21, a 61% drop from 503 million of 3Q20.

Currently, the company is transitioning from the single-product model to multi products platform. Some new products are starting to contribute to the revenue with a faster pace set towards growth in the first three quarters. Looking ahead, the company will continue to expand the market and accelerate the launch and mass production of the new products.

(4) Cash flows

In 3Q21, the net cash flow from operating activities was 178 billion, an increase of 19%, compared with 149 million in the same period of 2020, due to the slowdown in stock-ups.

The net cash flow from investment activities was 117 million, down by 86% from 838 million of 3Q20. The decrease was mainly due to the reduction in investment liquidation.

The net cash flow from financing activities was 54 million, dropped by 34% compared with the 82 million recorded in 3Q20. The change was due to the reduction of the amount of the employee stock option exercise in 3Q21.

(5) Assets and liabilities

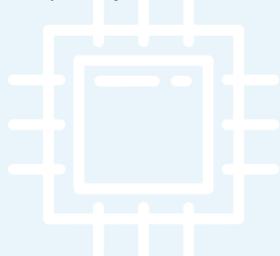
As of September 30, 2021, the company recorded total assets of 10.42 billion and net assets of 8.35 billion, with a current ratio of 3.9 and a debt ratio of 20%. The company is operating at the normal and healthy level with good solvency, maintaining a sufficient ability of expansion in the long run.

Overall, the company's performance was under pressure given the weak market demand for mobile phones in the first three quarters of 2021. At the same time, we have seen some positive progress, the shipments of the new IoT products are growing quickly, which shows that we are steadily creating

returns on our past investment in R&D activities. With more technologies and products on the way, continuous growth in the company's performance is expected.

In addition to continuous investment in R&D, the company has also adopted the more aggressive strategies of product sales and marketings. Revenues generated from the overseas markets continues to grow and we are confident in landing more customers in the near future.

“Be a friend of time” is the essence to achieve our strategic goals and sustainable development. We are accumulating experiences and capabilities while moving towards to goal of becoming a world-leading comprehensive IC design company.



About Goodix

Goodix Technology (SH: 603160) is an integrated solution provider for applications based on IC design and software development offering industry-leading software and hardware semiconductor solutions for smart devices, IoT applications, and automotive electronics. Goodix serves hundreds of millions of global consumers with quality products and solutions via renowned brands including OPPO, vivo, Xiaomi, Samsung, Google, Amazon, Dell, HP, LG, OnePlus, Nokia, and ASUS. The company is recognized as a leading IC design and solution provider that empowers a connected, intelligent world.

Standing among the global semiconductor industrial revolution with a solid foundation built upon the achievements and successes in human-interface and

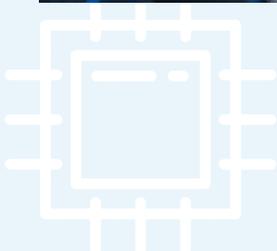
biometric authentication, Goodix will continue its dedication in research and development, striving to establish the comprehensive IC design blueprint for smart devices, IoT applications, and automotive electronics, aiming to become a world-leading comprehensive IC design company and innovative technology team that delivers continuous surprises to global customers and consumers, offers long-term and differentiating values to the industry and the society, and provides excellent career development opportunities for Goodix's global talents.

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Key Accounting Data and Financial Indicators

Shenzhen Goodix Technology Co., Ltd. Consolidated Income Statement

For the nine months ended Sep 30,2020 and Sep 30 2019
(The currency of the statements is Chinese Yuan, 'CNY', unless otherwise indicated)

| Items | 30-Sep-21 | 30-Sep-20 |
|--|-------------------------|-------------------------|
| 1.Revenue | 4,140,078,819.87 | 5,128,237,726.45 |
| Less: Operating cost | 2,141,313,974.00 | 2,471,362,738.93 |
| Taxes and surcharges | 22,181,400.76 | 32,335,837.77 |
| Selling expenses | 246,350,669.39 | 453,548,973.28 |
| Administrative expenses | 124,483,003.67 | 94,009,079.82 |
| Research and development expenses | 1,283,140,110.39 | 1,289,326,234.98 |
| Finance expenses | -38,932,356.31 | -34,037,349.99 |
| Including: Interest expense | 10,694,853.68 | 1,812,777.78 |
| Interest income | 64,027,427.44 | 35,889,178.10 |
| Add: Other income | 140,396,982.18 | 243,301,992.80 |
| Investment income | 27,760,393.19 | 51,053,671.45 |
| Including: Investment income from joint ventures and affiliates | 9,266,429.78 | |
| earning from fair market value changes | 71,388,240.00 | 104,474,959.57 |
| Impairment of credit | 8,290.73 | 896,555.37 |
| Impairment of assets | -42,114,067.06 | -34,734,857.77 |
| Proceeds from asset disposal | 915,369.27 | |
| 2.Operating profits | 559,897,226.28 | 1,186,684,533.08 |
| Add:non-operating income | 422,108.31 | 2,564,410.13 |
| Less:non-operating expenses | 1,253,697.49 | 92,017.78 |
| 3.Profit before tax | 559,065,637.10 | 1,189,156,925.43 |
| Less:income tax | -56,372,649.12 | 89,072,328.07 |
| 4.Net profit | 615,438,286.22 | 1,100,084,597.36 |
| Net profit contributed before the combination under common control | | |
| I .Profit classified by continuity | | |
| Continuous operating profit and loss | 615,438,286.22 | 1,100,084,597.36 |
| II .Profit classified by ownership | | |
| Net profit attributable to owners of the parent company | 615,440,191.56 | 1,100,082,610.16 |
| Net profit attributable to minority shareholders | -1,905.34 | 1,987.20 |

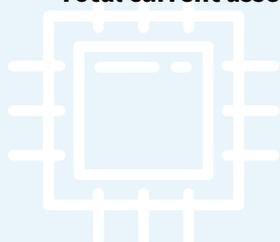
| | | |
|--|-----------------------|-------------------------|
| 5. Other comprehensive income after tax | -7,124,389.83 | -51,155,964.22 |
| Other comprehensive income after tax attributable to owner of the parent company | | |
| I .Comprehensive income not to be reclassified as profit or loss | | |
| II .Comprehensive income to be reclassified as profit or loss | -7,126,362.41 | -51,155,809.11 |
| i.Currency translation reserve | -7,126,362.41 | -51,155,809.11 |
| Other comprehensive income after tax attributable to minority shareholders | 1,972.58 | -155.11 |
| 6.Total comprehensive income | 608,313,896.39 | 1,048,928,633.14 |
| Total comprehensive income attributable to owner of the parent company | 608,313,829.15 | 1,048,926,801.05 |
| Total comprehensive income attributable to minority shareholders | 67.24 | 1,832.09 |
| 7.Earning per share: | | |
| I .Basic earnings per share | 1.36 | 2.44 |
| II .Diluted earning per share | 1.34 | 2.38 |

Consolidated Statement of Balance Sheet

As of Sep 30,2021 and Dec 31,2020

(The currency of the statements is Chinese Yuan,'CNY',unless otherwise indicated!)

| Assets | 30-Sep-21 | 31-Dec-20 |
|--|-------------------------|-------------------------|
| Current assets: | | |
| Cash and cash equivalents | 3,257,750,571.82 | 4,081,744,680.49 |
| Financial assets held for trading | 1,522,471,629.74 | 878,322,054.79 |
| Notes receivables and trade receivables, net | 698,727,921.35 | 703,891,220.99 |
| Inventories | 980,597,392.11 | 617,125,569.79 |
| Prepayments | 89,497,054.93 | 61,798,444.22 |
| Other receivables | 22,634,187.11 | 38,338,298.04 |
| Current portion of non-current assets | 53,164,454.96 | 53,465,642.46 |
| Other current assets | 68,898,202.07 | 153,547,694.18 |
| Total current assets | 6,693,741,414.09 | 6,588,233,604.96 |



Non-current assets :

| | | |
|------------------------------------|--------------------------|-------------------------|
| Long-term equity investments | 91,478,744.67 | 83,109,694.18 |
| Other non-current financial assets | 507,178,175.88 | 374,485,997.56 |
| Investment property | 85,637,764.21 | |
| Fixed assets | 343,726,974.35 | 391,030,454.98 |
| Construction in progress | 85,873,621.70 | 67,871,394.87 |
| Right-of-use assets | 21,044,474.46 | |
| Intangible assets | 1,453,993,016.12 | 1,269,631,954.92 |
| Development costs | 191,267,345.34 | |
| Goodwill | 648,654,732.59 | 543,288,317.95 |
| Long-term deferred expenses | 7,519,543.16 | 16,735,944.99 |
| Deferred tax assets | 215,607,422.24 | 118,884,666.15 |
| Other non-current assets | 74,853,634.89 | 434,582,572.96 |
| Total non-current assets | 3,726,835,449.61 | 3,299,620,998.56 |
| Total assets | 10,420,576,863.70 | 9,887,854,603.52 |

Liabilities and Stockholders' Equity**30-Sep-20****31-Dec-19****Current liabilities:**

| | | |
|--|-------------------------|-------------------------|
| Short-term loans | 435,869,025.40 | 425,327,979.45 |
| Financial liabilities held for trading | | |
| Notes payables and trade payables | 545,721,902.50 | 386,926,303.79 |
| Advances from customers | | |
| Contract liability | 5,176,219.16 | 3,795,250.64 |
| Accrued payroll | 155,109,565.80 | 269,441,244.97 |
| Taxes payable | 53,592,407.56 | 32,578,411.89 |
| Other payables | 437,374,662.39 | 679,236,083.75 |
| Current portion of non-current liabilities | 76,029,722.62 | |
| Other current liabilities | 1,338,446.46 | 447,538.84 |
| Total current liabilities | 1,710,211,951.89 | 1,797,752,813.33 |

Non-current liabilities :

| | | |
|--------------------------------------|-------------------------|-------------------------|
| Long-term loans | 240,000,000.00 | |
| Lease liabilities | 5,594,500.82 | |
| Deferred income | 8,897,856.99 | 16,148,670.53 |
| Deferred tax liabilities | 105,600,993.08 | 36,841,294.66 |
| Total non-current liabilities | 360,093,350.89 | 52,989,965.19 |
| Total liabilities | 2,070,305,302.78 | 1,850,742,778.52 |



Equity:

| | | |
|---|--------------------------|-------------------------|
| Paid-in capital | 458,366,518.00 | 457,724,035.00 |
| Capital reserve | 2,014,714,507.33 | 1,864,936,707.47 |
| Less: treasury shares | 501,809,346.74 | 259,898,049.30 |
| Other comprehensive income | -146,579,343.30 | -139,452,980.89 |
| Surplus reserve | 228,862,017.50 | 228,862,017.50 |
| Undistributed earnings | 6,296,715,206.09 | 5,884,938,160.42 |
| Equity attributable to owners of the parent company | 8,350,269,558.88 | 8,037,109,890.20 |
| Equity attributable to minority shareholders | 2,002.04 | 1,934.80 |
| Total Stockholders' equity | 8,350,271,560.92 | 8,037,111,825.00 |
| Total liabilities and Stockholders' equity | 10,420,576,863.70 | 9,887,854,603.52 |

Consolidated Statement of Cash Flows

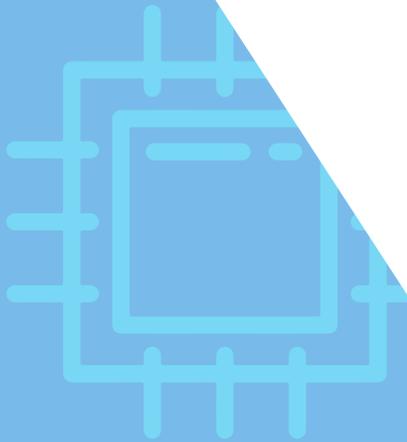
For the nine months ended Sep 30,2021 and Sep 30,2020
(The currency of the statements is Chinese Yuan,'CNY',unless otherwise indicated)

| | Jan-Sep, 2020 | Jan-Sep, 2019 |
|---|-----------------------|-----------------------|
| 1.Cash flows from operating activities | | |
| Cash received from sales and services | 4,415,407,403.19 | 4,992,139,828.83 |
| Taxes and surcharges refunds | 380,796,554.49 | 432,408,031.44 |
| Other cash received from operating activities | 124,247,401.05 | 68,978,128.99 |
| Total cash inflows from operating activities | 4,920,451,358.73 | 5,493,525,989.26 |
| Cash paid for goods and services | 2,722,047,822.63 | 3,316,009,322.15 |
| Cash paid for employees related expenses | 1,104,820,831.24 | 861,262,675.31 |
| Taxes and surcharges cash payments | 244,482,507.74 | 415,384,949.78 |
| Other cash payments related to operating activities | 667,635,278.15 | 748,830,280.34 |
| Total cash outflows from operating activities | 4,738,986,439.76 | 5,341,487,227.58 |
| Cash generated from operating activities | 181,464,918.97 | 152,038,761.68 |
| 2.Cash flows from investing activities | | |
| Cash received from withdraw of investments | 3,533,942,424.72 | 6,600,000,000.00 |



| | | |
|--|-------------------------|-------------------------|
| Cash received from investment income | 18,514,816.49 | 76,962,002.60 |
| Net cash received from disposal of fixed assets, | 20,432.91 | 5,680.00 |
| intangible assets and other long-term assets | | |
| Cash received from other investment related activities | | 61,669,190.00 |
| Total cash inflows from investing activities | 3,552,477,674.12 | 6,738,636,872.60 |
| Cash paid for fixed assets, intangible assets and other long-term assets | 267,560,858.74 | 1,317,697,382.28 |
| Cash payments for investments | 3,686,431,772.45 | 5,865,789,066.16 |
| Cash paid for other investment related activities | | |
| Net cash payments for acquisitions of subsidiaries and other business units | 37,777,072.55 | |
| Total cash outflows from investing activities | 3,991,769,703.74 | 7,183,486,448.44 |
| Net cash used in investing activities | -439,292,029.62 | -444,849,575.84 |
| 3.Cash flows from financing activities | | |
| Cash received from investments by others including investment from minority shareholders | 234,256,572.32 | 215,793,695.14 |
| Cash received from borrowings | 584,651,338.44 | 275,000,000.00 |
| Other cash received from other financing activities | 80,310,794.27 | 4,063,556.85 |
| | 899,218,705.03 | 494,857,251.99 |
| Total cash inflows from financing activities | | |
| Cash repayments for debts | 275,990,252.00 | |
| Cash payments for distribution of dividends, profit and interest expenses | 214,060,749.21 | 364,843,550.40 |
| Other cash payments related to financing activities | 502,872,584.89 | 48,233,689.25 |
| Total cash outflows from financing activities | 992,923,586.10 | 413,077,239.65 |
| Net cash provided by financing activities | -93,704,881.07 | 81,780,012.34 |
| 4.Effect of changes in exchange rate on cash and cash equivalents | -12,655,503.82 | -7,894,462.55 |
| 5.Net increase in cash and cash equivalents | -364,187,495.54 | -218,925,264.37 |
| Add: Cash and cash equivalents at the beginning of the year | 2,077,754,848.53 | 3,509,545,051.96 |
| 6.Cash and cash equivalents at the end of the year | 1,713,567,352.99 | 3,290,619,787.59 |

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