

The logo for Goodix, featuring the word "GOODIX" in a white, sans-serif font. The letter "i" is lowercase and has a red dot. The background is a blue-tinted aerial view of a city with a prominent curved skyscraper.

GOODIX



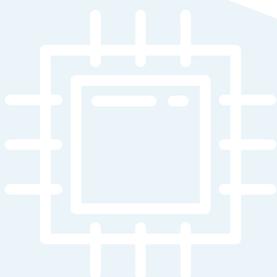
2022 Annual Report Summary

Shenzhen Goodix Technology Co., Ltd.

603160.SH

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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 Samsung, Google, Amazon, OPPO, vivo, Xiaomi, Honor, Dell, BYD, Li, Buick, Hyundai and Nissan. The Company is recognized as a leading IC design and solution provider that empowers a connected, intelligent world.

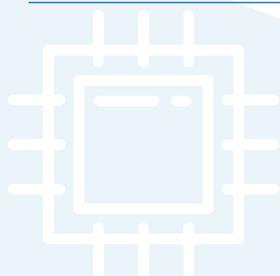
Standing in the global semiconductor industry, Goodix will continue its dedication in research and development, striving to establish the comprehensive IC design blueprint for smart devices, IoT applications,

and automotive devices, aiming to become a world-leading comprehensive IC design company and innovative technology team that delivers continuous surprises to global customers, offers long-term and differentiating values to the industry and the society, and provides excellent career development opportunities for Goodix's global talents.

As an IC design house, Goodix adopts the fabless model and focuses on the design, research, and development of chips that are driven by market demands, while outsourcing tasks such as wafer fabrication, packaging, and testing to professional fabrication packaging and testing vendors. The products Goodix offers are sold both directly as well as via agents and distributors to customers.

1. Key Figures

December Fiscal Year End (All figures in Million CNY)	Dec-22 2022	Dec-21 2021	YoY
Revenue	3,383.95	5,712.87	-40.77%
Gross margin (%)	46.20%	48.19%	-1.99%
Operating profit	-983.35	803.66	-222.36%
Operating margin (%)	-29.06%	14.07%	-43.13%
Net profit	-747.64	859.92	-186.94%
R&D expense	1,536.78	1,691.99	-9.17%
Cash and short-term investments	2,914.73	4,481.34	-34.96%
Total assets	9,426.67	10,727.21	-12.12%
Stockholders' equity	7,778.31	8,693.92	-10.53%
Debt ratio (%)	17.49%	18.95%	-4.63%
Cash flows from operating activities	-905.61	321.78	-381.44%



2. Analysis of Key Figures

(1) Revenue

In 2022, affected by external factors such as the volatile international circumstances and macroeconomic downturn, the overall demand for consumer electronics remained sluggish, resulting in a decline in end-user demand. Additionally, facing intensified competition, the Company's main products suffered mounting pressure on both shipments and sales prices, affecting the Company's performance. In 2022, the Company reported revenue of CNY 3.384 billion, down 40.77% YoY, and a gross margin of 46.20%, down 1.99% YoY. Due to the increase in inactive inventory and changes in project operating environments, the Company made a provision of inventory write-down and asset impairment of CNY -710 million. As a result, in 2022, the Company registered CNY -747 million in net profits attributable to shareholders of the parent company, down 186.84% YoY.

(2) Operating expenses

During the reporting period, the cost of revenue dropped 38.50% YoY, which is primarily the result of the fall in revenue. Selling expenses fell by 20.29% YoY, which is mainly associated with the reduced

technical service fees. In 2022, the Company saw a 28.33% increase in G&A expenses, mainly attributed to the increases in the cost of managerial employees, employee compensation, consulting fees, and service fees. Financial expenses rose by 66.65% mainly due to the decrease in fixed-term deposits and interest income, as well as exchange rate fluctuations leading to increased exchange losses. R&D expenses fell by 9.17% mainly due to the decrease in outsourced R&D expenses.

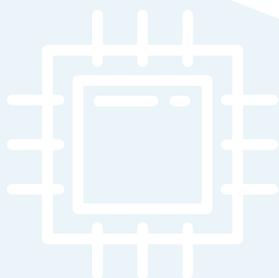
(3) Cash flows

During the reporting period, the net cash flow from operating activities decreased by 381.44% compared to the same period in 2021 mainly due to the decline in revenue, decreased cash income from the sale of goods, provision of services, and the increase in inventory. The net cash flow from investment activities surged by 233.64% compared to the same period in 2021 mainly due to the decreased investment in wealth management products. The net cash flow from financing activities dropped by 33.18% compared to the same period in 2021 mainly due to the decrease in cash received from dividend distribution, profits, or interest payments.

3. Industry Patterns and Trends

According to the report released by the Semiconductor Industry Association (SIA), global semiconductor sales reached \$573.5 billion in 2022, up 3.2% YoY. In terms of regional sales records, China recorded \$180.3

billion in semiconductor sales, which makes it the world's largest semiconductor market, despite a YoY decrease of 6.3%; Europe and Japan saw annual sales growth of 12.7% and 10.0%, respectively. In terms



of chip types, analog chips witnessed the highest sales growth rate, reaching \$89 billion in 2022, up 7.5% YoY; automotive chips also demonstrated a significant increase in sales, registering a record-high sales volume of \$34.1 billion, an annual growth of 29.2%.

(1) Smart devices

In 2022, affected by external factors such as the volatile international circumstances and macroeconomic downturn, the global smart device market demand has declined.

As for smartphones, according to the IDC report, 2022 ended with global smartphone shipments of 1.21 billion units, a YoY decrease of 11.3%, which represents the lowest annual shipment record since 2013. In 2022, the Chinese smartphone market also saw a downturn. Data from the China Academy of Information and Communications Technology (CAICT) suggest that in 2022, the overall shipments of mobile phones in China were about 272 million units, a YoY decrease of approximately 22.6%; in particular, 214 million units of 5G smartphones were shipped in China, a YoY drop of about 19.6%. In light of the slowdown in smartphone innovation and weak consumer demand for replacement, the IDC estimates that 2023 will see a 1.1% decrease in global smartphone shipments, bringing down the volume to 1.19 billion units, and the market is expected to recover in 2024.

Demand for PCs and tablets slowed in 2022. The IDC report indicates that 292.3 million PCs were shipped worldwide, down 16.5% YoY, and the year ended with tablet shipments of 162.8 million units, a YoY decrease of 3.3%. The slowdown of global economic activities and weakened business confidence will

continue to suppress the demand for PCs and tablets. Furthermore, according to IDC, 2023 will see an 11.2% drop in global PC and tablet shipments, falling to 403.1 million units, and the market is also predicted to recover in 2024, with the total sales of both PCs and tablets expected to reach 417.7 million units, a YoY increase of 3.6%.

The demand for wearable devices remained sluggish in 2022, with a slowdown in growth. According to the IDC report, global wearable device shipments reached 492.1 million units in 2022, down 7.7% YoY. The market is expected to gradually recover in 2023. Looking ahead, the wearable device market is predicted to grow at a compound annual growth rate (CAGR) of 5.4%, with shipments reaching 644.5 million units by the end of 2027.

Along with the downturn in the consumer electronics market, the market of smart speakers also declined in 2022. In the short term, smart speakers face pressure from the sluggish consumption environment; in the long run, generative AI systems will foster more application scenarios, and if those new use cases are applied to products such as smart speakers to create new ways to interact with smart home devices, the smart speaker market might enter another period of exponential growth.

(2) Automotive electronics

As automobiles become increasingly electrified, intelligent, and connected, automotive electronics have become the fastest growing downstream market in the semiconductor industry. Statistics from TrendForce suggest 10.65 million units of new energy vehicles (NEVs), which encompass battery-electric vehicles (BEVs), plug-in hybrid electric



vehicles (PHEVs), and fuel-cell vehicles (FCVs), were sold in 2022 around the world, an annual growth of 63.6%. According to the China Association of Automobile Manufacturers (CAAM), China's automobile production and sales in 2022 reached 27.021 million units and 26.864 million units, respectively, up 3.4% and 2.1% YoY. In particular, NEVs saw a continued surge in production and sales. In 2022, 7.058 million units of NEVs were manufactured in China, and 6.887 million units were sold, up 96.9% and 93.4% YoY, ranking first globally for the eighth consecutive year. The CAAM predicts that China's total NEV sales will reach 9 million units in 2023, with an annual growth rate of 35% and a penetration rate of about 35%. Driven by national policy support and broad market demand, the rapid growth of China's automotive market will fully open up the market for automotive

applications including power systems, information entertainment systems, chassis and safety, vehicle bodies, etc.

(3) IoT applications

In recent years, as emerging information technologies such as cloud computing, big data, 5G, and AI advance at an ever-faster rate, the Internet of Things is incorporating the relevant use cases and fostering innovative scenarios across all sectors. The continued boom of the IoT ecosystem has significantly expanded the market demand. Meanwhile, China has also been speeding up its digital transformation, giving birth to rich applications and huge market spaces. The IDC predicts that China's IoT connections will reach 5.6 billion in 2022 and hit 10.25 billion in 2026, with a compound annual growth rate of about 18%.

4. Development Strategy

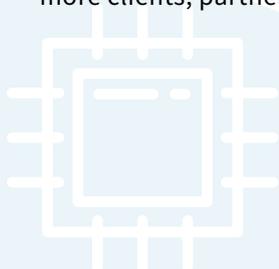
The Company, by implementing the corporate mission of "Enrich Your Life Through Innovation", continues to lead technological innovation in the fields of sensing, processing, connectivity and security, and extensively works with global clients to drive innovative applications for smartly connected world, so as to enrich the smart lives of hundreds of millions of consumers around the world.

Going forward, the Company will gather the world's top talents with a global vision and plan, invest in R&D and continue to break through the boundary of technological innovation, so as to create greater unique values for more clients, partners and consumers around the

world. It will strive to grow into the world's leading comprehensive IC design company.

(1) Building a versatile product range, become a leading comprehensive IC design company

The Company's long-term strategic goal is to become the world's leading IC design company. With the continuous investment in R&D, the Company will develop more diversified and differentiated innovative product categories. The Company will strive to speed up the development of new products, push forward the commercialization and mass production of more products. Through market research, the Company will constantly seek suitable product development paths and cultivate new growth points; accelerate the products iteration, to maintain the leading position



in the market, continuously improve the competitiveness of the products.

(2) Develop diversified target markets, making strategic deployment in automotive electronics

The Company will continue to enhance the promotion efficiency of existing products in the market, make new product strategies, enrich application scenarios of products by starting with the profound insight into customer's requirements, and expand diversified target markets in smart devices, automotive electronics, IoT and other new markets. Smart automobiles represent a new field of high-speed growth in the next decade. The Company's existing products in fields that include touchscreens, biometric solutions, audio, security, and Bluetooth come with broad application potential and brilliant market prospects. The Company is planning for the development of the relevant products and acquiring new customers in the field of automotive electronics, which represents a strategic focus in the Company's future development.

(3) Continuously improve the management level to strengthen the Company's overall ability

The Company will continue to strictly follow the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other laws and regulations. It will standardize the governance structure and conduct

faithful operation and transparent management with accurate and complete information disclosure, good and interactive investor relations and strict and effective internal management and risk management systems. It will continue to improve the corporate governance structure and standardize the company operation to maximize the effective protection of the interests of all shareholders and the Company. Meanwhile, the Company will also actively optimize internal management, continue to improve various basic management platforms such as the global human resources management platform, the global integrated financial sharing center, and the global administrative service platform, continue to improve IT global service capabilities, and support the Company's global business development.

(4) Promote diversified development through endogenous and epitaxial growth

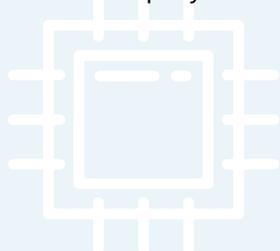
For a long time, the organic growth of continuous R&D spending and the integration of M&A have been considered the "two wheels" driving the Company's innovation ability. In the future, the Company will continue to invest in innovation, explore and improve its own innovation ability. The Company will integrate its global R&D forces and cutting-edge patents and resources to significantly shorten the cycle from product R&D to mass production and market launch, so as to bring more diverse and fantastic product experiences to consumers around the world.

5. Business Plan

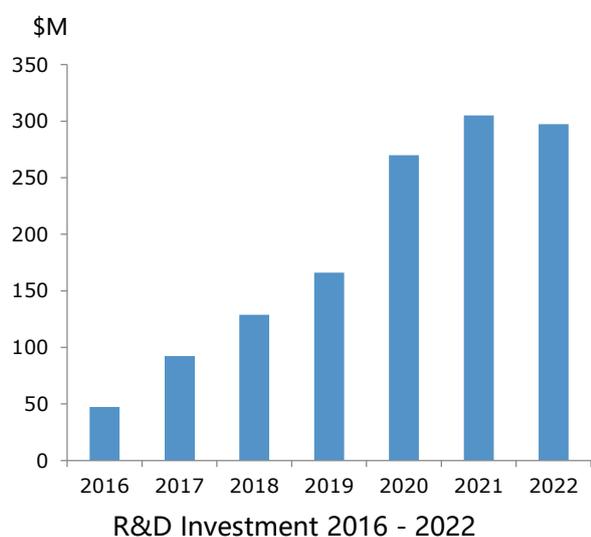
(1) Delivering first-class products by investing in innovation

The Company will continue to build comprehensive

technical abilities for the four pillars of "sensing, processing, connectivity and security", deepen product R&D, and rationally allocate and invest R&D



resources according to the actual needs of projects to speed up the product R&D process; always adhere to the customer demand-oriented, build a more diversified product portfolio, so as to strengthen the Company's overall competitive position. The Company will launch first-class products and solutions gradually which will contribute to the revenue, such as new biometric solutions, medium-large power audio amplifiers, security products, next-generation under-display light sensors and TWS SoC solutions etc..



(2) Building a diversified business presence through market expansion

The Company's clients mainly come from the fields of smart devices, IoT applications and automotive electronics, which form a huge market and broad application scenarios, presenting a promising prospect for the Company. In addition to deepening cooperation with major clients and exploring early in-depth cooperation on more products, the Company will make every effort to seek more small and medium clients to expand the client group, so as to truly realize

the diversification and multi-scenario application of the Company's products. Likewise, the Company will continue to vigorously explore overseas markets, serve more international clients, further globalize the company's innovation value and brand influence, and finally become a global leader in IC design.

(3) Improving management capacity & corporate competitiveness

The Company will keep improving the internal management system and the overall management efficiency. The Company will keep improving its inventory management capacity to normalize its inventory; intensify product management and build more cohesive product lines; step up with R&D efficiency and focus on the investment and development of competitive products; build a multi-dimensional communication mechanism, to promote cross-cultural communication and cooperation; and provide more opportunities for organizational development, to improve the organization's overall efficiency and effectiveness.

(4) Speed up the building of the talent echelon to stimulate the initiative and encourage creativity

The Company will continue to strengthen its global operation ability. For this purpose, it will actively introduce senior managers with rich experience of working in top multinational companies. The Company will continue to follow various talent incentive policies, improve the comprehensive remuneration management system for its teams around the world, further stimulate the Company's vitality and enhance employees' sense of ownership to help achieve the Company's strategic development goals.



6. Core Competitiveness

(1) A comprehensive IC design company with diversified business and technology layout

Focusing on four technical pillars of “sensing, processing, connectivity and security”, the Company establishes an organizational mission of “Enrich Your Life Through Innovation”, and seeks to become the world’s leading IC design company. With the joint efforts of the global team, the company's diversified business layout has begun to take shape.

In the sensing field, the Company's fingerprint products have mature and strong technical reserves, and continue to be in the leading position in the industry. While making consistent efforts to develop new biometric solutions, the Company is actively engaged in mass production and joint debugging together with domestic and foreign brands. The ultra-thin optical fingerprint solution continues to impress the high-end smartphone market, has built closer and more extensive business ties with customers. The Company’s next-generation health sensors will soon enter mass production, enable more convenient of body fat measurement and mental states monitoring, while actively expanding medical-level applications; the Company has developed the next-generation under-display light sensors, which come with significantly improved performance through innovative architecture and design, as well as screen light elimination. The Company has continued to upgrade its other sensors in order to better meet customer demands.

In the touch field, touch screen chips successfully reached renowned overseas clients, and the market share of high-end soft screens and folding screens continued to increase; Automotive touch solutions entered mainstream car companies such as BYD and achieved large-scale shipments, gained the favour of

more renowned automotive brand clients, with a rising penetration rate. Facing the broader consumer, automotive and industrial markets, the Company will continue to invest in innovation and expand diversified application scenarios to capture more market shares.

In the audio field, smart audio amplifiers’ share among well-known customers has steadily increased. The portfolio of voice and audio software solutions such as smart devices and wearable devices with excellent performance have been used by clients in more fields around the world for commercial purpose. The CarVoice software solution has been commercially used by many clients including Nissan, GAC, Hyundai, FAW, SAIC, among other renowned manufacturers. ANC Codec continues to be accepted by clients. The Company’s Bluetooth audio single chips have been adopted and verified by well-known earphone manufacturers with their advanced digital signal processors offering low power consumption and in-house developed high audio performance, as well as half-in-ear and in-ear adaptive noise reduction algorithms.

In the security field, the Company has accumulated strong technical foundation and rich experience in commercialization. The Company has activated the market promotion across the board and is promoting the adoption and verification of the products in an orderly manner jointly with multiple mobile phone OEMs. The security products are expected to be adopted for commercial use in 2023. The Company will deliver more innovative security products by deepening its cooperation with and innovation in security ecosystems.

In the field of wireless connection, the Company’s BLE products have been adopted by well-known brands for commercial use by virtue of product

advantages such as low energy, high performance, excellent radio frequency and stable SDK, with a significant increase in shipments. Apart from that, the Company has successfully explored innovative applications across categories including smart tracking, smart travel, and smart home etc.. The system-level NB-IoT single-chip solution, by virtue of its ultra-low system energy, stable communication performance, and rich MCU resources, has been successfully commercially used by many clients' projects. The Company has laid a solid foundation for its presence in the connection field. With the continuous expansion of the market, it will keep growth in 2023.

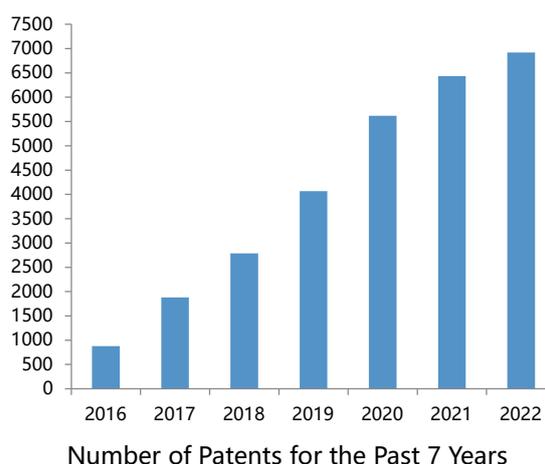
(2) Attach importance to talent acquisition and build an international first-class talent team

A highly-educated, globalized R&D team with industry-leading professional and technical abilities is the driving force behind the Company's continuous innovation. As of the reporting period, the Company has 1,800 employees worldwide, of whom more than 80% are R&D employees, while over 50% have master's degrees or above. The Company has established 22 R&D centers, technical support centers and representative offices around the world, covering four Continents.

Goodix talent pattern has realized the simultaneous integration of global elite and the company's independent training measures. To further optimize the company's talent management system, it has not only cultivated and promoted senior R&D professionals and managers who have worked in the Company for a long time, but also introduced senior managers with rich experience of working in international companies. In terms of talent training, the Company provides employees with relevant training opportunities and different platforms for them to show their abilities. In terms of talent incentives,

the Company provides employees with a dual-channel promotion mechanism of management and technology, which is conducive to the cultivation of talents. Various long-term incentives are leveraged to help employees and the Company unite as a community that shares weal and woe, grows together, and strives to build an international first-class and innovative team that is stable, professional and high-caliber.

Continuous talent building and investment in innovation have brought many core technologies and patents to the company at a fast pace. As of December 31, 2022, the Company has applied for and authorized more than 6,900 international and domestic patents in total.



(3) Extensive customer base and further enhancement of global brand influence

Goodix has become one of the few chip design companies in China that have entered the supply chains of world-wide renowned brand clients because of its innovative total solution of software and hardware and excellent customer service. Products and solutions are widely adopted by Samsung, Google, Amazon, Dell, Huawei, OPPO, vivo, Xiaomi, Honor, BYD, Li, Buick, Hyundai, Nissan, and other International and domestic well-known brands. With the diversified strategic layout and

breakthroughs, the Company's products are applied to smart devices, automotive electronics and IoT fields, further broadening the extensive customer base.

In 2022, the Company continued to make breakthroughs in international market expansion, and our global brand influence was further enhanced. The leading market position, increasing global brand influence and high-quality customer service have paved the way for the Company's current and future application of technologies and expansion of target markets, providing a strong support for the Company to develop new international markets and clients.

(4) Global strategic layout to create unique value for global customers

Goodix is rooted in China, with a global vision.

Through the R&D layout in many places around the world, the company has built a globally integrated innovative R&D network and a global supply platform, so as to better provide differentiated innovative products and first-class services to customers around the world. In the future, the company will continue to focus on the domestic and overseas market of smart devices, automotive electronics and Internet of Things, relying on the endogenous development of independent research and development, at the same time, integrating the world's top R&D forces and advantageous patent resources, on the basis of existing overseas customers, continue to vigorously explore overseas markets, serve more international customers, and gradually realize the strategic goal of becoming the world's leading comprehensive IC design company.

Our Robust Roster of Global Clients

<p>Smart Devices</p>	
<p>IoT/ Smart Home</p>	
<p>Automotive</p>	



7. Products

(1) Sensor products

As the Company has been engaged in the sensors for many years, our sensor products have been widely recognized by renowned clients around the world for their high quality and excellent performance. At present, sensor products mainly include fingerprint sensors, health sensors, light sensors and other sensors. The fingerprint sensor has held a dominant market position in the world for many consecutive years. Health sensors, light sensors and versatile sensors are constantly upgraded and iterated. In the future, the Company will continue to cultivate diversified markets and explore more commercial opportunities.

1) Fingerprint sensors

In 2022, the Company maintained its leading position in the industry and increased its investment in the R&D of new biometric solutions. While making consistent efforts to develop new products, the Company is actively engaged in mass production and joint debugging together with domestic and foreign brands, providing new momentum for its fingerprint sensor. The ultra-thin optical fingerprint solution continues to impress the high-end smartphone market, earning global recognition. The Company's ultra-narrow side-key capacitive fingerprint sensors and side-key capacitive fingerprint sensors have become a must for LCD screen mobile phones, continuing to hold the dominant position of their market shares and have been favored by manufacturers of smartphones with a foldable screen.

2) Health sensor, light sensor and other sensors

The Company's next-generation health sensors will soon enter mass production. The new series will incorporate more comprehensive physiological indicators such as body tissue composition and skin electrical activity. This will enable more convenient "wrist-based monitoring" of body fat and mental states, allowing users to better manage their health conditions. The Company is also developing products for medical-level applications, with steady progress made in the relevant projects.

With a strong track record in optical technology, the Company has developed the next-generation under-display light sensors, which come with significantly improved performance through innovative architecture and design, as well as screen light elimination. In the future, the Company will explore more commercial use cases for optical sensors in fields such as smartphones, tablets, and automobiles.

The Company's versatile sensor is updating, it now can support in-ear detection (IED) and force / touch / temperature / proximity sensing. Taking the market of intelligent accessories as an example, for which AR, VR play very important roles in, our versatile sensor will keep innovating more functions, occupying more markets. This series of products has the advantages of ultra-low power consumption and high integration, which greatly improves space utilization. Such sensors have been fully used for commercial purpose in the products from first-tier smart phone manufacturers and renowned brand earphone clients



such as JBL. They have also been mass-produced and used for commercial purpose in the field of AR glasses, smart watches and other accessories.

(2) Touch Controllers

The Company's new generation of high-performance and low-energy soft OLED display touch chips are favored by clients for amazing performances such as high refresh rate and low latency, with continued growth in the shipment and market share during 2022. The new generation of hard OLED display touch products have been sold to international clients because of their excellent performance and good delivery, paving the way for its further growth in terms of international market share. The successful launch of folding screen OLED touch chips broke the single product pattern in this market, and prepared solutions in advance for subsequent larger and thinner folding/curling mobile phones and active stylus applications.

The Company's medium and large-size touch screen chips have been successfully mass-produced because of their excellent performance, with adoption by domestic first-tier brand clients. In 2022, many flagship PC models continued to use the chips for commercial purposes. The Company holds an absolutely dominant position in the Android tablet market. In the future, the Company will continue to improve the performance of its existing products, as well as the user experience of new technologies. Additionally, its partnerships with world-renowned clients and downstream players have laid a solid foundation for the mass production of its products. In 2022, the Company achieved stable

mass production and shipment of touch panel modules sold to new clients and acquired more orders for modules to be used in new models.

As the automotive market records high-speed growth, the Company's automotive touch controllers have been recognized by mainstream clients because of high reliability and excellent EMC ability, resulting in a rapid increase in shipments. In particular, as the Company's new generation of automotive touch controllers supports large screens, featuring excellent anti-interference and fast response, they have been applied to screens from 7 inches to 30+ inches. Besides, such chips support screens with various aspect ratios. They were successfully sold to the mainstream models of many domestic brand clients, joint venture brand clients and new energy brand clients. Meanwhile, the Company has made a breakthrough in the development of automotive-grade control chips for touch buttons.

(3) Audio products

Backed by years of technical expertise, the Company has become a leader in audio technologies and introduced products with wide-ranging applications. For instance, the audio amplifier covers a full range of use cases, ranging from small to medium and large power, while the software products offer a series of functions such as voice enhancement, call noise reduction, and audio effects processing, covering both consumer and automotive markets. At present, the Company's main audio products consist of smart audio amplifiers, audio software solutions and TWS SoC solutions.



1) Smart audio amplifier and audio software solutions

With high sound quality, loud volume effect and low power consumption, the Company's smart audio amplifier brings stable quality assurance and differentiated experience to mid-end and high-end mobile phones, tablets and smart watches, etc., and has been unanimously recognized by renowned brand clients, with a rising penetration rate. In addition to the mobile market, the Company has achieved breakthroughs in the R&D of medium-large power audio amplifiers. The Company's first medium-power amplifier significantly outperformed the latest offerings of its international rivals, and relevant patent applications have been submitted.

The Company's voice and audio software solutions have been widely adopted by world-renowned clients. Focusing on key customer demands, we have kept upgrading these solutions and exploring more innovative scenarios. The Company's CarVoice products enables users to obtain more accurate and clear high-quality voice and audio experience. In this regard, such solutions have been successfully used for commercial purposes on many mainstream automotive models and by automobile manufacturers, and the market demand is rising rapidly. In the future, these products will continue to promote innovation and application in the in-vehicle voice field. The Company's VoiceExperience (VE) solution offers top-notch wind noise suppression and adds the keyboard noise suppression function. Furthermore, the echo cancellation feature enables improved double talk and noise suppression under strong reverberation.

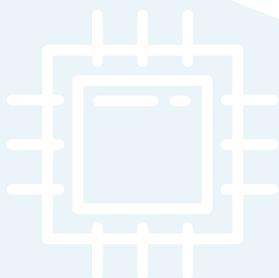
2) TWS solutions

As the global demand for TWS earphones continues to grow, the Company's low-power, high-performance, and miniaturized audio decoding chips have been mass-produced and shipped to well-known earphone manufacturers. In the wireless audio market, the Company's in-house developed Bluetooth audio single chips have earned full recognition during the relevant alpha client tests with their advanced digital signal processors offering low power consumption and high audio performance, as well as adaptive noise reduction algorithms. Moreover, the product has been adopted and verified by well-known earphone manufacturers.

(4) Connectivity products

The continued technological improvement helped BLE record considerable development in wearable devices, smart phones and PC accessories, smart home devices and other fields. Thanks to advantages including exceptional performance and stable SDK, the Company's BLE products have been adopted by well-known brands for commercial use, with a performance growth of over 200% YoY. Apart from that, the Company has continued to expand its market share in the wearable market and speed up efforts to explore innovative applications across categories including smart tracking, smart travel, and smart home etc..

Smart meters, the largest NB-IoT market, now demand greater integration from NB-IoT, and OpenCPU has become a new trend in the industry. The Company continues to be a tech pioneer and completed the

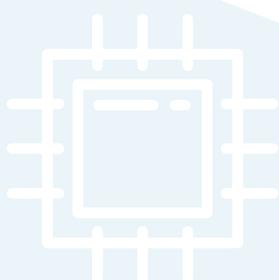


development, testing, and certification of water meters and gas meters based on the OpenCPU scheme in collaboration with top clients.

(5) Security products

Goodix has engaged in security products for many years, it has laid a strong technical foundation and accumulated rich experience in commercializing technologies and services. The Company has activated the market promotion of its security products across the board and is promoting the adoption and verification of the products in an orderly manner jointly

with multiple mobile phone OEMs. The Company has been actively involved in collaboration with security ecosystems. Leveraging its advantage as an early member of the CCC Digital Key, the Company has introduced a digital key product that conforms to the latest CCC 3.0 standards. Moreover, it has also joined the Google Android SE Ready Alliance and will launch a comprehensive strongbox solution based on the latest specifications in 2023. While striving for product commercialization, the Company will deliver more innovative security products by deepening its cooperation with and innovation in security ecosystems.



8. Key Accounting Data and Financial Indicators

Shenzhen Goodix Technology Co., Ltd. Consolidated Income Statement

For the twelve months ended Dec 31,2022 and Dec 31,2021

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

Items	Jan-Dec,2022	Jan-Dec,2021
1. Revenue	3,383,952,172.00	5,712,871,793.38
Less: Operating cost	1,820,552,175.55	2,960,069,870.72
Taxes and surcharges	15,982,935.34	29,734,835.10
Selling expenses	272,146,022.22	341,409,983.25
General and administrative expenses	217,472,341.84	169,463,073.47
Research and development expenses	1,536,779,661.29	1,691,994,164.98
Finance expenses	-15,881,271.44	-47,622,992.95
Including: Interest expense	23,118,546.60	21,365,547.97
Interest income	66,224,335.14	79,008,461.03
Add: Other income	100,241,753.11	205,664,980.38
Investment income	33,866,022.82	29,714,681.95
Including: Investment income from joint ventures and affiliates	-25,392,706.35	8,767,407.32
Earning from fair market value changes	54,360,129.24	66,372,309.57
Impairment of credit	310,067.61	-508,771.28
Impairment of assets	-711,456,131.99	-66,903,274.14
Proceeds from asset disposal	2,425,812.24	1,498,551.38
2. Operating profits	-983,352,039.77	803,661,336.67
Add: non-operating income	361,713.73	418,985.02
Less: non-operating expenses	15,644,499.70	1,199,146.24
3. Profit before tax	-998,634,825.74	802,881,175.45
Less: income tax	-250,994,953.35	-57,041,817.88
4. Net profit	-747,639,872.39	859,922,993.33
5. Other comprehensive income after tax	150,573,949.76	-51,090,409.59
6. Total comprehensive income	-597,065,922.63	808,832,583.74
7. Earning per share:		
I .Basic earnings per share	-1.63	1.91
II .Diluted earning per share	-1.63	1.89



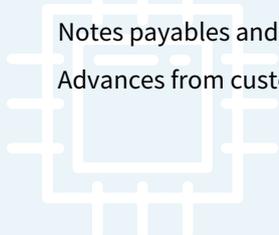
Consolidated Statement of Balance Sheet

As of Dec 31,2022 and Dec 31,2021

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

Assets	31-Dec-22	31-Dec-21
Current assets:		
Cash and cash equivalents	2,863,896,690.08	2,711,626,624.63
Financial assets held for trading	50,829,056.97	1,769,713,159.34
Notes receivables and trade receivables, net	403,107,224.79	1,122,757,109.86
Inventories	1,795,453,857.80	974,571,146.67
Prepayments	9,921,596.83	80,255,995.99
Other receivables	53,195,073.71	69,780,002.80
Assets held for sale	38,634,391.70	
Current portion of non-current assets	93,797,507.45	90,008,749.44
Other current assets	139,846,854.23	50,965,584.20
Total current assets	5,448,682,253.56	6,869,678,372.93
Non-current assets:		
Long-term equity investments		124,067,990.90
Other non-current financial assets	233,763,684.47	367,407,583.63
Investment property	49,471,736.45	44,409,269.90
Property, plant and equipment	361,288,281.73	391,621,659.27
Construction in progress	234,927,916.59	113,919,129.43
Right-of-use assets	79,637,550.17	107,990,685.94
Intangible assets	1,213,289,987.31	1,417,720,219.89
Development costs	582,711,337.36	290,221,665.17
Goodwill	498,643,032.83	612,094,157.67
Long-term deferred expenses	12,054,005.78	18,271,833.29
Deferred tax assets	478,910,864.09	214,097,263.97
Other non-current assets	233,292,698.54	155,708,586.62
Total non-current assets	3,977,991,095.32	3,857,530,045.68
Total assets	9,426,673,348.88	10,727,208,418.61

Liabilities and Stockholders' Equity	31-Dec-22	31-Dec-21
Current liabilities:		
Short-term loans	492,745,839.68	339,992,006.63
Financial liabilities held for trading		1,186,742.06
Notes payables and trade payables	206,407,327.46	459,598,653.62
Advances from customers	2,507,199.13	426,721.38



Contract liability	8,476,713.06	13,435,828.36
Accrued payroll	179,495,090.37	246,160,907.01
Taxes payable	46,998,902.53	58,600,695.10
Other payables	276,514,412.96	392,360,092.75
Liabilities held for sale	2,436,073.60	
Current portion of non-current liabilities	134,693,610.92	93,738,163.92
Other current liabilities	368,431.07	1,874,980.19
Total current liabilities	1,350,643,600.78	1,607,374,791.02
Non-current liabilities:		
Long-term loans	138,000,000.00	240,000,000.00
Lease liabilities	51,297,708.08	77,340,253.01
Accrued liabilities	15,707,400.00	
Deferred income	17,095,047.26	18,665,439.73
Deferred tax liabilities	75,623,780.91	89,911,831.58
Total non-current liabilities	297,723,936.25	425,917,524.32
Total liabilities	1,648,367,537.03	2,033,292,315.34
Equity:		
Paid-in capital	458,074,341.00	458,562,070.00
Additional Paid-in capital	1,790,972,127.62	1,954,745,378.12
Less: treasury shares	353,232,776.84	299,269,767.84
Other comprehensive income	-39,969,465.76	-190,543,466.91
Retained earnings	5,922,456,251.45	6,770,418,510.30
Equity attributable to owners of the parent company	7,778,300,477.47	8,693,912,723.67
Equity attributable to minority shareholders	5,334.38	3,379.60
Total Stockholders' equity	7,778,305,811.85	8,693,916,103.27
Total liabilities and Stockholders' equity	9,426,673,348.88	10,727,208,418.61

Consolidated Statement of Cash Flows

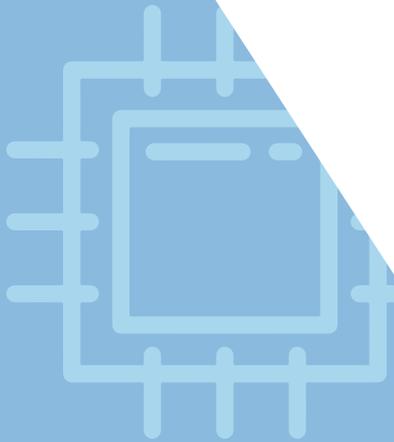
For the twelve months ended Dec 31,2022 and Dec 31,2021

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

Items	Jan-Dec,2022	Jan-Dec,2021
1.Cash flows from operating activities		
Cash received from sales and services	4,278,203,379.51	5,946,694,487.37
Taxes and surcharges refunds	256,760,569.15	315,345,721.13
Other cash received from operating activities	114,470,303.11	306,083,438.39
Total cash inflows from operating activities	4,649,434,251.77	6,568,123,646.89
Cash paid for goods and services	3,595,800,917.34	3,863,016,930.06
Cash paid for employees related expenses	1,207,578,367.51	1,193,546,866.55

Taxes and surcharges cash payments	161,335,601.89	282,119,299.18
Other cash payments related to operating activities	590,330,926.99	907,664,329.13
Total cash outflows from operating activities	5,555,045,813.73	6,246,347,424.92
Net Cash generated from operating activities	-905,611,561.96	321,776,221.97
2.Cash flows from investing activities		
Cash received from withdraw of investments	2,246,199,861.14	1,852,841,960.08
Cash received from investment income	123,778,453.40	78,126,482.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	33,848.38	20,756.50
Cash received from other investment related activities		46,139,741.12
Total cash inflows from investing activities	2,370,012,162.92	1,977,128,939.70
Cash paid for fixed assets, intangible assets and other long-term assets	596,144,421.95	598,186,512.50
Cash payments for investments	527,620,000.00	2,275,954,888.48
Cash paid for other investment related activities	20,736,842.21	19,998,720.00
Net cash payments for acquisitions of subsidiaries and other business units		
Total cash outflows from investing activities	1,144,501,264.16	2,894,140,120.98
Net cash used in investing activities	1,225,510,898.76	-917,011,181.28
3.Cash flows from financing activities		
Cash received from investments by others including: investment from minority shareholders	191,990,606.45	251,096,236.06
Cash received from borrowings	595,777,661.87	643,242,084.69
Other cash received from other financing activities	2,665,411.01	2,656,739.08
Total cash inflows from financing activities	790,433,679.33	896,995,059.83
Cash repayments for debts	526,992,329.56	425,987,405.12
Cash payments for distribution of dividends,profit and interest expenses	119,825,323.53	219,072,365.97
Other cash payments related to financing activities	575,946,432.13	576,559,904.55
Total cash outflows from financing activities	1,222,764,085.22	1,221,619,675.64
Net cash provided by financing activities	-432,330,405.89	-324,624,615.81
4.Effect of changes in exchange rate on cash and cash equivalents	39,179,090.57	-17,368,460.43
5.Net increase in cash and cash equivalents	-73,251,978.52	-937,228,035.55
Add: Cash and cash equivalents at the beginning of the year	1,140,526,812.98	2,077,754,848.53
6.Cash and cash equivalents at the end of the year	1,067,274,834.46	1,140,526,812.98

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