GOODiX

2023
Annual Report Summary

Shenzhen Goodix Technology Co., Ltd.

603160.SH

Content

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, automotive electronics and IoT applications. Goodix serves hundreds of millions of global consumers with quality products and solutions via renowned brands including Samsung, Google, Amazon, OPPO, vivo, Xiaomi, Honor, Transsion, Lenovo, BYD, GAC, Buick, Honda, Toyota, Hyundai, Nissan, NIO, XPeng and others. The company is recognized as a leading IC design and solution provider that empowers a connected, intelligent world.
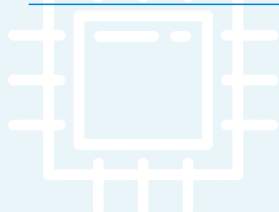
Standing among the global semiconductor industry, Goodix will continue its dedication in research and development, striving to establish the comprehensive

IC design blueprint for smart devices, automotive electronics, and IoT applications, 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.

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-23 2023	Dec-22 2022	YoY
Revenue	4,408.05	3,383.95	30.26%
Gross margin (%)	40.46%	46.20%	-5.74%
Operating profit	80.38	-983.35	N/A
Operating margin (%)	1.82%	-29.06%	30.88%
Net profit	165.05	-747.64	N/A
R&D expense	1,049.26	1,536.78	-31.72%
Cash and short-term investments	4,021.38	2,914.73	37.97%
Total assets	9,727.03	9,426.67	3.19%
Stockholders' equity	8,045.28	7,778.31	3.43%
Debt ratio (%)	17.29%	17.49%	-0.20%
Cash flows from operating activities	1,785.77	-905.61	N/A

2. Analysis of Key Figures

(1) Revenue

During the reporting period, the Company witnessed a year-on-year increase in shipments by 58.0% and registered revenue of CNY 4.408 billion, up 30.3% YoY. Net profit attributable to shareholders of the listed company amounted to CNY 165 million, turning around from the net loss reported in 2022. In particular, revenue from fingerprint products and touch solutions reached CNY 1.89 billion and CNY 1.514 billion, respectively, up 19.0% and 67.4% YoY. This growth can be primarily attributed to the structural increase in end-client demand, inventory adjustments, and the accelerated penetration of OLED flexible screens, which allowed fingerprint and touch products to capture more market share by leveraging their advantages in terms of performance and cost. However, intense market competition led to a decline in the average prices of fingerprint and audio products, reducing the gross margin by 5.7% YoY. Despite this drop, the Company's gross margin remained above 40.0%.

(2) Operating expenses

During the reporting period, the cost of revenue rose by 44.15% YoY, mainly due to the increase in revenue and changes in product structure. Selling expenses fell by 19.99% YoY, which is mainly associated with the reduced technical service fees. G&A expenses fell by 2.71% YoY, primarily as a result of reduced share-based payments, depreciation & amortization expenses, consulting and service fees. R&D expenses dropped by 31.72%, primarily owing to the Company's termination of low-return R&D projects considering the market demand and corporate realities. This drastically improved the Company's R&D efficiency and cut R&D expenses.

(3) Cash flows

During the reporting period, the net cash flow from operating activities grew compared to the same period in 2022, mainly due to inventory reduction. The net cash flow from investment activities dropped by 241.02%, primarily due to a decrease in cash returns from investment and an increase in investments in financial products and government bond repurchases. The net cash flow from financing activities increased compared to the same period in 2022, mainly due to changes in stock repurchases and dividends.

During the reporting period, the Company actively expanded its customer base and reached more extensive and deeper cooperation with leading smart device providers with a rich product portfolio offering high quality and unique value. Offering smartphone application products such as fingerprint sensors, touch solutions, and active stylus driver chips, voice and audio solutions, eSE and SAR sensors, the Company has reached broader cooperation with a growing number of customers, which helped register a drastic year-on-year growth in its smart device revenue. Strong customer relationships have laid a solid foundation for the Company to explore new products such as In-display light sensors and NFC chips. As we expand our offerings, the Company will derive more revenue from each client. In fields such as PC, tablet and smart wearable devices, the Company offers a diverse array of products including touch solutions, touchpad controllers, fingerprint sensors, voice and audio solutions, Bluetooth LE and health sensors. In particular, the revival of the smart wearable market

facilitated a year-on-year growth of over 60.0% in the Company's revenue from health sensors. In the automobile sector, the Company's automotive touch controllers have continued to penetrate major auto manufacturers in domestic and foreign, with

shipments growing by over 50.0% YoY. The successful integration of CarVoice, an audio software for automotive, into models produced by automakers such as BYD, Toyota, Geely and NIO, fuelled revenue growth in the auto sector.
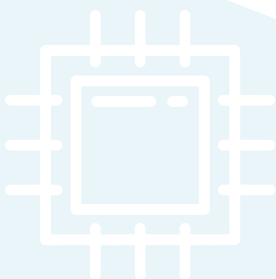
3. Industry Status during the Reporting Period

According to data from the Semiconductor Industry Association (SIA), global semiconductor sales in 2023 amounted to $526.8 billion, down 8.2% YoY. In terms of product categories, sales of logic products topped the list at $178.5 billion, followed by memory products at $92.3 billion. Microcontroller sales surged by 11.4% to reach $27.9 billion, while sales of automotive chips soared by 23.7% to a record-breaking $42.2 billion. As for regional statistics, Europe was the only region to record a growth in semiconductor sales, which increased by 4.0% YoY, and all other markets witnessed declines: the Americas (-5.2%), Japan (-3.1%), China (-14.0%), and the Asia Pacific/other regions (-10.1%). Notably, China experienced the largest year-on-year decline in demand. This has led to oversupply, which slowed the growth of the whole semiconductor market.

(1) Smart devices

As for smartphones, according to the IDC report, 2023 ended with global smartphone shipments of 1.17 billion units, a YoY decrease of 3.2%; the Chinese market saw a 5.0% year-on-year decline to 271 million units. Although the smartphone market shrunk slightly, the decline narrowed compared to 2022. Meanwhile, some structural positives have emerged. First, as domestic screen

makers continue to unlock their production capacity, and as flexible AMOLED panels reach low-end markets, demand for AMOLED smartphones surged, providing more market opportunities for the Company's touchscreen controllers and optical IN-DISPLAY FINGERPRINT SENSOR. Data from CINNO Research shows that in 2023, about 690 million units of AMOLED smartphone panels were shipped worldwide, up 16.1% YoY. Second, the adoption of foldable phones picked up pace. According to IDC, shipments of foldable smartphones in China reached approximately 7.007 million units in 2023, up 114.5% YoY. This also marks the fourth consecutive year where China's shipments of foldable smartphones recorded a year-on-year growth of over 100%. In the meantime, the rise of AI applications is expected to drive the recovery of the smartphone market. In 2023, multiple smartphones equipped with AI functions significantly enhanced the performance and intelligence of conventional phones.

As for PCs and tablets, weak demand and excess inventory led to a decline in traditional PCs and tablets shipments. According to IDC data, global PC shipments in 2023 amounted to 259.5 million units,

down 13.9% YoY, while global tablet shipments reached 128.5 million units, a year-on-year decline of 20.5%, the lowest since 2011.

As for wearable devices, driven by the strong demand generated by domestic smartphone brands, smartwatches and smart bands exhibited a weak recovery. According to the latest IDC figures, global wearable device shipments grew by 1.7% in 2023; the smartwatch industry maintained its momentum with an 8.7% increase in annual shipments. Notably, India and China led the market in terms of suppliers and consumption.

(2) Automotive electronics

In 2023, the growth momentum of the global light vehicle market persisted. According to GlobalData, sales of light vehicles reached 90 million units in 2023, up 11% YoY. Meanwhile, fierce competition and price wars boosted sales of passenger cars in the Chinese market. Data from the China Association of Automobile Manufacturers (CAAM) suggests that China's automobile production and sales in 2023 reached 30.161 million and 30.094 million

units respectively, up 11.6% and 12.0% YoY, making China the world's largest automobile producer and seller for the 15th consecutive year. Notably, the production and sales of new energy vehicles reached 9.587 million and 9.495 million units respectively, up 35.8% and 37.9% YoY, with a market share of 31.6%. Technological innovation by domestic auto manufacturers and the adoption of national policies are expected to drive rapid growth in the automotive semiconductor market, with the Chinese auto market poised for further expansion.
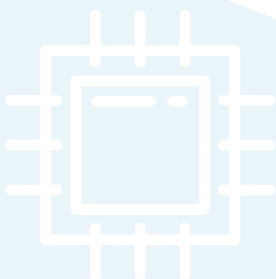
(3) IoT applications

With the accelerated advancement of new-generation information technologies such as 5G, AI, cloud computing, and big data, the Internet of Things ecosystem continues to grow and has been widely used in home, automobile, medical, manufacturing, agriculture, energy and other fields. With the continuous emergence of innovative scenarios in thousands of industries, it will drive market demand to continue to increase.

4. Development Strategy

The Company adheres to the corporate mission of "Enrich Your Life Through Innovation". Our commitment to being global leaders in our markets is demonstrated by acquiring the best talents around the world and aggressively investing in R&D. We are dedicated to breaking through boundaries of technological innovation

within sensing, processing, connectivity and security, empowering a connected, intelligent world. Striving to become a world-leading comprehensive IC design company, we are committed to deliver greater unique values to global customers, partners, and enrich the smart lives of hundreds of millions of consumers around the world. To meet potential demand, the Company will

continue to expand its product range and enhance the market competitiveness of its offerings. We will speed up the pace of iteration for both new and existing products to maintain our leadership in niche markets. Efforts will be made to improve the Company's operational efficiency, solidify comprehensive capabilities, and ensure a stable financial foundation, which will better equip us to navigate external uncertainties. The Company will continue to invest in new technologies, accelerate new product development, and intensify promotional efforts.

Based on profound insights into customer needs, we will develop new product strategies backed by rigorous planning and assessment and create more application scenarios for our products, with a continued focus on smart devices, automotive electronics, IoT, industrial and other new markets. With the goals of boosting performance, reinforcing capabilities, and venturing into new domains, we plan to pursue a new pattern of sustainable development and strive for high-quality growth defined by prudence and sustainability.

5. Business Plan

We will speed up efforts to develop new productivity and take solid steps to pursue high-quality development. The Company will remain committed to independent innovation and actively engage in product R&D to improve the performance and quality of its products. Efforts will be made to build closer ties with customers around the world and accelerate the penetration of our new products. With an innovative model of corporate management, we have established robust internal management systems to drive efficient business operations. We will focus on building a strong technology team to lay a solid foundation for the R&D of new products.

(1) Maintain the market share of superior products while driving the commercialization of new products

Our fingerprint products, one of the primary sources of revenue for the Company, have long maintained a dominant position in the market. The

ultrasonic fingerprint sensor introduced during the reporting period offers exceptional signal-to-noise ratio and recognition performance. Mass production of the product has been commenced by leading smartphone brands and will be integrated into the new projects of our customers.

During the reporting period, the Company's shipments of touch products surged thanks to the increased penetration of OLED flexible screens. With outstanding performance and stable delivery, we continued to enhance our competitiveness and market share in terminal markets such as smartphones, PCs and tablets while exploring new opportunities in the automotive, industrial, and medical sectors.

While maintaining the market share of superior products, the Company unveiled more innovative, competitive products to explore new revenue streams. Our eSE chips have become commercially available, with plans for further expansion in 2024.

We will also explore market opportunities for eSE+NFC. The Company is expanding the scope of its In-display light sensors to reach the mobile device market. Moreover, the sensors will gradually be integrated into projects of leading smartphone manufacturers. Our first mid-power amplifier significantly outperforms international competitors in key metrics, and applications for related patents have been submitted. Efforts have been made to speed up the R&D of next-generation automotive products including touch solutions and audio solutions. Our health sensors have been mass-produced and extensively promoted and are undergoing evaluation by several top players in the industry for integration.

(2) Strengthen partnerships with global customers to accelerate the penetration of new products

The Company's clientele spans sectors including smart devices, automotive electronics, IoT and industrial. We have continued to align with the forward-looking strategic deployments of our customers to help them identify opportunities and address urgent demands, fostering trust to explore strategic opportunities together. In the meantime, extensive efforts have been made to reach overseas markets and customers. With outstanding product performance and comprehensive technical services, we have accurately met the varying needs of overseas customers, thereby driving rapid global penetration of our new products.

(3) Improve organizational capabilities and operational efficiency for enhanced product competitiveness

We have consistently improved our internal management systems and implemented integrated product development procedures driven by customer demands. This involves the effective, seamless integration of essential processes such as market demand analysis, product development, technical support, production management, quality control, and financial management. Furthermore, the Company has established an automated management system through IT upgrades to enhance the overall operational efficiency. Efforts have been made to improve our quality management system. Specifically, we have optimized processes spanning design & development, production, quality management for mass production, and assessment and management of suppliers. Such efforts have allowed us to promptly identify and resolve potential issues, delivering quality products to customers. The Company has continued to optimize its inventory management, established a reliable supply chain, and strengthened communication with long-term suppliers. While ensuring product quality, we have delegated the manufacturing of some products to domestic factories to ensure sufficient supply capacity, control costs, and enhance our product competitiveness, thereby meeting the needs of global customers.

(4) Intensify talent development efforts and improve team collaboration

In terms of talent training, the Company provides employees with diversified training opportunities and broad 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, and build solid internal strength. Meanwhile, the Company has established multidimensional communication mechanisms to promote cross-cultural collaboration and has continued to enhance our globalized teamwork skills and operational capabilities.

6. Core Competitiveness

(1) Exceptional product performance and a diversified product portfolio

During the reporting period, the Company fully committed to the four core technical pillars of "sensing, processing, connectivity and security", and our products mainly include sensors, touch, audio, security, and connectivity products. In particular:

The Company's ultrasonic fingerprint sensors offer excellent signal-to-noise ratio and recognition performance, which promises a more secure and seamless in-display unlocking experience. Significant improvements in supply chain processes and manufacturing costs have been made, enabling us to offer superior fingerprint recognition solutions to customers around the world.

With their high signal-to-noise ratio, robust noise resistance, low power consumption, and support for ultra-high sample rates above 300Hz and active stylus protocols, our smartphone touch solutions saw a surge in shipments during the reporting period. The Company's automotive touch solutions meet the requirements of strong reliability outlined in AEC-Q100 and IATF16949. Notably, features such as high refresh rates and unique FH-enabled anti-interference capabilities meet international auto manufacturers' stringent requirements for response time and EMC.

The Company's light sensor adopts a Charge-type architecture and promises high sensitivity and extremely low dark current noise, which can effectively reduce light leakage on screens. This, coupled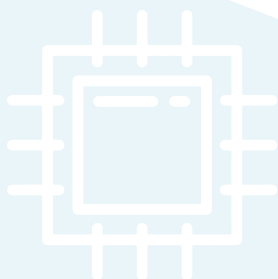 with patented algorithm solutions, achieves the high-precision measurement of color temperature and illuminance at both hardware and software levels.

Our eSE chip has obtained notable certifications such as SOGIS CC EAL5+ and OSCCA L2. The product features a range of hardware-grade security sensors, rich cryptographic algorithms, and reliable, secure storage with large capacity. It also supports various types of peripheral interfaces to meet the diverse security needs of complex terminal operations.

The Class D audio amplifier series, equipped with advanced SpeakerBoost acoustic enhancement and protection algorithms carried by the onboard DSP, features temperature and amplitude protection. The adaptive DC-DC converter in the product increases power supply voltage to meet the demand for drastically improved sound quality. Moreover, the product is powered by in-house developed software, which helps enhance its hardware performance.

(2) A top-notch team of talents, bolstered by a robust technological reserve

As of the reporting period, the Company's employees exceeded 1,500 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. The Company's talent strategy includes external introduction and independent training, aiming to

create a stable, professional and high-quality global first-class innovation team. 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, 2023, the Company has applied for and authorized more than 7,000 international and domestic patents in total.

(3) Global brand influence forged with a premium clientele

Because of the Company's innovative total solution of software and hardware and excellent customer service, our products and solutions are widely adopted by Samsung, Google, Amazon, Dell, Huawei, OPPO, vivo, Xiaomi, Honor, Lenovo, Transsion, BYD, GAC,Buick, Honda, Toyota, Hyundai, Nissan,NIO, XPeng and other international and domestic well-known brands. As we continue to advance our diversification strategy, our products are applied across fields such as smart devices, automotive electronics, IoT and industrial. This has expanded our customer base and brand influence in markets across the globe.

(4) Global strategic deployments ensuring steady growth in domestic and overseas market

The Company has established a globally integrated innovation R&D network and supply platform to deliver differentiated innovative products and quality services to customers worldwide. In 2023, the Company reported CNY 2.2 billion in domestic revenue, up 37.3% YoY, and CNY 2.06 billion in overseas revenue, up 20.8% YoY. In 2023, our domestic revenue and overseas revenue accounted for 51.5% and 48.5% respectively of the total revenue, which demonstrates a robust growth trend.

7. Products

(1) Sensor products

1) Fingerprint sensors

Benefiting from the increased penetration of OLED screens and favorable structural upgrades of our customers' product portfolios, the Company witnessed a surge in demand for fingerprint sensors in 2023 and captured a significantly larger market share of in-display optical fingerprint products and side-mounted capacitive fingerprint solutions. With outstanding signal-to-noise ratio and recognition performance, our ultrasonic fingerprint sensors achieved mass shipments for leading smartphone brands, promoting their widespread adoption.Our ultra-thin in-display optical fingerprint products, leveraging structural advantages, continue to be favored by brand customers, leading the industry with a substantial market share in high-end models. Furthermore, the Company's new generation of in-display optical fingerprint products and side-mounted capacitive fingerprint solutions that are even more market competitive have been developed, aiming to further enhance our market share.

2) Light sensor, health sensor, and other sensors

The next-generation in-display light sensors, with an innovative product architecture, address the issue of insufficient sensitivity in low-transmittance in-display applications for our customers. Backed by industry-beating performance, the product helps

customers slash costs and development difficulties. The sensors are currently mass-produced for IoT applications and are gradually integrated into projects of leading smartphone manufacturers. Concurrently, a series of high-performance light sensors for image enhancement and display management are under development. In the future, the Company will explore more commercial use cases in fields such as smartphones, PCs, tablets, IoT and automobiles.

The Company's shipment of health sensors saw rapid growth in 2023. The next-generation health sensors have entered a stage of mass production and market promotion, as they undergo integration assessment by several leading players in the industry. The medical-grade ECG detection chip we launched, featuring ultra-low power consumption and stable pacing detection, has been successfully integrated by customers.

The Company's VersaSensor continued to garner customer recognition thanks to their advantages such as small size, low power consumption and high-performance, with a steady shipment growth in 2023. Our SAR sensors have been mass-produced for major customers, laying a solid foundation for stable shipments in the future.
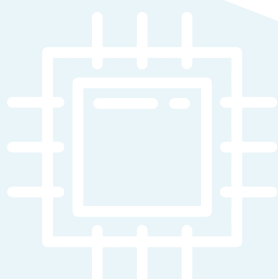
(2) Touch Controllers
Benefitting from the increased penetration of flexible OLEDs, the new generation of small-sized, high-performance and low-energy touch screen controllers for flexible OLEDs continued to gain customer recognition with outstanding features such as support for ultra-high refresh rates and low-latency. In 2023, shipments of these touch products surged.

The new generation of OLED hard-screen clients because of their excellent performance and stable delivery, paving the way for its further growth in terms of international market share.The successful launch of our integrated solution of OLED touch-screen controllers with active stylus positioned the Company as the absolute leader in the segment, as we provide Android smartphone manufacturers with a competitive edge in product differentiation.

The Company introduced the industry's first high-performance touch screen controllers for flexible OLED tablets, which has been well-received by customers for its support of high refresh rates, low-latency and excellent active stylus writing performance. During the reporting period, the Company's medium and large-sized touch screen chips continued to be commercially used in flagship PC models, maintaining its leading share in the Android tablet market. In terms of industrial and medical applications, our touch control solution, with exceptional anti-interference and touch performance, have been recognized by international clients. The Company achieved stable mass production and shipment of touchpad modules sold to new customers 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 saw a rapid increase in shipments because of high reliability, excellent EMC ability and diversified product portfolio which have been applied to screens from 7 inches to 30+ inches. With support for high refresh rates and advanced user experiences, our next-generation FMLOC touch control solution for

automotive has become a leader in this new segment. In 2023, the Company's automotive-grade touch key chips were mass-produced; our next-generation automotive-grade touch key MCU has been delivered to customers for sampling and is expected to enter mass production by 2024.
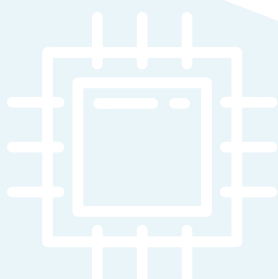

(3) Audio products

Backed by years of technical expertise, the Company has become a leader in audio technologies and introduced products with wide-ranging app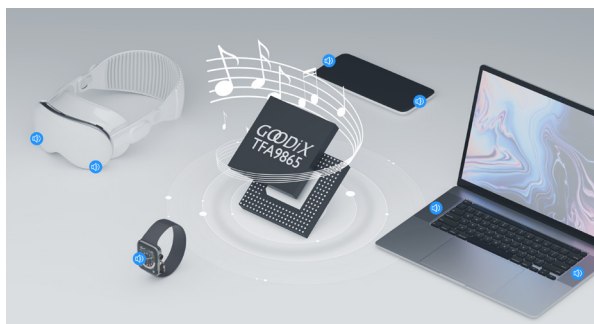lications. At the moment, the Company has developed a complete audio solution combining both hardware and software. In terms of hardware, the solution includes intelligent audio amplifiers, covering a full range of products from low-to-medium power gadgets to high-power devices. The software part of our solution includes a series of products such as voice enhancement, call noise reduction and active noise cancellation (RNC and ANC) based on deep learning and sound effect applications, covering both consumer and automotive electronic markets.

The Company's next-generation smart audio amplifiers, with a leading innovative architecture and unique algorithms for speaker performance optimization, offer industry-leading solutions with high sound quality, high efficiency, ultra-low power consumption, and compact size, ensuring stable audio performance and differentiated experience for mid-to-high-end smartphones, tablets and smart watches, etc.. Moreover, we are making every effort to develop medium-to-high power audio amplifiers targeting the smart home market, and patent applications for key IPs have been submitted. The Company is also speeding up efforts to develop next-generation automotive-grade audio products.

The Company's voice and audio software solutions have been widely adopted by world-renowned customers. Focusing on key customer demands, we have kept upgrading these solutions and exploring more innovative scenarios. In particular, CarVoice, an auto software solution recognized for minimal resource occupation and reliable performance, has been adopted by multiple mainstream car models. The Company is endeavoring to develop innovative

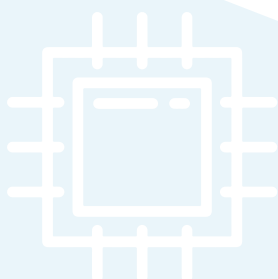applications for smart cockpits such as advanced active noise cancellation and personalized sound effects.

(4) Security products

Based on years of technological accumulation and innovation, the Company has built a strong track record in the field of security. Our eSE chip has made its commercial debut on OPPO's flagship foldable smartphones. Notably, security features have become one of its main selling points across multiple flagship models, earning extensive consumer recognition. The Company's self-developed COS operating system has obtained SOGIS CC EAL5+, an international security certification, and OSCCA L2, meeting the highest requirements in various international and domestic security fields. Iteration of the Company's NFC products has been completed. In 2024, we will focus on the mass production of our next-generation NFC products. Furthermore, the Company has remained actively engaged in the development of the international security ecosystem. We have built strong partnerships with mainstream AP platforms. Our products now support complete Google StrongBox Keymint 3.0 and Weaver functionality, offering system-driven solutions compliant with CCC 3.0, an international standard for digital car keys.

(5) Connectivity products

The Company has introduced a variety of BLE products targeting different application markets, which significantly enriched its product lineup. These products exhibit outstanding performance in radio frequency, system power consumption, and SDK usability. We have made active efforts to integrate into mainstream platforms and ecosystems. During the reporting period, the Company obtained the Apple Find My compliance certification and continued to expand its market presence in a range of fields such as smart tracking and Ebikes, with the relevant products and solutions adopted by more customers for commercial purposes. Going forward, the Company will continue to launch new products and solutions tailored to emerging use cases, while speeding up the R&D of automotive-grade Bluetooth products.

8. Industry Landscape and Trends

AI and high-performance computing have become crucial drivers in the semiconductor industry. With the increasing proliferation of AI applications ranging from the cloud to the edge, from consumers to industries, and from security to healthcare, the demand for high-performance, power-efficient, and cost-effective semiconductors is growing stronger. The stable demand for smartphones, personal computers, and infrastructure, coupled with the sustained growth of the automotive industry, has provided fresh momentum for the semiconductor sector. The SIA projects that driven by global economic recovery and technological advancements, chip demand will continue to grow, with global chip sales expected to rise by 13% in 2024, reaching nearly $600 billion.
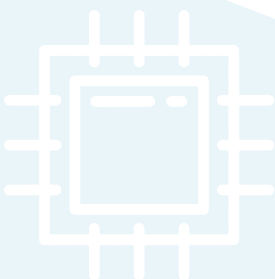
Driven by both the iteration of smartphones and the growth of emerging markets, IDC estimates that global smartphone shipments will hit 1.2 billion units in 2024, up 2.8% YoY. Foldable smartphones and AI smartphones, with their unique advantages, may become the key engines driving market recovery. It is projected that global foldable smartphone shipments will increase by 37% to 25 million units in 2024, while AI smartphone sales are expected to reach 170 million units, capturing nearly 15% of the market share. Moreover, the consistent optimization of hardware and software, coupled with cost reduction, has enabled the continued penetration of OLED screens in smartphones. A forecast by Omdia suggests that global shipments of smartphone OLED panels are likely to reach 745 million units by 2026. The rapid development of foldable and AI smartphones,

along with the ongoing penetration of OLED screens, will provide more growth opportunities for the Company's offerings such as fingerprint solutions, touch controllers and active stylus driver chips, smart amplifiers and audio solutions, light sensors and eSE/NFC products.

As demand for smartphones rebounds, sales of wearable devices such as smartwatches and bands are on the rise. IDC predicts that wearable device shipments will reach 559.7 million units in 2024, up 10.5% YoY. This will provide more market opportunities for the Company's next-generation products including health sensors, audio solutions and NFCs.

As for PCs and tablets, IDC predicts a market rebound in 2024. According to IDC, global PC and tablet sales are expected to reach 403.1 million units in 2024 and will grow to 425 million units by 2027. Along with the global AI boom, AI-powered PCs, with their brand-new smart experiences, may catalyze a new wave of PC purchases. This trend will unlock broader market potential for the Company's fingerprint solutions, touch solutions, audio solutions, light sensors and eSE products, and other relevant offerings.

In the automotive electronics field, along with the trend of smart and electric applications, emerging technologies and experiences such as autonomous driving, connected vehicles, and in-car entertainment are driving up the demand for sensors, controllers, communication modules, displays, and other products. A forecast by EVTank suggests that global sales of new energy vehicles will reach 18.30 million units in 2024, with the Chinese market accounting for
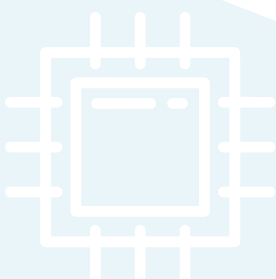
11.80 million units.According to EVTank, by 2030, global sales of new energy vehicles are expected to reach 47 million units. As automobiles become smarter at a faster pace, the preference for large screens and multi-screens is promoting the upgrade of audiovisual experiences and smart voice interactions. Riding on this ride, the Company's automotive touchscreen chips and automotive audio solutions are expected to register continued growth. Meanwhile, we have consistently improved our automotive-grade touch button MCUs. Digital car keys are expected to gradually replace traditional car keys. The CCC Alliance has clearly stated that the third-generation digital key will be an interconnectivity solution based on UWB/BLE (Bluetooth) and NFC, which will create new opportunities of business growth for the Company's automotive-grade NFC, eSE and BLE products.

It is predicted by IoT Analytics that global IoT connections may exceed 27 billion by 2025. Following the digital upgrade of industries, sectors such as industrial IoT, smart homes, smart driving, and smart cities have seen accelerated growth, which has created enormous potential for the IoT market. The

Company will continue to upgrade our touch solutions, audio solutions, BLE, light sensors and explore more innovative application scenarios.

Robotic applications currently cover a wide range of markets including industrial, medical, agriculture and households. In particular, smart home robots, featuring voice recognition and human-machine interactions, achieve the automatic control and smart management of home devices, as they create a more comfortable, convenient living environment for users. The Company's touch solutions, light sensors, BLE and audio solutions support smart home robot applications, and we are willing to work closely with global innovators to explore market opportunities.

In the field of VR/AR, IDC predicts that Meta Quest 3 and Apple Vision Pro will lead to a significant increase in global shipments of VR/AR headsets in 2024, with a projected growth of 46.4% compared to the shipment of 8.10 million units recorded in 2023. As the VR industry chain continues to improve, more market demand will be unlocked, which will bring more opportunities for the Company's light sensors, audio products, BLE, versa sensors and other solutions.
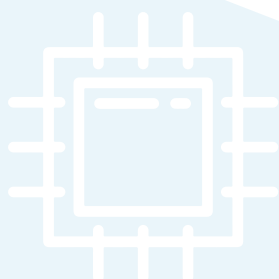
9. Key Accounting Data and Financial Indicators

Shenzhen Goodix Technology Co., Ltd. Consolidated Income Statement

For the twelve months ended Dec 31,2023 and Dec 31,2022

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

Items	Jan-Dec,2023	Jan-Dec,2022
1. Revenue	**4,408,052,320.27**	**3,383,952,172.00**
Less: Operating cost	2,624,385,941.66	1,820,552,175.55
Taxes and surcharges	28,776,418.12	15,982,935.34
Selling expenses	217,733,298.39	272,146,022.22
General and administrative expenses	211,583,428.42	217,472,341.84
Research and development expenses	1,049,255,196.17	1,536,779,661.29
Finance expenses	-83,824,893.06	-15,881,271.44
Including: Interest expense	21,792,653.69	23,118,546.60
Interest income	97,791,855.53	66,224,335.14
Add: Other income	92,948,231.37	100,241,753.11
Investment income	24,391,145.06	33,866,022.82
Including: Investment income from joint ventures and affiliates		-25,392,706.35
Earning from fair market value changes	-21,120,870.76	54,360,129.24
Impairment of credit	-1,568,438.42	310,067.61
Impairment of assets	-376,260,742.16	-711,456,131.99
Proceeds from asset disposal	1,851,833.26	2,425,812.24
2. Operating profits	**80,384,088.92**	**-983,352,039.77**
Add: non-operating income	1,889,638.22	361,713.73
Less: non-operating expenses	8,038,860.07	15,644,499.70
3. Profit before tax	**74,234,867.07**	**-998,634,825.74**
Less: income tax	-90,815,657.63	-250,994,953.35
4. Net profit	**165,050,524.70**	**-747,639,872.39**
5. Other comprehensive income after tax	**43,834,089.22**	**150,573,949.76**
6. Total comprehensive income	**208,884,613.92**	**-597,065,922.63**
7. Earning per share:		
Ⅰ.Basic earnings per share	0.36	-1.63
Ⅱ.Diluted earning per share	0.36	-1.63

Consolidated Statement of Balance Sheet

As of Dec 31,2023 and Dec 31,2022

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

Assets	31-Dec-23	31-Dec-22
Current assets:		
Cash and cash equivalents	3,068,039,907.00	2,863,896,690.08
Financial assets held for trading	953,344,772.91	50,829,056.97
Notes receivables and trade receivables, net	618,707,224.57	403,107,224.79
Receivables financing	9,549,729.89	
Inventories	715,878,757.52	1,795,453,857.80
Prepayments	6,201,885.71	9,921,596.83
Other receivables	50,455,238.26	53,195,073.71
Assets held for sale		38,634,391.70
Current portion of non-current assets	74,974,511.72	93,797,507.45
Other current assets	55,653,509.37	139,846,854.23
Total current assets	**5,552,805,536.95**	**5,448,682,253.56**
Non-current assets:		
Long-term equity investments		
Other non-current financial assets	205,682,076.74	233,763,684.47
Investment property	47,765,556.29	49,471,736.45
Property, plant and equipment	333,178,494.37	361,288,281.73
Construction in progress	474,669,742.76	234,927,916.59
Right-of-use assets	55,617,961.76	79,637,550.17
Intangible assets	1,122,301,026.83	1,213,289,987.31
Development costs	532,973,053.89	582,711,337.36
Goodwill	511,650,301.26	498,643,032.83
Long-term deferred expenses	9,902,670.34	12,054,005.78
Deferred tax assets	585,436,948.62	478,910,864.09
Other non-current assets	295,047,610.13	233,292,698.54
Total non-current assets	**4,174,225,442.99**	**3,977,991,095.32**
Total assets	**9,727,030,979.94**	**9,426,673,348.88**

Liabilities and Stockholders' Equity	31-Dec-23	31-Dec-22
Current liabilities:		
Short-term loans	211,191,492.29	492,745,839.68
Financial liabilities held for trading		
Notes payables and trade payables	402,087,092.95	206,407,327.46
Advances from customers	4,433,668.73	2,507,199.13

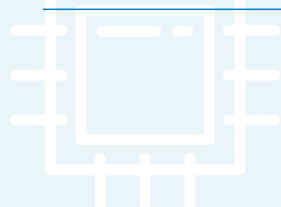|		
Contract liability	7,423,261.42	8,476,713.06
Accrued payroll	289,934,449.33	179,495,090.37
Taxes payable	38,416,296.25	46,998,902.53
Other payables	342,828,460.40	276,514,412.96
Liabilities held for sale		2,436,073.60
Current portion of non-current liabilities	28,783,548.96	134,693,610.92
Other current liabilities	180,081.70	368,431.07
Total current liabilities	**1,325,278,352.03**	**1,350,643,600.78**
Non-current liabilities:		
Long-term loans	242,089,559.96	138,000,000.00
Lease liabilities	34,799,266.18	51,297,708.08
Accrued liabilities		15,707,400.00
Deferred income	12,713,990.33	17,095,047.26
Deferred tax liabilities	66,869,217.48	75,623,780.91
Total non-current liabilities	**356,472,033.95**	**297,723,936.25**
Total liabilities	**1,681,750,385.98**	**1,648,367,537.03**
Equity:		
Paid-in capital	458,001,914.00	458,074,341.00
Additional Paid-in capital	1,559,406,572.12	1,790,972,127.62
Less: treasury shares	63,659,662.15	353,232,776.84
Other comprehensive income	3,864,709.51	-39,969,465.76
Retained earnings	6,087,666,220.51	5,922,456,251.45
Equity attributable to owners of the parent company	8,045,279,753.99	7,778,300,477.47
Equity attributable to minority shareholders	839.97	5,334.38
Total Stockholders' equity	**8,045,280,593.96**	**7,778,305,811.85**
Total liabilities and Stockholders' equity	**9,727,030,979.94**	**9,426,673,348.88**

Consolidated Statement of Cash Flows

For the twelve months ended Dec 31,2023 and Dec 31,2022

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

Items	Jan-Dec,2023	Jan-Dec,2022
1.Cash flows from operating activities		
Cash received from sales and services	4,583,535,962.09	4,278,203,379.51
Taxes and surcharges refunds	219,704,470.87	256,760,569.15
Other cash received from operating activities	168,409,101.21	114,470,303.11
Total cash inflows from operating activities	4,971,649,534.17	4,649,434,251.77
Cash paid for goods and services	1,574,228,524.70	3,595,800,917.34
Cash paid for employees related expenses	996,273,979.46	1,207,578,367.51

Taxes and surcharges cash payments	187,834,376.80	161,335,601.89
Other cash payments related to operating activities	427,541,915.76	590,330,926.99
Total cash outflows from operating activities	3,185,878,796.72	5,555,045,813.73
Net Cash generated from operating activities	**1,785,770,737.45**	**-905,611,561.96**
2.Cash flows from investing activities		
Cash received from withdraw of investments	1,265,204,443.19	2,246,199,861.14
Cash received from investment income	8,746,242.91	123,778,453.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	357,419.18	33,848.38
Cash received from other investment related activities		
Total cash inflows from investing activities	1,274,308,105.28	2,370,012,162.92
Cash paid for fixed assets, intangible assets and other long-term assets	433,826,348.46	596,144,421.95
Cash payments for investments	2,568,695,835.93	527,620,000.00
Cash paid for other investment related activities	1,140.00	20,736,842.21
Net cash payments for acquisitions of subsidiaries and other business units		
Total cash outflows from investing activities	3,002,523,324.39	1,144,501,264.16
Net cash used in investing activities	**-1,728,215,219.11**	**1,225,510,898.76**
3.Cash flows from financing activities		
Cash received from investments by others	114,765,428.89	191,990,606.45
including: investment from minority shareholders		
Cash received from borrowings	460,576,865.97	595,777,661.87
Other cash received from other financing activities	78,573,936.18	2,665,411.01
Total cash inflows from financing activities	653,916,231.04	790,433,679.33
Cash repayments for debts	734,219,036.88	526,992,329.56
Cash payments for distribution of dividends,profit and interest expenses	18,590,707.79	119,825,323.53
Other cash payments related to financing activities	210,797,156.62	575,946,432.13
Total cash outflows from financing activities	963,606,901.29	1,222,764,085.22
Net cash provided by financing activities	**-309,690,670.25**	**-432,330,405.89**
4.Effect of changes in exchange rate on cash and cash equivalents	13,692,106.64	39,179,090.57
5.Net increase in cash and cash equivalents	**-238,443,045.27**	**-73,251,978.52**
Add: Cash and cash equivalents at the beginning of the year	1,067,274,834.46	1,140,526,812.98
6.Cash and cash equivalents at the end of the year	**828,831,789.19**	**1,067,274,834.46**

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