2022
Interim Report Summary

Shenzhen Goodix Technology Co., Ltd.

603160.SH

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About Goodix

Goodix Technology (603160.SH) is an integrated solution provider for applications based on IC design and software development. We provide 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, Dell, HP, LG, OnePlus, Nokia, and ASUS. The company is recognized as a leading IC design and solution provider that empowers a connected, intelligent world.

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

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)	Jun-22 1H 2022	Jun-21 1H 2021	YoY
Revenue	1,828.79	2,909.90	-37.15%
Gross margin (%)	45.97%	49.00%	-3.03%
Operating profit	-20.39	501.70	-104.06%
Operating margin (%)	-1.11%	17.00%	-18.11%
Net profit	21.09	420.50	-94.98%
R&D expenses	704.70	898.70	-21.59%
R&D / Revenue (%)	38.53%	31.00%	7.53%
Cash and short-term investments	3,409.50	4,548.90	-25.05%
Total assets	10,386.89	9,949.50	4.40%
Stockholders' equity	8,455.11	7,929.20	6.63%
Debt ratio (%)	18.60%	20.31%	-1.71%

2. Management's Discussion and Analysis

(1) Revenue

The Company ("Goodix") reported a revenue of CNY 1.829 billion in the first half of 2022, down 37.1% compared to CNY 2.91 billion in the first half of 2021, mainly due to such factors as changes in the smart device market landscape and intensified market competition. Though the Company's revenue declined, its product portfolio has continued to become more balanced. 44.9% of the total revenue was generated by fingerprint products, 31.8% by touch products, and 23.3% by new products.

The gross margin of the first half of 2022 stood at 46.0%, a decrease of 2.9 percentage points from 48.9% in the same period of 2021, and was within a reasonable range of fluctuations.

(2) Operating expenses

The R&D expenses of the first half of 2022 were CNY 705 million, down 21.6% compared to CNY 899 million in the same period of 2021, mainly due to the fact that the Company has established the system and criteria for managing R&D projects, which defines the specific R&D stages according to the life cycle of the product. In addition, the Company has adopted new accounting practice on its R&D expenses according to the relevant accounting principles and achieved the capitalization of the eligible R&D projects.

The selling expenses of the first half of 2022 totaled CNY 109 million, down 37% compared to CNY 171 million in the same period of 2021, mainly due to the declined revenue and the corresponding decrease in technical service fees.

The G&A expenses of the first half of 2022 were CNY 122 million, up 69% from CNY 73 million in the same period of 2021, mainly attributed to the Company's rapid development and internationalization that result in the increases in the G&A expenses.

(3) Net profit

Affected by multiple factors such as changes in the smart device market landscape and intensified market competition, revenue decline in the first half of 2022, and the continued investment in R&D, the company reported a net profit of CNY 21 million, down 95% compared to CNY 421 million in the same period of 2021.

Despite weak demands in the smart device market in the short-term, the Company focused on long-term growth, invested more in R&D of products and technologies, and launched new products, continued to lay emphasis on the areas of IoT and automobiles.

(4) Cash flows

In the first half of 2022, the net cash flow from operating activities was CNY -462 million, compared to CNY 3.5 million in the first half of 2021. The main reason for the difference was the cost of normal stocking and the reduced payment for goods by customers.

In the first half of 2022, the net cash flow from investing activities was CNY 723 million, higher than CNY -556 million in the same period of 2021 mainly due to the reduced cash outflow for investment.

In the first half of 2022, the net cash flow from financing activities was CNY -306 million, compare to CNY -148 million in the same period of 2021. The difference was mainly due to the reduced cash loans.

(5) Assets and liabilities

As of June 30, 2022, the Company's total assets stood at CNY 10.387 billion, with net assets totaling CNY 8.455 billion, a current ratio of 3.89 times, and a debt ratio of 18.6%, which were within the sound range. The figures also reflect the Company's good solvency and sound financial position that allow the Company to be well prepared for long-term growth.

3. Industry and Market

(1) Smart devices

Influenced by the international situation, macroeconomic conditions, and other factors, the global smart device market witnessed fluctuations in demand during the first six months of 2022.

With respect to smartphones, according to IDC, worldwide smartphone shipments was 314.1 million

units in the first quarter of 2022 (1Q22), down 8.9% YoY; the figure dropped to 286 million units in the second quarter of 2022 (2Q22), down 8.7% YoY. In particular, the Chinese smartphone market suffered a sharp decline in shipments. In 1Q22, China reported smartphone shipments of 74.2 million units, down 14.1% YoY; in 2Q22, the figure stood at 67.2 million, down 14.7% YoY. As the application-level innovations of smartphones slowed down, the demand for new phones among consumers remained sluggish. According to the IDC report, global smartphone shipments are expected to fall 3.5% YoY to 1.31 billion units in 2022, but IDC also predicts that the figure will rise by 5% in 2023.

Demand for PCs and tablets slowed down in 1Q22 and 2Q22. According to IDC, global shipments of PCs declined 5.1% YoY to 80.5 million units in 1Q22, and the Q2 figure dropped by 15.3% YoY to 71.3 million units. Worldwide tablet shipments decreased 3.9% YoY to 38.4 million units in 1Q22, while the Q2 figure increased by 0.15% YoY to 40.5 million units. Global PC shipments are expected to decline 8.2% YoY to 321.2 million units in 2022, and global tablet shipments are expected to fall by 6.2% YoY to 158 million units. IDC emphasized that despite the lower forecast for 2022, PC shipments are expected to remain well above pre-pandemic levels as upcoming device upgrading, robust commercial demand, and uptake in the emerging markets continue to be drivers for the industry.

IDC also reported that the global wearables market faced its first-ever decline during 1Q22 as unit shipments totaled 105.3 million units, down 3.0% YoY, which is mainly due to cooling demand. A combination of supply shortages and weak demand restrained the growth of the wristband market, the leading wearables category, resulting in a fall of 40.5% in shipments. Meanwhile, smartwatch shipments grew 9.1% over the same period and captured 28% of the wearables market. Along with the gradual recovery of the market, as consumers become more aware of the need to monitor their health, the demand for health wearables may pick up. According to IDC, wearable device shipments are expected to reach around 600 million units by 2024, with a five-year compound annual growth rate (CAGR) of 12.4%.

In terms of smart speakers, home consumers can now enjoy the convenience of the Internet at any time thanks to smart audio interaction, Internet services & content, and access to an expandable selection of devices and content. Affected by the external environment, the demand for smart speakers weakened in 1Q22. Strategy Analytics estimates worldwide smart speaker and smart display shipments declined 4.3% YoY to 35.3 million units in 1Q22. Despite that, as the 5G technology matures and the software and hardware upgrade, smart speakers will continue to move towards wireless devices with a screen, with more versatile application scenarios adapted for mainstream software and hardware ecosystems.

(2) IoT applications

Driven by the accelerated advancement in 5G and AI technologies, the IoT ecosystem is increasingly well established, and people have started to live smart lives, with a significant increase in the demand for smart devices. The abundant IoT use cases have fostered a host of emerging wireless communication and networking technologies, focusing on IoT applications that feature low speed, low power consumption, long distance, and massive connections. This indicates a massive growth potential of NB-IoT. IoT Analytics predicts that by 2023, worldwide LPWAN connections will exceed 1.1 billion, and users will spend more than $4.7 billion on such connections, the vast majority of which will be made by NB-IoT devices through both public and private networks. BLE is an extensively used short-range connection technology, and the growing health awareness among global consumers has boosted the demand for BLE wearables. According to the Bluetooth Special Interest Group (SIG), the annual shipments of BLE devices will grow from 4 billion units in 2020 to over 6 billion units by 2025.

(3) Automotive electronics

As automobiles become increasingly electrified, intelligent, and connected, automotive electronics have become the fastest growing downstream market in the semiconductor industry. According to IDC, China's new energy vehicle (NEV) market is poised for a boom in the long run. IDC predicts that

the sales of NEVs in China will reach 5.225 million units in 2022, up 47.2% YoY, and the figure could rise to 12.99 million units by 2025, with a five-year CAGR of 38%. Thanks to national policies and huge market demands, the fast growth of the automobile market will fully unlock the growth potential of automotive electronics.

The study of China Association of Automobile Manufacturers (CAAM) showed that the supply and demand of the automobile industry were suppressed by the COVID-19 pandemic in the first half of 2022. However, production has been fully restored throughout the NEV supply chain as the pandemic has been contained in the country, and the industry may record further growth in the latter half of 2022. While the penetration rate of NEVs is set to grow, the demand for automotive electronic components is also on the rise.

In particular, smart cockpits, the main selling point of NEVs, have been equipped with a growingly versatile range of functionalities. Increasingly, the driving system and in-vehicle infotainment system of smart cockpits adopt multi-screen, multi-dimensional, and interactive designs, which feature interactive screens with HUD and multi-touch technology that enable safe driving, OLED control panels, co-pilot displays, and rear seat entertainment screens. In addition to different styles of interactive designs, from 7-inch screens to 30-inch screens and super large displays, onboarding screens are becoming increasingly larger. This allows drivers to obtain more comprehensive road information and execute multiple tasks at the same time, bringing them more convenience. Apart from the perfect interactive driving experience brought by screens, today' s in-vehicle entertainment systems also come with multiple medium-, high-power speakers that significantly improve the voice quality and enable a wide range of entertainment experiences. In the future, human-vehicle interactions in smart cockpits will be based on multiple recognition methods, covering touch, voice, and gesture. Backed by ToF sensors, gesture recognition better monitors the status of the driver and passengers. It perceives the in-vehicle environment in real time and improves human-vehicle interactions. Moreover, in terms of digital car keys, the comprehensive "BLE+NFC+eSE+UWB" solution will help us drive with more convenience.

4. 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 gradually been diversified, and continued to expand a wide range of application fields.

In the sensing field, we hold leading position in the industry, along with mature and strong technical reserves for optical in-display fingerprint and capacitive fingerprint solution. As the pioneer of the high-end mobile phone market, the ultra-thin optical in-display fingerprint solution holds the lead, in the meanwhile, we keep getting results in expanding the range of sensing product. At the same time, the Company continues to make achievements in expanding the breadth of sensor products. The Company' s first-generation high-precision, low-power in-display light sensor was successfully mass-produced and was highly recognized by clients. The R&D of the second-generation products is being actively pursued, which will further enhance the competitiveness of our products.

In the touch field, touch screen chips in the OLED mobile phone market kept growing at a fast speed, while touchpad chips have achieved breakthroughs in the laptop market and successfully reached renowned international clients. The successful launch of folding OLED display touch chips broke the once-single product landscape of the market, and the forward-looking approach to product positioning has prepared solutions in advance for subsequent larger and thinner folding/curling mobile phones and active stylus applications. Active stylus shipments increased significantly. The automotive touch solution has been favored by more renowned automotive brand clients, with a rising penetration

rate. Facing the broader consumer, automotive and industrial markets, the Company will continue to enhance the ability of innovation and expand diversified application scenarios to capture more market shares.

In the field of wireless connection, the Company's BLE products have expanded their application scope in the wearables market and are now adopted by more brands for commercial use by virtue of product advantages such as low energy, high performance, and excellent radio frequency. BLE product developed by the Company are now used in market segments that include electronic locks, POS machines, and smart trackers. 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 incorporated by industry-beating clients into their OpenCPU solutions. Today, the Company has laid a solid foundation for its presence in the connection field and will continue to expand more application markets.

In the audio field, smart audio amplifiers have achieved constantly growth in shipments, continuing to extend market leadership. 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, including clients from the smart watch market. Apart from the above-mentioned solutions, the Company will accelerate the mass production of TWS SoC on the client side based on its existing technologies, and strive to provide clients with convenient and differentiated innovative solutions.

In the security field, the Company has been working on security products for many years, with strong technical foundation and rich experience in commercialization. As of the reporting period, the development of security products progressed smoothly. NFC chips, eSE chips and the overall solution have all passed various security certifications at home and abroad, which are about to be commercialized. We will make new breakthroughs in 2022, and are committed to the exploration of more application scenarios with ecological partners around the world to create more value and better experience for clients.

(2) Attach importance to talent acqusition so as to 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's employees exceeded 2,000 worldwide, of whom more than 90% are R&D employees, while 50% have master's degrees or above. In particular, the overseas R&D team has about 500 people. The Company has established 24 R&D centers, technical support centers and representative offices around the world, covering four Continents.

Goodix talent pattern has been developed simultaneously by global elite and self-cultured which can be read as constantly cultivating and selecting among senior R&D and administration talents during the long-term company operation, at the same time, we can also introduce experienced senior executives who has been worked in international companies to optimize our talent management system. 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. During the reporting period, the Company has applied for and authorized more than 6,700 international and domestic patents in total.

(3) Extensive client base and strong 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, Buick, Hyundai, Nissan, and other renowned brands at home and abroad. With the strategic layout and breakthrough of diversified products, the Company' s products are applied to smart devices, IoT and automotive electronics, which have greatly extended the breadth of the market and built a large client base.

The Company continues to make breakthroughs in international market expansion. Different categories of the Company' s products are being used in large quantities by international renowned clients, demonstrating our brand' s strong global influence. The leading market position, strong 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) Expanding the strategic landscape with a global perspective

Goodix is rooted in China, with a global vision. In recent years, the company has continuously promoted the process of globalization. Through the R&D layout in China, the Asia-Pacific region, Europe, the United States and other places, it has built an innovative, globally integrated R&D network to attract top talents to join the company, thereby accelerating the company' s product development and innovation capabilities, improving and better providing 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, Internet of Things and automotive electronics, relying on the endogenous development of research and development, while accelerating the process of internationalization, actively looking for global high-quality targets, and integrating the world's top R&D forces and advantages through mergers and acquisitions. Patent resources, at the same time, 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.

5. 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, versatile sensors, health sensors and other sensors. The fingerprint sensor has held a dominant market position in the world for many consecutive years.

1) Fingerprint sensors

In the first half of 2022, affected by the international situation, macroeconomic conditions and other factors, the global demand for smartphones decreased YoY. However, the Company remained a top player in the field, with leading market shares in both domestic and international markets. The Company' s ultra-thin optical in-display fingerprint solution has been widely recognized by clients for its excellent features , such as better ID adaptation, greater space saving and integration of health detection. The Company' s side-key capacitive fingerprint sensors and ultra-narrow side-key capacitive fingerprint sensors have become a must for LCD screen mobile phones for their excellent performance and excellent design, continuing to hold the dominant position of their market shares.

2) Health sensor and other sensors

The Company has continued to invest in health sensors and made key technological breakthroughs in the monitoring of vital signals, providing consumers with more basic monitors featuring functions such as health management and chronic disease tracking. At this moment, health sensors developed by the Company rank top three worldwide in the category of wearable health sensors (wrist) and earned extensive market recognition. The Company is also developing products for medical-level applications, with smooth progress made in the relevant projects.

In addition, the Company has continued to upgrade its other sensors. In particular, 1) 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, 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) In addition, the Company's under-display light sensors are now used by smartphones. As the relevant technologies advance, functions that include under-display proximity sensing and under-display color temperature measurement have emerged, which will further improve the screen-to-body ratio of smart devices and bring more satisfying user experiences. Other devices with a display screen, such as tablets, laptops, and wearables, have also started to adopt the Company's sensors to improve the user experience and save power. 3) ToF sensors have the performance advantages of low energy, high precision and good resistance to multi-machine interference. In the future, the Company will continue to explore more clients and accelerate the commercialization process for this kind of sensor.

(2) Touch Controllers

As soft OLED displays penetrate the smartphone market at a faster pace, the user demand for greater touch product performance and improved operating experiences has been on the rise. Against this backdrop, the Company's new generation of high-performance and low-energy soft OLED display touch chips are favored by clients for amazing performance such as high refresh rate and low latency, with continued growth in the shipment and market share during 1H 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. The forward-looking approach to product positioning has prepared solutions in advance for subsequent larger and thinner folding/curling mobile phones and active stylus applications.

Meanwhile, 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 the first half of 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. Due to the slowdown in the growth of the global laptop market, customers now pay more attention to the cost-effectiveness of touchpad products and the value promised by new technologies. In such a context, the Company has kept improving 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. During the first half of 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.

Automotive Touch Controller have been recognized by mainstream Tier 1 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 Controller support 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 domestic brand clients, joint venture brand clients and new energy brand clients.

(3) Connectivity products

The Company provides stable and reliable wireless connectivity solutions to clients, including Bluetooth Low Energy (BLE) and Narrowband Internet of Things (NB-IoT) .

The continued technological improvement helped BLE record considerable development in wearable devices, smart phones and PC accessories, smart home devices and other fields. ABI Research estimates that in 2022, the shipment of BLE products worldwide would reach 987 million units, a year-on-year increase of 25.8%. With the advantages of high performance, low energy and excellent radio frequency, Goodix BLE products have expanded their application scope in the wearable market and multiple market segments that include electronic locks, POS machines, and smart trackers. They are also adopted by more brand clients for commercial use of active stylus products.

As the NB-IoT network coverage kept expanding, NB-IoT maintained sound growth in such sectors as smart cities, smart meters, and asset tracking. Counterpoint estimates that by the end of 2022, the number of online NB-IoT connections will reach 452 million. 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 helped industry-beating clients implement their OpenCPU solutions in 1H2022. During the latter half of 2022, the Company will continue to explore the application of its products in fields which include water meters and gas meters.

(4) Audio products

After the Company acquired the NXP VAS team, our audio technology has reached the leading level in the industry following more than two years of integration and development, and has been unanimously recognized by renowned brand clients. 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

In the first half of 2022, the company' s smart audio amplifier business continuously grew. With high sound quality and loud volume, the amplifiers not only embedded differentiated performance in mid-end and high-end mobile phones and tablets, but were gradually applied in more mobile devices at different prices, making it possible for the amplifiers to capture more shares in the global market. 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. VoiceExperience (VE) 20.0, the Company' s latest software upgrade, offers top-notch wind noise suppression and adds the keyboard noise suppression function, which gives the Company a greater edge. Furthermore, the echo cancellation feature enables improved double talk and noise suppression under strong reverberation. Additionally, the latest version of the AudioCapture audio enhancement solution improves the recording quality and noise suppression performance of devices, and a famous gaming-oriented smartphone model carrying the solution has hit the highest DXOMARK score.

With the development of smart automotive operating systems and Internet of Vehicles(IoV), in-vehicle infotainment systems have raised higher requirements for high-quality voice interaction. Through software solutions such as in-vehicle voice calling and recording enhancement, users can obtain more accurate and clear high-quality voice and audio experience. In this regard, such solutions are favored by more and more automotive manufacturers, and the market demand is rising rapidly. The Company' s

CarVoice products have been successfully used for commercial purpose on many mainstream automotive models and by Tier 1 infotainment manufacturers. In the future, these products will continue to promote innovation and application in the in-vehicle voice field.

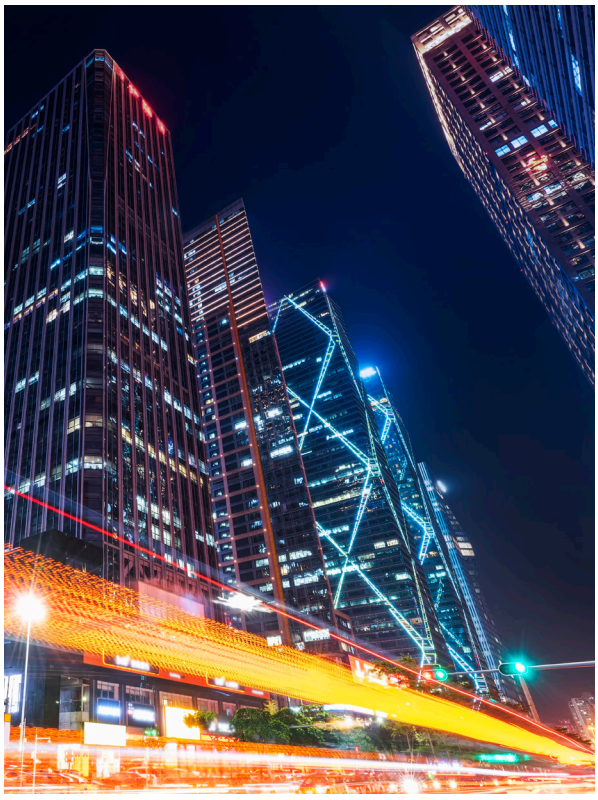
2) TWS solutions

With the rapid adoption of social media and short video applications, the TWS market is expected to continually grow in the next few years. IDC predicts that the compound annual growth rate (CAGR) of TWS shipments will reach 14.1% in the next five years, and the shipments will approach 400 million pairs by 2024. Goodix' s low-power high-performance audio codec IC, by integrating proprietary low energy technology to optimize small space and low power applications, have won the favor from renowned domestic brands who have used the chips on their TWSs, making the shipments of the chips to grow over 200% in 2021. In the near future, the Company will continue to invest in TWS SoC solutions, which will soon contribute to the Company' s revenue.

(5) Security products

The COVID-19 pandemic has changed people' s daily life and accelerated the pace of digital, networked and intelligent development of lifestyles. contactless payment and travel require both safety and convenience ,those requirements accelerated the adoption of NFC and eSE security chips for mobile phones. ABI research data indicates that, in 2021, more than 800 million units of new mobile phones and wearable devices support NFC in the world, and such devices will maintain a high CAGR. With the promotion and adoption of China' s digital CNY and digital automotive keys, NFC and eSE on mobile phones will further bring a more convenient and secure experience to users.

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. In the first half of 2022, the R&D of security products progressed smoothly. At present, the NFC chip has been certified by NFC Forum, which can support contactless applications on various IoT and mobile devices. Both the eSE security chip and the eSE security operating system have been certified as financial technology products. The eSE security chip also has been certified by CC EAL5+ as a high security product. It is the first high-end embedded security chip in China that has passed international certifications, available for mobile devices. Up to now, the security solution team has worked with many domestic institutions and groups and participated in the innovation and pilot work of many new applications. For example, to build new travel experiences that are both secure and smart, the Company has partnered up with Shenzhen Tong and completed the first-ever application demo of "secure transaction with UWB", involving subway gates based on multiple chips and complex radio frequency systems. NFC chip, eSE chip and the overall solution have all passed various security certifications at home and abroad, and are about to be commercialized. We will devote ourselves to the exploration of more applications with ecological partners around the world to create more values and provide better experiences for clients, and will strive to make new breakthroughs.



6. Key Financial Data and Indicators

Shenzhen Goodix Technology Co., Ltd.
Consolidated Income Statement

For the six months ended Jun 30,2022 and Jun 30,2021
(The currency of the statements is Chinese Yuan,'CNY',unless otherwise indicated)

Items	Jan-Jun,2022	Jan-Jun,2021
1. Revenue	**1,828,788,022.28**	**2,909,876,707.49**
Less: Operating cost	988,139,654.45	1,485,818,239.30
Taxes and surcharges	8,144,394.11	16,654,864.62
Selling expenses	108,580,922.91	171,258,991.83
General and administrative expenses	122,337,656.55	72,552,769.35
Research and development expenses	704,701,421.76	898,704,119.95
Finance expenses	-14,204,313.14	-26,011,983.70
Including: Interest expense	8,086,209.85	6,650,150.13
Interest income	32,832,740.73	41,907,183.22
Add: Other income	62,518,125.74	101,737,115.86
Investment income	130,205,938.47	16,751,321.68
Including: Investment income from joint ventures and affiliates	-1,096,395.13	8,079,596.22
Earning from fair market value changes	-41,433,544.59	124,916,829.50
Impairment of credit	-3,587,026.12	-184,959.02
Impairment of assets	-81,153,521.25	-32,993,666.42
Proceeds from asset disposal	1,975,020.75	575,842.94
2. Operating profits	**-20,386,721.36**	**501,702,190.68**
Add: non-operating income	71,067.17	577,825.37
Less: non-operating expenses	356,447.96	684,410.62
3. Profit before tax	**-20,672,102.15**	**501,595,605.43**
Less: income tax	-41,760,770.54	81,095,387.32
4. Net profit	**21,088,668.39**	**420,500,218.11**
5. Other comprehensive income after tax	**75,171,654.55**	**-15,786,930.44**
6. Total comprehensive income	**96,260,322.94**	**404,713,287.67**
7. Earning per share:		
Ⅰ.Basic earnings per share	0.05	0.93
Ⅱ.Diluted earning per share	0.05	0.92

Consolidated Statement of Balance Sheet

As of Jun 30,2022 and Dec 31,2021

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

Assets	30-Jun-22	31-Dec-21
Current assets:		
Cash and cash equivalents	2,699,258,663.45	2,711,626,624.63
Financial assets held for trading	710,237,738.68	1,769,713,159.34
Notes receivables and trade receivables, net	805,810,228.34	1,122,757,109.86
Inventories	1,526,366,352.88	974,571,146.67
Prepayments	76,209,466.03	80,255,995.99
Other receivables	61,315,754.52	69,780,002.80
Current portion of non-current assets	123,322,821.51	90,008,749.44
Other current assets	107,461,209.97	50,965,584.20
Total current assets	**6,109,982,235.38**	**6,869,678,372.93**
Non-current assets:		
Long-term equity investments	64,384,092.91	124,067,990.90
Other non-current financial assets	459,831,169.60	367,407,583.63
Investment property	50,124,156.91	44,409,269.90
Property, plant and equipment	377,047,719.62	391,621,659.27
Construction in progress	150,774,726.99	113,919,129.43
Right-of-use assets	86,350,544.34	107,990,685.94
Intangible assets	1,371,226,756.74	1,417,720,219.89
Development costs	537,010,992.85	290,221,665.17
Goodwill	632,370,258.26	612,094,157.67
Long-term deferred expenses	14,082,339.25	18,271,833.29
Deferred tax assets	273,633,940.18	214,097,263.97
Other non-current assets	260,066,954.40	155,708,586.62
Total non-current assets	**4,276,903,652.05**	**3,857,530,045.68**
Total assets	**10,386,885,887.43**	**10,727,208,418.61**

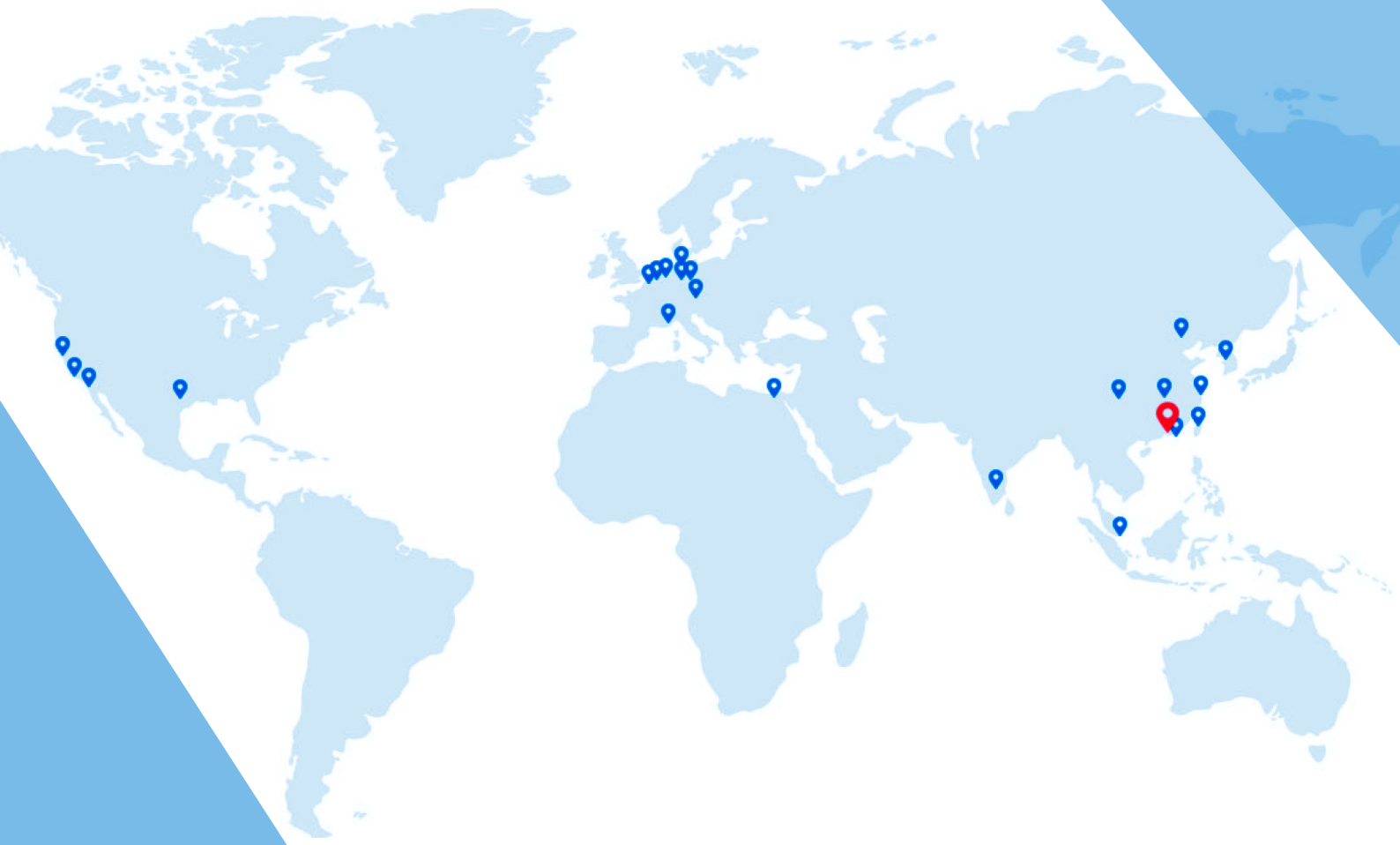
Liabilities and Stockholders' Equity	30-Jun-22	31-Dec-21
Current liabilities:		
Short-term loans	461,324,268.48	339,992,006.63
Financial liabilities held for trading		1,186,742.06
Notes payables and trade payables	414,755,565.36	459,598,653.62
Advances from customers	2,041,237.35	426,721.38
Contract liability	10,046,592.23	13,435,828.36
Accrued payroll	150,654,869.81	246,160,907.01
Taxes payable	56,678,751.13	58,600,695.10
Other payables	356,863,290.96	392,360,092.75
Current portion of non-current liabilities	109,555,982.81	93,738,163.92
Other current liabilities	10,313,540.23	1,874,980.19
Total current liabilities	**1,572,234,098.36**	**1,607,374,791.02**
Non-current liabilities:		
Long-term loans	189,000,000.00	240,000,000.00
Lease liabilities	61,181,825.98	77,340,253.01
Deferred income	19,968,547.72	18,665,439.73
Deferred tax liabilities	89,390,569.70	89,911,831.58
Total non-current liabilities	**359,540,943.40**	**425,917,524.32**
Total liabilities	**1,931,775,041.76**	**2,033,292,315.34**
Equity:		
Paid-in capital	458,449,914.00	458,562,070.00
Additional Paid-in capital	1,812,348,351.57	1,954,745,378.12
Less: treasury shares	392,082,673.60	299,269,767.84
Other comprehensive income	-115,371,805.40	-190,543,466.91
Retained earnings	6,691,761,734.43	6,770,418,510.30
Equity attributable to owners of the parent company	8,455,105,521.00	8,693,912,723.67
Equity attributable to minority shareholders	5,324.67	3,379.60
Total Stockholders' equity	**8,455,110,845.67**	**8,693,916,103.27**
Total liabilities and Stockholders' equity	**10,386,885,887.43**	**10,727,208,418.61**

Consolidated Statement of Cash Flows

For the six months ended Jun 30,2022 and Jun 30,2021
(The currency of the statements is Chinese Yuan,'CNY',unless otherwise indicated)

Items	Jan-Jun,2022	Jan-Jun,2021
1. Cash flows from operating activities		
Cash received from sales and services	2,249,806,834.20	3,190,253,896.63
Taxes and surcharges refunds	136,372,715.07	144,781,443.73
Other cash received from operating activities	74,048,213.33	82,074,922.58
Total cash inflows from operating activities	2,460,227,762.60	3,417,110,262.94
Cash paid for goods and services	1,838,410,518.93	1,883,767,853.47
Cash paid for employees related expenses	771,720,195.07	853,812,355.34
Taxes and surcharges cash payments	94,236,097.43	199,320,079.79
Other cash payments related to operating activities	217,935,637.68	476,683,288.60
Total cash outflows from operating activities	2,922,302,449.11	3,413,583,577.20
Net cash generated from operating activities	**-462,074,686.51**	**3,526,685.74**
2. Cash flows from investing activities		
Cash received from withdraw of investments	1,393,873,383.99	2,711,160,000.00
Cash received from investment income	44,896,858.99	8,700,350.99
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	17,720.00	20,202.14
Cash received from other investment related activities		
Total cash inflows from investing activities	1,438,787,962.98	2,719,880,553.13
Cash paid for fixed assets, intangible assets and other long-term assets	389,650,918.15	210,090,595.03
Cash payments for investments	326,047,848.00	3,066,238,699.90
Cash paid for other inverstment related activities		
Net cash payments for acquisitions of subsidiaries and other business units		
Total cash outflows from investing activities	715,698,766.15	3,276,329,294.93
Net cash used in investing activities	**723,089,196.83**	**-556,448,741.80**
3. Cash flows from financing activities		
Cash received from investments by others	191,990,606.45	166,744,305.27
including: investment from minority shareholders		
Cash received from borrowings	279,257,550.01	584,651,338.44

Other cash received from other financing activities	37,164,081.25	80,234,684.07
Total cash inflows from financing activities	508,412,237.71	831,630,327.78
Cash repayments for debts	206,052,098.06	275,990,252.00
Cash payments for distribution of dividends, profit and interest expenses	8,844,660.60	209,987,396.02
Other cash payments related to financing activities	599,787,657.44	493,552,279.21
Total cash outflows from financing activities	814,684,416.10	979,529,927.23
Net cash provided by financing activities	**-306,272,178.39**	**-147,899,599.45**
4. Effect of changes in exchange rate on cash and cash equivalents	**25,702,182.15**	**-8,147,366.59**
5. Net increase in cash and cash equivalents	**-19,555,485.92**	**-708,969,022.10**
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	**1,120,971,327.06**	**1,368,785,826.43**



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