

Parade Technologies, Ltd. and Subsidiaries.

The reader is advised that these consolidated financial statements have been prepared originally in NTS and conformed with the adoption of IFRSs. In the event of any differences between NTS and USS version, the NTS version shall prevail.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	USD in Thousands						NTD in Thousands					
	Sequential Quarter		Three Months ended		Nine Months ended		Sequential Quarter		Three Months ended		Nine Months ended	
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Jun 30, 2017	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
Revenue	90,624	85,915	90,624	65,863	252,180	205,277	2,743,199	2,599,780	2,743,199	2,089,160	7,694,666	6,659,832
Cost of goods sold	53,381	51,426	53,381	38,216	150,191	120,413	1,615,839	1,556,152	1,615,839	1,212,205	4,582,986	3,906,985
Gross profit	37,243	34,489	37,243	27,647	101,989	84,864	1,127,360	1,043,628	1,127,360	876,955	3,111,680	2,752,847
Research & development expenses	11,299	11,278	11,299	11,304	33,610	33,198	342,025	341,279	342,025	358,565	1,026,307	1,076,181
Sales & marketing expenses	4,309	4,124	4,309	4,151	12,325	12,585	130,437	124,787	130,437	131,654	376,239	408,118
General & administrative expenses	2,869	2,541	2,869	2,033	7,768	6,444	86,853	76,886	86,853	64,503	237,047	209,104
Total operating expenses	18,477	17,943	18,477	17,488	53,703	52,227	559,315	542,952	559,315	554,722	1,639,593	1,693,403
Operating income	18,766	16,546	18,766	10,159	48,286	32,637	568,045	500,676	568,045	322,233	1,472,087	1,059,444
Non-operating income and expenses	(19)	1	(19)	72	(3)	104	(576)	44	(576)	2,306	(75)	3,324
Income before income taxes	18,747	16,547	18,747	10,231	48,283	32,741	567,469	500,720	567,469	324,539	1,472,012	1,062,768
Income tax benefit (expense)	(3,539)	1,722	(3,539)	669	(779)	1,625	(107,128)	52,117	(107,128)	21,224	(22,755)	52,921
Net income	22,286	14,825	22,286	9,562	49,062	31,116	674,597	448,603	674,597	303,315	1,494,767	1,009,847
EPS - Basic (In Dollar)	\$0.29	\$0.20	\$0.29	\$0.13	\$0.65	\$0.41	\$8.89	\$5.95	\$8.89	\$4.03	\$19.76	\$13.43
Shares used in computing EPS-Basic (In thousands)	75,904	75,444	75,904	75,312	75,637	75,072	75,904	75,444	75,904	75,312	75,637	75,072
EPS - Diluted (In Dollar)	\$0.28	\$0.19	\$0.28	\$0.12	\$0.63	\$0.41	\$8.55	\$5.74	\$8.55	\$3.94	\$19.06	\$13.15
Shares used in computing EPS-Diluted (In thousands)	78,859	78,103	78,859	77,011	78,416	76,772	78,859	78,103	78,859	77,011	78,416	76,772

UNAUDITED CONSOLIDATED BALANCE SHEETS As of September 30, 2017 and 2016

	USD in Thousands		NTD in Thousands	
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
	Current assets			
Cash & cash equivalents	138,663	102,414	4,195,948	3,211,693
Accounts receivable, net	49,076	40,099	1,485,047	1,257,503
Inventories, net	36,063	24,824	1,091,244	778,475
Other current assets	9,924	7,206	300,307	225,971
Total current assets	233,726	174,543	7,072,546	5,473,642
Non-current assets				
Property, plant and equipment, net	7,882	4,402	238,508	138,072
Intangible assets	89,127	95,322	2,696,985	2,989,278
Deferred income tax assets	2,100	2,459	63,555	77,113
Other non-current assets	800	870	24,197	27,294
Total non-current assets	99,909	103,053	3,023,245	3,231,757
Total Assets	333,635	277,596	10,095,791	8,705,399
Current Liabilities				
Accounts payable	25,064	23,150	758,445	725,988
Other payables	16,659	13,294	504,097	416,898
Current income tax liabilities	19,507	14,905	590,272	467,406
Other current liabilities	7,643	5,443	231,276	170,698
Total current liabilities	68,873	56,792	2,084,090	1,780,990
Equity				
Ordinary shares	25,805	25,462	783,562	773,188
Capital reserves	84,484	71,205	2,560,911	2,160,904
Retained earnings	176,404	139,578	5,437,423	4,291,716
Other equity	(21,931)	(15,441)	(770,195)	(301,399)
Total equity	264,762	220,804	8,011,701	6,924,409
Total liabilities and equity	333,635	277,596	10,095,791	8,705,399

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS For nine months ended September 30, 2017 and 2016

	USD in Thousands		NTD in Thousands	
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
	Cash flows from operating activities			
Income before income tax for the period	48,283	32,741	1,472,012	1,062,768
Depreciation and amortization	7,200	6,761	219,898	219,266
Share-based compensation cost	4,681	3,312	142,953	107,410
Interest income	(43)	(29)	(1,319)	(945)
Income and expenses having no effect on cash flows	11,838	10,644	361,532	325,731
Accounts receivable	(1,518)	(1,937)	(45,937)	(60,730)
Inventories	(9,733)	(6,128)	(294,510)	(192,181)
Other current assets	(2,398)	885	(72,591)	27,585
Other non-current assets	-	194	-	6,093
Net changes in assets relating to operating activities	(13,649)	(6,986)	(413,047)	(219,233)
Accounts payable	(4,961)	1,771	(150,128)	55,534
Other payables	(236)	1,193	(7,140)	37,418
Other current liabilities	(2,070)	(2,774)	(62,622)	(87,010)
Net changes in liabilities relating to operating activities	(7,267)	190	(219,890)	5,942
Cash provided by operations	39,205	35,989	1,200,607	1,175,208
Interest received (paid)	39	(70)	1,186	(2,258)
Income tax paid	(867)	(562)	(26,479)	(18,216)
Income tax refund received	5,120	-	156,380	-
Net cash provided by operating activities	43,497	35,357	1,331,694	1,154,734
Cash flows from investing activities				
Acquisition of equipment	(5,049)	(1,282)	(154,202)	(41,568)
Acquisition of intangible assets	(2,250)	(7,542)	(68,720)	(244,576)
Decrease in refundable deposits	45	39	1,369	1,214
Net cash used in investing activities	(7,254)	(8,785)	(221,553)	(284,930)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	971	532	29,665	17,261
Purchase of treasury shares	(1,998)	-	(60,844)	-
Treasury shares reissued to employees	1,998	1,485	60,844	48,405
Distribution of cash dividends	(22,962)	(11,572)	(695,744)	(381,897)
Cash dividend regain from canceled share-based compensation	6	6	190	187
Net cash used in financing activities	(21,985)	(9,549)	(665,889)	(316,044)
Effect of exchange rate changes on cash and cash equivalents	(582)	(2,570)	(279,143)	(229,818)
Increase in cash and cash equivalents	13,676	14,453	165,109	323,942
Cash and cash equivalents at beginning of period	124,987	87,961	4,030,839	2,887,751
Cash and cash equivalents at end of period	138,663	102,414	4,195,948	3,211,693