

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		Twelve Months ended		Sequential Quarter		Three Months ended		Twelve Months ended	
	Dec 31, 2017	Sept 30, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Sept 30, 2017	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Revenue	88,248	90,624	88,248	77,017	340,428	282,294	2,657,137	2,743,199	2,657,137	2,446,822	10,351,803	9,106,654
Cost of goods sold	52,528	53,381	52,528	45,963	202,719	166,376	1,581,628	1,615,839	1,581,628	1,460,249	6,164,614	5,367,234
Gross profit	35,720	37,243	35,720	31,054	137,709	115,918	1,075,509	1,127,360	1,075,509	986,573	4,187,189	3,739,420
Research & development expenses	12,037	11,299	12,037	11,212	45,647	44,410	362,427	342,025	362,427	356,194	1,388,734	1,432,375
Sales & marketing expenses	4,345	4,309	4,345	4,129	16,670	16,714	130,829	130,437	130,829	131,176	507,068	539,294
General & administrative expenses	2,850	2,869	2,850	2,268	10,618	8,712	85,818	86,853	85,818	72,066	322,865	281,170
Total operating expenses	19,232	18,477	19,232	17,609	72,935	69,836	579,074	559,315	579,074	559,436	2,218,667	2,252,839
Operating income	16,488	18,766	16,488	13,445	64,774	46,082	496,435	568,045	496,435	427,137	1,968,522	1,486,581
Non-operating income and expenses	59	(19)	59	215	56	319	1,780	(576)	1,780	6,836	1,705	10,160
Income before income taxes	16,547	18,747	16,547	13,660	64,830	46,401	498,215	567,469	498,215	433,973	1,970,227	1,496,741
Income tax (benefit) expense	2,035	(3,539)	2,035	2,760	1,256	4,385	61,273	(107,128)	61,273	87,684	38,518	140,605
Net income	14,512	22,286	14,512	10,900	63,574	42,016	436,942	674,597	436,942	346,289	1,931,709	1,356,136
EPS - Basic (In Dollar)	\$0.19	\$0.29	\$0.19	\$0.14	\$0.84	\$0.56	\$5.73	\$8.89	\$5.73	\$4.52	\$25.49	\$18.04
Shares used in computing EPS-Basic (In thousands)	76,235	75,904	76,235	76,667	75,793	75,190	76,235	75,904	76,235	76,667	75,793	75,190
EPS - Diluted (In Dollar)	\$0.18	\$0.28	\$0.18	\$0.14	\$0.81	\$0.54	\$5.51	\$8.55	\$5.51	\$4.40	\$24.55	\$17.58
Shares used in computing EPS-Diluted (In thousands)	79,343	78,859	79,343	78,652	78,683	77,124	79,343	78,859	79,343	78,652	78,683	77,124

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of December 31, 2017 and 2016

	USD in Thousands		NTD in Thousands	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
	Current assets			
Cash & cash equivalents	160,055	124,987	4,763,227	4,030,839
Accounts receivable, net	52,272	47,558	1,555,625	1,533,751
Inventories, net	34,275	26,329	1,020,015	849,120
Other current assets	9,681	7,533	288,120	242,910
Total current assets	256,283	206,407	7,626,987	6,656,620
Non-current assets				
Property, plant and equipment, net	8,786	4,417	261,470	142,448
Intangible assets	88,725	92,387	2,640,450	2,979,491
Deferred income tax assets	1,300	1,618	38,694	52,166
Other non-current assets	818	845	24,344	27,247
Total non-current assets	99,629	99,267	2,964,958	3,201,352
Total Assets	355,912	305,674	10,591,945	9,857,972
Current Liabilities				
Accounts payable	25,788	30,025	767,441	968,324
Other payables	20,633	16,895	614,049	544,858
Current income tax liabilities	19,678	16,426	585,621	529,731
Other current liabilities	8,280	9,712	246,422	313,227
Total current liabilities	74,379	73,058	2,213,533	2,356,140
Equity				
Ordinary shares	25,812	25,457	783,766	773,049
Capital reserves	84,562	71,166	2,562,661	2,159,549
Retained earnings	190,921	150,485	5,874,547	4,638,207
Other equity	(19,762)	(14,492)	(842,562)	(68,973)
Total equity	281,533	232,616	8,378,412	7,501,832
Total liabilities and equity	355,912	305,674	10,591,945	9,857,972

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For twelve months ended December 31, 2017 and 2016

	USD in Thousands		NTD in Thousands	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
	Cash flows from operating activities			
Income before income tax for the year	64,830	46,401	1,970,227	1,496,741
Depreciation and amortization	9,897	9,041	301,170	291,670
Share-based compensation cost	6,577	4,610	200,144	148,708
Interest income	(61)	(45)	(1,844)	(1,460)
Income and expenses having no effect on cash flows	16,413	13,606	499,470	438,918
Accounts receivable	(4,714)	(9,396)	(140,294)	(303,014)
Inventories	(7,945)	(7,634)	(236,455)	(246,187)
Other current assets	(544)	280	(16,221)	9,038
Other non-current assets	-	194	-	6,266
Net changes in assets relating to operating activities	(13,203)	(16,556)	(392,970)	(533,897)
Accounts payable	(4,238)	8,646	(126,119)	278,843
Other payables	3,739	4,794	111,259	154,608
Other current liabilities	(1,432)	1,495	(42,621)	48,206
Net changes in liabilities relating to operating activities	(1,931)	14,935	(57,481)	481,657
Cash provided by operations	66,109	58,386	2,019,246	1,883,419
Interest received	55	39	1,661	1,263
Interest payable	-	(95)	-	(3,087)
Income tax paid	(3,544)	(529)	(107,835)	(17,076)
Income tax received	5,120	-	156,380	-
Net cash provided by operating activities	67,740	57,801	2,069,452	1,864,519
Cash flows from investing activities				
Acquisition of equipment	(6,610)	(1,857)	(201,126)	(59,919)
Acquisition of intangible assets	(3,823)	(7,668)	(116,335)	(247,366)
Decrease in refundable deposits	27	64	800	2,070
Net cash used in investing activities	(10,406)	(9,461)	(316,661)	(305,215)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	1,062	583	32,323	18,798
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)	(11,573)	(695,744)	(381,897)
Cash dividend regain from canceled share-based compensation	12	12	371	385
Net cash used in financing activities	(21,888)	(9,493)	(663,050)	(314,309)
Effect of exchange rate changes on cash and cash equivalents	(378)	(1,821)	(357,353)	(101,907)
Increase in cash and cash equivalents	35,068	37,026	732,388	1,143,088
Cash and cash equivalents at beginning of year	124,987	87,961	4,030,839	2,887,751
Cash and cash equivalents at end of year	160,055	124,987	4,763,227	4,030,839