

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 US\$ version, the NTS version shall prevail.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	USD in Thousands						NTD in Thousands					
	Sequential Quarter		Three Months ended		Six Months ended		Sequential Quarter		Three Months ended		Six Months ended	
	Jun 30, 2018	Mar 31, 2018	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Mar 31, 2018	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
Revenue	75,671	80,653	75,671	85,915	156,324	161,556	2,252,718	2,363,141	2,252,718	2,599,780	4,615,859	4,951,467
Cost of goods sold	44,621	47,715	44,621	51,426	92,336	96,810	1,328,378	1,398,037	1,328,378	1,556,152	2,726,415	2,967,147
Gross profit	31,050	32,939	31,050	34,489	63,988	64,746	924,340	965,104	924,340	1,043,628	1,889,444	1,984,320
Research & development expenses	12,851	12,202	12,851	11,278	25,053	22,311	382,557	357,526	382,557	341,279	740,083	684,282
Sales & marketing expenses	3,621	4,126	3,621	4,124	7,747	8,016	107,788	120,892	107,788	124,787	228,680	245,802
General & administrative expenses	2,703	2,752	2,703	2,541	5,455	4,899	80,474	80,621	80,474	76,886	161,095	150,194
Total operating expenses	19,175	19,080	19,175	17,943	38,255	35,226	570,819	559,039	570,819	542,952	1,129,858	1,080,278
Operating income	11,875	13,859	11,875	16,546	25,733	29,520	353,521	406,065	353,521	500,676	759,586	904,042
Non-operating income and expenses	86	(58)	86	1	28	16	2,559	(1,700)	2,559	44	859	501
Income before income taxes	11,961	13,800	11,961	16,547	25,761	29,536	356,080	404,365	356,080	500,720	760,445	904,543
Income tax (benefit) expense	(361)	(10)	(361)	1,722	(371)	2,760	(10,738)	(283)	(10,738)	52,117	(11,021)	84,373
Net income	12,322	13,810	12,322	14,825	26,132	26,776	366,818	404,648	366,818	448,603	771,466	820,170
EPS - Basic (In Dollar)	\$0.16	\$0.18	\$0.16	\$0.20	\$0.34	\$0.35	\$4.80	\$5.30	\$4.80	\$5.95	\$10.10	\$10.87
Shares used in computing EPS-Basic (In thousands)	76,418	76,287	76,418	75,444	76,386	75,480	76,418	76,287	76,418	75,444	76,386	75,480
EPS - Diluted (In Dollar)	\$0.16	\$0.17	\$0.16	\$0.19	\$0.33	\$0.34	\$4.63	\$5.08	\$4.63	\$5.74	\$9.72	\$10.47
Shares used in computing EPS-Diluted (In thousands)	79,243	79,653	79,243	78,103	79,396	78,366	79,243	79,653	79,243	78,103	79,396	78,366

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of June 30, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	2018	2017	2018	2017
Current assets				
Cash & cash equivalents	175,166	146,676	5,335,542	4,461,882
Accounts receivable, net	44,437	41,249	1,353,561	1,254,785
Inventories, net	41,909	41,300	1,276,542	1,256,354
Other current assets	15,281	10,047	465,472	305,636
Total current assets	276,793	239,272	8,431,117	7,278,657
Non-current assets				
Property, plant and equipment, net	8,054	5,235	245,336	159,254
Intangible assets	85,612	89,454	2,607,748	2,721,191
Deferred income tax assets	1,564	1,941	47,626	59,036
Other non-current assets	832	1,000	25,323	30,426
Total non-current assets	96,062	97,630	2,926,033	2,969,907
Total Assets	372,855	336,902	11,357,150	10,248,564
Current Liabilities				
Accounts payable	20,877	30,999	635,915	942,994
Other payables	52,343	40,432	1,549,249	1,227,186
Current income tax liabilities	18,971	18,838	577,845	573,065
Other current liabilities	5,050	8,818	153,816	268,238
Total current liabilities	97,241	99,087	2,916,825	3,011,483
Equity				
Ordinary shares	25,840	25,487	784,606	773,946
Capital reserves	85,884	71,479	2,601,913	2,169,037
Retained earnings	183,887	154,303	5,680,908	4,762,763
Other equity	(17,237)	(11,456)	(546,414)	(407,821)
Treasury shares	(2,760)	(1,998)	(80,688)	(60,844)
Total equity	275,614	237,815	8,440,325	7,237,081
Total liabilities and equity	372,855	336,902	11,357,150	10,248,564

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For six months ended June 30, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Jun 30, 2018	Jun 30, 2017	Jun 30, 2018	Jun 30, 2017
	2018	2017	2018	2017
Cash flows from operating activities				
Income before income tax for the period	25,761	29,536	760,445	904,543
Depreciation and amortization	5,615	4,710	165,878	144,494
Share-based compensation cost	3,737	2,561	110,404	78,577
Interest income	(41)	(26)	(1,212)	(811)
Income and expenses having no effect on cash flows	9,312	7,245	275,070	222,260
Accounts receivable	7,835	6,309	238,655	191,934
Inventories	(7,634)	(14,971)	(232,535)	(455,416)
Other current assets	(5,591)	(2,552)	(170,322)	(77,662)
Net changes in assets relating to operating activities	(5,390)	(11,214)	(164,202)	(341,144)
Accounts payable	(4,911)	974	(149,577)	29,617
Other payables	(1,472)	575	(44,842)	17,501
Other current liabilities	(3,231)	(895)	(98,402)	(27,214)
Net changes in liabilities relating to operating activities	(9,613)	654	(292,821)	19,904
Cash provided by operations	20,070	26,221	578,492	805,563
Interest received	29	23	855	694
Income taxes paid	(580)	(625)	(17,135)	(19,163)
Net cash provided by operating activities	19,519	25,619	562,212	787,094
Cash flows from investing activities				
Acquisition of equipment	(860)	(1,798)	(25,407)	(55,177)
Acquisition of intangible assets	(953)	(721)	(28,157)	(22,111)
Increase in refundable deposits	(13)	(155)	(407)	(4,726)
Net cash used in investing activities	(1,826)	(2,674)	(53,971)	(82,014)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	367	490	10,835	15,043
Purchase of treasury shares	(2,760)	(1,998)	(80,688)	(60,844)
Cash dividend regain from canceled share-based compensation	16	4	494	127
Net cash used in financing activities	(2,377)	(1,504)	(69,359)	(45,674)
Effect of exchange rate changes on cash and cash equivalents	(205)	248	133,433	(228,363)
Increase in cash and cash equivalents	15,111	21,689	572,315	431,043
Cash and cash equivalents at beginning of period	160,055	124,987	4,763,227	4,030,839
Cash and cash equivalents at end of period	175,166	146,676	5,335,542	4,461,882