

## Parade Technologies, Ltd. and Subsidiaries

The reader is advised that these consolidated financial statements have been prepared originally in NT\$ and conformed with the adoption of IFRSs. In the event of any differences between NT\$ and US\$ version, the NT\$ 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, 2018	Jun 30, 2018	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Jun 30, 2018	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
Revenue	85,579	75,671	85,579	90,624	241,903	252,180	2,624,695	2,252,718	2,624,695	2,743,199	7,240,554	7,694,666
Cost of goods sold	49,698	44,621	49,698	53,381	142,034	150,191	1,524,239	1,328,378	1,524,239	1,615,839	4,250,654	4,582,986
Gross profit	35,881	31,050	35,881	37,243	99,869	101,989	1,100,456	924,340	1,100,456	1,127,360	2,989,900	3,111,680
Research & development expenses	12,927	12,851	12,927	11,299	37,980	33,610	396,484	382,557	396,484	342,025	1,136,567	1,026,307
Sales & marketing expenses	4,048	3,621	4,048	4,309	11,795	12,325	124,156	107,788	124,156	130,437	352,836	376,239
General & administrative expenses	2,736	2,703	2,736	2,869	8,191	7,768	83,910	80,474	83,910	86,853	245,005	237,047
Total operating expenses	19,711	19,175	19,711	18,477	57,966	53,703	604,550	570,819	604,550	559,315	1,734,408	1,639,593
Operating income	16,170	11,875	16,170	18,766	41,903	48,286	495,906	353,521	495,906	568,045	1,255,492	1,472,087
Non-operating income and expenses	242	86	242	(19)	270	(3)	7,425	2,559	7,425	(576)	8,284	(75)
Income before income taxes	16,412	11,961	16,412	18,747	42,173	48,283	503,331	356,080	503,331	567,469	1,263,776	1,472,012
Income tax (benefit) expense	(72)	(361)	(72)	(3,539)	(443)	(779)	(2,225)	(10,738)	(2,225)	(107,128)	(13,246)	(22,755)
<b>Net income</b>	<b>16,484</b>	<b>12,322</b>	<b>16,484</b>	<b>22,286</b>	<b>42,616</b>	<b>49,062</b>	<b>505,556</b>	<b>366,818</b>	<b>505,556</b>	<b>674,597</b>	<b>1,277,022</b>	<b>1,494,767</b>
EPS - Basic (In Dollar)	\$0.21	\$0.16	\$0.21	\$0.29	\$0.56	\$0.65	\$6.57	\$4.80	\$6.57	\$8.89	\$16.66	\$19.76
Shares used in computing EPS-Basic (In thousands)	76,956	76,418	76,956	75,904	76,667	75,637	76,956	76,418	76,956	75,904	76,667	75,637
EPS - Diluted (In Dollar)	\$0.21	\$0.16	\$0.21	\$0.28	\$0.53	\$0.63	\$6.33	\$4.63	\$6.33	\$8.55	\$16.01	\$19.06
Shares used in computing EPS-Diluted (In thousands)	79,844	79,243	79,844	78,859	79,759	78,416	79,844	79,243	79,844	78,859	79,759	78,416

### UNAUDITED CONSOLIDATED BALANCE SHEETS

As of September 30, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
	2018	2017	2018	2017
<b>Current assets</b>				
Cash & cash equivalents	162,980	138,663	4,975,769	4,195,948
Accounts receivable, net	55,861	49,076	1,705,446	1,485,047
Inventories, net	31,210	36,063	952,833	1,091,244
Other current assets	16,407	9,924	500,896	300,307
Total current assets	266,458	233,726	8,134,944	7,072,546
<b>Non-current assets</b>				
Property, plant and equipment, net	8,129	7,882	248,173	238,508
Intangible assets	84,743	89,127	2,587,229	2,696,985
Deferred income tax assets	1,788	2,100	54,590	63,555
Other non-current assets	816	800	24,902	24,197
Total non-current assets	95,476	99,909	2,914,894	3,023,245
<b>Total Assets</b>	<b>361,934</b>	<b>333,635</b>	<b>11,049,838</b>	<b>10,095,791</b>
<b>Current Liabilities</b>				
Accounts payable	21,893	25,064	668,385	758,445
Other payables	17,385	16,659	530,770	504,097
Current income tax liabilities	18,831	19,507	574,899	590,272
Other current liabilities	5,383	7,643	164,366	231,276
Total current liabilities	63,492	68,873	1,938,420	2,084,090
<b>Equity</b>				
Ordinary shares	26,021	25,805	790,158	783,562
Capital reserves	93,071	84,484	2,823,022	2,560,911
Retained earnings	202,137	176,404	6,186,796	5,437,423
Other equity	(22,787)	(21,931)	(688,558)	(770,195)
Total equity	298,442	264,762	9,111,418	8,011,701
<b>Total liabilities and equity</b>	<b>361,934</b>	<b>333,635</b>	<b>11,049,838</b>	<b>10,095,791</b>

### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For nine months ended September 30, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Income before income tax for the period	42,173	48,283	1,263,776	1,472,012
Depreciation and amortization	8,524	7,200	255,046	219,898
Share-based compensation cost	6,056	4,681	180,521	142,953
Interest income	(62)	(43)	(1,874)	(1,319)
Income and expenses having no effect on cash flows	14,518	11,838	433,693	361,532
Accounts receivable	(3,589)	(1,518)	(109,571)	(45,937)
Inventories	3,065	(9,733)	93,573	(294,519)
Other current assets	(6,699)	(2,398)	(204,536)	(72,591)
Net changes in assets relating to operating activities	(7,223)	(13,649)	(220,534)	(413,047)
Accounts payable	(3,895)	(4,961)	(118,912)	(150,128)
Other payables	(3,248)	(236)	(99,167)	(7,140)
Other current liabilities	(2,897)	(2,070)	(88,431)	(62,622)
Net changes in liabilities relating to operating activities	(10,040)	(7,267)	(306,510)	(219,890)
Cash provided by operations	39,428	39,205	1,170,425	1,200,607
Interest received	49	39	1,465	1,186
Income taxes paid	(857)	(867)	(25,639)	(26,479)
Income taxes refund received	-	5,120	-	156,380
<b>Net cash provided by operating activities</b>	<b>38,620</b>	<b>43,497</b>	<b>1,146,251</b>	<b>1,331,694</b>
<b>Cash flows from investing activities</b>				
Acquisition of equipment	(1,835)	(5,049)	(54,895)	(154,202)
Acquisition of intangible assets	(2,166)	(2,250)	(64,816)	(68,720)
Decrease in refundable deposits	2	45	72	1,369
<b>Net cash used in investing activities</b>	<b>(3,999)</b>	<b>(7,254)</b>	<b>(119,639)</b>	<b>(221,553)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of employee stock options	442	971	13,227	29,665
Purchase of treasury shares	(2,760)	(1,998)	(80,688)	(60,844)
Treasury shares reissued to employees	2,760	1,998	80,688	60,844
Distribution of cash dividends	(33,182)	(22,962)	(965,599)	(695,744)
Cash dividend regain from canceled share-based compensation	27	6	826	190
<b>Net cash used in financing activities</b>	<b>(32,713)</b>	<b>(21,985)</b>	<b>(951,546)</b>	<b>(665,889)</b>
Effect of exchange rate changes on cash and cash equivalents	1,017	(582)	137,476	(279,143)
Increase in cash and cash equivalents	2,925	13,676	212,542	165,109
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	<b>162,980</b>	<b>138,663</b>	<b>4,975,769</b>	<b>4,195,948</b>