

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		Twelve Months ended		Sequential Quarter		Three Months ended		Twelve Months ended	
	Dec 31, 2018	Sept 30, 2018	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Sept 30, 2018	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Revenue	101,242	85,579	101,242	88,248	343,145	340,428	3,123,334	2,624,695	3,123,334	2,657,137	10,363,888	10,351,803
Cost of goods sold	58,816	49,698	58,816	52,528	200,850	202,719	1,814,490	1,524,239	1,814,490	1,581,628	6,065,144	6,164,614
Gross profit	42,426	35,881	42,426	35,720	142,295	137,709	1,308,844	1,100,456	1,308,844	1,075,509	4,298,744	4,187,189
Research & development expenses	12,693	12,927	12,693	12,037	50,673	45,647	391,583	396,484	391,583	362,427	1,528,150	1,388,734
Sales & marketing expenses	4,173	4,048	4,173	4,345	15,968	16,670	128,748	124,156	128,748	130,829	481,584	507,068
General & administrative expenses	2,989	2,736	2,989	2,850	11,180	10,618	92,202	83,910	92,202	85,818	337,207	322,865
Total operating expenses	19,855	19,711	19,855	19,232	77,821	72,935	612,533	604,550	612,533	579,074	2,346,941	2,218,667
Operating income	22,571	16,170	22,571	16,488	64,474	64,774	696,311	495,906	696,311	496,435	1,951,803	1,968,522
Non-operating income and expenses	236	242	236	59	506	56	7,277	7,425	7,277	1,780	15,561	1,705
Income before income taxes	22,807	16,412	22,807	16,547	64,980	64,830	703,588	503,331	703,588	498,215	1,967,364	1,970,227
Income tax (benefit) expense	365	(72)	365	2,035	(78)	1,256	11,248	(2,225)	11,248	61,273	(1,998)	38,518
Net income	22,442	16,484	22,442	14,512	65,058	63,574	692,340	505,556	692,340	436,942	1,969,362	1,931,709
EPS - Basic (In Dollar)	\$0.29	\$0.21	\$0.29	\$0.19	\$0.85	\$0.84	\$9.01	\$6.57	\$9.01	\$5.73	\$25.67	\$25.49
Shares used in computing EPS-Basic (In thousands)	76,822	76,956	76,822	76,235	76,722	75,793	76,822	76,956	76,822	76,235	76,722	75,793
EPS - Diluted (In Dollar)	\$0.28	\$0.21	\$0.28	\$0.18	\$0.81	\$0.81	\$8.66	\$6.33	\$8.66	\$5.51	\$24.66	\$24.55
Shares used in computing EPS-Diluted (In thousands)	79,965	79,844	79,965	79,343	79,859	78,683	79,965	79,844	79,965	79,343	79,859	78,683

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
	Current assets			
Cash & cash equivalents	195,701	160,055	6,011,928	4,763,227
Accounts receivable, net	45,944	52,272	1,411,407	1,555,625
Inventories, net	35,800	34,275	1,099,789	1,020,015
Other current assets	17,586	9,681	540,247	288,120
Total current assets	295,031	256,283	9,063,371	7,626,987
Non-current assets				
Property, plant and equipment, net	10,614	8,786	326,052	261,470
Intangible assets	83,346	88,725	2,560,397	2,640,450
Deferred income tax assets	1,946	1,300	59,772	38,694
Other non-current assets	809	818	24,853	24,344
Total non-current assets	96,715	99,629	2,971,074	2,964,958
Total Assets	391,746	355,912	12,034,445	10,591,945
Current Liabilities				
Accounts payable	31,626	25,788	971,566	767,441
Other payables	20,348	20,633	625,103	614,049
Current income tax liabilities	16,002	19,678	491,583	585,621
Other current liabilities	7,315	8,280	224,699	246,422
Total current liabilities	75,291	74,379	2,312,951	2,213,533
Equity				
Ordinary shares	26,021	25,812	790,147	783,766
Capital reserves	92,873	84,562	2,817,047	2,562,661
Retained earnings	224,586	190,921	6,879,370	5,874,547
Other equity	(20,433)	(19,762)	(561,620)	(842,562)
Treasury shares	(6,592)	-	(203,450)	-
Total equity	316,455	281,533	9,721,494	8,378,412
Total liabilities and equity	391,746	355,912	12,034,445	10,591,945

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For twelve months ended December 31, 2018 and 2017

	USD in Thousands		NTD in Thousands	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
	Cash flows from operating activities			
Income before income tax for the year	64,980	64,830	1,967,364	1,970,227
Depreciation and amortization	11,527	9,897	347,530	301,170
Share-based compensation cost	8,199	6,577	246,603	200,144
Interest income	(270)	(61)	(8,277)	(1,844)
Income and expenses having no effect on cash flows	19,456	16,413	585,856	499,470
Accounts receivable	6,328	(4,714)	194,400	(140,294)
Inventories	(1,526)	(7,945)	(46,871)	(236,455)
Other current assets	(6,050)	(544)	(185,878)	(16,221)
Net changes in assets relating to operating activities	(1,248)	(13,203)	(38,349)	(392,970)
Accounts payable	5,839	(4,238)	179,368	(126,119)
Other payables	(285)	3,739	(8,755)	111,259
Other current liabilities	(966)	(1,432)	(29,672)	(42,621)
Net changes in liabilities relating to operating activities	4,588	(1,931)	140,941	(57,481)
Cash provided by operations	87,776	66,109	2,655,812	2,019,246
Interest received	277	55	8,356	1,661
Income tax paid	(6,057)	(3,544)	(182,618)	(107,835)
Income tax refund received	-	5,120	-	156,380
Net cash provided by operating activities	81,996	67,740	2,481,550	2,069,452
Cash flows from investing activities				
Acquisition of equipment	(5,221)	(6,610)	(157,413)	(201,126)
Acquisition of intangible assets	(2,886)	(3,823)	(87,010)	(116,335)
Decrease in refundable deposits	9	27	276	800
Net cash used in investing activities	(8,098)	(10,406)	(244,147)	(316,661)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	489	1,062	14,729	32,323
Purchase of treasury shares	(9,352)	(1,998)	(284,138)	(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	34	12	1,060	371
Net cash used in financing activities	(39,251)	(21,888)	(1,153,260)	(663,050)
Effect of exchange rate changes on cash and cash equivalents	999	(378)	164,558	(357,353)
Increase in cash and cash equivalents	34,646	35,068	1,248,701	732,388
Cash and cash equivalents at beginning of year	160,055	124,987	4,763,227	4,030,839
Cash and cash equivalents at end of year	194,701	160,055	6,011,928	4,763,227