

Parade Technologies, Ltd. and Subsidiaries.

The following consolidated balance sheets of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2018 and 2017 and the related consolidated statements of comprehensive income, and cash flows for the twelve months ended December 31, 2018 and 2017 have been reviewed and audited by independent accountants, PricewaterhouseCoopers, Taiwan.

The reader is advised that these 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.

Audited Consolidated Statements of Comprehensive Income For twelve months ended December 31, 2018 and 2017	USD in Thousands		NTD in Thousands	
	2018	2017	2018	2017
Revenue	343,145	340,428	10,363,888	10,351,803
Cost of goods sold	200,850	202,719	6,065,144	6,164,614
Gross profit	142,295	137,709	4,298,744	4,187,189
Research & development expenses	50,673	45,647	1,528,150	1,388,734
Sales & marketing expenses	15,968	16,670	481,584	507,068
General & administrative expenses	11,180	10,618	337,207	322,865
Total operating expenses	77,821	72,935	2,346,941	2,218,667
Operating income	64,474	64,774	1,951,803	1,968,522
Non-operating income and expenses	506	56	15,561	1,705
Income before income taxes	64,980	64,830	1,967,364	1,970,227
Income tax (benefit) expenses	(78)	1,256	(1,998)	38,518
Net income	65,058	63,574	1,969,362	1,931,709
EPS - Basic (In Dollar)	\$0.85	\$0.84	\$25.67	\$25.49
Shares used in computing EPS-Basic (In thousands)	76,722	75,793	76,722	75,793
EPS - Diluted (In Dollar)	\$0.81	\$0.81	\$24.66	\$24.55
Shares used in computing EPS-Diluted (In thousands)	79,859	78,683	79,859	78,683

Audited Consolidated Balance Sheets As of December 31, 2018 and 2017	USD in Thousands		NTD in Thousands	
	2018	2017	2018	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	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
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

Audited Consolidated Statements of Cash Flows For twelve months ended December 31, 2018 and 2017	USD in Thousands		NTD in Thousands	
	2018	2017	2018	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	9,865	347,530	300,209
Loss on disposal of equipment	-	32	-	961
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 taxes paid	(6,057)	(3,544)	(182,618)	(107,835)
Income taxes 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
Cash dividends paid	(33,182)	(22,962)	(965,599)	(695,744)
Cash dividend recovered from cancellation of 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	35,646	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	195,701	160,055	6,011,928	4,763,227