

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, 2019	Jun 30, 2019	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Jun 30, 2019	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
Revenue	101,447	90,703	101,447	85,579	285,870	241,903	3,165,157	2,824,499	3,165,157	2,624,695	8,879,034	7,240,554
Cost of goods sold	57,883	52,602	57,883	49,698	164,963	142,034	1,805,971	1,638,014	1,805,971	1,524,239	5,123,556	4,250,654
Gross profit	43,564	38,101	43,564	35,881	120,907	99,869	1,359,186	1,186,485	1,359,186	1,100,456	3,755,478	2,989,900
Research & development expenses	13,523	13,353	13,523	12,927	39,663	37,980	421,915	415,819	421,915	396,484	1,231,941	1,136,567
Sales & marketing expenses	4,778	4,463	4,778	4,048	13,776	11,795	149,079	138,991	149,079	124,156	427,884	352,836
General & administrative expenses	3,433	3,123	3,433	2,736	9,656	8,191	107,113	97,252	107,113	83,910	299,942	245,005
Expected credit loss	12	-	12	-	12	-	367	-	367	-	367	-
Total operating expenses	21,746	20,939	21,746	19,711	63,107	57,966	678,474	652,062	678,474	604,550	1,960,134	1,734,408
Operating income	21,818	17,162	21,818	16,170	57,800	41,903	680,712	534,423	680,712	495,906	1,795,344	1,255,492
Non-operating income and expenses	1,197	1,083	1,197	242	2,805	270	37,370	33,701	37,370	7,425	87,272	8,284
Income before income taxes	23,015	18,245	23,015	16,412	60,605	42,173	718,082	568,124	718,082	503,331	1,882,616	1,263,776
Income tax expense (benefit)	1,150	678	1,150	(72)	2,583	(443)	35,891	21,110	35,891	(2,225)	80,274	(13,246)
Net income	21,865	17,567	21,865	16,484	58,022	42,616	682,191	547,014	682,191	505,556	1,802,342	1,277,022
EPS - Basic (In Dollar)	\$0.28	\$0.23	\$0.28	\$0.21	\$0.76	\$0.56	\$8.86	\$7.10	\$8.86	\$6.57	\$23.58	\$16.66
Shares used in computing EPS-Basic (In thousands)	76,980	77,008	76,980	76,956	76,436	76,667	76,980	77,008	76,980	76,956	76,436	76,667
EPS - Diluted (In Dollar)	\$0.28	\$0.22	\$0.28	\$0.21	\$0.74	\$0.53	\$8.67	\$6.84	\$8.67	\$6.33	\$22.97	\$16.01
Shares used in computing EPS-Diluted (In thousands)	78,648	80,012	78,648	79,844	78,470	79,759	78,648	80,012	78,648	79,844	78,470	79,759

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of September 30, 2019 and 2018

	USD in Thousands		NTD in Thousands	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	Current assets			
Cash & cash equivalents	232,943	162,980	7,230,564	4,975,769
Accounts receivable, net	50,367	55,861	1,563,373	1,705,446
Inventories, net	30,935	31,210	960,219	952,833
Prepayments	7,579	6,702	235,264	204,617
Other current assets	12,020	9,705	373,108	296,279
Total current assets	333,844	266,458	10,362,528	8,134,944
Non-current assets				
Property, plant and equipment, net	8,878	8,129	275,580	248,173
Right-of-use assets	6,648	-	206,356	-
Intangible assets	80,403	84,743	2,495,704	2,587,229
Deferred income tax assets	2,631	1,788	81,654	54,590
Other non-current assets	849	816	26,344	24,902
Total non-current assets	99,409	95,476	3,085,638	2,914,894
Total Assets	433,253	361,934	13,448,166	11,049,838
Current Liabilities				
Accounts payable	28,202	21,893	875,382	668,385
Other payables	19,634	17,385	609,445	530,770
Current income tax liabilities	18,423	18,831	571,853	574,899
Lease liabilities - current	2,159	-	67,029	-
Other current liabilities	6,799	5,383	211,045	164,366
Total current liabilities	75,217	63,492	2,334,754	1,938,420
Non current Liabilities				
Lease liabilities - non-current	4,489	-	139,327	-
Total non current liabilities	4,489	-	139,327	-
Equity				
Ordinary shares	26,313	26,021	799,222	790,158
Capital reserves	105,418	93,071	3,207,043	2,823,022
Retained earnings	250,934	202,137	7,701,891	6,186,796
Other equity	(25,822)	(22,787)	(632,346)	(688,558)
Treasury shares	(3,296)	-	(101,725)	-
Total equity	353,547	298,442	10,974,085	9,111,418
Total liabilities and equity	433,253	361,934	13,448,166	11,049,838

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For nine months ended September 30, 2019 and 2018

	USD in Thousands		NTD in Thousands	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	Cash flows from operating activities			
Income before income tax for the period	60,605	42,173	1,882,616	1,263,776
Depreciation and amortization (including the right-of-use assets)	11,129	8,524	345,544	255,046
Expected credit loss	12	-	367	-
Loss on disposal of equipment	4	-	128	-
Share-based compensation cost	7,246	6,056	223,663	180,521
Interest income	(2,625)	(62)	(81,601)	(1,874)
Income and expenses having no effect on cash flows	15,766	14,518	488,101	433,693
Accounts receivable	(4,434)	(3,589)	(137,631)	(109,571)
Inventories	4,866	3,065	151,026	93,573
Prepayments	(844)	(2,769)	(26,189)	(84,543)
Other current assets	(1,169)	(3,930)	(36,297)	(119,993)
Net changes in assets relating to operating activities	(1,581)	(7,223)	(49,091)	(220,534)
Accounts payable	(3,425)	(3,895)	(106,304)	(118,912)
Other payables	(714)	(3,248)	(22,168)	(99,167)
Other current liabilities	(515)	(2,897)	(15,994)	(88,431)
Net changes in liabilities relating to operating activities	(4,654)	(10,040)	(144,466)	(306,510)
Cash provided by operations	70,136	39,428	2,177,160	1,170,425
Interest received	2,625	49	81,509	1,465
Income taxes paid	(834)	(857)	(25,885)	(25,639)
Net cash provided by operating activities	71,927	38,620	2,232,784	1,146,251
Cash flows from investing activities				
Acquisition of equipment	(1,388)	(1,835)	(43,085)	(54,895)
Acquisition of intangible assets	(3,614)	(2,166)	(112,205)	(64,816)
(Increase)decrease in refundable deposits	(40)	2	(1,232)	72
Net cash used in investing activities	(5,041)	(3,999)	(156,522)	(119,639)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	458	442	14,224	13,227
Distribution of cash dividends	(32,529)	(33,182)	(980,751)	(965,599)
Purchase of treasury shares	-	2,760	-	80,688
Treasury shares reissued to employees	3,296	(2,760)	101,725	(80,688)
Repayment of the principal portion of lease liabilities	(1,521)	-	(47,229)	-
Cash dividend regain from canceled share-based compensation	31	27	930	826
Net cash used in financing activities	(30,265)	(32,713)	(911,101)	(951,546)
Effect of exchange rate changes on cash and cash equivalents	621	1,017	53,475	137,476
Increase in cash and cash equivalents	37,242	2,925	1,218,636	212,542
Cash and cash equivalents at beginning of period	195,701	160,055	6,011,928	4,763,227
Cash and cash equivalents at end of period	232,943	162,980	7,230,564	4,975,769