

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 USS 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,	Jun 30,	Sep 30,	Sep 30,	Sep 30,	Sep 30,	Sep 30,	Jun 30,	Sep 30,	Sep 30,	Sep 30,	Sep 30,
	2020	2020	2020	2019	2020	2019	2020	2020	2020	2019	2020	2019
Revenue	150,146	121,543	150,146	101,447	370,049	285,870	4,421,777	3,632,919	4,421,777	3,165,157	11,016,325	8,879,034
Cost of goods sold	84,072	67,738	84,072	57,883	206,272	164,963	2,475,915	2,024,686	2,475,915	1,805,971	6,140,454	5,123,556
Gross profit	66,074	53,805	66,074	43,564	163,777	120,907	1,945,862	1,608,233	1,945,862	1,359,186	4,875,871	3,755,478
Research & development expenses	16,443	15,198	16,443	13,523	45,539	39,663	484,243	454,265	484,243	421,915	1,356,986	1,231,941
Sales & marketing expenses	6,413	5,239	6,413	4,778	16,516	13,776	188,851	156,612	188,851	149,079	491,905	427,884
General & administrative expenses	4,640	4,516	4,640	3,433	12,797	9,656	136,635	134,965	136,635	107,113	381,245	299,942
Expected credit loss	-	-	-	12	-	12	-	-	-	367	-	367
Total operating expenses	27,496	24,953	27,496	21,746	74,852	63,107	809,729	745,842	809,729	678,474	2,230,136	1,960,134
Operating income	38,578	28,852	38,578	21,818	88,925	57,800	1,136,133	862,391	1,136,133	680,712	2,645,735	1,795,344
Non-operating income and expenses	(87)	143	(87)	1,197	873	2,805	(2,557)	4,256	(2,557)	37,370	26,307	87,272
Income before income taxes	38,491	28,995	38,491	23,015	89,798	60,605	1,133,576	866,647	1,133,576	718,082	2,672,042	1,882,616
Income tax expense	1,745	772	1,745	1,150	4,142	2,583	51,404	23,084	51,404	35,891	123,416	80,274
Net income	36,746	28,223	36,746	21,865	85,656	58,022	1,082,172	843,563	1,082,172	682,191	2,548,626	1,802,342
EPS - Basic (In Dollar)	\$0.47	\$0.36	\$0.47	\$0.28	\$1.09	\$0.76	\$13.80	\$10.81	\$13.80	\$8.86	\$32.58	\$23.58
Shares used in computing EPS-Basic (In thousands)	78,437	78,034	78,437	76,980	78,229	76,436	78,437	78,034	78,437	76,980	78,229	76,436
EPS - Diluted (In Dollar)	\$0.46	\$0.35	\$0.46	\$0.28	\$1.07	\$0.74	\$13.52	\$10.54	\$13.52	\$8.67	\$31.77	\$22.97
Shares used in computing EPS-Diluted (In thousands)	80,018	80,012	80,018	78,648	80,230	78,470	80,018	80,012	80,018	78,648	80,230	78,470

UNAUDITED CONSOLIDATED BALANCE SHEETS
As of September 30, 2020 and 2019

	USD in Thousands		NTD in Thousands	
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Current assets				
Cash & cash equivalents	271,266	232,943	7,893,836	7,230,564
Accounts receivable, net	60,524	50,367	1,761,246	1,563,373
Inventories, net	38,457	30,935	1,119,095	960,219
Prepayments	11,195	7,579	325,790	235,264
Other current assets	17,589	12,020	511,837	373,108
Total current assets	399,031	333,844	11,611,804	10,362,528
Non-current assets				
Property, plant and equipment, net	12,731	8,878	370,459	275,580
Right-of-use assets	5,130	6,648	149,293	206,356
Intangible assets	113,120	80,403	3,291,791	2,495,704
Deferred income tax assets	6,414	2,631	186,643	81,654
Other non-current assets	903	849	26,285	26,344
Total non-current assets	138,298	99,409	4,024,471	3,085,638
Total Assets	537,329	433,253	15,636,275	13,448,166
Current Liabilities				
Accounts payable	36,293	28,202	1,056,122	875,382
Other payables	27,478	19,634	799,615	609,445
Current income tax liabilities	21,514	18,423	626,055	571,853
Lease liabilities - current	1,987	2,159	57,827	67,029
Other current liabilities	8,109	6,799	235,961	211,045
Total current liabilities	95,381	75,217	2,775,580	2,334,754
Non current Liabilities				
Lease liabilities - non-current	3,143	4,489	91,466	139,327
Total non-current liabilities	3,143	4,489	91,466	139,327
Equity				
Ordinary shares	26,597	26,313	807,581	799,222
Capital reserves	137,325	105,418	4,144,850	3,207,043
Retained earnings	315,705	250,934	9,667,305	7,701,891
Other equity	(40,822)	(25,822)	(1,850,507)	(632,346)
Treasury shares	-	(3,296)	-	(101,725)
Total equity	438,805	353,547	12,769,229	10,974,085
Total liabilities and equity	537,329	433,253	15,636,275	13,448,166

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For nine months ended September 30, 2020 and 2019

	USD in Thousands		NTD in Thousands	
	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
<u>Cash flows from operating activities</u>				
Income before income tax for the period	89,798	60,605	2,672,042	1,882,616
Depreciation and amortization (including the right-of-use assets)	11,568	11,129	344,955	345,544
Expetced credit loss	-	12	-	367
Loss on disposal of equipment	-	4	-	128
Share-based compensation cost	15,017	7,246	453,796	223,663
Interest income	(914)	(2,625)	(27,482)	(81,601)
Income and expenses having no effect on cash flows	25,671	15,766	771,269	488,101
Accounts receivable	(20,580)	(4,434)	(598,864)	(137,631)
Inventories	(6,976)	4,866	(203,014)	151,026
Prepayments	(2,852)	(844)	(82,992)	(26,189)
Other current assets	(5,886)	(1,169)	(171,270)	(36,297)
Net changes in assets relating to operating activities	(36,294)	(1,581)	(1,056,140)	(49,091)
Accounts payable	10,069	(3,425)	293,008	(106,304)
Other payables	2,839	(714)	82,611	(22,168)
Other current liabilities	1,767	(515)	51,432	(15,994)
Net changes in liabilities relating to operating activities	14,675	(4,654)	427,051	(144,466)
Cash provided by operations	93,850	70,136	2,814,222	2,177,160
Interest received	914	2,625	27,263	81,509
Income taxes paid	(7,427)	(834)	(221,470)	(25,885)
Income taxes received	1	-	12	-
Net cash provided by operating activities	87,338	71,927	2,620,027	2,232,784
<u>Cash flows from investing activities</u>				
Acquisition of equipment	(6,399)	(1,388)	(190,817)	(43,085)
Acquisition of intangible assets	(3,952)	(3,614)	(117,841)	(112,205)
Increase in refundable deposits	(37)	(40)	(1,090)	(1,232)
Acquisition of business combinations	(37,169)	-	(1,112,458)	-
Net cash used in investing activities	(47,557)	(5,041)	(1,422,206)	(156,522)
<u>Cash flows from financing activities</u>				
Proceeds from exercise of employee stock options	498	458	14,865	14,224
Repayment of the principal portion of lease liabilities	(1,637)	(1,521)	(48,834)	(47,229)
Treasury shares reissued to employees	3,296	3,296	101,725	101,725
Distribution of cash dividends	(39,369)	(32,529)	(1,216,887)	(980,751)
Cash dividend regain from canceled share-based compensation	53	31	1,584	930
Net cash used in financing activities	(37,159)	(30,265)	(1,147,547)	(911,101)
Effect of exchange rate changes on cash and cash equivalents	(1,736)	621	(262,438)	53,475
Net (decrease) increase in cash and cash equivalents	886	37,242	(212,164)	1,218,636
Cash and cash equivalents at beginning of period	270,380	195,701	8,106,000	6,011,928
Cash and cash equivalents at end of period	271,266	232,943	7,893,836	7,230,564