



## **2015 Letter to Shareholders**

Dear Shareholders,

Year 2015 was a substantial growth year for Parade. We achieved record revenue of US\$225.93 million, or NT\$7.2 billion in 2015, which represented an increase of 10.00% year-over-year growth as compared to 2014. Leveraging our leading technology and superior product design capability, combined with our close collaboration with Tier-1 OEM customers and chip set vendors, Parade has successfully sustained our leadership position in the markets we serve.

During the past year, Parade made a significant strategic investment by acquiring the TrueTouch® Mobile touchscreen business from Cypress Semiconductor. This strategic acquisition enables Parade to market TrueTouch solutions to our customers. More importantly, the acquisition will allow Parade to integrate the touch screen controller technology with company's proprietary display driver technology to offer unique and highly integrated solutions to the rapidly growing smartphone, tablet, and notebook markets.

Along with the TrueTouch design team and sales and marketing infrastructure, the acquisition brought more than 150 patents, including pending applications, into the Parade IP portfolio, and secured IP licenses for additional 150 patents. Parade's newly expanded IP portfolio will drive the development of innovative integrated devices that will reduce unit cost and simplify design cycles, time-to-market, and supply chain management for customers in the mobile display market. The company estimates that Parade's total serviceable market reaches \$5.5 billion as a result of this strategic acquisition.

In 2015, Parade continues to strengthen the leading positions in high-speed market segment. The USB Type-C Connector with DP Alt Mode—first introduced in 2014—achieved broad market acceptance in 2015. The company continued to position itself for growth through aggressive new product introductions. Parade expanded its portfolio of devices addressing

high-speed market in 2015 with the introduction of data switches (PS8740), redrivers (PS8742), and integrated switch-redriver-power controllers (PS 8750 & PS 8751) for the ‘USB Type-C’ market. 2

Parade leveraged its market leading position and extensive industry knowledge in embedded DisplayPort area to introduce two TCON devices (DP691 and DP693) for eDP version 1.4b, the latest update to the eDP standard. Working closely with Tier-1 OEM customers, Parade also developed customized eDP solutions to solve unique technical challenges faced by leading global brands for advanced display solutions, such as AMOLED displays. Parade continues to commit resources to support the development of DisplayPort standards through the company’s participation in VESA (Video Electronics Standards Association), with Parade personnel serving as key contributors on VESA technical committees.

Parade’s LCD driver based on Scalable Intra Panel Interface (SIPI) for use within LCD display panels—first introduced in 2014—achieved mass-market production in 2015. In addition, SIPI driver technologies and products continue winning the adoptions in the marketplace where LCD display panels demand high-speed bandwidth. For the high-speed converter area, Parade introduced new DP-to-HDMI 2.0a video protocol converters (PS175 & PS176). Finally, exploiting its acquisition of TrueTouch, Parade announced two touch screen controller families in 2015, one targeted at tablet applications (TT41X), and one targeted at smartphones (TT42X).

Parade’s consolidated net income in 2015, including the acquisition related expense of Cypress’ TrueTouch business was US\$36.03 million (NT\$1.14 billion), a decrease of 10.95% from US\$40.47 million (NT\$1.23 billion) in year 2014. Earnings per diluted share in 2015 were US\$0.47 (NT\$15.00), a decrease of 11.32% from US\$0.53 (NT\$16.15) in 2014. Gross profit margin was 40.35% as compared to 41.28% in 2014, while operating profit margin was 16.87% down from 21.25% of the prior year.

Parade believes our employees and intellectual property are the most important assets of the company. We are committed to recruiting and investing in the highest quality research & development (R&D) staff, in order to expand our technology capabilities and portfolios. As of December 31, 2015, Parade has a total of 393 employees, up 100 from 2014. Out of 393 employees, 245 were engaged in research, development and related engineering. We hold 112 granted patents and 146 patent applications pending by year-end of 2015.

Looking forward, we believe we will continue to benefit from the increasing demand for bandwidth to support innovative displays, higher speed data transmission, and lower power consumption. Our newly expanded IP portfolio enables Parade to expand our strategic focus to combine touch screen and display technologies, satisfying the increasing consumer and industrial market demand for advanced integrated solutions. With our leading position in eDP TCON 3 technologies and broad adoption by global tier-1 customers, we believe Parade is well positioned to generate outstanding results for our shareholders.

We appreciate the solid support from all of our shareholders!