Radware Ltd. Condensed Consolidated Balance Sheets (U.S. Dollars in thousands)

(Unaudited) (Unaudited) Assets (Unaudited) (Unaudited) Cash and cash equivalents 48,429 40,751 Marketable securities 62,930 36,924 Short-tern bank deposits 179,675 100,276 Trade receivables, net 13,230 22,610 Other receivables and prepaid expenses 8,100 7,469 Inventories 13,290 13,240 Inventories 13,290 13,240 Long-term investments 75,912 112,696 Marketable securities 70,491 137,095 Severance pay funds 2,252 2,300 Very and equipment, net 23,141 22,971 Other long-term assets 25,959 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intragible assets, net 56,625 105,625 Total assets 606,892 595,199 Deferred revenues 90,813 79,239 Operating lease liabilities 4,903 5,193 Other payables		September 30, 2020	December 31, 2019	
Current assets 48,429 40,751 Gash and cash equivalents 48,429 40,751 Marketable securities 62,930 36,924 Short-terr bank deposits 179,675 100,276 Trade receivables, net 14,330 22,610 Other receivables and prepaid expenses 8,100 7,469 Inventories 13,290 13,340 Jack and prepaid expenses 75,912 112,696 Long-term investments 70,491 137,095 Severance pay funds 2,252 2,300 Property and equipment, net 23,141 22,971 Other long-term assets 25,559 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Total assets 20,612 32,794 Deferred revenues 90,813 79,239 Operating lease liabilities 4,903 5,133 Deferred revenues 53,333 50,888 Operating lease liabilities 24,181 13,914	A	(Unaudited)	(Unaudited)	
Cash and cash equivalents 48,429 40,751 Marketable securities 62,930 36,924 Short-tern bank deposits 179,675 100,276 Trade receivables, net 14,330 22,610 Other receivables and prepaid expenses 8,100 7,469 Inventories 13,290 13,340 Marketable securities 75,912 112,696 Long-term investments 70,491 137,095 Marketable securities 70,491 137,095 Severance pay funds 22,252 2,300 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Total assets 606,892 595,199 Liabilities and shareholders' equity 20 22,541 Liabilities and shareholders' equity 20 13,562 Current Liabilities 3,818 6,315 Deferred revenues 90,813 79,239 Operating lease liabilities 4,903 5,133 Deferred revenues 53,333 50,888 Operating lease liabilities 24,181	Assets			
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Short-term bank deposits 179,675 100,276 Trade receivables, net 14,330 22,610 Other receivables and prepaid expenses 8,100 7,469 Inventories 13,290 13,940 Jace,754 221,970 Long-term investments 75,912 112,696 Ong-term bank deposits 70,491 137,7095 Severance pay funds 2,252 2,300 148,655 252,091 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Trade payables 3,818 6,315 Deferred revenues 90,813 79,239 Other payables and accrued expenses 36,122 34,794 Liabilities 4,903 5,193 Other payables and accrued expenses 36,122 34,794 Deferred revenues 53,333 50,888 Operating lease liabilities 24,181 13,914 Other payables and accrued expenses 36,122 34,794 Integrating lease liabilities 24,181 13,914				
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Marketable securities 75,912 112,696 Long-term bank deposits 70,491 137,095 Severance pay funds 2,252 2,300 148,655 252,091 Property and equipment, net 23,141 22,971 Other long-term assets 25,959 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Total assets 606,892 595,199 Liabilities and shareholders' equity 24,903 5,193 Current Liabilities 90,813 79,239 Operating lease liabilities 4,903 5,193 Other payables and accrued expenses 36,128 34,794 135,662 125,541 13,914 Other long-term liabilities 24,181 13,914 Operating lease liabilities 24,181 13,914 Other long-term liabilities 24,181 14,581 <td></td> <td>326,754</td> <td>221,970</td>		326,754	221,970	
Marketable securities 75,912 112,696 Long-term bank deposits 70,491 137,095 Severance pay funds 2,252 2,300 148,655 252,091 Property and equipment, net 23,141 22,971 Other long-term assets 25,959 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Total assets 606,892 595,199 Liabilities and shareholders' equity 24,903 5,193 Current Liabilities 90,813 79,239 Operating lease liabilities 4,903 5,193 Other payables and accrued expenses 36,128 34,794 135,662 125,541 13,914 Other long-term liabilities 24,181 13,914 Operating lease liabilities 24,181 13,914 Other long-term liabilities 24,181 14,581 <td>long-term investments</td> <td></td> <td></td>	long-term investments			
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Property and equipment, net $23,141$ $22,971$ Other long-term assets $25,959$ $24,388$ Operating lease right-of-use assets $28,185$ $18,144$ Goodwill and intangible assets, net $54,198$ $55,625$ Total assets $606,892$ $595,199$ Liabilities and shareholders' equity $Current Liabilities$ Trade payables $3,818$ $6,315$ Deferred revenues $90,813$ $79,239$ Operating lease liabilities $4,903$ $5,193$ Other payables and accrued expenses $36,128$ $34,794$ Long-term liabilities $24,181$ $13,914$ Other long-term liabilities $21,917$ $1,145$ Trasury stock, at cost $(184,802)$ $(145,226)$ Retained earnings $130,955$ $124,121$ Total	Severance pay runus			
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Other long-term assets 25,959 24,398 Operating lease right-of-use assets 28,185 18,144 Goodwill and intangible assets, net 54,198 55,625 Total assets 606,892 595,199 Liabilities and shareholders' equity 606,892 595,199 Current Liabilities 3,818 6,315 Deferred revenues 90,813 79,239 Operating lease liabilities 4,903 5,193 Other payables and accrued expenses 36,128 34,794 135,662 125,541 125,541 Long-term liabilities 24,181 13,914 Operating lease liabilities 24,181 13,914 Other long-term liabilities 24,181 13,914 Other long-term liabilities 24,181 13,914 Other long-term liabilities 718 710 Additional paid-in capital 718 710 Additional paid-in capital 434,815 414,581 Accumulated other comprehensive income, net of tax 1,917 1,145 Treasury stock, at cost (184,802) (145,226) Retained earnings<				
Operating lease right-of-use assets $28,185$ $18,144$ Goodwill and intangible assets, net $54,198$ $55,625$ Total assets $606,892$ $595,199$ Liabilities and shareholders' equityCurrent Liabilities $3,818$ $6,315$ Trade payables $3,818$ $6,315$ Deferred revenues $90,813$ $79,239$ Operating lease liabilities $4,903$ $5,193$ Other payables and accrued expenses $36,128$ $34,794$ Ia5,662 $125,541$ $125,541$ Long-term liabilities $24,181$ $13,914$ Operating lease liabilities $24,181$ $13,914$ Other long-term liabilities $24,181$ $13,914$ Other long-term liabilities 718 710 Additional paid-in capital 718 710 Additional paid-in capital $434,815$ $414,581$ Accumulated other comprehensive income, net of tax $1,917$ $1,145$ Treasury stock, at cost $(184,802)$ $(145,226)$ Retained earnings $130,955$ $124,121$ Total shareholders' equity $383,603$ $395,331$	Property and equipment, net	23,141	22,971	
Goodwill and intangible assets, net $54,198$ $55,625$ Total assets $606,892$ $595,199$ Liabilities and shareholders' equity $606,892$ $595,199$ Current Liabilities $3,818$ $6,315$ Deferred revenues $90,813$ $79,239$ Operating lease liabilities $4,903$ $5,193$ Other payables and accrued expenses $36,128$ $34,794$ Long-term liabilities $35,662$ $125,541$ Long-term liabilities $24,181$ $13,914$ Other long-term liabilities $24,181$ $13,914$ Other long-term liabilities $10,113$ $9,525$ Brace capital 718 710 Additional paid-in capital $434,815$ $414,581$ Accumulated other comprehensive income, net of tax $1,917$ $1,145$ Treasury stock, at cost $(184,802)$ $(145,226)$ Retained earnings $130,955$ $124,121$ Total shareholders' equity $383,603$ $395,331$	Other long-term assets	25,959	24,398	
Total assets606,892595,199Liabilities and shareholders' equityCurrent LiabilitiesTrade payables3,8186,315Deferred revenues90,81379,239Operating lease liabilities4,9035,193Other payables and accrued expenses36,12834,794135,662125,541135,662125,541Long-term liabilities24,18113,914Other long-term liabilities24,18113,914Other long-term liabilities10,1139,525Shareholders' equity87,62774,327Share capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331	Operating lease right-of-use assets	28,185	18,144	
Liabilities and shareholders' equityCurrent LiabilitiesTrade payables3,8186,315Deferred revenues90,81379,239Operating lease liabilities4,9035,193Other payables and accrued expenses36,12834,794135,662125,541135,662125,541Long-term liabilities24,18113,914Other long-term liabilities10,1139,525Beferred revenues10,1139,525Operating lease liabilities10,1139,525Shareholders' equity87,62774,327Share capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331	Goodwill and intangible assets, net	54,198	55,625	
Current Liabilities Trade payables 3,818 6,315 Deferred revenues 90,813 79,239 Operating lease liabilities 4,903 5,193 Other payables and accrued expenses 36,128 34,794 135,662 125,541 Long-term liabilities 135,662 125,541 Deferred revenues 53,333 50,888 Operating lease liabilities 24,181 13,914 Other long-term liabilities 10,113 9,525 Br,627 74,327 74,327 Shareholders' equity 5 87,627 74,327 Share capital 718 710 Additional paid-in capital 434,815 414,581 Accumulated other comprehensive income, net of tax 1,917 1,145 1,4526) Retained earnings 130,955 124,121 Total shareholders' equity 383,603 395,331	Total assets	606,892	595,199	
Deferred revenues $90,813$ $79,239$ Operating lease liabilities $4,903$ $5,193$ Other payables and accrued expenses $36,128$ $34,794$ 135,662125,541 $135,662$ $125,541$ Long-term liabilitiesDeferred revenues $53,333$ $50,888$ Operating lease liabilities $24,181$ $13,914$ Other long-term liabilities $10,113$ $9,525$ Shareholders' equityShareholders' equityShare capital 718 710 Additional paid-in capital $434,815$ $414,581$ Accumulated other comprehensive income, net of tax $1,917$ $1,145$ Treasury stock, at cost $(184,802)$ $(145,226)$ Retained earnings $130,955$ $124,121$ Total shareholders' equity $383,603$ $395,331$	Current Liabilities	2 0 1 0	6.215	
Operating lease liabilities4,9035,193Other payables and accrued expenses36,12834,794135,662125,541135,662125,541Long-term liabilities53,33350,888Operating lease liabilities24,18113,914Other long-term liabilities10,1139,52587,62774,32774,327Share capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331				
Other payables and accrued expenses36,12834,794135,662125,541Long-term liabilitiesDeferred revenuesOperating lease liabilitiesOperating lease liabilitiesOther long-term liabilities10,1139,52587,62774,327Shareholders' equityShare capitalAdditional paid-in capitalAccumulated other comprehensive income, net of tax1,9171,145Treasury stock, at costRetained earnings130,955124,121Total shareholders' equity				
Long-term liabilitiesDeferred revenues53,333Operating lease liabilities24,181Other long-term liabilities10,1139,52587,6278hare holders' equity87,627Share capital718Additional paid-in capital434,815Accumulated other comprehensive income, net of tax1,917Treasury stock, at cost(184,802)Retained earnings130,955Total shareholders' equity383,603Other long-term liabilities130,955				
Long-term liabilitiesDeferred revenues53,333Operating lease liabilities24,181Other long-term liabilities10,1139,52587,6278hare holders' equity8Share capital718Additional paid-in capital434,815Accumulated other comprehensive income, net of tax1,9171,145113,955Treasury stock, at cost(184,802)Retained earnings130,955Total shareholders' equity383,603395,331395,331	other payables and accrued expenses			
Deferred revenues53,33350,888Operating lease liabilities24,18113,914Other long-term liabilities10,1139,52587,62774,327Share holders' equity718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331				
Operating lease liabilities24,18113,914Other long-term liabilities10,1139,52587,62774,327Shareholders' equity718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331	Long-term liabilities			
Other long-term liabilities10,1139,52587,62774,327Shareholders' equityShare capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331	Deferred revenues	53,333	50 <i>,</i> 888	
87,627 74,327 Shareholders' equity 718 710 Share capital 718 710 Additional paid-in capital 434,815 414,581 Accumulated other comprehensive income, net of tax 1,917 1,145 Treasury stock, at cost (184,802) (145,226) Retained earnings 130,955 124,121 Total shareholders' equity 383,603 395,331	Operating lease liabilities	24,181	13,914	
Shareholders' equityShare capital718Additional paid-in capital434,815Accumulated other comprehensive income, net of tax1,917Treasury stock, at cost(184,802)Retained earnings130,955Total shareholders' equity383,603	Other long-term liabilities	10,113	9,525	
Share capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331		87,627	74,327	
Share capital718710Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331	Sharahaldara' aquitu			
Additional paid-in capital434,815414,581Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331		718	710	
Accumulated other comprehensive income, net of tax1,9171,145Treasury stock, at cost(184,802)(145,226)Retained earnings130,955124,121Total shareholders' equity383,603395,331				
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Retained earnings 130,955 124,121 Total shareholders' equity 383,603 395,331				
Total shareholders' equity 383,603 395,331				
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Total liabilities and shareholders' equity606,892595,199		· · · · · · · · · · · · · · · · · · ·		
	Total liabilities and shareholders' equity	606,892	595,199	

Radware Ltd.

Condensed Consolidated Statements of Income

(U.S Dollars in thousands, except share and per share data)

		For the three months ended September 30,		nonths ended Iber 30,
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	62,524	62,859	180,981	184,710
Cost of revenues	11,646	11,527	32,893	33,180
Gross profit	50,878	51,332	148,088	151,530
Operating expenses, net:				
Research and development, net	16,747	15,108	49,088	45,738
Selling and marketing	27,659	27,094	82,616	80,435
General and administrative	4,513	4,403	14,114	14,209
Total operating expenses, net	48,919	46,605	145,818	140,382
Operating income	1,959	4,727	2,270	11,148
Financial income, net	2,897	2,137	7,404	6,047
Income before taxes on income (tax benefit)	4,856	6,864	9,674	17,195
Taxes on income (tax benefit)	1,269	(257)	2,840	1,960
Net income	3,587	7,121	6,834	15,235
Basic net earnings per share	0.08	0.15	0.15	0.33
Weighted average number of shares used to compute basic net earnings per share	46,341,046	46,850,137	46,547,504	46,788,870
Diluted net earnings per share	0.08	0.15	0.14	0.31
Weighted average number of shares used to compute diluted net earnings per share	47,673,698	48,488,313	47,841,411	48,595,899

Radware Ltd.

Reconciliation of GAAP to Non-GAAP Financial Information

(U.S Dollars in thousands, except share and per share data)

		months ended 1ber 30,	For the nine months ended September 30,	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	50,878	51,332	148,088	151,530
Stock-based compensation	48	57	135	171
Amortization of intangible assets	465	997	1,427	1,818
Non-GAAP gross profit	51,391	52,386	149,650	153,519
	51,551	52,500	110,000	100,010
GAAP research and development, net	16,747	15,108	49,088	45,738
Stock-based compensation	1,301	640	3,199	2,064
Non-GAAP Research and development, net	15,446	14,468	45,889	43,674
GAAP selling and marketing	27,659	27,094	82,616	80,435
Stock-based compensation	2,083	1,954	5,814	5,258
Amortization of intangible assets		17		52
Non-GAAP selling and marketing	25,576	25,123	76,802	75,125
GAAP general and administrative	4,513	4,403	14,114	14,209
Stock-based compensation	975	741	2,809	2,290
Acquisition costs	-	-	2,805	2,290
Litigation costs	44	24	303	883
Non-GAAP general and administrative	3,494	3,638	11,002	10,772
Non-Oner general and administrative	3,494	3,038	11,002	10,772
GAAP total operating expenses, net	48,919	46,605	145,818	140,382
Stock-based compensation	4,359	3,335	11,822	9,612
Amortization of intangible assets	-	17	-	52
Acquisition costs	-	-	-	264
Litigation costs	44	24	303	883
Non-GAAP total operating expenses, net	44,516	43,229	133,693	129,571
GAAP operating income	1,959	4,727	2,270	11,148
Stock-based compensation	4,407	3,392	11,957	9,783
Amortization of intangible assets	465	1,014	1,427	1,870
Acquisition costs	-		-,	264
Litigation costs	44	24	303	883
Non-GAAP operating income	6,875	9,157	15,957	23,948
GAAP financial income, net	2,897	2,137	7,404	6,047
Other loss (gain) adjustment	-	(253)	247	(563)
Exchange rate differences, net on balance sheet items included in financial income, net	(72)	878	480	2,418
Non-GAAP financial income, net	2,825	2,762	8,131	7,902
GAAP income before taxes on income (tax benefit)	4,856	6,864	9,674	17,195
Stock-based compensation	4,830	3,392	11,957	9,783
Amortization of intangible assets	465	1,014	1,427	1,870
Acquisition costs		-	-	264
Litigation costs	44	24	303	883
Other loss (gain) adjustment	-	(253)	247	(563)
Exchange rate differences, net on balance sheet items included in financial income, net	(72)	878	480	2,418
Non-GAAP income before taxes on income (tax benefit)	9,700	11,919	24,088	31,850
GAAD taxes on income (tax honefit)	1 360	(257)	2 0 4 0	1 060
GAAP taxes on income (tax benefit) Tax related adjustments	1,269 62	(257) 266	2,840 245	1,960 195
Non-GAAP taxes on income	1,331	9	3,085	2,155
CAAD not income	2 5 6 5	7 4 2 4	c 02 :	15 335
GAAP net income	3,587	7,121	6,834	15,235
Stock-based compensation	4,407	3,392	11,957	9,783
Amortization of intangible assets	465	1,014	1,427	1,870
Acquisition costs	-	-	-	264
Litigation costs	44	24	303	883
Other loss (gain) adjustment Exchange rate differences, net on balance sheet items included in financial income, net	(72)	(253) 878	247 480	(563) 2.418
Exchange rate differences, net on balance sheet items included in financial income, net Tax related adjustments		(266)	480 (245)	2,418
Non-GAAP net income	(62) 8,369	11,910	21,003	(195) 29,695
			<u> </u>	<u> </u>
GAAP diluted net earnings per share	0.08	0.15	0.14	0.31
Stock-based compensation	0.09	0.07	0.25	0.20
Amortization of intangible assets	0.01	0.02	0.03	0.04
Acquisition costs	0.00	0.00	0.00	0.01
Litigation costs	0.00	0.00	0.01	0.02
Other loss (gain) adjustment	0.00	(0.01)	0.01	(0.01)
Exchange rate differences, net on balance sheet items included in financial income, net	(0.00)	0.02	0.01	0.05
Tax related adjustments	(0.00)	(0.01)	(0.01)	(0.00)
Non-GAAP diluted net earnings per share	0.18	0.25	0.44	0.61
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	47,673,698	48,488,313	47,841,411	48,595,899

Radware Ltd. Condensed Consolidated Statements of Cash Flow (U.S. Dollars in thousands)

	For the three months ended		For the nine months ended	
	September 30, 2020 2019		<u> </u>	<u>nber 30,</u> 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities:	(onducted)	(onducted)	(onadarica)	(ondurica)
Net income	3,587	7,121	6,834	15,235
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization	2,616	3,106	7,883	8,494
Stock-based compensation	4,407	3,392	11,957	8,494 9,783
Amortization of premium, accretion of discounts and accrued interest on				
marketable securities, net	337	141	647	468
Gain related to securities, net	(517)	(253)	(580)	(563)
Accrued interest on bank deposits	(598)	(804)	(971)	1,527
Increase (decrease) in accrued severance pay, net	48	(109)	235	824
Decrease in trade receivables, net	2,865	2,621	8,280	5,150
Increase in other receivables and prepaid expenses and other long-term assets	(465)	(1,163)	(2,395)	(4,849)
Decrease in inventories	816	881	650	3,318
Increase (decrease) in trade payables	(1,078)	203	(2,497)	(535)
Increase (decrease) in deferred revenues	(7,648)	4,893	14,019	8,676
Increase in other payables and accrued expenses	2,456	39	1,735	511
Operating lease liabilities, net	(26)	194	(64)	854
Net cash provided by operating activities	6,800	20,262	45,733	48,893
Cash flows from investing activities:				
Purchase of property and equipment	(1,629)	(1,810)	(6,626)	(6,153)
Proceeds from (investment in) other long-term assets, net	(15)	73	(26)	11
Proceeds from (investment in) bank deposits, net	(2,666)	(5,674)	(11,824)	13,773
Proceeds from (investment in) sale, redemption of and purchase of marketable	8,249	(1,997)	11,712	(45,232)
securities, net	0			,
Payment for acquisition of subsidiary, net of cash acquired Net cash provided by (used in) investing activities	3,939	0 (9,408)	0 (6,764)	<u>(12,239)</u> (49,840)
Net cash provided by (used iii) investing activities	5,939	(9,408)	(0,704)	(45,840)
Cash flows from financing activities:				
Proceeds from exercise of stock options	4,947	3,751	8,285	14,593
Repurchase of shares	(15,907)	(8,841)	(39,576)	(18,894)
Net cash used in financing activities	(10,960)	(5,090)	(31,291)	(4,301)
Increase (decrease) in cash and cash equivalents	(221)	5,764	7,678	(5,248)
Cash and cash equivalents at the beginning of the period	48,650	34,191	40,751	45,203
Cash and cash equivalents at the end of the period	48,429	39,955	48,429	39,955
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