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PRESENTATION

Operator

Good morning, and welcome to the Radware Conference Call discussing Fourth Quarter and Full-Year [2022] Results. Thank you all for holding. As a reminder, this conference is being recorded, February 08, 2023. I would now like to turn the call over to Yisca Erez, Director of Investor Relations at Radware. Please go ahead.

Yisca Erez - *Radware Ltd. - Director of IR*

Thank you, operator. Good morning, everyone, and welcome to Radware's fourth quarter and full-year 2022 earnings conference call. Joining me today are Roy Zisapel, President and Chief Executive Officer; and Guy Avidan, Chief Financial Officer. A copy of today's press release and the financial statements as well as the investor kit for the fourth quarter are available in the Investor section of our website.

During today's call, we may make projections or other forward-looking statements regarding future events or the future financial performance of the Company. These forward-looking statements are subject to various risks and uncertainties, and actual results could differ materially from Radware's current forecast and estimates.

Factors that could cause or contribute to such differences include, but are not limited to, impact from the COVID-19 pandemic, general business conditions and our ability to address changes in our industry, changes in demand for products, the timing and the amount of orders and other risks detailed from time to time in Radware's filings.

We refer you to the documents the Company files and furnishes from time to time with the SEC, specifically the Company's last annual report on Form 20-F as filed on April 11, 2022. We undertake no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date of such statement is made.

Before I turn it over to Roy, I would like to remind you that we are hosting a virtual Investor and Analyst Meeting on February 22, which will include executive presentations and updates. If you haven't registered and would like to do so, please e-mail us at ir@radware.com. I will now turn the call to Roy Zisapel.

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Thank you, Yisca, and thanks to all of you for joining us today. Today, we report that despite the challenging macro environments, we ended the fourth quarter of 2022 with $74 million in revenues and $0.17 of EPS. These results were driven once again predominantly by our subscription and cloud business, a trend that we expect will continue as we shift to assess model and grow our ARR faster than total revenues.

As we closed 2022, we continue to see longer sales cycle and multi-faced contracts as we noted in previous quarters. Despite customers being more cautious with short-term spending, there are four reasons we remain optimistic about our long-term growth.

First, cyberattacks are not only increasing in terms of sheer numbers, but they are also more powerful, frequent and complex. This creates a critical customer need and market demand for our solutions.

Second, the rapid transition to the cloud also continues to generate demand. Multi-cloud environments expose customers to configuration and visibility issues and introduce gaps in protection. We solve these challenges by offering consistent security across cloud environments, so applications are protected regardless of where they are running.

The third reason for our optimism is the accelerating pace of digital transformation. The speed in which applications are developed and introduced has become a competitive advantage. To securely manage this process, organizations are looking for frictionless security solutions that support innovation without getting in the way of business. This is a need we are well-positioned to meet.

Fourth, our sales team is ramping up to drive growth in North America, where we just hired a new head of sales. We are focused on growing our footprint in the mid-sized enterprise market and working with our channels and OEM partners to win new logos. We've reallocated resources and made adjustments to enable the teams to capitalize on these opportunities.

While we remain confident in our future growth prospects, we also recognize that security, like other industries, is not fully immune to economic downturn. To tight budgets with the critical need to secure the applications, we believe more companies are opting for cloud deployments, fully managed services and vendor consolidation. Trends were serving very well with our solutions.

The growth engine behind our 2022 performance is our cloud and subscription ARR, which grew 14% year-over-year, up from 12% in the third quarter. We won a record number of new customers in the fourth quarter across all cloud security offerings, particularly among mid-sized enterprises.

Let me share with you few examples of our successful cloud bookings in the fourth quarter. We signed a large deal with the Fortune 500 pharmaceutical company for a hybrid cloud DDoS solution. The customer experienced a large DDoS attack and was looking for a solution to support multiple sites and automatically mitigate zero-day attacks.

We also expanded our cloud security business with an existing financial services customer. This customer was using our hybrid cloud DDoS protection service and added our Cloud WAF and Bot Manager. This customer was being hit by web application and bot attacks and appreciated our seamless onboarding, integrated security and the ease of use for our cloud security portal.

In another large cross-sell deal, we expanded our relationship with a leading banking group in Europe. They were already subscribed to our cloud DDoS and Cloud WAF and now added our Bot Manager.

As we enter 2023, we are laser-focused on scaling our cloud security business. Cloud security provides our customer with a significantly stronger security solution, while it maximizes customer value and improves our visibility and long-term profitability for us.

To that end, we intend to expand our footprint in the mid-sized enterprise market, grow our channel partnerships and enhance our cloud security offerings. We have several new cloud security offerings in the pipeline that we will announce soon.

To further support our global cloud business while helping our customers reduce latency and meet regulatory requirements, we also continue to open more cloud security centers. Last quarter, we launched a second center in Australia, one in Auckland, New Zealand and one in Toronto, Canada.

During 2022, we opened eight cloud centers for DDoS and WAF and increased our mitigation capacity to 12 terabits.

Our cloud security offering is a best-of-breed offering, and it continues to earn us industry recognition. For instance, Quadrant Knowledge Solutions named Radware the leader in its 2022 SPARK Matrix report for Bot Management.

According to the report, Radware Bot Manager offers comprehensive capabilities and the industry widest mitigation options.

And Aite-Novarica Group named Radware a leader, recognizing us as a best-in-class provider for Bot Detection and Management. We received the highest marks for vendor stability and client strengths.

Beyond the strength in our cloud business, our fourth quarter performance was backed by our on-prem security business. We closed a very large deal with a Tier 1 Asian carrier. This customer experienced a massive DDoS attack, causing hundreds of organizations to go offline. They chose Radware to replace the incumbent due to our comprehensive security solution, strong SLA and enhanced functionality.

We also landed a large deal with a major U.S. communication platform company. This customer was hit with costly DDoS attacks, which also created extended outages for their carrier resellers. We won their business with our DDoS solution and our expertise in protecting voice and video over IP attacks.

In closing, we are laser-focused on the cloud security opportunities in front of us. Backed by our expertise and our broadening cloud security offerings, we are well-positioned to grow our cloud ARR and expand our addressable markets in 2023. At the same time, we remain mindful of the macro environment and disciplined in our expense management so that we can deliver profitable growth. Coupled together, we believe we are going to continue to grow our ARR and profitability in 2023.

I would like to take this opportunity to thank our employees worldwide for their contribution and we look forward to more success in this new year. With that, I will now turn the call over to Guy.

Guy Avidan - *Radware Ltd. - CFO*

Thank you, Roy, and good day, everyone. I'm pleased to provide the analysis of our financial results and business performance for the fourth quarter and full-year 2022 as well as our outlook for the first quarter of 2023.

Before beginning the financial overview, I'd like to remind you that unless otherwise indicated, all financial results are non-GAAP. A full reconciliation of our results on a GAAP and non-GAAP basis is available in the earnings press release issued earlier today and on the Investors section of our website.

Fourth quarter 2022 revenue declined 3% year-over-year to $74.1 million in line with the midpoint of our guidance as compared to $76.6 million in the same period of last year. Full-year revenue was $293.4 million, an increase of 2% compared to the full-year 2021. These results were achieved despite the current macroeconomic environment that we experienced since the second quarter and still witnessing today.

As we highlighted in previous quarters, the macro headwinds impact our customers spending and result in elongated sales cycle, budget scrutiny, and multi-phase deployments. In 2022, topline was driven by our cloud and subscription business revenue, which increased 13% in 2022 to $105 million and accounted for 36% after the revenue in 2022, up from 32% in 2021 and 26% in 2020.

As for the annual recurring revenue, total ARR grew 7% in 2022 to $202 million and cloud and subscription ARR accelerated to 14% growth in the same period. We expect to scale our cloud and subscription business to improve visibility and profitability despite revenue headwinds in the short-term as a result of the shift towards subscription-based business model.

On a regional breakdown, revenue in the Americas in the fourth quarter 2022 increased by 2% to $32 million compared to Q4 2021. For the full-year 2022, America revenue decreased by 4% to $124 million compared to the full-year 2021. As Roy mentioned in his prepared remarks, we are working in multiple fronts on improving execution in the U.S. and expect to see improvements in the second half of the year.

EMEA revenue in the fourth quarter was $24 million, representing a decrease of 18% when compared to the same period of the last year. For the full-year 2022, EMEA revenue grew by 6% to $104 million compared to 2021. The performance in EMEA is related to the macro headwind that we are experiencing globally since the third quarter.

APAC revenue in the fourth quarter increased by 14% to $18 million compared to Q4 2021 and 10% revenue increased to $65 million for the full-year 2022 compared to 2021. Americas accounted for 43% and 42% of total revenue in the fourth quarter and full-year 2022, respectively. EMEA accounted for 33% of total revenue and 36% in the fourth quarter and full-year 2022, respectively, and APAC accounted for the remaining 24% and 22% of total revenue in the fourth quarter and full-year 2022, respectively.

I'll now discuss profits and expenses. Gross margin in Q4 2022 was 82.7% compared to 82.4% in the same period of 2021. For 2022, gross margin expanded by 60 basis points to 83%. The gross margin improvement is related to the successful integration of SecurityDAM, offset partially by higher costs related to recently launched cloud security centers.

Operating expenses in the fourth quarter of 2022 were $54.9 million, slightly below our midpoint guidance, representing an increase of 5% compared to the same period in 2021. Full-year 2022 operating expenses increased by 8% compared to 2021 and totaled to $214 million. The increase in the operating expenses is a result of additional R&D headcount, the full impact of SecurityDAM integration, and an increase in salaries. Due to the current macro environment, we are mindful of our expenses, and we are committed to improve our profitability in 2023.

Net income in the fourth quarter was $7.7 million as compared to $10.3 million in the same period of last year. Full-year net income was $31.3 million compared to $38.3 million in 2021.

Radware adjusted EBITDA for the fourth quarter and full-year was $8.2 million and $37.7 million, respectively, which included $3 million and $8.5 million negative impact for Q4 and 2022, respectively, on adjusted EBITDA of the Hawks Group.

Diluted earnings per share for Q4 and full-year 2022 was 17 and 68 cents, respectively, compared to 22 and 81 cents in Q4 and full-year 2021, respectively.

Turning to the balance sheet and cash flow statement. During Q4 2022, we generated $9.6 million in cash flow from operation compared to $28.9 million during the same period of last year and $32.1 million in the full-year 2022 compared to $71.8 million in 2021. Cash flow from operation in 2022 was impacted mainly by $21 million extraordinary tax payment that will partially be returned in the future.

During the fourth quarter, we repurchased shares in the amount of approximately $12.3 million and $59.5 million during the full-year 2022. Out of the $100 million share repurchase plan that we have in place, we ended the year with approximately $432 million in cash, bank deposit and marketable securities.

I'll conclude my remarks with guidance. We believe that our current cash position and agile cost structure will help us cross the current environment and come out stronger. We expect total revenue for the first quarter of 2023 to be in the range of $70 million to $73 million.

We expect Q1 2023 non-GAAP operating expenses to be between $53 million and $54.5 million. As for Q1 2023, we expect non-GAAP diluted net earnings per share to be between $0.12 and $0.15.

Before I turn over the call for Q&A, I'd like to invite you to our Virtual Investors and Analyst Meeting, taking place on February 22. During the event, we will provide additional KPIs, along with long-term model. I will now turn the call over to the operator for questions. Operator, please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Chris Reimer with Barclays.

Chris Reimer - *Barclays Bank PLC, Research Division - Analyst*

I know you mentioned already the slower sales cycles and the multi-phased deployments. But I was wondering if you could comment on any color in customer behavior you've seen from last quarter to this quarter, if anything has changed, in particular, or maybe in a particular segment?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So we didn't see much deterioration in terms of the behavior. I would say that we've seen it maybe in more areas, Europe maybe a bit stronger than we've seen. And we believe though that our ability to move some of those deals into cloud and subscription deals will actually provide us with bigger long-term value for these customers.

So while in the short-term, we are seeing obviously the heat of the multi-phased approach and less large CapEx deals available. We believe it's actually the right time to accelerate the transition to subscription and, as Guy mentioned, get out of it stronger.

Chris Reimer - *Barclays Bank PLC, Research Division - Analyst*

Okay. And regarding the new partner program, you announced recently, can you give some color on how that differs from your previous partner relationships? And how does that fit into your overall strategy in reaching into the mid-sized enterprise market?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes, absolutely. So the new program beyond the regular anchors of the channel program is heavily focused on cloud security. So a lot of the rewards, the kickback, the marketing fund, the certification and so on are centered around the ability to execute and promote together with us the cloud security solutions.

So this is the major, I would say, change and shifting focus we've done. Beforehand It was mainly based on total revenue generated over a year and we were not, I would say differentiating between product line or cloud versus CapEx type of business. This program is heavily tuned to cloud security as a service.

Regarding your question, how does it fit our overall strategy? As we've mentioned and you've mentioned in your question, we want to expand our business to the mid-sized enterprise. We see we're doing very well, and you heard some of the new wins in the very large enterprise in the Fortune 500, we have a very significant share and successful track record.

However, with the cloud solutions, it's clear to us that every mid-sized enterprise will require the same level of security, but could not afford the CapEx budget. So cloud security, which is in our case, also fully managed, the TCO for the mid-sized enterprise is very, very good. If you just think about the savings on the headcount cost and the export cost that we offload with our fully managed solution, it's a very, very attractive offer to that segment. That segment can only be served through channels and dedicated channels through cloud security. So hence, the launch of the partner program is in a lockstep with our strategy to increase presence in this mid-sized enterprise and with other steps we've taken in the last three, four months to achieve that.

Operator

Our next question comes from Alex Henderson with Needham.

Alexander Henderson - *Needham & Company, LLC, Research Division - Senior Analyst*

Great. Can you give us a little bit of a sense of what your expectations are for sales and marketing and other OpEx lines in terms of growth in FY2023 year. I know you don't want to give the full-year guidance, but just some indication of are you planning on holding it steady? Are you benefiting from the exchange rate shekel decline year-over-year, therefore, you're able to offset cost increases? Are you planning on investing in front of revenues to position for 2024? What's the strategy for it?

Guy Avidan - *Radware Ltd. - CFO*

Hi, Alex. So first, you saw from the guidance, we guided OpEx to be between 53 to 54.5, which is lower than the OpEx we posted for Q4 that was around $55 million. And the basically, two things. One is, we did some changes in headcount. We lowered headcount from Q3 end of Q3 to end of the year by around 20, and the real impact is going to be in Q1 and throughout the year.

And the second thing you touched already, that's the FX we're hedging. So the hedging position in 2023, shekel versus U.S. dollar is going to be more favorable and the hedging position we had in 2022. So again, not talking about the year, but we'll expect lower OpEx in Q1 versus Q4. We are also mentioned in the call that we're going to keep an agile structure to A, if recession is going to be longer than expected, we can adjust expenses and vice versa. If we're going to grow faster than expected, we can adjust OpEx to meet the new goals.

Alexander Henderson - *Needham & Company, LLC, Research Division - Senior Analyst*

Two line items that are pretty difficult for people to forecast outside of the company are the interest income line and the tax line, I assume the tax line is still around 15%. Is that accurate? And on the interest line, I'm assuming that the solid cash balances are going to get much better interest rates as they roll to the new rates over the course of the year. We've got it up around $14 million, I think you were $6.5, $7 kind of range in 2022 if I remember correctly. So is that in the right ballpark? And can you give us any help on those two lines, which are pretty tough to forecast externally?

Guy Avidan - *Radware Ltd. - CFO*

Yes. So taxes, we're still forecasting 14% to 15%. Regarding interest, we expect the interest income to continue to grow throughout the year. So looking at close to $2.5 million in Q4, we expect an increase quarter-over-quarter based on the same cash position. That's a result of a higher interest rate and based on marketable securities that's going to be open throughout the year and we're going to close on a better interest.

Alexander Henderson - *Needham & Company, LLC, Research Division - Senior Analyst*

Okay. One last question and then I'll see the floor. The new products that you talk about launching, are you anticipating those to benefit results this year? Or should we be thinking about a six to nine-month sell cycle, which would imply that it's more of a 2024 benefit? And certainly nice announcement to get new products is always good, but not so much impacting 2023 revenues. Is that fair way to think about it?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So I think we'll be able to give obviously more color on that on the Analyst Day. However, some of the announcements we believe definitely will contribute to this year revenues. And as you said, some of the announcements might have, they might expand our offering, they might take a big longer to ramp. So we have a mix of new announcements that I think are strengthening our solutions and portfolio very much. And in some, we do expect to contribute to this year revenues.

Alexander Henderson - *Needham & Company, LLC, Research Division - Senior Analyst*

Okay, great. It's good to hear you guys voice again and I look forward to the Analyst Day.

Operator

Our next question comes from Tim Horan with Oppenheimer.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

When you're doing cloud security for mid-sized enterprises, are you also doing their on-prem security? Or are you ready doing on-prem for these customers and extending it into cloud just understanding the dynamics? Or is it a bundled sale at this point?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Tim, so generally, the mid-sized enterprise was not able to afford our on-prem solution. So if you think on our hardware security solution, the minimum investment would be close to $100,000 of our three years. So and that's without the cloud component. So generally, for the regular mid-sized enterprise, that would be above the budget they could have allocated to that business.

So in that market, we're actually looking for a cloud-first solution where the cloud security as a service, the DDoS, WAF, bot, API security will all delivered from the cloud on a subscription basis. And this is why this has become relevant as our cloud security solution has become stronger, more scalable, available in more markets, we feel that this market is now open to us while in the past, it was simply not a good fit for our product portfolio.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. And through your cloud-first solution, you can cover the entire enterprise needs both on-prem and off-prem?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Correct. Correct. So from the cloud security, we can serve both the on-prem applications and the public cloud. Applications through the same infrastructure, all of that is going to a unified portal fully managed by the same emergency response team of Radware. So we actually provide those enterprises consistent security across any form factor and we know that the mid-sized enterprise some of them are transitioning faster to the cloud and to the public cloud and the large ones, but definitely more open to cloud security as a service.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. And that's irrespective if they're moving to, it doesn't matter if they're moving to a large hyperscale cloud provider or not but your cloud solution will cover their needs no matter what?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Exactly. Exactly.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. That's really helpful. And do you see, can you talk about what, when the typical mid-sized enterprise would pay? And do you see much churn there or any churn from mid-sized enterprise using the solution?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So, mid-sized enterprise might pay 25,000 to 30,000 ARR for a solution, but that solution might encompass both web security and DDoS on a broader set. So on a three-year plan, around the 100,000, but covering all the application and the security, API security and DDoS needs.

As I mentioned in my remarks, in Q4, we won a record number for us of cloud customers. So we are actually already starting to see those mid-sized enterprises coming into us and onboarding our services. So we believe there's something very interesting here for us and something that can provide, as Guy mentioned, long-term visibility, profitability for the whole business.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

And I guess they're generally taking all three of the primary products or I guess how many more options would they have like if they took all your products, what would that, how many options would that represent?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So let's leave something for the Analyst Day. I think we will answer that.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Got it. And then just last, back to the macro impact. Do you think things have bottomed a little bit? Are we stable? It sounds like Europe maybe is improving, are you seeing any improvement out there?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

So it's hard for me to say. On one end on our business, I think, it's maybe - that's an accurate statement. But when I read the global headlines from the hyperscalers, from the large tech companies and so on, it seems that it's still deteriorating. So I think we need to be very cautious at this point and then follow closely the market what's going on there.

Timothy Kelly Horan - *Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst*

Great. Look forward to the Analyst Day.

Operator

Our final question comes from George Notter with Jefferies.

George Charles Notter - *Jefferies LLC, Research Division - MD & Equity Research Analyst*

Maybe you could talk a little bit about what you're doing on the sales front in North America. I think you mentioned you're reallocating resources and maybe shifting headcount around. Can you just talk about more directly exactly what you're doing there?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So several things we've done. First, we hired and he joined us as a new Head of Sales for North America, so he is already onboard. Second, we mentioned we are targeting more the mid-sized enterprises. Now I want to balance that. We continue with all our enterprise sales team to focus on the large enterprise. Obviously, we're doing very well there. It's a very important market, strong customer base, very loyal to us, growing with us for use.

So it's not that we're shifting from the large to the mid. What we've done we've rationalized some of the investments on the large enterprises to continue to cover them very well and continue to gain more customers and grow the existing ones. And with the delta of the budget, we've allocated that towards the mid-sized. So we've added more marketing inside sales and channel salespeople to focus on the mid-sized enterprise.

With that and we, I answered previously, we've launched more focused cloud oriented channel program and more resources to the channel to boost that move. Last but not least, I think we're working now more and better also with some of our OEM partners. For example, I'm talking to you today from Amsterdam, where we are at Cisco Live. And we do see also, I think, enhanced the momentum there. That we think also would help us in towards the Cisco Commercial segment or the mid-sized enterprise as well as the larger enterprise. So we've done several things. I think we have a good plan in a solid and we are now executing it.

George Charles Notter - *Jefferies LLC, Research Division - MD & Equity Research Analyst*

Got it. Great. And then also I wanted to ask about your investment in security centers. I think you said you added eight this year. Any sense for how many you expect to add in 2023? And then also, I assume that it dilutes your gross margin to some extent, I assume those new security centers as they come online, they're more lightly utilized. What do you think the margin impact is for the company as those security centers come up to a more normal types of utilization rates?

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Yes. So at this point, I would say, at least the same amount, maybe more. We're seeing some markets open and some markets that are asking us for more investments in opening those local markets. The reason to open a cloud security center is generally not technology, but in many cases regulation. More countries, more financial institutes want to keep the data and the customer nation within the country.

So it's not about the latency, it's not about the scale, it's mainly because of GDPR and similar regulations that are driving that. So as we want to play in more markets, we are still in this build-up phase and adding those centers. At the same time, the centers that we open are gaining more popularity in the amount of customers' applications are growing there.

So on one hand, that improves our gross margin as we scale with the existing location. And like you said, the new centers have a drag on gross margin. So far, I think even with the supply chain and the cost issues of components, I think overall, we were able to manage it pretty well. You see our gross margin as a whole. Although, of course, we're seeing the cost increase in the hardware and the build out of those data centers. All of that being taken into account, we were able to manage the gross margin pretty well. I expect that to continue. Over the long run, I think that's what you've alluded to as the cloud network is becoming bigger, the marginal impact of building additional set of data center would become smaller.

George Charles Notter - *Jefferies LLC, Research Division - MD & Equity Research Analyst*

Got it. Okay, great. And then last one for me, you mentioned the financial impact from the Hawks. I missed that earlier. Could you tell us what the EBITDA impact was from the Hawk businesses? And then also curious on the revenue impacts? Thanks.

Guy Avidan - *Radware Ltd. - CFO*

Yes. So I'll just repeat the numbers we gave before. So we said the EBITDA for the quarter was $8.2 million and for the year $37.7 million. The Hawks attributed negative EBITDA of $3 million and $8.5 million for the quarter and the year, respectively.

So just to translate it for the core EBITDA, core EBITDA was $11.2 million for the quarter and $46.2 million for the year. The impact of the Hawks on revenue is really marginal. That will give you give me another opportunity to invite you to our Investor Day, where we will break down between the Hawks, EdgeHawk and SkyHawk, and we will disclose more information regarding the P&L's of both companies and their contribution to lottery consolidated financials.

Operator

There are no further questions at this time. I now turn the call over to Mr. Roy Zisapel for closing remarks.

Roy Zisapel - *Radware Ltd. - Co-Founder, CEO, President & Director*

Okay. Thank you very much for joining us today, and we look forward to seeing you soon in our Analyst Day. Thank you.
