

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

	<b>December 31,</b> <b>2021</b>	<b>December 31,</b> <b>2020</b>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	92,513	54,771
Marketable securities	39,497	64,684
Short-term bank deposits	155,879	191,038
Trade receivables, net	13,191	16,848
Other receivables and prepaid expenses	7,541	6,526
Inventories	11,580	13,935
	<u>320,201</u>	<u>347,802</u>
<b>Long-term investments</b>		
Marketable securities	98,224	66,836
Long-term bank deposits	79,708	71,421
Severance pay funds	2,454	2,453
	<u>180,386</u>	<u>140,710</u>
Property and equipment, net	20,240	22,976
Intangible assets, net	10,731	12,588
Other long-term assets	37,334	30,222
Operating lease right-of-use assets	24,829	27,823
Goodwill	41,144	41,144
Total assets	<u>634,865</u>	<u>623,265</u>
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Trade payables	3,805	3,882
Deferred revenues	99,922	92,127
Operating lease liabilities	5,090	5,224
Other payables and accrued expenses	56,565	42,514
	<u>165,382</u>	<u>143,747</u>
<b>Long-term liabilities</b>		
Deferred revenues	67,065	54,797
Operating lease liabilities	22,360	24,851
Other long-term liabilities	10,065	11,409
	<u>99,490</u>	<u>91,057</u>
<b>Shareholders' equity</b>		
Share capital	730	721
Additional paid-in capital	471,173	443,018
Accumulated other comprehensive income (loss), net of tax	(455)	1,517
Treasury stock, at cost	(243,023)	(190,552)
Retained earnings	141,568	133,757
Total shareholders' equity	<u>369,993</u>	<u>388,461</u>
Total liabilities and shareholders' equity	<u>634,865</u>	<u>623,265</u>

**Radware Ltd.**  
**Condensed Consolidated Statements of Income**  
(U.S Dollars in thousands, except share and per share data)

	For the three months ended December 31,		For the year ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues	76,642	69,046	286,496	250,027
Cost of revenues	14,048	12,191	52,446	45,084
Gross profit	<u>62,594</u>	<u>56,855</u>	<u>234,050</u>	<u>204,943</u>
Operating expenses, net:				
Research and development, net	19,597	17,748	74,098	66,836
Selling and marketing	32,015	30,399	119,842	113,015
General and administrative	6,114	4,810	21,885	18,924
Total operating expenses, net	<u>57,726</u>	<u>52,957</u>	<u>215,825</u>	<u>198,775</u>
Operating income	4,868	3,898	18,225	6,168
Financial income (expense), net	(463)	392	4,407	7,796
Income before taxes on income	4,405	4,290	22,632	13,964
Taxes on income	9,996	1,488	14,821	4,328
Net income (loss)	<u>(5,591)</u>	<u>2,802</u>	<u>7,811</u>	<u>9,636</u>
Basic net earnings (loss) per share	(0.12)	0.06	0.17	0.21
Weighted average number of shares used to compute basic net earnings (loss) per share	46,004,419	46,204,690	45,919,835	46,460,974
Diluted net earnings (loss) per share	(0.12)	0.06	0.16	0.20
Weighted average number of shares used to compute diluted net earnings (loss) per share	46,004,419	47,440,556	47,503,091	47,739,540

**Radware Ltd.**  
**Reconciliation of GAAP to Non-GAAP Financial Information**  
(U.S Dollars in thousands, except share and per share data)

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	62,594	56,855	234,050	204,943
Stock-based compensation	87	53	236	188
Amortization of intangible assets	465	464	1,858	1,891
Non-GAAP gross profit	<u>63,146</u>	<u>57,372</u>	<u>236,144</u>	<u>207,022</u>
GAAP research and development, net	19,597	17,748	74,098	66,836
Stock-based compensation	1,626	1,210	5,412	4,409
Non-GAAP Research and development, net	<u>17,971</u>	<u>16,538</u>	<u>68,686</u>	<u>62,427</u>
GAAP selling and marketing	32,015	30,399	119,842	113,015
Stock-based compensation	2,517	2,501	8,811	8,315
Non-GAAP selling and marketing	<u>29,498</u>	<u>27,898</u>	<u>111,031</u>	<u>104,700</u>
GAAP general and administrative	6,114	4,810	21,885	18,924
Stock-based compensation	1,142	824	3,115	3,633
Litigation costs	-	145	288	448
Acquisition costs	296	-	925	-
Non-GAAP general and administrative	<u>4,676</u>	<u>3,841</u>	<u>17,557</u>	<u>14,843</u>
GAAP total operating expenses, net	57,726	52,957	215,825	198,775
Stock-based compensation	5,285	4,535	17,338	16,357
Litigation costs	-	145	288	448
Acquisition costs	296	-	925	-
Non-GAAP total operating expenses, net	<u>52,145</u>	<u>48,277</u>	<u>197,274</u>	<u>181,970</u>
GAAP operating income	4,868	3,898	18,225	6,168
Stock-based compensation	5,372	4,588	17,574	16,545
Amortization of intangible assets	465	464	1,858	1,891
Litigation costs	-	145	288	448
Acquisition costs	296	-	925	-
Non-GAAP operating income	<u>11,001</u>	<u>9,095</u>	<u>38,870</u>	<u>25,052</u>
GAAP financial income (loss), net	(463)	392	4,407	7,796
Other loss adjustment	-	-	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	1,592	1,826	1,811	2,306
Non-GAAP financial income, net	<u>1,129</u>	<u>2,218</u>	<u>6,218</u>	<u>10,349</u>
GAAP income before taxes on income	4,405	4,290	22,632	13,964
Stock-based compensation	5,372	4,588	17,574	16,545
Amortization of intangible assets	465	464	1,858	1,891
Litigation costs	-	145	288	448
Acquisition costs	296	-	925	-
Other loss adjustment	-	-	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	1,592	1,826	1,811	2,306
Non-GAAP income before taxes on income	<u>12,130</u>	<u>11,313</u>	<u>45,088</u>	<u>35,401</u>
GAAP taxes on income	9,996	1,488	14,821	4,328
Tax settlement	(8,247)	-	(8,247)	-
Tax related adjustments	61	61	246	306
Non-GAAP taxes on income	<u>1,810</u>	<u>1,549</u>	<u>6,820</u>	<u>4,634</u>
GAAP net income (loss)	(5,591)	2,802	7,811	9,636
Stock-based compensation	5,372	4,588	17,574	16,545
Amortization of intangible assets	465	464	1,858	1,891
Litigation costs	-	145	288	448
Acquisition costs	296	-	925	-
Other loss adjustment	-	-	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	1,592	1,826	1,811	2,306
Tax settlement	8,247	-	8,247	-
Tax related adjustments	(61)	(61)	(246)	(306)
Non-GAAP net income	<u>10,320</u>	<u>9,764</u>	<u>38,268</u>	<u>30,767</u>
GAAP diluted net earnings (loss) per share	(0.12)	0.06	0.16	0.20
Stock-based compensation	0.11	0.10	0.37	0.35
Amortization of intangible assets	0.01	0.01	0.04	0.04
Litigation costs	0.00	0.00	0.01	0.01
Acquisition costs	0.01	0.00	0.02	0.00
Other loss adjustment	0.00	0.00	0.00	0.01
Exchange rate differences, net on balance sheet items included in financial income, net	0.03	0.04	0.04	0.05
Tax settlement	0.17	0.00	0.17	0.00
Tax related adjustments	(0.00)	(0.00)	(0.01)	(0.01)
Non-GAAP diluted net earnings per share	<u>0.22</u>	<u>0.21</u>	<u>0.81</u>	<u>0.64</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	47,655,351	47,440,556	47,503,091	47,739,540

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

	<b>For the three months ended</b>		<b>For the year ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b><u>Cash flow from operating activities:</u></b>				
Net income (loss)	(5,591)	2,802	7,811	9,636
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,484	2,676	10,196	10,559
Stock-based compensation	5,372	4,588	17,574	16,545
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	817	284	2,720	931
Other gain	-	-	-	(118)
Gain related to securities, net	(14)	(59)	(438)	(521)
Accrued interest on bank deposits	1,003	(239)	2,424	(1,210)
Increase (decrease) in accrued severance pay, net	15	(33)	468	202
Decrease (increase) in trade receivables, net	4,524	(2,518)	9,896	5,762
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	3,020	(2,489)	(7,586)	(4,884)
Decrease (increase) in inventories	823	(645)	2,355	5
Increase (decrease) in trade payables	811	64	(77)	(2,433)
Increase in deferred revenues	4,751	2,778	13,824	16,797
Increase in other payables and accrued expenses	10,287	9,570	12,238	11,305
Operating lease liabilities, net	632	1,353	369	1,289
Net cash provided by operating activities	<u>28,934</u>	<u>18,132</u>	<u>71,774</u>	<u>63,865</u>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of property and equipment	(1,653)	(2,045)	(5,603)	(8,671)
Proceeds from (investment in) other long-term assets, net	7	(84)	49	(110)
Proceeds from (investment in) bank deposits, net	20,168	(12,054)	24,448	(23,878)
Proceeds from (investment in) sale, redemption of and purchase of marketable securities, net	(3,527)	6,579	(11,045)	18,291
Net cash provided by (used in) investing activities	<u>14,995</u>	<u>(7,604)</u>	<u>7,849</u>	<u>(14,368)</u>
<b><u>Cash flows from financing activities:</u></b>				
Proceeds from exercise of stock options	2,828	3,618	10,590	11,903
Payment of deferred consideration related to acquisition	-	(2,054)	-	(2,054)
Repurchase of shares	(17,449)	(5,750)	(52,471)	(45,326)
Net cash used in financing activities	<u>(14,621)</u>	<u>(4,186)</u>	<u>(41,881)</u>	<u>(35,477)</u>
Increase in cash and cash equivalents	29,308	6,342	37,742	14,020
Cash and cash equivalents at the beginning of the period	<u>63,205</u>	<u>48,429</u>	<u>54,771</u>	<u>40,751</u>
Cash and cash equivalents at the end of the period	<u><u>92,513</u></u>	<u><u>54,771</u></u>	<u><u>92,513</u></u>	<u><u>54,771</u></u>