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

June 1 June 1 June 1 Assts (Unaudited) (Unaudited) (Unaudited) Cash and cash equivalents 59,565 65,237 Available for-sale marketable securities 37,004 42,573 Short-tern bank deposits 203,299 93,151 Trade receivables, net 18,491 16,150 Other receivables and prepaid expenses 6,308 12,252 Inventories 20,463 18,772 Available-for-sale marketable securities 61,078 54,427 Long-tern howstments 21,258 89,911 Available-for-sale marketable securities 61,078 54,427 Long-tern bank deposits 21,258 89,911 Severance pay funds 21,258 89,911 Severance pay funds 21,258 82,911 Goodwill 22,174 32,174 Total assets 20,064 8,133 Goodwill 22,174 32,174 Total assets 514,356 46,90,088 Labilities and shareholders' equity 30,663 32		September 30, 2018	December 31, 2017
Current assets 59,555 55,237 Cash and cash equivalents 37,004 42,573 Short term bank deposits 203,299 93,151 Trade receivables, net 18,491 16,150 Other receivables and prepaid expenses 6,308 12,252 Inventories 204,633 18,772 Available-for-sale marketable securities 61,078 54,427 Long-term investments 21,258 88,911 Severance pay funds 21,258 88,911 Severance pay funds 20,064 8,133 Condwill 12,174 146,589 Property and equipment, net 9,699 10,415 CodoWill 12,174 12,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 112,750 107,370 Corrent Liabilities 5,424 5,367 Tade payables 5,424 2,364 Deferred revenues 70,663 22,174 Other long-term liabilities 2,484 2,880 Deferred r			(Unaudited)
Cash and cash equivalents 59,555 65,237 Available-for-sale marketable securities 37,004 42,573 Short-term bank deposits 203,299 93,151 Trade receivables, net 18,491 16,150 Other receivables and prepaid expenses 204,63 18,772 Inventories 204,63 18,772 Available-for-sale marketable securities 61,078 54,427 Long-term investments 21,258 88,911 Severance pay funds 31,005 3,221 Property and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Ododwill 23,174 32,174 Total assets 514,356 469,088 Labilities and shareholders' equity 20,730 10,7370 Current Liabilities 5,424 5,367 Tade payables 5,424 5,367 Deferred revenues 76,663 69,221 Other payables and accrued expenses 20,663 32,174 Deferred revenues 5,644 2,380 <th>Assets</th> <th></th> <th></th>	Assets		
Available for sale marketable securities 37,004 42,573 Short-term bank deposits 203,299 93,151 Trade receivables, net 18,491 16,150 Other receivables and prepaid expenses 6,308 12,252 Inventories 20,463 18,772 Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 31,05 3,251 Severance pay funds 31,05 3,251 Other long-term bank deposits 20,064 8,133 GoodWill 32,174 32,174 32,174 Other long-term assets 20,064 8,133 GoodWill 32,174 32,174 32,174 South tableties 5,424 5,367 Deferred revenues 20,663 69,829 Other payables and accrued expenses 30,653 32,174 Souther payables and accrued expenses 30,663 69,829 Other payables and accrued expenses 30,663 69,217 Deferred revenues 46,6524 46,562 Other ong-term lia	Current assets		
Short-term bank deposits 203,299 93,151 Trade recelvables, net 18,491 16,150 Other recelvables and prepaid expenses 6,308 12,252 Inventories 20,463 18,772 Zung-term investments 20,463 18,772 Long-term investments 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 21,258 88,911 Severance pay funds 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 2 107,370 Current Liabilities 5,424 5,367 Deferred revenues 76,663 69,829 Other ong-term liabilities 5,484 2,880 Other ong-t	Cash and cash equivalents	59,565	65,237
Trade receivables, net 18,491 16,150 Other receivables and prepaid expenses 6,308 12,252 inventories 20,663 13,772 Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 3,105 3,251 Property and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 21,259 20,663 Current Liabilities 5,424 5,367 Trade payables 5,424 5,367 Deferred revenues 76,663 69,829 Other payables and acrued expenses 30,063 32,174 112,750 107,370 107,370 Log-term liabilities 5,484 2,864 Deferred revenues 41,040 43,482 Other jong-term liabilities 5,484 2,800 Deferred revenues 40,524 46,522 Shareholders' equity 378,067 349,250 Additional paid-in capital 378,06	Available-for-sale marketable securities	37,004	42,573
Other receivables and prepaid expenses 6.308 12.252 Inventories 20,463 18,772 345,130 248,135 Long-term investments 61,078 54,427 Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 3105 3,251 Property and equipment, net 9,699 10,415 Other long-term assets 20,064 8,133 GodWill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 20,663 32,174 Current Liabilities 5,424 5,367 Trade payables 5,424 5,367 Deferred revenues 76,663 32,174 Other payables and accrued expenses 30,663 32,174 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Deferred revenues 46,524 46,362 Shareholders' equity	Short-term bank deposits	203,299	93,151
Inventories 20,463 345,130 18,772 248,135 Long-term investments	Trade receivables, net	18,491	16,150
345,130 248,135 Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 3,105 3,251 Property and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 20,663 69,829 Current Liabilities 5,424 5,367 Trade payables 5,424 5,367 Deferred revenues 76,663 69,829 Other payables and accrued expenses 30,663 32,174 Deferred revenues 112,750 107,370 Long-term liabilities 24,820 2,880 Deferred revenues 41,040 43,482 Other long-term liabilities 2,880 46,524 Deferred revenues 16,524 2,880 Other long-term liabilities	Other receivables and prepaid expenses	6,308	12,252
345,130 248,135 Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 3,105 3,251 Severance pay funds 3,105 3,251 Property and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 20,663 69,829 Current Liabilities 5,424 5,367 Trade payables and accrued expenses 30,663 32,174 Other long-term liabilities 20,064 3,482 Deferred revenues 76,663 69,829 Other long-term liabilities 20,663 32,174 Deferred revenues 30,663 32,174 Other long-term liabilities 2,480 46,524 Deferred revenues 41,040 43,482 Other long-term li	Inventories	20,463	18,772
Available-for-sale marketable securities 61,078 54,427 Long-term bank deposits 21,258 88,911 Severance pay funds 3,105 3,251 Broperty and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities 5,424 5,367 Deferred revenues 76,663 69,829 Other payables and accrued expenses 30,663 32,174 Deferred revenues 41,040 43,482 Other long-term liabilities 2,880 46,524 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Deferred revenues 691 673 Additional paid-in capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (116,442) (116,442) Treasury stock, at cost (116,442) (116,442)			248,135
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Severance pay funds 3,105 3,251 85,441 146,589 Property and equipment, net 21,848 23,642 Intangible assets, net 9,699 10,415 Other long-term assets 20,064 8,133 Goodwill 32,174 32,174 Total assets 514,356 469,088 Liabilities and shareholders' equity 514,356 469,088 Liabilities and shareholders' equity 5,424 5,367 Deferred revenues 76,663 69,829 Other payables and accrued expenses 30,663 32,174 Deferred revenues 76,663 69,829 Other long-term liabilities 30,663 32,174 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Deferred revenues 46,524 46,362 Share capital 691 673 Additional paid-in capital <			
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Liabilities and shareholders' equityCurrent LiabilitiesTrade payables $5,424$ Deferred revenues $76,663$ Other payables and accrued expenses $30,663$ $32,174$ Long-term liabilitiesDeferred revenues $41,040$ Ad,882Other long-term liabilitiesDeferred revenues $41,040$ $43,482$ Other long-term liabilities $5,484$ $2,880$ $46,524$ $46,524$ $46,362$ Share capital 691 673 Additional paid-in capital $378,067$ $349,250$ Accumulated other comprehensive loss, net of tax $(116,442)$ $(116,442)$ $(116,442)$ Retained earnings $93,934$ $82,316$ Total shareholders' equity			
Current LiabilitiesTrade payables $5,424$ $5,367$ Deferred revenues $76,663$ $69,829$ Other payables and accrued expenses $30,663$ $32,174$ 112,750 $107,370$ $112,750$ $107,370$ Long-term liabilitiesDeferred revenues $41,040$ $43,482$ Other long-term liabilities $5,484$ $2,880$ def.524 $46,524$ $46,362$ Shareholders' equityShare capital 691 673 Additional paid-in capital $378,067$ $349,250$ Accumulated other comprehensive loss, net of tax $(1,168)$ (443) Treasury stock, at cost $(116,442)$ $(116,442)$ Retained earnings $93,934$ $82,318$ Total shareholders' equity $355,082$ $315,356$			
Trade payables 5,424 5,367 Deferred revenues 76,663 69,829 Other payables and accrued expenses 30,663 32,174 112,750 107,370 Long-term liabilities 112,750 107,370 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Other long-term liabilities 5,484 2,880 Shareholders' equity 46,524 46,362 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356	Liabilities and shareholders' equity		
Deferred revenues 76,663 69,829 Other payables and accrued expenses 30,663 32,174 112,750 107,370 Long-term liabilities 112,750 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 Verter long-term liabilities 5,484 2,880 Shareholders' equity 46,524 46,362 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 315,356	Current Liabilities		
Other payables and accrued expenses 30,663 32,174 112,750 107,370 Long-term liabilities 41,040 43,482 Other long-term liabilities 5,484 2,880 Other long-term liabilities 5,484 2,880 Shareholders' equity 46,524 46,362 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356			
Long-term liabilities 112,750 107,370 Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 46,524 46,362 Shareholders' equity 691 673 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356	Deferred revenues		
Long-term liabilitiesDeferred revenues41,04043,482Other long-term liabilities5,4842,88046,52446,36246,362Shareholders' equity55Share capital691673Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(116,8)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356	Other payables and accrued expenses		
Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 46,524 46,362 Shareholders' equity 691 673 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356		112,750	107,370
Deferred revenues 41,040 43,482 Other long-term liabilities 5,484 2,880 46,524 46,362 Shareholders' equity 691 673 Share capital 691 673 Additional paid-in capital 378,067 349,250 Accumulated other comprehensive loss, net of tax (1,168) (443) Treasury stock, at cost (116,442) (116,442) Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356	Long-term liabilities		
Other long-term liabilities5,4842,88046,52446,362Shareholders' equityShare capital691673Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356		41,040	43,482
Shareholders' equityShare capital691673Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356	Other long-term liabilities		
Share capital691673Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356		46,524	46,362
Share capital691673Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356	Charachaldaval a suitu		
Additional paid-in capital378,067349,250Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356		691	673
Accumulated other comprehensive loss, net of tax(1,168)(443)Treasury stock, at cost(116,442)(116,442)Retained earnings93,93482,318Total shareholders' equity355,082315,356	•		
Treasury stock, at cost (116,442) Retained earnings 93,934 Total shareholders' equity 355,082			
Retained earnings 93,934 82,318 Total shareholders' equity 355,082 315,356			
Total shareholders' equity 355,082 315,356	•		
Total liabilities and shareholders' equity514,356469,088			
	Total liabilities and shareholders' equity	514,356	469,088

Radware Ltd.

Condensed Consolidated Statements of Income (loss)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	58,764	53,047	170,587	152,915
Cost of revenues	10,278	9,928	30,558	28,556
Gross profit	48,486	43,119	140,029	124,359
Operating expenses:				
Research and development, net	14,434	14,678	43,729	43,931
Selling and marketing	27,263	27,189	83,249	79,578
General and administrative	3,985	4,152	11,851	13,312
Total operating expenses	45,682	46,019	138,829	136,821
Operating income (loss)	2,804	(2,900)	1,200	(12,462)
Financial income, net	1,487	2,148	4,877	3,895
Income (loss) before taxes on income	4,291	(752)	6,077	(8,567)
Taxes on income	(1,178)	(725)	(2,285)	(1,047)
Net income (loss)	3,113	(1,477)	3,792	(9,614)
Basic net income (loss) per share	0.07	(0.03)	0.08	(0.22)
Weighted average number of shares used to compute basic net earnings (loss) per share	45,537,801	43,951,325	45,030,328	43,347,092
Diluted net earnings (loss) per share	0.06	(0.03)	0.08	(0.22)
Weighted average number of shares used to compute diluted net earnings (loss) per share	48,519,880	43,951,325	48,012,407	43,347,092

Radware Ltd.

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

GAAP gross profit Stock-based compensation Amortization of intangible assets Non-GAAP gross profit GAAP research and development, net Stock-based compensation Non-GAAP Research and development, net GAAP selling and marketing Stock-based compensation Amortization of intangible assets Non-GAAP selling and marketing GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Non-GAAP general and administrative GAAP total operating expenses Stock-based compensation Acquisition costs Non-GAAP total operating expenses Stock-based compenses Stock-based compenses GAAP operating income (loss) Stock-based compensation Acquisition costs	2018 Jnaudited) 48,486 54 212 48,752 14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	2017 (Unaudited) 43,119 65 379 43,563 14,678 957 13,721 27,189 1,678 23 25,488	2018 (Unaudited) 140,029 171 654 140,854 43,729 2,429 41,300 83,249 5,344 61	2017 (Unaudited 124,359 181 1,051 125,591 43,931 2,883 41,048 79,578 5 177
GAAP gross profit Stock-based compensation Amortization of intangible assets Non-GAAP gross profit GAAP research and development, net Stock-based compensation Non-GAAP Research and development, net GAAP selling and marketing Stock-based compensation Amortization of intangible assets Non-GAAP selling and marketing GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Non-GAAP general and administrative GAAP total operating expenses Stock-based compensation Acquisition costs Non-GAAP total operating expenses Stock-based compenses Stock-based compenses GAAP operating income (loss) Stock-based compensation Acquisition costs	48,486 54 212 48,752 14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	43,119 65 379 43,563 14,678 957 13,721 27,189 1,678 23	140,029 171 654 140,854 43,729 2,429 41,300 83,249 5,344	124,359 181 1,051 125,591 43,931 2,883 41,048 79,578
Stock-based compensation Amortization of intangible assets Non-GAAP gross profit GAAP research and development, net Stock-based compensation Non-GAAP Research and development, net GAAP selling and marketing Stock-based compensation Amortization of intangible assets Non-GAAP selling and marketing GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Non-GAAP general and administrative Stock-based compensation Acquisition costs Stock-based compensation Acquisition costs Stock-based compensation Acquisition costs Non-GAAP general and administrative GAAP total operating expenses Stock-based compensation Acquisition costs Non-GAAP total operating expenses Stock-based compensation Acquisition costs Non-GAAP total operating expenses GAAP operating income (loss) Stock-based compensation Acquisition costs	54 212 48,752 14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	65 379 43,563 14,678 957 13,721 27,189 1,678 23	171 654 140,854 43,729 2,429 41,300 83,249 5,344	181 1,051 125,591 43,931 2,883 41,048 79,578
Amortization of intangible assets Ion-GAAP gross profit GAAP research and development, net Stock-based compensation Ion-GAAP Research and development, net GAAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Litigation costs Stock-based compensation Acquisition costs Litigation costs Stock-based compensation Acquisition costs Litigation costs Stock-based compensation Acquisition costs Litigation costs Litigation costs Litigation costs Litigation costs Litigation costs Ion-GAAP total operating expenses Stock-based compensation Acquisition costs Ion-GAAP total operating expenses GAAP operating income (loss) Stock-based compensation Acquisition costs	212 48,752 14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	379 43,563 14,678 957 13,721 27,189 1,678 23	654 140,854 43,729 2,429 41,300 83,249 5,344	1,051 125,591 43,931 2,883 41,048 79,578
on-GAAP gross profit AAP research and development, net Stock-based compensation on-GAAP Research and development, net AAP selling and marketing Stock-based compensation Amortization of intangible assets on-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs uitigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs on-GAAP total operating expenses AAP total operating expenses AAP total operating expenses AAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	48,752 14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	43,563 14,678 957 13,721 27,189 1,678 23	140,854 43,729 2,429 41,300 83,249 5,344	125,591 43,931 2,883 41,048 79,578
AAP research and development, net Stock-based compensation Ion-GAAP Research and development, net AAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs Litigation costs Ion-GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Ion-GAAP general and administrative Stock-based compensation Acquisition costs Iitigation costs Amortization of intangible assets Litigation costs Ion-GAAP total operating expenses Stock-based compensation Acquisition costs Ion-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	14,434 819 13,615 27,263 1,666 20 25,577 3,985 527	14,678 957 13,721 27,189 1,678 23	43,729 2,429 41,300 83,249 5,344	43,931 2,883 41,048 79,578
Stock-based compensation Ion-GAAP Research and development, net GAAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing GAAP general and administrative Stock-based compensation Acquisition costs Litigation costs Ion-GAAP general and administrative GAAP total operating expenses Stock-based compensation Acquisition costs Litigation costs Iutigation costs Amortization of intangible assets Litigation costs Iutigation costs Amortization of intangible assets Litigation costs Ion-GAAP total operating expenses Stock-based compensation Acquisition costs Ion-GAAP total operating expenses GAAP operating income (loss) Stock-based compensation Acquisition costs	819 13,615 27,263 1,666 20 25,577 3,985 527	957 13,721 27,189 1,678 23	2,429 41,300 83,249 5,344	2,883 41,048 79,578
Stock-based compensation Ion-GAAP Research and development, net IAAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing IAAP general and administrative Stock-based compensation Acquisition costs Iutigation costs Ion-GAAP general and administrative IAAP total operating expenses Stock-based compensation Acquisition costs Iutigation costs Iutigation costs Amortization of intangible assets IItigation costs Amortization of intangible assets IItigation costs Amortization of intangible assets IItigation costs AAP operating income (loss) Stock-based compensation Acquisition costs	819 13,615 27,263 1,666 20 25,577 3,985 527	957 13,721 27,189 1,678 23	2,429 41,300 83,249 5,344	2,883 41,048 79,578
Ion-GAAP Research and development, net AAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Ion-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Iutigation costs Iutiga	13,615 27,263 1,666 20 25,577 3,985 527	13,721 27,189 1,678 23	41,300 83,249 5,344	41,048 79,578
AAP selling and marketing Stock-based compensation Amortization of intangible assets Ion-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs Ion-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Litigation costs Ion-GAAP total operating expenses Stock-based compensation Acquisition costs Ion-GAAP total operating expenses Stock-based compenses IdAP operating income (loss) Stock-based compensation Acquisition costs	27,263 1,666 20 25,577 3,985 527	27,189 1,678 23	83,249 5,344	79,578
Stock-based compensation Amortization of intangible assets on-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	1,666 20 25,577 3,985 527	1,678 23	5,344	
Amortization of intangible assets lon-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	20 25,577 3,985 527	23		E 177
Ion-GAAP selling and marketing AAP general and administrative Stock-based compensation Acquisition costs Litigation costs Ion-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Litigation costs Litigation costs Litigation costs Litigation costs Litigation costs Ion-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	25,577 3,985 527		61	5,177
AAP general and administrative Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	3,985 527	25,488		70
Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	527		77,844	74,331
Stock-based compensation Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	527	4 15 2	11 051	13,312
Acquisition costs Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs		4,152 570	11,851	
Litigation costs on-GAAP general and administrative AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	-	570	1,312	1,573
AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs		-	-	340
AAP total operating expenses Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	214	357	627	1,976
Stock-based compensation Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	3,244	3,225	9,912	9,423
Acquisition costs Amortization of intangible assets Litigation costs on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	45,682	46,019	138,829	136,821
Amortization of intangible assets Litigation costs On-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	3,012	3,205	9,085	9,633
Litigation costs	-	-	-	340
on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	20	23	61	70
on-GAAP total operating expenses AAP operating income (loss) Stock-based compensation Acquisition costs	214	357	627	1,976
Stock-based compensation Acquisition costs	42,436	42,434	129,056	124,802
Stock-based compensation Acquisition costs	2.004	(2.000)	1 200	(42.462)
Acquisition costs	2,804	(2,900)	1,200	(12,462)
•	3,066	3,270	9,256	9,814
	-	-	-	340
Amortization of intangible assets	232	402	715	1,121
Litigation costs	214	357	627	1,976
on-GAAP operating income (loss)	6,316	1,129	11,798	789
AAP finance income	1,487	2,148	4,877	3,895
Exchange rate differences, net on balance sheet items included in financial income	432	(729)	255	77
on-GAAP finance income	1,919	1,419	5,132	3,972
AAP income (loss) before taxes on income	4 201	(752)	6.077	(0
	4,291	(752)	6,077	(8,567)
Stock-based compensation Acquisition costs	3,066	3,270	9,256	9,814 340
Amortization of intangible assets	232	402	715	1,121
-	232	357	627	1,121
Litigation costs				
Exchange rate differences, net on balance sheet items included in financial income on-GAAP income before taxes on income	432 8,235	(729) 2,548	255 16,930	77 4,761
	0,200	2,510	10,000	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
VAP net income (loss)	3,113	(1,477)	3,792	(9,614)
Stock-based compensation	3,066	3,270	9,256	9,814
Acquisition costs	-	-	-	340
Amortization of intangible assets	232	402	715	1,121
Litigation costs	214	357	627	1,976
Exchange rate differences, net on balance sheet items included in financial income	432	(729)	255	77
on-GAAP net income	7,057	1,823	14,645	3,714
AD Not corriges (loss) per diluted share	0.00	(0.02)	-	10.00
AP Net earnings (loss) per diluted share	0.06	(0.03)	0.08	(0.22)
Stock-based compensation	0.06	0.07	0.19	0.22
Acquisition costs	0.00	0.00	0.00	0.01
Amortization of intangible assets	0.01	0.01	0.02	0.03
Litigation costs	0.01	0.01	0.01	0.04
Exchange rate differences, net on balance sheet items included in financial income	0.01	(0.02)	0.01	0.00
on-GAAP Net earnings per diluted share	0.15			

Weighted average number of shares used to compute Non-GAAP diluted net earnings per share

48,519,880 45,210,495

48,012,407 44

44,431,570

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flow from operating activities:				
Net income (loss)	3,113	(1,477)	3,792	(9,614)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,433	2,861	7,380	8,667
Stock based compensation	3,066	3,270	9,256	9,814
Amortization of premium, accretion of discounts and accrued interest on available-for- sale marketable securities, net	192	450	882	1,081
Accrued interest on bank deposits	(1,217)	(720)	(1,429)	812
Increase (decrease) in accrued severance pay, net	(8)	44	134	220
Decrease (increase) in trade receivables, net	107	5,324	(2,494)	7,226
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	(206)	(459)	4,493	379
Decrease (increase) in inventories	(2,020)	731	(1,691)	(1,610)
Increase (decrease) in trade payables	680	(1,415)	57	(1,551)
Increase (decrease) in deferred revenues	(2,774)	2,713	4,392	17,662
Increase (decrease) in other payables and accrued expenses	5,465	(5,483)	(1,217)	(9,579)
Net cash provided by operating activities	8,831	5,839	23,555	23,507
Cash flows from investing activities:				
Purchase of property and equipment	(1,595)	(1,240)	(4,870)	(5,597)
Proceeds from (investment in) other long-term assets, net	0	(4)	38	12
Investment in bank deposits, net	(15,000)	(2,074)	(41,067)	(37,200)
Proceeds from (investment in) sale, redemption of and purchase of available-for-sale marketable securities ,net	(1,035)	485	(2,907)	(1,538)
Payment for acquisition of subsidiary, net of cash acquired	0	0	0	(8,269)
Net cash used in investing activities	(17,630)	(2,833)	(48,806)	(52,592)
Cash flows from financing activities:				
Proceeds from exercise of stock options	6,688	851	19,579	3,389
Repurchase of shares	0	(413)	0	(413)
Net cash provided by financing activities	6,688	438	19,579	2,976
Increase (decrease) in cash and cash equivalents	(2,111)	3,444	(5,672)	(26,109)
Cash and cash equivalents at the beginning of the period	61,676	50,086	65,237	79,639
Cash and cash equivalents at the end of the period	59,565	53,530	59,565	53,530