

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

	December 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	98,714	70,538
Marketable securities	72,994	86,372
Short-term bank deposits	104,073	173,678
Trade receivables, net	16,823	20,267
Other receivables and prepaid expenses	14,242	9,529
Inventories	14,030	15,544
	<u>320,876</u>	<u>375,928</u>
Long-term investments		
Marketable securities	29,523	33,131
Long-term bank deposits	114,354	-
Other assets	2,171	2,166
	<u>146,048</u>	<u>35,297</u>
Property and equipment, net	15,632	18,221
Intangible assets, net	11,750	15,718
Other long-term assets	37,906	37,967
Operating lease right-of-use assets	18,456	20,777
Goodwill	68,008	68,008
Total assets	<u>618,676</u>	<u>571,916</u>
Liabilities and equity		
Current liabilities		
Trade payables	5,581	4,298
Deferred revenues	106,303	105,012
Operating lease liabilities	4,750	4,684
Other payables and accrued expenses	51,836	41,021
	<u>168,470</u>	<u>155,015</u>
Long-term liabilities		
Deferred revenues	64,708	60,499
Operating lease liabilities	13,519	16,020
Other long-term liabilities	14,904	17,108
	<u>93,131</u>	<u>93,627</u>
Equity		
Radware Ltd. equity		
Share capital	754	742
Additional paid-in capital	555,154	529,209
Accumulated other comprehensive income	1,103	77
Treasury stock, at cost	(366,588)	(365,749)
Retained earnings	125,850	119,812
Total Radware Ltd. shareholder's equity	<u>316,273</u>	<u>284,091</u>
Non-controlling interest	<u>40,802</u>	<u>39,183</u>
Total equity	<u>357,075</u>	<u>323,274</u>
Total liabilities and equity	<u>618,676</u>	<u>571,916</u>

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

	For the three months ended		For the twelve months ended	
	December 31,		December 31,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	73,031	65,032	274,880	261,292
Cost of revenues	13,992	12,824	53,252	51,710
Gross profit	59,039	52,208	221,628	209,582
Operating expenses, net:				
Research and development, net	18,472	19,712	74,723	82,617
Selling and marketing	32,505	31,869	122,450	126,237
General and administrative	7,071	8,030	28,342	32,408
Total operating expenses, net	58,048	59,611	225,515	241,262
Operating income (loss)	991	(7,403)	(3,887)	(31,680)
Financial income, net	3,570	3,239	16,552	13,927
Income (loss) before taxes on income	4,561	(4,164)	12,665	(17,753)
Taxes on income	2,109	1,686	6,627	3,837
Net income (loss)	2,452	(5,850)	6,038	(21,590)
Basic net income (loss) per share attributed to Radware Ltd.'s shareholders	0.06	(0.14)	0.14	(0.50)
Weighted average number of shares used to compute basic net income (loss) per share	42,238,469	41,806,042	41,982,851	42,871,770
Diluted net income (loss) per share attributed to Radware Ltd.'s shareholders	0.06	(0.14)	0.14	(0.50)
Weighted average number of shares used to compute diluted net income (loss) per share	43,725,803	41,806,042	43,362,906	42,871,770

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 twelve months ended	
	December 31,		December 31,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	59,039	52,208	221,628	209,582
Share-based compensation	126	112	366	515
Amortization of intangible assets	992	992	3,968	3,968
Non-GAAP gross profit	<u>60,157</u>	<u>53,312</u>	<u>225,962</u>	<u>214,065</u>
GAAP research and development, net	18,472	19,712	74,723	82,617
Share-based compensation	1,434	2,305	6,113	8,505
Non-GAAP Research and development, net	<u>17,038</u>	<u>17,407</u>	<u>68,610</u>	<u>74,112</u>
GAAP selling and marketing	32,505	31,869	122,450	126,237
Share-based compensation	3,173	3,489	10,881	12,554
Restructuring costs	-	578	-	1,851
Non-GAAP selling and marketing	<u>29,332</u>	<u>27,802</u>	<u>111,569</u>	<u>111,832</u>
GAAP general and administrative	7,071	8,030	28,342	32,408
Share-based compensation	2,187	2,965	8,667	12,448
Acquisition costs	130	359	701	1,128
Non-GAAP general and administrative	<u>4,754</u>	<u>4,706</u>	<u>18,974</u>	<u>18,832</u>
GAAP total operating expenses, net	58,048	59,611	225,515	241,262
Share-based compensation	6,794	8,759	25,661	33,507
Acquisition costs	130	359	701	1,128
Restructuring costs	-	578	-	1,851
Non-GAAP total operating expenses, net	<u>51,124</u>	<u>49,915</u>	<u>199,153</u>	<u>204,776</u>
GAAP operating income (loss)	991	(7,403)	(3,887)	(31,680)
Share-based compensation	6,920	8,871	26,027	34,022
Amortization of intangible assets	992	992	3,968	3,968
Acquisition costs	130	359	701	1,128
Restructuring costs	-	578	-	1,851
Non-GAAP operating income	<u>9,033</u>	<u>3,397</u>	<u>26,809</u>	<u>9,289</u>
GAAP financial income, net	3,570	3,239	16,552	13,927
Exchange rate differences, net on balance sheet items included in financial income, net	1,463	563	1,232	(207)
Non-GAAP financial income, net	<u>5,033</u>	<u>3,802</u>	<u>17,784</u>	<u>13,720</u>
GAAP income (loss) before taxes on income	4,561	(4,164)	12,665	(17,753)
Share-based compensation	6,920	8,871	26,027	34,022
Amortization of intangible assets	992	992	3,968	3,968
Acquisition costs	130	359	701	1,128
Restructuring costs	-	578	-	1,851
Exchange rate differences, net on balance sheet items included in financial income, net	1,463	563	1,232	(207)
Non-GAAP income before taxes on income	<u>14,066</u>	<u>7,199</u>	<u>44,593</u>	<u>23,009</u>
GAAP taxes on income	2,109	1,686	6,627	3,837
Tax related adjustments	61	61	246	246
Non-GAAP taxes on income	<u>2,170</u>	<u>1,747</u>	<u>6,873</u>	<u>4,083</u>
GAAP net income (loss)	2,452	(5,850)	6,038	(21,590)
Share-based compensation	6,920	8,871	26,027	34,022
Amortization of intangible assets	992	992	3,968	3,968
Acquisition costs	130	359	701	1,128
Restructuring costs	-	578	-	1,851
Exchange rate differences, net on balance sheet items included in financial income, net	1,463	563	1,232	(207)
Tax related adjustments	(61)	(61)	(246)	(246)
Non-GAAP net income	<u>11,896</u>	<u>5,452</u>	<u>37,720</u>	<u>18,926</u>
GAAP diluted net income (loss) per share	0.06	(0.14)	0.14	(0.50)
Share-based compensation	0.16	0.21	0.60	0.78
Amortization of intangible assets	0.02	0.02	0.09	0.09
Acquisition costs	0.00	0.01	0.02	0.03
Restructuring costs	0.00	0.02	0.00	0.04
Exchange rate differences, net on balance sheet items included in financial income, net	0.03	0.01	0.03	0.00
Tax related adjustments	(0.00)	(0.00)	(0.01)	(0.01)
Non-GAAP diluted net earnings per share	<u>0.27</u>	<u>0.13</u>	<u>0.87</u>	<u>0.43</u>
Weighted average number of shares used to compute non-GAAP diluted net earnings per share	43,725,803	42,462,751	43,362,906	43,655,555

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

	For the three months ended December 31,		For the twelve months ended December 31,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>				
Net income (loss)	2,452	(5,850)	6,038	(21,590)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,918	3,028	11,836	12,244
Share-based compensation	6,920	8,871	26,027	34,022
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	(190)	638	(417)	1,754
Loss (income) related to securities, net	-	(1)	-	243
Increase (decrease) in accrued interest on bank deposits	(1,279)	549	3,366	(3,265)
Increase (decrease) in accrued severance pay, net	(151)	207	(45)	(299)
Decrease (increase) in trade receivables, net	3,140	(7,895)	3,444	(2,515)
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	(1,252)	2,236	(97)	(305)
Decrease (increase) in inventories	(487)	(2,550)	1,514	(4,116)
Increase (decrease) in trade payables	(970)	(1,771)	1,283	(2,166)
Increase (decrease) in deferred revenues	(4,829)	(3,856)	5,500	(14,951)
Increase (decrease) in other payables and accrued expenses	6,222	9,383	13,274	(1,415)
Operating lease liabilities, net	255	(336)	(114)	(1,141)
Net cash provided by (used in) operating activities	<u>12,749</u>	<u>2,653</u>	<u>71,609</u>	<u>(3,500)</u>
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(1,059)	(936)	(5,279)	(5,429)
Proceeds from other long-term assets, net	41	(11)	81	66
Proceeds from (investment in) bank deposits, net	(46,682)	29,686	(48,115)	81,031
Investment in, redemption of and purchase of marketable securities ,net	23,249	16,764	18,793	17,111
Investment in other deposits	(5,000)	-	(5,000)	-
Net cash provided by (used in) investing activities	<u>(29,451)</u>	<u>45,503</u>	<u>(39,520)</u>	<u>92,779</u>
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of share options	-	63	3	371
Repurchase of shares	-	(10,103)	(839)	(63,234)
Payment of contingent consideration related to acquisition	-	-	(3,077)	(2,063)
Net cash used in financing activities	<u>-</u>	<u>(10,040)</u>	<u>(3,913)</u>	<u>(64,926)</u>
Increase (decrease) in cash and cash equivalents	(16,702)	38,116	28,176	24,353
Cash and cash equivalents at the beginning of the period	<u>115,416</u>	<u>32,422</u>	<u>70,538</u>	<u>46,185</u>
Cash and cash equivalents at the end of the period	<u><u>98,714</u></u>	<u><u>70,538</u></u>	<u><u>98,714</u></u>	<u><u>70,538</u></u>

Radware Ltd.

RECONCILIATION OF GAAP NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA (NON-GAAP)

(U.S Dollars in thousands)

	For the three months ended December 31,		For the twelve months ended December 31,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP net income (loss)	2,452	(5,850)	6,038	(21,590)
Exclude: Financial income, net	(3,570)	(3,239)	(16,552)	(13,927)
Exclude: Depreciation and amortization expense	2,918	3,028	11,836	12,244
Exclude: Taxes on income	2,109	1,686	6,627	3,837
EBITDA	3,909	(4,375)	7,949	(19,436)
Share-based compensation	6,920	8,871	26,027	34,022
Restructuring costs	-	578	-	1,851
Acquisition costs	130	359	701	1,128
Adjusted EBITDA	10,959	5,433	34,677	17,565

	For the three months ended December 31,		For the twelve months ended December 31,	
	2024	2023	2024	2023
Amortization of intangible assets	992	992	3,968	3,968
Depreciation	1,926	2,036	7,868	8,276
	2,918	3,028	11,836	12,244