LSEG STREETEVENTS

EDITED TRANSCRIPT

RDWR.OQ - Q1 2026 Radware Ltd Earnings Call

EVENT DATE/TIME: MAY 07, 2026 / 12:30PM GMT

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

CORPORATE PARTICIPANTS

Yisca Erez *Radware Ltd - Director Investor Relations*

Roy Zisapel *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

Guy Avidan *Radware Ltd - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Joseph Gallo *Jefferies LLC - Analyst*

Jeffrey Hopson *Needham & Company - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to Radware's first-quarter 2026 earnings call. Our presentation today will be followed by a question-and-answer session (Operator Instructions) I must advise you that this call is being recorded today.

I'd now like to hand over the call to our first speaker today, Yisca Eres, Head of Investor Relations. Yisca, please go ahead.

Yisca Erez - *Radware Ltd - Director Investor Relations*

Thank you, operator. Good morning, everyone, and welcome to Radware's first-quarter 2026 earnings conference call. Joining me today are Roy Zisapel, President and Chief Executive Officer; and Gary Avidan, Chief Financial Officer.

A copy of today's press release and financial statements, as well as the investor kit for the first quarter are available in the Investor Relations 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. The forward-looking statements are subject to various risks and uncertainties, and actual results could differ materially from Radware's current forecasts and estimates.

Factors that could cause or contribute to such differences include, but are not limited to, impact for changing or severe global economic conditions, general business conditions, and our ability to address changes in our industry, changes in demand for product, the timing in the amount of orders, and other risks details 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 March 13, 2026. 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.

I will now turn the call to Roy Zisapel.

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

Thank you, Yisca, and thank you all for joining us today. We started 2026 with solid execution across the business and steady progress against our long-term strategic priorities: scaling our cloud security platform, growing our MSSP business, driving innovation, and executing with discipline across regions and functions.

In the first quarter, we delivered another quarter of double-digit growth in revenue, marking the fourth quarter of double-digit growth in the past five quarters. Revenue grew 11% year over year to $80 million, and EPS was $0.30. Cloud security is driving our growth. Cloud ARR

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

grew 23% year over year in the quarter, supported by strong demand for application security, hybrid DDoS services, and our new API security. One Cloud win example is with a large government institution in Latin America, where Radware was selected to secure critical applications at national-level digital infrastructure. The customer expanded its deployment across our full portfolio, including cloud application protection, API security, and advanced DDoS mitigation.

The decision was driven by our ability to deliver real-time protection at scale for highly sensitive mission-critical environments. Another cloud deal we secured is a new logo, Hybrid Cloud DDoS deployment with a large global FinTech company. The customer selected Radware DefenseProX appliances combined with our Cloud DDoS service to address escalating volumetric and low and slow attacks that were impacting payment availability.

I would like now to share with you why we're so excited about the opportunity Radware is seeing in the security market. At our Investor Day, we outlined four major waves of disruption shaping our journey in the cybersecurity market DDoS, application security, API protection, and now Agentic AI security.

Radware operates at the intersection of all four, a position that becomes more critical as attacks grow increasingly automated, distributed, and AI-driven. In particular, our new API security solution is one of the fastest-growing areas of our portfolio and a meaningful contributor to our cloud security momentum. Following the Pynt integration - the API security testing company we acquired, we now offer an end-to-end API security solution spanning discovery, posture management, testing, and real-time runtime protection. We see strong customer traction with tens of projects in various stages across production deployments, upgrades, testing, and POCs. We believe many of our customers will choose to standardize their API security on Radware as part of our broader application security platform, and we feel very encouraged by the momentum and visibility we have as we look ahead to the rest of the year.

Next, AI continues to be both a catalyst and a clear differentiator for our platform. Our long-standing investment in behavioral algorithms and AI-powered automation remains a key reason customers choose Radware, particularly as attackers leverage AI-powered automation and manual responses can no longer keep pace.

In addition, advanced AI penetration and code scanning tools are accelerating vulnerability discovery and compressing the time between exposure and exploitation. This widens the gap between what organizations can identify and what they can realistically remediate, making prevention-only and shift-left approaches increasingly insufficient.

Radware addresses this challenge through real-time, platform-based protection that secures application and infrastructure as attacks occur. Our architecture is designed to operate at scale to stop zero-day exploits, API abuse, and automated attack chains in production.

In this environment, new AI security tools do not replace our cybersecurity platform. They underscore the necessity for runtime protection that can keep pace with machine speed threats. We see this as a clear tailwind for our business. Furthermore, with the emergence of agentic AI and the broad access right granted to AI agents, a new and expanded attack surface must be protected.

We introduced agentic AI protection last quarter, further expanding our cloud security platform. While still early, we are already seeing strong engagement as customers recognize that runtime protection is essential for their agentic AI journey.

From a go-to-market perspective, execution in North America remains a key priority and a significant contributor to growth. Revenues from the Americas grew 40% year over year, representing nearly 50% of total revenues. Investment in leadership, sales coverage, and partner engagement are translating into improved execution. Within our go-to-market framework, our MSSP business is increasingly becoming more pronounced. Led by large strategic MSSP partners, the momentum is accelerating globally.

During the quarter, we made meaningful progress onboarding Tier 1 carriers and service providers and building a substantial pipeline across regions that we expect to convert in the second half of the year. To that end, we just announced this week a partnership with Chief Telecom from Taiwan. Chief operates the Taipei Internet Exchange, which is the largest carrier-neutral Internet exchange in Taiwan and is the leading provider for direct private connections to global public clouds in the country. Through our partnership, Chief will provide Godshield Pro, a

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

new DDoS protection service for enterprises in Taiwan. The service combines Radware's AI-driven DDoS mitigation with Chief Telecom local network, enabling in-network scrubbing that minimizes latency. Delivered as a subscription, Goldshield Pro provides immediate, high-performance protection without the need for on-premise hardware. On the product side, our on-premise DDoS protection solution, DefenseProX had an outstanding quota, driven by multiple large-scale refresh and expansion deals globally, including one of the largest SaaS companies in the world, a leading multinational e-commerce provider and one of the largest healthcare systems in the US.

DefenseProX delivers unmatched performance, scale, and resiliency, which customers consistently validate through repeat, refresh and expansion activity. This powerful refresh cycle underscores the durability of our hybrid foundation while simultaneously accelerating subscription adoption.

In summary, Q1 marked a very strong start to 2026 with solid execution across the business. We delivered double-digit growth in revenues driven by cloud ARR, strong momentum with our new API security offering, continued strength in our hybrid portfolio led by DefenseProX, and solid execution in North America. We continue to execute against our strategy and are well positioned for continued growth as we move through the year.

With that, I'll turn the call over to Guy.

Guy Avidan - *Radware Ltd - Chief Financial Officer*

Thank you, Roy, and good day, everyone. I will review the financial results and business performance for the first quarter of 2026, as well as our outlook for the second quarter of 2026. Before beginning the financial overview, I would like to remind you that unless otherwise indicated, all financial results are non-GAAP. A full reconciliation of our results on a GAAP to non-GAAP basis is available in the press release issued earlier today and in the investor section of our website. As announced last quarter, the results of our subsidiary Skyhawk have been classified as a discontinued operation effective the first quarter of 2026 and are presented accordingly. As a result, all financial results discussed today related solely to continued operations. In connection with this change, the previously reported Hawks segment will no longer be presented separately. Comparative prior-year figures have been adjusted to align with this presentation and ensure consistency.

We started 2026 with a solid first quarter, delivering revenue of $79.8 million, representing a year over year growth of 11% and marking this the fourth quarter of double-digit growth for the past five quarters. Cloud security offerings continue to play an important role in our overall performance. Cloud ARR grew 23% year over year in the first quarter, reaching $98 million, increasing to 39% of total ARR, up from 35% in the first quarter of 2025. This growth was the primary driver of total ARR, which increased 9% year over year to $250 million in the quarter. Looking at regional performance. In the first quarter, the Americas region delivered robust growth, with revenue increasing 40% year over year to $38.4 million.

On a trailing 12-month basis, revenue in the Americas grew 15% year over year. Revenue from the Americas region represent nearly 50% of total revenue, and we are encouraged by the momentum in the region, which is also reflected in the strong pipeline for the coming quarters.

EMEA revenue in the first quarter was $25.1 million, a decrease of 11% year over year, a trailing 12-month basis, revenue in the EMEA increased 8% year over year. In APAC, first quarter revenue was $16.3 million, the same as in the first quarter last year. On a trailing 12-month basis, revenue in APAC increased 3% year over year.

Turning to profitability. Gross margin was relatively consistent at 82.2% in the quarter compared to 82.4% in the same quarter last year. The slight change year over year reflects a favorable revenue mix, partially offset by supply chain and foreign exchange impacts.

During the quarter, we experienced supply chain pressure primarily driven by higher memory components cost. While this had a modest impact on gross margin, we are actively managing these dynamics through pricing and procurement. Looking ahead, we expect memory-related cost pressure to persist in the near term. However, we believe we can manage it effectively and maintain margin discipline throughout the year. Operating income for the first quarter increased 4% year over year to $11 million, while operating margin declined by 90 basis points

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

to 13.8%. The decline was directly impacted by a negative $2.6 million impact from currency exchange changes, predominantly the strengthening of the Israeli shekel. For a constant exchange rate currency, the operating income for the first quarter would have been $13.6 million, a 28% increase year over year. Financial income for the first quarter was $4.5 million compared with $5.2 million in the same period last year, primarily reflecting lower market interest rate and reduced cash balances following share repurchase over the past two quarters. Looking ahead, we expect financial income to gradually decrease over the remaining quarters of 2026, reflecting the same dynamics. Our effective tax rate for the first quarter was 14.3% compared to 13.7% in the same period of 2025. We expect the effective tax rate to be between 14% to 15% in the coming quarter.

Net income from continued operations in Q1 2026 was $13.4 million compared to $13.6 million in Q1 2025. And diluted earnings per share from continued operations were $0.30, compared to $0.31 in the same period last year.

Turning to cash and the balance sheet. Cash flow provided by continued operation in Q1 2026 was $19.9 million, compared to $24.6 million in the same quarter last year. During the first quarter, we repurchased shares in the amount of approximately $29.4 million. We ended the quarter with a strong liquidity position, holding approximately $434 million in cash, cash equivalent, bank deposit, and marketable securities.

And now to the guidance. Before turning to our guidance, I'd like to note that our operating expenses and EPS outlook reflect current foreign exchange rates. Strengthening of the Israeli shekel will impact operating expenses and EPS over the course of the year. We expect total revenue for the second quarter of 2026 to be in the range of $81 million to $82 million. We expect Q2 2026 non-GAAP operating expenses to be between $56 million to $57 million.

The expected increase in Q2 2026 OpEx versus the first quarter 2026 reflect our continued investment in innovation and go-to-market, along with approximately $2 million of exchange rate impact associated with the US dollar weakening. We expect Q2 2026 non-GAAP diluted net earnings per share to be between $0.28 and $0.29.

With that I'll turn the call back to the operator and we'll be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Joe Gallo, Jefferies.

Joseph Gallo - *Jefferies LLC - Analyst*

Hey, guys. Thanks for the question. Can you just walk through the total ARR performance a little bit in 1Q? Cloud was very strong, but you saw a decline in total ARR of $1 million quarter over quarter. Can you just kind of walk through that dynamic and how we should think about total ARR growth in 2026?

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

Yeah. I think the trends that we've seen in Q1 happening to us generally almost every year, although this year there was a small decline so far. And it's because many of the contracts are expiring end of the year, and then we might see some churn, which is not exactly linear throughout the quarters. But we do continue to expect strong cloud growth in the 20s, and we do expect like we've guided before for ARR to continue between 8% to 9%, and as the cloud portion of the total ARR growing, that figure to continue to accelerate. Last year, I think in

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

this period, we were at the 7% give or take ARR growth. Now we are at 9%, and we think that trend would continue to happen as we scale the Cloud.

Joseph Gallo - *Jefferies LLC - Analyst*

Okay, that makes total sense. Thank you for that. And then just as a follow-up. You mentioned memory-related costs will persist. How are you thinking about pricing? Are you able to kind of raise prices to offset some of that? And have you seen any changes in buying behavior related to memory costs from your customers?

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

We just took an action and raised for some of the hardware platforms that are highly affected by memory. We did increase price list by 5% to 8%. We didn't see yet a change in buying behavior, although, those pricing changes will now go into effect end of Q2, our customers will be made aware of that, and I believe there will be some acceleration in some of the hybrid projects. But I don't expect a major change. We didn't increase prices by 10% or 20%. We are much more, I would say, disciplined in discounting to make sure gross margin stays intact, and of course, pushing a lot the cloud security, the API security, and AI that are isolated from those memory and supply chain issues.

Joseph Gallo - *Jefferies LLC - Analyst*

Thank you very much.

Operator

Jeffrey Hopson, Needham.

Jeffrey Hopson - *Needham & Company - Analyst*

Hi, thank you for the question. At your Analyst Day, you're talking a little bit about a new go-to-market strategy with a hunter-farmer model. Any update on where we are with that transition or any early contributions?

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

So thanks a lot, Jeffrey. As we stated, North America was our first to execute this transition. And in the last several quarters, I think we've started to see very strong growth and contribution from this activity, and we believe that would continue. As we progress, we're very happy with the initial results, both on farming and on hunting.

We are now, country by country, depends on the situation globally, we are executing that in Europe and in Asia, and we believe that we would see the same results. So I think the model itself proved itself. We're seeing very good results, not only in the numbers, by the way, which is the most important, but also in our strengthening customer relationships, in the cross-sell and the broadening of the usage of our platforms in the key accounts. So we have many leading indicators to the improved business traction that we have, and we are continuing with implementation.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS

Jeffrey Hopson - *Needham & Company - Analyst*

Thank you. And you have new products in both API security and AI security that you've been highlighting, and I think those are going to be big longer-term drivers of growth, but do you expect like a large, meaningful contribution from those products in 2026, or they're still very early in the ramp?

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

So it is very early. The AI security we just launched, I don't know, three months ago, and the sales cycles in enterprise are six to nine months on the short side, I would say. However, as it relates to API security, I was actually, we were actually very surprised with the strong traction already in Q1, and we were able to close double-digit number of customers' orders already within that quarter.

And the traction continues to be very strong. So API security, I think it's much more immediate. It's a very easy expansion of our platform, especially for our existing customers. It's enabling another module on the same cloud platform. It's the same buyer. and we see a lot of interest in the market. So I actually would increase my expectations from API security contribution for 2026 versus where I was, I would say, in the Analyst Day or three months ago.

And AI, we continue, we increase the number of POCs. I believe we will start to closing orders. This quarter and from there, hopefully, we'll see a strong ramp. It's earlier to talk about it versus API where we see the business right now.

Jeffrey Hopson - *Needham & Company - Analyst*

Perfect. Thank you very much.

Operator

Okay. We have no further questions, I'd like to hand the call back to Roy for closing remarks.

Roy Zisapel - *Radware Ltd - President, Chief Executive Officer, Co-Founder, Director*

Okay. Thank you, everyone, for joining us, and have a great day.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.

©2026 LSEG. All rights reserved. Republication or redistribution of LSEG content, including by framing or similar means, is prohibited without the prior written consent of LSEG. 'LSEG' and the LSEG logo are registered trademarks of LSEG and its affiliated companies.

LSEG DATA & ANALYTICS