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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended  
December 31, 2025**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

Commission file number: **000-30324**



**RADWARE LTD.**

(Exact name of registrant as specified in its charter)

**Israel**

(Jurisdiction of incorporation or organization)

**22 Raoul Wallenberg Street, Tel Aviv 6971917, Israel**

(Address of principal executive offices)

**Guy Avidan**

**Chief Financial Officer**

**Tel. +972-3-7668666, Fax: +972-3-7668982**

**22 Raoul Wallenberg Street, Tel Aviv 6971917, Israel**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class  
**Ordinary Shares,  
NIS 0.05 par value per share**

Trading Symbol  
**RDWR**

Name of each exchange on which registered  
**The Nasdaq Stock Market LLC**

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Securities registered or to be registered pursuant to Section 12(g) of the Act:

None  
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None  
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

**43,145,971 Ordinary Shares, NIS 0.05 par value per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer   
Non-Accelerated Filer

Accelerated Filer   
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

- U.S. GAAP
- International Financial Reporting Standards as issued by the International Accounting Standards Board
- Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

- Item 17
- Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

- Yes
- No

## INTRODUCTION

Unless the context otherwise requires, all references in this Annual Report on Form 20-F (this “annual report”) to “we,” “us,” “our,” the “Company,” and “Radware” are to Radware Ltd. and its subsidiaries.

When the following terms and abbreviations appear in the text of this annual report, they have the meanings indicated below:

- “AI Technologies” means, collectively, AI, Gen AI, machine learning, and automated decision-making technologies, including proprietary AI and machine learning algorithms and model;
- “Articles of Association” is to our Amended and Restated Articles of Association;
- “Companies Law” or the “Israeli Companies Law” are to the Israeli Companies Law, 5759-1999, as amended;
- “DDoS” means Distributed Denial of Service;
- “dollars,” “\$,” or “US\$” are to U.S. dollars;
- “EUR” are to euros;
- “Nasdaq” is to the Nasdaq Stock Market LLC;
- “NIS” or “shekels” are to New Israeli Shekels;
- “ordinary shares” are to our ordinary shares, par value NIS 0.05 per share;
- the “SEC” is to the U.S. Securities and Exchange Commission;
- the “U.S.” is to the United States; and
- “U.S. GAAP” are to generally accepted accounting principles in the United States.

We have registered trademarks for, among others, Radware®; Radware Logo:



®; OnDemand Switch®; Alteon®; APSolute®; LinkProof®; DefensePro®; SIPDirector®; AppDirector®; AppXcel®; AppXML®; AppWall®; APSolute Insite®; StringMatch Engine®; Web Server Director®; APSolute Vision®; vDirect®; Alteon VA®; AppShape®; DefenseFlow®; Virtual DefensePro®; VADl® (Virtual Application Delivery Infrastructure); Radware SecurPath®; ShieldSquare® and the ShieldSquare Logo: **SHIELD SQUARE**®, and we have non-registered trademarks for, among others, ADC-VX™; Inflight™; EPIC-AI™ and CyberStack™. Unless the context otherwise indicates, all other trademarks and trade names appearing in this annual report are owned by their respective holders.

Our consolidated financial statements appearing in this annual report are prepared in dollars and in accordance with U.S. GAAP and are audited in accordance with the standards of the Public Company Accounting Oversight Board in the United States.

Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this annual report or to any registration statement or reports that we previously filed, you may read the document itself for a complete description of its terms, and the summary included herein is qualified by reference to the full text of the document, which is incorporated by reference into this annual report.

Unless otherwise indicated, information contained in this annual report concerning our industry and the markets in which we operate, including our competitive position and market opportunity, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. Our management estimates have not been verified by any independent source, and we have not independently verified any third-party information. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Item 3.D “Risk Factors” below.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical facts, this annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We make forward-looking statements in this annual report that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “subject,” “potential,” or the negative of these terms or other similar expressions. For example, the statements we make regarding the following matters are forward-looking by their nature:

- our strategic and business plans, relationships and outlooks or future results and economic performance;
- our competitive position, including in light of the competition in the market for cybersecurity and application delivery solutions and in our industry in general, and changes in the competitive landscape, including as a result of the integration of AI Technologies;
- the impact of global economic conditions, including as a result of conflicts and instability in the Middle East, the war in Ukraine, tensions between China and Taiwan and financial and credit market fluctuations (including elevated interest rates);
- impacts from tariffs or other trade restrictions, inflation, and the potential for regional or global recessions;
- our ability to attract, train, and retain highly qualified personnel;
- our use of AI Technologies; and
- outages, interruptions, or delays in hosting services.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks provided under Item 3.D. “Risk Factors” in this annual report.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by applicable law, including the securities laws of the United States, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation, and expressly disclaim any duty to update publicly any forward-looking statements for any reason after the date of this annual report, to conform these statements to actual results or to changes in our expectations.

## Table of Contents

<u>PART I</u>		8
<u>ITEM 1.</u>	<u>Identity of Directors, Senior Management and Advisers</u>	8
<u>ITEM 2.</u>	<u>Offer Statistics and Expected Timetable</u>	8
<u>ITEM 3.</u>	<u>Key Information</u>	8
A.	[Reserved]	8
B.	Capitalization and Indebtedness	8
C.	Reasons for the Offer and Use of Proceeds	8
D.	Risk Factors	8
<u>ITEM 4.</u>	<u>Information on the Company</u>	40
A.	History and Development of the Company	40
B.	Business Overview	40
C.	Organizational Structure	60
D.	Property, Plants and Equipment	61
<u>ITEM 4A.</u>	<u>Unresolved Staff Comments</u>	62
<u>ITEM 5.</u>	<u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	62
A.	Operating Results	63
B.	Liquidity and Capital Resources	75
C.	Research and Development, Patents and Licenses, etc.	78
D.	Trend Information	78
E.	Critical Accounting Estimates	80
<u>ITEM 6.</u>	<u>Directors, Senior Management and Employees</u>	84
A.	Directors and Senior Management	84
B.	Compensation	88
C.	Board Practices	92
D.	Employees	96
E.	Share Ownership	98
F.	Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation	101
<u>ITEM 7.</u>	<u>Major Shareholders and Related Party Transactions</u>	101
A.	Major Shareholders	101
B.	Related Party Transactions	104
C.	Interests of Experts and Counsel	107
<u>ITEM 8.</u>	<u>Financial Information</u>	108
A.	Consolidated Statements and Other Financial Information	108
B.	Significant Changes	108

<a href="#"><u>ITEM 9.</u></a>	<a href="#"><u>The Offer and Listing</u></a>	109
A.	Offer and Listing Details	109
B.	Plan of Distribution	109
C.	Markets	109
D.	Selling Shareholders	109
E.	Dilution	109
F.	Expenses of the Issue	109
<a href="#"><u>ITEM 10.</u></a>	<a href="#"><u>Additional Information</u></a>	110
A.	Share Capital	110
B.	Memorandum and Articles of Association	110
C.	Material Contracts	110
D.	Exchange Controls	110
E.	Taxation	110
F.	Dividends and Paying Agents	122
G.	Statement by Experts	122
H.	Documents on Display	122
I.	Subsidiary Information	122
J.	Annual Report to Security Holders	122
<a href="#"><u>ITEM 11.</u></a>	<a href="#"><u>Quantitative and Qualitative Disclosures about Market Risk</u></a>	123
<a href="#"><u>ITEM 12.</u></a>	<a href="#"><u>Description of Securities other than Equity Securities</u></a>	125
<a href="#"><u>PART II</u></a>		126
<a href="#"><u>ITEM 13.</u></a>	<a href="#"><u>Defaults, Dividend Arrearages and Delinquencies</u></a>	126
<a href="#"><u>ITEM 14.</u></a>	<a href="#"><u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u></a>	126
<a href="#"><u>ITEM 15.</u></a>	<a href="#"><u>Controls and Procedures</u></a>	126
<a href="#"><u>ITEM 16.</u></a>	<a href="#"><u>[Reserved]</u></a>	127
<a href="#"><u>ITEM 16A.</u></a>	<a href="#"><u>Audit Committee Financial Expert</u></a>	127
<a href="#"><u>ITEM 16B.</u></a>	<a href="#"><u>Code Of Ethics</u></a>	127
<a href="#"><u>ITEM 16C.</u></a>	<a href="#"><u>Principal Accountant Fees And Services</u></a>	128
<a href="#"><u>ITEM 16D.</u></a>	<a href="#"><u>Exemptions From the Listing Standards For Audit Committees</u></a>	129
<a href="#"><u>ITEM 16E.</u></a>	<a href="#"><u>Purchases Of Equity Securities By The Issuer And Affiliated Purchasers</u></a>	129
<a href="#"><u>ITEM 16F.</u></a>	<a href="#"><u>Change In Registrant's Certifying Accountant</u></a>	129
<a href="#"><u>ITEM 16G.</u></a>	<a href="#"><u>Corporate Governance</u></a>	130
<a href="#"><u>ITEM 16H.</u></a>	<a href="#"><u>Mine Safety Disclosure</u></a>	130
<a href="#"><u>ITEM 16I.</u></a>	<a href="#"><u>Disclosure Regarding Foreign Jurisdictions That Prevent Inspections</u></a>	130
<a href="#"><u>ITEM 16J.</u></a>	<a href="#"><u>Insider Trading Policy</u></a>	131
<a href="#"><u>ITEM 16K.</u></a>	<a href="#"><u>Cybersecurity</u></a>	131
<a href="#"><u>PART III</u></a>		132
<a href="#"><u>ITEM 17.</u></a>	<a href="#"><u>Financial Statements</u></a>	132
<a href="#"><u>ITEM 18.</u></a>	<a href="#"><u>Financial Statements</u></a>	132
<a href="#"><u>ITEM 19.</u></a>	<a href="#"><u>Exhibits</u></a>	132
<a href="#"><u>SIGNATURE</u></a>		135

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

You should carefully consider the following risks before deciding to purchase, hold or sell our ordinary shares. Our business, operating results, and financial condition could be seriously harmed due to any of the following risks. The following risks are not the only risk factors faced by our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. The trading price of our ordinary shares could decline due to any of these risks. You should also refer to the other information contained or incorporated by reference in this annual report before making any investment decision regarding our Company.

#### Summary of Risk Factors

The following constitutes a summary of the material risks relevant to an investment in our Company:

#### Risks Related to Our Business and Our Industry

- Changing or severe global market and economic conditions could have a material adverse effect on our results of operations.
- We are highly dependent upon independent distributors to sell our solutions to customers. If our distributors do not succeed in selling our products and services, we may not be able to operate profitably.
- A shortage of components or manufacturing capacity could cause a delay in our ability to fulfill orders or increase our manufacturing costs, and any disruption in our supply chain could have a material adverse effect on our results of operations.
- We rely on a few vendors to provide our hardware platforms and components for the manufacture of our products.
- Our success depends on our ability to attract, train and retain highly qualified personnel.
- Competition in the market for cybersecurity and application delivery solutions and in our industry, in general, is intense. If we are unable to compete effectively, we may lose market share, and we may be unable to maintain profitability.
- We must develop new solutions and enhance existing solutions to remain competitive.
- Our reputation and business could be harmed based on real or perceived shortcomings, defects or vulnerabilities in our solutions or if our end-users experience security breaches, which could have a material adverse effect on our business, reputation and operating results.
- We use AI Technologies that present regulatory, litigation, and reputational risks that could materially and adversely affect our business, financial condition and results of operations.
- We face risks related to the rapidly evolving regulatory framework for AI Technologies.

- As a security provider, if our information technology systems and data, or those of our service providers and other contractors, are compromised by cyber-attackers or other malicious actors, or by a critical system failure, our reputation, financial condition and operating results could be materially adversely affected.
- Outages, interruptions, or delays in hosting services could impair the delivery of our cloud-based security services and harm our business.
- Our products must interoperate with operating systems, software applications and hardware that are developed by others and if we are unable to devote the necessary resources to ensure that our products interoperate with such software and hardware, we may fail to increase, or we may lose market share and we may experience a weakening demand for our products.
- Our global operations may expose us to additional risks.
- We have incurred net losses in the past and may incur losses in the future.
- A slowdown in the growth of the cybersecurity and application delivery solutions market would reduce our addressable market and solutions sales.
- If the market for our cloud-based solutions does not continue to develop and grow, we may incur capital and operating losses.
- Our solutions have long sales cycles, which may reduce the predictability of our financial performance.
- We may pursue acquisitions or other investments that could disrupt our business and harm our financial condition.
- Our business in countries with a history of corruption and transactions with foreign governments increases the risks associated with our international activities.
- Currency exchange rates and fluctuations of exchange rates could have a material adverse effect on our results of operations.
- Undetected defects and errors may increase our costs and impair the market acceptance of our products.
- Our business and operating results could suffer if third parties infringe upon our proprietary technology.
- Our products may infringe on the intellectual property rights of others.

- Laws, regulations and industry standards affecting our business are evolving, and unfavorable changes could harm our business.
- Some of our solutions contain “open source” and third-party software, and any failure to comply with the terms of one or more of these open source and third-party software licenses could negatively affect our business.
- The amount of intangible assets and goodwill on our books may in the future lead to significant impairment charges.
- Additional tax liabilities, including due to tax positions we have taken, could materially adversely affect our results of operations and financial condition.
- The enactment of legislation changing the United States’ taxation of international business activities could materially impact our financial condition and results of operations.
- Complications with the design or implementation of our new enterprise resource planning (“ERP”) system, or major disruptions or deficiencies of our other information technology systems, could adversely impact our business and operations.
- We rely on information technology systems to conduct our businesses, and failure to protect these systems against security breaches and otherwise to implement, integrate, upgrade and maintain such systems in working order could have a material adverse effect on our results of operations, cash flows or financial condition.
- Our business may be affected by sanctions, export controls and similar measures targeting Russia and other countries and territories, as well as other responses to Russia’s military conflict in Ukraine, including indefinite suspension of operations in Russia and dealings with Russian entities by many multi-national businesses across a variety of industries.
- Our disclosures and initiatives related to environmental, social and governance (ESG) matters, including those related to climate change and sustainability, expose us to numerous risks, including risks to our reputation, business, financial performance and growth.
- We have in the past, and may in the future, become subject to litigation or claims arising in or outside the ordinary course of business that could negatively affect our business operations and financial condition.

**Risks Related to the Market for Our Ordinary Shares**

- The estate of the late Yehuda Zisapel, along with Nava Zisapel and Roy Zisapel, our President, Chief Executive Officer and a director, may exert significant influence in the election of our directors and over the outcome of other matters requiring shareholder approval.
- Provisions of our Articles of Association and Israeli law as well as the terms of our equity incentive plan could delay, prevent or make a change of control of us more difficult or costly, which could depress the price of our ordinary shares.
- Our share price has been volatile in the past and may be subject to volatility in the future.
- If we are characterized as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences.
- If a U.S. person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.
- We are a foreign private issuer and, as a result, we are subject to reporting obligations and corporate governance practices that, to some extent, are more lenient than those of a U.S. domestic public company whose shares are listed on Nasdaq.

**Risks Related to Operations in Israel**

- Political, economic and military instability in the Middle East or Israel may harm our business.
- The tax benefits we may receive in connection with our preferred enterprise program require us to satisfy prescribed conditions and may be terminated or reduced in the future. This would increase taxes and decrease our net profit.
- We have obtained benefits from the Israeli Innovation Authority that subject us to ongoing restrictions.
- It may be difficult to enforce a U.S. judgment against us or our officers and directors and to assert U.S. securities laws claims in Israel.
- Your rights and responsibilities as a shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. companies.

## Risks Related to Our Business and Our Industry

### **Changing or severe global market and economic conditions could have a material adverse effect on our results of operations.**

Our business is affected by global market and economic conditions, uncertainties and downturns, including as a result of instability in the Middle East (see the risk factor below titled “Political, economic and military instability in the Middle East or Israel may harm our business”), the tensions between China and Taiwan, export controls recently imposed by the United States with respect to, among other things, graphics processing units (GPUs), and central banks in the markets in which we operate that have tightened their monetary policies and, until recently, raised interest rates, which may impact current and anticipated market demand for our solutions. Uncertainties about current global market and economic conditions continue to pose a risk as our current or prospective customers may postpone or reduce demand and spending priorities in response to such uncertainties. This could result in, among other things, a reduction in our revenues or a failure to achieve anticipated revenue growth, longer sales cycles, and slower adoption of new technologies, as well as downward pressure on the price of our solutions. Other macro conditions may have other adverse effects on the global markets and economy, which are difficult to predict, such as disruptions of the global supply chain and energy markets, instability of any bank with which we maintain a commercial relationship, inflation pressures, rising interest rates or a period of elevated interest rates or impacts from tariffs or other trade restrictions. Each of the above events could have a material adverse effect on our business, operating results, and financial condition.

**We are highly dependent upon independent distributors to sell our solutions to customers. If our distributors do not succeed in selling our products and services, we may not be able to operate profitably.**

Our growth strategy depends upon, among other things, increasing sales of our solutions, both directly and indirectly through our different distribution channels. We sell our solutions primarily to independent distributors, including value added resellers (VARs), original equipment manufacturers (OEMs) and global system integrators (GSIs), and are highly dependent upon these distributors’ active marketing and sales efforts. Our distribution agreements with our distributors generally are non-exclusive, ranging in duration with no renewal obligation on the part of our distributors. Our distribution agreements also typically do not prevent our distributors from selling products and services of our competitors and do not contain minimum sales or marketing performance requirements. As a result, our distributors may give higher priority to products and services of our competitors or their own products, thereby reducing their efforts to sell our products and services. In addition, we may not be able to maintain our existing distribution relationships, and we may not be successful in replacing them on a timely basis, or at all. We may also need to develop new distribution channels for new products and services, and we may not succeed in doing so. Any changes in our distributor relationships or distribution channels, including a termination or other disruption of our commercial relationship with our distributors or our inability to establish distribution channels for new products and services, could impair our ability to sell our products and services and have a material adverse effect on our business, financial condition and results of operations.

**A shortage of components or manufacturing capacity could cause a delay in our ability to fulfill orders or increase our manufacturing costs, and any disruption in our supply chain could have a material adverse effect on our results of operations.**

Our ability to meet customer demands depends in part on our ability to obtain timely deliveries of parts from our suppliers and contract manufacturers. We cannot assure you that we will not encounter supply and fulfillment issues in the future and certain components are presently available to us only from limited sources (see the risk factor below titled “We rely on a few vendors to provide our hardware platforms and components for the manufacture of our products” and the discussion under Item 4.B “Business Overview—Manufacturing and Suppliers”). We may not be able to diversify sources in a timely and cost-effective manner, which could harm our ability to deliver products to customers and adversely impact present and future sales and profitability.

We may experience a shortage of certain component parts as a result of our own manufacturing issues, manufacturing issues at our suppliers or contract manufacturers, capacity problems or transportation and freight carriers issues experienced by our suppliers or contract manufacturers, or strong demand in the industry for those parts, especially if there is growth in the overall economy. If there is growth in the economy, such growth is likely to create greater pressures on us and our suppliers to accurately project overall component demand and component demands within specific product categories and to establish optimal component levels. If shortages or delays persist, such as due to the worldwide chipset shortage, the price of these components may increase, or the components may not be available at all.

We may also encounter shortages if we do not accurately anticipate our needs. We may not be able to secure enough components at reasonable prices or of acceptable quality to build new products in a timely manner in the quantities or configurations needed. Accordingly, our revenues and gross margins could be materially and adversely affected until other sources can be developed.

In addition, our operating results could be materially and adversely affected if we anticipate greater demand than what transpires, and we commit to purchasing more components than we actually need. We see this specifically with respect to dated components, which we need to order in large quantities due to manufacturing stoppage. Due to technology advancements, we are required from time to time to make “last buy” type of stock purchases of such dated components for our products.

Any disruption in our supply chain, such as disruptions resulting from failure in telecommunication systems; acts of war, terrorism, cyber-attacks or natural disasters, including major environmental or public health concerns, such as the COVID-19 pandemic; lack of skilled labor; the disruption of transportation networks; and adverse weather conditions, could have a material adverse effect on our business, financial condition and results of operations.

**We rely on a few vendors to provide our hardware platforms and components for the manufacture of our products.**

We primarily rely on a few original design manufacturers (“ODMs”), for the manufacture and supply of our hardware platforms, with approximately 81% of our direct product costs in 2025 related to these vendors. If we are unable to continue to do business with these ODMs and/or other components vendors on acceptable terms or should any of these ODMs and/or components vendors cease to supply us with such platforms or components for any reason, we may not be able to identify and integrate an alternative source of supply in a timely fashion or at the same costs. Any transition to one or more alternate manufacturers could result in delays, operational problems and increased costs, and may limit our ability to deliver our products to our customers on time during such a transition period, any of which could have a material adverse effect on our business, financial condition and results of operations.

**Our success depends on our ability to attract, train and retain highly qualified personnel.**

Our products and services require sophisticated technology, marketing and sales expertise. Accordingly, we need highly trained research and development, sales, marketing, technical, customer support, operations and IT personnel. Competition for such qualified personnel, especially in the cybersecurity domain, is intense. In particular, while there has been intense competition for such qualified personnel in the Israeli high-tech industry historically, the industry experienced record growth and activity in the past few years, which contributed to significant levels of employee attrition. The Israeli high-tech industry still faces a shortage of skilled human capital, including qualified personnel in the cybersecurity domain. Additionally, we may be unable to hire or retain talent who are trained in artificial intelligence (AI) or generative artificial intelligence (Gen AI), machine learning and advanced algorithms, to keep pace with the rapid and continuous technological changes in our industry. While we utilize non-competition agreements with our employees as a means of improving our employee retention, we may be unable to enforce these agreements under applicable laws. In light of the foregoing, we may not be able to hire or retain sufficient personnel to support our business operations or, if we do, we may be required to offer increased compensation to attract such employees, which could have a material adverse effect on our business, financial condition and results of operations.

**Competition in the market for cybersecurity and application delivery solutions and in our industry, in general, is intense. If we are unable to compete effectively, we may lose market share, and we may be unable to maintain profitability.**

The cybersecurity and application delivery solutions marketplace is highly competitive and has very few barriers to entry, particularly in our focus areas. We expect competition to intensify in the future, including as a result of the integration of AI technologies into the markets in which we compete, and we may lose market share if we are unable to compete effectively.

Most of our competitors have greater financial, personnel and other resources than we have, which may limit our ability to effectively compete with them. We expect to continue to face additional competition as new participants enter the market or extend their portfolios into related technologies. Current and future participants may also be able to respond more quickly to new or emerging technologies and changes in customer demands and to devote greater resources to the development, promotion and sale of their products than we can. Larger companies with substantial resources, brand recognition and sales channels may form consolidation and alliances with or acquire competing cybersecurity and application delivery solutions and emerge as significant competitors.

Competition may result in lower prices or reduced demand for our solutions and a corresponding reduction in our ability to recover our costs, which may impair our ability to achieve, maintain and increase profitability. Furthermore, the dynamic market environment poses a challenge in predicting market trends and expected growth. We cannot assure you that we will be able to implement our business strategy in a manner that will allow us to be competitive. If any of our competitors offer products or services that are more competitive than ours, we could lose market share and our business, financial condition and results of operations could be materially and adversely affected as a result.

**We must develop new solutions and enhance existing solutions to remain competitive.**

The cybersecurity market is experiencing rapid technological shifts driven by accelerated Digital Transformation and Generative/Agentic AI. These advancements enable adversaries to create targeted exploits and accelerate cyberattack deployment. In addition, evolving network infrastructures, application architectures, development methodologies, and stringent compliance mandates further complicate the landscape. The active and evolving cyber threat environment is also intensified by weaponized AI tools. To address these challenges effectively, we must focus on several critical areas:

- **Enhancing Core Product Performance:** Increasing throughput, capacity, algorithmic coverage, and efficiency to manage the growing velocity and complexity of attacks.
- **Adapting to Infrastructure Changes:** Providing relevant solutions for Generative/Agentic AI, multi-cloud and hybrid cloud environments in response to fundamental shifts in customers' data centers and application/data locations.
- **Innovating Modern Application Security:** Developing new solutions to address changes in application deployment frameworks, workflows, API usage, account takeover attacks, browser security, supply chain threats, and edge delivery technologies.
- **Expanding Security Coverage:** Extending protection to API, LLM, client-side, edge, DNS, cloud-native, business logic, encrypted/web DDoS, and AI-driven attacks, including those using natural language processing and automated methods.
- **Service Enhancements:** Increasing support/service delivery to accommodate rising customer demands and infrastructure scale. Expanding our managed security services for the cloud and through the cloud – organically and inorganically.
- **Compliance and Regulatory Adaptation:** Meeting new regulations related to publicly exposed services and sensitive data validation.

Our future success also hinges on our ability to accurately identify market trends and anticipate evolving customer needs, invest in research and development, including acquiring complementary solutions, timely develop, introduce, and support relevant new solutions and enhancements, and achieve market acceptance of these offerings.

In order to meet these challenges and remain competitive in the market, we have introduced, and must continue to introduce, new solutions and enhancements to our existing solutions. Accordingly, our future success will depend, to a substantial extent, on our ability to accurately and timely identify market trends and anticipate changing market requirements and needs; to invest (including through acquisition of complimentary solutions) in research and development and timely develop, introduce and support relevant and desired new solutions and enhancements; and to gain market acceptance of our offerings. There can be no assurances that our continued investment in research and development, including associated capital expenditures, will ultimately allow us to remain competitive in our industry or otherwise result in successful solutions that generate expected sales and support our growth. In addition, diversifying our solution portfolio might expose us to direct competition with new players and might require additional investments in the associated sales and marketing practices.

If our research and development efforts do not lead to a corresponding increase in our revenues, if we fail to timely develop and deploy new solutions and enhancements to our existing solutions, or if we fail to gain market acceptance of our new solutions or enhanced solutions, our business, operating results, and financial condition could be materially adversely affected.

**Our reputation and business could be harmed based on real or perceived shortcomings, defects or vulnerabilities in our solutions or if our end-users experience security breaches, which could have a material adverse effect on our business, reputation and operating results.**

Any errors, defects, or misconfigurations could cause our solutions to not meet specifications, be vulnerable to security attacks or fail to secure networks or applications, which could negatively impact customer operations and consequently harm our business and reputation. In addition, we may suffer significant adverse publicity and reputational harm and become subject to regulatory and litigation claims if our solutions are associated, or are believed to be associated with, or fail to reasonably protect against, a security attack or a breach at a high-profile customer, a significant customer base or a significant business partner. Many of our customers and business partners are themselves highly regulated entities, which may result in enhanced scrutiny of our security program and controls in the event of a significant cybersecurity incident. Moreover, any actual or perceived cyber-attack, other security breach, exposure or theft of our or our customers' data, regardless of whether the breach or theft is attributable to the failure of our solutions, could:

- adversely affect the market's perception of our security solutions;
- cause current or potential customers to look to our competitors for alternatives;
- require us to expend significant financial resources to analyze, correct or eliminate any vulnerabilities; and
- lead to investigations, litigation, fines and penalties, any of which could have a material adverse effect on our operations, financial condition and reputation.

Cyber-attackers or other malicious actors are increasingly sophisticated, may be state actors or affiliated with organized crime, and may operate large-scale and complex automated attacks. In addition, the techniques they use to access or sabotage networks or applications or to disrupt operations (for example, via ransomware) change frequently and generally are not recognized until launched against a target. As a result, our solutions may be unable to anticipate these techniques and provide timely or effective protection to our end-users' networks or applications, particularly due to the increased use by attackers of tools and techniques that are designed to circumvent security controls, to avoid detection and to remove or obfuscate evidence. The global marketplace also expects actors to increasingly develop innovative attack methodologies utilizing AI as well as new tools to identify and exploit vulnerabilities from both technical and social engineering perspectives. In addition, continued remote and hybrid working arrangements at our Company (and at many third-party providers), such as those that evolved during the COVID-19 pandemic and continued after the pandemic, also increase cybersecurity risks due to the challenges associated with managing remote computing assets and the security vulnerabilities that are present in many non-corporate and home networks. We may acquire companies or enter into information technology system integrations with companies that have cybersecurity vulnerabilities or unsophisticated security measures, which would expose us to increased risks. In addition, we cannot comprehensively identify all misconfigurations, "bugs" or vulnerabilities in proprietary or third-party systems or software used by our business, or guarantee that patches or compensating controls will be applied before vulnerabilities can be exploited by a threat actor. If we fail to identify and respond to new and increasingly complex methods of attack or to update our solutions to detect or prevent such threats in time to protect our end-users' critical business data, the integrity of our solutions and reputation, as well as our business and operating results, could suffer.

Furthermore, security breaches or defects in our solutions could result in loss or alteration of, or unauthorized access to, data of customers, employees, business partners and others, including personally identifiable information, as well as proprietary information belonging to our business such as trade secrets, and compromise our customers' networks and applications that are secured by our physical and cloud solutions. Moreover, any use or integration of generative or other AI in our, or any third party's, operations, products or services will pose new and/or unknown cybersecurity risks and challenges. AI tools and applications have created a new attack vector to infect unsuspecting users with malware, such as ransomware and data extraction routines. If such a security breach results in the disruption or loss of availability, integrity or confidentiality of customers' data, we could incur significant liability to our customers and to businesses or individuals whose information was being handled by our customers, in addition to liability imposed by regulatory agencies. There can be no assurance that limitation of liability, indemnification or other protective provisions that we attempt to include in our contracts would be applicable, enforceable or adequate in connection with a security breach, or would otherwise protect us from any such liabilities or damages with respect to any particular claim.

There is no guarantee that our solutions will be free of flaws or vulnerabilities. Our end-users may also misuse our solutions, which could result in vulnerabilities to a breach or theft of business data. Furthermore, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls, or procedures, will be fully implemented, complied with or effective in protecting our information technology systems and confidential information.

**We use AI Technologies that present regulatory, litigation, and reputational risks that could materially and adversely affect our business, financial condition and results of operations.**

We use various AI Technologies throughout our business, and are making significant investments in this area. For example, we use AI Technologies to serve some of our cloud customers.

There are significant risks involved in developing, maintaining and deploying AI Technologies. In particular, if the models underlying our AI Technologies are incorrectly designed or implemented; trained or reliant on incomplete, inadequate, inaccurate, biased or otherwise poor quality data, or on data to which we do not have sufficient rights or in relation to which we and/or the providers of such data have not implemented sufficient legal compliance measures; used without sufficient oversight and governance; and/or adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, the performance of our products, services and business, as well as our reputation, could suffer, or we could incur liability resulting from the violation of laws or contracts to which we are a party or civil claims.

With respect to our products or services that incorporate AI Technologies, the market for such products and services is rapidly evolving. We cannot be sure that the market will continue to grow or that it will grow in ways we anticipate. In addition, market acceptance and consumer perceptions of products and services that incorporate AI Technologies is uncertain. Our failure to successfully develop and commercialize our products or services involving AI Technologies could depress the market price of our ordinary shares and impair our ability to raise capital, expand our business, provide, improve and diversify our product offerings, efficiently manage our operating expenses; and respond effectively to competitive developments.

In particular, we are working to incorporate Gen AI into our solutions and internal business practices. There is a risk that Gen AI could produce inaccurate or misleading content or other discriminatory or unexpected results or behaviors, such as hallucinatory behavior that can generate irrelevant, nonsensical, or factually incorrect results, all of which could harm our reputation, business, or customer relationships. While we take measures designated to ensure the accuracy of such AI generated content, those measures may not always be successful, and in some cases, we may need to rely on end users to report such inaccuracies.

Further, if we are deemed to not have sufficient rights to the data we use to train our Gen AI, we may be subject to litigation by the owners of the content or other materials that comprise such data, similar to the litigation that is currently pending in various U.S. courts against other developers of Gen AI, and in which the outcome of such litigation is uncertain.

We may not be successful in our ongoing development and maintenance of these technologies in the face of novel and evolving technical, reputational and market factors. Our efforts to develop proprietary AI models could increase our operating costs. Our ability to develop proprietary AI models may be limited by our access to processing infrastructure or training data, and we may be dependent on third-party providers for such resources.

We face significant competition from other companies in our industry in relation to the development and deployment of AI Technologies. Those other companies may develop AI Technologies that are similar or superior to ours and/or are more cost-effective and/or quicker to develop, deploy and maintain. Any inability to develop, offer or deploy new AI Technologies as effectively, as quickly and/or as cost-efficiently as our competitors could have a materially adverse impact on our operating results, customer relationships and growth.

Further, our ability to continue to develop or use such technologies may be dependent on access to specific third-party software, services and infrastructure, such as processing hardware, and we cannot control the availability or pricing of such third-party software and infrastructure, especially in a highly competitive environment.

**We face risks related to the rapidly evolving regulatory framework for AI Technologies.**

The regulatory framework for AI Technologies is rapidly evolving as government bodies and agencies in many geographical jurisdictions have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of our AI technologies, or could be rescinded or amended as new administrations take differing approaches to evolving AI technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations. Already, certain existing legal regimes (e.g., relating to data privacy) regulate certain aspects of AI technologies, and new laws regulating AI technologies have either entered into force or are expected to enter into force in the near future.

For example, in Europe, on August 1, 2024, the EU Artificial Intelligence Act (the “EU AI Act”) entered into force, and establishes a comprehensive, risk-based governance framework for AI in the EU market. It is possible that additional new laws and regulations will be adopted in the United States and other jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI technologies for our business, or require us to change the way we use AI technologies in a manner that negatively affects the performance of our products, services, and business and the way in which we use AI technologies. We may need to expend resources to adjust our products or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI technologies). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business and operating results.

It is also possible that the AI technologies we use may, or may be viewed as, having unintended biases or discriminatory outcomes, exposing us to risks that we have discriminated against persons belonging to a protected class. Any resulting investigation or litigation could have an adverse impact on our results of operations due to the associated costs and any related fines, and could also have an adverse impact on our customer relationships.

**As a security provider, if our information technology systems and data, or those of our service providers and other contractors, are compromised by cyber-attackers or other malicious actors, or by a critical system failure, our reputation, financial condition and operating results could be materially adversely affected.**

We will not succeed with our application and network security solutions unless the marketplace is confident that we provide effective cybersecurity protection. We provide security solutions, and as a result, we have been, and continue to be, an attractive target of cyber-attacks and other security incidents, which we have experienced from time to time, that threaten the confidentiality, integrity and availability of our computer and information technology at our computer and information technology systems and network environment. We are subject to many different types of attacks, including, among others, malware, viruses and attachments to e-mails, web application attacks, DDoS attacks, and other disruptive activities of individuals or groups, all of which are designed to impede the performance of our solutions, penetrate our network security or the security of our cloud platform or our internal systems, misappropriate proprietary and other important data and personal information we process or maintain and/or cause other interruptions to our services. We and certain of our third-party providers regularly experience cyberattacks and other incidents, and we expect such attacks and incidents to continue in varying degrees. While to date no attacks or incidents have had a material impact on our operations or results, we cannot guarantee that material incidents will not occur in the future. We expect cyberattacks to accelerate on a global basis in both frequency and magnitude, as threat actors are increasingly sophisticated in using techniques and tools – including AI – that can circumvent controls, evade detection and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate or recover from future attacks or incidents, or to avoid a material adverse impact on our information technology systems, confidential information or business. Furthermore, third parties may attempt to illegally induce employees or customers into disclosing our proprietary information or otherwise compromising the security of our internal networks, systems or physical facilities in order to gain access to our data or our customers’ data. An actual or perceived breach of security in our internal systems could adversely affect the integrity and market perception of our solutions. Furthermore, the costs to eliminate or address security threats and vulnerabilities before or after a cyber-security incident and any resulting regulatory or litigation actions could be significant.

We rely on third-party service providers to supply physical hosting, cloud environments, and specific support technologies in order to deliver and support our security solutions, in addition to internal functions, such as human resources, finance, and electronic communications, all of which are designed to enable us to conduct, monitor, and/or protect our business, operations, systems, and data assets. Such third-party service providers have from time to time been subject to, and continue to be subject to, cyber-attacks, malicious actors, and other security incidents. While we periodically evaluate the internal security posture of each third-party service provider to determine their level of compliance, we may not be able to detect any breach in the first instance it occurs. These risks may impact the integrity and availability of our solutions and may expose us to legal and reputational liability.

Any significant system failure, accident, attack or security breach could have a material adverse effect on our business, financial condition and results of operations. Remediation efforts or system redundancy or other continuity measures may be ineffective or inadequate and could result in interruptions, delays or cessation of service and loss of existing or potential customers. There can be no assurance that limitation of liability, indemnification or other protective provisions in our contracts would be applicable, enforceable, or adequate in connection with a security breach, or would otherwise protect us from any such liabilities or damages with respect to any particular litigation (including class actions), reputational impacts, and the loss of partners, collaborators and customers. Additionally, our professional, product, and cyber liability insurance coverages may only cover certain liabilities in connection with a security breach or other security incident and may not adequately cover all liabilities actually incurred, and we cannot assure you that insurance will continue to be available to us on commercially reasonable terms, if at all, or that any insurer will not deny coverage as to any future claim.

In addition, any such security breach could disrupt or impair our ability to operate our business, including our ability to provide maintenance and support services to our customers. If this happens, our revenues could decline and our reputation and business could suffer.

**Outages, interruptions, or delays in hosting services could impair the delivery of our cloud-based security services and harm our business.**

We offer infrastructure that supports our DDoS Protection services, web application firewall (WAF) and bot management cloud-based services. In addition, we provide other services through the cloud, such as Content Delivery Network (CDN). Despite precautions taken within our own internal network and at these third-party facilities, the occurrence of a natural disaster or an act of terrorism or other unanticipated problems could result in lengthy interruptions in our services.

The cloud-based security services that we provide are operated from a network of third-party facilities that host the software and systems that operate these security services. Any damage to, failure of, or significant disruptions (for example, due to ransomware) to, our internal systems or systems at third-party hosting facilities could result in outages or interruptions in our cloud-based services. Outages or interruptions in our cloud-based security services, whether as a result of impacts to our or our third-party hosting facilities or otherwise, may cause our customers to experience cyber-attacks and to believe that our cloud-based security services are unreliable, cause us to issue credits or pay penalties or damages, cause customers to terminate their subscriptions, and adversely affect our reputation and renewal rates and our ability to attract new customers, ultimately harming our business and results of operations.

**Our products must interoperate with operating systems, software applications and hardware that are developed by others and if we are unable to devote the necessary resources to ensure that our products interoperate with such software and hardware, we may fail to increase, or we may lose market share and we may experience a weakening demand for our products.**

Our products must interoperate with our customers' existing infrastructure, including their networks, servers, software and operating systems, which may be manufactured by a wide variety of vendors and original equipment manufacturers. As a result, when problems occur in a network, it may be difficult to identify the source of the problem. The occurrence of software or hardware problems, whether caused by our products or another vendor's products, may result in the delay or loss of market acceptance of our products. In addition, when new or updated versions of our end-customers' software operating systems or applications are introduced, we must sometimes develop updated versions of our software so that our products will interoperate properly. We may not accomplish these development efforts quickly, cost-effectively or at all. These development efforts require capital investment and the devotion of engineering resources. If we fail to maintain compatibility with these applications, our end-customers may not be able to adequately utilize our products, and we may, among other consequences, fail to increase, or we may lose market share and experience a weakening in demand for our products, which would adversely affect our business, operating results and financial condition.

**Our global operations may expose us to additional risks.**

We currently offer our solutions in over 80 countries. For the years ended December 31, 2025 and 2024, our sales outside North, Central and South America represented approximately 59% and 57%, respectively, of our total sales. We also rely on third-party service providers around the world to supply physical hosting and cloud environments in order to deliver and support our cloud-based services. Our global business operations involve varying degrees of risk and uncertainty inherent in doing business in so many different jurisdictions. Such risks include, among others: difficulties and costs of staffing and managing foreign operations; the possibility of unfavorable circumstances and additional compliance costs arising from host country laws or regulations, including unexpected changes in the interpretations thereof and reduced protection for intellectual property rights in some countries; partial or total expropriation; export duties and quotas; local tax exposure; economic or political instability, including as a result of insurrection, war, natural disasters, and major environmental, climate or public health concerns, such as the COVID-19 pandemic; differences in business practices; recessionary environments in multiple foreign markets; and damage to, or failure of, systems at third-party hosting facilities around the world resulting in outages or interruptions in our cloud-based services. We cannot be certain that the foregoing factors will not have a material adverse effect on our future revenues and, as a result, on our business, operating results, and financial condition.

**We have incurred net losses in the past and may incur losses in the future.**

Although we reported net income in 2025 and 2024, we incurred net losses in 2023. Although we recorded an operating income of \$11.4 million in 2025, in 2024 and 2023 we recorded an operating loss of \$3.9 million and \$31.7 million, respectively, and in 2023 we recorded a net loss of \$21.6 million. Our ability to maintain or increase profitability in the future depends in part on the following factors: the economic health of the global economy, including geopolitical tensions; record levels of inflation and rising interest rates or a period of elevated interest rates; fluctuations in currency exchange rates, particularly volatility in the NIS/USD exchange rate; impacts from tariffs or other trade restrictions; changes in technology trends in our market and other industries in which we currently or may in the future operate; our ability to develop and manufacture new products and technologies and deliver new solutions in a timely manner; the competitive position of our products and services; the continued acceptance of our solutions by our customers and in the industries that we serve; and our ability to manage expenses. In the future, it may be necessary to undertake cost reduction initiatives to be profitable, which could lead to a deterioration of our competitive position. Any difficulties that we encounter as we reduce our costs could negatively impact our results of operations and cash flows. Our revenues may not increase or may grow at a lower rate than we have experienced in the past several years or may even decline, which would negatively impact our results of operations and cash flows. We cannot assure you that we will continue to be profitable.

We may increase our operating expenses in future periods. Our decision to increase operating expenses and the scope of such increases depends upon several factors, including the market situation and the effectiveness of our past expenditures. We may continue to make additional expenditures in anticipation of generating higher revenues, which we may not realize, if at all, until sometime in the future. This could cause reductions in our profitability or lead to losses. Additionally, a failure of any acquisition or product development initiative to produce increased revenues could have a material adverse effect on our operations and profitability.

**A slowdown in the growth of the cybersecurity and application delivery solutions market would reduce our addressable market and solutions sales.**

The cybersecurity and application delivery market in which we operate is rapidly evolving, and we cannot assure you that it will continue to develop and grow. In addition, we cannot assure you that our solutions and technology will keep pace with the changes to this market. Market acceptance of cybersecurity and application delivery solutions may be inhibited by, among other factors, a lack of anticipated congestion and strain on existing network infrastructures and the availability of alternative solutions. If demand for cybersecurity and application delivery solutions does not continue to grow, or grows at a slower pace than expected, we may not be able to sell enough of our solutions to maintain or increase our profitability.

**If the market for our cloud-based solutions does not continue to develop and grow, we may incur capital and operating losses.**

As we continue to expand our cloud-based solution offerings, our investments, both capital and operational, in our cloud business increase. We cannot assure you that sales of our cloud-based solutions will continue to develop and grow. In addition, we cannot assure you that our services and technology will keep pace with the changes in this market. Specifically, the emergence of alternative solutions, such as those offered by Amazon Web Services, Inc. (AWS), Microsoft Azure or Google's public cloud, may negatively affect sales of our solutions. We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations.

**Our solutions have long sales cycles, which may reduce the predictability of our financial performance.**

Our solutions are technologically complex and are typically intended for use in applications that may be critical to the business of our customers. As a result, our pre-sales process can be subject to delays associated with customers' budgetary constraints and lengthy approval and procurement processes. The sales cycles of our solutions to large customers can last for as long as 12 months (and in some cases even longer, for example, with carrier customers) from initial presentation to sale. Long sales cycles result in a delay to our generation of revenue. Long sales cycles also subject us to risks not usually encountered in short sales cycles, including our customers' budgetary constraints and internal acceptance reviews and processes prior to purchase. In addition, orders expected in one quarter have in the past on several occasions, and could in the future, shift to another because of the timing of our customers' procurement decisions. Furthermore, customers may defer orders in anticipation of new solutions or product enhancements introduced by us or by our competitors. These factors complicate our planning processes and reduce the predictability of our financial performance.

**We may pursue acquisitions or other investments that could disrupt our business and harm our financial condition.**

As part of our business strategy, we may invest in or acquire complimentary businesses, technologies or assets or enter into joint ventures or other strategic relationships with third parties. Past acquisitions have caused, and future acquisitions may cause, us to assume liabilities, incur acquisition-related costs, incur amortization expenses or realize write-offs on assets no longer being used or phased out. In addition, the future valuation of these acquisitions may decrease from the market price paid by us, which could result in the impairment of our goodwill and other intangible assets associated with the relevant acquired assets. Moreover, our operation of any acquired or merged businesses, technologies or assets could involve numerous risks, including:

- post-merger integration problems resulting from the combination of any acquired operations with our own operations or from the combination of two or more operations into a new unified entity;
- diversion of management's attention from our core business;
- substantial expenditures, which could divert funds from other corporate uses;
- entering markets in which we have little or no experience;
- loss of key employees of the acquired operations; and
- known or unknown contingent liabilities, including, but not limited to, tax and litigation costs.

We cannot be certain that any past or future acquisitions or mergers will be successful. If the operation of the business of any future acquisitions or mergers disrupts our operations, our results of operations may be adversely affected, and even if we successfully integrate the acquired business with our own, we may not receive the intended benefits of the acquisition. In addition, our pursuit of potential acquisitions may divert our management's attention from our core business and require considerable cash outlays at the expense of our existing operations, whether or not such transactions are consummated. A failure of any acquisitions or product developments to produce increased revenues could have a material adverse effect on our operations and profitability.

**Our business in countries with a history of corruption and transactions with foreign governments increases the risks associated with our international activities.**

As we operate and sell internationally, we are subject to the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.K. Bribery Act of 2010 (the "UK Bribery Act") and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business. We have operations, deal with and make sales to governmental customers in countries known to experience corruption, particularly certain emerging countries in Eastern Europe, South and Central America, East Asia, Africa and the Middle East. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, channel partners or sales agents that could be in violation of various anti-corruption laws, even though these parties may not be under our control. The safeguards we have implemented or may implement in the future to prevent these practices by our employees, consultants, channel partners and sales agents may prove to be less than effective, and our employees, consultants, channel partners or sales agents may engage in conduct for which we might be held responsible. Violations of the FCPA, the UK Bribery Act or other anti-corruption laws may result in severe criminal or civil sanctions, including suspension or debarment from government contracting, and we may be subject to other liabilities, which could negatively affect our business, operating results, and financial condition.

**Currency exchange rates and fluctuations of exchange rates could have a material adverse effect on our results of operations.**

We are impacted by exchange rates and fluctuations thereof in a number of ways, including:

- A large portion of our expenses in Israel, principally salaries and related personnel expenses, are paid in NIS, whereas most of our revenues are generated in U.S. dollars. When the U.S. dollar is weak, our foreign currency-denominated expenses will be higher, whereas if the U.S. dollar is strong, our foreign currency-denominated expenses will be lower. If the NIS strengthens against the U.S. dollar, the dollar value of our Israeli expenses will increase and may have a material adverse effect on our business, operating results, and financial condition;
- A portion of our international sales are denominated in currencies other than U.S. dollars, such as euros, thereby exposing us to currency fluctuations in such international sales transactions;
- We incur expenses in several other currencies in connection with our operations in Europe and Asia. Devaluation of the U.S. dollar relative to such local currencies causes our operational expenses to increase; and
- The majority of our international sales are denominated in U.S. dollars. Accordingly, devaluation in the local currencies of our customers relative to the U.S. dollar could cause our customers to decrease orders or default on payment.

**Undetected defects and errors may increase our costs and impair the market acceptance of our products.**

Our products have occasionally contained, and may in the future contain, undetected defects or errors, especially when first introduced or when new versions are released, due to defects or errors that we fail to detect, including in components supplied to us by third parties. These defects or errors may be found after the commencement of commercial shipments. In addition, because our customers integrate our products into their networks with products from other vendors, it may be difficult to identify the product that has caused the problem in the network. Regardless of the source of these defects or errors, we will then need to divert the attention of our engineering personnel from our product development efforts to detect and correct these errors and defects. We cannot assure you whether we will incur significant warranty or repair costs, be subject to liability claims for material damages related to product errors or defects or experience any material lags or delays as a result thereof in the future. Any insurance coverage that we maintain may also not provide sufficient protection should a claim be asserted. Moreover, the occurrence of errors and defects, whether caused by our products or the components supplied by another vendor, may result in significant customer relations problems and injure our reputation, thereby impairing the market acceptance of our products.

**Our business and operating results could suffer if third parties infringe upon our proprietary technology.**

Our success depends, in part, upon the protection of our proprietary software installed in our products, our trade secrets and trademarks. We seek to protect our intellectual property rights through a combination of trademark and patent law, trade secret protection, confidentiality agreements, and other contractual arrangements with our employees, affiliates, distributors, and others. In the United States and several other countries, we have registered or acquired trademarks. In addition, we have registered patents in the U.S. and other jurisdictions and have pending patent applications and provisional patents in connection with several of our products' features.

The protective steps we have taken may be inadequate to deter infringement upon our intellectual property rights or misappropriation of our proprietary information. We may be unable to detect the unauthorized use of our proprietary technology or take appropriate steps to enforce our intellectual property rights. Effective trademark, patent and trade secret protection may not be available in every country in which we offer, or intend to offer, our products. In addition, our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Any licenses for intellectual property that might be required for our services or products may not be available on reasonable terms. Failure to adequately protect our intellectual property rights could devalue our proprietary content, impair our ability to compete effectively, and eventually harm our operating results. Furthermore, defending our intellectual property rights, either by way of initiating intellectual property litigation or defending such, could result in the expenditure of significant financial and managerial resources. Moreover, any adverse outcome of litigation proceedings could impact the value of our proprietary technology and have additional significant financial impacts, which may harm our operating results.

**Our products may infringe on the intellectual property rights of others.**

Third parties may assert claims that we have violated a patent, trademark, copyright or other proprietary intellectual property right belonging to them. As is characteristic of our industry, there can be no assurance that our products do not or will not infringe the proprietary rights of third parties, that third parties will not claim infringement by us with respect to patents or other proprietary rights, or that we would prevail in any such proceedings. We have received in the past, and may receive in the future, communications asserting that the technology used in some of our products requires third-party licenses. Any infringement claims, whether or not meritorious, could result in significant costly litigation or arbitration and divert the attention of technical and management personnel. Any adverse outcome in litigation alleging infringement could require us to develop non-infringing technology or enter into royalty or licensing agreements. If, in such situations, we are unable to obtain licenses on acceptable terms, we may be prevented from manufacturing or selling products that infringe such intellectual property of a third party. An unfavorable outcome or settlement regarding one or more of these matters could have a material adverse effect on our business, reputation and operating results.

**Laws, regulations and industry standards affecting our business are evolving, and unfavorable changes could harm our business.**

We are required to comply with stringent, complex and evolving laws, rules, regulations and standards in many jurisdictions, as well as contractual obligations, relating to data privacy and security because we receive, store, use and otherwise process personal information from our employees, customers, the employees of our customers and our end users. Laws, regulations and industry standards that apply to our business are becoming more prevalent and constantly evolving, particularly in the area of data and cybersecurity. We may be impacted by changes in privacy-related and cybersecurity-related regulations governing the collection, use, retention, sharing and security of personal data that we collect, utilize, or otherwise process from our customers and/or visitors to their websites and others. Complying with a diverse range of privacy and cybersecurity requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Any failure, or perceived failure, by us to comply with any privacy or cybersecurity-related laws, government regulations or directives, or industry self-regulatory principles could result in damage to our reputation or proceedings or actions against us by governmental entities or others, which could potentially have an adverse effect on our business.

Given the global nature of our operations, we are subject to a variety of local, state, national, and international laws and directives and regulations related to privacy and data protection, data security, data storage and retention, data transfer and deletion, and technology protection. These laws may include, among others, the following:

- The European General Data Protection Regulation (“GDPR”).
- UK General Data Protection Regulation and the UK Data Protection Act 2018 (“UK DP Laws”).
- EU laws and directives, including the Digital Operational Resilience Act (“DORA”), the Digital Services Act, the Network and Information Security Directive II and the Cyber Resilience Act (“CRA”).
- U.S. state and federal laws, including the California Consumer Privacy Act (“CCPA”) and follow-on legislation in the California Privacy Rights Act (“CPRA”).

For example, in the European Economic Area (EEA), we are subject to the GDPR and in the United Kingdom we are subject to the United Kingdom data protection regime consisting primarily of the UK DP Laws, in each case in relation to our collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual (personal data). The GDPR, and national implementing legislation in EEA member states and the United Kingdom, impose a strict data protection compliance regime. GDPR and UK DP Laws can expose us to enforcement actions and investigations by regulatory authorities and potentially result in regulatory penalties and significant legal liability, if our information technology security efforts fail and if we fail to disclose any material cybersecurity incident in an adequate and timely manner. Accordingly, a data security breach or privacy violation that leads to unauthorized access to, disclosure or modification of personal information, that prevents access to personal information or materially compromises the privacy, security, or confidentiality of the personal information, could result in fines, increased costs or loss of revenue. Our compliance with GDPR and UK DP Laws, as well as other data privacy and cybersecurity laws around the world, evolving regulations of cloud computing, cross-border data transfer restrictions and other domestic or foreign regulations, has required and will continue to require us to invest significant resources in compliance and compliance-related areas.

Furthermore, laws, regulations and industry standards are subject to constant and, at times, drastic changes that, particularly in the case of industry standards, may arrive with little or no notice, and these could either help or hurt the demand for our solutions. If we are unable to adapt our solutions to changing laws, regulations and industry standards in a timely manner, or if our solutions fail to assist our customers with their compliance initiatives, our customers may lose confidence in our solutions and could switch to competing solutions. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the United Kingdom to the United States. These recent developments may require us to review and amend the legal mechanisms by which we make and/or receive personal data transfers to or in the U.S. Such legal developments also cause us to look at our operations and review our data flows to ensure we can continue to meet clients' increasing requests for data to remain in-country or in-region. Further, the GDPR is also subject to change, and it is possible that it may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful. For example, the European Data Protection Board continues to release guidelines for industries and impose fines related to the GDPR, some of which have been very significant, including proposed amendments to the GDPR in November 2025. At the same time, if, contrary to this trend, regulations and standards related to cybersecurity are changed in a manner that makes them less onerous, our customers may view government and industry regulatory compliance as less critical to their businesses, and our customers may purchase fewer of our solutions, or none at all. In either case, our sales and financial results would be negatively impacted and could be materially adversely affected.

Additionally, if third parties we work with, such as sub-processors, vendors or developers, violate applicable laws or regulations, contractual obligations or our policies - or if it is perceived that such violations have occurred - such actual or perceived violations may also have an adverse effect on our business. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security, disclosure or other processing of users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention or other processing of such content is obtained, could increase our costs and require us to modify our network, products and features, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process customer data or develop new products and features.

For more information, see [Item 4.B. "Business Overview – Government Regulations – Data Privacy and Data Protection."](#)

**Some of our solutions contain "open source" and third-party software, and any failure to comply with the terms of one or more of these open source and third-party software licenses could negatively affect our business.**

Some of our products utilize open source technologies. Some open source software licenses require users who distribute or make available as a service open source software as part of their own software product to publicly disclose all or part of the source code of the users' software product or to make available any derivative works of the open source code on unfavorable terms or at no cost. We cannot be sure that all open source software is submitted for approval prior to use in our products and while we scan the open-source software that we use in our products and patch discovered vulnerabilities, we have no assurance that they will be free from vulnerabilities or malicious code. The use of open-source software in our solutions may expose us, and our customers using our solutions, to additional vulnerabilities and security breaches, which may result in significant adverse impacts to us and our customers. In addition, open source license terms may be ambiguous and many of the risks associated with use of open source software cannot be eliminated, and could, if not properly addressed, negatively affect our business. We may face ownership claims from third parties over, or seeking to enforce the license terms applicable to, such open source software, including by demanding the release of the open source software, derivative works or our proprietary source code. Any such requirement to disclose our source code or other confidential information related to our products could materially and adversely affect our competitive position and may adversely impact our business, results of operations and financial condition. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs.

In addition, some of our solutions include other software or intellectual property licensed from third parties. This exposes us to risks over which we may have little or no control. There can be no assurance that the licenses from such third-party licensors will continue to be available to us on acceptable terms, if at all. In addition, while we believe we are compliant with the terms of our third-party licenses, such licensors may still assert that we are in breach of the terms of a license, which could give such licensors the right to terminate a license or seek damages from us, or both. Our inability to maintain such licenses or the need to engage in litigation regarding these matters, could result in delays in releases of new products, and could otherwise disrupt our business, unless and until equivalent technology can be identified, licensed, or developed at substantially the same costs to us.

**The amount of intangible assets and goodwill on our books may in the future lead to significant impairment charges.**

The amount of goodwill and intangible assets on our consolidated balance sheets was, as of December 31, 2025, approximately \$75.8 million, compared to \$79.8 million as of December 31, 2024. We regularly review our intangible and tangible assets, including goodwill, for impairment. Goodwill is subject to impairment review at least annually, and other intangible assets are reviewed for impairment when there is an indication that impairment may have occurred. Impairment testing has led to, and may in the future lead to, significant impairment charges.

**Additional tax liabilities, including due to tax positions we have taken, could materially adversely affect our results of operations and financial condition.**

We operate our business in various countries, and we attempt to utilize an efficient operating model to optimize our tax payments based on the laws in the countries in which we operate. This can cause disputes between us and various tax authorities in the countries in which we operate, whether due to tax positions that we have taken in various tax returns we have filed or due to determinations we have made not to file tax returns in certain jurisdictions. In particular, not all of our tax returns are final and may be subject to further audit and assessment by applicable tax authorities. There can be no assurance that the applicable tax authorities will accept our tax positions, and, if they do not, we may be required to pay additional taxes. In the past few years, certain tax authorities who have audited our tax returns have rejected our tax positions, and we cannot be sure that our positions will be accepted, and we may end up paying additional taxes, whether as a result of litigation, if instituted, or settlement negotiations. Our reserves, which are based on various assumptions and estimates, may prove to be insufficient and as such, our future results may be adversely affected.

In recent years, we have seen changes in tax laws resulting in an increase in applicable tax rates, especially increased liabilities of corporations and limitations on the ability to benefit from strategic tax planning, with these laws particularly focused on international corporations. Such legislative changes in one or more jurisdictions in which we operate may have implications on our tax liability and may have a material adverse effect on our results of operations and financial condition.

Moreover, in 2015, the Organization for Economic Co-operation and Development (“OECD”) released various reports under its Base Erosion and Profit Shifting (“BEPS”) action plan to reform international tax systems and prevent tax avoidance and aggressive tax planning. These actions aim to standardize and modernize global corporate tax policy, including cross-border taxes, transfer-pricing documentation rules and nexus-based tax incentive practices which in part are focused on challenges arising from the digitalization of the economy. The reports have a very broad scope including, but not limited to, neutralizing the effects of hybrid mismatch arrangements, limiting base erosion involving interest deductions and other financial payments, countering harmful tax practices, preventing the granting of treaty benefits in inappropriate circumstances and imposing mandatory disclosure rules. It is the responsibility of OECD members to consider how the BEPS recommendations should be reflected in their national legislation. Many countries are beginning to implement legislation and other guidance to align their international tax rules with the OECD’s BEPS recommendations, for example, by signing up to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (“MLI”) which currently has been signed by over 100 jurisdictions, including Israel, who deposited its instrument of ratification to implement the MLI on September 13, 2018.

The MLI implements some of the measures that the BEPS initiative proposes to be transposed into existing treaties of participating states. Such measures include the inclusion in tax treaties of one, or both, of a “limitation-on-benefit” (“LOB”) rule and a “principal purposes test” (“PPT”) rule. The application of the LOB rule or the PPT rule could deny the availability of tax treaty benefits (such as a reduced rate of withholding tax) under tax treaties. In addition, the OECD has been working on proposals, commonly referred to as “BEPS 2.0,” which would make important changes to the international tax system, by allocating taxing rights in respect of certain profits of multinational enterprises above a fixed profit margin to the jurisdictions within which they carry on business (subject to threshold rules) and imposing a minimum effective tax rate on certain multinational enterprises. The rules for a global minimum tax have been implemented in a number of jurisdictions with effect from 2024. There have been and are likely to be significant changes in the tax legislation of various OECD jurisdictions during the period of implementation of BEPS or BEPS 2.0. In line with the above-mentioned global developments in international taxation, the State of Israel has recently enacted the Law for the Taxation of Multinational Enterprise Groups – 2025, entered into force on January 1, 2026, implementing key aspects of the OECD’s Pillar Two framework. In particular, the legislation introduces a domestic minimum top-up tax (Qualified Domestic Minimum Top-Up Tax – QDMTT) generally applicable to Israeli entities that are part of multinational enterprise groups with consolidated annual revenues of at least EUR 750 million, with the objective of ensuring a minimum effective tax rate of 15% on profits attributable to activities in Israel and preventing the allocation of taxing rights to foreign jurisdictions under the Income Inclusion Rule or the Undertaxed Profits Rule. It is noted that the Israeli Ministry of Finance has published an additional draft legislation as part of its 2026 Economic Plan, proposing a revised incentive regime for research and development activities in Israel, structured primarily as refundable or credit-based tax incentives designed to qualify under the OECD’s “qualified” incentive criteria in a Pillar Two environment. The OECD continues to release additional guidance and the Company intends to continue monitoring the new rules and country agreements. While certain BEPS initiatives are in the final stages of approval and/or implementation, we cannot comprehensively predict their outcome or what impact they will have on our tax obligations and operations or our financial statements, up to their final enactment in national and international legislation. Such legislative initiatives may materially and adversely affect our plans to expand internationally and may negatively impact our financial condition, tax liability or results of operations and could increase our administrative efforts.

**The enactment of legislation changing the United States’ taxation of international business activities could materially impact our financial condition and results of operations.**

Due to the expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate, and adversely affect our financial condition and results of operations. For example, the Inflation Reduction Act of 2022 enacted in the United States introduced, among other changes, a 15% corporate minimum tax on certain United States corporations and a 1% excise tax on certain stock redemptions by United States corporations (which the U.S. Treasury indicated may also apply to certain stock redemptions by a foreign corporation funded by certain United States affiliates). Significant changes or developments in U.S. laws and policies, such as laws and policies surrounding international trade, foreign affairs, manufacturing and development and investment in the territories and countries where we or our customers operate, can materially adversely affect our business, results of operations, and financial condition. The U.S. government has imposed (in certain cases, subject to deferral) significant tariffs on imports from certain jurisdictions and indicated the likely imposition of or significant increases in tariffs on goods imported into the United States from many other jurisdictions in the future, which could lead to corresponding punitive actions by the countries with which the U.S. trades. Further the U.S. presidential administration has indicated the intent to propose significant changes to the U.S. tax system. Many aspects of these potential proposals are unclear or undeveloped and we are unable to predict which, if any, changes to the U.S. tax system will be enacted into law, and what effects any enacted legislation might have on our tax liabilities. In addition, the U.S. presidential administration has indicated that the United States may impose retaliatory measures with respect to jurisdictions that have, or are likely to, put in place tax rules that are extraterritorial or disproportionately affect American companies. The likelihood of these changes being enacted or implemented is unclear. Further, other foreign governments may enact tax laws in response to any changes in the U.S. taxation of international business activities that could result in further changes to global taxation and materially affect our financial condition and results of operations. We are currently unable to predict whether these or other changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or our consumers, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flow.

**Complications with the design or implementation of our new ERP system, or major disruptions or deficiencies of our other information technology systems, could adversely impact our business and operations.**

We rely extensively on information systems and technology to manage our business and summarize operating results. In January 2025, we have implemented a new cloud-based global ERP system. The new ERP system implementation process has required, and will continue to require, the investment of significant personnel and financial resources. Due to the new ERP system implementation process, we may experience delays, increased costs and other difficulties. Our reporting timelines might be delayed, the effectiveness of our internal control over financial reporting could be adversely affected, and/or our ability to assess those controls adequately could be delayed. In addition, any major disruptions or deficiencies in the design and implementation of our other information technology systems, particularly those that impact our operations, could adversely affect our ability to run our business.

In 2025, we also completed the migration of our on-premises data warehouse and business intelligence systems to a cloud-based environment. This transition may expose us to risks inherent in the use of cloud computing technologies. These risks include, among others, potential vulnerabilities arising from misconfigurations, unauthorized access, data breaches, or service disruptions affecting cloud service providers. The reliance on third-party technology vendors increases exposure to operational and cybersecurity risks beyond our direct control. Furthermore, the use of cloud infrastructure may expand the potential attack surface and heighten threats associated with data integrity, confidentiality, and regulatory compliance. We continue to evaluate, monitor, and enhance our information security and vendor management programs to mitigate these risks; however, we cannot assure you that such measures will be sufficient to prevent or detect all possible threats or incidents.

**We rely on information technology systems to conduct our businesses, and failure to protect these systems against security breaches and otherwise to implement, integrate, upgrade and maintain such systems in working order could have a material adverse effect on our results of operations, cash flows or financial condition.**

The efficient operation of our businesses depends on our computer hardware and software systems. For instance, we rely on information technology systems, including our new ERP system, to process customer orders and invoices, manage accounts receivable collections, manage accounts payable processes, track costs and operations, calculate revenues and expenses, monitor client relationships and accumulate financial results. Despite our implementation of industry-accepted security measures and technology, our information technology systems are vulnerable to, and have been in the past subject to, computer viruses, attempts to insert malicious codes, unauthorized access, phishing efforts, denial-of-service attacks and other cyber-attacks, and we expect to be subject to similar attacks in the future as such attacks become more sophisticated and frequent. A breach of our information technology systems could result in decreased performance, operational difficulties and increased costs, any of which could have a material adverse effect on our business and operating results.

**Our business may be affected by sanctions, export controls and similar measures targeting Russia and other countries and territories, as well as other responses to Russia's military conflict in Ukraine, including indefinite suspension of operations in Russia and dealings with Russian entities by many multi-national businesses across a variety of industries.**

As a result of Russia's military conflict in Ukraine, governmental authorities in the United States, the European Union and the United Kingdom, among others, launched an expansion of coordinated sanctions and export control measures, including, for example:

- blocking sanctions on some of the largest state-owned and private Russian financial institutions (and their subsequent removal from SWIFT);
- blocking sanctions against Russian and Belarusian individuals, including the Russian President, other politicians and those with government connections or involved in Russian military activities;
- blocking sanctions against persons operating in the technology sector of the Russian economy, including companies providing or receiving goods or services related to the Russian technology sector, and financial institutions conducting or facilitating significant transactions involving such parties;
- blocking sanctions against certain Russian businessmen and their businesses, some of which have significant financial and trade ties to the European Union;
- blocking of Russia's foreign currency reserves and prohibition on secondary trading in Russian sovereign debt and certain transactions with the Russian Central Bank, National Wealth Fund and the Ministry of Finance of the Russian Federation;
- expansion of sectoral sanctions in various sectors of the Russian and Belarusian economies and the defense sector;
- United Kingdom sanctions introducing restrictions on providing loans to, and dealing in securities issued by, persons connected with Russia;
- restrictions on access to the financial and capital markets in the European Union, as well as prohibitions on aircraft leasing operations;
- sanctions prohibiting most commercial activities of U.S., U.K., and E.U. persons in the so-called People's Republic of Donetsk and the so-called People's Republic of Luhansk (and, with respect to the E.U., the areas of Kherson and Zaporizhzhia not controlled by the Ukrainian government), with all of these new restrictions largely tracking prior prohibitions relating to Crimea and Sevastopol;
- enhanced import and export controls and trade sanctions targeting Russia's imports of technological goods, including E.U. and U.K. prohibitions on exporting a wide range of "industrial" goods to Russia (and on importing a large number of "revenue-generating" goods from Russia). The restrictions also include bans on the export of large numbers of "luxury" items to Russia (and in some cases also to Belarus), tighter controls on exports and reexports of dual-use items, stricter licensing policy with respect to issuing export licenses, and/or increased use of "end-use" controls to block or impose licensing requirements on exports, as well as higher import tariffs;

- closure of airspace to Russian aircraft;
- ban on imports of Russian oil, liquefied natural gas and coal to the United States;
- ban on imports of Russian fish, seafood, and preparations thereof, alcoholic beverages, non-industrial diamonds, and gold to the United States;
- a ban on “new investment” in the Russian Federation by a U.S. person, which may be interpreted broadly (with a similar prohibition also enacted by the United Kingdom);
- bans on the provision of certain professional services, including accounting, trust and corporate formation, auditing, and management consulting services, among others; and
- bans on the provision of services related to the worldwide maritime transportation of seaborne Russian oil, if purchased above a specific price cap.

As the conflict in Ukraine continues, there can be no certainty regarding whether the governmental authorities in the United States, the European Union, the United Kingdom or other countries will impose additional sanctions, export controls or other measures targeting Russia, Belarus or other territories. Furthermore, in retaliation against new international sanctions and as part of measures to stabilize and support the volatile Russian financial and currency markets, the Russian authorities also imposed significant currency control measures aimed at restricting the outflow of foreign currency and capital from Russia, imposed various restrictions on transacting with non-Russian parties, banned exports of various products and imposed other economic and financial restrictions.

Our business must be conducted in compliance with applicable economic and trade sanctions laws and regulations, including those administered and enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council and other relevant governmental authorities. We must be ready to comply with the existing and any other potential additional measures imposed in connection with the conflict in Ukraine. The imposition of such measures could adversely impact our business, including preventing us from performing existing contracts, recognizing revenue, pursuing new business opportunities or receiving payment for products already supplied or services already performed with customers.

In 2025 and 2024, 2% and 3% of our total revenues were from sales to customers located in Russia, respectively. We continuously review and monitor our contractual relationships with suppliers and customers to establish whether any of them are the target of the applicable sanctions. In the event that we identify a party with which we have a business relationship that is the target of applicable sanctions, we would immediately activate a legal analysis of what gives rise to the business relationship, including any contract, to estimate the most appropriate course of action to comply with the sanction regulations, together with the impact of a contractual termination according to the applicable law, and then proceed as required by the regulatory authorities. However, given the range of possible outcomes, the full costs, burdens, and limitations on our and our customer’s and business partners’ businesses are currently unknown and may become significant.

Furthermore, even if an entity is not formally subject to sanctions, customers and business partners of such entity may decide to reevaluate or cancel projects with such entity for reputational or other reasons. As a result of the ongoing conflict in Ukraine, many U.S. and other multi-national businesses across a variety of industries, including consumer goods and retail, food, energy, finance, media and entertainment, tech, travel and logistics, manufacturing and others, have indefinitely suspended their operations and paused all commercial activities in Russia and Belarus. Depending on the extent and breadth of sanctions, export controls and other measures that may be imposed in connection with the conflict in Ukraine, it is possible that our business, financial condition, and results of operations could be materially and adversely affected.

Finally, any deterioration in relations between Taiwan and China could lead to additional sanctions or export controls on China, on specific individuals or entities, or otherwise in the region which could impact our ability to sell to certain of our customers, source components from China or other impacted countries, or otherwise negatively impact our business.

**Our disclosures and initiatives related to environmental, social and governance (ESG) matters, including those related to climate change and sustainability, expose us to numerous risks, including risks to our reputation, business, financial performance and growth.**

There has been increasing public focus by investors, customers, employees, policymakers, environmental activists, the media and governmental and nongovernmental organizations, as well as other stakeholders, on a variety of ESG matters, which may increase costs (including but not limited to increased costs related to compliance, stakeholder engagement, and contracting), impact our reputation, or otherwise affect our business performance. As we identify ESG topics for voluntary disclosure, we have expanded and, in the future, may continue to expand, our voluntary disclosures in these areas. Statements about our ESG initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. As a result, we cannot guarantee that our approach will align with any particular stakeholder's expectations or preferences. If our ESG-related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our ESG goals on a timely basis, or at all, our reputation, business, financial performance and growth could be adversely affected.

Moreover, various stakeholders have different, and at times conflicting expectations. If we do not meet the evolving and varied expectations of our stakeholders with respect to ESG-related matters, we could experience loss of customers or contracts, reputational harm, or other negative impacts on our business and results of operations. In addition, proponents and opponents of ESG matters are increasingly resorting to activism, including litigation, to advance their perspectives, which will be costly for us to address.

**We have in the past, and may in the future, become subject to litigation or claims arising in or outside the ordinary course of business that could negatively affect our business operations and financial condition.**

We have in the past, and may in the future, become subject to litigation or claims arising in or outside the ordinary course of business that could negatively affect our business operations and financial condition, including securities class actions and shareholder derivative actions, both of which are typically expensive to defend. Such claims and litigation proceedings may be brought by third parties, including our competitors, advisors, service providers, partners or collaborators, employees, shareholders, and governmental or regulatory bodies. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. We may not be able to determine the amount of any potential losses and other costs we may incur due to the inherent uncertainties of litigation and settlement negotiations. In the event we are required or decide to pay amounts in connection with any claims or lawsuits, such amounts could be significant and could have a material adverse impact on our liquidity, business, financial condition and results of operations. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future operating results, our cash flows or both. Additionally, we may be unable to maintain directors' and officers' liability insurance at satisfactory rates or adequate coverage amounts and may incur significant increases in insurance costs.

### Risks Related to the Market for Our Ordinary Shares

**The estate of the late Yehuda Zisapel, along with Nava Zisapel and Roy Zisapel, our President, Chief Executive Officer and a director, may exert significant influence in the election of our directors and over the outcome of other matters requiring shareholder approval.**

As of March 20, 2026, the estate of the late Yehuda Zisapel beneficially owned approximately 2.5% of our outstanding ordinary shares, which is held in two equal parts by Roy Zisapel's siblings (namely, Carmi Zisapel and Adi Zisapel); Nava Zisapel beneficially owned approximately 6.9% of our outstanding ordinary shares; and their son, Roy Zisapel (our President, Chief Executive Officer and a director), beneficially owned approximately 5.9% of our outstanding ordinary shares (which includes one third of our outstanding ordinary shares of the estate of the late Yehuda Zisapel) (see Items 6.E "Share Ownership" and 7.A "Major Shareholders"). As a result, if these shareholders act together, they could exert significant influence on the election of our directors and on decisions by our shareholders on matters submitted to shareholder vote, including mergers, consolidations and the sale of all or substantially all of our assets. This concentration of ownership of our ordinary shares could delay or prevent proxy contests, mergers, tender offers, or other purchases of our ordinary shares that might otherwise give our shareholders the opportunity to realize a premium over the then-prevailing market price for our ordinary shares. This concentration of ownership may also adversely affect our share price.

**Provisions of our Articles of Association and Israeli law as well as the terms of our equity incentive plan could delay, prevent or make a change of control of us more difficult or costly, which could depress the price of our ordinary shares.**

The provisions in our Articles of Association relating to the election of our directors in three staggered classes, the submission of shareholder proposals for shareholder meetings and the quorum requirement for adjourned shareholder meetings may have the effect of delaying or making an unsolicited acquisition of our Company more difficult. Israeli corporate and tax laws, including the ability of our Board of Directors to adopt a shareholder rights plan without shareholder approval, may also have the effect of delaying, preventing or making an acquisition of us more difficult. For example, under the Companies Law, upon the request of a creditor of either party to a proposed merger, an Israeli court may delay or prevent the merger if it concludes that there is a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger. In addition, our Key Employee Share Incentive Plan (1997), as amended (the "Share Incentive Plan"), provides that, in the event of a "Hostile Takeover" (which is defined to include, among others, an unsolicited acquisition of more than 20% of our outstanding shares), the vesting of all or a portion of our outstanding equity awards will accelerate, unless otherwise determined by our Board of Directors (or a committee thereof). As a result, an acquisition of our Company that triggers the said acceleration will be more costly to a potential acquirer. These provisions could cause our ordinary shares to trade at prices below the price for which third parties might be willing to pay to gain control over us. Third parties who are otherwise willing to pay a premium over prevailing market prices to gain control of us may be unwilling to do so because of these provisions.

**Our share price has been volatile in the past and may be subject to volatility in the future.**

The market price for our ordinary shares, as well as the prices of shares of other technology companies, has been volatile. For example, during 2025, the lowest closing price of our share was \$19.43, compared to the highest closing price of our share of \$30.80 during the same year. The volatility of our share price may have a negative impact on our financial performance as a result of its negative impact on employee retention. Numerous factors, many of which are beyond our control, may cause the market price and trading volume of our ordinary shares to fluctuate significantly and decrease further, including:

- operating results that do not meet forecasts by securities analysts;
- announcements concerning us or our competitors;
- the introduction of new products and new industry standards;
- general market conditions and changes in market conditions in our industry;
- the general state of securities markets (particularly the technology sector);
- political, economic and other developments in the State of Israel, the U.S. and worldwide, including, for example, the Ukraine-Russia conflict and uncertainty and conflicts between Israel and Hamas, Israel and Hezbollah and Israel and Iran; and
- any of the events underlying any of the other risks or uncertainties set forth elsewhere in this annual report actually occurs.

**If we are characterized as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences.**

Generally, if for any taxable year, after applying certain “look through” tax rules, (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the fair market value of our assets, averaged quarterly over our taxable year, are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company (“PFIC”), for U.S. federal income tax purposes. If we are classified as a PFIC, our U.S. shareholders could suffer adverse U.S. tax consequences, including having gain realized on the sale of our ordinary shares treated as ordinary income, as opposed to capital gain income, and having potentially punitive interest charges apply to such gain. Similar rules would apply to certain “excess distributions” made with respect to our ordinary shares.

For our taxable year ended December 31, 2025, we do not believe that we should be classified as a PFIC. There can be no assurance, however, that the IRS will not challenge this treatment, and it is possible that the IRS could attempt to treat us as a PFIC for 2025 and prior taxable years. The tests for determining PFIC status are applied annually, and require a factual determination that depends on, among other things, the composition of our income, assets and activities in each taxable year, and can only be made annually after the close of each taxable year. Furthermore, the aggregate value of our gross assets is likely to be determined in part by reference to the trading price of our ordinary shares, which could fluctuate significantly. We have a substantial balance of cash and other liquid investments, which are passive assets for purposes of the PFIC determination. Accordingly, if our market capitalization declines significantly, it may make our classification as a PFIC more likely for the current or future taxable years. Accordingly, there can be no assurance that we will not become a PFIC in future taxable years. U.S. shareholders should consult with their U.S. tax advisors with respect to the U.S. tax consequences of investing in our ordinary shares. For a more detailed discussion of the rules relating to PFICs and related tax consequences, please see the section of this annual report titled Item 10.E “Taxation—United States Federal Income Tax Considerations.”

**If a U.S. person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.**

Depending upon the aggregate value and voting power of our ordinary shares that U.S. persons are treated as owning (directly, indirectly, or constructively), we could be treated as a controlled foreign corporation (a "CFC"). Additionally, because our group consists of one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries will be treated as CFCs, regardless of whether or not we are treated as a CFC. If a U.S. person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ordinary shares, such person may be treated as a "U.S. shareholder" with respect to each CFC in our group (if any), which may subject such person to adverse U.S. federal income tax consequences. Specifically, a U.S. shareholder of a CFC may be required to annually report and include in its U.S. taxable income its pro rata share of each CFC's "Subpart F income," "global intangible low-taxed income" and investments in U.S. property, whether or not we make any distributions of profits or income of a CFC to such U.S. shareholder. If you are treated as a U.S. shareholder of a CFC, failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. Additionally, a U.S. shareholder that is an individual would generally be denied certain tax deductions or indirect foreign tax credits that may otherwise be allowable to a U.S. shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries are treated as CFCs or whether any investor is treated as a U.S. shareholder with respect to any of such CFC, nor do we expect to furnish to any U.S. shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. The United States Internal Revenue Service provided limited guidance on situations in which investors may rely on publicly available alternative information to comply with their reporting and tax paying obligations with respect to foreign-controlled CFCs. U.S. investors should consult their advisors regarding the potential application of these rules to their investment in our ordinary shares.

**We are a foreign private issuer and, as a result, we are subject to reporting obligations and corporate governance practices that, to some extent, are more lenient than those of a U.S. domestic public company whose shares are listed on Nasdaq.**

We report under the Exchange Act as a Foreign Private Issuer ("FPI"). Thus, we are exempt from certain provisions of the Exchange Act applicable to U.S. domestic public companies, which are more expansive and require more frequent filings, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act and the content of proxy statements, (ii) the rules under Section 16 of the Exchange Act subjecting officers, directors to short-swing profit recovering and principal shareholders to reporting and short-swing profit recovery and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing full unaudited financial statements and notes thereto and other specified information, and current reports on Form 8-K, which are due upon the occurrence of specified significant events. In addition, FPIs are not required to file their annual reports on Form 20-F until four months after the end of each fiscal year, while U.S. domestic issuers that are large accelerated filers like us are required to file their annual reports on Form 10-K within 60 days after the end of each fiscal year. We are required to report certain material developments in reports furnished on Form 6-K with the SEC, and we have furnished and intend to continue furnishing on Form 6-K our unaudited quarterly financial information after the end of each fiscal quarter. FPIs are also exempt from Regulation FD, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, our shareholders may not have the same protections and/or access to information afforded to shareholders of companies that are not FPIs.

As an FPI whose shares are listed on Nasdaq, we are also permitted to follow certain home country corporate governance practices instead of certain requirements of the Nasdaq rules. We currently follow home country practices in Israel in lieu of compliance with the Nasdaq requirements for (i) quorum requirements for an adjourned shareholders meeting; (2) shareholder approval for adoption and material amendments to share incentive plans and (3) the distribution of annual and interim reports, which requirements apply to a domestic U.S. issuer. For more information, see “Item 16G. Corporate Governance.” While we otherwise follow all Nasdaq corporate governance requirements applicable to domestic companies, we may later decide to rely on exemptions from certain of these requirements as an Israeli FPI. For instance, unlike the requirements of Nasdaq, there are currently no mandatory corporate governance requirements in Israel that would require us to (i) have a majority of our board of directors be independent, (ii) establish a nominating/governance committee, or (iii) hold regular executive sessions where only independent directors may be present. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on Nasdaq may provide less protection than is accorded to investors of domestic issuers.

We could lose our status as a “foreign private issuer” under applicable securities laws and regulations if more than 50% of our outstanding voting securities were to become directly or indirectly held of record by U.S. holders and any one of the following were true: (i) the majority of our directors or executive officers were U.S. citizens or residents; (ii) more than 50% of our assets were located in the United States; or (iii) our business were administered principally in the United States. If we were to lose our status as a “foreign private issuer” in the future, we would no longer be exempt from the rules described above and, among other things, we would be required to file periodic reports and annual and quarterly financial statements as if we were a company incorporated in the United States. If this were to happen, we would likely incur significant additional legal, accounting, and other expenses and would likely have to divert significant management time and resources in order to comply with U.S. domestic issuer requirements.

#### **Risks Related to Operations in Israel**

##### **Political, economic and military instability in the Middle East or Israel may harm our business.**

We are incorporated under Israeli law, and our principal offices and manufacturing and research and development facilities are located in Israel. In addition, the majority of our key employees, officers and directors are residents of Israel. Accordingly, political, economic, and security conditions in Israel and the surrounding region could directly affect our business, and our operations and financial results could be adversely affected in the event of any political instability, terrorism, armed conflicts, or other hostilities in the Middle East or Israel, including the ongoing uncertainty with Iran, Hezbollah and Hamas.

Israel continues to face heightened regional security risks, including the aftermath of the October 7th attacks, ongoing military operations in Gaza, escalating hostilities with Hezbollah along the northern border with Lebanon, and, most recently, with Iran. While a ceasefire between Israel and Lebanon (with respect to Hezbollah) was announced in November 2024, a ceasefire between Israel and Iran was announced in June 2025 and a ceasefire between Israel and Hamas was announced in October 2025, in February 2026, hostilities between Israel and Iran escalated again. In late February 2026, the United States, together with Israel, launched a major joint military campaign of air and missile strikes against targets in Iran, which triggered a broad Iranian response and contributed to significant regional instability, including, in early March 2026, resumed conflicts with Hezbollah and, in late March 2026, resumed involvement of the Houthis movement through the launch of missile and drone attacks against Israel. The situation remains highly fluid, and we are unable to predict if, when, or on what terms, this escalation will be resolved. These developments have resulted in prolonged security alerts, disruptions to civilian and commercial activity, and increased geopolitical volatility. Any further deterioration in the security situation, whether through expanded conflict, sustained rocket fire, cyberattacks, or regional escalation, could adversely impact our workforce, facilities, supply chain, customer activity, and overall business continuity. Additionally, prolonged instability may affect macroeconomic conditions in Israel, including currency volatility, inflationary pressures, supply chain limitations and changes in government policy, any of which could materially and negatively affect our business, financial condition, and results of operations.

Furthermore, some of our officers and employees are, unless exempt, obligated to perform annual military reserve duty, depending upon their age and prior position in the army. They may also be subject to being called to active duty at any time under emergency circumstances. For example, during 2025 and 2024, in connection with the October 2023 war, approximately 3% of our total workforce was called to perform immediate military service, and additional employees may be called as armed conflicts require. Such employees may be absent for an extended period of time. Our operations could be disrupted by the absence, for a significant period, of one or more of these officers or other key employees due to military service, and any disruption in our operations could harm our business.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East, including the October 2023 war, such as damages to our facilities resulting in the disruption of our operations. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot be assured that this government coverage will be maintained or will be adequate in the event we submit a claim. We could be adversely affected by any major hostilities, including acts of terrorism as well as cyber-attacks or any other hostilities involving or threatening Israel, the interruption or curtailment of trade between Israel and its trading partners, a significant downturn in the economic or financial condition of Israel, or a significant increase in the rate of inflation. For example, in September 2024, Moody's Investors Service (Moody's) downgraded the Government of Israel's foreign-currency and local-currency issuer ratings to BAA1 from A2, which is also the current rating, and in October 2024, S&P global downgraded Israel long-term ratings to A from A+, which is also the current rating. Other global rating agencies may take similar actions. Such downgrades might adversely affect the macroeconomic conditions in which we operate and also potentially deter foreign investment in Israel or Israeli companies, which may, among other things, hinder our ability to raise additional funds, if deemed necessary by our management and Board of Directors.

Furthermore, some neighboring countries, as well as certain companies, organizations and movements, continue to participate in a boycott of Israeli firms and others doing business with Israel or with Israeli companies. In the past several years, and with greater intensity commencing with the October 2023 war, there have been increased efforts by activists, influenced by actions of international judicial bodies, to cause companies and consumers to boycott Israeli goods, services, and academic research or restrict business with Israel, which could affect business operations. Similarly, Israeli companies are limited in conducting business with entities from several countries. Restrictive laws, policies or practices directed towards Israel or Israeli businesses could have an adverse impact on our operating results, financial condition or the expansion of our business.

Finally, prior to the October 2023 war, the Israeli government began to pursue changes to Israel's judicial system and has recently renewed its efforts to effect such changes. In response to the foregoing developments, certain individuals, organizations, and institutions, both within and outside of Israel, voiced concerns that such proposed changes, if adopted, may negatively impact the business environment in Israel, including by causing a downgrade to Israel's sovereign credit rating and Israel's international standing. Such proposed changes may also lead to political instability or civil unrest. If such changes to Israel's judicial system are pursued by the government and approved by the parliament, this may have an adverse effect on our business, results of operations, and ability to raise additional funds, if deemed necessary by our management and Board of Directors.

**The tax benefits we may receive in connection with our preferred enterprise program require us to satisfy prescribed conditions and may be terminated or reduced in the future. This would increase taxes and decrease our net profit.**

We have in the past benefited, and currently benefit, from certain government programs and tax benefits in Israel, including in connection with our preferred enterprise program (see under Item 10.E “Taxation—Israeli Tax Considerations”). To remain eligible to obtain such tax benefits, we must continue to meet certain conditions. If we fail to comply with these conditions in the future, the benefits we receive could be cancelled, and we may have to pay certain taxes. We cannot guarantee that these programs and tax benefits will be continued in the future, at their current levels or at all. If these programs and tax benefits are ended, our tax expenses and the resulting effective tax rate reflected in our financial statements may increase and as such our business, financial condition and results of operations could be materially and adversely affected.

**We have obtained benefits from the Israeli Innovation Authority that subject us to ongoing restrictions.**

We have in the past received, and in the future may apply for, royalty-bearing or non-royalty bearing grants from the Israeli Innovation Authority (formerly known as the Office of the Chief Scientist of the Israeli Ministry of Economy and Industry) (the “IIA”), for research and development programs that meet specified criteria pursuant to the Law for the Encouragement of Research, Development and Technological Innovation in Industry, 1984 (formerly known as the Law for Encouragement of Research and Development in Industry, 1984), and the regulations promulgated thereunder (the “Innovation Law”). The terms of the IIA grants limit our ability to manufacture products outside of Israel or to transfer technologies in or outside Israel if such products or technologies were developed using know-how developed with or based upon IIA grants. In addition, a change of control in us and the acquisition of 5% or more of our ordinary shares by a non-Israeli may require notification to the IIA and the provision of an undertaking to comply with the Innovation Law, some of the principal restrictions and penalties of which are the transferability limits described above and elsewhere in this annual report.

**It may be difficult to enforce a U.S. judgment against us or our officers and directors and to assert U.S. securities laws claims in Israel.**

We are incorporated under the laws of the State of Israel, our corporate headquarters is located in Israel and several of our current officers and directors reside in Israel. Service of process upon us, our Israeli subsidiary, our directors and officers and the Israeli experts, if any, named in this annual report, substantially all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because a majority of our assets and investments, and substantially all of our directors, officers and such Israeli experts are located outside the United States, any judgment obtained in the United States against us or any of them may be difficult to collect within the United States and may not be enforced by an Israeli court.

We have been informed by our legal counsel in Israel that it may also be difficult to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws if they determine that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. There is little binding case law in Israel addressing these matters. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, under the rules of private international law currently prevailing in Israel, Israeli courts may enforce a U.S. judgment in a civil matter, including a judgment based upon the civil liability provisions of the U.S. securities laws as well as a monetary or compensatory judgment in a non-civil matter, only if the following key conditions are met:

- subject to limited exceptions, the judgment is final and non-appealable;
- the judgment was given by a court competent under the laws of the state of the court and is otherwise enforceable in such state;
- the judgment was rendered by a court competent under the rules of private international law applicable in Israel;
- the laws of the state in which the judgment was given provide for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to present his arguments and evidence;
- the judgment is enforceable under the laws of the State of Israel and its enforcement is not contrary to the law, public policy, security, or sovereignty of the State of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter was not pending in any Israeli court at the time the lawsuit was instituted in the U.S. court.

**Your rights and responsibilities as a shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. companies.**

The rights and responsibilities of the holders of our ordinary shares are governed by our Articles of Association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. For example, a shareholder of an Israeli company has a duty to act in good faith toward the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the implications of these provisions that govern shareholders' actions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our ordinary shares that are not typically imposed on shareholders of U.S. corporations.

## ITEM 4. INFORMATION ON THE COMPANY

### A. History and Development of the Company

#### Corporate History and Details

Radware Ltd. was organized in May 1996 as a corporation under the laws of the State of Israel and commenced operations in 1997. Our principal executive offices are located at 22 Raoul Wallenberg Street, Tel Aviv 6971917, Israel and our telephone number is 972-3-766-8666. Our website address is [www.radware.com](http://www.radware.com) (information contained on our website is not incorporated herein by reference and shall not constitute part of this annual report). In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC: <http://www.sec.gov>.

Radware Inc., our wholly owned subsidiary in the United States, which conducts the sales and marketing of our products and services primarily in the United States and Canada, is our authorized representative and agent in the United States. The principal offices of Radware Inc. are located at 575 Corporate Dr., Lobby 2, Mahwah, New Jersey 07430 and its telephone number is 201-512-9771.

In September 1999, we conducted the initial public offering of our ordinary shares that commenced trading on the Nasdaq.

In the past decade, we have made several acquisitions, including, most recently, (i) in January 2026, we acquired Pynt, Inc., an API security testing company, and (ii) in February 2022, we acquired the technology and operations of DC Security Ltd. (previously known as SecurityDAM Ltd. (“SecurityDAM”)), a related party who was a cloud DDoS network operator that supplied us with scrubbing center services used for the provision of our cloud DDoS Protection Service.

#### Recent Major Business Developments

For recent major product activities, see Item 4.B “Business Overview—Our Solutions” under the captions “Recent Solution Offering Activities” and “Recent Partnerships Activities.”

For a discussion of our capital expenditures and divestitures, see Item 5.B “Liquidity and Capital Resources – Principal Capital Expenditures and Divestitures.”

### B. Business Overview

#### Overview

##### *General*

We are a provider of application security and delivery solutions for multi-cloud environments. Our solutions secure the digital experience by providing infrastructure, application, and network protection and availability services to companies globally. Our solutions are deployed by, among others, enterprises, carriers, and cloud service providers.

Our solutions are offered in two main categories:

- **Products** – We offer a range of cloud-based security-as-a-service subscriptions, on-premises hardware and software products, and product subscriptions (or a combination of these) to our customers.
- **Services** – We offer managed services, professional services, technical support and training and certification to our customers and partners.

The sections below provide an overview of our key solutions and services according to the above go-to-market targets.

#### *Reportable Segments*

The Company operates in two reportable segments:

- **Radware's Core Business** – This segment consists of our core business operations, including our cloud security-as-a-service products, application and data centers security products and our application availability products.
- **The Hawks' Business** – This segment consists of the operations of our two subsidiaries: SkyHawk ("CNP") Security Ltd. ("SkyHawk Security"), which provides an agentless Cloud-native threat Detection and Response ("CDR"), combined with Cloud Infrastructure Entitlement Management ("CIEM"), Cloud Security Posture Management ("CSPM") and Autonomous Purple Team for AWS Google Cloud and Azure, and EdgeHawk Security Ltd. ("EdgeHawk"), which is engaged in providing carrier security solutions by transforming routers and network nodes into security platforms. We refer to SkyHawk Security and EdgeHawk collectively as the "Hawks."

In February 2026, we resolved to sell or cease the operations of Skyhawk Security.

For additional details regarding these two reportable segments, see Item 5.A – "Operating Results" and Notes 2ad and 15 to our consolidated financial statements included elsewhere in this annual report.

#### **Our Products**

The main categories of the products and services we offer are as set forth below.

*Our cloud-based subscription offering consists of the following:*

- o *Cloud DDoS Protection Service.* Our Cloud DDoS Protection Service provides a full range of enterprise-grade DDoS protection services in the cloud. Based on our DDoS protection technology, it aims to offer organizations wide security coverage, accurate detection and short time to protect from today's dynamic and evolving DDoS attacks. We offer a multi-vector DDoS attack detection and mitigation service, handling network-layer attacks, server-based attacks and application-layer DDoS attacks. Our Cloud DDoS Protection Service is offered in multiple deployment options to meet an organization's specific needs:
- o *Always-On Cloud DDoS Protection Service.* This service provides always-on protection where traffic is always routed through Radware's cloud security scrubbing centers with no on-premise device required for detection and mitigation. This service is recommended for organizations that have applications hosted in the cloud or those that are not able to deploy an on-premise attack mitigation device in their data center.

- o *Always-On Hybrid Cloud DDoS Protection Service.* This service integrates with our on-premise DDoS Protection device. The traffic is mitigated in the on-premise device and diverted through Radware's cloud security scrubbing centers upon a large volumetric DDoS attack that aims to saturate the internet pipe. This service is recommended for organizations that place a high premium on the user experience and wish to avoid even the slightest possible downtime as a result of DDoS attacks.
- o *On-Demand Cloud DDoS Protection Service.* This service protects against internet pipe saturation and is activated when the attack threatens to saturate the organization's internet pipe. This service is recommended for organizations that are looking for the lowest cost solution and are less sensitive to real-time detection of DDoS attacks.
- o *On-Demand Cloud Hybrid DDoS Protection Service.* The on-premise DefensePro device detects and mitigates all types of DDoS attacks in real-time, while volumetric DDoS attacks are diverted and mitigated in the cloud. This service is recommended for organizations that can deploy an on-premise device in their data centers.

*We offer several Add-Ons to our Cloud DDoS Protection Service:*

- o *Cloud Web DDoS Protection.* We offer our cloud customers an additional protection layer dedicated to detecting and mitigating application-layer DDoS attacks. Our Cloud Web DDoS Protection uses advanced L7 behavioral-based detection and mitigation techniques to block Web DDoS Tsunami attacks, offering protection against advanced HTTP/S floods that use randomization techniques to bypass traditional protections.
- o *Cloud Firewall as a Service.* Our Cloud Firewall-as-a-Service (FWaaS) provides a cloud-based network firewall solution that helps offload unwanted traffic before it reaches the organization's network, thereby improving network efficiency and providing consistent protection for the entire network. With no appliance to manage and IP blocking at scale, the service helps organizations manage their traffic in a more efficient and less human-intensive manner.
- o *Cloud Network Analytics.* Our Cloud Network Analytics Service provides users with detailed, granular insight into network traffic, network services in use and more. The cloud network analytics service allows administrators to eliminate errors when planning network deployments and stay ahead of DDoS threats via early detection of network abuse and intrusion.
- o *AI SOC Xpert DDoS.* Our AISOC Xpert DDoS add-on delivers agentic AI-powered SOC capabilities that accelerate detection, analysis and mitigation of DDoS attacks. Leveraging real-time behavioral analytics, it automates root-cause analysis—reducing Mean Time to Resolve (MTTR) by up to 20 times—and provides one-click, context-driven remediation. An intuitive AI assistant offers instant forensic insights and guidance, enabling SOC teams to operate more efficiently and effectively, improving their ability to protect the organization.

- o *Cloud Application Protection Services*: Our Web Application and API Protection (WAAP) suite is a one stop shop for organization's application security needs, providing WAF, API Security, bot management, Layer 7 DDoS (Web DDoS) mitigation, account takeover (ATO) protection and client-side protection. Our Cloud Application Protection Services are offered in three service plans. Each plan is designed to cater to different cybersecurity needs and risk exposure, as well as different levels of managed services:
  - o *Standard Plan*: Our Standard plan offers the industry benchmark protection level with several extra features and capabilities. It includes Radware's Cloud WAF, API protection, zero-day attack protection, Basic Bot Protection, and 1Gbps of network DDoS protection, as well as our Service Level Agreement (SLA).
  - o *Advanced Plan*: Advanced plan takes application security to the next level by offering advanced protection capabilities for those that want to ensure they are well protected from more sophisticated and unknown attacks. The plan includes, on top of the Standard plan, Radware's Advanced WAF with its path access protection engine that protects against more sophisticated unknown and zero-day attacks, AI-based Correlation Engine (Source Blocking), 10Gbps of network DDoS Protection, as well as JS supply chain mapping, monitoring, and attack detection for client-side protection. It also includes Radware's intelligence feed – the ERT Active Attackers Feed (EAAF), and further support for onboarding and policy reviewing.
  - o *Complete Plan*: Radware's Complete plan provides a security blanket for the customer's entire application environment – from client-side to server-side. This plan includes everything the Advanced plan has to offer, with the addition of Radware's Bot Manager and its behavior-based multi-layered detection and mitigation, automated API discovery and API security policy generation, real-time API Business Logic Attack Protection, and client-side protection enforcement.

We offer several Add-Ons to our Cloud Application Protection Services:

- o *Cloud Web DDoS Protection*. We offer an additional protection layer dedicated to detecting and mitigating application-layer DDoS attacks. Our Cloud Web DDoS Protection uses advanced L7 behavioral-based detection and mitigation techniques to block Web DDoS Tsunami attacks, offering protection against advanced HTTP/S floods that use randomization techniques to bypass traditional protections.
- o *CDN*. For enterprises that wish to combine website delivery with their web application security, we offer a content delivery network (CDN) solution integrated directly into our Cloud Application Protection portal. Our CDN solution is based on the Amazon CloudFront CDN for a globally distributed footprint, enhanced performance, and DevOps-friendly usability.
- o *PCI DSS 4 Compliance*. In addition to the WAF and API protection against business logic attacks, which are necessary for PCI DSS 4 compliance and included in our Cloud Application Protection service plans, the PCI DSS 4 add-on offers customers extended, specific client-side protection controls as required by PCI DSS 4 Sections 6.4.3 and 11.6.1.
- o *DNS as a Service (DNSaaS)*. Our DNSaaS provides comprehensive Domain Name System (DNS) management, which is essential for the seamless functioning of any online application. It's about safeguarding businesses' digital presence and ensuring end-users a seamless experience.

- o *Load Balancer as a Service.* Our Load Balancer as a Service (LBaaS) complements cloud application protection services with improved SLA and scalability while maintaining high availability and protecting all origin sites. It provides Active/Active traffic and user load balancing between origin sites.
- o *Threat Intelligence Service.* Our Threat Intelligence services shed light on why certain IPs are flagged, providing insights and context in real-time. The actionable intelligence allows organization to confidently assess threats, enable informed decisions and proactively defend against threats before they escalate. Key features of the Threat Intelligence Services include:
  - Actionable Data from Real Cyber Attacks
  - Research into any suspicious IP address with IP insights and Open Proxys and Malware Data
  - Reputation alert to ensure Network Security and Integrity by proactively informing of potential cyber-attacks originating from the organization's own network.
  - Seamless REST API Integration to any environment, existing security workflows and systems
- o *AI SOC Xpert Application Protection.* Our AI SOC Xpert for Application Protection strengthens defenses at the application layer with AI-driven support for both WAF and Bot management. It equips SOC teams to handle application traffic and malicious bot activity with greater visibility, faster investigation and precise remediation guidance. Key capabilities of the AI SOC Xpert for Application Protection include:
  - AI-driven tuning recommendations to reduce false positives and streamline policy management
  - Faster onboarding and structured investigation tools
  - Visual dashboards that highlight incidents, anomalies and attack patterns
  - Reduce alert fatigue and faster time to resolution across application and bot incidents
- o *LLM Firewall.* Our new LLM Firewall solutions secures generative AI use with real-time AI-based protection at the prompt level. It stops threats before they reach the organization's origin servers. The solution enforces enterprise-grade security and compliance by detecting risks like prompt injection, data leaks, harmful content, brand safety and usage policies in real time. The solution is model-agnostic, easy to onboard and secures AI use across platforms without disrupting workflows or innovation.

*Our hardware and software products consist of the following key products:*

- o *DefensePro X Attack Mitigation Device.* DefensePro® X, our real-time perimeter attack mitigation device, secures organizations against emerging network multivector and DDoS attack campaigns, IoT botnets, application vulnerability exploitation, malware and other types of cyberattacks. DefensePro X behavioral-based technology is designed to prevail over modern sophisticated attack tools and cybercriminals.

The DefensePro X lineup is combined with additional subscriptions for Network and Application protection:

- o *Network Protection Subscription – Silver* – includes ERT Security Update Subscription (SUS), ERT Active Attacker Feed (EAAF) and Location based mitigation (GeoIP) subscriptions.
- o *Network Protection Subscription – Gold* – includes, on top of the Silver subscription, also ERT under attack service.
- o *Application Protection Subscription – Standard* provides basic HTTPS protection and includes Transport Layer Security (TLS) acceleration module.
- o *Application Protection Subscription – Advance* - provides advanced behavioral protection for encrypted flood attacks, TLS inspection, DNS protection, Advance Application-aware protection, and threat intelligence under attack.
- o *Alteon® Application Delivery Controller (ADC)*. Alteon is our application delivery and security solution that manages application traffic across cloud and data center locations, optimizing availability and performance. It provides advanced, end-to-end local and global load balancing capabilities for web, cloud and mobile-based applications. Alteon integrates multiple application protection services to provide protection against an array of cyber threats. Alteon’s analytics also provides insightful visibility so that IT managers can manage and guarantee application service level agreement (SLA) and stay ahead of cyberattacks.

We offer Alteon ADC in three different packages (available on each of its models and throughput levels) to address different deployment scenarios and needs:

- *Alteon Deliver Package*. For applications that require high performance ADCs with advanced layer 4-7 ADC functionality.
- *Alteon Perform Package*. For deployments requiring performance optimization, advanced application performance monitoring, global server load balancing, link load balancing, automated/optimized ADC service operation, Alteon Advanced Analytics and Geolocation database updates. Provided on top of Alteon Deliver Package.
- *Alteon Secure Package*. For applications that require our most advanced protections, including an embedded WAF module, authentication gateway, bot management, and threat intelligence feeds (WAF SUS, ERT Active Attackers Feed). Provided on top of Alteon Perform Package.

We offer Alteon with a Global Elastic Licensing (GEL) solution, a purchasing and deployment subscription that enables a high level of flexibility for ADC services across datacenters, private and public clouds. GEL enables dynamic ADC capacity allocation and the ability to move that capacity across environments, without having to invest separately in a dedicated ADC infrastructure for each and every location where an organization’s applications are deployed (e.g., on-premises, public cloud, etc.). This application delivery licensing model helps to eliminate planning risks in the purchase and deployment of ADC services, enabling continuous investment protection of the ADC infrastructure throughout its lifecycle duration.

- o *Radware Kubernetes WAAP*. Radware Kubernetes WAAP is a Web Application Firewall and API security solution for continuous integration and continuous delivery (CI/CD) environments orchestrated by Kubernetes. Our Kubernetes WAAP integrates with common software provisioning, testing and visibility tools in the CI/CD pipeline offering both IT security and DevOps personnel detailed insight down to the pod and container levels, and enables organizations to implement application and data security in on-premise and cloud-based implementations.

- o Cyber Controller. Our Cyber Controller is a unified solution for management, configuration and attack lifecycle. The Cyber Controller provides enhanced security, increased visibility and an improved user experience via multiple security operation dashboards for a unified view into attack lifecycle and mitigation analysis for both inline and out-of-path DDoS deployments. Cyber Controller provides network analytics with comprehensive visibility of traffic statistics during peacetime and attack, and simplified management and configuration with unified visibility and control.

Cyber Controller supports several licenses according to each customer-managed environment and customer needs.

- o Cyber Controller Standard: Provides the network management tool and network monitoring tool for the Radware family of cybersecurity and application delivery solutions. It provides our customers immediate visibility to health, real-time status, performance and security of our products from one central, unified console. An analytics module provides an intuitive, customizable Graphical User Interface with granular forensic insights into application performance, denial-of-service and web application attacks.
- o Cyber Controller X: In addition to the “Standard” license features, provides the ability to manage the DefensePro X product line using the new Cyber Controller X stream.
- o Cyber Controller Plus: An add-on on top of either the “Standard” or “X” licenses, enabling orchestration, automation and out-of-path capabilities for attack life-cycle.
- o *Cyber Controller MSSP Portal*: the MSSP Portal is designed to help service providers to deliver cyber security services while simultaneously reducing Total Cost of Ownership (TCO) and MTTR, and surpassing margin revenue targets. It provides end-customers with comprehensive insights into the status of their protected network, offering visibility into both peacetime and attack traffic. Additionally, our portal allows service providers to offer invaluable services such as self-operating capabilities to their customers, particularly for those with expertise in security operations. Leveraging the power of multitenancy, our MSSP portal enables service providers to efficiently manage multiple customers, ensuring seamless operations and optimal resource utilization.

## Customer Services

We offer managed services, professional services, technical support and training and certification to our customers and partners. Our key customer services consist of the following:

- o *Certainty Support Program.* We offer technical support for all our products through our Certainty Support Program. Certainty support levels include:
  - o *Basic.* This level provides business day access, including weekends from 9 a.m. to 5 p.m. (local time) to technical support center services, and technical documentation, either via the Web, e-mail or direct phone support during working days. New software releases are available for units covered under the certainty support program.
  - o *Standard.* This level increases access to the technical support center 24/7/365 and adds next business day replacement of failed hardware and waives customer shipping costs.
  - o *Advanced.* This level increases the certainty support level standard to four hours' replacement of failed hardware advanced replacement.
- o *Professional Services.* Our professional services group is staffed by a global team of experts possessing extensive knowledge and experience in security and application delivery both in data centers and the cloud. The group offers a full range of services to design, implement, automate, and optimize our customer solutions. We offer the following key professional services:
  - o *Design and Planning.* This service plans and designs applications for future growth with Radware engineers. The service starts with a review of business goals, network optimization assessment and an overview of application architecture and security requirements to help create a comprehensive deployment plan that is tailored to organizational IT requirements.
  - o *Application and Security Optimization Services.* This service analyzes and reviews the current implementation and design and provides recommendations to help optimize the system and achieve business goals.
  - o *Resident Engineer.* Our Resident Engineer service is a proactive on-site engineer who performs operations, design and automation activities. From initial deployment to ongoing management and day-to-day operation, our Resident Engineer service decreases the time demands on our customers' staff, allowing them to focus on their core business.
  - o *Technical Account Manager.* Our technical account manager is a proactive consultant that implements best practices, provides guidance and optimizes networking and application resources.
- o *ERT Service.* Our ERT is a group of security experts available 24x7 for proactive security support services for customers facing a broad array of application and network-layer attacks, such as denial-of-service (DoS) attacks, malware outbreaks and application exploits. Powered by Radware Threat Research Center, ERT engineers combat common and emerging attacks on a daily basis, providing customers with industry-leading expertise, best practices and a deep knowledge of threats, attack tools, intelligence and mitigation technologies. These services include:
  - o *ERT Managed Security Service.* Our ERT offers a fully managed application- and network-security service. The service covers a broad range of attack types from different forms of DDoS to a variety of application attacks against our customers' servers or data centers. It includes immediate response, onboarding, consulting, remote management, and reporting.
  - o *ERT Under-Attack Service.* The ERT under-attack service offers 24x7 access to a security expert within 10 minutes. The ERT engineer will take the lead, fight off attacks and provide postmortem analysis of security events. The ERT under-attack service lets organizations know there is someone to rely on, guaranteeing support throughout the attack life cycle from the moment it begins. The ERT experts are available 24x7 and assist large enterprises worldwide with complex multi-vector attacks against their networks, data centers and application services.

## **Recent Solution Offering Activities**

During 2025, our key solution offering activities consisted of the following:

- We have announced a new solution, LLM Firewall, to secure applications that deploy generative AI models. The LLM Firewall is an add-on to all tiers of our Cloud Application Protection Services, and the first phase of our broader agentic AI protection solution for enterprises. LLM Firewall is designed to help address the growing security concerns around integrated LLM modules in applications and to protect the LLM prompt and response against attacks and abuse. It is designed to secure generative AI use with real-time, AI-based protection at the prompt level, stopping threats before they reach the LLM model. Fully model-agnostic and easy to integrate, it is designed to secure AI use across platforms without disrupting workflows or innovation.
- We have expanded our Threat Intelligence Services with the launch of Telegram Claimed Attacks Report and TLS Fingerprint Reputation Feed. The subscription-based cloud services work in real-time, designed to provide global threat intelligence and visibility, thereby helping security teams to anticipate and neutralize emerging cyber threats before they materialize. In the face of escalating cyberthreats, these reports offer additional preemptive protection to strengthen cyber defenses and improve security posture with minimal operational effort.
- We have expanded our AI SOC Xpert capabilities to cover new use cases to drive efficiencies. AI SOC Xpert now delivers root cause analysis, timeline, and incident context within minutes across both DDoS and bot attacks, providing analysts with the clarity they need to understand what happened and respond with speed and confidence, automatically and at scale. Whereas analysts previously relied on manual correlation or switching between tools, they can now access new dashboards for Application Protection and On-Premises DDoS Protection, along with significant AI enhancements to Cloud DDoS Protection. This unified view of what happened, why it matters, and how to respond reduces investigation fatigue and helps teams act faster under pressure thus reducing MTTR.
- We have launched new cloud security service center in Tel Aviv, Israel (the new Tel Aviv facility marks our second cloud security center in Israel), in Bogota, Colombia, Chennai and Mumbai, India, Nairobi, Kenya, and Lima, Peru. These new service centers are part of our global cloud security network, comprising more than 50 centers worldwide with a total attack mitigation capacity of over 15Tbps.
- We have partnered with SUSE SA, a global provider of open-source enterprise solutions, to offer service providers and enterprises a full stack, cloud-native Kubernetes security solution designed to achieve low latency, high availability, and regulatory compliant outcomes. The collaboration brings together our Kubernetes Web Application and API Protection (KWAAP) with SUSE's Rancher Prime and Edge platforms. The combined solution is designed to create a modular, open, and certified solution for securing distributed workloads at scale—from core data centers to the edge.

## Our Competitive Strengths

Our solutions incorporate proprietary and innovative cybersecurity and application delivery technologies that help our customers to secure the digital experience for users of business-critical applications. We believe our competitive strengths are based on several elements, including the following:

- *Innovation, Proprietary Technologies, and Thought Leadership.* We are offering innovative solutions in our domain. We were one of the first companies to offer hybrid attack mitigation solutions; behavioral DDoS attacks detection with automated real-time signature creation for attack mitigation; device fingerprinting technology implementation for Bot-based attacks detection; auto-policy generation for our WAF solution; protection against encrypted attacks without opening the sessions for DDoS protection; AI to detect attacks targeting workloads in public clouds; and Generative AI to help SOC teams act faster under pressure thus reducing MTTR significantly. We believe this has given us significant expertise, know-how, and leadership in the market for cyber-attack mitigation solutions, and we take part in many technology communities, standard organizations, and open source projects. At the same time, we continue to invest in research and development of cybersecurity and application delivery technologies in order to introduce new and innovative solutions, which are supported and protected by multiple patents and proprietary rights.
- *Automation.* We are offering automated attack detection and mitigation solutions that reduce the total cost of ownership of cybersecurity solutions, including behavioral analysis technology to detect zero-day DDoS attacks; automated real-time signature creation for DDoS attacks mitigation; intent-based behavioral analysis and machine learning (or “ML”) models to detect automated Bot attacks; and machine learning (positive security model) to detect zero-day web application attacks.
- *Wide attacks coverage.* Our solutions offer a wide coverage against attacks, including mitigation of all five generations of Bot attacks; negative and positive security models to defend against known (OWASP top-10) and zero-day web application attacks (standard solutions typically cover OWASP top-10 attacks only); and advanced DDoS attacks protection such as DNS flood attacks, burst floods, SSL flood attacks, IoT botnets and encrypted Web DDoS attacks.
- *Industry Awards.* We gained multiple industry awards during 2025, including the following:
  - Quadrant Knowledge Solutions – 2025 DDoS Mitigation SPARK Matrix™ – Leader
  - Quadrant Knowledge Solutions – 2025 WAF SPARK Matrix™ – Leader
  - Quadrant Knowledge Solutions – 2025 Bot Management SPARK Matrix™ – Leader
  - KuppingerCole - Leadership Compass Report for Web Application and API Protection 2025 – Overall and Innovation Leader
  - Forrester - The Forrester Wave™: Web Application Firewall Solutions, Q1 2025 – Strong Performer
  - Gartner Peer Insights - Voice of the Customer for Cloud Web Application and API Protection Report 2025 – Strong Performer

We are not responsible for the determinations of any of these awards or the entities or publications that award them.

## **Our Growth Strategy**

Our growth strategy is based on several key elements:

- *Focus on cloud and application security.* We aim to offer superior cloud services and application security solutions for our customers, and plan to continue to innovate and provide advanced security capabilities helping enterprises and businesses to keep up with emerging cyber threats and growing compliance and regulation requirements. We also offer managed services for our customers who lack security expertise in network and application security domains.
- *Increase our market footprint.* We believe that a significant market opportunity exists to sell our solutions with the complementary products and services provided by other organizations with whom we wish to collaborate. To that end, we have already established strategic relationships with various third parties, including leading global-class partners, such as Cisco and Check Point, which provide critical access to certain large customers allowing us to sell our solutions. In addition, we intend to further increase our market footprint through collaboration with leading partners.
- *Expand our footprint in the medium sized enterprise market.* The needs of the mid-market enterprises regarding the management of cybersecurity risks are substantially similar to the needs of the large enterprise market, but their capacity and access to skilled talent are more limited. We believe that our fully managed cloud security services can be a great fit for this market, and we intend to further expand our market footprint in this segment.
- *Pursue acquisitions and investments.* In order to achieve our business objectives, we may evaluate and pursue the acquisition of, or significant investments in, other complementary companies, technologies, products, and/or businesses that enable us to enhance and increase our technological capabilities and expand our product and service offerings.

## **Sales and Marketing**

*Sales.* We market and sell our products and services primarily through indirect sales channels that consist of distributors and resellers located in North, Central and South America, Europe, Africa, Asia, and Australia. In addition, we generate direct sales to selected customers mainly in the United States. Our direct sales channels are supported by our sales and marketing managers who are also responsible for recruiting potential distributors and resellers and for initiating and managing marketing projects in their assigned regions. The sales managers are supported by our internal sales support staff that help generate and qualify leads for the sales managers. We have subsidiaries and representative offices and branches in multiple countries to cover the above mentioned regions (see Item 4.C “Organizational Structure”), to promote and market our products and services and provide customer support in their respective regions.

*Marketing.* Our marketing strategy is to enhance brand recognition and maintain our reputation as a provider of technologically advanced, quality cybersecurity and application delivery solutions to help drive demand for our products and services. We seek to build upon our marketing and branding efforts globally to achieve greater worldwide sales and leverage sophisticated digital platforms and activity to scale our presence globally. Our marketing initiatives are principally directed at developing brand awareness, optimizing our digital presence, searchability and awareness, generating qualified leads and providing sales and marketing tools to our distributors/resellers to promote sales. We participate in major trade shows and virtual events, regionally based events/seminars and offer support to our distributors and resellers who participate in these events. We also participate in our partners’ events, such as Cisco Live and Checkpoint Experience, to promote our solutions within their audiences. Additionally, we focus on our customer base to deliver an integrated Customer 360 experience including regular communications, facilitating support and training needs, maximizing customer lifetime value and developing customer advocacy. We also invest in online and search engine advertising campaigns, public relations, and regionalized field marketing campaigns. In addition to our independent marketing efforts, we invest in joint marketing efforts with our distributors, OEMs, VARs, GSIs, and other companies that have formed strategic alliances with us.

## Customers and End-Users

With the exception of our limited direct sales to selected customers, we sell our products and services through distributors or resellers who then sell our products and services to end-users.

We have a globally diversified end-user base, consisting of corporate enterprises, including banks, insurance companies, manufacturing, retail companies, media companies, government agencies and utilities, and service providers, such as telecommunication carriers, internet service providers, cloud service providers, and application service providers. Customers in these different vertical markets deploy Radware products for availability, performance and security of their applications.

In 2025, approximately 41% of our revenues were generated from sales in North, Central and South America (principally in the United States), 37% were in Europe, the Middle East and Africa (EMEA) and 22% in Asia-Pacific, compared to 43%, 34% and 23%, respectively, in 2024, and 40%, 37% and 23%, respectively, in 2023. Other than the United States, which accounted for 31% of our total revenues in 2025, no other single country accounted for more than 10% of our revenues for 2025, 2024, and 2023.

In 2025, approximately 63% of our revenues derived from product sales, and 37% derived from service sales, compared to 57% and 43%, respectively, in 2024 and 56% and 44%, respectively, in 2023.

In 2025, approximately 77% of our revenues derived from the enterprise market and 23% derived from the carrier market, compared to approximately 79% and 21%, respectively, in 2024, and 77% and 23%, respectively, in 2023.

As of December 31, 2025, 2024, and 2023, no single customer accounted for more than 10% of our revenues.

For additional details regarding the breakdown of our revenues by geographical distribution and by activity, see Item 5.A – “Operating Results.”

## Seasonality

Our quarterly operating results have been, and are likely to continue to be, influenced by seasonal fluctuations in our sales and by seasonal purchasing patterns of some of our customers. Our operating results in the fourth quarter tend to be higher than other quarters as some of our customers tend to make greater capital and operational expenditures as well as expenditures relating to service renewals towards the end of their own fiscal years, thereby increasing orders for our products, support and subscription services in the fourth quarter.

## **Customer Support Services**

Our technical support team, which consisted of 409 employees worldwide as of December 31, 2025, supports our sales force during the sales process, assists our customers, resellers and distributors with the initial installation, set-up and ongoing support of our products, and trains them on how to best use our solutions. The technical support team also assists with service onboarding processes and provides training to end-users of our services. In addition, our technical team trains and certifies our distributors and resellers to provide limited technical support in each of the geographical areas in which our products are sold and is directly responsible for remote support. Our Certainty Support Program offerings allow customers to automatically obtain new software versions of their products and obtain optimized performance by purchasing any of the following optional offerings: extended warranty, software updates, 24x7 help-desk (directly to our customers and through our distributors), on-site support and unit replacement. Some of our on-site services are provided by third-party contractors.

## **Research and Development**

We invest in research and development to expand and enhance the features of our existing solutions, to develop new solutions and features and to improve our existing technologies and features. We believe that our future success is dependent upon our ability to maintain our technological expertise, enhance our existing solutions and introduce, on a timely basis, new commercially viable solutions that will address the needs of our customers. Accordingly, we intend to continue devoting a significant portion of our personnel and financial resources to research and development. In order to identify market needs and to define appropriate product specifications, as part of the product development process we seek to maintain close relationships with current and potential distributors, customers and vendors in related industry sectors.

As of December 31, 2025, our research and development staff consisted of 406 employees and 68 subcontractors. Research and development activities take place mainly at our facilities in Israel; Bangalore, India; Vancouver, Canada; and North Carolina, United States. We employ established procedures for the required management, development and quality assurance of our new product developments. Our research and development organization is divided into Application Security, Infrastructure Security, Application Delivery, Management and Control, Cloud Services, and Chief Technology Officer groups. Within those groups the organization is divided according to our existing product solutions. Each product group is headed by a group leader and includes team leaders and engineers. Each group has a dedicated quality assurance team. In addition, we have an infrastructure department responsible for the development of our platforms that are the basis for all products, serving all product groups, which consist of a senior group leader, group leaders, team leaders, and engineers. The heads of all research and development divisions report to either the Chief Operating Officer or the Chief Technology Officer.

See also below under “Government Regulations – Israeli Innovation Authority.”

## **Manufacturing and Suppliers**

Our quality assurance testing, final integration, packaging, and shipping operations as well as part of our final assembly activities are primarily performed at our facility in Jerusalem, Israel. All our products are Underwriters Laboratories (UL), conformité européenne (CE), Federal Communications Commission (FCC) and ISO 9001:2008 compliant and some of them have also achieved industry certifications.

We rely to a large extent on third-party manufacturing vendors to provide our finished products. In this respect, these vendors primarily provide us with design and manufacturing assembly services in order to deliver the finished goods while we perform the final integration of the products. All components and subassemblies included in our products are supplied to the manufacturing vendors by several suppliers and subcontractors. Each of the manufacturing vendors monitors each stage of the components production process, including the selection of components and subassembly suppliers. Thereafter, each of the manufacturing vendors makes the final assembly in their own facility. Our primary manufacturing vendors are ISO 9001 certified, indicating that each of their manufacturing processes adheres to established quality standards.

We primarily rely on two ODMs to manufacture and to supply our hardware platforms. In 2025, approximately 50% of our direct product costs were from one of these vendors and 31% were from the other vendor. Additionally, we rely on four other vendors, which, together with the two ODMs noted above, made up 95% of our direct product costs in 2025.

We conduct a business continuity plan (BCP) with all our vendors to ensure an immediate recovery in case of crisis that might jeopardize the supply of our products and services. For example, in light of the heightened regional security risks affecting Israel, including the aftermath of the October 7 attacks, ongoing military operations in Gaza, renewed hostilities along the northern border with Lebanon involving Hezbollah, and escalating tensions and periodic direct confrontations between Israel and Iran, we have implemented contingency measures designed to mitigate potential disruptions to our operations and supply chain. These measures include maintaining alternative logistics global routes, coordinating closely with our ODM vendors and global partners, and ensuring operational redundancy across multiple locations to support uninterrupted service to our customers worldwide.

In this respect, we have been certified during 2021 for ISO 22301 (Business Continuity Management System). Furthermore, in order to minimize potential delays in product supplies by certain of our ODMs whose lead time had been significantly extended due to the worldwide chipset shortage, we had paid expedite fees to several components manufacturers. However, if we are unable to continue to acquire those platforms or components from these platform manufacturers and vendors on acceptable terms, or should any of these suppliers cease to supply us, on a timely basis, with such platforms or components for any reason, we may not be able to identify and integrate an alternative source of supply in a timely fashion or at the same costs. Any transition to one or more alternate suppliers would likely result in delays, operational problems, and increased costs, and may limit our ability to deliver our products to our customers on time for such transition period, although we believe we have levels of inventory that will assist us to transition to alternate suppliers smoothly.

#### **Proprietary Rights**

We rely on a combination of patent, trademark and trade secret laws, as well as confidentiality agreements and other contractual arrangements with our employees, distributors and others to protect our technology.

We hold various patents in, and have pending patent and provisional patent applications, in the United States and other jurisdictions to protect various aspects of our technology. These applications may not result in any patent being issued, and, even if issued, the patents may not provide adequate protection against competitive technology and may not be held valid and enforceable if challenged. In addition, other parties may assert rights as inventors of the underlying technologies, which could limit our ability to fully exploit the rights conferred by any patent that we receive. For the risks and uncertainties associated with protecting our technology, see in Item 3.D "Risk Factors" under "Our business and operating results could suffer if third parties infringe upon our proprietary technology" and "Our products may infringe on the intellectual property rights of others."

## Competition

The cybersecurity and application delivery market is highly fragmented and competitive, and we expect competition to intensify in the future.

Our principal competitors are:

- DDoS Mitigation: Akamai Technologies, Inc. (“Akamai”), Imperva Inc. (“Imperva”), Netscout Systems, Inc. and Cloudflare, Inc.
- Web Application Firewalls and Bot Management: Akamai, Imperva, Cloudflare, Inc., F5 Networks, Inc. (“F5”), and AWS.
- Application Delivery: F5, A10 Networks, Inc., and Citrix Systems, Inc.

We expect to continue to face additional competition as new participants enter the market or extend their portfolios into related technologies. Larger companies with substantial resources, brand recognition and sales channels may also form consolidation and alliances with or acquire competing providers of application delivery or application and network security solutions and emerge as significant competitors. We also expect competition to intensify in the future as a result of the integration of AI technologies into the markets in which we compete, whether by existing or new market entrants.

We continue seeing new types of competitors from within the public cloud providers – as more companies rely on these environments to host their services and applications, these vendors start providing cybersecurity solutions that are typically relatively basic and customized for their own environment. As we see more and more companies relying on more than one public cloud vendor, we expect to see additional competitors and rapid evolution of solutions and offerings.

An increase in competition may lower prices and reduce demand and margins as well as increase costs associated with sales and marketing to maintain or increase market share; which, in turn, may impair our ability to increase profitability. Furthermore, the dynamic market environment poses a challenge in predicting market trends and expected growth. We believe that our products and services have several competitive advantages in performance and accuracy and that our future success will depend primarily on our continued ability to provide more technologically advanced and cost-effective application delivery and cybersecurity solutions, and more responsive customer service and support, than our competitors. However, we cannot assure you that all products and services we offer in our portfolio will compete successfully with similar competitor solutions. See also above under “Business Overview.”

## Government Regulations

### *Data Privacy and Data Protection*

Our activities in the cybersecurity market require that we comply with laws and regulations in the area of data privacy and data protection governing the collection, use, retention, sharing and security of personal data. Virtually every jurisdiction in which we operate has established its own legal framework relating to privacy, data protection, and information security matters with which we and/or our customers must comply. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, retention, disclosure, security, transfer, and other processing of data that identifies or may be used to identify or locate an individual. Some countries and regions have passed legislation that imposes significant obligations in connection with privacy, data protection, and information security.

## *Europe and UK*

In the EEA, we are subject to the GDPR and in the United Kingdom we are subject to UK DP Laws, in each case in relation to our collection, control, processing, sharing, disclosure and other use of data relating to an identifiable living individual (personal data). The GDPR, and national implementing legislation in EEA member states and the United Kingdom, impose a strict data protection compliance regime, including restrictions on cross-border data transfers.

The DORA, which came into effect in the European Union in January 2025, requires additional security, resiliency, and governance controls for financial institutions and their third-party service providers. These controls require service providers to perform extensive security testing, security incident reporting, and detailed reviews of sub-processors used to deliver their service. In addition to the cost of maintaining the DORA control requirements, the DORA regulations include a schedule of fees and fines for non-compliance. The EU has also enacted legislation that would regulate non-personal data and establish new cybersecurity standards, and other countries, including the U.K., may similarly do so in the future. For example, the EU's Digital Services Act imposes certain content moderation, notice and transparency obligations on digital platforms and intermediaries and certain data. Additionally, the EU's Network and Information Security Directive II, adopted in 2023, regulates resilience and incident response capabilities of entities operating in a number of sectors, including the digital infrastructure sector and provides for EU member states to have issued implementing legislation by October 2024. The EU has also enacted the CRA which, among other things, sets cybersecurity standards and incident reporting requirements for hardware and software products in the EU market.

## *United States*

In the United States, there are numerous federal, state and local data privacy and security laws, rules and regulations governing the collection, sharing, use, retention, disclosure, security, transfer, storage and other processing of personal information, including federal and state data privacy and security laws, data breach notification laws and data disposal laws. For example, at the federal level, we are (or may become) subject to, among other laws and regulations, the rules and regulations promulgated under the authority of the Federal Trade Commission ("FTC") (which has the authority to regulate and enforce against unfair or deceptive acts or practices in or affecting commerce, including acts and practices with respect to data privacy and security), as well as the Electronic Communication Privacy Act, the Computer Fraud and Abuse Act, the Health Insurance Portability and Accountability Act ("HIPAA"), the FTC's Health Breach Notification Rule and the Gramm Leach Bliley Act (and its implementing regulations). The U.S. Congress also has considered, is currently considering, and may in the future consider, various proposals for comprehensive federal data privacy and security legislation, to which we may become subject if passed. Requirements for compliance under HIPAA are also subject to change, as the U.S. Department of Health and Human Services Office of Civil Rights issued a proposed rule that would amend certain security compliance requirements for covered entities and business associates. Further, the U.S. Department of Justice issued a final rule entitled, "Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons," codified at 28 CFR part 202 ("Bulk Transfer Rule"). The Bulk Transfer Rule prohibits and restricts bulk transfers of sensitive personal data (including genetic and health data) to countries of concern, such as China, Russia, and Iran to prevent access by foreign adversaries. It restricts our ability to engage in certain cross-border transactions involving genomic or biological samples and related data, which may increase compliance costs, lead to increased regulatory scrutiny or liability, and may require additional contractual negotiations, which may adversely impact our business, financial condition, and operating results.

At the state level, we are subject to laws and regulations relating to cybersecurity and data privacy, such as the CCPA. The CCPA broadly defines personal information and gives California residents expanded privacy rights and protections, such as affording them the right to access and request deletion of their information and to opt out of certain sharing and sales of personal information. The CCPA requires companies to implement reasonable security procedures and provides for severe civil penalties and statutory damages for violations and a private right of action for certain data breaches that result in the loss of unencrypted personal information. This private right of action increases the likelihood of, and risks associated with, data breach litigation. In addition, some of these laws (including the CCPA), along with other standalone health privacy laws, subject health-related information to additional safeguards and disclosures and some specifically regulate consumer health data, such as the Washington My Health My Data Act, Nevada's Consumer Health Data Privacy Law, and Connecticut's amendments to its privacy law to address health data. Numerous other states have also enacted, or are in the process of enacting or considering, comprehensive state-level data privacy and security laws and information-specific, rules and regulations that share similarities with the CCPA and may be applicable to our operations. Moreover, laws in all 50 U.S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been subject to unauthorized access or acquisition as a result of a data breach. Notifications or other public disclosure or dissemination of information related to any actual or perceived security incident could impact our reputation, harm customer confidence, hurt our expansion into new markets or cause us to lose existing customers. Additional possible consequences for non-compliance with these various state laws include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies, state attorneys general and legislatures and consumer protection agencies.

#### *AI Laws*

In addition, our use of AI Technologies is facing increasing regulatory scrutiny (see the risk factor in Item 3.D. above titled "We face risks related to the rapidly evolving regulatory framework for AI Technologies.").

#### *Environmental and Security Management Regulations*

Our activities in Europe require that we comply with European Union Directives with respect to product quality assurance standards and environmental standards. The Restriction of Hazardous Substances (RoHS) and RoHS II Directives require products sold in Europe to meet certain design specifications, which exclude the use of hazardous substances. Directive 2002/96/EC on Waste Electrical and Electronic Equipment (known as the "WEEE" Directive) requires producers of electrical and electronic equipment to register in different European countries and to provide collection and recycling facilities for used products. We believe we are currently in compliance with the RoHS and WEEE regulations, ISO 14001 standards (regarding Environmental Management Systems), ISO/IEC 27001:2013 and ISO 27032: 2012 standards (both in regard to Information Security Management System), ISO 28000 (Supply Chain Security management) and OHSAS 18001:2007 (Occupational Health and Safety Management).

#### *Israeli Innovation Authority*

From time to time, eligible participants may receive grants under programs of the IIA. This governmental support is conditioned upon the participant's ability to comply with certain applicable requirements and conditions specified in the IIA's programs and the Innovation Law.

Under the Innovation Law, research and development programs that meet specified criteria and are approved by the Research Committee of the IIA are eligible for grants usually of up to 55% of certain approved expenditures of such programs, as determined by said committee.

The Innovation Law provides that know-how developed under an approved research and development program or rights associated with such know-how (1) may not be transferred to third parties in Israel without the approval of the IIA (such approval is not required for the sale or export of any products resulting from such research or development) and (2) may not be transferred to any third parties outside Israel, except in certain special circumstances and subject to the IIA's prior approval, which approval, if any, may generally be obtained, subject to payment of a transfer fee pursuant to which the grant recipient pays to the IIA a portion of the sale price paid in consideration for such IIA-funded know-how; or a portion of the consideration paid in respect of licensing the IIA-funded know-how, as the case may be (according to certain formulas, which may result in repayment of up to 600% of the grant amounts plus interest). Under certain circumstances, such as in the event that the grant recipient receives know-how from a third party in exchange for its IIA-funded know-how, such transfer fee may not apply.

The Innovation Law imposes reporting requirements with respect to certain changes in the ownership of a grant recipient. The law requires the grant recipient and its controlling shareholders and foreign interested parties to notify the IIA of any change in control of the recipient or a change in the holdings of the means of control of the recipient and requires a non-Israeli interested party to undertake to the IIA to comply with the Innovation Law. In addition, the rules of the IIA may require additional information or representations in respect of certain of such events. For this purpose, "control" is defined as the ability to direct the activities of a company other than any ability arising solely from serving as an officer or director of the company. A person is presumed to have control if such person holds 50% or more of the means of control of a company. "Means of control" refers to voting rights or the right to appoint directors or the chief executive officer. An "interested party" of a company includes a holder of 5% or more of its outstanding share capital or voting rights, its chief executive officer and directors, someone who has the right to appoint its chief executive officer or at least one director, and a company with respect to which any of the foregoing interested parties owns 25% or more of the outstanding share capital or voting rights or has the right to appoint 25% or more of the directors. Accordingly, any non-Israeli who acquires 5% or more of our ordinary shares will be required to notify us that it has become an interested party and needs to sign an undertaking to comply with the Innovation Law.

The Israeli authorities have indicated in the past that the government may further reduce or abolish the IIA grants in the future. Even if these grants are maintained, we cannot presently predict what would be the amounts of future grants, if any, that we might receive.

In 2025, 2024, and 2023, we were qualified to participate in projects funded by the IIA to develop generic technology relevant to the development of our products. We were eligible to receive grants constituting between 30% and 55% of certain research and development expenses relating to these projects. The grants under these projects are not required to be repaid by way of royalties.

In addition, one of our Israeli subsidiaries received royalty-bearing grants from the IIA for an approved research and development project. The grants under this project, which amounted to \$0.4 million for the year ended December 31, 2025, are required to be repaid based on revenues from the sale of products incorporating or based upon know-how developed, in whole or in part with the grants.

Research and development grants deducted from research and development expenses, net amounted to \$0.3 million, \$0.04 million, and \$0.4 million for the years ended December 31, 2025, 2024, and 2023, respectively.

#### **Environmental, Social and Governance Matters**

At Radware, we aim to help customers protect their critical applications and secure their digital experiences. As we pursue this goal, we recognize our responsibility to promote socially and environmentally responsible economic growth through, and in the best interest of our business practices. In order to promote this corporate responsibility and sustainability approach, we have implemented, and will continue to implement, various ESG principles and activities into our daily business practices, including, but not limited to, those summarized below.

Our most recent ESG Report is available at [www.radware.com/corporategovernance](http://www.radware.com/corporategovernance) (information contained on our website, including in our ESG report, is not incorporated herein by reference and shall not constitute part of this annual report).

#### *Environmental*

We aim to build a more sustainable world through the products, services, and solutions we offer and the way we operate. This means, among other things, that we aim to operate our business in a manner that meets or exceeds all environmental laws and compliance guidelines and strive to improve our environmental performance across our entire supply chain.

While we continue to develop a program that recognizes our environmental impact, we have already implemented various activities to measure and foster our environmental focus, including the following highlights:

- We have implemented key performance indicators (KPIs), which set quantitative reduction goals for the use of water, power and paper;
- We work with our suppliers to maintain compliance with various environmental laws and guidelines, such as RoHS and WEEE in the EU, and adopted our Conflict Minerals Policy available at [www.radware.com/corporategovernance/conflictminerals](http://www.radware.com/corporategovernance/conflictminerals) (information contained on our website, including in our Conflict Minerals Policy, is not incorporated herein by reference and shall not constitute part of this annual report), which outlines our practices and procedures with respect to responsible sourcing of minerals from conflict-affected and high-risk areas; and
- Our corporate headquarters in Tel Aviv, Israel, as well as our training rooms in Tel Aviv are designed in the “TED” style to serve as multifunctional work spaces while the operations room utilizes NVX video technology in order to minimize the amount of copper wiring required to function and travel. At our headquarters, we offer EV charging stations to our employees and visitors, and where applicable according to local requirements, we offer recycling and properly dispose of e-waste.

#### *Social*

We believe that the foundation of our success lies in our diverse, engaged, and motivated workforce, and we continuously advocate for our team by creating a work environment in which our employees can thrive in the spirit of productivity and development. This means, among other things, that we aim to operate our business in a manner that promotes a work environment that is free of discrimination on the basis of any protected characteristics and harassment and otherwise attends to our employees’ wellbeing.

While we continue to develop a program that recognizes our social impact, we have already implemented various activities to measure and foster our focus on social impact, including the following highlights:

- We are an equal-opportunity employer and make employment decisions based on a person’s qualifications and our business needs. This is demonstrated by our Human Rights and Labor Standards Policy;
- Our corporate policy maintains zero tolerance for harassment, sexual harassment, and discrimination against individuals on the basis of any protected characteristics, and it imposes significant consequences for behavior deemed to create a hostile work environment. This is demonstrated by our Code of Conduct and Ethics as well as our Human Rights and Labor Standards Policy;
- We offer what we believe is an attractive mix of compensation and benefit plans to support our employees’ and their families’ physical, mental, and financial well-being. This includes allowing the majority of our employees to have a direct ownership interest in Radware by participating in our equity-based incentive plans; and
- We are focused on maintaining a healthy, safe, and secure work environment that protects our employees and the public from harm. This is demonstrated by the measures we implemented in order to overcome the challenges presented by the COVID-19 pandemic. We implemented a hybrid work model, which enables our employees to work partly remote and partly in the office. We believe that this flexibility drives increased job satisfaction while addressing the major challenges of remote work, such as isolation and lack of community.

#### *Governance*

As part of our sustainable and other ESG operations policies, we aim to conduct our corporate governance and build corporate behavior mechanisms to align with the interest of all our stakeholders. This means, among other things, that we developed and strive to maintain a strong set of corporate values that will inspire ethical behavior across all decision-making processes, and a management and control system so that ethics and security issues are given their due weight. This includes the following highlights:

- **Corporate Governance and Board Practices:** Our corporate governance policies and practices are designed to foster effective board oversight in service of the long-term interests of our shareholders. A majority of the members of our Board of Directors qualify as “independent directors” under the Nasdaq rules. The Audit, Compensation and Nomination and Corporate Governance Committees of our Board of Directors, which are charged with significant functions in our risk oversight, compensation and corporate governance philosophy, respectively, all currently consist of three members, all of whom qualify as “independent directors” under the Nasdaq rules. For further details on our corporate governance, as well as our Board of Directors and its committees’ roles and practices, see Items 6.C “Board Practices” and 16G “Corporate Governance.”
- **Ethical Business Conduct:** All our directors, officers, consultants, service providers and employees are expected to conduct themselves in accordance with our Code of Conduct and Ethics available at <http://www.radware.com/corporategovernance/> (information contained on our website, including in our Code of Conduct and Ethics, is not incorporated herein by reference and shall not constitute part of this annual report). Our Code of Conduct and Ethics is intended to promote various elements of ethical business conduct, such as compliance with laws; avoiding conflict of interests and personal exploitation of corporate opportunities; fair dealing; confidentiality of information; and other policies and guidelines in connection with insider trading and anti-corruption laws and policies.

**C. Organizational Structure**

We have a wholly owned subsidiary in the United States, Radware Inc., which conducts the sales and marketing of our products and services primarily in the United States and Canada. We also have several other wholly owned subsidiaries worldwide handling primarily local sales and marketing, support and promotion activities. Our subsidiaries include (unless otherwise indicated, all subsidiaries are wholly owned, directly or indirectly):

<b><u>Name of Subsidiary</u></b>	<b><u>Place of Incorporation</u></b>
Radware Inc.	New Jersey, United States
Radware UK Limited	United Kingdom
Radware France	France
Radware Srl	Italy
Radware GmbH	Germany
Nihon Radware KK	Japan
Radware Australia Pty. Ltd.	Australia
Radware Singapore Pte. Ltd.	Singapore
Radware Korea Ltd.	Korea
Radware Canada Inc.	Canada
Radware India Pvt. Ltd.	India
Kaalbi Technologies Limited Ltd.	India
Radware (India) Cyber Security Solutions Private Limited	India
Radware China Ltd. 睿伟网络科技 (上海) 有限公司	China
Radware (Hong Kong) Limited	Hong Kong
Radyoos Media Ltd.*	Israel
Radware Iberia, S.L.U.	Spain
Edgehawk Security Ltd.	Israel
SkyHawk (CNP) Security Ltd.**	Israel
SkyHawk Security, Inc.***	Delaware, United States
CSR Cloud Security Ltd.	Israel
Radware (Colombia) S.A.S.	Colombia
Pynt, Inc.	Delaware, United States
Overcast Security Ltd.***	Israel
Radware Canada Holdings Inc.***	Canada

\* We own approximately 91.0% of this subsidiary, which ceased its activities in 2017.

\*\* We own approximately 76.2% of this subsidiary.

\*\*\* Indirect subsidiary.

The late Yehuda Zisapel, one of our co-founders and shareholders, was the father of Roy Zisapel, our President, Chief Executive Officer and director. Either the heirs of the late Yehuda Zisapel (namely, Roy Zisapel, Carmi Zisapel and Adi Zisapel, to which we sometime refer in this annual report as the heirs of the late Yehuda Zisapel), the heirs of his late brother, Zohar Zisapel (namely, Michael Zisapel and Klil Zisapel, to which we sometime refer in this annual report as the heirs of the late Zohar Zisapel), and Nava Zisapel, the mother of Roy Zisapel, or all of them together, are founders, directors and/or shareholders of several other companies which, together with our Company and our subsidiaries listed above, are known as the RAD-Bynet Group. These companies include, among others:

AB-NET Communications Ltd.	Ceragon Networks Ltd.	RADWIN Ltd.
Binat Business Ltd.	Internet Binat Ltd.*	DC Protection Ltd. (previously known as SecurityDAM Ltd.)
BYNET Data Communications Ltd.*	Packetlight Networks Ltd.	
Bynet Data Centers Ltd.	RAD-Bynet Properties and Services (1981) Ltd.*	
CloudRide Ltd.*	Radbit Computers, Inc.	
BYNET Electronics Ltd.*	RADCOM Ltd.	
BYNET SEMECH (outsourcing) Ltd.*	RAD Data Communications Ltd.*	
Bynet Software Systems Ltd.		
Bynet System Applications Ltd.*		

\*Denotes a RAD-Bynet Group company with which we currently transact business.

The heirs of the late Yehuda Zisapel and the heirs of the late Zohar Zisapel also hold shares in Carteav Ltd., Tupaia Ltd. and Radiflow Ltd., start-up companies that are not considered part of the RAD-Bynet group.

The RAD-Bynet Group also includes several other holdings, real estate companies, and biotech and pharmaceutical companies, and the above list does not constitute a complete list of all entities within the RAD-Bynet Group or of all the holdings of the heirs of the late Yehuda Zisapel, the heirs of the late Zohar Zisapel and Nava Zisapel.

Members of the RAD-Bynet Group are actively engaged in designing, manufacturing, marketing, and supporting data communications products and services, none of which currently compete with our products. Some of the products of members of the RAD-Bynet Group are complementary to, and may be used in connection with, our products and services. See also Item 7.B "Related Party Transactions."

#### **D. Property, Plants and Equipment**

*General.* We operate from leased premises mainly in Tel Aviv, Jerusalem and Ramat Gan in Israel and New Jersey in the United States. We also lease premises in several locations in Europe, North America, South America and Asia-Pacific for the activities of our subsidiaries, representative offices and branches. Our aggregate annual rent expenses under these leases were approximately \$5.4 million in 2025.

We believe that the following offices and facilities are suitable and adequate for our operations as currently conducted and as currently foreseen. In the event that additional or substitute offices and facilities are required, we believe that we could obtain such offices and facilities at commercially reasonable rates.

*Israel.* Our headquarters and principal administrative, finance, research and development and marketing operations are located in approximately 108,000 square feet of leased office space in Tel Aviv, Israel, in two buildings: one building, consisting of approximately 40,000 square feet, plus storage and parking space, and the second building, consisting of approximately 68,000 square feet, plus parking spaces. Both buildings have leases that expire in June 2030 and are leased from, among others, affiliated companies owned by the heirs of the late Yehuda Zisapel, Nava Zisapel and/or the heirs of the late Zohar Zisapel, as applicable. For more information, see Item 7.B “Related Party Transactions.”

In addition, we lease approximately 3,600 square feet of space in Jerusalem, Israel, for development facilities from an affiliated company owned by the heirs of the late Yehuda Zisapel and Nava Zisapel. The lease expires in July 2028. We also lease approximately 8,000 square feet for manufacturing facilities in Jerusalem, Israel, from an affiliated company owned by the heirs of the late Yehuda Zisapel, Nava Zisapel and the heirs of the late Zohar Zisapel. The lease expires in August 2028. For more information, see Item 7.B “Related Party Transactions.”

We also lease approximately 6,600 square feet of space in Ramat Gan, for operations of one of our subsidiaries. The lease expires in September 2026.

*Other locations.* In the United States, we lease approximately 16,900 square feet of property in Mahwah, New Jersey, consisting of approximately 12,700 square feet of office space and 4,200 square feet of warehouse space from a company controlled by the heirs of the late Yehuda Zisapel, Nava Zisapel and the heirs of the late Zohar Zisapel. The lease expires in March 2031. For more information, see Item 7.B “Related Party Transactions.”

We lease approximately 3,850 square feet of property for our research and development facilities in North Carolina, the lease for which will expire in March 2026.

We also lease facilities for the operation of our subsidiaries and representative offices in several locations in Europe, North America, South America, and Asia-Pacific, all from unrelated third parties.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

Our discussion and analysis of our financial condition and results of operation are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Our operating and financial review and prospects should be read in conjunction with our financial statements, accompanying notes thereto and other financial information appearing elsewhere in this annual report.

## A. Operating Results

### Overview

#### *General*

We are a provider of application security and delivery solutions for multi-cloud environments. Our solutions secure the digital experience by providing infrastructure, application, and network protection and availability services to companies globally. Our solutions are deployed by, among others, enterprises, carriers, and cloud service providers.

We began sales in 1997, and currently have 26 local offices, subsidiaries or branches globally across Asia-Pacific, Europe, and North, Central and South America.

Most of our revenues are generated in dollars or are dollar-linked, and the majority of our expenses are incurred in dollars. As such, the dollar is our functional currency. Our consolidated financial statements are prepared in dollars and in accordance with U.S. GAAP.

Our revenues are derived from sales of our solutions:

- We recognize physical and software product revenues when control of the product is transferred to the customer (i.e., when our performance obligation is satisfied), which typically occurs at shipment, and we recognize revenues from cloud subscriptions, as part of the product revenues, ratably over the subscription period.
- Revenues from post-contract customer support (PCS), which mainly represents help-desk support and unit repairs or replacements, professional services, and ERT services, are recognized ratably over the contract or subscription period, which is typically between one year and three years.

Most of our sales are through channels such as resellers and distributors. Our revenues are also attributed to geographic areas based on the location of the end-users.

In the years ended December 31, 2025, 2024, and 2023, revenues derived from sales of the Company's products and product subscriptions constituted approximately 63%, 57%, and 56%, respectively, of our total revenues, with the remaining revenues being derived from services.

### Results of Operations

The following discussion of our results of operations for the years ended December 31, 2025, 2024, and 2023, including the following tables, which present selected financial information in dollars and as a percentage of total revenues, are based upon our consolidated statements of operations contained in our financial statements for those periods, and the related notes, included in this annual report.

The following table sets forth, for the periods indicated, certain financial data concerning our consolidated operating results:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(US \$ in thousands)		
<b>Revenues:</b>			
Products	189,582	155,437	145,541
Services	112,268	119,443	115,751
	<u>\$ 301,850</u>	<u>\$ 274,880</u>	<u>\$ 261,292</u>
<b>Cost of revenues:</b>			
Products	49,033	42,178	41,450
Services	9,306	11,074	10,260
	<u>58,339</u>	<u>53,252</u>	<u>51,710</u>
<b>Gross profit</b>	<u>243,511</u>	<u>221,628</u>	<u>209,582</u>
<b>Operating expenses, net:</b>			
Research and development, net	78,981	74,723	82,617
Sales and marketing	127,586	122,450	126,237
General and administrative	25,536	28,342	32,408
Total operating expenses, net	<u>232,103</u>	<u>225,515</u>	<u>241,262</u>
<b>Operating profit (loss)</b>	<u>11,408</u>	<u>(3,887)</u>	<u>(31,680)</u>
Financial income, net	17,899	16,552	13,927
<b>Income (loss) before taxes on income</b>	<u>29,307</u>	<u>12,665</u>	<u>(17,753)</u>
Taxes on income	9,050	6,627	3,837
<b>Net income (loss)</b>	<u>20,257</u>	<u>6,038</u>	<u>(21,590)</u>

The following table sets forth, for the periods indicated, certain financial data expressed as a percentage of our total revenues:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>			
Products	63%	57%	56%
Services	37	43	44
	<u>100</u>	<u>100</u>	<u>100</u>
<b>Cost of Revenues:</b>			
Products	16	15	16
Services	3	4	4
	<u>19</u>	<u>19</u>	<u>20</u>
<b>Gross profit</b>	<u>81</u>	<u>81</u>	<u>80</u>
<b>Operating expenses, net:</b>			
Research and development, net	26	27	32
Sales and marketing	42	45	48
General and administrative	9	10	12
Total operating expenses, net	<u>77</u>	<u>82</u>	<u>92</u>
<b>Operating profit (loss)</b>	<u>4</u>	<u>(1)</u>	<u>(12)</u>
Financial income, net	6	6	5
<b>Income (loss) before taxes on income</b>	<u>10</u>	<u>5</u>	<u>(7)</u>
Taxes on income	(3)	(2)	(1)
<b>Net income (loss)</b>	<u>7%</u>	<u>2%</u>	<u>(8)%</u>

**Comparison of Years Ended December 31, 2025, 2024, and 2023.**

*Revenues.*

Our revenues are derived from sales of our solutions. Revenues from physical products and software-based products are recognized when control of the promised goods is transferred to the customer, either upon shipment or when the product is delivered, depending on the commercial terms of each transaction. Revenues from cloud subscriptions are recognized ratably over the subscription period. Revenues from post-contract customer support, which represent mainly help-desk support, unit repairs or replacements, professional services and ERT services are recognized ratably over the contract period. For additional details regarding the manner in which we recognize revenues, see the discussion under the caption “Critical Accounting Estimates – Revenue Recognition” below.

The following table provides a breakdown of our consolidated revenues by type of revenues both in dollars and as a percentage of total revenues for the past three fiscal years, as well as the percentage change between such periods:

(US\$ in thousands, except percentages)	2025		2024		2023		% Change 2025 vs. 2024	% Change 2024 vs. 2023
Products	189,582	63%	155,437	57%	145,541	56%	22%	7%
Services	112,268	37%	119,443	43%	115,751	44%	(6)%	3%
<b>Total</b>	<b>301,850</b>	<b>100%</b>	<b>274,880</b>	<b>100%</b>	<b>261,292</b>	<b>100%</b>	<b>10%</b>	<b>5%</b>

The following table shows a breakdown of our consolidated revenues by geographical distribution both in dollars and as a percentage of total revenues for the past three fiscal years, as well as the percentage change between such periods:

(US\$ in thousands, except percentages)	2025		2024		2023		% Change 2025 vs. 2024	% Change 2024 vs. 2023
North, Central and South America (principally the United States)(*)	124,530	41%	117,740	43%	103,435	40%	6%	14%
EMEA (Europe, the Middle East and Africa)	111,253	37%	94,075	34%	96,488	37%	18%	(3)%
Asia-Pacific	66,067	22%	63,065	23%	61,369	23%	5%	3%
<b>Total</b>	<b>301,850</b>	<b>100%</b>	<b>274,880</b>	<b>100%</b>	<b>261,292</b>	<b>100%</b>	<b>10%</b>	<b>5%</b>

(\*) For the years ended December 31, 2025, 2024, and 2023, our revenues from the United States were \$92.7 million, \$83.4 million, and \$73.0 million, respectively, representing 31%, 31%, and 28% of total revenues for these years, respectively.

Revenues in 2025 were \$301.8 million compared with revenues of \$274.9 million in 2024, an increase of 10%. The increase in revenues was primarily attributable to sustained momentum in our cloud security portfolio and the continued strong performance of DefenseProX, supported by both new customer wins and product refresh cycles. These factors contributed to robust growth in the EMEA region, where revenues increased 18% year-over-year.

Revenues in 2024 were \$274.9 million compared with revenues of \$261.3 million in 2023, an increase of 5%. The increase in revenue was primarily attributed to the growing demand for our cloud-based solutions, especially our cloud security products, the successful DefensePro X refresh, and the increased contribution from our OEM partnerships, fueling a growth in the Americas, where revenue increased 14% year-over-year.

In 2025, our product revenues were \$189.6 million, an increase of 22% compared to \$155.5 million in 2024. The increase in product revenues was primarily attributable to continued growth in demand for our cloud-based DDoS protection and cloud application protection subscription products, as well as higher hardware sales across our DDoS and Alteon product lines in the EMEA region. This performance reflects both new customer acquisitions and ongoing product refresh cycles.

In 2024, our product revenues were \$155.5 million, an increase of 7% compared to \$145.5 million in 2023. The increase in revenues is attributed primarily to an increase in our cloud DDoS protection and cloud application protection subscription products revenues, the growing demand for our cloud-based solutions, and an increase in our DefensePro X product revenues, primarily due to the successful DefensePro X refresh.

In 2025, our service revenues were \$112.3 million, a decrease of 6% compared to \$119.4 million in 2024. The decrease in service revenues was primarily attributable to lower revenues from support services, reflecting our continued transition toward cloud-based and subscription-based offerings.

In 2024, our service revenues were \$119.4 million, an increase of 3% compared to \$115.8 million in 2023. The increase in service revenues was mainly attributed to the increase in revenues from support services for our on-premises devices and an increase in our managed services revenues.

During 2025, our revenues from the enterprise market increased by 7% to \$232.0 million from \$216.5 million in 2024, and revenues from the carrier market increased by 20% to \$69.9 million from \$58.4 million in 2024. During 2024, our revenues from the enterprise market increased by 8% to \$216.5 million from \$201.2 million in 2023, and revenues from the carrier market decreased by 3% to \$58.4 million from \$60.1 million in 2023.

Our revenues in North, Central and South America increased in 2025 by 6% compared to 2024. Revenues in the Asia-Pacific region increased in 2025 by 5% compared to 2024 and revenues in EMEA region increased in 2025 by 18% compared to 2024. Revenue growth in the North, Central and South America and Asia-Pacific regions was primarily driven by a significant increase in revenues from our cloud security subscription products, partially offset by lower revenues from hardware products and support services. Revenue growth in the EMEA region was primarily attributable to a significant increase in revenues from our cloud security subscription products, as well as higher hardware product revenues across our DDoS and Alteon product lines.

Our revenues in North, Central and South America increased in 2024 by 14% compared to 2023. Revenues in the Asia-Pacific region increased in 2024 by 3% compared to 2023. The growth in our North, Central and South America and Asia-Pacific regions revenues was mainly attributed to an increase in our cloud security subscription products revenues and our DefensePro X product revenues. Revenues from the EMEA region decreased in 2024 by 2% compared to 2023. The decrease in our EMEA region was mainly attributed to a decrease in sales of our hardware-based products, partially offset by an increase in customer services revenues.

*Cost of Revenues.*

Cost of revenues refers to both products and services revenues and consists primarily of the cost of circuit boards and other components required for the assembly of our products, salaries and related personnel expenses for those engaged in the final assembly, and in providing support and maintenance service of our products, license and hosting fees paid to third parties, fees paid to managed security service providers (related parties), inventory write-offs, amortization of acquired technology and other overhead costs.

The following table sets forth a breakdown of our cost of revenues between products and services for the periods indicated, in absolute figures and as a percentage of the relative product and services revenues:

(US\$ in thousands, except percentages)	2025		2024		2023	
Cost of Products	49,033	25.9%	42,178	27.1%	41,450	28.5%
Cost of Services	9,306	8.3%	11,074	9.3%	10,260	8.9%
<b>Total</b>	<b>58,339</b>	<b>19.3%</b>	<b>53,252</b>	<b>19.4%</b>	<b>51,710</b>	<b>19.8%</b>

Cost of products as a percentage of product revenues in 2025 was 25.9%, compared to 27.1% in 2024. Cost of products in both 2025 and 2024 included amortization of intangible assets of \$4.0 million. Our cost of products as a percentage of product revenues, excluding amortization of intangible assets, represented approximately 23.8% of product revenues in 2025, compared to 24.6% in 2024. Excluding amortization of intangible assets, the decrease in cost of products as a percentage of product revenues was mainly attributed to the increase in our products revenues.

Cost of services as a percentage of service revenues in 2025 was 8.3% compared to 9.3% in 2024.

Cost of products as a percentage of product revenues in 2024 was 27.1%, compared to 28.5% in 2023. Cost of products in both 2024 and 2023 included amortization of intangible assets of \$4.0 million. Our cost of products as a percentage of product revenues, excluding amortization of intangible assets, represented approximately 24.6% of product revenues in 2024, compared to 25.7% in 2023. Excluding amortization of intangible assets, the decrease in cost of products as a percentage of product revenues was mainly attributed to the increase in our products revenues.

Cost of services as a percentage of service revenues in 2024 was 9.3% compared to 8.9% in 2023.

*Operating Expenses.*

The following table sets forth a breakdown of our operating expenses, net for the periods indicated as well as the percentage change between such periods:

(US\$ in thousands, except percentages)	2025	2024	2023	% Change 2025 vs. 2024	% Change 2024 vs. 2023
Research and development, net	\$ 78,981	\$ 74,723	\$ 82,617	6%	(10)%
Sales and marketing	127,586	122,450	126,237	4%	(3)%
General and administrative	25,536	28,342	32,408	(10)%	(13)%
<b>Total</b>	<u>\$ 232,103</u>	<u>\$ 225,515</u>	<u>\$ 241,262</u>	<u>3%</u>	<u>(7)%</u>

Operating expenses increased by 3% to \$232.1 million in 2025, compared to \$225.5 million in 2024. The \$6.6 million increase was primarily attributable to a \$4.0 million rise in personnel-related costs, driven mainly by higher average headcount year-over-year and the impact of the depreciation of the U.S. dollar relative to the NIS. Additional contributors included a \$2.4 million increase in payments to subcontractors and finder fees, a \$1.7 million increase in hosting-related expenses, and a \$2.1 million increase in sales-event and marketing-related expenditures. These increases were partially offset by a \$2.2 million decrease in share-based compensation expense, as well as reductions of \$0.7 million in office-related expenses and \$0.7 million in the revaluation of contingent consideration and other general and administrative costs.

Our operating expenses decreased by 7% in 2024 to \$225.5 million from \$241.3 million in 2023. The decrease of \$15.8 million was primarily attributed to a decrease of \$7.9 million in share-based compensation expenses and a decrease of \$5.8 million in personnel costs and related expenses, mainly due to a decrease in average headcount compared to the previous year, partially offset by an increase in incentive commissions due to better sales performances in 2024, as well as a decrease of \$1.1 million in fees paid to subcontractors and a decrease of \$1.0 million in marketing costs.

*Research and Development Expenses, Net.*

Research and development (“R&D”), expenses, net consist primarily of salaries and related personnel expenses, costs of subcontractors, and prototype expenses related to the design, development, quality assurance and enhancement of our solutions, and depreciation of equipment purchased for the development and testing processes. All R&D costs are expensed as incurred. We believe that continued investment in R&D is critical to attaining our strategic product objectives.

R&D expenses, net, were \$79.0 million in 2025, an increase of \$4.3 million, or 6%, compared with R&D expenses, net of \$74.7 million in 2024. This increase was primarily attributable to: (1) a \$2.9 million increase in personnel-related expenses, mainly reflecting higher average headcount compared to the prior year and the impact of the weakening of the U.S. dollar relative to the NIS; (2) a \$1.3 million increase in amounts paid to subcontractors; and (3) a \$0.4 million increase in hosting fees, partially offset by a \$0.4 million decrease in share-based compensation expenses (see also “Share-based compensation expenses” below).

R&D expenses, net, were \$74.7 million in 2024, a decrease of \$7.9 million, or 10%, compared with R&D expenses, net of \$82.6 million in 2023. This decrease was primarily a result of: (1) a \$5.2 million decrease in personnel costs, mainly due to a decrease in average headcount compared to the previous year, (2) a \$1.1 million decrease in amounts paid to subcontractors, and (3) a decrease of \$2.4 million in share-based compensation expenses (see also “Share-based compensation expenses” below), partially offset by a \$0.7 million increase in hosting fees.

#### *Sales and Marketing Expenses.*

Sales and marketing expenses consist primarily of salaries, commissions, and related personnel expenses for those engaged in the sales and marketing of our products and services, operational costs of our offices that are located outside Israel and are engaged in the promotion, marketing and support of our solutions, in addition to the related trade shows, advertising, promotions, website maintenance, and public relations expenses, and amortization of intangible assets.

Sales and marketing expenses were \$127.6 million in 2025, an increase of \$5.1 million, or 4%, compared with sales and marketing expenses of \$122.5 million in 2024. This increase was primarily attributable to: (1) a \$2.1 million increase in sales-events and marketing-related expenses; (2) a \$1.3 million increase in hosting fees, reflecting greater reliance on cloud-based infrastructure to support sales enablement tools, customer trials, and other selling activities; (3) a \$1.1 million increase in amounts paid to subcontractors and finder fees; and (4) a \$1.2 million increase in share-based compensation expenses (see also “Share-based compensation expenses” below), partially offset by a \$0.5 million decrease in office-related costs.

Sales and marketing expenses were \$122.5 million in 2024, a decrease of \$3.7 million, or 3%, compared with sales and marketing expenses of \$126.2 million in 2023. This decrease was mainly related to a decrease of \$1.0 million in personnel costs, due to a decrease in average headcount compared to the previous year, partially offset by an increase in sales incentive commissions, a decrease of \$1.7 million in share-based compensation expenses (see also “Share-based compensation expenses” below) and a decrease of \$1.0 million in marketing related costs.

#### *General and Administrative Expenses.*

General and administrative expenses consist primarily of salaries and related personnel expenses for executive, accounting, and administrative personnel, professional fees (which include legal, audit and additional consulting fees), bad debt expenses, acquisition related costs, and other general corporate expenses.

General and administrative expenses were \$25.5 million in 2025, a decrease of \$2.8 million, or 10%, compared to a general and administrative expenses of \$28.3 million in 2024. The decrease in general and administrative expenses in 2025 was primarily attributable to: (1) a \$3.0 million decrease in share-based compensation expenses (see also “Share-based compensation expenses” below); (2) a \$0.2 million decrease in professional fees; (3) a \$0.5 million decrease related to the revaluation of contingent consideration recorded in connection with the acquisition of the SecurityDAM; and (4) a \$0.3 million decrease in other general and administrative expenses. These decreases were partially offset by a \$1.2 million increase in personnel-related expenses.

General and administrative expenses were \$28.3 million in 2024, a decrease of \$4.1 million, or 13%, compared to a general and administrative expenses of \$32.4 million in 2023. The decrease in general and administrative expenses in 2024 was primarily due to (1) a \$3.8 million decrease in share-based compensation expenses (see also “Share-based compensation expenses” below), and (2) a decrease of \$0.4 million related to revaluation of contingent consideration recorded as part of the acquisition of the business of SecurityDAM.

For a discussion of the impact of foreign currency fluctuations on our business, see Item 11 “Quantitative and Qualitative Disclosures about Market Risk.”

*Share-based compensation expenses.*

Our expenses also include the recognition of share-based compensation, which is allocated among cost of sales, research, and development expenses, sales and marketing expenses and general and administrative expenses, based on the division in which the recipient of the option grant is employed. The share-based compensation is amortized to operating expenses over the requisite service period of the individual options.

The following tables summarize the share options and restricted share units (RSUs) that were granted during the years 2025, 2024 and 2023, and their weighted average grant-date fair value:

Share options:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grants	120,000	299,856	331,899
Weighted-average grant-date fair value	7.83	6.11	5.48

RSUs:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grants	1,077,315	1,517,180	1,390,718
Weighted-average grant-date fair value	26.02	21.49	15.82

Share-based compensation expenses in 2025 totaled \$24.0 million, a decrease of \$2.0 million, or 8%, compared with expenses of \$26.0 million in 2024. The decrease in our share-based compensation expenses in 2025 was primarily attributable to a \$3.0 million decrease in general and administrative expenses, reflecting lower expenses associated with equity-based grants made to our Chief Executive Officer in previous years, and a \$0.4 million decrease in research and development expenses, mainly due to lower grants made in 2025 compared to 2024. These decreases were partially offset by a \$1.2 million increase in sales and marketing expenses, primarily reflecting higher equity-based grants awarded to our new U.S. sales leadership team.

Share-based compensation expenses in 2024 totaled \$26.0 million, a decrease of \$8.0 million, or 24%, compared with expenses of \$34.0 million in 2023. The decrease in our share-based compensation expenses in 2024 was mainly due to RSU grants made at a lower weighted-average price granted towards the end of 2023, which resulted in recording lower expenses in 2024 and lower expenses from the equity-based grants made to our Chief Executive Officer during 2022.

*Financial Income, Net.*

Financial income, net consists primarily of interest earned on short- and long-term bank deposits, amortization of premiums, accretion of discounts, interest and dividends earned on investments in marketable securities, gain from the sale of marketable securities and from income and expenses from the translation of monetary balance sheet items denominated in non-dollar currencies.

Financial income, net was \$17.9 million in 2025, compared with \$16.6 million in 2024. The net increase of \$1.3 million was primarily attributable to higher average interest rates on our bank deposits, which generated a \$3.4 million increase in interest income and gains from investments and bank deposits. These increases were partially offset by a \$2.0 million decline in foreign currency exchange gains, principally reflecting the revaluation of balance sheet items denominated in foreign currencies.

Financial income, net was \$16.6 million in 2024, compared with \$13.9 million in 2023. The net increase of \$2.7 million was primarily due to higher average interest rates on our bank deposits, which resulted in a \$3.9 million increase in interest income and gains from our investments and bank deposits, partially offset by a \$1.4 million decrease in foreign currency exchange gains, mainly due to revaluation of balance sheet items stated in foreign currencies.

*Income Taxes.*

Israeli companies are generally subject to corporate tax on their taxable income at the rate of 23% for the 2025, 2024, and 2023 tax years. We elected to apply the Preferred Enterprise regime under the Law for the Encouragement of Capital Investment, 1959 (the "Investments Law") as of the 2014 tax year. The election is irrevocable. Under the Preferred Enterprise regime, a preferred income of an enterprise located in the center of Israel is subject to a tax rate of 16%. Pursuant to Amendment 73 to the Investments Law adopted in 2017, a company located in the center of Israel that meets the conditions for "Preferred Technological Enterprises" is subject to a tax rate of 12%. We believe we meet those conditions.

We operate our business in various countries and attempt to utilize an efficient operating model to optimize our tax payments based on the laws in the countries in which we operate. This can cause disputes between us and various tax authorities in different parts of the world.

In 2025, we recorded pre-tax income of \$29.3 million compared to pre-tax income of \$12.7 million in 2024, and our tax expenses were \$9.1 million in 2025, an increase of \$2.5 million, or 38%, compared with tax expenses of \$6.6 million in 2024. The increase in tax expenses was mainly attributed to the increase of 130% in our pre-tax income compared to the previous year.

In 2025, Radware Ltd. was subject to a routine examination by the Israel Tax Authority with respect to its tax returns for the 2019–2022 tax years. In December 2025, Radware Ltd. entered into a settlement agreement with the Israel Tax Authority, thereby concluding the examination. We have previously recorded adequate tax provisions to fully cover the obligations arising from the settlement. Accordingly, the audit findings and related agreement did not have a material impact on our consolidated statements of operations or overall tax expense.

In 2024, we recorded pre-tax income of \$12.7 million as compared to pre-tax loss of \$17.8 million in 2023, and our tax expenses were \$6.6 million in 2024, an increase of \$2.8 million, or 73%, compared with tax expenses of \$3.8 million in 2023. The increase in tax expenses was mainly attributed to the increase in our pre-tax income compared to the previous year and to an increase in our uncertain tax positions provision.

For additional disclosure and explanations regarding our income taxes, including the Preferred Technology Enterprise program, see Note 14 to our consolidated financial statements included elsewhere in this annual report and Item 10.E “Taxation—Israeli Tax Considerations.”

#### Reportable Segments

The Company operates in two reportable segments:

- **Radware’s Core Business** – This segment consists of our core business operations, including our cloud security as-a-service products, application and data centers security products and our application availability products; and
- **The Hawks’ Business** – This segment consists of the operations of our two subsidiaries: SkyHawk Security, a spinoff of our former cloud native protector business, which now provides an agentless CDR, combined with CIEM, Cloud Security Posture Management CSPM and Autonomous Purple Team for AWS Google Cloud and Azure, and EdgeHawk, which is engaged in transforming routers and network nodes into security platforms.

In February 2026, we resolved to sell or cease the operations of Skyhawk Security.

The following tables set forth, for the periods indicated, certain financial data concerning our reportable segments (U.S. dollars in thousands):

	Year ended December 31, 2025		
	Radware Core	Hawks	Total
Revenues	\$ 301,222	\$ 628	\$ 301,850
Operating income (loss)	\$ 24,712	\$ (13,304)	\$ 11,408

  

	Year ended December 31, 2024		
	Radware Core	Hawks	Total
Revenues	\$ 274,384	\$ 496	\$ 274,880
Operating income (loss)	\$ 9,749	\$ (13,636)	\$ (3,887)

  

	Year ended December 31, 2023		
	Radware Core	Hawks	Total
Revenues	\$ 260,322	\$ 970	\$ 261,292
Operating loss	\$ (16,802)	\$ (14,878)	\$ (31,680)

Revenues of the Hawks' reportable segment were immaterial during the years ended December 31, 2023 through December 31, 2025; therefore, there is no separate discussion about revenues of each segment during those years. For a discussion about the revenues on a consolidated basis, see Item 5.A "Operating Results."

Operating expenses of the Hawks' business consist primarily of salaries and related personnel expenses, costs of subcontractors, agent fees and share-based compensation expenses.

Operating loss of the Hawks' business was \$13.3 million in 2025, \$13.6 million in 2024 and \$14.9 million in 2023.

The decrease of \$0.3 million in the operating loss of the Hawks' segment in 2025 compared to 2024 was primarily due to a \$1.3 million decrease in share-based compensation expense, reflecting lower equity-grant activity at SkyHawk Security in 2025, partially offset by a \$1.0 million increase in personnel-related costs, mainly attributable to higher average headcount compared to the prior year and the impact of the depreciation of the U.S. dollar relative to the NIS.

The decrease of \$1.3 million in the operating loss of the Hawks' segment in 2024 compared to 2023 was primarily a result of a decrease of \$1.3 million in the share-based compensation expenses and a decrease of \$0.5 million in costs of subcontractors and agents. The decrease in expenses was partially offset by a decrease of \$0.5 million in the segment's revenues.

Operating expenses of the Radware core business segment consist primarily of salaries and related personnel expenses including commissions paid to our sales team, marketing related expenses, hosting services fees, rent and office maintenance fees, professional services, costs of subcontractors and share-based compensation expenses.

The operating income of the Radware core business segment was \$24.7 million in 2025, compared to operating income of \$9.7 million in 2024 and operating loss of \$16.8 million in 2023.

The increase of \$15.0 million in the operating income in 2025 compared to 2024 was primarily a result of the increase of \$26.8 million in the Radware core segment's revenues, partially offset by an increase of \$6.6 million in the segment operational expenses, mainly due to a \$3.0 million increase in personnel-related costs, driven mainly by higher average headcount year-over-year and the impact of the depreciation of the U.S. dollar relative to the NIS. Additional contributors included a \$2.4 million increase in payments to subcontractors and finder fees, a \$1.7 million increase in hosting-related expenses, and a \$2.1 million increase in sales-event and marketing-related expenditures. These increases were partially offset by a \$1.1 million decrease in share-based compensation expense, as well as reductions of \$0.7 million in office-related expenses and \$0.7 million in the revaluation of contingent consideration and other general and administrative costs.

The operating income of the Radware core business segment was \$9.7 million in 2024, compared to operating loss of \$16.8 million in 2023 and operating income of \$8.4 million in 2022.

The change of \$26.5 million in the operating income (loss) in 2024 compared to 2023 was primarily a result of the increase of \$14.1 million in the Radware core segment's revenues, and a \$5.1 million decrease in salaries and related personnel costs, mainly due to the decrease in average headcount compared to the previous year, and a decrease of \$6.7 million in share-based compensation expenses, mainly due to RSU grants made at a lower weighted-average price granted towards the end of 2023, which resulted in lower expenses in 2024, and lower expenses from the equity-based grants made to our Chief Executive Officer during 2022.

For additional details regarding these two reportable segments, see below and Notes 2ad and 15 to our consolidated financial statements included elsewhere in this annual report.

### **Currency Fluctuations and Inflation**

Our financial results may be negatively impacted by foreign currency fluctuations and inflation. Information required by this section is set forth in Item 11 "Quantitative and Qualitative Disclosures about Market Risk" and in Item 3.D "Risk Factors—Currency exchange rates and fluctuations of exchange rates could have a material adverse effect on our results of operations."

### **Impact of Governmental Policies**

For information on the impact of governmental policies on our operations, see Item 4.B "Business Overview—Government Regulations," Item 3.D "Risk Factors—Laws, regulations and industry standards affecting our business are evolving, and unfavorable changes could harm our business," and Item 3.D "Risk Factors—Risks Related to Operations in Israel."

### **Related Parties**

We have entered into a number of agreements for the lease of real property and the purchase of certain products and services from certain companies, of which the heirs of the late Yehuda Zisapel, the heirs of the late Zohar Zisapel, and/or Nava Zisapel are co-founders, directors and/or shareholders, which form part of the RAD-Bynet Group. In February 2022, we also acquired the technology and operations of SecurityDAM, one of these RAD-Bynet Group entities. The heirs of the late Yehuda Zisapel, including his son, Roy Zisapel, our President and Chief Executive Officer and a director, hold all of the outstanding shares of SecurityDAM. Roy Zisapel also serves as a director of RAD Data Communications Ltd., Bynet Electronics Ltd., AB-NET Communications Ltd. and its wholly owned subsidiary, Bynet Data Centers Ltd., Bynet Data Communications Ltd. (and its wholly owned subsidiary RAD Negev Ltd.), and other companies in the RAD-Bynet Group.

We have also entered into a number of agreements for the purchase of certain products and services from several companies, in which Yuval Cohen, Chairperson of our Board of Directors, or Fortissimo Capital (in which Mr. Cohen is the founder and managing partner), are shareholders and/or serve as directors. We refer to such companies as the "Fortissimo Portfolio Companies."

We believe that the terms of the transactions in which we have entered with these member entities of the RAD-Bynet Group or with any of the Fortissimo Portfolio Companies are not different in any material respect from terms we could obtain from third parties not associated or affiliated with us and are beneficial to us and no less favorable to us than terms that might be available to us from third parties. The pricing of the transactions was determined based on negotiations between the parties. Members of our management reviewed the pricing of the agreements and confirmed that they were not different in any material respect than that which could have been obtained from third parties not associated or affiliated with us.

For more details about these transactions, see below under Item 7.B "Related Party Transactions."

## B. Liquidity and Capital Resources

### General

In the past several years, we have financed our operations primarily through cash generated by operations.

Cash and cash equivalents, short- and long-term bank deposits and short- and long-term marketable securities were \$460.6 million on December 31, 2025, compared with \$419.7 million and \$363.7 million on December 31, 2024 and 2023, respectively.

### Principal Capital Expenditures and Divestitures

Capital expenditures were \$8.5 million, \$5.3 million, and \$5.4 million for the years ended December 31, 2025, 2024, and 2023, respectively. These expenditures were mainly comprised of investments in computers and peripheral equipment, lab equipment and testing tools, office furniture and equipment and leasehold improvements.

In 2026, we anticipate that the majority of our capital expenditures will be primarily for additional infrastructure to support our cloud-based solutions and for R&D testing, lab equipment and computers.

We did not have any principal divestitures in the past three years.

### Working Capital and Cash Flows

The following table presents the major components of net cash flows used in and provided by operating, investing, and financing activities for the periods presented (dollars in thousands):

	2025	2024	2023
Net cash provided by (used in) operating activities	\$ 50,091	\$ 71,609	\$ (3,500)
Net cash provided by (used in) investing activities	(30,070)	(39,520)	92,779
Net cash used in financing activities	(13,657)	(3,913)	(64,926)

Net cash provided by (used in) operating activities for 2025, 2024 and 2023 was \$50.1 million, \$71.6 million, and \$(3.5) million, respectively. Our net income (loss) in 2025, 2024, and 2023 was \$20.3 million, \$6.0 million, and \$(21.6) million, respectively.

The change resulted primarily from a decrease of \$2.0 million in share-based compensation, a \$21.6 million decrease in trade receivables, an \$11.1 million decrease of accrued interest on bank deposits and a decrease of \$4.4 million in other assets. All offset by an increase of \$14.2 million in net income, an increase of \$1.3 million in deferred revenues, and a \$1.7 million increase in lease liabilities, net.

Net cash provided by operating activities was \$71.6 million for the year ended December 31, 2024, compared to net cash used in operating activities of \$3.5 million for the year ended December 31, 2023. The change resulted primarily from an increase of \$27.6 million in net income, an increase of \$14.7 million in other payables and accrued expenses, an increase of \$20.5 million in deferred revenues, an increase of \$6.6 million in accrued interest on bank deposits, an increase of \$5.6 million in inventories, an increase of \$3.4 million in trade payables, and a \$6.0 million increase in trade receivables. These increases were partially offset by a decrease of \$8.0 million in share-based compensation and a \$2.2 million decrease in amortization of premium, accretion of discounts and accrued interest on marketable securities.

Net cash used in investing activities was \$30.1 million for the year ended December 31, 2025, compared to net cash used in investing activities of \$39.5 million for the year ended December 31, 2024. The change was primarily due to a net decrease of \$16.1 million in investments in short-term, long-term and other deposits offset by a net increase of \$3.3 million in capital and increase in proceeds from marketable securities in the amount of \$3.3 million.

Net cash used in investing activities was \$39.5 million for the year ended December 31, 2024, compared to net cash provided by investing activities of \$92.8 million for the year ended December 31, 2023. The change was primarily due to a net increase of \$134.1 million in investments in short-term, long-term and other deposits.

Net cash used in financing activities was \$13.7 million for the year ended December 31, 2025, an increase of \$9.7 million compared to net cash used in financing activities of \$3.9 million for the year ended December 31, 2024. The increase in net cash used in financing activities was mainly attributed to the \$10.5 million in repurchase of our ordinary shares during 2025.

Net cash used in financing activities was \$3.9 million for the year ended December 31, 2024, a decrease of \$61.0 million compared to net cash used in financing activities of \$64.9 million for the year ended December 31, 2023. The decrease in net cash used in financing activities was mainly attributed to the decrease of \$62.4 million in repurchase of our ordinary shares, partially offset by a \$1.0 million increase in the contingent consideration paid to SecurityDAM.

#### **Cash, Cash Equivalents and Marketable Securities**

As of December 31, 2025, we had cash and cash equivalents, including short- and long-term bank deposits and short- and long-term marketable securities, of \$460.6 million, compared to \$419.7 million as of December 31, 2024 and \$363.7 million as of December 31, 2023. As of December 31, 2025, all of our short- and long-term bank deposits were deposited in Israel with major Israeli banks, which are all rated iAAA, as determined by S&P's Maalot. As of December 31, 2025, the longest contractual duration of any of our bank deposits was 3.0 years, the weighted-average duration of our deposits was 1.89 years, and the weighted average time to maturity was 1.06 years.

Our marketable securities portfolio includes investments in debt securities of corporations, debt securities of U.S. government and in foreign banks and government debentures. The financial institutions that hold our marketable securities are major U.S. financial institutions, located in the United States. As of December 31, 2025, 98% of our marketable securities portfolio was invested in debt securities of corporations and 2% in financial institutions. From a geographic perspective, 89% of our marketable securities portfolio was invested in debt securities of U.S. issuers, 5% was invested in debt securities of European issuers and 6% was invested in debt securities of other geographic-located issuers. As of December 31, 2025, 82% of our marketable securities portfolio was rated A- or higher and 18% was rated BBB+, as determined by S&P.

There are no material legal restrictions, taxes, or other costs associated with transferring our funds held in U.S. financial institutions to Israeli financial institutions, and we have access to all of our cash as needed for our operations. Although we have various subsidiaries throughout the world, there are no material legal, tax, or other cost impediments to our transferring cash to these subsidiaries for operations as and when needed or to such subsidiaries transferring cash to us to meet our own cash obligations. Further, we believe we generate sufficient cash from our Israeli operations to fund our operating and capital requirements and, therefore, do not need or intend to repatriate any of the earnings of our foreign subsidiaries.

#### Other Material Contractual Obligations

The following table summarizes our material contractual obligations as of December 31, 2025 and the effect those commitments are expected to have on our liquidity and cash flow.

Contractual obligations	Payments Due by Period (US \$ in thousands)				
	Total	Less than 1 year*	1-3 years	3-5 years	More than 5 years
Operating leases (1)	18,011	5,315	8,237	4,459	-
Total contractual cash obligations (2)	18,011	5,315	8,237	4,459	-

\* Become due during 2026.

(1) Consists of outstanding operating leases for the Company's facilities. The lease agreements expire in the years 2025 to 2030, although certain of our leases have renewal options.

(2) Severance payments of \$5.2 million are payable only upon termination, retirement, or death of the respective employee, and there is no obligation for benefits accrued prior to 2007 if the employee voluntarily resigns. Since we are unable to reasonably estimate the timing of settlement, such payments are not included in the table. See also Note 2(x) of our consolidated financial statements.

#### Market Risk

We are exposed to market risk, including fluctuations in interest rates and foreign currency exchange rates. Additional information about market risk is set forth in Item 11 "Quantitative and Qualitative Disclosures about Market Risk."

#### Outlook

Our capital requirements depend on numerous factors, including market acceptance of our products and services and the resources we allocate to our operating expenses. Since our inception, we have experienced substantial increases in our expenditures consistent with growth in our operations and personnel, and we may increase our expenditures in the foreseeable future in order to execute our strategy.

We anticipate that operating activities as well as capital expenditures will demand the use of our cash resources. We believe that our cash balances will provide sufficient cash resources to finance our operations and the projected marketing and sales activities and research and development efforts and other elements of our strategy for a period of no less than the next 12 months.

### C. Research and Development, Patents and Licenses, etc.

In order to accommodate the rapidly changing needs of our markets, we place considerable emphasis on research and development projects designed to improve our existing product lines, develop new product lines and customize our products to meet our customers' needs. As of December 31, 2025, we had 406 employees and 68 subcontractors engaged primarily in research and development activities, compared to 378 employees and 71 subcontractors at the end of 2024, and 408 employees and 71 subcontractors at the end of 2023. For a further discussion of research and development, see Item 5.A "Operating Results."

For a discussion regarding the benefits provided under programs of the IIA, see Item 4.B "Business Overview—Israeli Innovation Authority."

### D. Trend Information

We have identified the following key trends and uncertainties that we believe will materially influence our market, financial condition and the demand for our solutions:

- **Applications are migrating to the public cloud.** The migration to public cloud exposes organizations to new threats that require consistent security across all cloud environments. Organizations also prefer to purchase security services as a subscription, to match the subscription-based consumption of hosting services.
- **Datacenter architecture is changing.** Datacenter architecture is changing to include various models such as a physical datacenter, a virtual datacenter, a software defined datacenter, and private or public cloud. New emerging edge clouds, new AI-datacenters processing AI-enabled applications with connectivity to AI Providers, coupled with the 5G breakouts and SD-WAN, will enable enterprises to effectively leverage cloud-native services and edge computing services. Many organizations use a mixed infrastructure that includes a combination of one or more of the above and therefore require broader overarching protection that encompasses both the datacenter and multi-cloud-based applications. In addition, this mixed environment often involves multiple vendors and creates challenges in IT staffing and operational costs, which increase the needs for hybrid cloud services, managed "single pane of glass" style security services and modern automated data center technologies.
- **Application modernization requires new security tools.** Application infrastructure is changing, from monolithic applications to modern applications and websites in which deployment workflows, front-end built-tools and API-centric architectures are used. The rise of cloud-native ecosystems, increasingly adapting cloud-direct and micro-services architecture packaged as containers, is providing a built-in "on-demand" elasticity and availability application infrastructure. This enables introducing and running the new generation of cloud-native applications, in a fast, adaptive and more efficient way by interacting with DevOps CICD tools and methods. As such, the AppSec blast radius is expanded and requires injection of security controls within the application lifecycle at early stages, to avoid slowdown in development, to sanitize, for example, usage of opensource software used by developers and might leak in malicious code (recent Log4J library). Various "shift-right" and "shift-left" methods are used and specifically adapted for various target deployment environments.

- **The above-mentioned cloud-native application delivery opens the door for leakage through the open cloud interface.** A new family of attack surfaces manifested by the fact that the cloud APIs are publicly published, and DevOps processes are done from the outside of the cloud “perimeter” (the insider becomes the outsider). “Cloud-native” infiltrations are enabled by the usage of cloud-IAM (identify and access) misconfigurations or account take over techniques and by various vulnerabilities of publicly exposed web and API interfaces. This creates a need for a new protection posture for compliance, permissions hardening, vulnerabilities detection as well as cloud-native detection (infiltrations and exfiltration) and response tools under new industry categories: CIEM (Cloud Infrastructure Entitlement Management), CSPM (Cloud Security Posture Management), CWPP (Cloud Workload Protector Platform), and CTDR (Cloud Threat Detection and Response).
- **Organizations’ attack surfaces are increasing due to a changing economy.** This was caused by a combination of two forces. First, working from home, primarily due to the restraints associated with COVID-19, required organizations to enable remote access to applications and services that were previously not exposed. The second wave of remote and automated trade is boosted mainly by the “API economy” (a term used to describe that all of the enterprise communication is built on top of the APIs and all platforms expose the APIs to exchange data, thereby exposing them to cyber attacks) where both B2B and B2C transactions are using machines for trade automations. This eliminated the traditional network perimeter, and now, even after The World Health Organization determined that COVID-19 no longer fit the definition of a public health emergency, every home computer or mobile device has become the new perimeter. Second, an increase in the online consumption of goods has accelerated organizations’ digital transformation and migration to the cloud. The result is more opportunities for attackers to leverage the increased attack surface.
- **Increasing complexity and intensity of security threats, including new AI-weaponized attacks.** The collapsed boundaries between data and instructions, between agents and employees creates new silent exit blind spots, opening the door for the new ‘zero-click’ attack surfaces. The increasing complexity and intensity of the security threats landscape requires expertise in identifying the attacks and state-of-the-art security to mitigate the attacks and safeguard the assets. Attack delivery is aided by the growing presence of connected devices (IoT), which increases the threat surface against any kind of infrastructure, as well as traffic encryption (dark data) assisting in hiding attacks. We have also observed a new generation of availability attacks against application infrastructure utilizing new generation of Web/L7 DDoS tools that aim to evade all network DDoS/L3-4 protections. Furthermore, attack tools are increasingly available to all through the dark net and becoming more sophisticated as hackers use automation and weaponize AI. Increasing focus is currently centered around the new opportunities of weaponizing AI enabled by foundation models as well as customized weaponized SLMs . This leads to ever morphing and scalable attack vectors at all levels, from volumetric botnets through web and API-centric attacks, as well as new attack surfaces that utilize Kubernetes-platforms (container orchestration platform of choice). The mass amount of uncontrolled IoT devices and cloud hosting opens the door for a new generation of botnets and automated bots that are hard to classify and block. Most organizations are not able to keep up with these developments with their internal cybersecurity resources and seek managed security services.

- **Increasing expectations for applications availability and frictionless performance, due to the increasing dependence on applications in today's business world.** Businesses are sensitive to the resilience and availability of their applications, given their customers' expectations of flawless experience and optimal performance. As such, exposed web and API based applications and shortly also Agentic applications and Agentic commerce, are the target for attackers that utilize both the server side as well as the client/browser side platforms for spreading their malicious code. New security controls utilize the power of AI and machine learning to control the delivery of AppSec services (control false positives) as well as detection of zero-days and the new zero-click attacks for Agentic-centric applications.

See also the discussion under Item 4.B "Business Overview—Our Growth Strategy" and "Business Overview—Competition" above and the risks and uncertainties described under Item 3.D "Risk Factors."

#### **E. Critical Accounting Estimates**

In many cases, the accounting treatment of a particular transaction is specifically dictated in U.S. GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would produce a materially different result. Our management has reviewed these critical accounting policies, estimates and related disclosures with the Audit Committee of our Board of Directors. See Note 2 to our consolidated financial statements included elsewhere in this annual report, which contains additional information regarding our accounting policies, estimates and other disclosures required by U.S. GAAP.

Our management believes that the significant accounting policies that affect its more significant judgments and estimates used in the preparation of its consolidated financial statements and that are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

- Revenue recognition;
- Investment in marketable securities;
- Goodwill and impairment of long-lived assets;
- Share-based compensation; and
- Income taxes.

*Revenue Recognition.* We recognize revenues in accordance with Accounting Standards Codification (ASC) No. 606, "Revenue from Contracts with Customers." As such, we identify a contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation in the contract and recognize revenues when (or as) we satisfy a performance obligation.

The transaction price is determined based on the consideration which we expect to be entitled to in exchange for transferring the promised goods or services to our customer. This transaction price is exclusive of amounts collected on behalf of third parties, such as sales tax and value-added tax. Payment terms and conditions vary by contract type, although terms generally include a requirement to pay within less than a year.

Our solutions are sold primarily through distributors and resellers, all of which are considered end-users.

Our arrangements typically contain various combinations of our products, subscriptions and PCS, which are distinct and are accounted for as separate performance obligations. We allocate the transaction price to each performance obligation based on its relative standalone selling price (“SSP”). If the SSP is not observable, we estimate the SSP taking into account available information such as geographic specific factors, customer grouping and internally approved historical pricing guidelines related to the performance obligation. For PCS and subscriptions, we determine the standalone selling price based on observable renewals prices or standalone subscription transactions. For products, the SSP is not observable, and therefore, we estimate the product SSP taking into account available information such as geographic specific factors, customer grouping and internally approved historical pricing guidelines.

Deferred revenues represent mainly the unrecognized revenue collected for subscriptions and for PCS. Such revenues are recognized ratably over the term of the related agreement and are classified as short- and long-term based on their contractual term.

We record a provision for estimated sale returns, credits and stock rotation granted to customers on our products in the same period that the related revenues are recorded in accordance with ASC 606. Those estimates are based on historical sales returns and other factors known to us. Such provisions amounted to \$12.5 million and \$5.3 million as of December 31, 2025 and 2024, respectively.

*Investment in Marketable Securities.* We account for investments in marketable securities in accordance with Accounting Standards Codification (“ASC 320”), “Investments – Debt Securities.” Management determines the appropriate classification of our investments at the time of purchase and reevaluates such determinations at each balance sheet date.

We classified all our debt securities as available-for-sale marketable securities. Debt securities are carried at fair value, with the unrealized gains and losses reported in “accumulated other comprehensive income (loss)” in shareholders’ equity, except for changes in allowance for expected credit losses, which is recorded in financial income, net. Realized gains and losses on sales of investments are included in financial income, net and are derived using the specific identification method for determining the cost of securities.

The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization together with interest on securities are included in financial income, net.

We periodically evaluate our available-for-sale debt securities for impairment. If the amortized cost of an individual security exceeds its fair value, we consider our intent to sell the security or whether it is more likely than not that we will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, we write down the security to its fair value and record the impairment charge in financial income, net in our consolidated statements of income (loss). If neither of these criteria are met, we determine whether credit loss exists. Credit loss is estimated by considering changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, as well as other factors. Credit loss impairments for both the years ended December 31, 2025 and 2024 were immaterial.

*Goodwill and impairment of long-lived assets.* Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350 “Intangibles – Goodwill and Other” (ASC 350), goodwill is not amortized, but rather is subject to an annual impairment test. ASC 350 requires goodwill to be tested for impairment at least annually or between annual tests in certain circumstances and written down when impaired. Goodwill is tested for impairment by comparing the fair value of each reporting unit with its carrying value.

ASC 350 allows an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If the entity elects not to use this option, or if the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the entity prepares a quantitative analysis to determine whether the carrying value of a reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, the entity recognizes an impairment of goodwill for the amount of this excess.

We conduct our annual test of impairment for goodwill on December 31 of each year, or more frequently if impairment indicators are present. No impairment loss was recorded during each of 2025, 2024, and 2023.

*Share-based compensation.* We account for share-based compensation in accordance with ASC 718, “Compensation-Stock Compensation” (ASC 718). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in our consolidated statements of income (loss).

Some of our subsidiaries have share option plans pursuant to which qualified directors and employees may be granted options for the purchase of securities of the subsidiaries. Share-based compensation expenses recorded on the subsidiaries’ level are presented in non-controlling interests.

We recognize compensation expenses for the value of our awards based on the accelerated attribution method over the requisite service period of each of the awards, net of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on actual historical pre-vesting forfeitures.

We selected the Black-Scholes-Merton option pricing model to account for the fair value of our share-options awards with only service conditions and whereas the fair value of the RSUs awards is based on the market value of the underlying shares at the date of grant.

On July 28, 2022, our shareholders approved an equity grant to the Chief Executive Officer of the Company, which is comprised of RSUs, market-condition based RSUs and market-condition based share options. The equity grant includes grants for the years 2022, 2023, and 2024 and are fixed monetary amounts (\$7.725 million, \$5.0 million and \$5.0 million, respectively).

Market-condition based RSUs’ vesting is dependent upon the fulfillment of certain market conditions and will vest, or partially vest, depending on the Company’s share performance compared to other companies that are listed on the NASDAQ CTA Cybersecurity Index over the requisite service period, which is up to three years.

Market-based condition share options’ vesting is dependent upon the fulfillment of certain market conditions and will vest depending on the Company’s share performance over the requisite service period, which is up to three years.

The fair value of the market-condition based awards was determined using a Monte Carlo simulation methodology.

The option-pricing model requires a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon actual historical stock price movements over a historical period equivalent to the option's expected term. The expected option term represents the period of time that options are expected to be outstanding. Expected term of options is based on historical experience. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. We have historically not paid dividends and have no foreseeable plans to pay dividends.

*Income Taxes.* We account for income taxes in accordance with ASC 740, "Income Taxes." This statement prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized.

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is only addressed if the first step has been satisfied (i.e., the position is more likely than not to be sustained), otherwise a full liability in respect of a tax position not meeting the more likely than not criteria is recognized. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. We accrue interest and penalty, if any, that are related to unrecognized tax benefits in taxes on income. Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different.

We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit, the refinement of an estimate or changes in tax laws. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related interest and penalties.

In 2025, Radware Ltd. was subject to an examination by the Israel Tax Authority with respect to its tax returns for the 2019–2022 tax years. In December 2025, Radware Ltd. entered into a settlement agreement with the Israel Tax Authority, thereby concluding the examination. We have previously recorded adequate tax provisions to fully cover the obligations arising from the settlement. Accordingly, the audit findings and related agreement did not have a material impact on our consolidated statements of operations or overall tax expense.

Accounting for tax positions requires judgments, including estimating reserves for potential uncertainties. We also assess our ability to utilize tax attributes, including those in the form of carryforwards for which the benefits have already been reflected in the financial statements. We do not record valuation allowances for deferred tax assets that we believe are more likely than not to be realized in future periods. While we believe the resulting tax balances as of December 31, 2025 and 2024 are appropriately accounted for, the ultimate outcome of such matters could result in favorable or unfavorable adjustments to our consolidated financial statements and such adjustments could be material. See Note 14 to our consolidated financial statements included elsewhere in this annual report for further information regarding income taxes. We have filed or are in the process of filing local and foreign tax returns that are subject to audit by the respective tax authorities. The amount of income tax we pay is subject to ongoing audits by the tax authorities, which often result in proposed assessments. See "Results of Operations—Income Taxes" above.

While we believe that we have adequately provided for any reasonably foreseeable outcomes related to tax audits and settlement, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, audits are closed or when statutes of limitation on potential assessments expire.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

**A. Directors and Senior Management**

The following table lists our current directors and senior management:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Yuval Cohen (1)(2)	63	Chairperson of the Board of Directors
Yair Tauman (1)(2)(3)(4)	77	Director
Stanley B. Stern (2)(4)(6)(7)	68	Director, Chairperson of the Nomination and Corporate Governance Committee
Naama Zeldis (2)(3)(4)(5)	62	Director, Chairperson of the Audit Committee
Meir Moshe (2)(3)(5)(7)	71	Director, Chairperson of the Compensation Committee
Israel Mazin (2)(6)(7)	66	Director
Alex Pinchev (2)(6)	75	Director
Roy Zisapel (5)	55	President, Chief Executive Officer and Director
Guy Avidan	63	Chief Financial Officer
David Roth	59	Chief Revenue Officer
David Aviv	70	Chief Technology Officer
Gabi Malka	50	Chief Operating Officer
Constance Stack	59	Chief Growth Officer
Riki Goldriech	49	Chief People Officer

(1) Term as director expires at the annual meeting of shareholders to be held in 2027.

(2) Qualified as an independent director, as determined under the Nasdaq rules.

(3) Serves on the Compensation Committee of the Board of Directors (the "Compensation Committee").

(4) Serves on the Audit Committee of the Board of Directors (the "Audit Committee").

(5) Term as director expires at the annual meeting of shareholders to be held in 2028.

(6) Term as director expires at the annual meeting of shareholders to be held in 2026.

(7) Serves on the Nomination and Corporate Governance Committee of the Board of Directors (the "Nomination and Corporate Governance Committee").

**Yuval Cohen** has served as Chairperson of our Board of Directors since November 2023 and as a member of our Board of Directors since December 2021. He is the founding and managing partner of Fortissimo Capital, a private equity fund headquartered in Israel, which was established in 2004. From 1997 through 2002, Mr. Cohen was a General Partner at Jerusalem Venture Partners, an Israeli-based venture capital fund, and prior thereto, he held executive positions at various Silicon Valley companies, including DSP Group, Inc. (Nasdaq: DSPG) and Intel Corporation (Nasdaq: INTC). Currently, Mr. Cohen serves as the chairman of the board of directors of Kornit Digital Ltd. (Nasdaq: KRNT), as the Chairman of Cellcom Israel Ltd. (TASE: CEL) and as a director of Strataysys Ltd. (Nasdaq: SSYS). He also serves on the board of directors of several privately-held portfolio companies of Fortissimo. Mr. Cohen holds a B.Sc. degree in industrial engineering from the Tel Aviv University and an M.B.A. from Harvard University.

**Yair Tauman** has served as a member of our Board of Directors since October 2010. He is the Vice Dean of the Adelson School of Entrepreneurship at Reichman University in Herzliya, Israel and was previously the Dean of the Arison School of Business at Reichman University. He is also a Leading Professor of Economics and the Director of the Stony Brook Center for Game Theory, New York. He was a professor at Tel Aviv University for 25 years until 2009 and, prior thereto, served as a professor at the Kellogg School of Management at Northwestern University. His areas of research include game theory and industrial organization. Professor Tauman currently serves on the board of directors of other private companies from different sectors, including online auctions, social networking and fintech. Professor Tauman obtained his Ph.D. and M.Sc. degrees in mathematics as well as a B.Sc. in mathematics and statistics from The Hebrew University, Israel.

**Stanley B. Stern** has served as a member of our Board of Directors since September 2020. Mr. Stern is currently the chairman of the board of directors of AudioCodes Ltd. (Nasdaq, TASE: AUDC) (AudioCodes), a leading vendor of advanced communications software, products and productivity solutions for the digital workplace, serves as the lead director of Ormat Technologies, Inc. (NYSE: ORA) and is a director on the Board of Directors of Tigo Energy, Inc. (Nasdaq: TYGO). He previously served as a member of the board of directors of Ekso Bionics Holdings, Inc. (Nasdaq: EKSO) from 2014 until 2023. Since 2013, Mr. Stern has served as the president of Alnitak Capital, a strategic advisory firm, engaged primarily in high-tech, alternative energy and healthcare. Previously, from 1982 until 2000 and from 2004 until 2013, Mr. Stern served in various positions at Oppenheimer & Co., including as a Managing Director and Head of Investment Banking, Technology, Israeli Banking and FIG. From 2002 until 2004, he was a Managing Director and the Head of Investment Banking at C.E. Unterberg, Towbin. From January 2000 until January 2002, Mr. Stern was the President of STI Ventures Advisory USA Inc., a venture capital firm focusing on technology investments. In the past, Mr. Stern was a board member of several public and private companies, including Given Imaging Ltd. and Fundtech Ltd., and the chairman of the boards of directors of Tucows, Inc. and of SodaStream International Ltd., until its sale to PepsiCo in December 2018. Mr. Stern holds a B.A. degree in economics and accounting from City University of New York, Queens College, and an M.B.A. from Harvard University.

**Naama Zeldis** has served as a member of our Board of Directors since September 2020. Ms. Zeldis served as the Chief Executive Officer of Aquarius-Spectrum Ltd., a private company specializing in innovative solutions for monitoring urban water pipes and detecting hidden leaks from the earliest stage, until January 2023. Formerly, Ms. Zeldis served as Chief Financial Officer for a variety of high-tech and industrial companies, such as Tahal Group from 2013 to 2020, Netafim Ltd. from 2005 to 2013, the Israeli subsidiary of Electronic Data Systems from 2001 to 2005 and Radguard Ltd., formerly with the RAD-Bynet Group, from 1999 to 2001. Ms. Zeldis currently serves on the board of directors of Electra Real Estate Ltd. (TASE: ELCRE), a global real estate private equity firm, Scodix Ltd. (TASE: SCDX), a leading provider of digital print enhancement presses, and Aquarius Engines (A.M.) Ltd. (TASE: AQUA), a developer of free-piston linear engine technology and related energy generation solutions. Ms. Zeldis has also served as a member of the boards of directors of several other companies, including Nova Ltd. (Nasdaq: NVMI), ZOOZ Power Ltd. (Nasdaq and TASE: ZOOZ), Rafael Advanced Defense Systems Ltd. and Metalink Ltd. She holds a B.A. degree in accounting from the Tel Aviv University and a B.A. degree in economics and an M.B.A. from the Hebrew University in Jerusalem.

**Meir Moshe** has served as a member of our Board of Directors since May 2022. Mr. Moshe has held senior positions in the financial sector over the past four decades, including as our Chief Financial Officer from 1999 to 2016 and as our interim Chief Financial Officer from June 2021 to February 2022. As of May 2025, Mr. Moshe serves as a member of the board of directors of Carrasso Metro Motors Ltd. Mr. Moshe has served as a director and member of the audit committee in multiple public companies, including Otonomo Technologies Ltd. (Nasdaq: OTMO) from 2022 to 2023, Ability Inc. (Nasdaq: ABIL) from 2016 to 2017, Carasso Motors Ltd. (TASE: CRSM) from 2018 to 2019 and Albert Technologies Ltd. (LSE: ALB) from 2018 to 2019. He currently provides consulting services to public companies. He holds a B.Sc. degree in economics and accounting from Tel Aviv University, Israel and is a certified public accountant.

**Israel Mazin** has served as a member of our Board of Directors since October 2023. Mr. Mazin is the Chairman, CEO and Co-Founder of MEMCYCO (Memco-Cyber-Corporation), a Digital-Watermark Authentication technology for B2B and B2C online communication, since 2021. Prior to that, Mr. Mazin was a founding member of several technology companies, including OpTier, an APM market leader that was acquired by SAP in 2015, and Memco Software, a security software company that went public on Nasdaq and was later acquired by Platinum Technology. Mr. Mazin also co-founded Shadow Technologies, a non-profit company that consolidates crowd opinion online reviews. Mr. Mazin is also an active investor in real estate, high tech, and bio-tech startups. In 2018, Mr. Mazin received an honorary degree from the Holon Institute of Technology.

**Alex Pinchev** has served as a member of our Board of Directors since November 2023. Mr. Pinchev has held numerous leadership and board positions across several high-tech companies throughout his career, including, most recently, as the Chairman of Flicent, Inc. and as a board member in several private companies, including SuSe S.A., StackState B.V. and Velotix Ltd. He previously served as an Executive Vice President and president of global sales, services, and field marketing of Red Hat, Inc. from 2003 to 2012 and as an Executive Vice President and president of global sales and marketing of Rackspace Limited (NASDAQ: RXT) from 2016 to 2017. He also served as the CEO of Acronis from 2012 to 2013. He was a board member of several public companies, including Quantum Corporation (NYSE: QMCO) and BMC Software, Inc. (NYSE: BMC). He currently serves on the boards of several privately owned companies and continues to advise and invest in startups and firms seeking global expansion through Capri Ventures, an early-stage fund that he founded. Mr. Pinchev holds a Masters degree in applied mathematics and computer science from the ITMO University in St. Petersburg, Russia.

**Roy Zisapel**, co-founder of our Company, has served as our President and Chief Executive Officer and a director since our inception in May 1996. Mr. Zisapel also serves as a director of Radware Inc. and other subsidiaries. From 1996 to 1997, Mr. Zisapel was a team leader of research and development projects for RND Networks Ltd. From 1994 to 1996, Mr. Zisapel was employed as a software engineer for unaffiliated companies in Israel. Currently, Mr. Zisapel serves on the board of directors of Israel Acquisitions Corp (Nasdaq: ISRL). Mr. Zisapel also serves as a director of several companies in the RAD-Bynet Group, including RAD Data Communications Ltd., Bynet Electronics Ltd., AB-NET Communications Ltd., Bynet Data Centers Ltd., and Bynet Data Communications Ltd.. Mr. Zisapel holds a B.Sc. degree in mathematics and computer science from Tel Aviv University, Israel.

**Guy Avidan** has served as our Chief Financial Officer since February 2022. Prior to joining Radware, he was with Kornit Digital (Nasdaq: KRNT), where he served as President at KornitX from November 2020 to November 2021 and as Chief Financial Officer from November 2014 to November 2020, in which role he led Kornit to its initial public offering on Nasdaq. Prior to joining Kornit Digital, Mr. Avidan was Vice President of Finance and Chief Financial Officer at AudioCodes (Nasdaq: AUDC). In addition, Mr. Avidan has 15 years of experience serving in various other executive capacities, including co-President and Chief Financial Officer at MRV Communications, Inc. (Nasdaq: MRVC), as well as Vice President of Finance and Chief Financial Officer at Ace North Hills, which was acquired by MRV Communications. Mr. Avidan is a certified public accountant and holds a B.A. degree in economics and accounting from Haifa University in Israel.

**David Roth** has served as our Chief Revenue Officer since January 2026. Prior to joining Radware Mr. Roth was in a number of leadership roles at Trend Micro Incorporated (TYO: 4704; TSE: 4704), a cybersecurity software company. Most recently, he served as the Chief Revenue Officer at Trend Micro from June 2023 until December 2025. Prior to Trend Micro, Mr. Roth was a serial entrepreneur, growing five companies over twenty years, all of which were eventually sold. Before that, he held a range of management roles at Microsoft and IBM. Mr. Roth holds a B.A. degree in communications from the University of Southern California.

**David Aviv** has served as our Chief Technology Officer since 2016 and as our Vice President, Advanced Services, since 2004. Mr. Aviv oversees the technology strategy for the Company's solutions for enterprise, carrier and cloud solutions and is involved in researching and developing key algorithms and concepts that will guide the direction of the Company's future solutions. Prior to joining Radware, he was the VP of Engineering at Ofek, an Israel-based ILEC and a senior consultant. Prior to that, until 2000, Mr. Aviv served in the Israeli Air Force as a senior technical leader. He also serves as the Technical Chairman of the Israeli Telecom Standards Body committee. Mr. Aviv holds a Ph.D. degree in Electrical Engineering (EE) from the Naval Postgraduate School in Monterey, California, a B.S. degree in Electrical Engineering from Ben-Gurion University and a M.S. degree in Electrical Engineering from Tel Aviv University, Israel.

**Gabi Malka** has served as our Chief Operating Officer since March 2014. Mr. Malka oversees product management, research & development, cloud services, and customer support. From May 2005 to February 2014, Mr. Malka served as Vice President of Research & Development at HP Software (formerly Mercury). Prior to HP Software, from 2000 to 2005, Mr. Malka served as Vice President of Research & Development of AppStream (acquired by Symantec). Prior to AppStream, from 1998 to 2000, Mr. Malka directed Research & Development at Amdocs Limited. Mr. Malka holds a B.A. from American InterContinental University and has furthered his post-graduate education at Tel Aviv University (Lahav Business School) and Harvard Business School.

**Constance ("Connie") Stack** has served as our Chief Growth Officer since March 2025. Ms. Stack is a seasoned operating executive and growth leader with deep expertise in cybersecurity, data protection, and high-scale go-to-market strategy. Before Radware she was CEO of Next DLP, a provider of data protection solutions, from August 2022 until December 2024. Prior to Next DLP, from October 2021 until August 2022, Ms. Stack served as General Manager and Managing Director at HelpSystems (now Fortra), a cybersecurity company. Prior to that, from October 2013 until October 2021, she served as Chief Marketing Officer and, from March 2019 until October 2021, as Chief Strategy Officer at Digital Guardian, which was acquired by Fortra. She has also held leadership roles at Veracode and WordStream. Ms. Stack is a recipient of the prestigious Terry Fox Humanitarian Award, recognizing outstanding leadership, service, and integrity. Ms. Stack holds a Bachelor of Commerce (B.Com.) degree in Sports Administration from Laurentian University / Université Laurentienne.

**Riki Goldriech** has served as our Global VP HR since 2016 and as our Chief People Officer since 2022. Ms. Goldriech brings more than 13 years of human resources experience to her role. Prior to Radware, Ms. Goldriech managed the human resources function at Hewlett-Packard Enterprise (HPE) Software in Israel. Ms. Goldriech has also held multiple human resources posts at HPE Israel. Ms. Goldriech holds a B.Sc. degree in computer science and logistics-economics and an MBA from Bar-Ilan University.

## **Additional Information**

Under Nasdaq requirements, a majority of the members of our Board of Directors are required to be “independent” as defined under the Nasdaq rules. We currently satisfy this requirement because seven of our eight directors qualify as “independent directors” under the Nasdaq rules.

We have experienced several changes in senior management during 2025 and early 2026. In January 2026, (i) Mr. Yoav Gazelle, who served as our Chief Business Officer since January 2022, transitioned to a different role within the Company, no longer serving as an executive officer of the Company, and (ii) Mr. David Roth joined to serve as our Chief Revenue Officer. In March 2025, (i) Ms. Constance (Connie) Stack joined to serve as our Chief Growth Officer and (ii) Ms. Sharon Trachtman, who in her last role within Radware served as our Chief Marketing Officer since February 2021, transitioned to a different role within the Company, no longer serving as an executive officer of the Company.

In March 2024, Yehuda Zisapel, a co-founder and shareholder of the Company who served as a member of our Board of Directors since our inception in May 1996 and as Chairperson of our Board of Directors from May 1996 until August 2006 and again from November 2009 until November 2023, passed away. Roy Zisapel, our President, Chief Executive Officer and director, is the son of Nava Zisapel, who is one of our major shareholders, and the late Yehuda Zisapel. There are no other family relationships between any of the directors or members of senior management named above.

We are not aware of any arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which (1) any person referred to above was selected as a director or member of senior management or (2) any director will receive compensation by a third party in connection with his or her candidacy or board service in the Company.

## **B. Compensation**

### *General*

Our objective is to attract, motivate and retain highly skilled personnel who will assist Radware to reach its business objectives, performance and the creation of shareholder value and otherwise contribute to our long-term success. Our compensation policy for our executive officers and directors (the “Compensation Policy”), which is approved by our shareholders, is designed to correlate executive compensation with our objectives and goals.

The following table sets forth all salaries, fees, commissions and bonuses and pension retirement and other similar benefits we paid or accrued with respect to all of our directors and officers as a group for the 2025 fiscal year. The table does not include any amounts we paid to reimburse any of our affiliates for costs incurred in providing us with services during such period.

	<b>Salaries, fees, commissions and bonuses</b>	<b>Pension, retirement and other similar benefits</b>
	<b>(US\$ In Thousands)</b>	
2024 – All directors and officers as a group, consisting of 14 persons*	\$ 3,068	\$ 488
2025 – All directors and officers as a group, consisting of 15 persons**	\$ 4,367	\$ 596

\* Includes one person who served as our director in 2024 and is no longer serving on our Board of Directors.

\*\* Includes two persons who served as executive officers for the compensation payable to them until March 2025 and December 2025, respectively, and one person who served as an executive officer for the compensation payable to her from March 2025.

During 2025, we granted to our directors and officers listed in Item 6.A “Directors, Senior Management and Employees” in the aggregate, 56,900 RSUs at a weighted average grant date fair value per RSU of \$26.15 and options to purchase 120,000 ordinary shares at a weighted average exercise price per share of \$23.58. The options expire 62 months after grant. The weighted-average grant date fair value of these options was \$7.83 per option.

For a discussion of the accounting method and assumptions used in valuation of such share-based compensation, see Note 2(t) to our consolidated financial statements included elsewhere in this annual report. See also Item 6.E “Share Ownership.”

For a discussion of the compensation granted to our five most highly compensated executive officers during 2025, see “Compensation of Executive Officers” below, and for a discussion of the compensation paid to our non-employee directors, see “Compensation of Directors” below.

We currently hold directors and officers liability insurance. In addition, we provide our directors and officers indemnification pursuant to the terms of a Letter of Indemnification substantially in the form approved by our shareholders.

#### *Compensation of Executive Officers*

The table and summary below outline the compensation granted to our five most highly compensated executive officers during or with respect to the year ended December 31, 2025. We refer to the five individuals for whom disclosure is provided herein as our “Covered Executives.”

For purposes of the table and the summary below, “compensation” includes base salary, bonuses, equity-based compensation, retirement or termination payments, benefits and perquisites such as car, phone and social benefits, and any undertaking to provide such compensation. All amounts reported in the table are in terms of cost to the Company, as recognized in our financial statements for the year ended December 31, 2025.

Name and Principal Position (1)	Salary	Bonus (including Sales Commissions) (2)	Equity-Based	All Other	Total
			Compensation (3)	Compensation (4)	
(US\$ In Thousands)					
<i>Constance (Connie) Stack, Chief Growth Officer</i>	264	182	1,040	45	1,531
<i>Roy Zisapel, President, Chief Executive Officer and Director</i>	450 (5)	803 (5)	-	173*	1,426
<i>Gabi Malka, Chief Operating Officer</i>	312	124	314	81	831
<i>Guy Avidan, Chief Financial Officer</i>	298	136	282	62	778
<i>David Aviv, Chief Technology Officer</i>	295	77	214	74	660

- (1) Unless otherwise indicated herein, all Covered Executives are (i) employed on a full-time (100%) basis; and (ii) subject to customary confidentiality, intellectual property assignment and non-solicitation provisions as well as an undertaking not to compete with us or in our field of business for at least 12 months following termination of employment.
- (2) Amounts reported in this column represent annual bonuses, including sales commissions. Consistent with our Compensation Policy, such bonuses are based upon (i) for non-sales executive officers – achievement of milestones and targets and the measurable results of the Company, as compared to our budget and/or work plan for the relevant year. The bonus (of up to 10% of the annual bonus) is based on the achievement and performance of pre-determined key performance indicators (KPIs), and, in any event, not to exceed the amount of 200% of the base salary; and (ii) for sales executive officers – achievement of targets of revenues generated by the individual and/or his/her team or division and/or the Company and in any event, not to exceed the amount of four annual base salaries of such executive.
- (3) Amounts reported in this column represent the grant date fair value in accordance with accounting guidance for share-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 2(t) to our consolidated financial statements included elsewhere in this annual report.
- (4) Amounts reported in this column include benefits and perquisites, including those mandated by applicable law. Such benefits and perquisites may include, to the extent applicable to the Covered Executive, payments, contributions and/or allocations for savings funds (e.g., Managers Life Insurance Policy), education funds (“keren hishtalmut”), pension, severance, vacation, car or car allowance, medical insurances and benefits, risk insurances (e.g., life or work disability insurance), phone, convalescence or recreation pay, relocation, payments for social security, tax gross-up payments and other benefits and perquisites consistent with Radware’s guidelines. Unless otherwise indicated herein, all Covered Executives (i) are entitled to a notice period of at least one month prior to termination (other than termination for cause), during which they are generally entitled to all compensation and rights under their employment agreements; and (ii) are not entitled to any special bonuses or benefits upon a change of control of our Company, other than a potential acceleration of the vesting of their share options pursuant to our equity incentive plan, as more fully described in Item 6.E “Share Ownership.”
- (5) As approved by our shareholders on July 28, 2022, as of such date, Roy Zisapel’s gross base salary increased from \$400,000 to \$450,000, and his annual bonus increased from \$400,000 to \$600,000 (however, the actual payout, based on performance, could reach \$900,000 for overperformance).

\* Social contributions paid in Israel are denominated in NIS, whereas our functional currency is dollars and therefore fluctuations in dollar amounts may be attributed to exchange rate fluctuations.

As approved by our shareholders on July 28, 2022, the terms of compensation of Roy Zisapel, our President, Chief Executive Officer and director, were modified, such that, commencing July 28, 2022, (i) his gross base salary is \$450,000 per annum (payable in NIS); (ii) his annual bonus is \$600,000 (payable in NIS) for on-target (100%) performance; however, the actual payout, based on performance, could reach \$900,000 for overperformance (or the equivalent in NIS); and (iii) he is entitled to annual grants of a combination of time-based restricted share units, performance-based restricted share units, and performance-based share options, with a total grant value of \$7.725 million, \$5.0 million and \$5.0 million, for 2022, 2023, and 2024, respectively. For additional details, see Proposal 3 of the Proxy Statement filed as Exhibit 99.2 to the Report of Foreign Private Issuer on Form 6-K we submitted to the SEC on June 23, 2022.

#### *Compensation of Directors*

Our non-employee directors are entitled to the following compensation: (i) annual compensation in the amount of NIS 120,800 per year of service; (ii) per meeting remuneration of NIS 3,600 for each Board or committee meeting attended, provided that the director is a member of such committee; (iii) compensation for telephonic participation in board and committee meetings (where other members physically attend) in an amount of 60% of what is received for physical participation; and (iv) compensation for board and committee meetings held via electronic means without physical participation in an amount of 50% of what is received for physical meetings. The aforesaid amounts are subject to adjustment for changes in the Israeli consumer price index ("Israeli CPI") after December 2007 and changes in the amounts payable pursuant to Israeli law from time to time (collectively, the "Linkage Adjustments"). Giving effect to such Linkage Adjustments, our non-employee directors are currently entitled to (i) annual compensation in the amount of NIS159,000 (equivalent to approximately \$51,142, based on the exchange rate published by the Bank of Israel on March 20, 2026, which was NIS3.109 = \$1.00) and (ii) per meeting remuneration of NIS 4,700 for each Board or committee meeting attended (equivalent to approximately \$1,512, based on the same exchange rate).

In addition, our non-employee directors are entitled to a grant of options under our share option plans to purchase 20,000 ordinary shares for each year in which such non-employee director holds office. The options are granted for three years in advance, and therefore every director receives an initial grant of options to purchase 60,000 ordinary shares that vest over a period of three years, with a third (20,000) to vest upon each anniversary of service, provided that the director still serves on the Company's Board of Directors on the date of vesting. The grant is made on the date of the director's election (or the date of commencement of office, if different), and thereafter, every three years, if reelected, an additional grant of options to purchase an additional 60,000 ordinary shares will be made on the date of each annual meeting in which such director is reelected. The exercise price of all options shall be equal to the fair market value of the ordinary shares on the date of the grant (i.e., an exercise price equal to the market price of our ordinary shares on the date of the annual meeting approving the election or reelection of a director or the date of commencement of office, if different).

## C. Board Practices

### Introduction

Since we are incorporated as an Israeli company, we are subject to the provisions of the Companies Law and the regulations adopted thereunder. In addition, since our ordinary shares are listed on the Nasdaq Global Select Market, we are also subject to the Nasdaq rules.

According to the Companies Law and our Articles of Association, the oversight of the management of our business is vested in our Board of Directors. Our Board of Directors may exercise all powers and may take all actions that are not specifically granted to our shareholders. As part of its powers, our Board of Directors may cause us to borrow or secure payment of any sum or sums of money for our purposes, at times and upon terms and conditions as it determines, including the grant of security interests in all or any part of our property.

Our Articles of Association provide for a Board of Directors of not less than five and not more than nine directors. Currently, our Board of Directors consists of eight directors. In accordance with current Nasdaq requirements, nominees for election as directors are approved and recommended to the Board of Directors by our Nomination and Corporate Governance Committee.

Under the Companies Law, our Board of Directors is required to determine the minimum number of directors having accounting and financial expertise, as defined in regulations promulgated under the Companies Law, that our Board of Directors should have. In determining the number of directors required to have such expertise, the Board of Directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our Board of Directors has determined that we require at least one director with the requisite financial and accounting expertise and that Naama Zeldis has such expertise.

### Staggered Board

In accordance with the terms of our Articles of Association, our Board of Directors is divided into three classes with each class of directors serving until, generally, the third annual meeting following their election as follows:

<b>Class</b>	<b>Term expiring at the annual meeting for the year</b>	<b>Directors</b>
Class III	2026	Stanley Stern, Israel Mazin and Alex Pinchev
Class I	2027	Yair Tauman and Yuval Cohen
Class II	2028	Roy Zisapel, Naama Zeldis and Meir Moshe

At each annual meeting of shareholders, the successors to directors whose terms will expire are elected to serve from the time of election and qualification until the third annual meeting following such election. Directors are elected by a simple majority of the votes cast by our shareholders at an annual general meeting, whereas a director's removal from office requires the vote of at least 75% of the voting power represented at the general meeting. In general, any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, to the nearest extent possible, each class will consist of one-third of the directors. This classification of our Board of Directors may have the effect of delaying or preventing changes in control or management of our Company.

For a description of how long our directors and officers have served in their current positions, please see Item 6.A “Directors and Senior Management.”

#### **External Directors and Israeli Relief Regulations**

Under the Companies Law, companies incorporated under the laws of Israel whose shares are listed for trading on a stock exchange or have been offered to the public in or outside of Israel, are required to appoint at least two external directors that meet the qualifications set forth in the Companies Law. However, pursuant to Israeli regulations promulgated under the Companies Law, companies whose shares are traded on specified non-Israeli stock exchanges, including Nasdaq, and which do not have a controlling shareholder, such as Radware, may elect to opt out of the requirement to maintain external directors as well as elect to opt out of the composition requirements under the Companies Law with respect to the audit and compensation committees.

Consistent with the aforesaid relief regulations, in February 2020, we elected to opt out of the requirement to appoint external directors and from the composition requirements for the audit and compensation committees under the Companies Law. Our eligibility to opt out is conditioned upon: (i) the continued listing of our ordinary shares on the Nasdaq (or one of a number of other specified non-Israeli stock exchanges); (ii) there not being a controlling shareholder of our Company; and (iii) our compliance with the SEC rules and Nasdaq requirements as to the composition of (a) our board of directors (which requires that we maintain a majority of independent directors on our board of directors) and (b) the audit and compensation committees of our Board of Directors (which, subject to certain exceptions, requires that such committees consist solely of independent directors (at least three and two members, respectively), as described under the Nasdaq rules).

Our election to exempt our Company from compliance with the external director and audit and compensation committee requirements under the Companies Law can be reversed at any time by our Board of Directors, in which case we would need to hold a shareholder meeting to once again appoint external directors, whose election, by a special majority, would initially be for a three-year term.

#### **Our Committees**

The Board of Directors appoints committees to help carry out its duties. Each committee reports the results of its meetings to the full Board of Directors. The Board of Directors established an Audit Committee, a Compensation Committee and a Nomination and Corporate Governance Committee. From time to time, our Board of Directors establishes other “ad-hoc” committees of members of the Board of Directors for specific duties or assignments and limited duration.

#### **Audit Committee**

Our ordinary shares are listed on the Nasdaq Global Select Market, and we are subject to the Nasdaq rules applicable to listed companies. Under the Nasdaq rules, we are required to have an audit committee consisting of at least three independent directors, all of whom are financially literate and one of whom has accounting or related financial management expertise. To the extent a company is required to appoint external directors, the audit committee must include all of the external directors and comply with additional requirements as to the composition thereof under the Companies Law. However, when we elected to exempt our Company from the external director requirement, we concurrently elected to exempt our Company from all of such requirements.

Our Board has determined that all directors serving on our Audit Committee (namely, Naama Zeldis, Stanley Stern and Prof. Yair Tauman) meet the independence standards required of Audit Committee members by the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and the Nasdaq rules. In addition, the Board of Directors has determined that Naama Zeldis is considered an “audit committee financial expert” (as defined by SEC rules).

In accordance with the Nasdaq rules, our Audit Committee has adopted a charter that sets forth the Audit Committee’s purpose and responsibilities, which include, among other things, (1) assisting the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices and financial statements, and the independence qualifications and performance of our independent auditors, (2) selecting, evaluating and, where appropriate, recommending to replace the independent auditors (or to nominate the independent auditors subject to shareholder approval) and pre-approving audit engagement fees and all permitted non-audit services and fees, and (3) assisting the Board in fulfilling its oversight responsibilities relating to risk assessment and management, including review and discuss with management our cybersecurity, data privacy and other information technology infrastructure risks. Our Audit Committee must also review and approve all related party transactions specified under Item 7.B “Related Party Transactions” of Form 20-F.

In accordance with the Companies Law, the duties of our Audit Committee, in addition to the requirements imposed by the Nasdaq rules, include, among other things, (1) identifying irregularities in the business management of the Company, including in consultation with the internal auditor and/or the Company’s independent accountants, and recommending remedial measures to the Board of Directors, (2) reviewing, and, where appropriate, approving certain interested party transactions specified under the Companies Law, as more fully described in Exhibit 2.1 to this annual report under the heading “Approval of Specified Related Party Transactions under Israeli Law,” and (3) examining and monitoring the work of our internal auditor.

Our Audit Committee also functions as our Qualified Legal Compliance Committee (the “QLCC”). In its capacity as the QLCC, our Audit Committee is responsible for investigating reports of perceived material violations of U.S. federal or state securities laws, breaches of fiduciary duty or similar violations by our officers, directors, employees, or any of our agents.

#### **Compensation Committee**

Pursuant to applicable Nasdaq rules, the compensation payable to a company’s chief executive officer and other executive officers must generally be approved by a compensation committee comprised solely of independent directors. To the extent a company is required to appoint external directors, the compensation committee must include all of the external directors and comply with additional requirements as to the composition thereof under the Companies Law. However, when we elected to exempt our Company from the external director requirement, we concurrently elected to exempt our Company from all of such requirements.

Under the Companies Law, the role of the compensation committee includes recommending to the Board of Directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of office holders based on specified criteria; reviewing, from time to time, modifications to the compensation policy and examining its implementation; approving the actual compensation terms of office holders prior to approval thereof by the Board of Directors; and resolving whether to exempt the compensation terms of a candidate for chief executive officer from shareholder approval. The Companies Law defines the term “office holder” of a company to include a director, the chief executive officer, the chief financial officer, a vice president and any officer of the company that reports directly to the chief executive officer.

Pursuant to its charter, our Compensation Committee is authorized to make decisions regarding executive compensation and terms and conditions of employment, to follow market trends and provide recommendations to the Board of Directors in connection with the Company's general compensation philosophy and policies, as well as to recommend that the Board of Directors issue equity-based awards under our equity-based incentive plans. The Compensation Committee reviews, recommends, and determines, on behalf of the Board of Directors, the amounts and types of compensation to be paid to the Company's Chief Executive Officer and other executive officers.

Our Compensation Committee currently consists of Meir Moshe, Prof. Yair Tauman, and Naama Zeldis, all of whom are independent directors.

#### **Nomination and Corporate Governance Committee**

The role of our Nomination and Corporate Governance Committee is, among other things, to assist our Board of Directors by identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and to recommend to the Board the director nominees for the next annual meeting of shareholders and the individuals to be appointed to the Board from time to time; to develop and recommend to the Board matters of corporate governance; to lead the Board in its annual review of the Board and management's performance; and to recommend to the Board director nominees for each committee.

Pursuant to its charter, our Nomination and Corporate Governance Committee is authorized, among other things, to seek individuals qualified to become directors for recommendation to the Board, consistent with criteria identified by the Board; monitor and evaluate the orientation and training needs of directors and make recommendations to the Board where appropriate; assist the Board in determining and monitoring whether or not each director and prospective director is "independent" within the meaning of any rules and laws applicable to us; receive comments from all directors and report annually to the Board with an assessment of the Board's performance; periodically review our policies, practices and disclosures with respect to sustainability and environmental, social and governance factors; and review, as it deems appropriate, the succession planning for our senior executive officers.

Our Nomination and Corporate Governance Committee currently consists of Stanley Stern, Meir Moshe, and Israel Mazin, all of whom are independent directors.

#### **Nomination of Directors**

Nominees for election as directors are approved and recommended to the Board of Directors by our Nomination and Corporate Governance Committee.

## Board and Committee Meetings

The table below describes the number of meetings and attendance rates of our Board of Directors, Audit Committee, Compensation Committee and Nomination and Corporate Governance Committee in 2025\*:

<b>Name of Body</b>	<b>No. of Meetings in 2025</b>	<b>Average Attendance Rate**</b>
Board of Directors	9	97.2%
Audit Committee	6	100.0%
Compensation Committee	12	94.4%
Nomination and Corporate Governance Committee	3	100%

\* Excludes ad-hoc committees.

\*\* Meetings, if any, at which a director was not allowed to attend as a matter of applicable law were not counted as a failure to attend.

Each director attended at least 94% of all Board meetings.

### Directors' Service Contracts

Except as described in Item 6.B "Compensation", we do not, as of the date of filing of this annual report, have service or employment contracts with our directors providing for benefits upon termination of employment.

### Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor proposed by the audit committee. The role of the internal auditor is to examine, among other things, whether the company's conduct complies with applicable law and orderly business procedure. The internal auditor may participate in all audit committee meetings and has the right to demand that the chairperson of the audit committee convene a meeting. Under the Companies Law, the internal auditor may be an employee of the company but may not be an interested party, an office holder or a relative of any of the foregoing, nor may the internal auditor be the company's independent accountant or its representative. Oren Groupi, CPA, Partner in KPMG Israel, is our internal auditor.

### Additional Information

For additional information regarding the fiduciary duties and other legal requirements relating to the conduct of our directors and executive officers, see Exhibit 2.1 to this annual report under the heading "Board of Directors."

## D. Employees

At the time of commencement of employment, our employees in North America generally sign offer letters specifying basic terms and conditions of employment, whereas our employees in Israel, including our executive officers, generally sign standard written employment agreements. The employees in our other jurisdictions sign employment agreements, which differ according to customary practices in the countries where they are located. All our employees worldwide sign confidentiality and non-compete terms and conditions.

The following table details certain data on our workforce (including temporary employees and subcontractors) as at the period indicated:

	As of December 31,		
	2025	2024	2023
<i>Approximate numbers of employees and subcontractors by geographic location:</i>			
Israel	581	560	590
North, Central and South America (principally the United States)	250	235	229
EMEA (Europe, the Middle East and Africa)	109	109	113
Asia-Pacific (*)	356	304	286
<b>Total workforce</b>	<b>1,296</b>	<b>1,208</b>	<b>1,218</b>
<i>Approximate numbers of employees and subcontractors by category of activity:</i>			
Research and development (*)	474	449	479
Sales, technical support, business development and marketing	667	621	602
Management, operations and administration	155	138	137
<b>Total workforce</b>	<b>1,296</b>	<b>1,208</b>	<b>1,218</b>

(\*) Includes 68, 71, and 71 subcontractors, as of December 31, 2025, 2024, and 2023, respectively.

We are subject to Israeli labor laws and regulations with respect to our Israeli employees. These laws principally concern matters such as paid annual vacation, paid sick days, length of the workday and work week, minimum wages, pay for overtime, insurance for work-related accidents, severance pay and other conditions of employment.

Furthermore, we and our Israeli employees are subject to provisions of the collective bargaining agreements between the “Histadrut,” the General Federation of Labor in Israel, and the Coordination Bureau of Economic Organizations, including the Industrialists Association, by governmental order. These provisions principally concern social benefits, cost of living increases, recreation pay and other conditions of employment. We generally provide our employees with benefits and working conditions above the required minimums.

The employees of our subsidiaries are subject to local labor laws, regulations and/or collective bargaining agreements that vary from country to country.

Our employees are not represented by a labor union.

We consider our relations with our employees to be good, and we have never experienced a strike or work stoppage.

## E. Share Ownership

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares by our directors and officers as of March 20, 2026. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary shares relating to options or RSUs currently exercisable or exercisable (vested in the case of RSUs) within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares shown as beneficially owned by them. Unless otherwise noted below, each shareholder's address is 22 Raoul Wallenberg Street, Tel Aviv 6971917, Israel. See also Item 7.A "Major Shareholders" below.

Name	Number of ordinary shares	Percentage of outstanding ordinary shares**
Roy Zisapel (1)	2,509,553	5.9%
Stanley Stern (2)	45,674	*
Naama Zeldis	-	-
Yair Tauman (3)	75,000	*
Yuval Cohen (4)	80,000	*
Meir Moshe (5)	287,764	*
Israel Mazin (6)	40,000	*
Alex Pinchev (7)	40,000	*
Gabi Malka (8)	10,111	*
David Aviv (9)	101,814	*
Constance Stack	-	-
Guy Avidan (10)	59,166	*
David Roth	-	-
Riki Goldriech (11)	30,527	*
All directors and executive officers as a group (14 persons)	3,279,609	7.6%

\* Reflects ownership of less than 1%.

\*\* The percentages shown are based on 42,306,970 ordinary shares issued and outstanding as of March 20, 2026. This figure of issued and outstanding ordinary shares excludes treasury shares as well as (i) 13,500 RSUs and (ii) employee share options to purchase an aggregate of 611,803 ordinary shares at a weighted average exercise price of approximately 21.68 per share, with the latest expiration date of these options being in July 2030 (of which, options to purchase 591,803 of our ordinary shares were exercisable as of March 20, 2026).

- (1) Consists of (i) 2,237,750 shares held directly by Mr. Zisapel, (ii) 119,904 options at an exercise price of \$16.68 per share, which expire in March 2029 and (iii) 151,889 options at an exercise price of \$19.75 per share, which expire in March 2028. For the sake of clarity, as noted in Item 7.A, the ordinary shares reported as beneficially owned by Roy Zisapel exclude the Neurim Shares held by Neurim, and Mr. Zisapel disclaims beneficial ownership of such securities, except to the extent of his pecuniary interest therein.
- (2) Consists of (i) 5,674 ordinary shares held directly by Mr. Stern and (ii) 40,000 ordinary shares Mr. Stern has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly.
- (3) Consists of (i) 15,000 ordinary shares held directly by Mr. Tauman and (ii) 60,000 ordinary shares Mr. Tauman has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly.
- (4) Consists of 80,000 ordinary shares Mr. Cohen has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly and excludes 2,087,388 ordinary shares beneficially owned by Fortissimo Capital Fund V, LP., an Israeli-based private equity fund. Yuval Cohen a member of our board of directors and a managing partner in Fortissimo Capital, may be deemed to have shared voting and dispositive power with respect to the shares held by Fortissimo but disclaims beneficial ownership over such shares except to the extent of his pecuniary interest therein.
- (5) Consists of (i) 207,764 ordinary shares held directly by Mr. Moshe and (ii) 80,000 ordinary shares Mr. Moshe has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly.
- (6) Consists of 40,000 ordinary shares Mr. Mazin has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly.
- (7) Consists of 40,000 ordinary shares Mr. Pinchev has the right to acquire within 60 days of March 20, 2026 upon the exercise of options he holds directly.
- (8) Consists of (i) 9,611 ordinary shares held directly by Mr. Malka and (ii) 500 ordinary shares Mr. Malka has the right to acquire within 60 days of March 20, 2026 upon the exercise of RSUs he holds directly.
- (9) Consists of (i) 101,314 ordinary shares held directly by Mr. Aviv and (ii) 500 ordinary shares Mr. Aviv has the right to acquire within 60 days of March 20, 2026 upon the exercise of RSUs he holds directly.
- (10) Consists of (i) 46,666 ordinary shares held directly by Mr. Avidan and (ii) 12,500 ordinary shares Mr. Avidan has the right to acquire within 60 days of March 20, 2026 upon the exercise of RSUs he holds directly.
- (11) Consists of 30,527 ordinary shares Ms. Goldreich has the right to acquire within 60 days of March 20, 2026 upon the exercise of RSUs she holds directly.

### **Key Employee Share Incentive Plan**

In August 1997, we adopted our Key Employee Share Incentive Plan (1997), as amended. Under the plan, share options as well as restricted share units (“RSUs”), may be granted to employees employed by us or by our affiliates.

The Share Incentive Plan is administered by the Compensation Committee subject to the provisions of the Companies Law. Pursuant to the plan, the Compensation Committee has the authority to determine (subject to applicable law), or advise the Board of Directors, in its discretion:

- the persons to whom options or RSUs are granted;
- the number of shares underlying each equity award;
- the time or times at which the award shall be made;
- the exercise price, vesting schedule and conditions pursuant to which the awards are exercisable, including cashless exercises; and
- any other matter necessary or desirable for the administration of the plan.

In addition, the Share Incentive Plan provides that, unless determined otherwise by our Board of Directors (or a committee thereof), in the event of a “Hostile Takeover,” which is defined to include, among others, an unsolicited acquisition of more than 20% of our outstanding shares (other than a purchase by Roy Zisapel (together with his affiliates)), the vesting of all or a portion of our outstanding equity awards will accelerate. As a result, an acquisition of our Company that triggers the said acceleration will be more costly to a potential acquirer.

Options granted pursuant to the Share Incentive Plan are typically granted for a term of 62 months from the date of the grant of the option. As of December 31, 2025, 35,912,967 ordinary shares have been reserved for equity grants under the plan, of which we have (i) granted options to purchase 27,021,199 ordinary shares at a weighted average exercise price of \$8.29 per ordinary share and (ii) issued 8,758,799 RSUs. Accordingly, as of December 31, 2025, we had 132,969 ordinary shares reserved and available for new equity grants under the Share Incentive Plan.

The Share Incentive Plan allows the allocation of short-term options to grantees who are not residents of Israel or the United States, with a grant price of 90% of the closing sales price for the shares on the Nasdaq on the date of grant of a respective option award. As of December 31, 2025, 1,000,000 ordinary shares have been reserved for option grants under this arrangement, of which we have granted options to purchase 236,694 ordinary shares at a weighted average exercise price of \$7.09 per ordinary share. This arrangement does not affect the possibility of issuing options under the Share Incentive Plan as detailed above. However, any person who participates in the ESPP (as defined below) shall not be an eligible grantee for purposes of such arrangement.

### **Directors and Consultants Option Plan**

In February 2000, we adopted a Directors and Consultants Option Plan, which is administered by our Compensation Committee. Options granted pursuant to our Directors and Consultants Options Plan are for a term of 62 months from the date of the grant of the option. The terms of the Directors and Consultants Option Plan are similar to the terms of the Share Incentive Plan. The Directors and Consultants Option Plan relies on the 37,612,967 ordinary shares reserved for option grants shares under the Share Incentive Plan which can be rolled over between such plans. The Compensation Committee may not grant options to members of the Committee or to a shareholder of over 10% of our issued and outstanding shares.

## Employee Share Purchase Plan

In February 2010, our Board of Directors adopted the 2010 Employee Share Purchase Plan (ESPP), which provides for the issuance of a maximum of 2,000,000 ordinary shares. Pursuant to the ESPP, eligible employees (including only Israeli and United States residents) could have up to 10% of their net income withheld, up to certain maximums, to be used to purchase our ordinary shares. The ESPP is implemented with overlapping one-year offering periods, each consisting of two purchases, once in every six-month period. The price of each ordinary share purchased under the ESPP is equal to 90% of the closing price for the shares on the respective offering date. As of December 31, 2025, a total of 255,560 shares had been purchased under the ESPP. During 2025, no shares were purchased under the ESPP.

## Option Plans of Our Subsidiary

In April 2022, the board of directors of SkyHawk Security established the Skyhawk (CNP) Security Ltd. 2022 Share Incentive Plan (the “SkyHawk Plan”). Under the SkyHawk Plan, options may be granted to officers, directors, employees and consultants of SkyHawk Security. The exercise price per share under the SkyHawk Plan was generally not less than the fair value of an ordinary share at the date of grant. The options vest primarily over four years. Each option is exercisable for one ordinary share. Any options, which are forfeited or not exercised before expiration, become available for future grants. See Note 12(e) to our consolidated financial statements.

## F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

During and after the last completed fiscal year ended December 31, 2025, we were not required to prepare an accounting restatement, or any accounting restatement that required recovery of erroneously awarded compensation pursuant to our compensation recovery policy required by the Nasdaq listing rules, and there was no outstanding balance as of the end of the last completed fiscal year of erroneously awarded compensation to be recovered from the application of the policy to any prior restatement.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of March 20, 2026, by each person or entity known to own beneficially more than 5% of our outstanding ordinary shares based on information provided to us by the holders or disclosed in public filings with the SEC. The voting rights of all major shareholders are the same as for all other shareholders.

<u>Name</u>	<u>Number of ordinary shares*</u>	<u>Percentage of outstanding ordinary shares**</u>
Senvest Management, LLC (1)	4,115,597	9.73%
Artisan Partners (2)	3,130,252	7.40%
Nava Zisapel (3)	2,897,926	6.85%
Legal & General Group Plc (4)	2,831,851	6.69%
Morgan Stanley (5)	2,610,939	6.17%
Roy Zisapel (6)	2,509,553	5.89%
Amplify Cybersecurity ETF, a series of the Amplify ETF Trust (7)	2,157,083	5.09%
First Trust Portfolios L.P. (8)	2,146,877	5.07%

\* Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary shares relating to options or RSUs currently exercisable or exercisable (vested in the case of RSUs) within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

\*\* The percentages shown are based on 42,306,970 ordinary shares issued and outstanding as of March 20, 2026. This figure of issued and outstanding ordinary shares excludes treasury shares as well as (i) 13,500 RSUs and (ii) employee share options to purchase an aggregate of 611,803 ordinary shares at a weighted average exercise price of approximately 21.68 per share, with the latest expiration date of these options being in July 2030 (of which, options to purchase 591,803 of our ordinary shares were exercisable as of March 20, 2026).

(1) Based on information provided in Amendment No. 19 to the Statement on Schedule 13G filed with the SEC by Senvest on February 9, 2024, the reported shares are held in the accounts of Senvest Master Fund, LP and Senvest Technology Partners Master Fund, LP (collectively, the "Investment Vehicles"), Senvest Management, LLC may be deemed to beneficially own the securities held by the Investment Vehicles by virtue of Senvest Management, LLC's position as investment manager of each of the Investment Vehicles, and Richard Mashaal may be deemed to beneficially own the securities held by the Investment Vehicles by virtue of Mr. Mashaal's status as the managing member of Senvest Management, LLC. The business address of Senvest is 540 Madison Avenue, 32<sup>nd</sup> Floor, New York, New York 10022.

(2) Based on information provided in Amendment No. 4 to the Statement on Schedule 13G filed with the SEC by Artisan Partners Limited Partnership ("APLP"), Artisan Investments GP LLC, Artisan Partners Holdings LP and Artisan Partners Asset Management Inc. (collectively, "Artisan Partners") on November 11, 2025, the reported shares have been acquired on behalf of discretionary clients of APLP and beneficially owned by Artisan Partners. The business address of Artisan Partners is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202.

(3) Of the ordinary shares beneficially owned by Nava Zisapel, (i) 2,467,843 shares are held directly, (ii) 267,833 shares are held of record by Carm-AD Ltd., an Israeli company owned 100% by Nava Zisapel, and (iii) 324,500 shares (the "Neurim Shares") are held of record by Neurim Pharmaceuticals (1991) Ltd., an Israeli company ("Neurim"), 50% of which is held by Nava Zisapel and 50% is held in three equal parts by Roy Zisapel and his siblings.

(4) Based on information provided in the Statement on Schedule 13G filed with the SEC by Legal & General Group Plc ("LG"), Legal & General Investment Management Ltd ("LGIM"), LGIM Managers (Europe) Limited ("LGIME"), Legal & General UCITS ETF Plc ("UCITS"), Legal & General Investment Management America Inc ("LGIMA") and LGIM Singapore PTE. Ltd ("LGIMS" and, together with LG, LGIM, LGIME, UCITS and LGIMA, the "LG Group") on August 11, 2025. The business address of each of LG and LGIM is One Coleman Street, London, England, EC2R 5AA, UK, the business address of each of LGIME and UCITS is 70 Sir John Rogersons Quay, Dublin 2, Ireland, the business address of LGIMA is 71 South Wacker Drive, Suite 800, Chicago, IL 60606, and the business address of LGIMS is Level 7, 15-17, Capital Square, 23 Church Street, Singapore, U0, 049481.

(5) Based on information provided in the Statement on Schedule 13G filed with the SEC by Morgan Stanley on February 12, 2026. The business address of Morgan Stanley is 1585 Broadway, New York, New York 10036.

(6) Of the ordinary shares beneficially owned by Roy Zisapel, (i) 2,237,750 shares are held directly, (ii) 119,904 options at an exercise price of \$16.68 per share, which expire in March 2029 and (iii) 151,899 options at an exercise price of \$19.75, which expire in March 2028. For the sake of clarity, the ordinary shares reported as beneficially owned by Roy Zisapel exclude the Neurim Shares held by Neurim, and Mr. Zisapel disclaims beneficial ownership of such securities, except to the extent of his pecuniary interest therein.

(7) Based on information provided in the Statement on Schedule 13G filed with the SEC by Amplify Cybersecurity ETF, a series of the Amplify ETF Trust (“Amplify”) on November 14, 2025, the reported shares are beneficially owned by Amplify. The business address of Amplify is 3333 Warrenville Road #350, Lisle, IL 60532.

(8) Based on information provided in the Statement on Schedule 13G filed with the SEC by First Trust Portfolios L.P, First Trust Advisors L.P. and The Charger Corporation (collectively, “First Trust”) on January 27, 2026, the reported shares are held by certain unit investment trusts for which First Trust Portfolios L.P. acts as sponsor and First Trust disclaims beneficial ownership thereof. The business address of First Trust is 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187.

To our knowledge, the Company is not directly nor indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person severally or jointly. There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

#### **Significant Changes in the Ownership of Major Shareholders**

During the past three years, the significant changes in the percentage ownership of our major shareholders were as follows:

- Based on Amendment No. 19 to the Schedule 13G filed with the SEC by Senvest on February 9, 2024, Senvest beneficially owned 4,115,597 of our outstanding ordinary shares. Based on a previous amendment to the Schedule 13G filed with the SEC by Senvest, Senvest beneficially owned as of December 31, 2022, 4,044,695 of our outstanding ordinary shares.
- Based on Amendment No. 4 to the Schedule 13G filed with the SEC by Artisan Partners on November 11, 2025, Artisan Partners beneficially owned 3,130,252 of our outstanding ordinary shares. Based on a previous amendment to the Schedule 13G filed with the SEC by Artisan Partners, Artisan Partners beneficially owned as of December 31, 2023, 2,360,703 of our outstanding ordinary shares.
- Based on the Schedule 13G filed with the SEC by the LG Group on August 11, 2025, the LG Group beneficially owned 2,831,851 of our outstanding ordinary shares. Based on previous statements on Schedule 13G filed with the SEC by the LG Group, they beneficially owned (i) as of December 31, 2024, 2,235,702 of our outstanding ordinary shares, (ii) as of September 30, 2024, 1,941,651 of our outstanding ordinary shares, and (iii) as of December 31, 2023, 2,115,897 of our outstanding ordinary shares.
- Based on the Schedule 13G filed with the SEC by Morgan Stanley on February 12, 2026, Morgan Stanley beneficially owned 2,610,939 of our outstanding ordinary shares. Based on previous statements on Schedule 13G filed with the SEC by Morgan Stanley, Morgan Stanley beneficially owned (i) as of December 31, 2024, 2,481,276 of our outstanding ordinary shares, and (ii) as of December 31, 2023, 3,534,162 of our outstanding ordinary shares.
- Based on the Schedule 13G filed with the SEC by First Trust on January 27, 2026, they beneficially owned 2,146,877 of our outstanding ordinary shares. Based on previous statements on Schedule 13G filed with the SEC by First Trust, they beneficially owned (i) as of June 30, 2024, 839,027 of our outstanding ordinary shares, (ii) as of March 31, 2024, 4,218,597 of our outstanding ordinary shares, and (iii) as of December 31, 2023, 2,446,925 of our outstanding ordinary shares.

## Major Shareholders Voting Rights

Our major shareholders do not have different voting rights from those of other shareholders.

## Record Holders

Based on a review of the information provided to us by our transfer agent, as of March 20, 2026, there were 26 holders of record of our ordinary shares, of which 16 record holders, holding approximately 8.5% of our ordinary shares, had registered addresses in Israel, and of which eight record holders, holding approximately 91.5% of our ordinary shares, had registered addresses in the United States. These numbers are not representative of the number of beneficial holders of our ordinary shares nor are they representative of where such beneficial holders reside, since many of these ordinary shares were held of record by brokers or other nominees (including one U.S. nominee company, CEDE & Co., which held approximately 91.5% of our outstanding ordinary shares as of said date).

## B. Related Party Transactions

### Overview

We have in the past entered into, and in the future we may enter into, transactions with related parties, such as our directors and senior management or their respective affiliates, which transactions are generally subject to the prior approval of our audit or compensation committee and board of directors.

### Transactions with Rad-Bynet Group

We have entered into a number of agreements with certain companies that form part of the RAD-Bynet Group, of which either the heirs of the late Yehuda Zisapel, the heirs of his late brother, Zohar Zisapel, and Nava Zisapel (or all of them together) were co-founders, and are directors and/or shareholders. Roy Zisapel also serves as a director of RAD Data Communications Ltd., Bynet Electronics Ltd., AB-NET Communications Ltd. (and its wholly owned subsidiary, ABNET Cloud Services Ltd.), Bynet Data Centers Ltd., Bynet Data Communications Ltd. (and its wholly owned subsidiary RAD Negev Ltd.), RADWIN Ltd., Packetlight Networks Ltd. and other companies in the RAD-Bynet Group.

Under these agreements, we lease property and purchase certain products and services from certain member entities of the RAD-Bynet Group. In addition, in February 2022, we acquired the technology and operations of SecurityDAM (now called DC Protection Ltd.), to which we sometimes refer as the SecurityDAM Acquisition.

The RAD-Bynet Group consists of manufacturers of communications solutions comprised of hardware and/or software and communications solution providers, distributors and integrators as well as service providers. The RAD-Bynet Group includes companies dealing in advanced communication technology, networks, and integration. Companies within the RAD-Bynet Group provide a variety of solutions and services to their customers, including engineering, purchasing and sub-contracting, production and final testing, planning and control, and support for end users. The RAD-Bynet Group also includes a few companies that provide services that support the activities of the other RAD-Bynet Group members, such as real estate leasing and administrative services. Some of the products of members of the RAD-Bynet Group are complementary to, and may be used in connection with, our products and services. Each company in the RAD-Bynet Group is independent from the others. The ownership and Board of Directors structure of each RAD-Bynet Group member is different and certain of the RAD-Bynet Group members are publicly traded companies. See Item 4.C “Organizational Structure” for additional details about the group.

*Lease of Property*

We lease the office space for our headquarters and principal R&D, administrative, finance and marketing and sales operations from private companies within the RAD-Bynet Group that are owned by the heirs of the late Zohar Zisapel, Nava Zisapel, and the heirs of the late Yehuda Zisapel:

- One lease is a five-story building in Tel Aviv, Israel, consisting of approximately 40,000 square feet, plus storage and parking space. This lease expires in June 2030. The annual rent amounts to approximately \$705,000.
- A second lease consists of five floors in the Or Tower in Tel Aviv, Israel with approximately 68,000 square feet, plus parking spaces. This lease expires in June 2030. The annual rent amounts to approximately \$2,084,000. In this annual report, we sometimes refer to this lease as well as the lease described above as the “Lease Agreements for the Company’s Headquarters.”

- We also lease approximately 3,600 square feet of space in Jerusalem, Israel, for development facilities from an affiliated company owned by the heirs of the late Yehuda Zisapel and Nava Zisapel. This lease expires in August 2028. The annual rent amounts to approximately \$100,000.
- In addition, we lease approximately 8,200 square feet of space in Jerusalem, Israel, for manufacturing facilities from an affiliated company owned by the heirs of the late Yehuda Zisapel, Nava Zisapel, and the heirs of the late Zohar Zisapel. This lease expires in August 2028. The annual rent amounts to approximately \$160,000.
- We lease approximately 16,900 square feet in Mahwah, New Jersey, consisting of approximately 12,700 square feet of office space and 4,200 square feet of warehouse space, from an affiliated company owned by the heirs of the late Yehuda Zisapel, Nava Zisapel, and the heirs of the late Zohar Zisapel. The annual rent amounts to approximately \$195,000. The lease expires in March 2031.

#### *Distribution Agreement*

Bynet Data Communications Ltd. (Bynet), a member of the RAD-Bynet Group, distributes our products in Israel on a non-exclusive basis. We have a written distributor agreement with Bynet under which we provide Bynet with discounts on our solutions similar to the discounts provided to third-party distributors in the region in the ordinary course of business. The total sales to Bynet (and other companies in the RAD-Bynet Group) under such distributor agreement amounted to approximately \$5.3 million in 2025, compared to \$5.7 million in 2024 and \$3.3 million in 2023.

#### *Additional RAD-Bynet Group Equipment and Services*

We purchase the following additional equipment services from members of the RAD-Bynet Group: network management, IT and communication services, equipment testing and repair, inventory, cloud hosting services, electricity charges, parking and building maintenance, reception and security services, vehicles and human resource administration and marketing services.

A portion of the above services, such as electricity charges, are “pass through” services for which we are charged on a “back-to-back” basis according to our actual usage (i.e., we are charged pro rata based on the actual charge of the third-party electricity company) due to the fact that we lease part of our facilities from a number of other RAD-Bynet Group members. Other services mentioned above, such as vehicles and human resource administration, are performed by one of the RAD-Bynet Group companies and are provided to all members of the RAD-Bynet Group, in order to achieve lower prices for these services based on economies of scale. In addition, since the RAD-Bynet Group is comprised of a number of companies that are engaged in our industry, the RAD-Bynet Group companies initiate marketing events from time to time, which we participate in, to promote the RAD-Bynet Group members’ products. The charges for these services are based on actual costs incurred and are allocated to the Company according to its relative part in such services (e.g., vehicles administration – according to the number of the Company’s vehicles out of the total vehicles of the RAD-Bynet Group; marketing events – according to the number of participants who are our customers out of the total number of participants in the events).

## Transactions with Fortissimo Portfolio Companies

We have entered into a number of agreements with several Fortissimo Portfolio Companies (as defined above). Under these agreements, we purchase certain products and services from such companies, as described below.

### Summary

Following is a summary of the general purchases of products and services from the RAD-Bynet Group companies (excluding leases, distribution and the services previously provided by SecurityDAM, which are described above) and Fortissimo Portfolio Companies during 2025:

<b>RAD-Bynet Group Entity</b>	<b>Products/Services</b>
Bynet Data Communications Ltd.	Network management, IT and communication equipment, testing and repair, mutual marketing activities
Internet Binat Ltd.	IT and communication services
Bynet System Applications Ltd.	Communication equipment and services
Rad Data Communications Ltd.	Operating services and manpower
Cloudride Ltd.	Cloud hosting services, mutual marketing activities
Bynet Electronics Ltd.	Testing equipment and related services
<b>Fortissimo Portfolio Company</b>	<b>Products/Services</b>
Cellcom Israel Ltd.	Communication services
Accord Insurance Agency Ltd.	Insurance Agent
Sela Software Labs (Israel) Ltd	Cloud Hosting Services

The total cost of our purchases from the RAD-Bynet Group entities referenced in the table above amounted to approximately \$3.4 million in 2025, compared to \$3.4 million in 2024 and \$3.1 million in 2023. The total cost of our purchases from Fortissimo Portfolio Companies referenced in the table above amounted to approximately \$4.1 million in 2025, compared to less than \$1.0 million in 2024 and 2023.

We believe that our transactions and arrangements with affiliated parties, including members of the RAD-Bynet Group or with any of the Fortissimo Portfolio Companies, are in the ordinary course of our business (other than the SecurityDAM Acquisition) and are not unusual in their nature or conditions. However, in accordance with the Companies Law, they generally require the approval of our Audit Committee and our Board of Directors and may, in certain circumstances, such as to the extent they relate to compensation terms of our directors, require approval by our shareholders. In this respect, as permitted by the Companies Law, our Audit Committee established internal policies with certain criteria and procedures designed to ensure that the terms of the transactions to which we enter into with companies within the RAD-Bynet Group or with any of the Fortissimo Portfolio Companies, are made on market terms and, at the same time, where such transactions are immaterial or negligible, both from a qualitative and quantitative perspective (and/or are otherwise believed to be routine), would not require the pre-approval of our Audit Committee and Board of Directors. Our management is required to examine whether transactions with the RAD-Bynet Group or any of the Fortissimo Portfolio Companies comply with such criteria, and transactions that do not meet the criteria require pre-approval of our Audit Committee and such other corporate approvals prescribed by the Companies Law.

We believe that the terms of the transactions to which we have entered into with member entities of the RAD-Bynet Group and any of the Fortissimo Portfolio Companies are not different in any material respect from terms we could obtain from third parties not associated or affiliated with us and are beneficial to us and no less favorable to us than terms that might be available to us from third parties. The pricing of the transactions was based on negotiations between the parties, and members of our management reviewed the pricing of these agreements, as well as, in some cases, used a third-party consulting firm, and confirmed that they were not different in any material respect from that which could have been obtained from third parties not associated or affiliated with us.

As we are treated as a member of the RAD-Bynet Group, we clarify that (i) in the event that we cease to be a member of the RAD-Bynet Group, we may not be able to obtain the current rates for such services, and (ii) we believe, however, that due to the affiliation between us and the RAD-Bynet Group, we have greater flexibility in obtaining certain terms and conditions that may not be available from unaffiliated third parties on similar products and services.

### Compensation of President and Chief Executive Officer

See discussion in Item 6.B "Compensation."

### C. Interests of Experts and Counsel

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

#### **Financial Statements**

See Item 18 “Financial Statements.”

#### **Export Sales**

For the year ended December 31, 2025, the amount of our export sales (i.e., sales outside Israel) was approximately \$283.2 million, which represents 93.8% of our total sales in 2025.

#### **Legal Proceedings**

We are, or may be, from time to time named as a defendant in certain routine litigation incidental to our business. However, we are currently not, and have not been in the recent past, a party to any legal proceedings which may have or have had in the recent past significant effects on our financial condition or profitability.

#### **Dividend Distribution Policy**

We have never paid and do not intend to pay cash dividends on our ordinary shares in the foreseeable future. In recent years and specifically in the past eight consecutive years, our Board of Directors has approved repurchase programs of our ordinary shares, which we implement based on market conditions, share price, trading volume and other factors (see Item 16.E “Purchases of Equity Securities by the Issuer and Affiliated Purchasers”). Otherwise, our policy is to retain earnings and other cash resources to continue the development and expansion of our business. Any future dividend policy will be determined by our Board of Directors and will be based upon conditions then existing, including our results of operations, financial condition, current and anticipated cash needs, contractual restrictions and other conditions. See also Exhibit 2.1 to this annual report under the heading “Dividend, Liquidation Rights and Rights to Shares in Profits.”

### **B. Significant Changes**

Except as otherwise disclosed in this annual report, we are not aware of any significant changes that have occurred since December 31, 2025.

**ITEM 9. THE OFFER AND LISTING**

**A. Offer and Listing Details**

Our ordinary shares have been listed for quotation on the Nasdaq Global Select Market since September 30, 1999 under the symbol “RDWR.”

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ordinary shares are listed for quotation on the Nasdaq Global Select Market under the symbol “RDWR.”

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

### A. Share Capital

Not applicable.

### B. Memorandum and Articles of Association

Copies of our Memorandum of Association and our Articles of Association are filed as Exhibits 1.1 and 1.2 to this annual report. A description of each class of securities registered under Section 12 of the Securities Exchange Act of 1934 is included in Exhibit 2.1 to this annual report.

### C. Material Contracts

See the summary of the terms of the Lease Agreements for the Company's Headquarters in Item 7.B "Related Party Transactions—Lease of Property." Except as disclosed therein, we are not currently, nor have we been for the two years immediately preceding the date of this annual report, party to any material contract, other than contracts entered into in the ordinary course of business.

### D. Exchange Controls

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions or shareholders who are subjects of countries that are, have been, or will be, in a state of war with Israel. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

### E. Taxation

**Holders of our ordinary shares should consult their tax advisors as to the United States, Israeli or other tax consequences of the purchase, ownership and disposition of our ordinary shares, including, in particular, the effect of any foreign, state or local taxes.**

#### Israeli Tax Considerations

The following is a summary of the material current tax structure applicable to companies incorporated in Israel and some Israeli Government programs benefiting us, with special reference to its effect on us. The following also contains a discussion of the material Israeli tax consequences to purchasers of our ordinary shares and Israeli government programs benefiting us. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the Israel Tax Authority or courts. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons that own, directly or indirectly, 10% or more of our outstanding voting capital, all of whom are subject to special tax regimes not covered in this discussion. The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

## *General Corporate Tax Structure*

Generally, Israeli companies are subject to “Corporate Tax” on their taxable income. The corporate tax rate is 23% for 2025 and 2024. However, the effective tax rate payable by a company that qualifies as an Industrial Company that derives income from a Preferred Technology Enterprise (as discussed below), like us, may be considerably less. Capital gains derived by an Israeli company are subject to the prevailing corporate tax rate.

In 2025, Radware Ltd. was subject to a routine examination by the Israel Tax Authority with respect to its tax returns for the 2019–2022 tax years. In December 2025, Radware Ltd. entered into a settlement agreement with the Israel Tax Authority, thereby concluding the examination. We have previously recorded adequate tax provisions to fully cover the obligations arising from the settlement. Accordingly, the audit findings and related agreement did not have a material impact on our consolidated statements of operations or overall tax expense.

### *Tax Benefits Under the Law for the Encouragement of Capital Investments, 1959*

The Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”) provides certain incentives for capital investment in a production facility (or other eligible assets). Generally, an investment program that is implemented in accordance with the provisions of the Investment Law, which may be either a “Preferred Enterprise”, a “Special Preferred Enterprise”, a “Preferred Technology Enterprise” or “Special Preferred Technology Enterprise”, is entitled to benefits. These benefits may include cash grants from the Israeli government and tax benefits, based upon, among other things, the geographic location in Israel of the facility in which the investment is made. In order to qualify for these incentives, a Preferred Enterprise, a Special Preferred Enterprise, a Preferred Technology Enterprise or Special Preferred Technology Enterprise, is required to comply with the requirements of the Investment Law.

The Investment Law has been amended several times over the years, with the most significant changes effective as of January 1, 2011 (the “2011 Amendment”), and as of January 1, 2017 (the “2017 Amendment”). The 2011 Amendment introduced new benefits instead of the benefits granted in accordance with the provisions of the Investment Law prior to the 2011 Amendment. The 2017 Amendment introduces new benefits for Technological Enterprises, alongside the existing tax benefits.

### *Tax Benefits under the 2017 Amendment*

The 2017 Amendment was enacted as part of the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), that was published on December 29, 2016, and is effective as of January 1, 2017. The 2017 Amendment provides new tax benefits for two types of “Technology Enterprises,” as described below, and is in addition to the other existing tax beneficial programs under the Investments Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a “Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as “Preferred Technology Income,” as defined in the Investments Law. The tax rate is further reduced to 7.5% for a Preferred Technology Enterprise located in development Zone A. In addition, a Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain “Benefitted Intangible Assets” (as defined in the Investments Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the National Authority for Technological Innovation (“NATI”).

The 2017 Amendment further provides that a technology company satisfying certain conditions will qualify as a “Special Preferred Technology Enterprise” and will thereby enjoy a reduced corporate tax rate of 6% on “Preferred Technology Income” regardless of the company’s geographic location within Israel. In addition, a Special Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain “Benefitted Intangible Assets” to a related foreign company if the Benefitted Intangible Assets were either developed by an Israeli company or acquired from a foreign company on or after January 1, 2017, and the sale received prior approval from NATI. A Special Preferred Technology Enterprise that acquires Benefitted Intangible Assets from a foreign company for more than NIS 500 million will be eligible for these benefits for at least 10 years, subject to certain approvals as specified in the Investments Law.

Dividends distributed by a Preferred Technology Enterprise or a Special Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (with respect to a non-Israeli shareholder, subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for such 20% withholding tax rate or a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, the aforesaid will apply). If such dividends are distributed to a foreign company that holds solely or together with other foreign companies 90% or more of the Israeli company and other conditions are met, the withholding tax rate will be 4%, or such lower rate as may be provided in an applicable tax treaty.

We have examined the impact of the 2017 Amendment and the degree to which we will qualify as a Preferred Technology Enterprise and have elected to adopt it as of 2018 onwards.

*Tax Benefits Under the Law for the Encouragement of Industry (Taxes), 1969*

Under the Law for the Encouragement of Industry (Taxes), 1969 (the “Industry Encouragement Law”), Industrial Companies are entitled to the following preferred corporate tax benefits, among others:

- Deduction of purchases of know-how and patents over an eight-year period for tax purposes;
- Right to elect, under specified conditions, to file a consolidated tax return with additional related Israeli Industrial Companies; and
- Deductions over a three-year period of expenses involved with the issuance and listing of shares on a recognized stock market.

Eligibility for benefits under the Industry Encouragement Law is not subject to receipt of prior approval from any governmental authority. Under the Industry Encouragement Law, an “Industrial Company” is defined as a company resident in Israel, at least 90% of the income of which, in any tax year, exclusive of income from government loans, is derived from an “Industrial Enterprise” owned by it. An “Industrial Enterprise” is defined as an enterprise, located in Israel, owned by an Industrial Company, whose major activity in a given tax year is industrial production activity.

We believe that we currently qualify as an Industrial Company within the definition of the Industry Encouragement Law. No assurance can be given that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

#### *Tax benefits and grants for research and development*

Israeli tax law allows, under certain conditions, a tax deduction for expenditures related to scientific research and development projects, including capital expenditures, in the year in which they are incurred. Expenditures are deemed related to scientific research and development projects if:

- the expenditures are approved by the relevant Israeli government ministry, which depends on the field of research;
- the research and development must be for the promotion of the company; and
- the research and development is carried out by or on behalf of the company seeking such tax deduction.

The amount of such deductible expenses is reduced by the sum of any funds received through government grants for the finance of such scientific research and development projects. Under these research and development deduction rules, no deduction is allowed for any expense invested in an asset depreciable under the general depreciation rules of the Israeli Income Tax Ordinance (New Version), 5721-1961. Expenditures that do not qualify for this special deduction are deductible in equal amounts over three years.

From time to time, we may apply to the IIA for approval to allow a tax deduction for all research and development expenses during the year incurred. There can be no assurance that such request will be granted.

#### *Capital Gains Tax on Sales of Our Ordinary Shares*

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of assets located in Israel, including shares in Israeli companies, by non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

Generally, the tax rate applicable to capital gains derived from the sale of shares, whether listed on a stock market or not, is 25% for individuals, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a "significant shareholder" at any time during the 12-month period preceding such sale, i.e., such shareholder holds directly or indirectly, including with others, at least 10% of any means of control in the company, the tax rate shall be 30%. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or order someone who holds any of the aforesaid rights how to act, regardless of the source of such right. However, the foregoing tax rates do not apply to: (i) dealers in securities; and (ii) shareholders who acquired their shares prior to an initial public offering (that may be subject to a different tax arrangement). Companies are subject to the Corporate Tax rate on capital gains derived from the sale of listed shares.

Non-Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale of shares of Israeli companies publicly traded on a recognized stock exchange or regulated market outside of Israel, provided that such capital gains are not derived from a permanent establishment in Israel and such shareholders did not acquire their shares prior to an initial public offering. However, non-Israeli entities will not be entitled to such exemption if Israeli residents (i) have a controlling interest of more than 25% in such non-Israeli entity, or (ii) are the beneficiaries or are entitled to 25% or more of the revenues or profits of such non-Israeli entity, whether directly or indirectly.

In some instances where our shareholders may be liable to Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at the source, and holders of our ordinary shares may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, the Israel Tax Authority may require shareholders who are not liable for Israeli capital gains tax on such a sale to sign declarations on forms specified by the Israel Tax Authority, provide documents (including, for example, a certificate of residency) or obtain a specific exemption from the Israel Tax Authority to confirm their status as non-Israeli residents (and, in the absence of such declarations or exemptions, the Israel Tax Authority may require the purchaser of the shares to withhold tax at source).

Pursuant to the Convention Between the Government of the United States of America and the Government of the State of Israel with Respect to Taxes on Income, as amended (the "U.S.-Israel Tax Treaty"), the sale, exchange or disposition of ordinary shares by a person who (i) holds the ordinary shares as a capital asset, (ii) qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty and (iii) is entitled to claim the benefits afforded to such person by the U.S.-Israel Tax Treaty, generally, will not be subject to the Israeli capital gains tax. Such exemption will not apply if (i) such Treaty U.S. Resident holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale, exchange or disposition, subject to certain conditions, (ii) the capital gains from such sale, exchange or disposition can be allocated to a permanent establishment in Israel, or (iii) such Treaty U.S. Resident is an individual and was present in Israel for 183 days or more during the relevant taxable year. In such case, the sale, exchange or disposition of ordinary shares would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, such Treaty U.S. Resident would be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to U.S. state or local taxes.

*Taxation of Dividends paid to Non-Israeli Resident Holders of Shares*

Non-residents of Israel are subject to income tax on income accrued or derived from sources in Israel. Such sources of income include passive income such as dividends. On distributions of dividends other than bonus shares, or stock dividends, income tax is applicable at the rate of 25%, or 30% for a shareholder that is considered a "significant shareholder" at any time during the 12-month period preceding such distribution, unless a different rate is provided in a treaty between Israel and the shareholder's country of residence. Such dividends are generally subject to Israeli withholding tax at a rate of 25%, so long as the shares are registered with a nominee company (whether the recipient is a substantial shareholder or not). The portion of dividends paid out of income attributed to a Preferred Enterprise or Preferred Technology Enterprise is subject to withholding tax at the rate of 20% (in the case of non-Israeli shareholders – subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for such 20% withholding tax rate or a reduced tax rate as may be provided in an applicable tax treaty between Israel and the shareholder's country of residence).

Under the U.S.-Israel Tax Treaty, the maximum tax on dividends paid to a holder of ordinary shares who is a Treaty U.S. Resident is 25%. However, if the income out of which the dividend is paid is not generated by a Preferred Enterprise or a Preferred Technology Enterprise, and not more than 25% of our gross income consists of interest or dividends, dividends paid to a U.S. corporation holding at least 10% of our issued voting power during the part of the tax year that precedes the date of payment of the dividend and during the whole of its prior tax year are generally taxed at a rate of 12.5%. Dividends generated by a Preferred Enterprise or Preferred Technology Enterprise are generally taxed at a rate of 15% under the U.S.-Israel Tax Treaty if the foregoing conditions are met. If the dividend is attributable partly to income derived from a Preferred Enterprise or a Preferred Technology Enterprise, and partly to other sources of income, the withholding rate will be a blended rate reflecting the relative portions of the two types of income. The aforementioned rates under the U.S.-Israel Tax Treaty will not apply if the dividend income was derived through or attributed to a permanent establishment of the Treaty U.S. Resident in Israel. Application for this reduced tax rate requires appropriate documentation presented to and specific instruction received from the Israel Tax Authority. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability.

#### *Surtax*

Subject to the provisions of any applicable tax treaty, individuals who are subject to tax in Israel (whether or not any such individual is an Israeli resident) are also subject to a surtax at the rate of 3% on annual income (including, but not limited to, dividends, interest and capital gains) exceeding NIS 721,560 for 2026, which amount is linked to the annual change in the Israeli consumer price index (with the exception that, based on Israeli legislation, such amount, and certain other statutory amounts will not be linked to the Israeli consumer price index for the years 2025-2027). In addition, effective as of January 1, 2025, an additional 2% surtax will be imposed on Capital-Sourced Income (defined as income from any source other than employment income, business income or income from "personal effort"), provided that the individual's Capital Sourced Income exceeds the specified threshold of NIS 721,560. This additional surtax applies, among other things, to income from capital gains, dividends, interest, rental income, or the sale of real property.

#### **United States Federal Income Tax Considerations**

Subject to the limitations described herein, the following discussion summarizes certain United States federal income tax considerations to a U.S. Holder of the acquisition, ownership and disposition of our ordinary shares. A "U.S. Holder" means a holder of our ordinary shares who is:

- An individual citizen or resident of the United States for U.S. federal income tax purposes;
- A corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any political subdivision thereof or the District of Columbia;
- An estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- A trust (i) if, in general, a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a United States person for U.S. federal income tax purposes.

This discussion addresses only U.S. Holders that will own their ordinary shares as capital assets (generally, for investment) and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each person's decision to acquire our ordinary shares. Certain aspects of U.S. federal income taxation relevant to a holder of our ordinary shares that is not a U.S. Holder and not a partnership or other pass-through entity or arrangement (a "Non-U.S. Holder") are also discussed below.

This discussion is based on current provisions of the Code, current and proposed U.S. Treasury Regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. Holder in light of such holder's individual circumstances. In particular, this discussion does not address the potential application of any alternative minimum tax or U.S. federal income tax considerations to U.S. Holders that are subject to special treatment, including, without limitation:

- Broker-dealers or insurance companies;
- Dealers or traders in securities, commodities or currencies;
- Traders that have elected the mark-to-market accounting method;
- Tax-exempt entities, accounts, organizations or retirement plans;
- Grantor trusts;
- Partnerships or other pass-through entities or arrangements;
- Partners or other equity owners in partnerships or other pass-through entities or arrangements that hold our ordinary shares through such an entity or arrangement;
- U.S. Holders selling our ordinary shares short;
- U.S. Holders deemed to have sold our ordinary shares in a "constructive sale";
- S corporations;
- Banks, financial institutions or "financial services entities";
- Persons that hold their ordinary shares as part of a straddle, "hedge," "integrated" or "conversion transaction" with other investments;
- Certain former citizens or long-term residents of the United States;
- Persons that acquired their ordinary shares upon the exercise of employee share options or otherwise as compensation;
- Real estate investment trusts or regulated investment companies;
- Pension funds;
- Persons subject to special tax accounting rules as a result of any item of gross income with respect to our ordinary shares being taken into account in an applicable financial statement;
- Persons that own directly, indirectly or by attribution at least 10% of our ordinary shares by vote or value; or
- Persons that have a functional currency that is not the U.S. dollar.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our ordinary shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences.

In addition, this discussion does not address any aspect of state, local or non-United States tax laws or the possible application of United States federal gift or estate taxes, nor does it address the Medicare contribution tax on net investment income.

**Each holder of our ordinary shares is advised to consult such holder's tax advisor with respect to the specific tax consequences to such holder of acquiring, holding or disposing of our ordinary shares, including the applicability and effect of federal, state, local and foreign laws and possible changes in the tax laws in such holder's particular circumstances.**

*Taxation of Dividends Paid on Ordinary Shares.* Subject to the discussion below under "Passive Foreign Investment Company Status," a U.S. Holder will be required to include in gross income as dividend income the amount of any distribution paid on our ordinary shares (other than certain distributions, if any, of our ordinary shares distributed pro rata to all our shareholders) on the date on which the dividends are actually or constructively received, including any non-U.S. taxes withheld from the amount paid, to the extent the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. Holder's adjusted basis in our ordinary shares and, to the extent in excess of such basis, will be treated as capital gain from the deemed sale or exchange of our ordinary shares. However, we do not maintain calculations of our earnings and profits under United States federal income tax principles. Therefore, U.S. Holders should expect that the entire amount of any distribution generally will be reported as dividend income to a U.S. Holder. The dividend portion of such distributions generally will not qualify for the dividends received deduction available to corporations and thus will be subject to tax at the rate applicable to their taxable income.

Dividends that are received by non-corporate U.S. Holders will generally be taxed at the preferential rates applicable to "qualified dividend income" (currently a maximum rate of 20%), provided certain holding period requirements are met, we are not a "passive foreign investment company" (as discussed below) and our ordinary shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of the U.S.-Israel Tax Treaty. Our ordinary shares are generally readily tradable on the Nasdaq Global Select Market, an established securities market. Dividends that fail to meet such requirements, and dividends received by corporate U.S. Holders, are taxed at ordinary income rates. No dividend received by a U.S. Holder will be a qualified dividend (1) if the U.S. Holder held the ordinary share with respect to which the dividend was paid for less than 61 days during the 121-day period beginning on the date that is 60 days before the ex-dividend date with respect to such dividend, excluding for this purpose, under the rules of Code Section 246(c), any period during which the U.S. Holder has an option to sell, is under a contractual obligation to sell, has made and not closed a short sale of, is the grantor of a deep-in-the-money or otherwise nonqualified option to buy, or has otherwise diminished its risk of loss by holding other positions with respect to, such ordinary share (or substantially identical securities); or (2) to the extent that the U.S. Holder is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in property substantially similar or related to the ordinary share with respect to which the dividend is paid. If we were to be a "passive foreign investment company" (as such term is defined in the Code) for any year, dividends paid on our ordinary shares in such year or in the following year would not be qualified dividends. In addition, a non-corporate U.S. Holder will be able to take a qualified dividend into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so; in such case the dividend will be taxed at ordinary income rates.

Distributions of current or accumulated earnings and profits paid in foreign currency to a U.S. Holder (including any non-U.S. taxes withheld therefrom) will generally be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate on the date the distribution is received regardless of whether the foreign currency is converted into U.S. dollars at the time. A U.S. Holder that receives a foreign currency distribution and converts the foreign currency into U.S. dollars after the date of receipt may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which will generally be U.S. source ordinary income or loss.

U.S. Holders may have the option of claiming the amount of any non-U.S. income taxes withheld on a dividend distribution either as a deduction from gross income, provided a deduction is claimed for all of the foreign income taxes the U.S. Holder pays or accrues in the particular year or as a dollar-for-dollar credit against their U.S. federal income tax liability. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the non-U.S. income taxes withheld, but such amount may be claimed as a credit against the individual's U.S. federal income tax liability. The deduction, however, is not subject to the limitations applicable to foreign tax credits, but may be subject to other limitations and each U.S. Holder is urged to consult its tax advisor. The amount of non-U.S. income taxes which may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each U.S. Holder. These limitations include, among others, rules which limit foreign tax credits allowable with respect to specific classes of income to the U.S. federal income taxes otherwise payable with respect to each such class of income. Distributions of current or accumulated earnings and profits generally will be "passive category income" for U.S. foreign tax credit purposes. The total amount of allowable foreign tax credits in any year generally cannot exceed the pre-credit U.S. tax liability for the year attributed to non-U.S. source taxable income. A U.S. Holder will be denied a foreign tax credit with respect to non-U.S. income tax withheld from a dividend received on the ordinary shares if such U.S. Holder has not held the ordinary shares for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date with respect to such dividend, or to the extent such U.S. Holder is under an obligation to make related payments with respect to positions in substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the ordinary shares are not counted toward meeting the required 16-day holding period. Pursuant to applicable United States Treasury regulations, however, if a U.S. Holder is not eligible for the benefits of an applicable income tax treaty or does not elect to apply such treaty, then such holder may not be able to claim a foreign tax credit arising from any foreign tax imposed on a distribution on the ordinary shares, depending on the nature of such foreign tax, although the IRS has provided temporary relief from the application of certain aspects of these regulations until new guidance or regulations are issued. The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations, including their eligibility for benefits under an applicable income tax treaty and the potential impact of the applicable United States Treasury regulations.

*Taxation of the Disposition of Ordinary Shares.* Subject to the discussion below under “Passive Foreign Investment Company Status,” upon the sale, exchange or other disposition of our ordinary shares (other than with respect to certain non-recognition transactions), a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between such U.S. Holder’s adjusted basis in such ordinary shares, which is usually the cost of such shares, and the amount realized on the disposition. A U.S. Holder that uses the cash method of accounting calculates the U.S. dollar value of the proceeds received on the sale as of the date that the sale settles, while a U.S. Holder that uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the “trade date,” unless such U.S. Holder has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS) to use the settlement date to determine its proceeds of sale. Capital gain from the sale, exchange or other taxable disposition of our ordinary shares held more than one year will be long-term capital gain, and may be eligible for a reduced rate of taxation for individuals, estates or trusts (currently taxable at a maximum rate of 20%). U.S. Holders should consult their tax advisors regarding the availability of the reduced rate of U.S. federal income tax on long-term capital gains in light of their own particular circumstances.

Gains or losses recognized by a U.S. Holder on a sale, exchange or other disposition of our ordinary shares generally will be treated as U.S. source income for U.S. foreign tax credit purposes. Because a U.S. Holder may use foreign tax credits against only the portion of United States federal income tax liability that is attributed to foreign source income in the same category, a U.S. Holder’s ability to utilize a foreign tax credit with respect to the non-U.S. tax imposed on any such sale or other taxable disposition, if any, may be significantly limited. In addition, pursuant to applicable United States Treasury regulations, if a U.S. Holder is not eligible for the benefits of an applicable income tax treaty or does not elect to apply such treaty, then the U.S. Holder may not be able to claim a foreign tax credit arising from any foreign tax imposed on the disposition of our ordinary shares, depending on the nature of such foreign tax, although the IRS has provided temporary relief from the application of certain aspects of these regulations until new guidance or regulations are issued. The rules governing the treatment of foreign taxes imposed on a United States Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors as to whether the non-U.S. tax on gains may be creditable or deductible in light of their particular circumstances, including their eligibility for benefits under an applicable treaty and the potential impact of applicable United States Treasury regulations and the temporary IRS relief.

The deductibility of a capital loss recognized on the sale, exchange or other disposition of our ordinary shares may be subject to limitations. A U.S. Holder that receives foreign currency upon disposition of our ordinary shares and subsequently converts the foreign currency into U.S. dollars or disposes of such foreign currency, may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar, which will generally be U.S. source ordinary income or loss. If a U.S. Holder used foreign currency to purchase ordinary shares, the cost of such ordinary shares will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, translated at the spot rate of exchange on that date. If our ordinary shares are treated as traded on an established securities market for U.S. federal income tax purposes and the relevant U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, the U.S. Holder will determine the U.S. dollar value of the cost of such ordinary shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

*Passive Foreign Investment Company Status.* We will be a “passive foreign investment company” (a “PFIC”) if (taking into account certain “look-through” rules with respect to the income and assets of our subsidiaries) either (i) 75% or more of our gross income in a taxable year is passive income or (ii) the average percentage of our total assets (by value, determined on a quarterly basis) which produce, or are held for the production of, passive income during the taxable year is at least 50%. Passive income for this purpose generally includes dividends, interest, royalties, rents, gains from commodities and securities transactions. The Code does not specify how a corporation must determine the fair market value of its assets for this purpose, and the issue has not been definitively determined by the IRS or the courts. The market capitalization approach has generally been used to determine the fair market value of the assets of a publicly traded corporation. The IRS and the courts, however, have accepted other valuation methods besides the market capitalization approach in certain other valuation contexts.

For our taxable year ended December 31, 2025, we do not believe that we should be classified as a PFIC. There can be no assurance, however, that the IRS will not challenge this treatment, and it is possible that the IRS could attempt to treat us as a PFIC for 2025 and prior taxable years. The tests for determining PFIC status require a factual determination that depends on, among other things, the composition of our income, assets and activities in each taxable year, and can only be made annually after the close of each taxable year. Furthermore, the aggregate value of our gross assets is likely to be determined in part by reference to the trading price of our ordinary shares, which could fluctuate significantly. We have a substantial balance of cash and other liquid investments, which are passive assets for purposes of the PFIC determination. Accordingly, if our market capitalization declines significantly, it may make our classification as a PFIC more likely for the current or future taxable years. Accordingly, there can be no assurance that we will not become a PFIC in future taxable years.

If we were a PFIC, each U.S. Holder would (unless it made one of the elections discussed below on a timely basis) be taxed on gain recognized from the disposition of our ordinary shares (including gain deemed recognized if the ordinary shares are used as security for a loan) and upon receipt of certain excess distributions with respect to our ordinary shares as if such income had been recognized ratably over the U.S. Holder's holding period for the ordinary shares. The U.S. Holder's income for the current taxable year would include (as ordinary income) amounts allocated to the current year and to any period prior to the first day of the first taxable year for which we were a PFIC. Tax would also be computed at the highest ordinary income tax rate in effect for each other period to which income is allocated, and an interest charge on the tax as so computed would also apply. The tax liability with respect to the amount allocated to the taxable year prior to the taxable year of the distribution or disposition cannot be offset by any net operating losses. Further, if we are a PFIC during any year in which a U.S. Holder owns our ordinary shares, each U.S. Holder generally will be required to file an annual report with the IRS on Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us (regardless of whether a QEF or mark-to-market election (described below) is made). If we are classified as a PFIC in any year with respect to which a U.S. Holder owns our ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding years during which the U.S. Holder owns our ordinary shares, regardless of whether we continue to meet the tests described above unless such U.S. Holder elects to apply the QEF or the mark-to-market election (described below) and certain conditions are met.

Under certain attribution rules, if we are considered a PFIC, U.S. Holders may be deemed to own their proportionate share of equity in any PFIC owned by us (if any), such entities referred to as "lower-tier PFICs," and will be subject to U.S. federal income tax in the manner discussed above on (1) a distribution to us on the shares of a "lower-tier PFIC" and (2) a disposition by us of shares of a "lower-tier PFIC," both as if the holder directly held the shares of such "lower-tier PFIC."

As an alternative to the tax treatment described above, a U.S. Holder could elect to treat us as a "qualified electing fund" (QEF), in which case the U.S. Holder would be required to include in income, for each taxable year that we are a PFIC, its pro rata share of our ordinary earnings as ordinary income and its pro rata share of our net capital gain as capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. Any income inclusion will be required whether or not such U.S. Holder owns our ordinary shares for an entire taxable year or at the end of our taxable year. The amount so includable will be determined without regard to our prior year losses or the amount of cash distributions, if any, received from us. Special rules apply if a U.S. Holder makes a QEF election after the first year in its holding period in which we are a PFIC. We will supply U.S. Holders with the information needed to report income and gain under a QEF election if we are a PFIC. A U.S. Holder's basis in its ordinary shares will increase by any amount included in income and decrease by any amounts not included in income when distributed because such amounts were previously taxed under the QEF rules. So long as a U.S. Holder's QEF election is in effect beginning with the first taxable year in which we were a PFIC during the U.S. Holder's holding period for its ordinary shares, any gain or loss realized by such holder on the disposition of its ordinary shares held as a capital asset ordinarily would be capital gain or loss. Such capital gain or loss ordinarily would be long-term if such U.S. Holder had held such ordinary shares for more than one year at the time of the disposition and would be eligible for a reduced rate of taxation for certain non-corporate U.S. holders. The QEF election is made on a shareholder-by-shareholder basis, applies to all ordinary shares held or subsequently acquired by an electing U.S. Holder and can be revoked only with the consent of the IRS.

As an alternative to making a QEF election, a U.S. Holder of PFIC stock which is “marketable stock” (e.g., “regularly traded” on a “qualified exchange”) may in certain circumstances avoid certain of the tax consequences generally applicable to holders of stock in a PFIC by electing to mark the stock to market as of the beginning of such U.S. Holder’s holding period for the ordinary shares. The Nasdaq Global Select Market, on which our ordinary shares are traded, is considered a “qualified exchange” for this purpose. As a result of such election, in any taxable year that we are a PFIC, a U.S. Holder would generally be required to report gain or loss to the extent of the difference between the fair market value of the ordinary shares at the end of the taxable year and such U.S. Holder’s tax basis in its ordinary shares at that time. Any gain under this computation, and any gain on an actual disposition of the ordinary shares in a taxable year in which we are a PFIC, would be treated as ordinary income. Any loss under this computation, and any loss on an actual disposition of the ordinary shares in a taxable year in which we are a PFIC, generally would be treated as ordinary loss to the extent of the cumulative net-mark-to-market gain previously included. Any remaining loss from marking ordinary shares to market will not be allowed, and any remaining loss from an actual disposition of ordinary shares generally would be capital loss. A U.S. Holder’s tax basis in its ordinary shares is adjusted annually for any gain or loss recognized under the mark-to-market election. There can be no assurances that there will be sufficient trading volume with respect to our ordinary shares for the ordinary shares to be considered “regularly traded” or that our ordinary shares will continue to trade on the Nasdaq Global Select Market. Accordingly, there are no assurances that the ordinary shares will be marketable stock for these purposes. As with a QEF election, a mark-to-market election is made on a shareholder-by-shareholder basis, applies to all ordinary shares held or subsequently acquired by an electing U.S. Holder and can only be revoked with the consent of the IRS to the extent the ordinary shares no longer constitute marketable stock.

**U.S. Holders are urged to consult their tax advisors about the PFIC rules, including eligibility for and the manner and advisability of making, the QEF election or the mark-to-market election.**

*Tax Consequences for Non-U.S. Holders of Ordinary Shares*

Except as described in “Information Reporting and Backup Withholding” below, a Non-U.S. Holder of ordinary shares will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the sale, exchange or other taxable disposition of, ordinary shares, unless, for U.S. federal income tax purposes:

- such item is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States and, in the case of a resident of a country which has a treaty with the United States, such item is attributable to a permanent establishment or, in the case of an individual, a fixed place of business, in the United States; or
- the Non-U.S. Holder is an individual who holds the ordinary shares as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met.

*Information Reporting and Backup Withholding*

U.S. Holders (other than certain exempt recipients, such as corporations) generally are subject to information reporting requirements with respect to dividends paid in the United States on ordinary shares and proceeds received from the sale, exchange, redemption or other disposition of ordinary shares. Under the Code, a U.S. Holder may be subject, under certain circumstances, to backup withholding with respect to dividends paid on our ordinary shares and proceeds received from the sale, exchange, redemption or other disposition of ordinary shares unless such holder provides proof of an applicable exemption or correct taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules.

Any U.S. Holders required to establish their exempt status generally must provide a properly executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders generally are not subject to information reporting or backup withholding with respect to dividends paid on, or the proceeds from the disposition of, ordinary shares, provided that such Non-U.S. Holder certifies to its foreign status, or otherwise establishes an exemption.

Certain U.S. Holders who are individuals or certain other non-corporate entities (and to the extent provided in IRS guidance, certain Non-U.S. Holders) who hold interests in "specified foreign financial assets" (as defined in Section 6038D of the Code) are generally required to file an IRS Form 8938 as part of their U.S. federal income tax returns to report their ownership of such specified foreign financial assets, which may include our ordinary shares, if the total value of those assets exceeds certain thresholds. Substantial penalties may apply to any failure to timely file IRS Form 8938. In addition, in the event a holder that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. Holders should consult their tax advisors regarding their tax reporting obligations.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We are subject to the informational requirements of the Exchange Act, as applicable to "foreign private issuers" (as defined in Rule 3b-4 under the Exchange Act), and fulfill the obligations with respect to such requirements by filing reports and other information with the SEC.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, our principal shareholders are exempt from the reporting provisions contained in Section 16 of the Exchange Act and our officers and directors are exempt from the "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

Notwithstanding the foregoing, we furnish reports with the SEC on Form 6-K containing unaudited financial information for the first three quarters of each fiscal year, we file reports with the SEC on Form 20-F containing audited financial information for each fiscal year, and we solicit proxies and furnish proxy statements for all meetings of shareholders, a copy of which proxy statement is furnished promptly thereafter with the SEC under the cover of a Current Report on Form 6-K. This annual report and the exhibits thereto and any other document we file pursuant to the Exchange Act are available on the SEC website (<http://www.sec.gov>) and on our website [www.radware.com](http://www.radware.com). However, the content of our website is not incorporated by reference into this annual report.

The documents concerning our Company that are referred to in this annual report may also be inspected at our offices located at 22 Raoul Wallenberg Street, Tel Aviv 6971917, Israel.

**I. Subsidiary Information**

Not applicable.

**J. Annual Report to Security Holders**

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### General

We are exposed to market risk, including fluctuations in interest rates and foreign currency exchange rates. Our primary market risk exposure occurs because we generate a portion of our revenues in foreign currencies, mainly in euros and incur a portion of our expenses in foreign currencies, mainly in NIS, but also in euros and other foreign currencies. As more fully described below, commencing in 2022, we engaged in currency-hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on our financial condition and results of operations. However, there can be no assurance that any such hedging transactions will materially reduce the effect of fluctuations in foreign currency exchange rates on such results.

In addition, as of December 31, 2025, we had cash and cash equivalents, including short-term and long-term bank deposits and short- and long-term marketable securities, of \$460.6 million. As of that date, approximately 85% of our cash, cash equivalents, bank deposits and marketable securities are held by Radware Ltd. in Israeli or U.S. financial institutions.

The majority of our cash and cash equivalents, and short- and long-term bank deposits are invested in banks in Israel and, to a smaller extent, in banks in the United States. The Israeli bank deposits are not insured, while the deposits made in the United States in excess of insured limits are not otherwise insured. If one or more of these financial institutions were to become insolvent, the loss of these investments would have a material adverse effect on our financial condition.

### Exposure to Interest Rate Fluctuations

As of December 31, 2025, approximately 19% of our cash throughout the world was invested in fixed-income securities which are affected by changes in interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. These securities are readily available for sale and are treated as such in our financial statements.

Consequently, our investments are exposed to risks relating to a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. This is because an increase in market interest rates could have an adverse effect on the value of our investment portfolio, for example, by decreasing the fair values of the fixed income securities that comprise a substantial majority of our investment portfolio. Similarly, in a declining interest rate environment, borrowers may seek to refinance their borrowings at lower rates and, accordingly, prepay or redeem securities held earlier than initially expected. This action may cause us to reinvest the redeemed proceeds in lower yielding investments.

Our investments portfolio consists primarily of investments in foreign banks and government debentures, corporate debentures, U.S. government and bank deposits. As of December 31, 2025, approximately 19% of our portfolio was invested in corporate debentures, 0.4% in foreign banks and government debentures and the rest of the funds were invested in bank deposits and money market funds. Although we believe that we generally adhere to conservative investment guidelines, the continuing turmoil in the financial markets may result in impairments of the carrying value of our investment assets. Realized losses in our investments portfolio may adversely affect our financial condition and results.

Any significant decline in our investment income or the value of our investments as a result of falling interest rates, deterioration in the credit of the securities in which we have invested, or general market conditions could have an adverse effect on our results of operations and financial condition.

We currently have no debt.

## Exposure to Currency Fluctuations

Approximately 87% of our sales in 2025 were denominated in dollars or are dollar-linked, and we incur most of our expenses in dollars, NIS, and euros. We believe that the dollar is the primary currency of the economic environment in which we operate. Thus, our functional and reporting currency is the dollar, and monetary accounts maintained in currencies other than the dollar are re-measured into U.S. dollars in accordance with ASC 830 "Foreign Currency Matters." Changes in currency exchange rates between our functional currency and the currency in which a transaction is denominated are included in our results of operations as financial income (expense) in the period in which the currency exchange rates change.

We monitor our foreign currency exposure and periodically use currency forward contracts to mitigate the impact of fluctuations in USD/NIS exchange rates on our forecasted cash flows. As of December 31, 2025, we had outstanding currency forward contracts totaling approximately \$7.8 million to hedge a portion of our anticipated NIS-denominated expenses through March 31, 2026. For 2026, however, we have hedged only a very limited portion of our anticipated exposure. Consequently, we expect that the continued weakening of the U.S. dollar relative to the shekel during 2026 will materially increase our NIS-denominated operating costs. This trend is expected to have a significant adverse effect on our results of operations and, in turn, negatively impact our net income for the year.

Our revenues and expenses may be affected by fluctuations in the value of the dollar as it relates to foreign currencies, mainly the NIS and Euro. For example, if there were no changes in the average exchange rates of the dollar relative to the NIS and Euro in 2025 compared to the average exchange rates in 2024, our revenues would have been lower in an amount of \$1.4 million, and our expenses would have been lower by an amount of \$2.6 million. Assuming our revenues and expenses in 2025 remain at the same level and with the same currency mix as in 2025, a 10% weakening in the value of the dollar relative to all currencies in which we operate would result in an increase in revenues of approximately \$3.7 million and an increase in our expenses of \$13.7 million.

The following table presents information about the changes in the exchange rates of the U.S. dollar relative to the NIS and Euro:

Year ended December 31,	U.S. dollar against:	
	NIS	Euro
2021	(3.3)%	8.4%
2022	13.2%	6.1%
2023	3.1%	(3.6)%
2024	0.6%	6.3%
2025	(12.5)%	(11.3)%

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. Debt Securities**

Not applicable.

**B. Warrants and Rights**

Not applicable.

**C. Other Securities**

Not applicable.

**D. American Depositary Shares**

The Company does not have any outstanding American Depositary Shares or American Depositary Receipts.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

### ITEM 15. CONTROLS AND PROCEDURES

#### • Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2025. Based on this evaluation, our President and Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2025, our disclosure controls and procedures were effective to ensure that: (1) information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (2) such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### • Management's Annual Report on Internal Control Over Financial Reporting

Our management, under the supervision of our President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for us. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our President and Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In conducting its assessment of internal control over financial reporting, our management based its evaluation on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management has concluded, based on its assessment, that our internal control over financial reporting was effective as of December 31, 2025 based on these criteria.

- **Attestation Report of the Registered Public Accounting Firm**

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by Kost, Forer, Gabbay & Kasierer (a Member of Ernst & Young Global), an independent registered public accounting firm who audited and reported on the consolidated financial statements of the company for the year ended December 31, 2025.

This annual report includes an attestation report of our independent registered public accounting firm regarding management's assessment of internal control over financial reporting on page F-4 of our audited consolidated financial statements set forth in Item 18 "Financial Statements."

- **Changes in Internal Control Over Financial Reporting**

During the year ended December 31, 2025, no changes in our internal control over financial reporting have occurred that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Although some of our workforce is or was working remotely during 2025, there were no material changes to our existing internal control over financial reporting as a result of this.

**ITEM 16. [RESERVED]**

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our Board of Directors has determined that Naama Zeldis, the Chairperson of our Audit Committee, is an "audit committee financial expert" as defined in the applicable regulations and has the requisite financial experience as defined by the Nasdaq listing standards. Our Board of Directors has determined that each member of our Audit Committee is "independent" as such term is defined in the Nasdaq listing standards. The education and experience of the Audit Committee financial expert is presented in Item 6.A "Directors and Senior Management."

**ITEM 16B. CODE OF ETHICS**

We have adopted a Code of Conduct and Ethics that applies to all directors, officers and other employees of the Company, including our President and Chief Executive Officer, Chief Financial Officer, Director of Finance and Corporate Controller. Our Code of Conduct and Ethics has been posted on our Internet website, <http://www.radware.com/corporategovernance/> (information contained on our website, including in our Code of Conduct and Ethics, is not incorporated herein by reference and shall not constitute part of this annual report). The Company will promptly disclose to our shareholders, if required by applicable laws or stock exchange requirements, any amendments to or waivers from the Code of Conduct and Ethics applicable to our directors or officers by posting such information on our website. No waivers were requested or given during 2025.

## ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

### Fees Paid to Independent Public Accountants

In the annual meeting held in December 2025, our shareholders approved the reappointment of Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global (Ernst & Young), to serve as our independent auditors until the next annual meeting.

The following table sets forth, for each of the years indicated, the aggregate fees billed by Ernst & Young and the percentage of each of the fees out of the total amount paid to them classified by category:

	Year Ended December 31,			
	2025*		2024*	
	(US\$ in thousands)			
Audit Fees (1)	492	76%	507	72%
Audit-Related Fees (2)	8	0%	-	0%
Tax Fees (3)	88	14%	134	19%
All Other Fees (4)	62	10%	63	9%
<b>Total</b>	<b>650</b>	<b>100%</b>	<b>704</b>	<b>100%</b>

\* All of the services in the above table were approved by the Audit Committee.

(1) Audit Fees include fees associated with the annual audit, including the audit of internal control over financial reporting, the reviews of the Company's quarterly financial statements, statutory audits required internationally, acquisition audit procedures and Critical Audit Matters assessment, consents and assistance with, and review of, documents filed with the SEC.

(2) Audit-Related Fees include assurance and related services that traditionally are performed by the independent accountant, including due diligence services related to mergers and acquisitions, internal control reviews, attest services related to financial reporting that are not required by statute or regulation and consultation concerning financial accounting and reporting standards (not classified as audit fees).

(3) Tax Fees include tax compliance, including the preparation of tax returns, tax planning and tax advice, including assistance with tax audits and appeals, advice related to acquisitions, transfer pricing and assistance with respect to requests for rulings from tax authorities.

(4) Other Fees include fees for consultation with Company management about accounting or disclosure treatment of transactions or events and consulting services such as obtaining grants from the Government of Israel for approved research and development projects.

### Audit Committee's pre-approval policies and procedures

Our Audit Committee oversees our independent auditors. See also the description in Item 6.C "Board Practices."

Our Audit Committee has adopted a policy requiring management to obtain the Committee's approval before engaging our independent auditors to provide any other audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, which is designed to assure you that such engagements do not impair the independence of our auditors, and which is discussed and approved at the end of each calendar year, the Audit Committee pre-approves annually a catalog of specific audit and non-audit services in the categories Audit Service, Audit-Related Service, and Tax Consulting Services that may be performed by our auditors. In addition, the Audit Committee limited the aggregate amount in fees our auditors may receive during fiscal year for non-audit services in certain categories, unless pre-approved. Our Director of Finance reviews all individual management requests to engage our independent auditors as a service provider in accordance with this catalog and, if the requested services are permitted pursuant to the catalog, approve the request accordingly. We inform the Audit Committee about these approvals on a quarterly basis. Services that are not included in the catalog require pre-approval by the Audit Committee on a case-by-case basis. Our Audit Committee is not permitted to approve any engagement of our auditors if the services to be performed either fall into a category of services that are not permitted by applicable law or the services would be inconsistent with maintaining the auditors' independence.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

None.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

During 2025, we repurchased 459,778 of our ordinary shares for consideration of \$10.95 million under publicly announced share repurchase plans, as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share (in US\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet to Be Purchased Under the Plans (1)(2)
January 1 through October 31	0	0	0	\$ 80,000,000
November 1 through 30	35,862	22.75	35,862	\$ 79,184,218
December 1 through 31	423,916	23.91	423,916	\$ 69,046,954

(1) In August 2024, the Company's Board of Directors authorized a new plan for the repurchase of up to an aggregate of \$80 million of the Company's ordinary shares in the open market, subject to normal trading restrictions, or in privately negotiated transactions (the "2025 Plan"). The 2025 plan came into effect on August 28, 2024 and expired on March 15, 2026.

(2) In February 2026, the Company's Board of Directors authorized a new plan for the repurchase of up to an aggregate of \$80 million of the Company's ordinary shares in the open market, subject to normal trading restrictions, or in privately negotiated transactions (the "2026 Plan"). The 2025 plan came into effect upon the expiration of the 2025 Plan and, unless extended, will expire on March 15, 2027.

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

None.

**ITEM 16G. CORPORATE GOVERNANCE**

We are a foreign private issuer whose ordinary shares are listed on the Nasdaq Global Select Market. As such, we are required to comply with U.S. federal securities laws, including the Sarbanes-Oxley Act, and the Nasdaq rules, including the Nasdaq corporate governance requirements. The Nasdaq rules provide that foreign private issuers may follow home country practice in lieu of certain qualitative listing requirements subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws, so long as the foreign issuer discloses that it does not follow such listing requirement and describes the home country practice followed in its reports filed with the SEC. Below is a concise summary of the significant ways in which our corporate governance practices differ from the corporate governance requirements of Nasdaq applicable to domestic U.S. listed companies:

- The Nasdaq rules require that an issuer have a quorum requirement for shareholders meetings of at least one-third of the outstanding shares of the issuer's common voting stock. Our Articles of Association provide that the quorum for any meeting of shareholders is 35% or more of the voting rights in the Company, consistent with the Nasdaq rules; however, we have chosen to follow home country practice with respect to the quorum requirements of an adjourned shareholders meeting. Our Articles of Association, as permitted under the Companies Law and Israeli practice, provide that a meeting adjourned for lack of a quorum of at least 35% of the voting power, if convened upon requisition under the provisions of the Companies Law, shall be dissolved, but, in any other case, it shall be adjourned and, at such reconvened meeting, the required quorum consists of any two members present in person or by proxy.
- The Nasdaq rules require shareholder approval of share option plans and other equity compensation arrangements available to officers, directors or employees and any material amendments thereto. We have decided to follow home country practice in lieu of obtaining shareholder approval for our current or future equity incentive plans. However, subject to exceptions permitted under the Companies Law, we are required to seek shareholder approval of any grants of options and other equity-based awards to directors and controlling shareholders or plans that require shareholder approval for other reasons.
- Additionally, we have chosen to follow our home country practice in lieu of the requirements of Nasdaq Rule 5250(d)(1), relating to an issuer's furnishing of its annual report to shareholders. Specifically, we file annual reports on Form 20-F, which contain financial statements audited by an independent accounting firm, electronically with the SEC and post a copy on our website.

Although we may rely on certain home country corporate governance practices, we must comply with Nasdaq Rule 5625 Notification of Noncompliance and Rule 5640 Voting Rights. Further, we must have an audit committee charter that satisfies Rule 5605(c)(3), which addresses audit committee responsibilities and authority, and that consists of committee members that meet the independence requirements of Rule 5605(c)(2)(A).

To the extent permitted by Nasdaq rules, we may in the future elect to follow Israel corporate governance practices in lieu of Nasdaq corporate governance rules with regard to other matters.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of the insider trading policy is attached as Exhibit 11.1 to this annual report.

## ITEM 16K. CYBERSECURITY

### Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems, information, and our customers' data. Our cybersecurity policies, standards, processes, and practices are part of our information security management program, which is aligned to ISO 27001, an international standard to manage information security. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use ISO 27001 as a framework to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program includes a secure software development program intended to reduce the introduction of risks into our software, a software vulnerability and patch management program, and cybersecurity incident detection, response, and recovery programs, among others. Our cybersecurity risk team aims to integrate cybersecurity risks into our overall company's risk management system and processes on an ongoing basis.

Key elements of our cybersecurity risk management program include, but are not limited to the following:

- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents and risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security processes; and
- a third-party risk management process for key service providers based on our assessment of their criticality to our operations and respective risk profile.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity risks and threats continuously evolve, and we face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See “Risk Factor—Our reputation and business could be harmed based on real or perceived shortcomings, defects or vulnerabilities in our solutions or if our end-users experience security breaches, which could have a material adverse effect on our business, reputation and operating results,” “Risk Factor—As a security provider, if our information technology systems and data, or those of our service providers and other contractors, are compromised by cyber-attackers or other malicious actors, or by a critical system failure, our reputation, financial condition and operating results could be materially adversely affected,” and “Risk Factor—We rely on information technology systems to conduct our businesses, and failure to protect these systems against security breaches and otherwise to implement, integrate, upgrade and maintain such systems in working order could have a material adverse effect on our results of operations, cash flows or financial condition.”

#### Cybersecurity Governance

Our Board of Directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management’s implementation of our cybersecurity risk management program.

Additionally, our risk monitoring systems, including our cybersecurity monitoring systems, are regularly audited by our internal auditors as well as cybersecurity audit companies. We consider the results of external and internal audits of our risk detection and monitoring systems and implement modifications as necessary.

The Audit Committee receives reports from management and the internal auditor on our cybersecurity risks. In addition, management updates the Audit Committee and Board of Directors, as necessary, regarding significant cybersecurity incidents. In addition, the Audit Committee regularly receives reports from management on such topic.

Our cybersecurity management team, including our CEO, Chief Financial Officer, Chief Operating Officer, Chief Marketing Officer, Chief Information Officer, Chief Information Security Officer (CISO) and General Counsel, is responsible for assessing and managing our material risks from cybersecurity threats. The team is primarily responsible for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. By the nature of our business, our management team gained expertise in cybersecurity, each member bringing years of experience and strategic leadership in cybersecurity. Our CISO, who holds a B.S. in Computer Science, and has over 30 years of cybersecurity experience, actively participates in formal courses and conferences to stay current with evolving threats.

Our cybersecurity management team is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of this item.

ITEM 18. FINANCIAL STATEMENTS

The Financial Statements required by this item are found at the end of this annual report, beginning on page F-1.

ITEM 19. EXHIBITS

The exhibits filed with or incorporated into this annual report are listed on the index of exhibits below.

Exhibit No.	Exhibit
<a href="#">1.1¶</a>	<a href="#">Memorandum of Association (A)</a>
<a href="#">1.2</a>	<a href="#">Amended and Restated Articles of Association (B)</a>
<a href="#">2.1</a>	<a href="#">Description of the Rights of Each Class of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (C)</a>
<a href="#">4.1</a>	<a href="#">Form of Directors and Officers Indemnity Deed (D)</a>
<a href="#">4.2</a>	<a href="#">Summary of Material Terms of the Lease Agreements for the Company's Headquarters (E)</a>
<a href="#">4.3</a>	<a href="#">1997 Key Employee Share Incentive Plan, as amended and restated (F)</a>
<a href="#">4.4</a>	<a href="#">1997 Key Employee Share Incentive Plan—2010 Addendum (for international grantees) (G)</a>
<a href="#">4.5</a>	<a href="#">Radware Ltd. – 2010 Employee Share Purchase Plan (H)</a>
<a href="#">4.6</a>	<a href="#">Amended and Restated Compensation Policy for Executive Officers and Directors (I)</a>
<a href="#">4.7#</a>	<a href="#">Asset Purchase Agreement, dated as of February 16, 2022, by and between Radware Ltd. and SecurityDAM Ltd. (J)</a>
<a href="#">8.1*</a>	<a href="#">List of Subsidiaries</a>
<a href="#">11*</a>	<a href="#">Insider Trading Policy</a>
<a href="#">12.1*</a>	<a href="#">Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">12.2*</a>	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">13.1**</a>	<a href="#">Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">13.2**</a>	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">15.1*</a>	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
<a href="#">97.1</a>	<a href="#">Compensation Recovery Policy (K)</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the inline XBRL document).

¶ Translated from Hebrew

# Certain confidential portions (indicated by brackets and asterisks) have been omitted from this exhibit.

\* Filed herewith.

\*\* Furnished herewith.

IMPORTANT NOTE: Certain agreements filed as exhibits to this annual report contain representations, warranties and covenants that the parties thereto made to each other. These representations, warranties and covenants have been made solely for the purposes of such agreements and as of specific dates, were made solely for the benefit of the other parties to such agreements, and may have been qualified by certain information that has been disclosed to the other parties to such agreements and that may not be reflected in the text of such agreements and may apply standards of materiality in a way that is different from what may be viewed as material by shareholders of, or other investors in, the Company. In addition, these representations, warranties and covenants may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Moreover, information concerning the subject matter of any such representations, warranties and covenants may have changed since the date of such agreements. Accordingly, there can be no reliance on any such representations, warranties and covenants as characterizations of the actual state of facts.

- (A) Incorporated by reference to Exhibit 1.1 to the Annual Report on Form 20-F for the year ended December 31, 2019, filed with the SEC on April 2, 2020.
- (B) Incorporated by reference to Exhibit 1.2 to the Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on April 20, 2021.
- (C) Incorporated by reference to Exhibit 2.1 to the Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 25, 2024.
- (D) Incorporated by reference to Appendix B to the Proxy Statement filed as Exhibit 1.2 to Report of Foreign Private Issuer on Form 6-K submitted to the SEC on July 28, 2011.
- (E) Incorporated by reference to Exhibit 4.2 to the Annual Report on Form 20-F for the year ended December 31, 2020, filed with the SEC on April 20, 2021.
- (F) Incorporated by reference to Exhibit 4.3 to the Annual Report on Form 20-F for the year ended December 31, 2024, filed with the SEC on March 28, 2025.
- (G) Incorporated by reference to Exhibit 4.8 to the Annual Report on Form 20-F for the year ended December 31, 2009, filed with the SEC on April 29, 2010.
- (H) Incorporated by reference to Exhibit 4.9 to the Annual Report on Form 20-F for the year ended December 31, 2009, filed with the SEC on April 29, 2010.
- (I) Incorporated by reference to Appendix A of the Proxy Statement submitted as Exhibit 99.2 to the current report as Form 6-K, submitted to the SEC on June 23, 2022.
- (J) Incorporated by reference to Exhibit 4.7 to the Annual Report on Form 20-F for the year ended December 31, 2021, filed with the SEC on April 11, 2022.
- (K) Incorporated by reference to Exhibit 97.1 to the Annual Report on Form 20-F for the year ended December 31, 2023, filed with the SEC on March 25, 2024.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

RADWARE LTD.

By: /s/ Roy Zisapel  
Roy Zisapel  
President and Chief Executive Officer

Date: March 31, 2026

RADWARE LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2025  
U.S. DOLLARS IN THOUSANDS

INDEX

	<u>Page</u>
<a href="#"><u>Reports of Independent Registered Public Accounting Firm (PCAOB ID:1281)</u></a>	F - 2 - F - 4
<a href="#"><u>Consolidated Balance Sheets</u></a>	F - 5 - F - 6
<a href="#"><u>Consolidated Statements of Income (Loss)</u></a>	F - 7
<a href="#"><u>Consolidated Statements of Comprehensive Income (Loss)</u></a>	F - 8
<a href="#"><u>Statements of Changes in Shareholders' Equity</u></a>	F - 9
<a href="#"><u>Consolidated Statements of Cash Flows</u></a>	F - 10 - F - 11
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	F - 12 - F - 56

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Radware Ltd.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Radware Ltd. and its subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 31, 2026, expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Shape the future  
with confidence

### Revenue Recognition

Description of the Matter	<p>As described in Note 2 to the consolidated financial statements, the Company's revenues are derived from sales of its products, services and subscriptions. The Company enters into contracts with customers that include combinations of products, services and subscriptions, which are generally distinct and recorded as separate performance obligations. In such cases, the transaction price is then allocated to the distinct performance obligations on a relative standalone selling price basis and revenue is recognized when control is transferred to the customer.</p> <p>Auditing the estimate of standalone selling price for performance obligation not sold separately involved subjective auditor judgment due to the absence of directly observable data which requires the Company to make subjective assumptions used to estimate the standalone selling price for each performance obligation. Standalone selling prices for goods and services can evolve over time due to changes in the Company's pricing practices that may be influenced by competition, changes in demand for products and services, and economic factors.</p>
How We Addressed the Matter in Our Audit	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls relating to the estimate of standalone selling prices for each distinct performance obligation.</p> <p>Our audit procedures included testing management's determination of standalone selling prices for each performance obligation, including assessing the appropriateness of the methodology applied, testing the mathematical accuracy of the underlying data and evaluating the significant assumptions used by the Company. We also inspected the source of historical data, pricing and other inputs such as customer grouping. In addition, we evaluated the Company's disclosures included in Note 2 to the consolidated financial statements.</p>

/s/ KOST FORER GABBAY & KASIERER  
A Member of EY Global

We have served as the Company's auditor since 2002.  
Tel-Aviv, Israel  
March 31, 2026

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Radware Ltd.

### Opinion on Internal Control Over Financial Reporting

We have audited Radware Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Radware Ltd. and its subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2025 and 2024, the related consolidated statements of income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and our report dated March 31, 2026 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KOST FORER GABBAY & KASIERER  
A Member of EY Global  
Tel-Aviv, Israel  
March 31, 2026

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31,	
	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 105,078	\$ 98,714
Marketable securities	15,900	72,994
Short-term bank deposits	136,282	104,073
Trade receivables, net	35,023	16,823
Other current assets and prepaid expenses	11,004	14,242
Inventories	13,220	14,030
<b>Total current assets</b>	<b>316,507</b>	<b>320,876</b>
<b>LONG-TERM INVESTMENTS:</b>		
Marketable securities	71,398	29,523
Long-term bank deposits	131,922	114,354
Other assets	2,830	2,171
<b>Total long-term investments</b>	<b>206,150</b>	<b>146,048</b>
Property and equipment, net	16,452	15,632
Operating lease right-of-use assets	15,625	18,456
Intangible assets, net	7,782	11,750
Goodwill	68,008	68,008
Other long-term assets	40,641	37,906
<b>Total assets</b>	<b>\$ 671,165</b>	<b>\$ 618,676</b>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

	December 31,	
	2025	2024
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 7,234	\$ 5,581
Deferred revenues	112,054	106,303
Operating lease liabilities	5,051	4,750
Employees and payroll accruals	36,784	32,023
Other payables and accrued expenses	33,160	19,813
<b>Total current liabilities</b>	<b>194,283</b>	<b>168,470</b>
<b>LONG-TERM LIABILITIES:</b>		
Deferred revenues	65,764	64,708
Operating lease liabilities	11,970	13,519
Other long-term liabilities	8,464	14,904
<b>Total long-term liabilities</b>	<b>86,198</b>	<b>93,131</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital -		
Ordinary shares of New Israeli Shekel ("NIS") 0.05 par value - Authorized: 90,000,000 at December 31, 2025 and 2024; Issued: 64,059,411 and 63,008,264 shares at December 31, 2025 and 2024, respectively; Outstanding: 43,145,971 and 42,554,602 shares at December 31, 2025 and 2024, respectively	770	754
Additional paid-in capital	578,652	555,154
Treasury shares 20,913,440 and 20,453,662 of ordinary shares at December 31, 2025 and 2024, respectively	(377,561)	(366,588)
Accumulated other comprehensive income	1,393	1,103
Retained earnings	146,107	125,850
<b>Total Radware Ltd. shareholders' equity</b>	<b>349,361</b>	<b>316,273</b>
Non-controlling interest	41,323	40,802
<b>Total shareholders' equity</b>	<b>390,684</b>	<b>357,075</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 671,165</b>	<b>\$ 618,676</b>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME (LOSS)

U.S. dollars in thousands, except share and per share data

	Year ended December 31,		
	2025	2024	2023
Revenues:			
Products	\$ 189,582	\$ 155,437	\$ 145,541
Services	112,268	119,443	115,751
<b>Total revenues</b>	<b>301,850</b>	<b>274,880</b>	<b>261,292</b>
Cost of revenues:			
Products	49,033	42,178	41,450
Services	9,306	11,074	10,260
<b>Total cost of revenues</b>	<b>58,339</b>	<b>53,252</b>	<b>51,710</b>
Gross profit	243,511	221,628	209,582
Operating expenses, net:			
Research and development, net	78,981	74,723	82,617
Sales and marketing	127,586	122,450	126,237
General and administrative	25,536	28,342	32,408
<b>Total operating expenses, net</b>	<b>232,103</b>	<b>225,515</b>	<b>241,262</b>
Operating income (loss)	11,408	(3,887)	(31,680)
Financial income, net	17,899	16,552	13,927
Income (loss) before taxes on income	29,307	12,665	(17,753)
Taxes on income	9,050	6,627	3,837
Net income (loss) attributable to Radware Ltd.'s shareholders	<u>\$ 20,257</u>	<u>\$ 6,038</u>	<u>\$ (21,590)</u>
Basic net earnings (loss) per share	<u>\$ 0.47</u>	<u>\$ 0.14</u>	<u>\$ (0.50)</u>
Diluted net earnings (loss) per share	<u>\$ 0.45</u>	<u>\$ 0.14</u>	<u>\$ (0.50)</u>
Weighted-average shares used to compute net income (loss) per share:			
Basic	<u>42,879,056</u>	<u>41,982,851</u>	<u>42,871,770</u>
Diluted	<u>44,698,538</u>	<u>43,362,906</u>	<u>42,871,770</u>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 20,257	\$ 6,038	\$ (21,590)
Other comprehensive income before tax:			
Unrealized gains (losses) on marketable securities:			
Changes in unrealized gains	231	1,389	4,526
Less: reclassification adjustments for losses included in net income (loss)	-	-	(243)
Cash flow hedging activities adjustments:			
Changes in unrealized gains (losses)	4,757	485	(2,955)
Less: reclassification adjustments for gains (losses) included in net income (loss)	(4,630)	(534)	4,799
Other comprehensive income before tax	358	1,340	6,127
Unrealized gains (losses) on marketable securities:			
Income tax expenses related to components of other comprehensive income	(53)	(320)	(985)
Cash flow hedging activities adjustments:			
Income tax benefits (income tax expenses) related to components of other comprehensive income	(15)	6	(221)
Income tax expenses related to components of other comprehensive income	(68)	(314)	(1,206)
Other comprehensive income, net of tax	290	1,026	4,921
Comprehensive income (loss) attributable to Radware Ltd.'s shareholders	\$ 20,547	\$ 7,064	\$ (16,669)

The accompanying notes are an integral part of the consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands, except share and per share data

	Number of outstanding ordinary shares	Share capital	Additional paid-in capital	Treasury share, at cost	Accumulated other comprehensive income (loss)	Retained earnings	Total Radware Ltd. shareholders' equity	Non- controlling interest	Total shareholders' equity
Balance as of January 1, 2023	\$ 44,306,891	\$ 732	\$ 498,168	\$ (303,299)	\$ (4,844)	\$ 141,402	\$ 332,159	\$ 36,284	\$ 368,443
Repurchase of ordinary shares	(3,361,965)	-	-	(62,450)	-	-	(62,450)	-	(62,450)
Issuance of shares upon exercise of share options and vesting of restricted shares units	753,950	10	361	-	-	-	371	-	371
Share-based compensation	-	-	30,680	-	-	-	30,680	2,899	33,579
Other comprehensive loss, net of tax	-	-	-	-	4,921	-	4,921	-	4,921
Net loss	-	-	-	-	-	(21,590)	(21,590)	-	(21,590)
Balance as of December 31, 2023	41,698,876	742	529,209	(365,749)	77	119,812	284,091	39,183	323,274
Repurchase of ordinary shares	(52,688)	-	-	(839)	-	-	(839)	-	(839)
Issuance of shares upon exercise of share options and vesting of restricted shares units	908,414	12	(9)	-	-	-	3	-	3
Share-based compensation	-	-	25,954	-	-	-	25,954	1,619	27,573
Other comprehensive income, net of tax	-	-	-	-	1,026	-	1,026	-	1,026
Net income	-	-	-	-	-	6,038	6,038	-	6,038
Balance as of December 31, 2024	42,554,602	754	555,154	(366,588)	1,103	125,850	316,273	40,802	357,075
Repurchase of ordinary shares	(459,778)	-	-	(10,973)	-	-	(10,973)	-	(10,973)
Issuance of shares upon exercise of share options and vesting of restricted shares units	1,051,147	16	(16)	-	-	-	-	-	-
Share-based compensation	-	-	23,514	-	-	-	23,514	521	24,035
Other comprehensive income, net of tax	-	-	-	-	290	-	290	-	290
Net income	-	-	-	-	-	20,257	20,257	-	20,257
Balance as of December 31, 2025	43,145,971	770	578,652	(377,561)	1,393	146,107	349,361	41,323	390,684

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 20,257	\$ 6,038	\$ (21,590)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	11,684	11,836	12,244
Share-based compensation	24,035	26,027	34,022
Loss on sale of marketable securities	-	-	243
Amortization of premiums, accretion of discounts and accrued interest on marketable securities, net	1	(417)	1,754
Changes in accrued interest on bank deposits	(7,736)	3,366	(3,265)
Increase (decrease) in accrued severance pay, net	193	(45)	(299)
Decrease (increase) in trade receivables, net	(18,200)	3,444	(2,515)
Changes in deferred income taxes, net	(733)	(1,084)	(551)
Decrease (increase) in other assets and prepaid expenses	(3,763)	987	246
Decrease (increase) in inventories	810	1,514	(4,116)
Increase (decrease) in trade payables	1,653	1,283	(2,166)
Increase (decrease) in deferred revenues	6,807	5,500	(14,951)
Increase (decrease) in other payables and accrued expenses	13,500	13,274	(1,415)
Operating lease right-of-use assets	4,713	4,203	3,934
Operating lease liabilities	(3,130)	(4,317)	(5,075)
Net cash provided by (used in) operating activities	<u>50,091</u>	<u>71,609</u>	<u>(3,500)</u>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(8,536)	(5,279)	(5,429)
Proceeds from other long-term assets	58	81	66
Investment in (proceeds from) other deposits	5,000	(5,000)	-
Proceeds from (investing in) bank deposits	(42,041)	(48,115)	81,031
Purchase of marketable securities	(65,425)	(110,125)	(33,274)
Proceeds from maturity of marketable securities	73,224	124,968	46,177
Proceeds from sale of marketable securities	<u>7,650</u>	<u>3,950</u>	<u>4,208</u>
Net cash (used in) provided by investing activities	<u>(30,070)</u>	<u>(39,520)</u>	<u>92,779</u>

The accompanying notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2025	2024	2023
<u>Cash flows from financing activities:</u>			
Proceeds from exercise of share options	-	3	371
Payment of contingent consideration related to acquisition	(3,167)	(3,077)	(2,063)
Repurchase of ordinary shares	(10,490)	(839)	(63,234)
Net cash used in financing activities	(13,657)	(3,913)	(64,926)
Increase in cash and cash equivalents	6,364	28,176	24,353
Cash and cash equivalents at the beginning of the year	98,714	70,538	46,185
Cash and cash equivalents at the end of the year	\$ 105,078	\$ 98,714	\$ 70,538
<u>Supplemental disclosure of cash flow information:</u>			
Cash paid during the year for taxes on income	\$ 2,218	\$ 921	\$ 4,000
<u>Non-cash investing activities:</u>			
Right-of-use assets recognized with corresponding lease liabilities	\$ 1,882	\$ 1,882	\$ 1,633

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 1:- GENERAL

- a. Radware Ltd. (the "Company"), an Israeli company commenced operations in April 1997. The Company and its subsidiaries (the "Group") are engaged in the development, manufacture and sale of cyber security and application delivery solutions for cloud, on-premises, and Software Defined Data Centers ("SDDC"). The Group's solutions secure the digital experience by providing infrastructure, application, and network protection and availability services to enterprises globally. The Group's solutions are deployed by, among others, enterprises, carriers and cloud service providers worldwide.
- b. The Company has established wholly-owned subsidiaries in various countries worldwide. The Company's subsidiaries are engaged primarily in sales, marketing and support activities of its core products.
- c. The Group primarily relies on two original design manufacturers to supply certain hardware platforms and components for the production of its products. If one of these suppliers fails to deliver or delays the delivery of the necessary platforms or components, the Group will be required to seek alternative sources of supply. A change in suppliers could result in manufacturing delays, which could cause a possible loss of sales and, consequently, could adversely affect the Company's operation and financial performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

## a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

## b. Financial statements in United States dollars:

A majority of the Group's revenues are denominated in United States dollars ("dollars" or "U.S. dollars"). In addition, a substantial portion of the Company's and certain of its subsidiaries' costs are denominated in dollars. The Company's management believes that the dollar is the primary currency of the economic environment in which the Group operates. Thus, the functional and reporting currency of the Group is the dollar. Accordingly, monetary accounts maintained in currencies other than the dollar are re-measured into dollars in accordance with Accounting Standards Codification ("ASC") No. 830 "Foreign Currency Matters." All transaction gains and losses from the re-measured monetary balance sheet items are reflected in the consolidated statements of income (loss) as financial income or expenses, as appropriate.

## c. Principles of consolidation:

The consolidated financial statements include accounts of the Company's wholly-owned subsidiaries as well as Skyhawk in which the Company controls the majority voting rights. All intercompany transactions and balances have been eliminated upon consolidation.

Non-controlling interests of subsidiaries represent the amount of funds received in exchange for the non-controlling interests in Skyhawk and share-based compensation expenses for equity awards of certain subsidiaries granted to employees of those subsidiaries. The non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. For additional details, see also Note 2z.

## d. Cash equivalents:

Cash equivalents are short-term highly-liquid investments that are readily convertible to cash with original maturities of three months or less, at acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## e. Bank deposits:

Bank deposits with maturities of more than three months but less than one year are included in short-term bank deposits. Such short-term bank deposits are stated at cost plus accrued interest, which approximates market values.

Bank deposits with maturities of more than one year are included in long-term bank deposits. Long-term bank deposits are stated at cost plus accrued interest, which approximates market values.

## f. Investment in marketable securities:

The Company accounts for investments in marketable debt securities in accordance with ASC No. 320, "Investments - Debt Securities." Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determinations at each balance sheet date.

The Company classifies its marketable securities as either short-term or long-term based on each instrument's underlying contractual maturity date.

The Company classified all of its debt securities as available-for-sale marketable securities. Debt securities are carried at fair value, with the unrealized gains and losses reported in "Accumulated other comprehensive income (loss)" in shareholders' equity, except for changes in allowance for expected credit losses, which is recorded in financial income, net. Realized gains and losses on sales of investments are included in financial income, net and are derived using the specific identification method for determining the cost of securities.

The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization together with interest on securities are included in financial income, net in the Company's consolidated statements of income (loss).

The Company periodically evaluates its available-for-sale debt securities for impairment. If the amortized cost of an individual security exceeds its fair value, the Company considers its intent to sell the security or whether it is more likely than not that it will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, the Company writes down the security to its fair value and records the impairment charge in financial income, net in the Company's consolidated statements of income (loss). If neither of these criteria are met, the Company determines whether credit loss exists. Credit loss is estimated by considering changes to the rating of the security by a rating agencies, any adverse conditions specifically related to the security, as well as other factors.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## g. Inventories:

Inventories are stated at the lower of cost or net realizable value. Inventory write-off is provided to cover risks arising from slow-moving items, technological obsolescence, excess inventories and discontinued products. Inventory write-offs totaled \$553, \$952 and \$1,201 in 2025, 2024 and 2023, respectively, and have been included in cost of revenues of products in the Company's consolidated statements of income (loss).

Cost is determined as follows:

Raw materials and components - using the "first-in, first-out" method.

Work-in-progress and finished products - raw materials as above with the addition of subcontracting costs, calculated on the basis of direct subcontractors' costs and with direct overhead costs.

The Company assesses the carrying value of its inventory for each reporting period to ensure inventory is reported at the lower of cost or net realizable value in accordance with ASC No. 330-10-35, "Inventory." Charges for obsolete and slow-moving inventories are recorded based upon an analysis of specific identification of obsolete inventory items and quantification of slow-moving inventory items. In cases when there is evidence that the anticipated utility of goods, in their disposal in the ordinary course of business, will be less than the historical cost of the inventory, the Company recognizes the difference as a current period charge to earnings and carries the inventory at the reduced cost basis until it is sold or disposed of.

## h. Property and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers, peripheral equipment and software	15 - 33 (mainly 33)
Office furniture and equipment	6 - 20 (mainly 15)
Leasehold improvements	Over the shorter of the term of the lease or the useful life of the asset

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## i. Cloud computing arrangement:

The Company follows ASC 350-40 to account for development costs incurred for cloud computing software implementations. ASC 350-40 requires such costs to be capitalized once certain criteria are met. Costs are primarily comprised of contracted labor and related expenses. ASC 350-40 includes specific guidance on costs not to be capitalized, such as overhead, general and administrative, and training costs. Costs are capitalized once the project is defined, funding is committed, and it is confirmed the software will be used for its intended use. Capitalization of these costs concludes once the project is substantially complete and the software is ready for its intended purpose. Post-configuration training and maintenance costs are expensed as incurred.

Commencing August 2023, the Company started a process of implementing a new, cloud-based, global enterprise resource planning ("ERP") system, which replaced its previous ERP system in January 2025.

The Company incurs costs to implement cloud computing arrangements ("CCA") that are hosted by third-party vendors. Implementation costs associated with CCA are capitalized when incurred during the application development phase until the software is ready for its intended use. The costs are then amortized on a straight-line basis over the contractual term of the cloud computing arrangement and are recognized within the consolidated statements of income (loss).

As of December 31, 2025 and 2024, the Company had capitalized implementation costs related to the new ERP implementation project in the amounts of \$2,345 and \$2,350, respectively, presented under other current assets and prepaid expenses and other long-term assets in the consolidated balance sheet.

## j. Impairment of long-lived assets and intangible assets subject to amortization:

Property and equipment, right-of-use asset for leases and intangible assets subject to depreciation and amortization are reviewed for impairment in accordance with ASC No. 360, "Accounting for the Impairment or Disposal of Long-Lived Assets," whenever events or changes in circumstances indicate that the carrying amount of an asset (asset group) may not be recoverable. Recoverability of assets (asset group) to be held and used is measured by a comparison of the carrying amount of an asset (asset group) to the future undiscounted cash flows expected to be generated by the assets (asset group). If such assets (asset group) are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets (asset group) exceeds the fair value of the assets (asset group).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Intangible assets acquired in a business combination are recorded at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets that are not considered to have an indefinite useful life are amortized over their estimated useful lives, which range from 6 to 9 years. All intangible assets are amortized over their estimated useful lives on a straight-line basis. Each period, the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. During each of the years 2025, 2024 and 2023, no impairment losses were recorded.

## k. Goodwill:

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC No. 350 "Intangibles – Goodwill and Other" ("ASC 350"), goodwill is not amortized, but rather is subject to an annual impairment test. ASC 350 requires goodwill to be tested for impairment at least annually or between annual tests in certain circumstances and written down when impaired. Goodwill is tested for impairment by comparing the fair value of each reporting unit with its carrying value.

ASC 350 allows a company to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If the Company elects not to use this option, or if the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company prepares a quantitative analysis to determine whether the carrying value of a reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, the Company recognizes an impairment of goodwill for the amount of this excess. The Company conducts its annual test of impairment for goodwill on December 31 of each year, or more frequently if impairment indicators are present.

## l. Leases:

The Company determines if an arrangement is a lease at inception. The Company did not have any finance leases as of December 31, 2025. The Company elected to not recognize a lease liability and a right-of-use ("ROU") asset for leases with a term of 12 months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

ROU assets and lease liabilities are recognized at the commencement date based on the present value of future lease payments over the lease term. ROU assets are initially measured at amounts, which represents the discounted present value of the lease payments over the lease term, plus any initial direct costs incurred. The lease liability is initially measured based on the discounted present value of remaining lease payments over the lease term.

For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement.

The implicit rate within the operating leases is generally not determinable; therefore, the Company uses the Incremental Borrowing Rate ("IBR") based on the information available at the commencement date in determining the present value of lease payments. The Company's IBR is estimated to approximate the interest rate for collateralized borrowing with similar terms and payments and in economic environments where the leased asset is located.

Many of the Company's lease agreements provide one or more options to renew. When determining lease terms, the Company uses the non-cancellable period of the leases and does not assume renewals unless it is reasonably certain that the Company will exercise that option.

## m. Contingencies:

The Company is currently involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss (see Note 11).

## n. Revenue recognition:

The Group's revenues are derived from sales of its products, services and subscriptions:

- Revenues from physical products and software-based products are recognized at a point in time when control of the promised goods is transferred to the customer, either upon shipment or when the product is delivered, depending on the commercial terms of each transaction. Revenues from cloud subscriptions, included as product revenues, are recognized ratably, on a straight-line basis, over the subscription period, as the services have a consistent continuous pattern of transfer to a customer during the contractual subscription term.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- Revenues from post-contract customer support ("PCS"), which represent mainly help-desk support and unit repairs or replacements, professional services, and emergency response team ("ERT") services are recognized ratably, on a straight-line basis, over the term of the related contract, which is typically between one year and three years. Renewals of support contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably, on a straight-line basis, over the renewed period as the services have a consistent continuous pattern of transfer to a customer during the contractual subscription term.

The Company's solutions are sold primarily through distributors and resellers, all of which are considered end-users.

The Company recognizes revenues in accordance with ASC No. 606, "Revenue from Contracts with Customers." As such, the Company identifies a contract with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to each performance obligation in the contract and recognizes revenues when (or as) the Company satisfies a performance obligation.

The transaction price is determined based on the consideration which the Company is expected to be entitled to in exchange for transferring the promised goods or services to the customer. This transaction price is exclusive of amounts collected on behalf of third parties, such as sales tax and value-added tax. Payment terms and conditions vary by contract type, although terms generally include a requirement to pay within less than a year.

The Company's arrangements typically contain various combinations of its products, subscriptions and PCS, which are distinct and are accounted for as separate performance obligations. The Company allocates the transaction price to each performance obligation based on its relative standalone selling price ("SSP"). If the SSP is not observable, the Company estimates the SSP taking into account available information such as geographic specific factors, customer grouping and internally approved historical pricing guidelines related to the performance obligation. For PCS and subscriptions, the Company determines the standalone selling price based on observable renewals prices or standalone subscription transactions.

Deferred revenues represent mainly the unrecognized revenue collected for subscriptions and for PCS. Such revenues are recognized ratably over the term of the related agreement. Out of the gross deferred revenues balance at the beginning of the year ended December 31, 2025, an amount of \$138,940 (approximately 64%) was recognized as revenues during the year ended December 31, 2025. Out of the gross deferred revenues balance at the beginning of the year ended December 31, 2024, an amount of \$129,692 (approximately 64%) was recognized as revenues during the year ended December 31, 2024.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Remaining performance obligations represent the amount of the transaction price under contracts with customers that are attributable to performance obligations that are unsatisfied or partially satisfied at the reporting date. This consists of future committed revenue for monthly, quarterly or annual periods within current contracts with customers, as well as deferred revenue arising from consideration invoiced in prior periods for which the related performance obligations have not been satisfied.

As of December 31, 2025, the aggregate amount of remaining performance obligations from contracts with customers was \$398,810. The Company expects to recognize approximately 55% of its remaining performance obligations as revenue over the next 12 months, with the remaining recognition up to five years.

The following table provides information about disaggregated revenues by major product line:

	Year ended December 31,	
	2025	2024
Products	\$ 52,312	\$ 46,275
Services	94,493	100,355
Subscriptions	155,045	128,250
	<u>\$ 301,850</u>	<u>\$ 274,880</u>

For information regarding disaggregated revenues by geographical market, please see Note 16.

The Company records a provision for estimated sale returns, credits and stock rotation granted to customers on products in the same period the related revenues are recorded. These estimates are based on historical sales returns and other known factors. Such provisions amounted to \$7,324 and \$5,275 as of December 31, 2025 and 2024, respectively. The provision for estimated sale returns and credits as of December 31, 2025 and 2024, is included in other payables and accrued expenses in the consolidated balance sheets.

In instances of contracts where revenue recognition differs from the timing of invoicing, the Company has generally determined that those contracts do not include a significant financing component. The Company uses the practical expedient and does not assess the existence of a significant financing component when the difference between payment and revenue recognition is a year or less.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Costs to obtain contracts:

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Commission costs related to long-term service contracts and performance obligations satisfied over time are deferred and recognized on a systematic basis that is consistent with the transfer of the products or services to which the asset relates. Sales commissions paid for new contracts, which are not commensurate with sales commissions paid for renewal contracts, are capitalized and amortized proportionately to revenue over an expected period of benefit and are included in sales and marketing expenses in the accompanying consolidated statements of income (loss). The Company applies judgment in estimating the amortization period, by taking into consideration its product life term, history of renewals, and expected length of customer relationship, as well as the useful life of the underlying technology and products. As of December 31, 2025, the Company has determined the expected period of benefit to be approximately 3.49 years. Deferred commission costs capitalized are periodically reviewed for impairment.

As of December 31, 2025 and 2024, the amount of deferred commission was \$22,443 and \$20,228, respectively, and is included in other long-term assets on the consolidated balance sheets.

During the year ended December 31, 2025 and 2024, the Company recorded amortization expenses in connection with deferred commissions in the amounts of \$11,616 and \$12,754, respectively.

o. Shipping and handling fees and costs:

Shipping and handling fees charged to the Company's customers are recognized as product revenue in the period shipped and the related costs for providing these services are recorded as a product cost of revenues in the consolidated statements of income (loss).

p. Cost of revenues:

Cost of products is comprised of cost of software and hardware production, hosting, manuals, packaging, license fees paid to third parties, subcontractor fees, inventory write-offs and amortization of acquired technology.

Cost of services is comprised of cost of post-sale customer support and hosting services.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## q. Accounts receivable, net:

Receivables are recorded when the right to consideration is unconditional. Accounts receivable are recorded at the invoiced amount, net of allowance for credit losses, which amounted to \$120 and \$53 as of December 31, 2025 and 2024, respectively. The allowance for credit losses is based on the Company's assessment of the collectability of accounts. The Company regularly assesses credit losses based on a combination of factors, including an assessment of the current customer's aging balance, the nature and size of the customer, and the financial condition of the customer.

The Company generally provides a one-year assurance-type warranty for all of its products. A provision is recorded for estimated warranty costs at the time revenues are recognized based on the Company's historical experience. As of December 31, 2025, the allowance for warranty is immaterial.

## r. Research and development expenses, net:

Research and development costs are charged to the consolidated statements of income (loss) as incurred. ASC No. 985-20, "Software - Costs of Software to Be Sold, Leased, or Marketed," requires capitalization of certain software development costs subsequent to the establishment of technological feasibility.

Based on the Company's product development process, technological feasibility is established upon completion of a working model. Costs incurred by the Company between completion of the working models and the point at which the products are ready for general release, have been insignificant. Therefore, all research and development costs are expensed as incurred.

## s. Government grants:

The Company received non-royalty-bearing grants from the Israel Innovation Authority ("IIA") for approved research and development projects. In addition, during 2021, an Israeli subsidiary of the Company received royalty-bearing grants from the IIA for approved research and development projects. These grants are recognized at the time the Company is entitled to such grants on the basis of the costs incurred as provided by the relevant agreement and included as a deduction from research and development expenses, net.

Research and development grants deducted from research and development expenses, net amounted to \$338, \$42 and \$430 for the years ended December 31, 2025, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## t. Accounting for share-based compensation:

The Company accounts for share-based compensation in accordance with ASC No. 718, "Compensation-Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of income (loss).

Some of the Company's subsidiaries have share option plans pursuant to which qualified directors and employees may be granted options for the purchase of securities of the subsidiaries. Share-based compensation expenses recorded on the subsidiaries' level are presented in non-controlling interests.

The Company recognizes compensation expenses for the value of its awards using the accelerated attribution method over the requisite service period of each of the awards, net of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Estimated forfeitures are based on actual historical pre-vesting forfeitures.

The Company selected the Black-Scholes-Merton option pricing model to account for the fair value of its share option awards with only service conditions and whereas the fair value of the restricted share units awards ("RSUs") is based on the market value of the underlying shares at the date of grant.

On July 28, 2022, the Board of Directors of the Company approved an equity grant to the Chief Executive Officer of the Company, which is comprised of RSUs, market-condition based RSUs and market-condition based share options. The equity grant includes grants for the years 2022, 2023 and 2024 that are derived from fixed monetary amounts (\$7,725, \$5,000 and \$5,000, respectively).

Market-condition based RSUs' vesting is dependent upon the fulfillment of certain market conditions and will vest, or partially vest, depending on the Company's share performance compared to other companies that are listed on the NASDAQ CTA Cybersecurity Index over the requisite service period, which is up to three years.

Market-based condition share options' vesting is dependent upon the fulfillment of certain market conditions and will vest depending on the Company's share performance over the requisite service period, which is up to three years.

Liability-classified awards are remeasured at the end of each reporting period until settlement

The fair value of the market-condition based awards was determined using a Monte Carlo simulation methodology.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The fair value of each market-condition based RSU and market-condition based share-options award is estimated on the date of grant using the Monte Carlo model that uses the assumptions noted in the following table:

	Year ended December 31,		
	2025	2024	2023
Risk free interest rate	-	3.88%-4.02%	4.06%-4.16%
Dividend yields	-	0%	0%
Expected volatility	-	32.02%-35.35%	29.83%-35.23%
Weighted-average expected term from grant date (in years)	-	3-5.16	3-5.16

The option-pricing models require a number of assumptions, of which the most significant are the expected stock price volatility and the expected option term. Expected volatility was calculated based upon actual historical share price movements over an historical period equivalent to the option's expected term.

The expected option term represents the period of time that options are expected to be outstanding based on historical experience. The risk-free interest rate is based on the yield from U.S. treasury bonds with an equivalent term. The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

The fair value of the Company's share options granted to employees and directors for the years ended December 31, 2025, 2024 and 2023 was estimated using the following weighted-average assumptions:

Employees' share option plan:

	Year ended December 31,		
	2025	2024	2023
Risk free interest rate	3.73%	3.89%	4.87%
Dividend yields	0%	0%	0%
Expected volatility	36%	37%	34%
Weighted-average expected term from grant date (in years)	3.93	3.41	3.39

## u. Income taxes:

The Company accounts for income taxes in accordance with ASC No. 740, "Income Taxes" ("ASC 740"). This statement prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value if it is more likely than not that a portion or all of the deferred tax assets will not be realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

ASC 740 contains a two-step approach to recognizing and measuring a liability for uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes.

The second step is only addressed if the first step has been satisfied (i.e., the position is more likely than not to be sustained); otherwise, a full liability in respect of a tax position not meeting the more likely than not criteria is recognized.

The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company accrues interest and penalty, if any, related to unrecognized tax benefits in its taxes on income in the consolidated statements of income (loss).

## v. Concentrations of credit risks:

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, bank deposits, marketable securities and trade receivables, net.

The majority of the Group's cash, cash equivalents, marketable securities and bank deposits are invested in high-quality financial institutions mainly in the U.S. and Israel, and the Group regularly monitors their composition and maturities. The Company's derivatives expose it to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. The Company seeks to mitigate such risk by limiting its counterparties to major financial institutions and by spreading the risk across a number of major financial institutions. In addition, the potential risk of loss with any one counterparty resulting from this type of credit risk is monitored on an ongoing basis. The Company grants credit to its customers in the normal course of business.

For each of the years ended December 2025, 2024 and 2023, credit loss expenses were immaterial.

As of each of December 31, 2025 and 2024, no single customer accounted for more than 10% of total revenue for the periods presented.

The Israeli bank deposits are not insured, while the deposits made in the United States are in excess of insured limits and are not otherwise insured. Generally, these cash equivalents may be redeemed upon demand and, therefore management believes that it bears a lower risk. The short-term and long-term bank deposits are held in financial institutions which management believes are institutions with high credit standing, and accordingly, minimal credit risk from geographic or credit concentration exists with respect to these bank deposits. As of December 31, 2025, all of our short- and long-term bank deposits were deposited in Israel with major Israeli banks, which are all rated iAAA, as determined by the Israeli affiliate of Standard & Poor's ("S&P").

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

As of December 31, 2025, the maximal contractual duration of any of the Company's bank deposits was 3 years, the weighted-average duration of the Company's deposits was 1.89 years, and the weighted-average time to maturity was 1.06 years.

From a geographic perspective, 89% of the Company's debt marketable securities portfolio was invested in debt securities of U.S. issuers, 5% was invested in debt securities of European issuers and 6% was invested in debt securities of other geographic-located issuers. As of December 31, 2025, 82% of the Company's debt marketable securities portfolio was rated A- or higher, as determined by S&P, and 18% was rated BBB+.

## w. Derivative and hedging activities:

The Company's risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates.

ASC 815, "Derivatives and Hedging" ("ASC 815"), requires the Company to recognize all of its derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

Gains and losses on derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that are attributable to a particular risk), are recorded in accumulated other comprehensive income (loss) and reclassified into consolidated statements of income (loss) in the same accounting period in which the designated forecasted transaction or hedged item affects earnings.

During 2025 and 2024, the Company entered into forward contracts to hedge a portion of anticipated NIS payroll and benefit payment. These derivative instruments are designated as cash flow hedges, as defined by ASC 815, and accordingly are measured in fair value. These transactions are effective and, as a result, gain or loss on the derivative instruments are reported as a component of accumulated other comprehensive income (loss) and reclassified as payroll expenses at the time that the hedged income or expense is recorded.

As of December 31, 2025, we had outstanding currency forward contracts in the total amount of approximately \$7,802 to hedge a portion of its forecasted expenses denominated in NIS. These forwards contracts expire on various dates until March 31, 2026.

As of December 31, 2025, the Company recorded an asset in other receivables and prepaid expenses in the amount of \$1,290. As of December 31, 2024, the Company recorded an asset in other receivables and prepaid expenses in the amount of \$1,163.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

For the years ended December 31, 2025 and December 31, 2024, the Company recorded hedging profits of \$741 and \$86, respectively, deducted from cost of revenues, and hedging profits of \$3,889 and \$449, respectively, deducted from operating expenses related to its hedging forward contracts. For the year ended December 31, 2023, the Company recorded hedging expenses of \$584 in cost of revenues and hedging expenses of \$4,215 in operating expenses, related to its hedging forward contracts.

## x. Employee related benefits:

*Israeli Severance pay:*

Effective April 1, 2007, the Company's agreements with employees in Israel are under Section 14 of the Israeli Severance Pay Law, 1963. The Company's contributions for severance pay have extinguished its severance obligation. Upon contribution of the full amount based on the employee's monthly salary for each year of service, no additional obligation exists regarding the matter of severance pay and no additional payments is made by the Company to the employee. Further, the related obligation and amounts deposited on behalf of the employee for such obligation are not stated on the balance sheets, as the Company is legally released from the obligation to pay severance amounts to employees once the required deposit amounts have been fully paid.

For the Company's employees in Israel who are not subject to Section 14, the Company calculated the liability for severance pay pursuant to the Severance Pay Law based on the most recent salary of these employees multiplied by the number of years of employment as of the balance sheet date. The Company's liability for these employees is fully provided for via monthly deposits with severance pay funds, insurance policies and accruals. The value of these deposits is recorded as an asset on the Company's balance sheet under other assets.

Severance pay expenses, related to our Israeli employees, for the years ended December 31, 2025, 2024 and 2023 amounted to approximately \$4,794, \$4,925 and \$5,108, respectively. Accrued severance pay is included in other long-term liabilities in the consolidated balance sheets.

*Employee Benefit Plans:*

The Company has a defined-contribution plan in the U.S. intended to qualify under Section 401 of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company matches 33% of participating employee contributions to the plan up to 6% of the employee's eligible compensation.

During the years ended December 31, 2025, 2024, and 2023, the Company recorded \$270, \$275 and \$285, respectively, of expenses related to the 401(k) plan. The Company also has other liabilities for severance pay in other jurisdictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## y. Fair value of financial instruments:

The Company measures its cash equivalents, bank deposits, contingent consideration, derivative instruments and marketable securities at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs that are supported by little or no market activity.

The carrying amounts of cash equivalents, trade receivables, trade payables, short- and long-term bank deposits, other current assets and prepaid expenses and other payables and accrued expenses, approximate at fair value because of their generally short maturities.

In accordance with ASC No. 820, the Company measures its money market funds, marketable securities and foreign currency derivative contracts at fair value. Money market funds and marketable securities are classified within Level 1 or Level 2. This is because these assets are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Foreign currency derivative contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. The fair value of the contingent consideration related to the investment in SecurityDAM is classified within Level 3, as the valuation includes unobservable inputs.

## z. Non-controlling interests:

Non-controlling interests of subsidiaries represents the amount of funds received in exchange for the minority rights in Skyhawk and share-based compensation expenses for equity awards of certain subsidiaries granted to employees of those subsidiaries. The non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company.

On January 18, 2022, the Company established Skyhawk and transferred to Skyhawk all of the intangible assets related to the Cloud Native Protector. On April 29, 2022, Skyhawk entered into the Agreement. According to the Agreement, as amended, Skyhawk issued a total of 31,210,708 Preferred A Shares, NIS 0.001 par value each ("Preferred Shares"), for a total consideration of \$35,000 representing a price per share of \$1.12.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Preferred Shares of Skyhawk are convertible into ordinary shares and confer upon the holders' various rights, including the right to receive notice to participate and vote in general meetings of Skyhawk and the right to receive dividends, if declared, in accordance with Articles of Association ("Skyhawk AoA") of Skyhawk.

The Preferred Shares shall confer upon the holders' liquidation and distribution preference and anti-dilution protection in accordance with the Skyhawk AoA as well as certain other rights as set forth in the investors' rights agreement. Under the Skyhawk AoA, the Preferred Shares shall be entitled to receive the original issue price of the respective Preferred Share upon liquidation and deemed liquidation. The Company has evaluated the terms of the Preferred Shares and classifies the non-controlling interest represented by such shares as shareholders' equity in the accompanying consolidated balance sheets. Also, since the Preferred Shares do not represent a residual equity interest, net losses of the Company are not allocated to the Preferred Shares.

The non-controlling interests presented in the Company's consolidated balance sheets as of December 31, 2025, comprise of \$35,000 of funds received in exchange for the non-controlling interests in Skyhawk and \$6,323 accumulated share-based compensation expenses for equity awards of certain other subsidiaries granted to employees of those subsidiaries.

## aa. Comprehensive income (loss):

The Company accounts for comprehensive income (loss) in accordance with ASC No. 220, "Comprehensive Income." This statement establishes standards for the reporting and display of comprehensive income (loss) and its components in a full set of general purpose financial statements. Comprehensive income (loss) generally represents all changes in shareholders' equity during the period except those resulting from investments by, or distributions to, shareholders.

## ab. Treasury shares:

The Company repurchases its ordinary shares from time to time on the open market and holds such shares as treasury shares. The Company presents the cost to repurchase treasury shares as a reduction of shareholders' equity. The voting rights attached to treasury shares are revoked.

## ac. Basic and diluted net income (loss) per share:

Basic net income (loss) per share is computed based on the weighted-average number of ordinary shares outstanding during each period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Diluted net income (loss) per share is computed based on the weighted-average number of ordinary shares outstanding during each period, plus potential dilutive ordinary shares considered outstanding during the period, if any, in accordance with ASC No. 260, "Earnings Per Share."

The total number of ordinary shares related to outstanding share options and RSUs excluded from the calculation of diluted income (loss) per share as they would have been anti-dilutive was 1,328,287, 893,089 and 2,003,939 for the years ended December 31, 2025, 2024 and 2023, respectively.

- ad. ASC 280, "Segment Reporting" establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is its Chief Executive Officer.

The Company reports segment information based on a management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments (see Note 15).

- ae. Business combinations:

The Company accounted for business combinations in accordance with ASC No. 805, "Business Combinations" ("ASC 805"). Under ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" ("2017-01"), the Company first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the single asset or group of assets, as applicable, is not a business.

The Company applies the provisions of ASC 805 and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. The Company uses the Discounted Cash Flow Method to assign fair values to acquired identifiable intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, forecasted future revenue, forecasted operating results, discount rates and the appropriate weighted-average cost of capital. These estimates are inherently uncertain and unpredictable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

These models are based on reasonable estimates and assumptions given available facts and circumstances, including industry estimates and averages, as of the acquisition dates and are consistent with the plans and estimates of management.

During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of income (loss).

## af. New accounting pronouncements not yet effective:

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income (loss) Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires disaggregation of certain costs and expenses included in each relevant expense caption on the Company's consolidated statements of income (loss) in a separate note to the financial statements at each interim and annual reporting period, including amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40) - Targeted Improvements to the Accounting for Internal-Use Software. The ASU was updated to consider different methods of software development and requires internal-use software costs to be capitalized when management has authorized and committed to funding the software project and when significant uncertainty associated with the development of the software has been resolved. The amendments in this ASU are required to be adopted for annual and interim reporting periods beginning after December 15, 2027, with early adoption permitted, and may be applied either through a prospective, retrospective or a modified transition approach. The Company is currently evaluating the effect of adopting the ASU on our consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amended guidance provides a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, including such assets acquired in a business combination. Under the practical expedient, an entity may assume that current conditions as of the balance sheet date will remain unchanged over the remaining life of these assets. This guidance will be effective for the Company for annual periods beginning January 1, 2026, on a prospective basis, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

ag. Recently issued and adopted pronouncements:

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which enhances the transparency of income tax disclosures. The standard requires public business entities to provide, on an annual basis, additional disaggregated information within the rate reconciliation and expanded disclosures of income taxes paid, net of refunds, by federal (national), state, and foreign jurisdictions. The Company adopted ASU 2023-09 during the year ended December 31, 2025, on a prospective basis which resulted in updated income tax disclosures. See Note 14 in the accompanying notes to our consolidated financial statements for further detail.

**NOTE 3:- ACQUISITIONS**

On February 17, 2022 (the "Closing Date"), the Company acquired all of the technology and other intangible assets from SecurityDAM, which was a related party and was the sole single-managed security service provider of the Company for a total consideration of (1) \$30,000 in cash and (2) additional contingent consideration of up to \$12,500 based on the revenues of the Company's cloud DDoS protection service post-acquisition. The contingent consideration was measured at fair value at the closing date and recorded as a liability in other long-term liabilities on the consolidated balance sheets in the amount of \$9,525.

The acquisition was accounted for as a business combination and the purchase consideration was allocated to assets acquired and liabilities assumed based on their estimated fair values, as presented in the following table:

Consideration:	
Cash consideration paid on closing date	\$ 30,000
Contingent consideration fair value	<u>9,525</u>
<b>Total purchase price</b>	<b>\$ <u>39,525</u></b>
Identifiable assets acquired:	
Technology	\$ 12,661
Goodwill	<u>26,864</u>
	<b>\$ <u>39,525</u></b>

The estimated useful life of the technology is approximately 6 years.

Goodwill generated from this business combination is primarily attributable to synergies between the Company's and SecurityDAM's respective products and services. The goodwill is deductible for income tax purposes. The fair value of the contingent consideration related to the investment in SecurityDAM was \$699 as of December 31, 2025, refer to Note 5 for more information. Changes in the contingent consideration are recorded in the consolidated statements of income (loss) in operating expenses, net under general and administrative expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 4- MARKETABLE SECURITIES

Debt securities with contractual maturities of less than one year are as follows:

	December 31,							
	2025				2024			
	Amortized cost	Gross unrealized losses	Gross unrealized gains	Market value	Amortized cost	Gross unrealized losses	Gross unrealized gains	Market value
Foreign banks and government debentures	\$ 1,614	\$ -	\$ -	\$ 1,614	\$ -	\$ -	\$ -	\$ -
US government	-	-	-	-	3,780	-	2	3,782
Corporate debentures	14,273	(1)	14	14,286	68,962	(72)	322	69,212
<b>Total marketable securities</b>	<b>\$ 15,887</b>	<b>\$ (1)</b>	<b>\$ 14</b>	<b>\$ 15,900</b>	<b>\$ 72,742</b>	<b>\$ (72)</b>	<b>\$ 324</b>	<b>\$ 72,994</b>

Debt securities with contractual maturities for more than one year are as follows:

	December 31,							
	2025				2024			
	Amortized cost	Gross unrealized losses	Gross unrealized gains	Market value	Amortized cost	Gross unrealized losses	Gross unrealized gains	Market value
Foreign banks and government debentures	\$ 303	\$ -	\$ 10	\$ 313	\$ 1,888	\$ (8)	\$ 7	\$ 1,887
US government	-	-	-	-	-	-	-	-
Corporate debentures	70,774	(42)	353	71,085	27,784	(165)	17	27,636
<b>Total marketable securities</b>	<b>\$ 71,077</b>	<b>\$ (42)</b>	<b>\$ 363</b>	<b>\$ 71,398</b>	<b>\$ 29,672</b>	<b>\$ (173)</b>	<b>\$ 24</b>	<b>\$ 29,523</b>

Debt securities with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of December 31, 2025 are as follows:

	December 31, 2025					
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total investments with continuous unrealized losses	
	Fair Value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Foreign banks and government debentures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US government	-	-	-	-	-	-
Corporate debentures	15,572	(42)	1,804	-	17,376	(42)
<b>Total available-for-sale marketable securities</b>	<b>\$ 15,572</b>	<b>\$ (42)</b>	<b>\$ 1,804</b>	<b>\$ -</b>	<b>\$ 17,376</b>	<b>\$ (42)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 4:- MARKETABLE SECURITIES (Cont.)

Debt securities with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of December 31, 2024 are as follows:

	December 31, 2024					
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total investments with continuous unrealized losses	
	Fair Value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Foreign banks and government debentures	\$ 1,591	\$ (7)	\$ -	\$ -	\$ 1,591	\$ (7)
US government	-	-	-	-	-	-
Corporate debentures	32,873	(190)	18,610	(48)	51,483	(238)
<b>Total available-for-sale marketable securities</b>	<b>\$ 34,464</b>	<b>\$ (197)</b>	<b>\$ 18,610</b>	<b>\$ (48)</b>	<b>\$ 53,074</b>	<b>\$ (245)</b>

As of December 31, 2025 and 2024, interest receivable amounted to \$980 and \$1,038, respectively, and is included within marketable securities in the consolidated balance sheets.

## NOTE 5:- FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities measured at fair value on a recurring basis, including interest receivable components consisted of the following types of instruments as of December 31, 2025 and 2024:

	December 31, 2025			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Cash equivalents:</b>				
Money market funds	\$ 1,784	\$ -	\$ -	\$ 1,784
<b>Other receivables and prepaid expenses:</b>				
Derivative instruments	-	1,290	-	1,290
<b>Marketable securities:</b>				
Foreign banks and government debentures	-	1,928	-	1,928
US government	-	-	-	-
Corporate debentures	-	85,370	-	85,370
<b>Total financial assets</b>	<b>\$ 1,784</b>	<b>\$ 88,588</b>	<b>\$ -</b>	<b>\$ 90,372</b>
<b>Liabilities</b>				
Contingent consideration	\$ -	\$ -	\$ 699	\$ 699
<b>Total financial liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 699</b>	<b>\$ 699</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 5:- FAIR VALUE MEASUREMENTS (Cont.)

	December 31, 2024			
	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Cash equivalents:</b>				
Money market funds	\$ 3,069	\$ -	\$ -	\$ 3,069
<b>Other receivables and prepaid expenses:</b>				
Derivative instruments	-	1,163	-	1,163
<b>Marketable securities:</b>				
Foreign banks and government debentures	-	1,887	-	1,887
US government	-	3,782	-	3,782
Corporate debentures	-	96,848	-	96,848
Total financial assets	<u>\$ 3,069</u>	<u>\$ 103,680</u>	<u>\$ -</u>	<u>\$ 106,749</u>
<b>Liabilities</b>				
Contingent consideration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,866</u>	<u>\$ 3,866</u>
Total financial liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,866</u>	<u>\$ 3,866</u>

The table below presents the changes in Level 3 contingent consideration obligation measured on a recurring basis and related to the SecurityDAM acquisition:

	Year ended December 31,	
	2025	2024
Fair value at the beginning of the year	\$ 3,866	\$ 6,332
Changes in the fair value of contingent consideration in SecurityDAM	238	701
Reclassification of payable related to contingent consideration to other payables and accrued expenses (see Note 10)	<u>(3,405)</u>	<u>(3,167)</u>
Fair value at the end of the year	<u>\$ 699</u>	<u>\$ 3,866</u>

The fair value of the contingent consideration related to the acquisition of SecurityDAM was \$699 as of December 31, 2025. The Company estimated the fair value of the contingent consideration using a predetermined percentage (as detailed in the agreement) out of expected revenues with a discount rate of between 9.86-10.04%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 6:- INVENTORIES

Inventories are comprised of the following:

	December 31,	
	2025	2024
Raw materials and components	\$ 2,616	\$ 2,182
Work-in-progress	21	658
Finished products	10,583	11,190
	<u>\$ 13,220</u>	<u>\$ 14,030</u>

## NOTE 7:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2025	2024
Cost:		
Computer, peripheral equipment and software	\$ 90,558	\$ 97,450
Office furniture and equipment	9,428	12,244
Leasehold improvements	5,913	7,695
	<u>105,899</u>	<u>117,389</u>
Accumulated depreciation:		
Computer, peripheral equipment and software	76,838	85,213
Office furniture and equipment	8,182	10,350
Leasehold improvements	4,427	6,194
	<u>89,447</u>	<u>101,757</u>
Property and equipment, net	<u>\$ 16,452</u>	<u>\$ 15,632</u>

Depreciation expenses for the years ended December 31, 2025, 2024 and 2023 were \$7,716, \$7,868 and \$8,276, respectively.

During 2025 and 2024, the Company retired and fully depreciated assets that were no longer in use. As a result, \$20.2 million and \$21.7 million, respectively, of cost and related accumulated depreciation was removed from the accounts. No gain or loss was recognized.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 8:- INTANGIBLE ASSETS, NET

Intangible assets:

	December 31,	
	2025	2024
Cost:		
Acquired technology	\$ 45,607	\$ 45,607
Customer relationships and brand name	9,817	9,817
	<u>55,424</u>	<u>55,424</u>
Accumulated amortization:		
Acquired technology	37,825	33,857
Customer relationships and brand name	9,817	9,817
	<u>47,642</u>	<u>43,674</u>
Intangible assets, net	<u>\$ 7,782</u>	<u>\$ 11,750</u>

Amortization expenses for the years ended December 31, 2025, 2024 and 2023 were \$3,968, \$3,968 and \$3,968, respectively.

Future estimated amortization expenses for the years ending:

<u>December 31,</u>	
2026	\$ 3,725
2027	3,662
2028	<u>395</u>
Total	<u>\$ 7,782</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 9:- LEASES

The Company has various operating leases for office space, vehicles and warehouse space that expire on different dates through 2030. Its lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. The Company provided several security deposits mainly to secure various operating lease agreements in connection with its office space.

Aggregate lease payments for the right of use assets over the remaining lease period as of December 31, 2025, are as follows:

2026	\$ 5,315
2027	4,368
2028	3,869
2029	3,063
2030	1,396
thereafter	-
Total undiscounted lease payments	<u>\$ 18,011</u>
Less: adjustment to discounted lease payments	<u>(990)</u>
Total discounted lease payments	<u>\$ 17,021</u>

The weighted-average remaining lease terms and discount rates for all of operating leases were as follows as of December 31, 2025:

Weighted-average remaining lease term (years):	<u>3.91</u>
Weighted-average discount rate:	<u>3.24%</u>

The weighted-average remaining lease terms and discount rates for all of operating leases were as follows as of December 31, 2024:

Weighted-average remaining lease term (years):	<u>4.70</u>
Weighted-average discount rate:	<u>3.17%</u>

Total rent expenses for the years ended December 31, 2025, 2024 and 2023 were \$5,442, \$5,542 and \$6,052, respectively (see also Note 18b).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 10:- OTHER PAYABLES AND ACCRUED EXPENSES

	December 31,	
	2025	2024
Accrued expenses and other payables	\$ 13,829	\$ 9,458
Subcontractors accrual	1,106	1,114
Accrued taxes	14,820	6,074
Contingent consideration related to acquisition	3,405	3,167
	<u>\$ 33,160</u>	<u>\$ 19,813</u>

## NOTE 11:- COMMITMENTS AND CONTINGENT LIABILITIES

## a. Litigation:

From time to time, the Company is party to various legal proceedings, claims and litigation that arise in the normal course of business. It is the opinion of management that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows and that the Company has provided an adequate accrual to cover the costs to resolve such legal proceedings, demands and claims.

## b. Royalties:

A wholly owned Israeli subsidiary of the Company has partially financed its research and development efforts through grants received from the IIA. In connection with the IIA grants, the subsidiary is committed to pay royalties to the IIA from its revenue, up to 100% of the amount of the grants received plus 3% annual interest, in accordance with the rules and regulations thereunder. The grants are deducted from research and development expenses. As of December 31, 2025, the remaining contingent obligation of the Israeli subsidiary in connection with such payment of royalties amounted to \$478.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands, except share and per share data

## NOTE 12:- SHAREHOLDERS' EQUITY

The Company's shares are listed for trade on the NASDAQ Global Select Market under the symbol "RDWR."

## a. Rights of shares:

## Ordinary Shares:

The ordinary shares confer upon the holders the right to receive notice to participate and vote in shareholders meetings of the Company and to receive dividends, if declared.

## b. Treasury shares:

In August 2024, the Company's Board of Directors authorized a new plan for the repurchase of up to an aggregate of \$80 million of the Company's ordinary shares in the open market, subject to normal trading restrictions, or in privately negotiated transactions (the "2025 Plan"). The 2025 plan came into effect upon the expiration of the 2024 Plan and will expire on March 15, 2026.

## c. Dividends:

Dividends, if any, will be paid in NIS. Dividends paid to shareholders outside Israel may be converted to U.S. dollars on the basis of the exchange rate prevailing at the date of the conversion. The Company does not intend to pay cash dividends in the foreseeable future.

## d. Radware Ltd. Share Option Plans:

The Company has two share option plans, the Company's Key Employee Share Incentive Plan (1997) as amended and restated (the "1997 Plan") and the Directors and Consultants Option Plan (the "DC Plan" and together with the 1997 Plan, the "Share Option Plans"). Under the Share Option Plans, options may be granted to officers, directors, employees and consultants of the Group. The exercise price per share under the Share Option Plans was generally not less than the market price of an ordinary share at the date of grant. The options vest primarily over four years. Each option is exercisable for one ordinary share. Any options, which are forfeited or not exercised before expiration, become available for future grants.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

## NOTE 12:- SHAREHOLDERS' EQUITY (Cont.)

Pursuant to the Share Option Plans, the Company reserved for issuance 35,912,967 ordinary shares as of December 31, 2025.

RSUs:

In addition to granting share options, since 2013, the Company started to routinely grant RSUs under the 1997 Plan. RSUs vest primarily over a four-year period of employment. RSUs that are cancelled or forfeited become available for future grants.

The number of "Reserved and Authorized Shares" under the Share Option Plans shall equal the sum of (i) the number of ordinary shares reserved and authorized under the Share Option Plans, and other awards granted under the Share Option Plans as of such date, and (ii) the number of ordinary shares reserved.

As of December 31, 2025, the number of Reserved and Authorized Shares under the Share Option Plans is as detailed below:

	<u>2025</u>
Share options exercised and outstanding	27,021,199
RSUs vested and outstanding	8,758,799
Ordinary shares available for issuance under the Share Option Plans	<u>132,969</u>
Total reserved and authorized shares as of December 31, 2025	<u>35,912,967</u>

A summary of employees' and directors' options activity under the Company's Share Option Plans as of December 31, 2025 is as follows:

	<u>Number of options</u>	<u>Weighted- average exercise price</u>	<u>Weighted- average remaining contractual term (in years)</u>	<u>Aggregate intrinsic value</u>
Outstanding at January 1, 2025	1,639,897	\$ 22.56	2.39	\$ 2,928
Granted	120,000	23.58		
Exercised	(39,005)	23.63		
Expired	(577,419)	23.84		
Forfeited	(130,325)	23.44		
Outstanding at December 31, 2025	<u>1,013,148</u>	<u>\$ 21.80</u>	<u>2.70</u>	<u>\$ 3,860</u>
Exercisable at December 31, 2025	<u>580,777</u>	<u>\$ 23.14</u>	<u>2.02</u>	<u>\$ 2,041</u>
Vested and expected to vest at December 31, 2025	<u>1,006,518</u>	<u>\$ 21.80</u>	<u>2.69</u>	<u>\$ 3,843</u>

The weighted-average grant-date fair value of options granted during the years ended December 31, 2025, 2024 and 2023 was \$7.83, \$6.11 and \$5.48, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

## NOTE 12:- SHAREHOLDERS' EQUITY (Cont.)

As of December 31, 2025, there was approximately \$1,216 of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Company's Share Option Plans. That cost is expected to be recognized over a weighted-average period of 0.85 years.

The total intrinsic value of options exercised during the years 2025, 2024 and 2023 was \$121, \$11 and \$9, respectively.

The aggregate intrinsic value of the outstanding share options at December 31, 2025 and 2024, represents the intrinsic value of 754,026 and 746,808, respectively, outstanding options that are in-the-money as of such dates. 259,122 outstanding options were out-of-the-money as of December 31, 2025.

The options outstanding under the Company's Share Option Plans as of December 31, 2025 have been separated into ranges of exercise price as follows:

December 31, 2025					
Outstanding			Exercisable		
Ranges of exercise price	Number of options	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number of options	Weighted-average exercise price
\$ 15.12-19.75	511,755	2.81	\$ 17.29	281,218	\$ 17.42
\$ 22.5-24.4	302,271	3.53	\$ 22.99	102,271	\$ 22.61
\$ 27.71-29.1	74,000	1.28	\$ 28.89	74,000	\$ 28.89
\$ 32.71-35.43	125,122	1.09	\$ 33.16	123,288	\$ 33.15
	<u>1,013,148</u>			<u>580,777</u>	

The following table summarizes information relating to the number of RSUs, as well as changes to such awards during 2025:

	Year ended December 31, 2025
Outstanding at January 1, 2025	3,455,138
Granted	1,077,315
Vested	(1,012,142)
Forfeited	(244,418)
Outstanding as of December 31, 2025	<u>3,275,893</u>

As of December 31, 2025, there was approximately \$44,158 of total unrecognized compensation costs related to non-vested RSUs granted under the Company's Share Option Plans. That cost is expected to be recognized over a weighted-average period of 2.67 years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

## NOTE 12:- SHAREHOLDERS' EQUITY (Cont.)

The weighted-average grant date fair value of RSUs granted during the years ended December 31, 2025, 2024 and 2023 were \$26.02, \$21.49 and \$15.82, respectively.

The weighted-average grant date fair value of RSUs vested during the years ended December 31, 2025, 2024 and 2023 were \$21.44, \$26.67 and \$29.01, respectively.

The weighted-average grant date fair value of RSUs forfeited during the years ended December 31, 2025, 2024 and 2023 were \$21.35, \$21.74 and \$27.16, respectively.

Share-based compensation was recorded in the following items within the consolidated statements of income (loss):

	Year ended December 31,		
	2025	2024	2023
Cost of revenues	\$ 574	\$ 366	\$ 515
Research and development, net	5,674	6,113	8,505
Sales and marketing	12,084	10,881	12,554
General and administrative	5,703	8,667	12,448
Total expenses	<u>\$ 24,035</u>	<u>\$ 26,027</u>	<u>\$ 34,022</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands, except share and per share data

## NOTE 13:- EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted net earnings (loss) per share:

	Year ended December 31,		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Numerator for basic and diluted net earnings (loss) per share:</b>			
Net income (loss)	\$ 20,257	\$ 6,038	\$ (21,590)
<b>Weighted-average shares outstanding, net of treasury shares:</b>			
Denominator for basic net earnings (loss) per share	42,879,056	41,982,851	42,871,770
Effect of dilutive securities:			
Employee share options and RSUs	1,819,482	1,380,055	-
Denominator for diluted net earnings (loss) per share	<u>44,698,538</u>	<u>43,362,906</u>	<u>42,871,770</u>
Basic net earnings (loss) per share	\$ 0.47	\$ 0.14	\$ (0.50)
Diluted net earnings (loss) per share	<u>\$ 0.45</u>	<u>\$ 0.14</u>	<u>\$ (0.50)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME

## a. General:

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 6,694	\$ 6,189
Decrease related to settlement tax years*	(4,696)	-
Additions for prior year tax positions	-	326
Decrease for prior year tax positions*	(1,179)	(378)
Additions for current year tax positions	<u>1,750</u>	<u>557</u>
Ending balance	<u>\$ 2,569</u>	<u>\$ 6,694</u>

\* In 2025, Radware Ltd. was subject to an examination by the Israeli Income Tax Authority with respect to its tax returns for the 2019–2022 tax years. In December 2025, the Company entered into a settlement agreement with the Israeli Income Tax Authority, thereby concluding the examination. The Company had previously recorded adequate tax provisions to fully cover the obligations arising from the settlement. Accordingly, the audit findings and related agreement did not have a material impact on the Company's consolidated statements of operations or its overall tax expense.

Following the execution of the settlement, the tax years 2019–2022 are considered closed and will not be subject to further assessment. Accordingly, the previously recorded tax allowance for those years has been reversed.

The Company adjusts the unrecognized tax benefit liability and income tax expense in the period in which the uncertain tax position is effectively settled, the statute of limitations expires or when new information is available.

During the years ended December 31, 2025, 2024 and 2023, net amounts of nil, \$278 and \$225, respectively, were added to the unrecognized tax benefits derived from interest and exchange rate differences expenses related to prior years' uncertain tax positions. As of December 31, 2025 and 2024, the Company had accrued interest liability related to uncertain tax positions in the amounts of nil and \$889, respectively, which is included within other long-term liabilities on the consolidated balance sheets.

Exchange rate differences are recorded within financial income, net, while interest is recorded within taxes on income in the consolidated statements of income (loss).

The Company's U.S subsidiary files income tax returns in the U.S federal jurisdiction. As of December 31, 2025, the 2022 through 2025 tax years are open and may be subject to potential examinations in the U.S.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

## b. Israeli taxation:

## 1. Foreign Exchange Regulations:

Commencing in taxable year 2003, the Company has elected to measure its taxable income and file its tax return under the Israeli Income Tax Regulations. Under the Foreign Exchange Regulations, an Israeli company calculates its tax liability in U.S. dollars according to certain orders. The tax liability, as calculated in U.S. dollars is translated into NIS according to the exchange rate as of December 31st of each year.

## 2. Tax rates:

The Israeli corporate tax rate in 2025, 2024 and 2023 was 23%. A company is taxable on its real capital gains at the corporate tax rate in the year of sale. Non-Israeli subsidiaries are taxed according to the tax laws in their jurisdictions.

## 3. Tax benefits under the Law for the Encouragement of Industry (Taxation), 1969 (the "Industry Law"):

Management believes that the Company currently qualifies as an "industrial company" under the above law and, as such, is entitled to certain tax benefits, including accelerated depreciation, deduction of public offering expenses in three equal annual installments and amortization of other intangible property rights for tax purposes.

## 4. Tax benefits under the Industry Law for the Encouragement of Capital Investments, 1959 (the "Investments Law"):

In December 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), which includes Amendment 73 to the Investments Law ("Amendment 73") was published. According to Amendment 73, a preferred enterprise located in development area A will be subject to a tax rate of 7.5% instead of 9%, effective from January 1, 2017 and thereafter (the tax rate applicable to preferred enterprises located in other areas remains at 16%).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

Amendment 73 also prescribes special tax tracks for technological enterprises, and the new tax tracks under Amendment 73 are as follows:

Technological preferred enterprise – an enterprise whose total consolidated revenues (parent company and all subsidiaries) is less than NIS 10 billion. Technological Preferred Enterprise, as defined in the Investments Law, which is not located in development area A, is subject to tax at a rate of 12% on profits deriving from intellectual property (in development area A, the tax rate is 7.5%), subject to satisfaction of a number of conditions, including compliance with a minimal amount or ratio of annual research and development expenditure and research and development employees, as well as having at least 25% of annual income derived from exports.

The Company believes it meets the conditions required to qualify as a Technological Preferred Enterprise.

Income not eligible for Preferred Technological Enterprise benefits is taxed at a regular rate of 23% from 2018 onwards.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

## d. Deferred income taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company and its subsidiaries' deferred tax liabilities and assets are as follows:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Carryforward losses and tax credit	\$ 21,070	\$ 16,862
Deferred revenues	3,770	4,976
Operating lease liabilities	1,829	1,886
Employee stock-based compensation	6,290	7,173
Other temporary differences	<u>3,913</u>	<u>3,521</u>
Deferred tax assets before valuation allowance	36,872	34,418
Valuation allowance	<u>(13,852)</u>	<u>(11,930)</u>
Net deferred tax assets	<u>23,020</u>	<u>22,488</u>
Intangible assets, including goodwill	(4,749)	(4,656)
ROU assets	(1,668)	(1,909)
Depreciable assets	<u>(852)</u>	<u>(837)</u>
Deferred tax liability	<u>(7,269)</u>	<u>(7,402)</u>
Net deferred tax assets	<u>\$ 15,751</u>	<u>\$ 15,086</u>

## e. Foreign:

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act, which among other provisions, reduced the U.S. corporate tax rate from 35% to 21%, effective January 1, 2018. Apportioned income is also subject to tax in various states.

Through December 31, 2025, the U.S. subsidiary had a U.S. federal loss carryforward of \$2,567, which can be carried forward and offset against taxable income up to 20 years, expiring between fiscal 2027 and fiscal 2038.

Utilization of U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

## f. Income taxes of non-Israeli subsidiaries:

Non-Israeli subsidiaries are taxed according to the tax laws in their respective countries of residence.

The Company does not provide deferred tax liabilities when it intends to reinvest earnings of foreign subsidiaries indefinitely.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

- g. A reconciliation between the theoretical tax expense after the adoption of ASU 23-09, assuming all income is taxed at the statutory tax rate applicable to income of the Company and the actual tax expense as reported in the consolidated statements of income (loss) is as follows:

	<u>Year ended December 31,</u>	
	<u>2025</u>	
Israeli federal statutory tax rate	\$ 6,741	23.0%
Foreign tax effects:		
<u>United States</u>		
State and local taxes	484	1.7%
Stock Based Compensation	656	2.2%
Other	<u>1,000</u>	<u>3.4%</u>
<u>India</u>		
Changes in valuation allowance	916	3.1%
Non-deductible / taxable items	(383)	(1.3)%
Other	<u>84</u>	<u>0.3%</u>
<u>Colombia</u>		
Withholding taxes	409	1.4%
Other	<u>32</u>	<u>0.1%</u>
<u>Ecuador</u>		
Withholding taxes	<u>579</u>	<u>2.0%</u>
<u>Other foreign jurisdictions</u>	<u>1,531</u>	<u>5.2%</u>
Foreign withholding tax credits	(2,580)	(8.8)%
Changes in valuation allowances	3,022	10.3%
Non-taxable or Non-deductible items:		
Stock Based Compensation	1,274	4.3%
Other	<u>(30)</u>	<u>(0.1)%</u>
Reduced tax rate for preferred technological enterprises	(3,660)	(12.5)%
Change in Unrecognized Tax Benefits	(561)	(1.9)%
Other	<u>(463)</u>	<u>(1.6)%</u>
Effective Tax Rate	<u>\$ 9,050</u>	<u>30.9%</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

A reconciliation between the theoretical tax expense prior to the adoption of ASU 2023-09, assuming all income is taxed at the statutory tax rate applicable to income of the Company and the actual tax expense as reported in the consolidated statements of income (loss) is as follows:

	<u>2024</u>	<u>2023</u>
Income (loss) before taxes, as reported in the consolidated statements of income (loss)	\$ 12,665	\$ (17,753)
Statutory tax rate	23%	23%
Theoretical tax expense (benefit) on the above amount at the Israeli statutory tax rate	\$ 2,913	\$ (4,083)
Tax adjustment in respect of different tax rate of foreign subsidiary	(141)	(57)
Non-deductible expenses and other permanent differences	820	536
Deferred taxes on losses for which valuation allowance was provided, net	3,498	2,635
Foreign withholding taxes	637	637
Share compensation relating to share options per ASC No. 718	158	3,716
Income taxes in respect of prior years	671	1,246
Change of tax rate	-	-
Approved, Privileged and Preferred enterprise loss (benefits) (*)	(2,170)	(1,086)
Other	241	293
Actual tax expense	<u>\$ 6,627</u>	<u>\$ 3,837</u>
(*) Basic earnings per share amounts of the benefit resulting from the "Approved, Privileged and Preferred Enterprise" status	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Diluted earnings per share amounts of the benefit resulting from the "Approved, Privileged and Preferred Enterprise" status	<u>\$ 0.05</u>	<u>\$ 0.03</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 14:- TAXES ON INCOME (Cont.)

h. Income before taxes on income is comprised as follows:

	Year ended December 31,		
	2025	2024	2023
Domestic	\$ 655	\$ (7,021)	\$ (33,444)
Foreign	28,652	19,686	15,691
Income (loss) before taxes on income	\$ 29,307	\$ 12,665	\$ (17,753)

i. Cash paid during the year for taxes on income amounted to \$2,218, \$921 and \$4,000 for the years ended December 31, 2025, 2024 and 2023, respectively.

## NOTE 15:- SEGMENTS REPORTING

The Company reports segment information based on a management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The chief operating decision maker ("The CODM") of the Company is the Chief Executive officer (CEO). The CODM assesses the performance of each operating segment using information about revenue and segment operating income that is defined as operating income generated at the segment level, excluding unallocated corporate income or expense.

The Company's reportable segments are:

- **Radware's Core Business** – this segment consists of the Company's core business operations, including its cloud security as-a-service products, application and data centers security products and its application availability products; and
- **The Hawks' Business** – this segment consists of the operations of two subsidiaries: SkyHawk, a spinoff of the Company's former cloud native protector business, which now provides an agentless Cloud-native threat Detection and Response (CDR), combined with Cloud Infrastructure Entitlement Manage (CIEM), Cloud Security Posture Management (CSPM) and Autonomous Purple Team for AWS Google Cloud and Azure, and EdgeHawk, which is engaged in transforming routers and network nodes into security platforms.

While the Company transitioned into two reportable segments, it remains focused on the consolidated results as an important measure of performance, particularly given the high level of cooperation among these two segments.

The Company's CODM does not regularly review assets and liabilities information by reportable segments. Therefore, the Company does not report assets and liabilities information by segment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 15:- SEGMENTS REPORTING (Cont.)

The following tables present information about the Company's reported segment revenues and operating income (loss) for the periods indicated:

	Year ended December 31, 2025		
	Radware Core	Hawks	Total
	Revenues	\$ 301,222	\$ 628
Other segment items *	276,510	13,932	290,442
Operating income (loss)	\$ 24,712	\$ (13,304)	\$ 11,408
Financial income, net			\$ 17,899
Income before taxes on income			\$ 29,307

	Year ended December 31, 2024		
	Radware Core	Hawks	Total
	Revenues	\$ 274,384	\$ 496
Other segment items *	264,635	14,132	278,767
Operating income (loss)	\$ 9,749	\$ (13,636)	\$ (3,887)
Financial income, net			\$ 16,552
Income before taxes on income			\$ 12,665

	Year ended December 31, 2023		
	Radware Core	Hawks	Total
	Revenues	\$ 260,322	\$ 970
Other segment items *	277,124	15,848	292,972
Operating loss	\$ (16,802)	\$ (14,878)	\$ (31,680)
Financial income, net			\$ 13,927
Loss before taxes on income			\$ (17,753)

\* Radware Core consists of cost of revenues, G&A, S&M, and R&D, with the Hawks primarily consisting of R&D.

Depreciation expenses of the Hawks' business segment for the years ended December 31, 2025, 2024 and 2023 were \$90, \$97 and \$85, respectively.

Depreciation expenses of Radware's core business segment for the years ended December 31, 2025, 2024 and 2023 were \$7,626, \$7,771 and \$8,191, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 16:- GEOGRAPHIC INFORMATION

Summary information about geographic areas:

The total revenues are attributed to geographic areas based on the location of the end-users.

The following table presents total revenues for the years ended December 31, 2025, 2024 and 2023 from a geographical perspective:

	Year ended December 31,		
	2025	2024	2023
Revenues from sales to customers located at:			
The United States	\$ 92,714	\$ 83,429	\$ 72,963
America - other	31,816	34,311	30,472
EMEA*	111,253	94,075	96,488
Asia Pacific	66,067	63,065	61,369
	<u>\$ 301,850</u>	<u>\$ 274,880</u>	<u>\$ 261,292</u>

\* Europe, the Middle East and Africa.

The following table presents long-lived assets and ROU assets as of December 31, 2025 and 2024 from a geographical perspective:

	December 31,	
	2025	2024
Long-lived assets by geographic region:		
America (principally the United States)	\$ 1,350	\$ 1,905
Israel	27,961	29,344
EMEA - other	574	556
Asia Pacific	2,192	2,283
	<u>\$ 32,077</u>	<u>\$ 34,088</u>

## NOTE 17:- SELECTED CONSOLIDATED STATEMENTS OF INCOME (LOSS) DATA

	Year ended December 31,		
	2025	2024	2023
Financial income, net:			
Interest on bank deposits and other	\$ 16,939	\$ 13,122	\$ 11,377
Amortization of premiums, accretion of discounts and interest on debt marketable securities, net	4,504	4,903	2,787
Loss on sale of marketable securities	-	-	(243)
Bank charges	(308)	(236)	(197)
Foreign currency differences, net	(3,236)	(1,237)	203
	<u>\$ 17,899</u>	<u>\$ 16,552</u>	<u>\$ 13,927</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

## NOTE 18:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Represents transactions and balances with other entities in which certain members of the Company's Board of Directors, management or shareholders have interest:

- a. The following related party balances are included in the consolidated balance sheets:

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Trade receivables and prepaid expenses	\$ 1,632	\$ 2,888
Trade payables and accrued expenses	\$ 1,429	\$ 2,415

- b. The following related party transactions are included in the consolidated statements of income (loss):

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Revenues (1)	\$ 5,303	\$ 5,730	\$ 3,298
Cost of revenues	\$ -	\$ -	\$ -
Operating expenses, net - primarily lease, subcontractors and communications (2)	\$ 11,804	\$ 8,085	\$ 7,707
Purchase of property and equipment	\$ 32	\$ 9	\$ 194

- (1) Distribution of the Company's products by a related party on a non-exclusive basis.
- (2) The Company leases office space and purchases other miscellaneous products and services from certain companies, which are considered to be related parties. In addition, the Company provides certain services to related parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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U.S. dollars in thousands

## NOTE 19:- SUBSEQUENT EVENTS

- a. In February 2026, the Company resolved to sell or cease the operations of SkyHawk Ltd.
- b. On January 14, 2026, the Company completed the acquisition of Pynt Security Inc., a technology company specializing in API testing solutions designed to identify security vulnerabilities prior to the deployment of APIs into production environments. The transaction has been accounted for as a business combination in accordance with ASC 805, Business Combinations.

The purchase consideration for this acquisition was immaterial to the Company and, as such, the transaction is not expected to have a significant impact on the Company's consolidated balance sheet or results of operations. The Company is in the process of determining the fair value of the identifiable assets acquired and liabilities assumed; the allocation of the purchase consideration will be finalized within the measurement period.

## LIST OF SUBSIDIARIES

Unless otherwise indicated, all subsidiaries are wholly owned (directly or indirectly).

<u>Name of Subsidiary</u>	<u>Place of Incorporation</u>
Radware Inc.	New Jersey, United States
Radware UK Limited	United Kingdom
Radware France	France
Radware Srl	Italy
Radware GmbH	Germany
Nihon Radware KK	Japan
Radware Australia Pty. Ltd.	Australia
Radware Singapore Pte. Ltd.	Singapore
Radware Korea Ltd.	Korea
Radware Canada Inc.	Canada
Radware India Pvt. Ltd.	India
Kaalbi Technologies Limited Ltd.	India
Radware (India) Cyber Security Solutions Private Limited	India
Radware China Ltd. 睿伟网络科技 (上海) 有限公司	China
Radware (Hong Kong) Limited	Hong Kong
Radyoos Media Ltd.*	Israel
Radware Iberia, S.L.U.	Spain
Edgehawk Security Ltd.	Israel
SkyHawk (CNP) Security Ltd.**	Israel
SkyHawk Security, Inc.***	Delaware, United States
CSR Cloud Security Ltd.	Israel
Radware (Colombia) S.A.S.	Colombia
Pynt, Inc.	Delaware, United States
Overcast Security Ltd.***	Israel
Radware Canada Holdings Inc.***	Canada

\* We own approximately 91.0% of the shares of this company, which ceased its activities in 2017.

\*\* We own approximately 76.2% of this subsidiary.

\*\*\* Indirect subsidiary.



LEG-DOC-PLC-0003

Insider Trading Policy

A02

Feb 2026



## Insider Trading Policy

This document was approved by Radware's Board of Directors and executive management and is publicly available on our website. All employees are informed about the contents of this document through our website.

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Information Security Classification: C1 (Public)

Legal Documentation

Page 1 of 18

**Table of Contents**

1.	<a href="#">Purpose</a>	3
2.	<a href="#">Compliance Officer</a>	4
3.	<a href="#">Definitions</a>	5
4.	<a href="#">Prohibited Activities</a>	7
5.	<a href="#">Certain Other Transactions in Company Securities</a>	9
6.	<a href="#">Qualified Trading Plans and Other Permitted Activities</a>	10
7.	<a href="#">Prohibition on trading Securities during a “blackout period”</a>	12
8.	<a href="#">Post-Termination Transactions</a>	13
9.	<a href="#">Reporting and Pre-Clearance Obligations</a>	13
10.	<a href="#">Guidelines</a>	14
11.	<a href="#">Compliance</a>	15
12.	<a href="#">Company Transactions</a>	15
	<a href="#">Appendix A</a>	16
	<a href="#">Appendix B</a>	17

## 1. Purpose

This Insider Trading Policy (as amended and restated, this “**Policy**”), was adopted by the Board of Directors of Radware Ltd. (the “**Company**” or “**we**”), in order to promote compliance with applicable securities laws governing (a) trading in the Company’s securities while in the possession of Material Non-public information (as defined below) concerning the Company and (b) “tipping” or disclosing Material Non-public information to outsiders.

As an essential part of working for the Company, employees and other Company personnel use or have access to Material Non-public information. Those employees and other Company personnel who possess or monitor such information hold a special position of trust and confidence toward it. Under United States law and United States court administrative decisions, it is unlawful for any person to trade securities while in possession of Material Non-public information. Providing such information to a third party for an unauthorized use, a practice known as “tipping,” is likewise unlawful.

Penalties for trading on or communicating Material Non-public information can be severe, both for individuals involved in such unlawful conduct and the Company, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

The standards embedded in this Policy are not the exclusive source of guidance and information on the Company’s expectations and should be read together with other laws and policies applicable to you. Such policies include our Code of Conduct and Ethics.

## 2. Compliance Officer

The Company has designated its Chief Financial Officer as its Insider Trading Compliance Officer (the “**Compliance Officer**”), who shall be assisted, at his or her discretion, by the Company’s General Counsel, Internal Auditor and/or other officers and advisors. The duties of the Compliance Officer will include the following:

- A. Administering this Policy and assisting in its implementation, including by monitoring trading in the Company Securities;
- B. Responding to all inquiries relating to this Policy and its procedures, including by preparing and issuing additional guidelines to implement this Policy and the procedures and standards hereunder;
- C. Designating and announcing special trading blackout periods during which Insiders may not trade in Company Securities;
- D. Administering, monitoring and enforcing compliance with all applicable insider trading laws and regulations, including, without limitation, the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933, as amended (the “**Securities Act**”), and assisting in the preparation and filing of all required reports relating to insider trading in Company Securities;
- E. Proposing revisions to this Policy as necessary to reflect changes in applicable insider trading laws and regulations; and
- F. Maintaining records of all documents required by the provisions of this Policy or the procedures set forth herein.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer’s duties (or certain of such duties) in the event that the Compliance Officer is unable or unavailable to perform such duties. Specifically, where the Compliance Officer is unable or unavailable to perform its duties with respect to a certain matter covered under this Policy (including by reason that he or she has a conflict of interest in doing so), (i) the Company’s General Counsel will replace him or her, or, if unable or unavailable, (ii) the Chief Executive Officer will replace him or her, or, if unable or unavailable, (iii) the Chairman of the Board of Directors will do so, or, if unable or unavailable, (iv) the Audit Committee will do so. In discharging his/her duties, the Compliance Officer shall have access to all of the Company’s books, records, facilities and personnel, as well as to the Company’s outside counsel.

3. Definitions

- Company employees** - Include officers, directors and full-time and part-time employees of the Company or its subsidiaries.
- Insiders** - (i) all Company employees and (ii) any outsiders whom the Compliance Officer may designate as Insiders from time to time ("**Designated Individuals**") because they have access to Material Non-public information concerning the Company. Such Designated Individuals may include any consultant, representative, independent contractor and other persons in a special relationship with the Company who know, or have access to, Material Non-public information concerning the Company.
- Management Insiders** - The members of the Board of Directors of the Company; the CEO, CFO and other executive officers of the Company (including any Section 16 Insiders); the General Counsel /Corporate Secretary of the Company; any Insiders preparing (or substantially assisting with preparing) the Company's financial statements; and any other individuals that the Compliance Officer has determined should be considered as Management Insiders. The Compliance Officer shall send an updated list of the Management Insiders on not less than an annual basis.
- Material** - Information is any information, positive or negative, about a company or the market for a company's securities which is likely to be considered important by a reasonable investor in determining whether to buy, hold or sell securities. Material information is any type of information (favorable or unfavorable) which could reasonably be expected to affect the price of a company's securities. While it is not possible to identify in advance all information that will be considered material, some examples include earnings, dividend actions, mergers and acquisitions, major new products, major personnel changes, unusual gains or losses in major operations, or a significant cybersecurity incident. We emphasize that this list is merely illustrative; courts have historically given a broad interpretation of what is deemed "material" information.

- Non-public information** - is any information which has not been widely disseminated in a manner making it generally available to the marketplace. Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. As a general rule, we have determined that for purposes of this Policy, information will not be considered fully absorbed by the marketplace until two (2) trading days after the release to the public. Information received about a company under circumstances which indicate that such information is not yet in general circulation should be considered non-public.
- “SEC”** - means the United States Securities and Exchange Commission.
- “Section 16 Insiders”** - means the members of the Board of Directors of the Company and any officer who is subject to the reporting provisions of Section 16 of the Exchange Act (by virtue of the U.S. Holding Foreign Insiders Accountable Act).
- Securities** - Includes the ordinary shares of the Company as well as notes, bonds, debentures or any other type of securities that the Company may issue, and any right or option to acquire any of the foregoing (including, without limitation, restricted share units (“RSUs” and future interests such as puts, calls, or short sales).

#### 4. Prohibited Activities

- A. So long as any Insider is in possession of Material Non-public information regarding the Company, he or she may not (1) transact in Company Securities or (2) subject to clause F below, pass along the information to (“tip”) others or make recommendations to others regarding the purchase or sale of any Company Securities. Transactions subject to this Policy include purchases, sales and bona fide gifts of Company Securities. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security.
- B. No Insider may trade in Company Securities outside of the applicable “trading windows” described in Section 6 below.
- C. No Insider may give trading advice of any kind about the Company to anyone while possessing Material Non-public information about the Company, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. The Company strongly discourages all Insiders from giving trading advice concerning the Company to third parties even when the Insiders do not possess Material Non-public information about the Company.
- D. No Insider who has become aware of Material Non-public information about another publicly traded company, including our vendors, suppliers and customers, when that information is obtained in the course of his or her affiliation or service with the Company, may (a) trade in the securities of such other company while possessing Material Non-public information concerning that company, (b) recommend that another person place a purchase or sell order in such company’s securities while possessing Material Non-public information concerning that company, or (c) convey such Material Non-public information to another person if such Insider knows or has reason to believe that the third party will misuse such information by trading in such company’s securities or passing such information to others who may so trade. You should treat Material Non-public information about our business partners with the same care required with respect to information related directly to the Company.
- E. As further described below, we have determined that the above prohibition will also apply to so-called “shadow trading,” in which Insiders use Material Non-public information (“MNPI”) regarding the Company to trade in the securities of another, peer company. “Shadow trading” is an emerging theory under the federal securities laws. The SEC has alleged (and a US court recently upheld the SEC’s position) that an employee of one company (company A) misappropriated MNPI concerning an acquisition of its employer (company A) and then committed insider trading by purchasing options in company B, a close competitor of company A. Although the MNPI did not relate to the close competitor, the employee anticipated that the competitor’s stock price would materially increase on the news of its employer’s acquisition and that the MNPI was material to the competitor. To that end, the Company forbids any Insider from trading in the securities of any company in the Company’s industry segment (i.e. Akamai Technologies, Inc., Imperva Inc., Thales S.A., Netscout Systems, Inc., Cloudflare, Inc., Corero Network Security PLC., F5 Networks, Inc. A10 Networks, Inc. and Citrix Systems, Inc.) without the pre-clearance or pre-approval of the Compliance Officer.

- F. This Policy, including the aforesaid prohibitions, applies to family members of Insiders who reside with such Insider (including a spouse, children, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in the Insider's household, and any family members who do not live in the Insider's household but whose transactions in Company Securities are directed by, or are subject to the influence or control, of the Insider (collectively referred to as "**Family Members**"). Insiders are responsible for the transactions of these Family Members and therefore should make them aware of the need to confer with the Insider before they trade in Company Securities. This Policy does not, however, apply to personal Securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to an Insider or his or her Family Members. This Policy also applies to any entities that an Insider influences or controls including any corporations, partnerships, or trusts (collectively referred to as "**Controlled Entities**"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the Insider's own account.
- G. On occasion, it may be necessary to disclose Material Non-public information regarding the Company to persons outside the Company for legitimate business reasons. In such circumstances, the information should not be conveyed until an understanding, preferably in writing, has been reached that such information is not to be used for trading purposes and may not be further disclosed other than for legitimate business reasons. However, such an understanding need not be reached in connection with the disclosure of such information to the Company's legal counsel or independent auditors in connection with their services to the Company or its subsidiaries.

5. Certain Other Transactions in Company Securities

- A. The Company strongly encourages Insiders not to trade the Company Securities on a short-term basis (other than shares received upon exercise of an option).
- B. The following transactions are also discouraged and all Insiders must receive approval from the Compliance Officer before entering into any such transactions: (i) purchasing on margin or pledging Company Securities as collateral; (ii) short sales (i.e., the sale of a security that the seller does not own); (iii) hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds; (iv) buying or selling put or call options; or (v) engaging in opposite-way transactions in any Company Securities of the same class for at least six months after the purchase or sale.

6. Qualified Trading Plans and Other Permitted Activities

A. *Qualified Trading Plan.* The U.S. securities laws allow for specific safe harbors from insider trading liability, such as a written trading plan that complies with Rule 10b5-1(c) promulgated under the Exchange Act (“**Rule 10b5-1(c)**”). Once such a Qualified Trading Plan has been adopted, trading in Company Securities through the Qualified Trading Plan may occur even during a “black-out period” (as described in Section 6 below) or when the person on whose behalf such trade occurs is aware of Material Non-public information. For purposes of this Policy, a “**Qualified Trading Plan**” is a written plan (including contract or instruction) for purchasing or selling Company Securities which the Compliance Officer approved in writing that it complies with Rule 10b5-1(c), including the following requirements:

1. The plan is adopted while the Company is not in a “black-out” period;
2. The plan was adopted before the individual was in possession of Material Non-public information about the Company;
3. The plan is adhered to strictly, entered into in good faith and not part of a plan or scheme to evade the prohibitions of Rule 10b5-1(c);
4. The plan imposes a waiting period between the time a plan is adopted or amended and the date of the first trade under the plan (“cooling-off period”), which cooling-off period shall be the minimum period required under Rule 10b5-1(c);
5. The plan (a) specified the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; (b) included a written formula or algorithm, or computer program, for determining the amount of securities to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; or (c) did not permit the person to exercise any subsequent influence over how, when, or whether to effect purchases or sales; provided, in addition, that any other person who, pursuant to the plan, did exercise such influence must not have been aware of the Material Non-public information when doing so; and
6. At the time it is adopted the plan conforms to all other requirements of Rule 10b5-1(c) (including the prohibition on using multiple overlapping plans set forth therein) and such other guidelines that the Compliance Officer may adopt under this Policy.

Any Qualified Trading Plan must be delivered to the Compliance Officer at least five business days before entry into the Qualified Trading Plan and must be approved by the Compliance Officer. An existing Qualified Trading Plan may be modified in accordance with the rules and procedures outlined above for the initial adoption of a Qualified Trading Plan, including approval by the Compliance Officer. In addition, Insiders are required to notify the Compliance Officer of any termination of a Qualified Trading Plan. The Company reserves the right to disclose publicly the terms of any Qualified Trading Plan.

- B. *Irrevocable Instructions*: An irrevocable order to the Company's options administrator to exercise and sell shares underlying options or RSUs under the Company's share incentive plans may also be considered a Qualified Trading Plan; provided it is approved in advance by the Compliance Officer.
- C. *Exercise of Stock Options*. The trading prohibitions and restrictions of this Policy generally do not apply to the exercise(s) of stock options where no Company Securities are sold in the market to fund the option exercise price (e.g., a net exercise in which the optionee receives a net number of shares from Radware that is equal to the number of shares exercised less the number of shares retained by Radware to cover the exercise price of the shares in accordance with the applicable equity-based award). Notwithstanding, absent a Qualified Trading Plan, the trading prohibitions and restrictions of this Policy shall apply in the event that Company Securities are deemed to be exercised pursuant to a cashless exercise of stock options and the like where Company Securities are sold in the market to fund the option exercise price (e.g., "broker assisted" cashless exercise of options or open-market sales to cover taxes upon the vesting of RSUs).
- D. *Bona fide gifts*. Bona fide gifts are generally permitted, even during a blackout period (described below), unless you have reason to believe that the recipient intends to sell Company Securities before the earliest time after the gift is completed that you are permitted to sell Company Securities on the open market under this Policy. Whether a gift is bona fide will depend on the circumstances surrounding the gift, and, accordingly, any Insider who wishes to make a gift during a time such Insider will not otherwise be permitted to transact under this Policy, Insider must pre-clear (by obtaining written approval, which may be via email) such gift with the Compliance Officer.

7. Prohibition on trading Securities during a “blackout period”

*Quarterly Blackout Periods.* The Board of Directors of the Company has further determined the following prohibition to apply to all Insiders, regardless of whether he/she is in possession of Material Non-public information (unless pursuant to a Qualified Trading Plan):

1. All Management Insiders are prohibited from trading Company Securities during four quarterly "blackout periods". The four blackout periods with respect to Management Insiders shall commence 30 calendar days prior to the end of the fiscal quarter and shall end two (2) trading days after the release to the public of the Company's earnings for the prior fiscal quarter.
2. All other Insiders are prohibited from trading Company Securities during four quarterly blackout periods. The four blackout periods with respect to Insiders that are not Management Insiders shall commence 15 calendar days prior to the end of the fiscal quarter and shall end two (2) trading days after the release to the public of the Company's earnings for the prior fiscal quarter.

*Event-Specific Blackout Periods:* From time to time, an event may occur that is material to the Company and is known by certain Insiders. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should be restricted from trading in Company Securities sooner than the typical quarterly blackout period described above. In these situations, without disclosing the particular reason, the Compliance Officer will notify certain persons that they should not trade in the Company Securities. This existence of an event-specific blackout period will not be announced to the Company as a whole and should not be communicated to any other person. Such event-specific blackout period will remain in place so long as the information remains Material and Non-public. The Compliance Officer will notify such persons when the event-specific blackout period has ended.

8. Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after termination of service with the Company. If an individual is in possession of Material Non-public information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer Material.

9. Reporting and Pre-Clearance Obligations

- A. All Management Insiders and other persons designated from time to time by the Compliance Officer are required to pre-clear (by obtaining written approval, which may be via email) with the Compliance Officer all their proposed transactions in the Company Securities and in the securities of other companies as described in section 3-D above in order to (i) confirm that there is no Material Non-public information which would make such transactions appear suspect and (ii) if and when applicable, ensure that such Management Insiders comply with the reporting obligations of Section 16 of the Exchange Act. All other Insiders are encouraged (but not required) to give the Compliance Officer advance notice of all their proposed transactions in Company Securities and in the securities of other companies as described in section 3-D above.
- B. Note that some trades by Insiders must be immediately reported to the SEC and may be subject to added legal restrictions. The Insider, and not the Company, has the responsibility to ensure that required filings are made on a timely basis. The Company is happy to assist Company employees in this regard but is not taking any responsibility or liability in this respect. Without derogating from the generality of the foregoing, each Section 16 Insider is required to comply with the reporting obligations set forth in Section 16 of the Exchange Act, effective March 18, 2026 (including by way of providing all the necessary information to the Company ample time before any reportable transaction).

10. Guidelines

- A. All Insiders are asked to read the Insider Guidelines for the Preservation and Protection of Confidentiality of Information attached hereto as Appendix A, and such other guidelines that the Compliance Officer may circulate from time to time, carefully and thoroughly.
- B. The Company believes in an "open door" policy to inquiries concerning factual matters from financial analysts, stockholders, reporters and others who have a legitimate interest in its affairs. However, in order to guard against the release of Non-public information, all such inquiries should be directly referred to the Compliance Officer; no Insider should respond to inquiries from financial analysts, stockholders, reporters or others. In this respect, see also the Company's Disclosure Policy.

## 11. Compliance

We expect strict compliance with these procedures by all Insiders. Failure to observe them may result in serious legal difficulties for you, as well as the Company. A failure to follow their letter and spirit would be considered a matter of extreme seriousness and could be a cause for termination of employment or service.

All Insiders should sign the attached Insider Trading Policy Certificate of Compliance (Appendix B) and return it to the Human Resources Department or the Compliance Officer to indicate that they have read, and will comply with, this Policy.

Any Insider who violates this Policy or any applicable laws governing insider trading or tipping or knows of any such violation by any other Insiders, must report the violation immediately to the Compliance Officer.

If there are any questions relating to this Policy, or the applicability or interpretation of the standards discussed in this Policy, please feel free to contact the General Counsel of the Company for clarification and guidance prior to trading or the disclosure of any information.

## 12. Company Transactions

It is further clarified that the Company's policy is and shall be to comply with applicable insider trading laws and regulations, including with respect to the Company's transactions in its own Securities.

**INSIDER GUIDELINES FOR THE PRESERVATION AND PROTECTION OF  
CONFIDENTIALITY OF INFORMATION**

1. Insiders must take reasonable measures to prevent the misuse or premature disclosure of Material Non-public information.
2. Insiders should not leave documents containing Material Non-public information open on their desks, particularly overnight.
3. Insiders should not leave computer files containing Material Non-public information open and viewable on the monitor by individuals passing through the office when not in use by the Insider working with such information. Laptop computers which contain Material Non-public information must be appropriately safeguarded by Insiders.
4. Insiders must exercise extreme caution when discussing matters relating to the Company or its subsidiaries in public places and refrain from discussing confidential information on speakerphones and cellular phones where such discussions may lead to the disclosure of such information to unauthorized persons.
5. Insiders must not remove Material Non-public information from the office unless appropriate precautions have been taken to safeguard and protect such information from unauthorized disclosure.
6. Insiders must exercise caution prior to sending Material Non-public information via email transmission (for example, by indicating “Confidential – For Recipient Only” or “Do Not Forward” in the text of a transmission).
7. Insiders must exercise caution when leaving messages containing Material Non-public information on voicemail systems to ensure the confidentiality thereof.
8. Insiders may not communicate Material Non-public information learned or developed through employment or service with the Company or its subsidiaries to other persons (an activity known as “tipping”) and may not recommend that anyone purchase or sell any Securities on the basis of such Material Non-public information.

**FORM OF INSIDER TRADING POLICY STATEMENT CERTIFICATION OF COMPLIANCE**

To: Radware Ltd.

I, the undersigned employee/officer/director/consultant/contractor/ representative of Radware Ltd. or one of its subsidiaries (the "Radware Group"), have read the attached Insider Trading Policy (as amended and restated). I understand the terms of that Policy and will comply with that Policy while I am an employee/officer/director/consultant/contractor/ representative of the Radware Group.

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Information Security Classification: C1 (Public)**

**Legal Documentation**

**Page 17 of 18**

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Change and Revision History

<i>Rev.</i>	<i>Para.</i>	<i>Description</i>	<i>Author</i>	<i>Approved by</i>	<i>Date</i>
A00	-	New document	VP & General Counsel Finance, Legal & Management	Board of Directors/ DC00205	Feb. 2023
A01	-	Changes within Template updates (header, footer, etc.) + some content clarification and required updates.	VP & General Counsel Finance, Legal & Management	Board of Directors/ DC00259	Feb. 2025
A02	-	Expanded and clarified definitions and obligations (including Section 16 updates), introduced a prohibition on shadow trading, refined blackout-period rules, enhanced Qualified Trading Plan requirements in line with amended Rule 10b5-1, strengthened pre-clearance and reporting obligations	VP & General Counsel Finance, Legal & Management	Board of Directors/ DC00329	Feb. 2026

 **NOTE**

*This Policy may be amended from time to time with or without notice by the Company.*

*The electronic version of this document is the latest version. It is the responsibility of the individual user to ensure that any printed material is the approved up-to-date version.*

**CERTIFICATION OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Roy Zisapel, certify that:

1. I have reviewed this annual report on Form 20-F of Radware Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 31, 2026

/s/ Roy Zisapel  
Roy Zisapel  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**  
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Guy Avidan, certify that:

1. I have reviewed this annual report on Form 20-F of Radware Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 31, 2026

/s/ Guy Avidan  
Guy Avidan  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Radware Ltd. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roy Zisapel, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2026

/s/ Roy Zisapel  
Roy Zisapel  
President and Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Radware Ltd. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Guy Avidan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2026

/s/ Guy Avidan  
Guy Avidan  
Chief Financial Officer  
(Principal Financial Officer)

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-12156, 333-13818, 333-105213, 333-114668, 333-135218, 333-161796, 333-166673, 333-166674, 333-193124, 333-212608, 333-218987, 333-224246, 333-232641, 333-267998, 333-271102 and 333-278452) pertaining to the 1997 Key Employee Share Incentive Plan, as amended, and the 2010 Employee Share Purchase Plan of Radware Ltd. of our reports dated March 31, 2026, with respect to the consolidated financial statements of Radware Ltd. and its subsidiaries and the effectiveness of internal control over financial reporting of Radware Ltd. and its subsidiaries included in this Annual Report (Form 20-F) for the year ended December 31, 2025.

Tel Aviv, Israel  
Date: March 31, 2026

/s/ KOST FORER GABBAY & KASIERER  
KOST FORER GABBAY & KASIERER  
A member of EY Global

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