

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

	<u>December 31,</u> 2023	<u>December 31,</u> 2022
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	70,538	46,185
Marketable securities	86,372	44,180
Short-term bank deposits	173,678	207,679
Trade receivables, net	18,959	17,752
Other receivables and prepaid expenses	10,015	7,196
Inventories	15,544	11,428
	<u>375,106</u>	<u>334,420</u>
Long-term investments		
Marketable securities	33,131	90,148
Long-term bank deposits	-	43,765
Other assets	2,166	2,146
	<u>35,297</u>	<u>136,059</u>
Property and equipment, net	18,221	21,068
Intangible assets, net	15,718	19,686
Other long-term assets	39,161	41,269
Operating lease right-of-use assets	20,777	23,078
Goodwill	68,008	68,008
Total assets	<u>572,288</u>	<u>643,588</u>
Liabilities and equity		
Current liabilities		
Trade payables	4,298	6,464
Deferred revenues	103,703	108,243
Operating lease liabilities	4,684	4,685
Other payables and accrued expenses	41,650	44,643
	<u>154,335</u>	<u>164,035</u>
Long-term liabilities		
Deferred revenues	60,499	72,219
Operating lease liabilities	16,020	19,461
Other long-term liabilities	18,160	19,430
	<u>94,679</u>	<u>111,110</u>
Equity		
Radware Ltd. equity		
Share capital	733	732
Additional paid-in capital	529,218	498,168
Accumulated other comprehensive income (loss)	77	(4,844)
Treasury stock, at cost	(365,749)	(303,299)
Retained earnings	119,812	141,402
Total Radware Ltd. shareholder's equity	<u>284,091</u>	<u>332,159</u>
Non-controlling interest	<u>39,183</u>	<u>36,284</u>
Total equity	<u>323,274</u>	<u>368,443</u>
Total liabilities and equity	<u>572,288</u>	<u>643,588</u>

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

	For the three months ended		For the year ended	
	December 31,		December 31,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	65,032	74,083	261,292	293,426
Cost of revenues	12,824	13,917	51,710	53,884
Gross profit	<u>52,208</u>	<u>60,166</u>	<u>209,582</u>	<u>239,542</u>
Operating expenses, net:				
Research and development, net	19,712	22,486	82,617	86,562
Selling and marketing	31,869	32,544	126,237	126,533
General and administrative	8,030	10,244	32,408	29,786
Total operating expenses, net	<u>59,611</u>	<u>65,274</u>	<u>241,262</u>	<u>242,881</u>
Operating loss	(7,403)	(5,108)	(31,680)	(3,339)
Financial income, net	3,239	2,018	13,927	8,052
Income (Loss) before taxes on income	<u>(4,164)</u>	<u>(3,090)</u>	<u>(17,753)</u>	<u>4,713</u>
Taxes on income	1,686	1,034	3,837	4,879
Net loss	<u>(5,850)</u>	<u>(4,124)</u>	<u>(21,590)</u>	<u>(166)</u>
Basic net loss per share attributed to Radware Ltd.'s shareholders	(0.14)	(0.09)	(0.50)	(0.00)
Weighted average number of shares used to compute basic net loss per share	41,806,042	44,586,590	42,871,770	44,943,168
Diluted net loss per share attributed to Radware Ltd.'s shareholders	(0.14)	(0.09)	(0.50)	(0.00)
Weighted average number of shares used to compute diluted net loss per share	41,806,042	44,586,590	42,871,770	44,943,168

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

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	52,208	60,166	209,582	239,542
Share-based compensation	112	112	515	399
Amortization of intangible assets	992	992	3,968	3,704
Non-GAAP gross profit	<u>53,312</u>	<u>61,270</u>	<u>214,065</u>	<u>243,645</u>
GAAP research and development, net	19,712	22,486	82,617	86,562
Share-based compensation	2,305	2,073	8,505	7,292
Non-GAAP Research and development, net	<u>17,407</u>	<u>20,413</u>	<u>74,112</u>	<u>79,270</u>
GAAP selling and marketing	31,869	32,544	126,237	126,533
Share-based compensation	3,489	2,993	12,554	11,241
Restructuring costs	578	-	1,851	-
Non-GAAP selling and marketing	<u>27,802</u>	<u>29,551</u>	<u>111,832</u>	<u>115,292</u>
GAAP general and administrative	8,030	10,244	32,408	29,786
Share-based compensation	2,965	4,480	12,448	8,421
Acquisition costs	359	819	1,128	1,961
Non-GAAP general and administrative	<u>4,706</u>	<u>4,945</u>	<u>18,832</u>	<u>19,404</u>
GAAP total operating expenses, net	59,611	65,274	241,262	242,881
Share-based compensation	8,759	9,546	33,507	26,954
Restructuring costs	578	-	1,851	-
Acquisition costs	359	819	1,128	1,961
Non-GAAP total operating expenses, net	<u>49,915</u>	<u>54,909</u>	<u>204,776</u>	<u>213,966</u>
GAAP operating loss	(7,403)	(5,108)	(31,680)	(3,339)
Share-based compensation	8,871	9,658	34,022	27,353
Amortization of intangible assets	992	992	3,968	3,704
Restructuring costs	578	-	1,851	-
Acquisition costs	359	819	1,128	1,961
Non-GAAP operating income	<u>3,397</u>	<u>6,361</u>	<u>9,289</u>	<u>29,679</u>
GAAP financial income, net	3,239	2,018	13,927	8,052
Exchange rate differences, net on balance sheet items included in financial income, net	563	413	(207)	(1,301)
Non-GAAP financial income, net	<u>3,802</u>	<u>2,431</u>	<u>13,720</u>	<u>6,751</u>
GAAP income (loss) before taxes on income	(4,164)	(3,090)	(17,753)	4,713
Share-based compensation	8,871	9,658	34,022	27,353
Amortization of intangible assets	992	992	3,968	3,704
Restructuring costs	578	-	1,851	-
Acquisition costs	359	819	1,128	1,961
Exchange rate differences, net on balance sheet items included in financial income, net	563	413	(207)	(1,301)
Non-GAAP income before taxes on income	<u>7,199</u>	<u>8,792</u>	<u>23,009</u>	<u>36,430</u>
GAAP taxes on income	1,686	1,034	3,837	4,879
Tax related adjustments	61	61	246	246
Non-GAAP taxes on income	<u>1,747</u>	<u>1,095</u>	<u>4,083</u>	<u>5,125</u>
GAAP net loss	(5,850)	(4,124)	(21,590)	(166)
Share-based compensation	8,871	9,658	34,022	27,353
Amortization of intangible assets	992	992	3,968	3,704
Restructuring costs	578	-	1,851	-
Acquisition costs	359	819	1,128	1,961
Exchange rate differences, net on balance sheet items included in financial income, net	563	413	(207)	(1,301)
Tax related adjustments	(61)	(61)	(246)	(246)
Non-GAAP net income	<u>5,452</u>	<u>7,697</u>	<u>18,926</u>	<u>31,305</u>
GAAP diluted net loss per share	(0.14)	(0.09)	(0.50)	(0.00)
Share-based compensation	0.21	0.21	0.78	0.60
Amortization of intangible assets	0.02	0.02	0.09	0.08
Restructuring costs	0.02	0.00	0.04	0.00
Acquisition costs	0.01	0.02	0.03	0.04
Exchange rate differences, net on balance sheet items included in financial income, net	0.01	0.01	(0.00)	(0.03)
Tax related adjustments	(0.00)	(0.00)	(0.01)	(0.01)
Non-GAAP diluted net earnings per share	<u>0.13</u>	<u>0.17</u>	<u>0.43</u>	<u>0.68</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	42,462,751	45,227,288	43,655,555	45,947,476

Radware Ltd.
RECONCILIATION OF GAAP NET LOSS TO EBITDA AND ADJUSTED EBITDA (NON-GAAP)
(U.S Dollars in thousands)

	For the three months ended		For the twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP net loss	(5,850)	(4,124)	(21,590)	(166)
Exclude: Financial income, net	(3,239)	(2,018)	(13,927)	(8,052)
Exclude: Depreciation and amortization expense	3,028	2,878	12,244	11,692
Exclude: Taxes on income	1,686	1,034	3,837	4,879
EBITDA	(4,375)	(2,230)	(19,436)	8,353
Share-based compensation	8,871	9,658	34,022	27,353
Restructuring costs	578	-	1,851	-
Acquisition costs	359	819	1,128	1,961
Adjusted EBITDA	5,433	8,247	17,565	37,667

	For the three months ended		For the twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Amortization of intangible assets	992	992	3,968	3,704
Depreciation	2,036	1,886	8,276	7,988
	<u>3,028</u>	<u>2,878</u>	<u>12,244</u>	<u>11,692</u>

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

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>				
Net loss	(5,850)	(4,124)	(21,590)	(166)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	3,028	2,878	12,244	11,692
Share-based compensation	8,871	9,658	34,022	27,353
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	638	766	1,754	2,345
Loss (gain) related to securities, net	(1)	(4)	243	(68)
Increase (decrease) in accrued interest on bank deposits	549	(1,424)	(3,265)	(2,480)
Increase (decrease) in accrued severance pay, net	207	301	(299)	219
Increase in trade receivables, net	(6,587)	(4,401)	(1,207)	(4,561)
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	1,017	(1,887)	(1,524)	(2,360)
Decrease (increase) in inventories	(2,550)	(574)	(4,116)	152
Increase (decrease) in trade payables	(1,771)	(306)	(2,166)	2,154
Increase (decrease) in deferred revenues	(5,165)	1,584	(16,260)	13,475
Increase (decrease) in other payables and accrued expenses	10,603	6,665	(195)	(14,054)
Operating lease liabilities, net	(336)	428	(1,141)	(1,553)
Net cash provided by (used in) operating activities	<u>2,653</u>	<u>9,560</u>	<u>(3,500)</u>	<u>32,148</u>
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(936)	(1,768)	(5,429)	(8,814)
Proceeds from (investment in) other long-term assets, net	(11)	(71)	66	35
Proceeds from (investment in) bank deposits, net	29,686	5,824	81,031	(13,377)
Investment in, redemption of and purchase of marketable securities ,net	16,764	1,640	17,111	(3,862)
Payment for the business acquisition of SecurityDAM Ltd.	-	-	-	(30,000)
Net cash provided by (used in) investing activities	<u>45,503</u>	<u>5,625</u>	<u>92,779</u>	<u>(56,018)</u>
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of share options	63	832	371	2,034
Repurchase of shares	(10,103)	(12,301)	(63,234)	(59,492)
Payment of deferred consideration related to acquisition	-	-	(2,063)	-
Proceeds from issuance of Preferred A shares in subsidiary	-	-	-	35,000
Net cash used in financing activities	<u>(10,040)</u>	<u>(11,469)</u>	<u>(64,926)</u>	<u>(22,458)</u>
Increase (decrease) in cash and cash equivalents	38,116	3,716	24,353	(46,328)
Cash and cash equivalents at the beginning of the period	<u>32,422</u>	<u>42,469</u>	<u>46,185</u>	<u>92,513</u>
Cash and cash equivalents at the end of the period	<u><u>70,538</u></u>	<u><u>46,185</u></u>	<u><u>70,538</u></u>	<u><u>46,185</u></u>