

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

	March 31,	December 31,
	2022	2021
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	54,483	92,513
Available-for-sale marketable securities	25,219	39,497
Short-term bank deposits	138,337	155,879
Trade receivables, net	19,045	13,191
Other receivables and prepaid expenses	11,978	8,046
Inventories	11,255	11,580
	<u>260,317</u>	<u>320,706</u>
Long-term investments		
Available-for-sale marketable securities	104,579	98,224
Long-term bank deposits	74,868	79,708
Severance pay funds	2,372	2,454
	<u>181,819</u>	<u>180,386</u>
Property and equipment, net	20,380	20,240
Goodwill and intangible assets, net	93,911	51,875
Other long-term assets	37,926	37,334
Operating lease right-of-use assets	23,724	24,829
Total assets	<u><u>618,077</u></u>	<u><u>635,370</u></u>
Liabilities and shareholders' equity		
Current Liabilities		
Trade payables	8,153	4,310
Deferred revenues	99,609	99,922
Operating lease liabilities	4,695	5,090
Other payables and accrued expenses	39,206	56,565
	<u>151,663</u>	<u>165,887</u>
Long-term liabilities		
Deferred revenues	69,814	67,065
Operating lease liabilities	21,213	22,360
Other long-term liabilities	22,630	10,065
	<u>113,657</u>	<u>99,490</u>
Shareholders' equity		
Share capital	731	730
Additional paid-in capital	476,150	471,173
Accumulated other comprehensive loss, net of tax	(2,640)	(455)
Treasury stock, at cost	(266,822)	(243,023)
Retained earnings	145,338	141,568
Total shareholders' equity	<u>352,757</u>	<u>369,993</u>
Total liabilities and shareholders' equity	<u><u>618,077</u></u>	<u><u>635,370</u></u>

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

	For the three months ended	
	March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Revenues	73,708	66,769
Cost of revenues	12,941	12,266
Gross profit	60,767	54,503
Operating expenses, net:		
Research and development, net	20,370	17,735
Selling and marketing	30,283	28,991
General and administrative	6,527	5,196
Total operating expenses, net	57,180	51,922
Operating income	3,587	2,581
Financial income, net	1,698	2,670
Income before taxes on income	5,285	5,251
Taxes on income	1,515	1,346
Net income	3,770	3,905
Basic net earnings per share	0.08	0.08
Weighted average number of shares used to compute basic net earnings per share	45,666,813	46,225,882
Diluted net earnings per share	0.08	0.08
Weighted average number of shares used to compute diluted net earnings per share	47,122,247	47,607,518

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	
	March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
GAAP gross profit	60,767	54,503
Stock-based compensation	90	47
Amortization of intangible assets	464	464
Non-GAAP gross profit	<u>61,321</u>	<u>55,014</u>
GAAP research and development, net	20,370	17,735
Stock-based compensation	1,809	1,339
Non-GAAP Research and development, net	<u>18,561</u>	<u>16,396</u>
GAAP selling and marketing	30,283	28,991
Stock-based compensation	1,849	2,052
Non-GAAP selling and marketing	<u>28,434</u>	<u>26,939</u>
GAAP general and administrative	6,527	5,196
Stock-based compensation	668	936
Litigation costs	-	63
Acquisition costs	1,142	-
Non-GAAP general and administrative	<u>4,717</u>	<u>4,197</u>
GAAP total operating expenses, net	57,180	51,922
Stock-based compensation	4,326	4,327
Litigation costs	-	63
Acquisition costs	1,142	-
Non-GAAP total operating expenses, net	<u>51,712</u>	<u>47,532</u>
GAAP operating income	3,587	2,581
Stock-based compensation	4,416	4,374
Amortization of intangible assets	464	464
Litigation costs	-	63
Acquisition costs	1,142	-
Non-GAAP operating income	<u>9,609</u>	<u>7,482</u>
GAAP financial income, net	1,698	2,670
Exchange rate differences, net on balance sheet items included in financial income, net	(894)	(724)
Non-GAAP financial income, net	<u>804</u>	<u>1,946</u>
GAAP income before taxes on income	5,285	5,251
Stock-based compensation	4,416	4,374
Amortization of intangible assets	464	464
Litigation costs	-	63
Acquisition costs	1,142	-
Exchange rate differences, net on balance sheet items included in financial income, net	(894)	(724)
Non-GAAP income before taxes on income	<u>10,413</u>	<u>9,428</u>
GAAP taxes on income	1,515	1,346
Tax related adjustments	62	62
Non-GAAP taxes on income	<u>1,577</u>	<u>1,408</u>
GAAP net income	3,770	3,905
Stock-based compensation	4,416	4,374
Amortization of intangible assets	464	464
Litigation costs	-	63
Acquisition costs	1,142	-
Exchange rate differences, net on balance sheet items included in financial income, net	(894)	(724)
Tax related adjustments	(62)	(62)
Non-GAAP net income	<u>8,836</u>	<u>8,020</u>
GAAP diluted net earnings per share	0.08	0.08
Stock-based compensation	0.09	0.09
Amortization of intangible assets	0.01	0.01
Litigation costs	0.00	0.00
Acquisition costs	0.02	0.00
Exchange rate differences, net on balance sheet items included in financial income, net	(0.02)	(0.02)
Tax related adjustments	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.19</u>	<u>0.17</u>
Weighted average number of shares used to compute non-GAAP diluted net earnings per share	47,122,247	47,607,518

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

	For the three months ended	
	March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>		
Net income	3,770	3,905
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,488	2,648
Stock-based compensation	4,416	4,374
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	588	408
Gain related to securities, net	(59)	(2)
Accrued interest on bank deposits	33	(781)
Increase in accrued severance pay, net	147	225
Decrease (increase) in trade receivables, net	(5,854)	6,940
Increase in other receivables and prepaid expenses and other long-term assets	(3,816)	(4,460)
Decrease in inventories	325	524
Increase in trade payables	3,843	244
Increase in deferred revenues	2,436	8,922
Decrease in other payables and accrued expenses	(18,332)	(5,993)
Operating lease liabilities, net	(437)	(782)
Net cash provided by (used in) operating activities	<u>(10,452)</u>	<u>16,172</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(2,164)	(1,333)
Proceeds from (investment in) other long-term assets, net	(55)	42
Proceeds from (investment in) bank deposits, net	22,349	(143)
Proceeds from (investment in) sale, redemption of and purchase of marketable securities, net	4,556	(2,491)
Payment for the acquisition of intangible assets	(30,000)	0
Net cash used in investing activities	<u>(5,314)</u>	<u>(3,925)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of stock options	562	2,150
Repurchase of shares	(22,826)	(30,189)
Net cash used in financing activities	<u>(22,264)</u>	<u>(28,039)</u>
Decrease in cash and cash equivalents	(38,030)	(15,792)
Cash and cash equivalents at the beginning of the period	<u>92,513</u>	<u>54,771</u>
Cash and cash equivalents at the end of the period	<u><u>54,483</u></u>	<u><u>38,979</u></u>