

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

	March 31,	December 31,
	2024	2023
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	74,626	70,538
Marketable securities	97,743	86,372
Short-term bank deposits	191,585	173,678
Trade receivables, net	20,486	20,267
Other receivables and prepaid expenses	9,199	9,529
Inventories	14,540	15,544
	408,179	375,928
Long-term investments		
Marketable securities	18,853	33,131
Other assets	2,083	2,166
	20,936	35,297
Property and equipment, net	18,044	18,221
Intangible assets, net	14,726	15,718
Other long-term assets	37,052	37,967
Operating lease right-of-use assets	20,268	20,777
Goodwill	68,008	68,008
Total assets	587,213	571,916
Liabilities and equity		
Current liabilities		
Trade payables	5,704	4,298
Deferred revenues	101,892	105,012
Operating lease liabilities	4,537	4,684
Other payables and accrued expenses	42,757	41,021
	154,890	155,015
Long-term liabilities		
Deferred revenues	72,513	60,499
Operating lease liabilities	15,279	16,020
Other long-term liabilities	15,164	17,108
	102,956	93,627
Equity		
Radware Ltd. equity		
Share capital	744	742
Additional paid-in capital	536,881	529,209
Accumulated other comprehensive income (loss)	(66)	77
Treasury stock, at cost	(366,588)	(365,749)
Retained earnings	118,590	119,812
Total Radware Ltd. shareholder's equity	289,561	284,091
Non-controlling interest	39,806	39,183
Total equity	329,367	323,274
Total liabilities and equity	587,213	571,916

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,	
	2024	2023
	(Unaudited)	(Unaudited)
Revenues	65,085	69,041
Cost of revenues	12,812	13,306
Gross profit	52,273	55,735
Operating expenses, net:		
Research and development, net	18,896	21,150
Selling and marketing	29,701	31,919
General and administrative	7,339	8,247
Total operating expenses, net	55,936	61,316
Operating loss	(3,663)	(5,581)
Financial income, net	3,608	3,491
Loss before taxes on income	(55)	(2,090)
Taxes on income	1,167	991
Net loss	(1,222)	(3,081)
Basic net loss per share attributed to Radware Ltd.'s shareholders	(0.03)	(0.07)
Weighted average number of shares used to compute basic net loss per share	41,750,203	44,053,402
Diluted net loss per share attributed to Radware Ltd.'s shareholders	(0.03)	(0.07)
Weighted average number of shares used to compute diluted net loss per share	41,750,203	44,053,402

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,	
	2024	2023
	(Unaudited)	(Unaudited)
GAAP gross profit	52,273	55,735
Share-based compensation	79	113
Amortization of intangible assets	992	992
Non-GAAP gross profit	<u>53,344</u>	<u>56,840</u>
GAAP research and development, net	18,896	21,150
Share-based compensation	1,722	1,959
Non-GAAP Research and development, net	<u>17,174</u>	<u>19,191</u>
GAAP selling and marketing	29,701	31,919
Share-based compensation	2,551	3,394
Non-GAAP selling and marketing	<u>27,150</u>	<u>28,525</u>
GAAP general and administrative	7,339	8,247
Share-based compensation	2,395	3,531
Acquisition costs	220	13
Non-GAAP general and administrative	<u>4,724</u>	<u>4,703</u>
GAAP total operating expenses, net	55,936	61,316
Share-based compensation	6,668	8,884
Acquisition costs	220	13
Non-GAAP total operating expenses, net	<u>49,048</u>	<u>52,419</u>
GAAP operating loss	(3,663)	(5,581)
Share-based compensation	6,747	8,997
Amortization of intangible assets	992	992
Acquisition costs	220	13
Non-GAAP operating income	<u>4,296</u>	<u>4,421</u>
GAAP financial income, net	3,608	3,491
Exchange rate differences, net on balance sheet items included in financial income, net	153	(775)
Non-GAAP financial income, net	<u>3,761</u>	<u>2,716</u>
GAAP loss before taxes on income	(55)	(2,090)
Share-based compensation	6,747	8,997
Amortization of intangible assets	992	992
Acquisition costs	220	13
Exchange rate differences, net on balance sheet items included in financial income, net	153	(775)
Non-GAAP income before taxes on income	<u>8,057</u>	<u>7,137</u>
GAAP taxes on income	1,167	991
Tax related adjustments	62	62
Non-GAAP taxes on income	<u>1,229</u>	<u>1,053</u>
GAAP net loss	(1,222)	(3,081)
Share-based compensation	6,747	8,997
Amortization of intangible assets	992	992
Acquisition costs	220	13
Exchange rate differences, net on balance sheet items included in financial income, net	153	(775)
Tax related adjustments	(62)	(62)
Non-GAAP net income	<u>6,828</u>	<u>6,084</u>
GAAP diluted net loss per share	(0.03)	(0.07)
Share-based compensation	0.16	0.20
Amortization of intangible assets	0.02	0.02
Acquisition costs	0.01	0.00
Exchange rate differences, net on balance sheet items included in financial income, net	0.00	(0.02)
Tax related adjustments	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.16</u>	<u>0.14</u>
Weighted average number of shares used to compute non-GAAP diluted net earnings per share	42,875,058	44,762,161

Radware Ltd.

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

(U.S Dollars in thousands)

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)
GAAP net loss	(1,222)	(3,081)
Exclude: Financial income, net	(3,608)	(3,491)
Exclude: Depreciation and amortization expense	2,943	3,078
Exclude: Taxes on income	1,167	991
EBITDA	<u>(720)</u>	<u>(2,503)</u>
Share-based compensation	6,747	8,997
Acquisition costs	220	13
Adjusted EBITDA	<u><u>6,247</u></u>	<u><u>6,507</u></u>

	For the three months ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
Amortization of intangible assets	992	992
Depreciation	1,951	2,086
	<u>2,943</u>	<u>3,078</u>

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

	For the three months ended	
	March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>		
Net loss	(1,222)	(3,081)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,943	3,078
Share-based compensation	6,747	8,997
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	(73)	237
Loss related to securities, net	-	245
Decrease in accrued interest on bank deposits	(9)	(1,754)
Decrease in accrued severance pay, net	(58)	(69)
Increase in trade receivables, net	(219)	(1,005)
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	605	(2,858)
Decrease in inventories	1,004	149
Increase (decrease) in trade payables	1,406	(1,637)
Increase in deferred revenues	8,894	746
Increase (decrease) in other payables and accrued expenses	1,483	(4,498)
Operating lease liabilities, net	(379)	214
Net cash provided by (used in) operating activities	<u>21,122</u>	<u>(1,236)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(1,774)	(1,768)
Proceeds from (investment in) other long-term assets, net	(25)	47
Proceeds from (investment in) bank deposits, net	(17,898)	9,200
Investment in, redemption of and purchase of marketable securities ,net	3,502	1,976
Net cash provided by (used in) investing activities	<u>(16,195)</u>	<u>9,455</u>
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of share options	-	220
Repurchase of shares	(839)	(12,742)
Net cash used in financing activities	<u>(839)</u>	<u>(12,522)</u>
Increase (decrease) in cash and cash equivalents	4,088	(4,303)
Cash and cash equivalents at the beginning of the period	70,538	46,185
Cash and cash equivalents at the end of the period	<u><u>74,626</u></u>	<u><u>41,882</u></u>