

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	61,057	54,771
Marketable securities	56,509	64,684
Short-term bank deposits	195,010	191,038
Trade receivables, net	18,499	16,848
Other receivables and prepaid expenses	12,726	6,526
Inventories	13,200	13,935
	357,001	347,802
<b>Long-term investments</b>		
Marketable securities	64,531	66,836
Long-term bank deposits	63,097	71,421
Severance pay funds	2,338	2,453
	129,966	140,710
Property and equipment, net	21,212	22,976
Intangible assets, net	11,659	12,588
Other long-term assets	34,227	30,222
Operating lease right-of-use assets	26,143	27,823
Goodwill	41,144	41,144
Total assets	621,352	623,265
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Trade payables	5,548	3,882
Deferred revenues	102,266	92,127
Operating lease liabilities	4,649	5,224
Other payables and accrued expenses	43,144	42,514
	155,607	143,747
<b>Long-term liabilities</b>		
Deferred revenues	56,048	54,797
Operating lease liabilities	23,322	24,851
Other long-term liabilities	11,701	11,409
	91,071	91,057
<b>Shareholders' equity</b>		
Share capital	726	721
Additional paid-in capital	456,469	443,018
Accumulated other comprehensive income, net of tax	664	1,517
Treasury stock, at cost	(225,379)	(190,552)
Retained earnings	142,194	133,757
Total shareholders' equity	374,674	388,461
Total liabilities and shareholders' equity	621,352	623,265

**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 six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	69,667	58,445	136,436	118,457
Cost of revenues	12,838	10,558	25,104	21,247
Gross profit	<u>56,829</u>	<u>47,887</u>	<u>111,332</u>	<u>97,210</u>
Operating expenses, net:				
Research and development, net	18,127	16,509	35,862	32,341
Selling and marketing	29,248	26,755	58,239	54,957
General and administrative	4,551	4,889	9,747	9,601
Total operating expenses, net	<u>51,926</u>	<u>48,153</u>	<u>103,848</u>	<u>96,899</u>
Operating income (loss)	4,903	(266)	7,484	311
Financial income, net	1,187	1,783	3,857	4,507
Income before taxes on income	6,090	1,517	11,341	4,818
Taxes on income	1,558	844	2,904	1,571
Net income	<u>4,532</u>	<u>673</u>	<u>8,437</u>	<u>3,247</u>
Basic net earnings per share	0.10	0.01	0.18	0.07
Weighted average number of shares used to compute basic net earnings per share	45,618,971	46,387,585	45,918,605	46,652,734
Diluted net earnings per share	0.10	0.01	0.18	0.07
Weighted average number of shares used to compute diluted net earnings per share	47,138,142	47,632,309	47,369,008	47,927,268

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

	<b>For the three months ended</b>	
	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
GAAP gross profit	56,829	47,887
Stock-based compensation	51	49
Amortization of intangible assets	465	464
Non-GAAP gross profit	<u>57,345</u>	<u>48,400</u>
GAAP research and development, net	18,127	16,509
Stock-based compensation	1,013	1,089
Non-GAAP Research and development, net	<u>17,114</u>	<u>15,420</u>
GAAP selling and marketing	29,248	26,755
Stock-based compensation	2,030	1,845
Non-GAAP selling and marketing	<u>27,218</u>	<u>24,910</u>
GAAP general and administrative	4,551	4,889
Stock-based compensation	143	931
Litigation costs	158	140
Non-GAAP general and administrative	<u>4,250</u>	<u>3,818</u>
GAAP total operating expenses, net	51,926	48,153
Stock-based compensation	3,186	3,865
Litigation costs	158	140
Non-GAAP total operating expenses, net	<u>48,582</u>	<u>44,148</u>
GAAP operating income (loss)	4,903	(266)
Stock-based compensation	3,237	3,914
Amortization of intangible assets	465	464
Litigation costs	158	140
Non-GAAP operating income	<u>8,763</u>	<u>4,252</u>
GAAP financial income, net	1,187	1,783
Other loss adjustment	-	-
Exchange rate differences, net on balance sheet items included in financial income, net	555	859
Non-GAAP financial income, net	<u>1,742</u>	<u>2,642</u>
GAAP income before taxes on income	6,090	1,517
Stock-based compensation	3,237	3,914
Amortization of intangible assets	465	464
Litigation costs	158	140
Other loss adjustment	-	-
Exchange rate differences, net on balance sheet items included in financial income, net	555	859
Non-GAAP income before taxes on income	<u>10,505</u>	<u>6,894</u>
GAAP taxes on income	1,558	844
Tax related adjustments	61	61
Non-GAAP taxes on income	<u>1,619</u>	<u>905</u>
GAAP net income	4,532	673
Stock-based compensation	3,237	3,914
Amortization of intangible assets	465	464
Litigation costs	158	140
Other loss adjustment	-	-
Exchange rate differences, net on balance sheet items included in financial income, net	555	859
Tax related adjustments	(61)	(61)
Non-GAAP net income	<u>8,886</u>	<u>5,989</u>
GAAP diluted net earnings per share	0.10	0.01
Stock-based compensation	0.07	0.08
Amortization of intangible assets	0.01	0.01
Litigation costs	0.00	0.00
Other loss adjustment	0.00	0.00
Exchange rate differences, net on balance sheet items included in financial income, net	0.01	0.02
Tax related adjustments	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.19</u>	<u>0.13</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	47,138,142	47,632,309

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

	<b>For the three months ended</b>	
	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>		
Net income	4,532	673
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,537	2,637
Stock-based compensation	3,237	3,914
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	727	114
Gain related to securities, net	(95)	(226)
Accrued interest on bank deposits	698	(178)
Increase (decrease) in accrued severance pay, net	140	(29)
Decrease (increase) in trade receivables, net	(8,591)	9,444
Increase in other receivables and prepaid expenses and other long-term assets	(5,519)	(1,471)
Decrease (increase) in inventories	211	748
Increase (decrease) in trade payables	1,422	(3)
Increase in deferred revenues	2,468	1,637
Increase (decrease) in other payables and accrued expenses	6,664	(100)
Operating lease liabilities, net	358	800
Net cash provided by operating activities	<u>8,789</u>	<u>17,960</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(1,159)	(2,545)
Proceeds from (investment in) other long-term assets, net	(11)	(9)
Proceeds from (investment in) bank deposits, net	4,577	(4,652)
Proceeds from sale, redemption of and purchase of marketable securities ,net	10,825	940
Net cash used in investing activities	<u>14,232</u>	<u>(6,266)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of stock options	3,695	1,749
Repurchase of shares	(4,638)	(5,000)
Net cash used in financing activities	<u>(943)</u>	<u>(3,251)</u>
Increase in cash and cash equivalents	22,078	8,443
Cash and cash equivalents at the beginning of the period	<u>38,979</u>	<u>40,207</u>
Cash and cash equivalents at the end of the period	<u><u>61,057</u></u>	<u><u>48,650</u></u>