

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	38,979	54,771
Available-for-sale marketable securities	70,215	64,684
Short-term bank deposits	205,554	191,038
Trade receivables, net	9,908	16,848
Other receivables and prepaid expenses	10,190	6,526
Inventories	13,411	13,935
	<u>348,257</u>	<u>347,802</u>
<b>Long-term investments</b>		
Available-for-sale marketable securities	62,690	66,836
Long-term bank deposits	57,829	71,421
Severance pay funds	2,312	2,453
	<u>122,831</u>	<u>140,710</u>
Property and equipment, net	22,124	22,976
Intangible assets, net	12,125	12,588
Other long-term assets	31,139	30,222
Operating lease right-of-use assets	26,892	27,823
Goodwill	41,144	41,144
Total assets	<u><u>604,512</u></u>	<u><u>623,265</u></u>
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Trade payables	4,126	3,882
Deferred revenues	99,595	92,127
Operating lease liabilities	5,165	5,224
Other payables and accrued expenses	36,520	42,514
	<u>145,406</u>	<u>143,747</u>
<b>Long-term liabilities</b>		
Deferred revenues	56,251	54,797
Operating lease liabilities	23,197	24,851
Other long-term liabilities	11,494	11,409
	<u>90,942</u>	<u>91,057</u>
<b>Shareholders' equity</b>		
Share capital	723	721
Additional paid-in capital	449,542	443,018
Accumulated other comprehensive income, net of tax	978	1,517
Treasury stock, at cost	(220,741)	(190,552)
Retained earnings	137,662	133,757
Total shareholders' equity	<u>368,164</u>	<u>388,461</u>
Total liabilities and shareholders' equity	<u><u>604,512</u></u>	<u><u>623,265</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,	
	2021	2020
	(Unaudited)	(Unaudited)
Revenues	66,769	60,012
Cost of revenues	12,266	10,689
Gross profit	54,503	49,323
Operating expenses, net:		
Research and development, net	17,735	15,832
Selling and marketing	28,991	28,202
General and administrative	5,196	4,712
Total operating expenses, net	51,922	48,746
Operating income	2,581	577
Financial income, net	2,670	2,724
Income before taxes on income	5,251	3,301
Taxes on income	1,346	727
Net income	3,905	2,574
Basic net earnings per share	0.08	0.05
Weighted average number of shares used to compute basic net earnings per share	46,225,882	46,921,344
Diluted net earnings per share	0.08	0.05
Weighted average number of shares used to compute diluted net earnings per share	47,607,518	48,225,688

**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,	
	2021	2020
	(Unaudited)	(Unaudited)
GAAP gross profit	54,503	49,323
Stock-based compensation	47	38
Amortization of intangible assets	464	498
Non-GAAP gross profit	<u>55,014</u>	<u>49,859</u>
GAAP research and development, net	17,735	15,832
Stock-based compensation	1,339	809
Non-GAAP Research and development, net	<u>16,396</u>	<u>15,023</u>
GAAP selling and marketing	28,991	28,202
Stock-based compensation	2,052	1,886
Non-GAAP selling and marketing	<u>26,939</u>	<u>26,316</u>
GAAP general and administrative	5,196	4,712
Stock-based compensation	936	903
Litigation costs	63	119
Non-GAAP general and administrative	<u>4,197</u>	<u>3,690</u>
GAAP total operating expenses, net	51,922	48,746
Stock-based compensation	4,327	3,598
Litigation costs	63	119
Non-GAAP total operating expenses, net	<u>47,532</u>	<u>45,029</u>
GAAP operating income	2,581	577
Stock-based compensation	4,374	3,636
Amortization of intangible assets	464	498
Litigation costs	63	119
Non-GAAP operating income	<u>7,482</u>	<u>4,830</u>
GAAP financial income, net	2,670	2,724
Other loss adjustment	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	(724)	(307)
Non-GAAP financial income, net	<u>1,946</u>	<u>2,664</u>
GAAP income before taxes on income	5,251	3,301
Stock-based compensation	4,374	3,636
Amortization of intangible assets	464	498
Litigation costs	63	119
Other loss adjustment	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	(724)	(307)
Non-GAAP income before taxes on income	<u>9,428</u>	<u>7,494</u>
GAAP taxes on income	1,346	727
Tax related adjustments	62	122
Non-GAAP taxes on income	<u>1,408</u>	<u>849</u>
GAAP net income	3,905	2,574
Stock-based compensation	4,374	3,636
Amortization of intangible assets	464	498
Litigation costs	63	119
Other loss adjustment	-	247
Exchange rate differences, net on balance sheet items included in financial income, net	(724)	(307)
Tax related adjustments	(62)	(122)
Non-GAAP net income	<u>8,020</u>	<u>6,645</u>
GAAP diluted net earnings per share	0.08	0.05
Stock-based compensation	0.09	0.08
Amortization of intangible assets	0.01	0.01
Litigation costs	0.00	0.00
Other loss adjustment	0.00	0.01
Exchange rate differences, net on balance sheet items included in financial income, net	(0.02)	(0.01)
Tax related adjustments	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.17</u>	<u>0.14</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	47,607,518	48,225,688

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>		
Net income	3,905	2,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,648	2,630
Stock based compensation	4,374	3,636
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	408	196
Other loss (gain)	(2)	163
Accrued interest on bank deposits	(781)	(195)
Increase in accrued severance pay, net	225	216
Decrease (increase) in trade receivables, net	6,940	(4,029)
Increase in other receivables and prepaid expenses and other long-term assets	(4,462)	(459)
Decrease (increase) in inventories	524	(914)
Increase (decrease) in trade payables	244	(1,416)
Increase in deferred revenues	8,922	20,030
Decrease in other payables and accrued expenses	(5,993)	(621)
Operating lease liabilities, net	(782)	(838)
Net cash provided by operating activities	<u>16,170</u>	<u>20,973</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(1,333)	(2,452)
Proceeds from (investment in) other long-term assets, net	42	(2)
Investment in bank deposits, net	(143)	(4,506)
Proceeds from (investment in) sale, redemption of and purchase of marketable securities ,net	(2,491)	2,523
Net cash used in investing activities	<u>(3,925)</u>	<u>(4,437)</u>
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of stock options	2,152	1,589
Repurchase of shares	(30,189)	(18,669)
Net cash used in financing activities	<u>(28,037)</u>	<u>(17,080)</u>
Decrease in cash and cash equivalents	(15,792)	(544)
Cash and cash equivalents at the beginning of the period	<u>54,771</u>	<u>40,751</u>
Cash and cash equivalents at the end of the period	<u>38,979</u>	<u>40,207</u>