Safe Harbour

DISCLAIMER

This presentation may contain forward-looking information with respect to plans, projections, or future performance of Radware and its subsidiaries, the occurrence of which involves certain risks and uncertainties, including, but not limited to, general business conditions, changes in product demand, product development, profitability and other risks detailed in Radware's reports filed from time to time with the Securities and Exchange Commission, including Radware's annual report on Form 20-F. Radware disclaims any duty to update such forward looking statements.
Radware is a worldwide leader in APPLICATION SECURITY & DELIVERY Across Datacenter and Cloud

Our Mission: Securing The Digital User Experience

For every business model
Through continued innovation
With a comprehensive offering
Where We Are

**REVENUES BY REGION**
(LTM to Jun-19)

- Americas: 44%
- EMEA: 31%
- APAC: 25%

**VERTICAL EXPOSURE**

- Carriers & Service Providers: 30-35%
- Banking, Finance & Government: 25-30%
- Other: 35-40%

- $234M FY18 Revenues
- ~1,100 Employees
- 35 Offices
- 12,500 Customers
What We Do

RADWARE
ATTACK MITIGATION SOLUTION

DDoS Protection
SSL Protection
WAF
Application Delivery
Visibility & Analytics
Security Services
Threat Intelligence
Anti Bot
Dimensions of Evolution

- **Physical Appliances** on **Perpetual License** ➔ **Physical or Virtual** Appliances, on premise, **cloud** and Hybrid

- **Hardware** sales organization ➔ **To Managed Security Services** organization

- **Technology Savvy large mid to large** organization with **Physical datacenter** ➔ **All sizes** Enterprise and Service Providers, and **cloud-native** companies

- **Low visibility**, end-of-quarter driven ➔ **High visibility, ~60% recurring revenue** driven
Our Business Strategy for Growth

1. Data Center
   Environment is changing, creating opportunities in our domain of expertise

2. Cloud & Security
   Aggressive Investment in Portfolio & Market Share

3. Market Foot Print
   OEM Partners Alliances
   Global SIs
   Cloud Providers

4. M&A
   Expand our business

Environment is changing, creating opportunities in our domain of expertise
Datacenter Dynamics Create Opportunities

Cyber attacks reach a tipping point
Complexity, IoT, cloud attacks

Infrastructure is shifting
from Datacenter to private, hybrid and public cloud

Application Infrastructure is shifting
From monolithic / 3-tier to kubernetes and micro services, containers
Continued Portfolio Evolution

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   Global SIs
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4. M&A
   Expand our business
Cloud and Security are the Growth Drivers

Cloud

Subscriptions

Security
Cloud and Security are the Growth Drivers
A Growing Global Cloud Service Infrastructure

- 11 Scrubbing centers worldwide
- 24 Cloud WAF PoPs
- >5Tbps Of global mitigation capacity
Strong Cloud Service Commitments

**TIME TO DETECT**
Measures how quickly attack is detected

**TIME TO ALERT**
Measures how quickly administrators are notified

**TIME TO DIVERSION**
Measures how quickly diversion is initiated (for on-demand / hybrid deployments)

**TIME TO MITIGATE**
Measures how quickly attack is stopped

**CONSISTENCY OF MITIGATION**
Measures the quality of mitigation and that bad traffic is indeed blocked

**24/7 SERVICE AVAILABILITY**
Measures service availability and consistency
Cloud and Security are the Growth Drivers

Cloud

Subscriptions

Security
Recent Expansion of Cloud Security Services

Fully-managed enterprise-grade cloud services that protect from multi-vector threats and optimize application performance

Cloud DDoS Protection Service
Cloud WAF Service
Bot Manager
Cloud Workload Protection
Cloud Malware Protection Service
Infrastructure Protection
Application and Workload Protection
IT Network Protection
Main Strategic Focus for 2019: Market

1. Data Center
   - Environment is changing, creating opportunities in our domain of expertise

2. Cloud & Security
   - Aggressive Investment in Portfolio & Market Share

3. Market Foot Print
   - OEM Partners Alliances
   - Global SIs
   - Cloud Providers

4. M&A
   - Expand our business

Environment is changing, creating opportunities in our domain of expertise
Increasing Market Footprint through 3rd Parties

1. Deeper and broader relationships with strategic partners, adding Radware solutions to their price lists

2. System Integrators growing role in developing cyber-security strategies

3. 3rd party relationships are a force multiplier and lead to new logos

Variances:
- Direct
- Strategic Partners, System Integrators, Service Providers
- VARs

Long Term Goal: to increase to > 20% of bookings
Main Driver of 3rd Parties Growth Plan

Virtual DDoS for Firepower

Virtual WAF & SSL

Cloud DDoS & WAF

DDoS Appliances

Part of Cisco Security Story:
Magic Quadrant for Enterprise Network Firewalls, 2018
Summary

- The cloud transition and cyber security opportunity are immense.
- The organization is ready and tuned to customer needs.
- Our offering is broad, innovative and highly competitive.
- Our strategy is clear.
Financials

Updated for Q2 2019
Q2 19 Business Indicators

- **Revenue growth**: +6%
- **Total Deferred Revenues**: $172M (Up 12%)
  - *As defined by the Company*
- **EPS**: +80%
  - From $0.10 to $0.18
- **Operating Margin**: 12%
- **H1 Operating Cash Flow**: $29M
  - almost 2x from H1 18
## Operating Leverage

<table>
<thead>
<tr>
<th></th>
<th>Operating Income</th>
<th>Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$197M</td>
<td>$158</td>
</tr>
<tr>
<td>2017</td>
<td>$211M</td>
<td>$170</td>
</tr>
<tr>
<td>2018</td>
<td>$234M</td>
<td>$172</td>
</tr>
<tr>
<td>Q2 18</td>
<td>$57M</td>
<td>$43</td>
</tr>
<tr>
<td>Q2 19</td>
<td>$60M</td>
<td>$43</td>
</tr>
</tbody>
</table>

### Operating Income and Expenses Percentages

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Q2 18</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>82.4%</td>
<td>82.2%</td>
<td>82.7%</td>
<td>82.4%</td>
<td>83.2%</td>
</tr>
</tbody>
</table>
## Shift to Subscriptions

**SUBSCRIPTIONS ARE THE MAIN GROWTH DRIVER**

Radware’s Recurring Revenues include support, cloud services and product Subscription

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurring Revenue as % of Total Revenue</th>
<th>Subscription Bookings as % of Total Bookings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>42%</td>
<td>&gt;5%</td>
</tr>
<tr>
<td>2016</td>
<td>54%</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>2017</td>
<td>56%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>2018</td>
<td>64%</td>
<td>&gt;20%</td>
</tr>
</tbody>
</table>
Shift to Subscriptions on Track to Secure Our Performance

**PROVIDES US WITH VISIBILITY & CONFIDENCE**

60-65% of Total Deferred Revenues is scheduled to be recognized as revenues within 12 months.

*Uncollected billed amounts offset vs. Accounts Receivables (off balance sheet)*

### Total Deferred Revenues ($M)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>67</td>
<td>71</td>
<td>84</td>
<td>113</td>
<td>128</td>
<td>153</td>
<td>172</td>
</tr>
<tr>
<td>Deferred</td>
<td>18</td>
<td>30</td>
<td>37</td>
<td>35</td>
<td>39</td>
<td>32</td>
<td>40</td>
</tr>
</tbody>
</table>

*Balance Sheet* - *Uncollected billed amounts offset vs. Accounts Receivables (off balance sheet)*

- **Q3 18 - Q2 19**: Uncollected billed amounts
- **Q3 19 - Q2 20**: Uncollected billed amounts
Continuous Strong Cash Generation

Cash and Equivalents Balance ($M)

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash and Equivalents Balance ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.14</td>
<td>331</td>
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<tr>
<td>31.12.15</td>
<td>315</td>
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<td>31.12.16</td>
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<td>31.12.17</td>
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<td>31.12.18</td>
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<td>30.6.19</td>
<td>414</td>
</tr>
</tbody>
</table>

Technology Driven Acquisitions

Business Driven Acquisitions

Acquisitions to Expand Offering and Presence
Latest Examples

January 2017

Q1 2019
2020 Model

- **Subscriptions**
  - >30% of Bookings
  - Well positioned for sustainable organic growth in Bookings

- **Revenues**
  - Revenues of >$270M
  - Revenues CAGR >9%
  - Gross margins >83%
  - Operating margins >15% (from 2% in ’17)

- **Operating Cash Flow**
  - >$60M
  - Continued strong cash generation

- **Operational margins leverage**

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Gross margins >83%
Revenues of >$270M
Revenues CAGR >9%
Operating margins >15% (from 2% in ’17)
Thank You