

Radware Ltd. Condensed and Consolidated - Quarterly US GAAP Income Statements

(U.S. Dollars in thousands, except share and per share data - unaudited)

Fiscal Year Ends December

	2016 Q1	Year 2015	Year 2014	Year 2013
Revenues	48,425	216,566	221,892	192,997
%	100%	100%	100%	100%
Cost of Revenues	8,654	38,200	39,732	36,735
%	18%	18%	18%	19%
Gross Profit	39,771	178,366	182,160	156,262
%	82%	82%	82%	81%
Research and development, net	13,424	49,987	44,081	40,983
%	28%	23%	20%	21%
Selling and marketing	24,912	93,347	93,203	82,815
%	51%	43%	42%	43%
General and administrative	5,769	17,033	19,797	14,895
%	12%	8%	9%	8%
Total Operating Expenses	44,105	160,367	157,081	138,693
%	91%	74%	71%	72%
Operating Income (loss)	-4,334	17,999	25,079	17,569
%	-9%	8%	11%	9%
Financial Income, net	1,940	5,867	5,802	4,494
%	4%	3%	3%	2%
Income (loss) before taxes on income	-2,394	23,866	30,881	22,063
%	-5%	11%	14%	11%
Taxes on income	358	5,297	5,931	4,008
%	1%	2%	3%	2%
<u>Net Income (loss)</u>	<u>-2,752</u>	<u>18,569</u>	<u>24,950</u>	<u>18,055</u>
%	-6%	9%	11%	9%
<u>Diluted net earnings (loss) per share</u>	<u>-0.06</u>	<u>0.40</u>	<u>0.53</u>	<u>0.40</u>
Weighted average number of shares used to compute diluted net earnings per share	44,468,827	46,738,604	46,894,615	44,760,197
Non-GAAP Reconciliation				
<u>GAAP Net Income (loss)</u>	<u>-2,752</u>	<u>18,569</u>	<u>24,950</u>	<u>18,055</u>
Stock based compensation expenses, included in:				
Cost of Revenues	42	141	79	53
Research and development	783	2,456	1,421	1,562
Selling and Marketing	1,268	4,098	2,950	2,550
General and Administrative	784	2,634	2,932	1,207
Total Options & one time	2,877	9,329	7,382	5,372
Amortization of intangible assets included in:				
Cost of Revenues	253	1,114	1,053	2,165
Research and development	-	-	-	-
Selling and Marketing	26	124	636	917
General and Administrative	-	-	-	-
Total Intangible assets	279	1,238	1,689	3,082
Exchange rate differences, net on balance sheet items included in financial income	(303)	1,146	-163	703
Acquisition related expenses				485
Litigation Costs	2,164	3,383	6,418	3,470
Tax Settlement				835
<u>NON GAAP net income</u>	<u>2,265</u>	<u>33,665</u>	<u>40,276</u>	<u>32,002</u>
<u>Non-GAAP diluted net earnings per share</u>	<u>0.05</u>	<u>0.72</u>	<u>0.86</u>	<u>0.69</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	44,608,119	46,738,604	46,894,615	46,716,929

Note: This document should be read in conjunction with the Company's SEC Filings.

Radware Ltd. Condensed and Consolidated - Balance Sheets

(U.S. Dollars in thousands - unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	March	December	December
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	\$ 31,833	\$ 33,744	\$ 44,979
Available-for-sale marketable securities	17,305	16,003	29,448
Short-term bank deposits	150,844	80,922	29,989
Trade receivables, net	27,905	26,410	25,637
Other receivables and prepaid expenses	5,346	5,042	8,107
Inventories	16,576	16,322	16,844
	<u>249,809</u>	<u>178,443</u>	<u>155,004</u>
Long-term Investments			
Available-for-sale marketable securities	83,186	87,814	114,519
Long-term bank deposits	31,818	96,643	111,754
Severance pay funds	2,747	2,724	3,040
	<u>117,751</u>	<u>187,181</u>	<u>229,313</u>
Property and equipment, net	26,577	26,203	20,592
Intangible assets, net	3,239	3,518	4,756
Other assets	5,559	5,473	3,234
Goodwill	30,069	30,069	30,069
	<u>\$ 433,004</u>	<u>\$ 430,887</u>	<u>\$ 442,968</u>
<u>Liabilities and Shareholders' Equity</u>			
Current Liabilities			
Trade payables	\$ 5,077	\$ 9,255	\$ 9,817
Deferred revenues (*)	53,029	46,061	41,966
Other payables and accrued expenses	21,849	22,098	24,043
	<u>79,955</u>	<u>77,414</u>	<u>75,826</u>
Long-term Liabilities			
Deferred revenues (*)	26,835	25,136	25,382
Other long-term liabilities	14,060	9,214	8,063
	<u>40,895</u>	<u>34,350</u>	<u>33,445</u>
Shareholders' equity			
Share capital	661	661	654
Additional paid-in capital	315,661	312,784	294,084
Accumulated other comprehensive income	943	1,257	211
Treasury stock, at cost	(100,829)	(94,049)	(41,153)
Retained earnings	95,718	98,470	79,901
	<u>312,154</u>	<u>319,123</u>	<u>333,697</u>
	<u>\$ 433,004</u>	<u>\$ 430,887</u>	<u>\$ 442,968</u>
<u>Total Liabilities and Shareholders' equity</u>			
Deferred Revenues (*)			
Short Term	53,029	46,061	41,966
Long Term	26,835	25,136	25,382
Total Deferred Revenues	<u>79,864</u>	<u>71,197</u>	<u>67,348</u>

(*) Deferred revenues balance does not include unrecognized revenues offset against trade receivables balance (representing unpaid invoices not yet recognized as revenue), as follows:

18,349	29,976	17,990
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Note: This document should be read in conjunction with the Company's SEC Filings.

Radware Ltd. Condensed and Consolidated - Quarterly US GAAP Cash Flows	2016	Year	Year	Year
(U.S. Dollars in thousands - unaudited)	Q1	2015	2014	2013
<u>Cash flows from operating activities:</u>				
Net income (loss)	(2,752)	18,569	24,950	18,055
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,534	9,401	8,102	8,086
Stock based compensation	2,877	9,329	7,382	5,374
Gain from sale of available-for-sale marketable securities	(577)	(2,438)	(424)	(124)
Amortization of premiums, accretion of discounts and accrued interest on available-for-sale marketable securities, net	378	3,208	2,964	2,326
Accrued interest on bank deposits	(661)	(1,998)	1,069	(813)
Increase (decrease) in accrued severance pay, net	322	125	(158)	(74)
Increase (decrease) in trade receivables, net	(1,495)	(773)	(726)	(6,356)
Increase (decrease) in other assets and prepaid expenses	(304)	112	(3,688)	(975)
Decrease (increase) in inventories	(254)	522	(2,654)	(1,569)
Increase (decrease) in trade payables	(4,178)	(562)	1,019	(1,231)
Increase in other payables, deferred revenues and accrued expenses	12,919	4,273	15,784	9,687
Tax Benefit related to exercise of stock options	0	(632)	(1,443)	(2,186)
Net cash provided by (used in) operating activities	8,809	39,136	52,177	30,200
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(2,629)	(13,774)	(9,482)	(8,712)
Investment in (proceeds from) other long-term assets	19	(100)	34	11
Investment in bank deposits, net	(4,436)	(33,824)	(20,929)	(1,290)
Proceeds from sales, redemption of and purchase of Available-for-sale marketable securities, net	3,106	40,845	(4,280)	(11,870)
Payment for the acquisition of Strangeloop, net of cash acquired	0	0	0	(8,126)
Purchase of intangible assets	0	0	(1,375)	0
Net cash provided by (used in) investing activities	(3,940)	(6,853)	(36,032)	(29,987)
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of stock options	0	8,746	22,493	5,522
Excess tax benefit from stock-based compensation	0	632	1,443	2,186
Repurchase of shares	(6,780)	(52,896)	(15,169)	(7,902)
Net cash provided by (used in) financing activities	(6,780)	(43,518)	8,767	(194)
Increase (decrease) in cash and cash equivalents	(1,911)	(11,235)	24,912	19
Cash and cash equivalents at the beginning of the period	33,744	44,979	20,067	20,048
Cash and cash equivalents at the end of the period	<u>31,833</u>	<u>33,744</u>	<u>44,979</u>	<u>20,067</u>

Note: This document should be read in conjunction with the Company's SEC Filings.

Radware Ltd. - Revenues by Geography

(U.S. Dollars in thousands - unaudited)

	Q1	Year	Year
Fiscal Year Ends December	2016	2015	2014
Americas	20,007	88,685	93,486
EMEA	12,567	62,689	55,375
APAC	15,851	65,192	73,031
Total Revenues	48,425	216,566	221,892
%			
Americas	41%	41%	42%
EMEA	26%	29%	25%
APAC	33%	30%	33%
Total Revenues	100%	100%	100%

Radware Ltd. - Revenues by Vertical

(U.S. Dollars in thousands - unaudited)

	Q1	Year	Year
Fiscal Year Ends December	2016	2015	2014
Enterprise	34,482	152,824	151,888
Carrier	13,943	63,742	70,004
Total Revenues	48,425	216,566	221,892
%			
Enterprise	71%	71%	68%
Carrier	29%	29%	32%
Total Revenues	100%	100%	100%

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