



radware

Every second counts

**Investor Kit Fourth Quarter 2016**



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

**ASSETS**

**Current Assets**

	FY'14			Yr Ended 31-Dec	FY'15			Yr Ended 31-Dec	FY'16			Yr Ended 31-Dec
	Quarter Ended 31-Mar	Quarter Ended 30-Jun	Quarter Ended 30-Sep		Quarter Ended 31-Mar	Quarter Ended 30-Jun	Quarter Ended 30-Sep		Quarter Ended 31-Mar	Quarter Ended 30-Jun	Quarter Ended 30-Sep	
Cash and cash equivalents	\$ 22,049	\$ 20,062	\$ 24,468	\$ 44,979	\$ 30,654	\$ 28,024	\$ 20,755	\$ 33,744	\$ 31,833	\$ 21,928	\$ 38,858	\$ 79,639
Available-for-sale marketable securities	41,745	36,434	35,525	29,448	26,434	31,731	17,606	16,003	17,305	16,341	20,016	20,452
Short-term bank deposits	102,969	108,316	77,755	29,989	19,650	20,886	53,333	80,922	150,844	183,465	148,122	125,995
Trade receivables, net	21,724	18,360	28,874	25,637	25,946	23,758	24,181	26,410	27,905	26,057	21,346	19,407
Other receivables and prepaid expenses	6,813	9,657	10,463	8,107	8,227	6,939	8,792	5,042	5,346	4,382	4,297	4,159
Inventories	14,782	14,976	16,342	16,844	16,253	16,313	16,391	16,322	16,576	16,181	16,812	17,114
	<b>210,082</b>	<b>207,805</b>	<b>193,427</b>	<b>155,004</b>	<b>127,164</b>	<b>127,651</b>	<b>141,058</b>	<b>178,443</b>	<b>249,809</b>	<b>268,354</b>	<b>249,451</b>	<b>266,766</b>

**Long-term Investments**

Available-for-sale marketable securities	117,346	124,028	116,145	114,519	99,494	97,436	90,631	87,814	83,186	83,904	75,692	74,967
Long-term bank deposits	19,389	20,590	52,531	111,754	145,627	162,533	127,647	96,643	31,818	9,143	28,187	19,092
Severance pay funds	3,255	3,316	3,108	3,040	2,938	3,067	2,960	2,724	2,747	2,699	2,812	2,597
	<b>139,990</b>	<b>147,934</b>	<b>171,784</b>	<b>229,313</b>	<b>248,059</b>	<b>263,036</b>	<b>221,238</b>	<b>187,181</b>	<b>117,751</b>	<b>95,746</b>	<b>106,691</b>	<b>96,656</b>

Property and equipment, net	18,048	17,858	19,242	20,592	21,691	23,911	25,275	26,203	26,577	27,177	27,404	26,354
Intangible assets, net	4,589	4,180	3,780	4,756	4,405	4,083	3,801	3,518	3,239	2,959	2,679	2,399
Other assets	1,633	1,697	1,688	3,234	3,287	5,285	5,313	5,473	5,559	6,677	6,739	7,595
Goodwill	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069

<b>Total assets</b>	<b>\$ 404,411</b>	<b>\$ 409,543</b>	<b>\$ 419,990</b>	<b>\$ 442,968</b>	<b>\$ 434,675</b>	<b>\$ 454,035</b>	<b>\$ 426,754</b>	<b>\$ 430,887</b>	<b>\$ 433,004</b>	<b>\$ 430,982</b>	<b>\$ 423,033</b>	<b>\$ 429,839</b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current Liabilities**

Trade payables	\$ 7,828	\$ 8,609	\$ 10,997	\$ 9,817	\$ 7,107	\$ 7,314	\$ 6,026	\$ 9,255	\$ 5,077	\$ 6,087	\$ 5,051	\$ 5,971
Deferred revenues (*)	44,933	45,086	42,491	41,966	47,600	46,317	43,323	46,061	53,029	52,530	48,618	53,061
Other payables and accrued expenses	19,739	20,109	20,428	24,043	21,524	24,646	25,800	22,098	21,849	22,547	22,201	26,232
	<b>72,500</b>	<b>73,804</b>	<b>73,916</b>	<b>75,826</b>	<b>76,231</b>	<b>78,277</b>	<b>75,149</b>	<b>77,414</b>	<b>79,955</b>	<b>81,164</b>	<b>75,870</b>	<b>85,264</b>

**Long-term Liabilities**

Deferred revenues (*)	20,204	21,194	22,539	25,382	25,143	23,978	21,871	25,136	26,835	27,261	24,400	31,100
Other long-term liabilities	8,682	8,926	8,787	8,063	7,854	7,927	7,862	9,214	14,060	14,088	14,075	13,846
	<b>28,886</b>	<b>30,120</b>	<b>31,326</b>	<b>33,445</b>	<b>32,997</b>	<b>31,905</b>	<b>29,733</b>	<b>34,350</b>	<b>40,895</b>	<b>41,349</b>	<b>38,475</b>	<b>44,946</b>

**Shareholders' equity**

Share capital	618	620	634	654	656	660	661	661	661	661	662	663
Additional paid-in capital	267,986	272,114	279,059	294,084	298,509	307,100	310,410	312,784	315,661	318,331	321,338	325,204
Accumulated other comprehensive income, net of tax	1,371	1,522	458	211	802	3,427	2,254	1,257	943	847	505	(20)
Treasury stock, at cost	(25,984)	(31,618)	(36,140)	(41,153)	(60,880)	(60,880)	(85,660)	(94,049)	(100,829)	(105,761)	(105,761)	(116,029)
Retained earnings	59,034	62,981	70,737	79,901	86,360	93,546	94,207	98,470	95,718	94,391	91,944	89,811
	<b>303,025</b>	<b>305,619</b>	<b>314,748</b>	<b>333,697</b>	<b>325,447</b>	<b>343,853</b>	<b>321,872</b>	<b>319,123</b>	<b>312,154</b>	<b>308,469</b>	<b>308,688</b>	<b>299,629</b>

<b>Total liabilities and shareholder's equity</b>	<b>\$ 404,411</b>	<b>\$ 409,543</b>	<b>\$ 419,990</b>	<b>\$ 442,968</b>	<b>\$ 434,675</b>	<b>\$ 454,035</b>	<b>\$ 426,754</b>	<b>\$ 430,887</b>	<b>\$ 433,004</b>	<b>\$ 430,982</b>	<b>\$ 423,033</b>	<b>\$ 429,839</b>
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**\* Deferred Revenues**

Short Term				41,966	47,600	46,317	43,323	46,061	53,029	52,530	48,618	53,061
Long Term				25,382	25,143	23,978	21,871	25,136	26,835	27,261	24,400	31,100
<b>Balance Sheet Deferred Revenues</b>				<b>67,348</b>	<b>72,743</b>	<b>70,295</b>	<b>65,194</b>	<b>71,197</b>	<b>79,864</b>	<b>79,791</b>	<b>73,018</b>	<b>84,161</b>

Add: Uncollected billed amounts offset against trade receivables balance.  
(representing unpaid invoices not yet recognized as revenue.)

				17,990	14,905	11,992	20,028	29,976	18,349	19,119	36,824	37,000
<b>Total Deferred Revenues</b>				<b>85,338</b>	<b>87,648</b>	<b>82,287</b>	<b>85,222</b>	<b>101,173</b>	<b>98,213</b>	<b>98,910</b>	<b>109,842</b>	<b>121,161</b>

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



Radware Ltd. Condensed and Consolidated -  
**US GAAP Income Statements**  
 (U.S. Dollars in thousands, except share and per share data - unaudited)

	FY'14					FY'15					FY'16				
	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec
	31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec	
<b>Revenues</b>	\$ 51,010	\$ 53,055	\$ 56,795	\$ 61,032	\$ 221,892	\$ 57,224	\$ 56,027	\$ 48,059	\$ 55,256	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585
Cost of revenues	9,446	9,766	9,926	10,594	39,732	10,100	9,684	8,506	9,910	38,200	8,654	8,887	8,558	9,596	35,695
<b>Gross profit</b>	<b>41,564</b>	<b>43,289</b>	<b>46,869</b>	<b>50,438</b>	<b>182,160</b>	<b>47,124</b>	<b>46,343</b>	<b>39,553</b>	<b>45,346</b>	<b>178,366</b>	<b>39,771</b>	<b>40,698</b>	<b>38,305</b>	<b>42,116</b>	<b>160,890</b>
Operating expenses:															
Research and development, net	10,558	10,972	11,306	11,245	44,081	11,951	12,239	12,825	12,972	49,987	13,424	13,001	13,072	12,235	51,732
Selling and marketing	22,412	23,092	23,157	24,542	93,203	23,580	22,082	22,739	24,946	93,347	24,912	25,865	24,853	28,144	103,774
General and administrative	5,002	5,330	4,543	4,922	19,797	4,097	4,400	4,481	4,055	17,033	5,769	3,893	4,245	4,226	18,133
<b>Total operating expenses</b>	<b>37,972</b>	<b>39,394</b>	<b>39,006</b>	<b>40,709</b>	<b>157,081</b>	<b>39,628</b>	<b>38,721</b>	<b>40,045</b>	<b>41,973</b>	<b>160,367</b>	<b>44,105</b>	<b>42,759</b>	<b>42,170</b>	<b>44,605</b>	<b>173,639</b>
<b>Operating income (loss)</b>	<b>3,592</b>	<b>3,895</b>	<b>7,863</b>	<b>9,729</b>	<b>25,079</b>	<b>7,496</b>	<b>7,622</b>	<b>(492)</b>	<b>3,373</b>	<b>17,999</b>	<b>(4,334)</b>	<b>(2,061)</b>	<b>(3,865)</b>	<b>(2,489)</b>	<b>(12,749)</b>
Financial income, net	1,545	1,407	1,467	1,383	5,802	650	1,450	1,373	2,394	5,867	1,940	1,232	1,706	863	5,741
<b>Income (loss) before taxes on income</b>	<b>5,137</b>	<b>5,302</b>	<b>9,330</b>	<b>11,112</b>	<b>30,881</b>	<b>8,146</b>	<b>9,072</b>	<b>881</b>	<b>5,767</b>	<b>23,866</b>	<b>(2,394)</b>	<b>(829)</b>	<b>(2,159)</b>	<b>(1,626)</b>	<b>(7,008)</b>
Taxes on income	1,054	1,355	1,574	1,948	5,931	1,687	1,886	220	1,504	5,297	358	498	288	507	1,651
<b>Net income (loss)</b>	<b>\$ 4,083</b>	<b>\$ 3,947</b>	<b>\$ 7,756</b>	<b>\$ 9,164</b>	<b>\$ 24,950</b>	<b>\$ 6,459</b>	<b>\$ 7,186</b>	<b>\$ 661</b>	<b>\$ 4,263</b>	<b>\$ 18,569</b>	<b>\$ (2,752)</b>	<b>\$ (1,327)</b>	<b>\$ (2,447)</b>	<b>\$ (2,133)</b>	<b>\$ (8,659)</b>
Diluted net earnings (loss) per share	\$ 0.09	\$ 0.08	\$ 0.17	\$ 0.19	\$ 0.53	\$ 0.14	\$ 0.15	\$ 0.01	\$ 0.09	\$ 0.40	\$ (0.06)	\$ (0.03)	\$ (0.06)	\$ (0.05)	\$ (0.20)
Weighted average number of shares used to compute diluted net earnings per share	46,866,837	46,750,581	46,586,698	47,362,844	46,894,615	47,449,320	47,659,321	46,557,853	45,300,967	46,738,604	44,468,827	43,944,924	43,752,220	43,313,644	43,868,221
Gross margin	81.5%	81.6%	82.5%	82.6%	82.1%	82.4%	82.7%	82.3%	82.1%	82.4%	82.1%	82.1%	81.7%	81.4%	81.8%
R&D % of total revenue	20.7%	20.7%	19.9%	18.4%	19.9%	20.9%	21.8%	26.7%	23.5%	23.1%	27.7%	26.2%	27.9%	23.7%	26.3%
S&M % of total revenue	43.9%	43.5%	40.8%	40.2%	42.0%	41.2%	39.4%	47.3%	45.1%	43.1%	51.4%	52.2%	53.0%	54.4%	52.8%
G&A % of total revenue	9.8%	10.0%	8.0%	8.1%	8.9%	7.2%	7.9%	9.3%	7.3%	7.9%	11.9%	7.9%	9.1%	8.2%	9.2%
Total Operating Expenses % of total revenues	74%	74%	69%	67%	71%	69%	69%	83%	76%	74%	91%	86%	90.0%	86.3%	88.3%
Operating margin	7.0%	7.3%	13.8%	15.9%	11.3%	13.1%	13.6%	-1.0%	6.1%	8.3%	-8.9%	-4.2%	-8.2%	-4.8%	-6.5%
Net margin	8.0%	7.4%	13.7%	15.0%	11.2%	11.3%	12.8%	1.4%	7.7%	8.6%	-5.7%	-2.7%	-5.2%	-4.1%	-4.4%

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



Every second counts

**Radware Ltd. Condensed and Consolidated -  
Non-GAAP Income Statements**  
(U.S. Dollars in thousands, except share and per share data - unaudited)

	FY'14					FY'15					FY'16				
	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec
	31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec	
<b>Revenues</b>	\$ 51,010	\$ 53,055	\$ 56,795	\$ 61,032	\$ 221,892	\$ 57,224	\$ 56,027	\$ 48,059	\$ 55,256	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585
Cost of revenues	9,117	9,505	9,659	10,319	38,600	9,753	9,355	8,223	9,614	36,945	8,359	8,594	8,258	9,290	34,501
<b>Gross profit</b>	<b>41,893</b>	<b>43,550</b>	<b>47,136</b>	<b>50,713</b>	<b>183,292</b>	<b>47,471</b>	<b>46,672</b>	<b>39,836</b>	<b>45,642</b>	<b>179,621</b>	<b>40,066</b>	<b>40,991</b>	<b>38,605</b>	<b>42,422</b>	<b>162,084</b>
Operating expenses:															
Research and development, net	10,299	10,685	10,843	10,833	42,660	11,333	11,595	12,206	12,397	47,531	12,641	12,334	12,131	11,287	48,393
Selling and marketing	21,655	22,212	22,223	23,527	89,617	22,653	21,037	21,705	23,730	89,125	23,618	24,445	23,570	26,375	98,008
General and administrative	2,515	2,568	2,680	2,684	10,447	2,609	2,725	2,823	2,860	11,017	2,821	2,816	2,922	2,964	11,523
<b>Total operating expenses</b>	<b>34,469</b>	<b>35,465</b>	<b>35,746</b>	<b>37,044</b>	<b>142,724</b>	<b>36,595</b>	<b>35,357</b>	<b>36,734</b>	<b>38,987</b>	<b>147,673</b>	<b>39,080</b>	<b>39,595</b>	<b>38,623</b>	<b>40,626</b>	<b>157,924</b>
<b>Operating income (loss)</b>	<b>7,424</b>	<b>8,085</b>	<b>11,390</b>	<b>13,669</b>	<b>40,568</b>	<b>10,876</b>	<b>11,315</b>	<b>3,102</b>	<b>6,655</b>	<b>31,948</b>	<b>986</b>	<b>1,396</b>	<b>(18)</b>	<b>1,796</b>	<b>4,160</b>
Financial income, net	1,415	1,498	1,369	1,357	5,639	1,281	1,343	1,908	2,481	7,013	1,637	1,692	1,882	1,204	6,415
<b>Income (loss) before taxes on income</b>	<b>8,839</b>	<b>9,583</b>	<b>12,760</b>	<b>15,026</b>	<b>46,207</b>	<b>12,157</b>	<b>12,658</b>	<b>5,010</b>	<b>9,136</b>	<b>38,961</b>	<b>2,623</b>	<b>3,088</b>	<b>1,864</b>	<b>3,000</b>	<b>10,575</b>
Taxes on income	1,054	1,355	1,574	1,948	5,931	1,687	1,886	220	1,504	5,297	358	498	288	507	1,651
<b>Net income (loss)</b>	<b>\$ 7,785</b>	<b>\$ 8,228</b>	<b>\$ 11,186</b>	<b>\$ 13,078</b>	<b>\$ 40,276</b>	<b>\$ 10,470</b>	<b>\$ 10,772</b>	<b>\$ 4,790</b>	<b>\$ 7,632</b>	<b>\$ 33,664</b>	<b>\$ 2,265</b>	<b>\$ 2,590</b>	<b>\$ 1,576</b>	<b>\$ 2,493</b>	<b>\$ 8,924</b>
Diluted net earnings (loss) per share	\$ 0.17	\$ 0.18	\$ 0.24	\$ 0.28	\$ 0.86	\$ 0.22	\$ 0.23	\$ 0.10	\$ 0.17	\$ 0.72	\$ 0.05	\$ 0.06	\$ 0.04	\$ 0.06	\$ 0.20
Weighted average number of shares used to compute diluted net earnings per share	46,866,837	46,750,581	46,586,698	47,362,844	46,894,615	47,449,320	47,659,321	46,557,853	45,300,967	46,738,604	44,608,119	44,101,539	44,077,078	43,721,973	44,125,436
Gross margin	82.1%	82.1%	83.0%	83.1%	82.6%	83.0%	83.3%	82.9%	82.6%	82.9%	82.7%	82.7%	82.4%	82.0%	82.4%
R&D % of total revenue	20.2%	20.1%	19.1%	17.7%	19.2%	19.8%	20.7%	25.4%	22.4%	21.9%	26.1%	24.9%	25.9%	21.8%	24.6%
S&M % of total revenue	42.5%	41.9%	39.1%	38.5%	40.4%	39.6%	37.5%	45.2%	42.3%	41.2%	48.8%	49.3%	50.3%	51.0%	49.9%
G&A % of total revenue	4.9%	4.8%	4.7%	4.4%	4.7%	4.6%	4.9%	5.9%	5.2%	5.1%	5.8%	5.7%	6.2%	5.7%	5.9%
Total Operating Expenses % of total revenues	68%	67%	63%	61%	64%	64%	63%	76%	71%	68%	81%	80%	82%	78.6%	80.3%
Operating margin	14.6%	15.2%	20.1%	22.4%	18.3%	19.0%	20.2%	6.5%	12.0%	14.8%	2.0%	2.8%	0.0%	3.5%	2.1%
Tax rate	11.9%	14.1%	12.3%	13.0%	12.8%	13.9%	14.9%	4.4%	16.5%	13.6%	13.6%	16.1%	15.5%	16.9%	15.6%
Net margin	15.3%	15.5%	19.7%	21.4%	18.2%	18.3%	19.2%	10.0%	13.8%	15.5%	4.7%	5.2%	3.4%	4.8%	4.5%

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



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

	FY'14					FY'15					FY'16				
	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec
	31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec	
<b>GAAP gross profit</b>	\$ 41,564	\$ 43,289	\$ 46,869	\$ 50,438	\$ 182,160	\$ 47,124	\$ 46,343	\$ 39,553	\$ 45,346	\$ 178,366	\$ 39,771	\$ 40,698	\$ 38,305	\$ 42,116	\$ 160,890
Stock-based compensation	10	16	22	31	79	34	35	30	42	141	42	39	47	52	180
Amortization of intangible assets	319	245	245	244	1,053	313	294	253	254	1,114	253	254	253	254	1,014
<b>Non-GAAP gross profit</b>	<b>\$ 41,893</b>	<b>\$ 43,550</b>	<b>\$ 47,136</b>	<b>\$ 50,713</b>	<b>\$ 183,292</b>	<b>\$ 47,471</b>	<b>\$ 46,672</b>	<b>\$ 39,836</b>	<b>\$ 45,642</b>	<b>\$ 179,621</b>	<b>\$ 40,066</b>	<b>\$ 40,991</b>	<b>\$ 38,605</b>	<b>\$ 42,422</b>	<b>\$ 162,084</b>
<b>GAAP research and development, net</b>	\$ 10,558	\$ 10,972	\$ 11,306	\$ 11,245	\$ 44,081	\$ 11,951	\$ 12,239	\$ 12,825	\$ 12,972	\$ 49,987	\$ 13,424	\$ 13,001	\$ 13,072	\$ 12,235	\$ 51,732
Stock-based compensation	259	287	463	412	1,421	618	644	619	575	2,456	783	941	948	948	3,339
<b>Non-GAAP Research and development, net</b>	<b>\$ 10,299</b>	<b>\$ 10,685</b>	<b>\$ 10,843</b>	<b>\$ 10,833</b>	<b>\$ 42,660</b>	<b>\$ 11,333</b>	<b>\$ 11,595</b>	<b>\$ 12,206</b>	<b>\$ 12,397</b>	<b>\$ 47,531</b>	<b>\$ 12,641</b>	<b>\$ 12,334</b>	<b>\$ 12,131</b>	<b>\$ 11,287</b>	<b>\$ 48,393</b>
<b>GAAP selling and marketing</b>	\$ 22,412	\$ 23,092	\$ 23,157	\$ 24,542	\$ 93,203	\$ 23,580	\$ 22,082	\$ 22,739	\$ 24,946	\$ 93,347	\$ 24,912	\$ 25,865	\$ 24,853	\$ 28,144	\$ 103,774
Stock-based compensation	594	717	779	860	2,950	889	1,017	1,005	1,187	4,098	1,268	1,394	1,256	1,743	5,661
Amortization of intangible assets	163	163	155	155	636	38	28	29	29	124	26	26	27	26	105
<b>Non-GAAP selling and marketing</b>	<b>\$ 21,655</b>	<b>\$ 22,212</b>	<b>\$ 22,223</b>	<b>\$ 23,527</b>	<b>\$ 89,617</b>	<b>\$ 22,653</b>	<b>\$ 21,037</b>	<b>\$ 21,705</b>	<b>\$ 23,730</b>	<b>\$ 89,125</b>	<b>\$ 23,618</b>	<b>\$ 24,445</b>	<b>\$ 23,570</b>	<b>\$ 26,375</b>	<b>\$ 98,008</b>
<b>GAAP general and administrative</b>	\$ 5,002	\$ 5,330	\$ 4,543	\$ 4,922	\$ 19,797	\$ 4,097	\$ 4,400	\$ 4,481	\$ 4,055	\$ 17,033	\$ 5,769	\$ 3,893	\$ 4,245	\$ 4,226	\$ 18,133
Stock-based compensation	668	731	775	758	2,932	676	716	790	452	2,634	784	644	434	478	2,340
Litigation related charges	1,819	2,031	1,088	1,480	6,418	812	959	868	743	3,383	2,164	433	889	784	4,270
<b>Non-GAAP general and administrative</b>	<b>\$ 2,515</b>	<b>\$ 2,568</b>	<b>\$ 2,680</b>	<b>\$ 2,684</b>	<b>\$ 10,447</b>	<b>\$ 2,609</b>	<b>\$ 2,725</b>	<b>\$ 2,823</b>	<b>\$ 2,860</b>	<b>\$ 11,016</b>	<b>\$ 2,821</b>	<b>\$ 2,816</b>	<b>\$ 2,922</b>	<b>\$ 2,964</b>	<b>\$ 11,523</b>
<b>GAAP total operating expenses</b>	\$ 37,972	\$ 39,394	\$ 39,006	\$ 40,709	\$ 157,081	\$ 39,628	\$ 38,721	\$ 40,045	\$ 41,973	\$ 160,367	\$ 44,105	\$ 42,759	\$ 42,170	\$ 44,605	\$ 173,639
Stock-based compensation	1,521	1,735	2,017	2,030	7,303	2,183	2,377	2,414	2,214	9,188	2,835	2,705	2,631	3,169	11,340
Amortization of intangible assets	163	163	155	155	636	38	28	29	29	124	26	26	27	26	105
Litigation related charges	1,819	2,031	1,088	1,480	6,418	812	959	868	743	3,383	2,164	433	889	784	4,270
<b>Non-GAAP total operating expenses</b>	<b>\$ 34,469</b>	<b>\$ 35,465</b>	<b>\$ 35,746</b>	<b>\$ 37,044</b>	<b>\$ 142,724</b>	<b>\$ 36,595</b>	<b>\$ 35,357</b>	<b>\$ 36,734</b>	<b>\$ 38,987</b>	<b>\$ 147,672</b>	<b>\$ 39,080</b>	<b>\$ 39,595</b>	<b>\$ 38,623</b>	<b>\$ 40,626</b>	<b>\$ 157,924</b>
<b>GAAP operating income (loss)</b>	\$ 3,592	\$ 3,895	\$ 7,863	\$ 9,729	\$ 25,079	\$ 7,496	\$ 7,622	\$ (492)	\$ 3,373	\$ 17,999	\$ (4,334)	\$ (2,061)	\$ (3,865)	\$ (2,489)	\$ (12,749)
Stock-based compensation	1,531	1,751	2,039	2,061	7,382	2,217	2,412	2,444	2,256	9,329	2,877	2,744	2,678	3,221	11,520
Amortization of intangible assets	482	408	400	399	1,689	351	322	282	283	1,238	279	280	280	280	1,119
Litigation related charges	1,819	2,031	1,088	1,480	6,418	812	959	868	743	3,383	2,164	433	889	784	4,270
<b>Non-GAAP operating income (loss)</b>	<b>\$ 7,424</b>	<b>\$ 8,085</b>	<b>\$ 11,390</b>	<b>\$ 13,669</b>	<b>\$ 40,568</b>	<b>\$ 10,876</b>	<b>\$ 11,315</b>	<b>\$ 3,102</b>	<b>\$ 6,655</b>	<b>\$ 31,949</b>	<b>\$ 986</b>	<b>\$ 1,396</b>	<b>\$ (18)</b>	<b>\$ 1,796</b>	<b>\$ 4,160</b>
<b>GAAP finance income</b>	\$ 1,545	\$ 1,407	\$ 1,467	\$ 1,383	\$ 5,802	\$ 650	\$ 1,450	\$ 1,373	\$ 2,394	\$ 5,867	\$ 1,940	\$ 1,232	\$ 1,706	\$ 863	\$ 5,741
Exchange rate differences, net on balance sheet items included in financial income	(130)	91	(98)	(26)	(163)	631	(107)	535	87	1,147	(303)	460	176	341	674
<b>Non-GAAP finance income</b>	<b>\$ 1,415</b>	<b>\$ 1,498</b>	<b>\$ 1,369</b>	<b>\$ 1,357</b>	<b>\$ 5,639</b>	<b>\$ 1,281</b>	<b>\$ 1,343</b>	<b>\$ 1,908</b>	<b>\$ 2,481</b>	<b>\$ 7,014</b>	<b>\$ 1,637</b>	<b>\$ 1,692</b>	<b>\$ 1,882</b>	<b>\$ 1,204</b>	<b>\$ 6,415</b>
<b>GAAP income (loss) before taxes on income</b>	\$ 5,137	\$ 5,302	\$ 9,330	\$ 11,112	\$ 30,881	\$ 8,146	\$ 9,072	\$ 881	\$ 5,767	\$ 23,866	\$ (2,394)	\$ (829)	\$ (2,159)	\$ (1,626)	\$ (7,008)
Stock-based compensation	1,531	1,751	2,039	2,061	7,382	2,217	2,412	2,444	2,256	9,329	2,877	2,744	2,678	3,221	11,520
Amortization of intangible assets	482	408	400	399	1,689	351	322	282	283	1,238	279	280	280	280	1,119
Litigation related charges	1,819	2,031	1,088	1,480	6,418	812	959	868	743	3,383	2,164	433	889	784	4,270
Exchange rate differences, net on balance sheet items included in financial income	(130)	91	(98)	(26)	(163)	631	(107)	535	87	1,147	(303)	460	176	341	674
<b>Non-GAAP income before taxes on income</b>	<b>\$ 8,839</b>	<b>\$ 9,583</b>	<b>\$ 12,759</b>	<b>\$ 15,026</b>	<b>\$ 46,207</b>	<b>\$ 12,157</b>	<b>\$ 12,658</b>	<b>\$ 5,010</b>	<b>\$ 9,137</b>	<b>\$ 38,962</b>	<b>\$ 2,623</b>	<b>\$ 3,088</b>	<b>\$ 1,864</b>	<b>\$ 3,000</b>	<b>\$ 10,575</b>
<b>GAAP net income (loss)</b>	\$ 4,083	\$ 3,947	\$ 7,756	\$ 9,164	\$ 24,950	\$ 6,459	\$ 7,186	\$ 661	\$ 4,263	\$ 18,569	\$ (2,752)	\$ (1,327)	\$ (2,447)	\$ (2,133)	\$ (8,659)
Stock-based compensation	1,531	1,751	2,039	2,061	7,382	2,217	2,412	2,444	2,256	9,329	2,877	2,744	2,678	3,221	11,520
Amortization of intangible assets	482	408	400	399	1,689	351	322	282	283	1,238	279	280	280	280	1,119
Litigation related charges	1,819	2,031	1,088	1,480	6,418	812	959	868	743	3,383	2,164	433	889	784	4,270
Exchange rate differences, net on balance sheet items included in financial income	(130)	91	(98)	(26)	(163)	631	(107)	535	87	1,147	(303)	460	176	341	674
<b>Non-GAAP net income (loss)</b>	<b>\$ 7,785</b>	<b>\$ 8,228</b>	<b>\$ 11,185</b>	<b>\$ 13,078</b>	<b>\$ 40,276</b>	<b>\$ 10,470</b>	<b>\$ 10,772</b>	<b>\$ 4,790</b>	<b>\$ 7,633</b>	<b>\$ 33,665</b>	<b>\$ 2,265</b>	<b>\$ 2,590</b>	<b>\$ 1,576</b>	<b>\$ 2,493</b>	<b>\$ 8,924</b>
<b>GAAP diluted net earnings (loss) per share</b>	\$ 0.09	\$ 0.08	\$ 0.17	\$ 0.19	\$ 0.53	\$ 0.14	\$ 0.15	\$ 0.01	\$ 0.09	\$ 0.40	\$ (0.06)	\$ (0.03)	\$ (0.06)	\$ (0.05)	\$ (0.20)
Stock-based compensation	0.03	0.04	0.04	0.04	0.16	0.05	0.05	0.05	0.05	0.20	0.06	0.06	0.06	0.07	0.26
Amortization of intangible assets	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.03
Litigation related charges	0.04	0.04	0.02	0.03	0.14	0.02	0.02	0.02	0.02	0.07	0.05	0.01	0.02	0.02	0.10
Exchange rate differences, net on balance sheet items included in financial income	(\$0.00)	\$0.00	(\$0.00)	(\$0.00)	(\$0.00)	\$0.01	(\$0.00)	\$0.01	\$0.00	\$0.02	(\$0.01)	\$0.01	\$0.01	\$0.01	\$0.01
<b>Non-GAAP diluted net earnings per share</b>	<b>\$ 0.17</b>	<b>\$ 0.18</b>	<b>\$ 0.24</b>	<b>\$ 0.28</b>	<b>\$ 0.86</b>	<b>\$ 0.22</b>	<b>\$ 0.23</b>	<b>\$ 0.10</b>	<b>\$ 0.17</b>	<b>\$ 0.72</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>	<b>\$ 0.04</b>	<b>\$ 0.06</b>	<b>\$ 0.20</b>
GAAP weighted average number of shares used to compute Non-GAAP diluted net earnings per share	46,866,837	46,750,581	46,586,698	47,362,844	46,894,615	47,449,320	47,659,321	46,557,853	45,300,967	46,738,604	44,468,827	43,944,924	44,077,078	43,721,973	44,125,436

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



**Radware Ltd. Condensed and Consolidated -  
US GAAP Cash Flows**  
(U.S. Dollars in thousands - unaudited)

	FY'14					FY'15					FY'16							
	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec			
	31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec				
<b>Cash flows from operating activities:</b>																		
<b>Net income (loss)</b>	\$ 4,083	\$ 3,947	\$ 7,756	\$ 9,164	\$ 24,950	\$ 6,459	\$ 7,186	\$ 661	\$ 4,263	\$ 18,569	\$ (2,752)	\$ (1,327)	\$ (2,447)	\$ (2,133)	\$ (8,659)			
Adjustments to reconcile net income (loss) to net cash provided by operating activities:																		
Depreciation and amortization	1,910	1,950	2,068	2,174	8,102	2,205	2,348	2,437	2,411	9,401	2,534	2,561	2,614	2,663	10,372			
Stock based compensation	1,532	1,749	2,040	2,061	7,382	2,217	2,412	2,444	2,256	9,329	2,877	2,744	2,678	2,678	11,520			
Gain from sale of available-for-sale marketable securities	(119)	(208)	(96)	(1)	(424)	(194)	(229)	(717)	(1,298)	(2,438)	(577)	(549)	(651)	5	(1,772)			
Amortization of premiums, accretion of discounts and accrued interest on available-for-sale marketable securities, net	873	814	805	472	2,964	1,435	486	767	520	3,208	378	514	385	670	1,947			
Accrued interest on bank deposits	(181)	(213)	437	1,026	1,069	(341)	(490)	(519)	(648)	(1,998)	(661)	6	201	1,633	1,179			
Increase (decrease) in accrued severance pay, net	19	(22)	27	(182)	(158)	47	(6)	84	0	125	322	19	-51	111	401			
Decrease (increase) in trade receivables, net	3,187	3,364	(10,514)	3,237	(726)	(309)	2,188	(423)	(2,229)	(773)	(1,495)	1,848	4,711	1,939	7,003			
Decrease (increase) in other assets and prepaid expenses	(489)	(2,601)	(807)	209	(3,688)	(120)	(709)	(1,852)	2,793	112	(304)	(106)	149	(498)	(759)			
Decrease (increase) in inventories	(592)	(194)	(1,366)	(502)	(2,654)	591	(60)	(78)	69	522	(254)	395	(631)	(302)	(792)			
Increase (decrease) in trade payables	(970)	781	2,388	(1,180)	1,019	(2,710)	207	(1,288)	3,229	(562)	(4,178)	1,010	(1,036)	920	(3,284)			
Increase (decrease) in other payables, deferred revenues and accrued expenses	7,787	2,785	(889)	6,101	15,784	2,722	1,312	(3,986)	4,225	4,273	12,919	606	(7,194)	14,446	20,777			
Excess tax benefit from stock-based compensation	(459)	(459)	(459)	(66)	(1,443)	(230)	(230)	(230)	58	(632)	0	74	0	605	679			
<b>Net cash provided by (used in) operating activities</b>	<b>16,581</b>	<b>11,693</b>	<b>1,390</b>	<b>22,513</b>	<b>52,177</b>	<b>11,772</b>	<b>14,415</b>	<b>(2,700)</b>	<b>15,649</b>	<b>39,136</b>	<b>8,809</b>	<b>7,795</b>	<b>(1,272)</b>	<b>23,280</b>	<b>38,612</b>			
<b>Cash flows from investing activities:</b>																		
Purchase of property and equipment	(1,954)	(1,352)	(3,052)	(3,124)	(9,482)	(2,953)	(4,247)	(3,518)	(3,056)	(13,774)	(2,629)	(2,881)	(2,561)	(1,333)	(9,404)			
Proceeds from (investment in) other long-term assets	(4)	3	9	26	34	(51)	0	(33)	(16)	(100)	19	(16)	(3)	(53)	(53)			
Investment in bank deposits, net	(293)	(6,334)	(1,818)	(12,484)	(20,929)	(23,193)	(17,652)	2,958	4,063	(33,824)	(4,436)	(9,952)	16,097	29,586	31,295			
Proceeds from (investment in) available-for-sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Payment for the acquisition of Strangeloop, net of cash acquired	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Purchase of intangible assets	0	0	0	(1,375)	(1,375)	0	0	0	0	0	0	0	0	0	0			
<b>Net cash provided by (used in) investing activities</b>	<b>(18,710)</b>	<b>(9,508)</b>	<b>2,159</b>	<b>(9,973)</b>	<b>(36,032)</b>	<b>(8,810)</b>	<b>(22,768)</b>	<b>19,113</b>	<b>5,612</b>	<b>(6,853)</b>	<b>(3,940)</b>	<b>(12,694)</b>	<b>17,872</b>	<b>27,121</b>	<b>28,359</b>			
<b>Cash flows from financing activities:</b>																		
Proceeds from exercise of stock options	3,652	1,003	4,920	12,918	22,493	2,210	5,493	868	175	8,746	0	0	330	1,253	1,583			
Excess tax benefit from stock-based compensation	459	459	459	66	1,443	230	230	230	(58)	632	0	(74)	0	(605)	(679)			
Repurchase of shares	0	(5,634)	(4,522)	(5,013)	(15,169)	(19,727)	0	(24,780)	(8,389)	(52,896)	(6,780)	(4,932)	0	(10,268)	(21,980)			
<b>Net cash provided by (used in) financing activities</b>	<b>4,111</b>	<b>(4,172)</b>	<b>857</b>	<b>7,971</b>	<b>8,767</b>	<b>(17,287)</b>	<b>5,723</b>	<b>(23,682)</b>	<b>(8,272)</b>	<b>(43,518)</b>	<b>(6,780)</b>	<b>(5,006)</b>	<b>330</b>	<b>(9,620)</b>	<b>(21,076)</b>			
Increase (decrease) in cash and cash equivalents	1,982	(1,987)	4,406	20,511	24,912	(14,325)	(2,630)	(7,269)	12,989	(11,235)	(1,911)	(9,905)	16,930	40,781	45,895			
Cash and cash equivalents at the beginning of the period	20,067	22,049	20,062	24,468	20,067	44,979	30,654	28,024	20,755	44,979	33,744	31,833	21,928	38,858	33,744			
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 22,049</b>	<b>\$ 20,062</b>	<b>\$ 24,468</b>	<b>\$ 44,979</b>	<b>\$ 44,979</b>	<b>\$ 30,654</b>	<b>\$ 28,024</b>	<b>\$ 20,755</b>	<b>\$ 33,744</b>	<b>\$ 33,744</b>	<b>\$ 31,833</b>	<b>\$ 21,928</b>	<b>\$ 38,858</b>	<b>\$ 79,639</b>	<b>\$ 79,639</b>			

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



**Radware Ltd. - Revenues mix**  
(U.S. Dollars in thousands - unaudited)

**Revenue by geography:**

	FY'14	FY'15	FY'16	FY'16			
	Yr Ended 31-Dec	Yr Ended 31-Dec	Yr Ended 31-Dec	31-Mar	Quarter Ended		31-Dec
					30-Jun	30-Sep	
Americas	\$ 93,486	\$ 88,685	\$ 84,733	\$ 20,007	\$ 22,069	\$ 19,967	\$ 22,690
EMEA	55,375	62,689	53,724	12,567	14,035	12,217	14,905
APAC	73,031	65,192	58,128	15,851	13,481	14,679	14,117
Total revenue	<b>\$ 221,892</b>	<b>\$ 216,566</b>	<b>\$ 196,585</b>	<b>\$ 48,425</b>	<b>\$ 49,585</b>	<b>\$ 46,863</b>	<b>\$ 51,712</b>

**Revenue % of total:**

Americas	42.1%	41.0%	43.1%	41.3%	44.5%	42.6%	43.9%
EMEA	25.0%	28.9%	27.3%	26.0%	28.3%	26.1%	28.8%
APAC	32.9%	30.1%	29.6%	32.7%	27.2%	31.3%	27.3%
Total revenue	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Revenue by vertical:**

Enterprise	\$ 151,888	\$ 152,824	\$ 136,251	\$ 34,482	\$ 34,380	\$ 33,284	\$ 34,104
Carrier	70,004	63,742	60,334	13,943	15,205	13,579	17,607
Total revenue	<b>\$ 221,892</b>	<b>\$ 216,566</b>	<b>\$ 196,585</b>	<b>\$ 48,425</b>	<b>\$ 49,585</b>	<b>\$ 46,863</b>	<b>\$ 51,712</b>

**Revenue % of total:**

Enterprise	68.5%	70.6%	69.3%	71.2%	69.3%	71.0%	66.0%
Carrier	31.5%	29.4%	30.7%	28.8%	30.7%	29.0%	34.0%
Total revenue	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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