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

	June 30, 2017	December 31, 2016	
	(Unaudited)		
Assets			
Current assets			
Cash and cash equivalents	50,086	79,639	
Available-for-sale marketable securities	21,350	20,452	
Short-term bank deposits	84,830	125,995	
Trade receivables, net	17,638	19,407	
Other receivables and prepaid expenses	3,447	4,159	
Inventories	19,455	17,114	
	196,806	266,766	
Long town investments			
Long-term investments Available-for-sale marketable securities	75,478	74,967	
Long-term bank deposits	93,851	19,092	
Severance pay funds	2,830	2,597	
	172,159	96,656	
Drangert, and acquirement is at	25 744	26.254	
Property and equipment, net	25,711	26,354	
Intangible assets, net	10,922	2,399	
Other long-term assets	8,072	8,092	
Goodwill	32,174	30,069	
Total assets	445,844	430,336	
Liabilities and shareholders' equity			
Current Liabilities			
Trade payables	5,967	5,971	
Deferred revenues	63,183	53,061	
Other payables and accrued expenses	25,187	26,232	
	94,337	85,264	
Long-term liabilities			
Deferred revenues	36,296	31,100	
Other long-term liabilities	14,490	14,209	
	50,786	45,309	
Shareholders' equity			
Share capital	665	663	
Additional paid-in capital	334,418	325,338	
Accumulated other comprehensive loss, net of tax	(7)	(20)	
Treasury stock, at cost	(116,029)	(116,029)	
Retained earnings	81,674	89,811	
Total shareholders' equity	300,721	299,763	
Total liabilities and shareholders' equity	445,844	430,336	
rotal habilities and shareholders equity			

Radware Ltd. Condensed Consolidated Statements of Loss (U.S Dollars in thousands, except share and per share data)

		nths ended		hs ended e 30,
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	50,956	49,585	99,868	98,010
Cost of revenues	9,634	8,887	18,628	17,541
Gross profit	41,322	40,698	81,240	80,469
Operating expenses:				
Research and development, net	15,013	13,001	29,253	26,425
Selling and marketing	26,410	25,865	52,389	50,777
General and administrative	4,380	3,893	9,160	9,662
Total operating expenses	45,803	42,759	90,802	86,864
Operating loss	(4,481)	(2,061)	(9,562)	(6,395)
Financial income, net	640	1,232	1,747	3,172
Loss before taxes on income	(3,841)	(829)	(7,815)	(3,223)
Taxes on income	(218)	(498)	(322)	(856)
Net loss	(4,059)	(1,327)	(8,137)	(4,079)
Basic net loss per share	(0.09)	(0.03)	(0.19)	(0.09)
Weighted average number of shares used to compute basic net loss per share	43,821,006	43,944,924	43,282,607	44,206,677
Diluted net loss per share	(0.09)	(0.03)	(0.19)	(0.09)
Weighted average number of shares used to compute diluted net loss per share	43,821,006	43,944,924	43,282,607	44,206,677

compute diluted net loss per share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	41,322	40,698	81,240	80,469
Stock-based compensation	61	39	116	81
Amortization of intangible assets	419	254	672	507
Non-GAAP gross profit	41,802	40,991	82,028	81,057
GAAP research and development, net	15,013	13,001	29,253	26,425
Stock-based compensation	1,028	667	1,926	1,450
Non-GAAP Research and development, net	13,985	12,334	27,327	24,975
Non Gran Research and development, net	13,303	12,334	27,327	24,313
GAAP selling and marketing	26,410	25,865	52,389	50,777
Stock-based compensation	1,875	1,394	3,499	2,662
Amortization of intangible assets	24	26	47	52
Non-GAAP selling and marketing	24,511	24,445	48,843	48,063
GAAP general and administrative	4,380	3,893	9,160	9,662
Stock-based compensation	583	644	1,003	1,428
Acquisition costs	-	-	340	-
Litigation costs	600	433	1,619	2,597
Non-GAAP general and administrative	3,197	2,816	6,198	5,637
CAAD Askel assessing assesses	4= 00=	40.75	00.00=	05.05
GAAP total operating expenses	45,803	42,759	90,802	86,864
Stock-based compensation	3,486	2,705	6,428	5,540
Acquisition costs	-	-	340 47	- 52
Amortization of intangible assets Litigation costs	24 600	26 433	1,619	2,597
Non-GAAP total operating expenses	41,693	39,595	82,368	78,675
0 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -				
GAAP operating loss	(4,481)	(2,061)	(9,562)	(6,395)
Stock-based compensation	3,547	2,744	6,544	5,621
Acquisition costs	-	-	340	-
Amortization of intangible assets	443	280	719	559
Litigation costs	600	433	1,619	2,597
Non-GAAP operating income (loss)	109	1,396	(340)	2,382
GAAP finance income	640	1,232	1,747	3,172
Exchange rate differences, net on balance sheet items included in financial income	659	460	806	157
Non-GAAP finance income	1,299	1,692	2,553	3,329
GAAP loss before taxes on income	(3,841)	(829)	(7,815)	(3,223)
Stock-based compensation	3,547	2,744	6,544	5,621
Acquisition costs	3,347	2,744	340	5,021
Amortization of intangible assets	443	280	719	559
Litigation costs	600	433	1,619	2,597
Exchange rate differences, net on balance sheet items included in financial income	659	460	806	157
Non-GAAP income before taxes on income	1,408	3,088	2,213	5,711
GAAD not loss	(4.050)	(4.227)	(0.127)	(4.070)
GAAP net loss	(4,059)	(1,327)	(8,137)	(4,079)
Stock-based compensation Acquisition costs	3,547	2,744	6,544 340	5,621
Amortization of intangible assets	443	280	719	- 559
Litigation costs	600	433	1,619	2,597
Exchange rate differences, net on balance sheet items included in financial income	659	460	806	157
Non GAAP net income	1,190	2,590	1,891	4,855
GAAP Net loss per diluted share	(0.09)	(0.03)	(0.19)	(0.09)
Stock-based compensation	0.08	0.06	0.15	0.13
Acquisition costs	0.00	0.00	0.01	0.00
Amortization of intangible assets	0.01	0.01	0.02	0.01
Litigation costs	0.01	0.01	0.04	0.06
Exchange rate differences, net on balance sheet items included in financial income Non GAAP Net income per diluted share	0.02	0.01	0.01	0.00
non oper net income per unuted stidle	0.03	0.00	0.04	0.11

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

Net loss		Three Months Ended June 30,		Six Months Ended June 30,	
Net loss		2017	2016	2017	2016
Adjustments to reconcile net loss to net cash provided by operating activities: Depreciation and amorization 2,987 2,561 5,806 5,095 5,005 5,0	Cash flow from operating activities:				
Pepper californ and amortization 2,987 2,561 5,806 5,095 500ck based compensation 3,547 2,744 6,544 5,621 63in from sale of available-for-sale marketable securities - (649) - (1,126)	Net loss	(4,059)	(1,327)	(8,137)	(4,079)
Stock based compensation 3,547 2,744 6,544 5,621 Gain from sale of available-for-sale marketable securities 7,000 7,000 7,000 Gain from sale of available-for-sale marketable securities 7,000 7,000 Marketable securities 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 7,000 7,000 Marketable securities 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 Marketable securities 7,000 7	Adjustments to reconcile net loss to net cash provided by operating activities:				
Sain from sale of available-for-sale marketable securities 1,126	Depreciation and amortization	2,987	2,561	5,806	5,095
Amortization of premium, accretion of discounts and accrued interest on available-for-sale marketable securities, net 270 514 631 892 (655) (655	Stock based compensation	3,547	2,744	6,544	5,621
marketable securities, net 270 514 631 892 Accrued interest on bank deposits 150 6 1,532 (555) Increase in carcued severance pay, net 41 19 176 341 Increase in carcued severance pay, net 3,352 1,848 1,902 353 Decrease (increase) in other current assets, prepaid expenses and deferred income taxes, net (1)60 106 838 (410) Increase (decrease) in in other current assets, prepaid expenses and deferred income taxes, net (1,063) 395 (2,341) 141 Decrease (increase) in in other payables 1,574 1,010 (136) 3,168) Increase (decrease) in other payables and accrued expenses (3,374) 679 (4,096) 4,931 Excess tax benefit from stock-based compensation - 74 - 74 Excess tax benefit from stock-based compensation - 7,795 17,668 16,604 Cash flows from investing activities Proceeds from (investment in) other long-term assets, net (31) (16 6 3	Gain from sale of available-for-sale marketable securities	-	(549)	-	(1,126)
Accrued interest on bank deposits 150 6 1,532 (655) Increase in accrued severance pay, net 41 19 176 341 Increase in accrued severance pay, net 3,352 1,848 1,902 353 Decrease (increase) in other current assets, prepaid expenses and deferred income taxes, net (196) (106) 838 (410) Increase in trade receivable in inventories (1,063) 395 (2,341) 141 Decrease (increase) in inventories 1,574 1,010 (136) 3,168 Increase (decrease) in deferred revenues 8,135 (73) 14,949 8,594 Increase (decrease) in other payables and accrued expenses (3,374) 679 (4,060) 4,931 Excess tax benefit from stock-based compensation - 74 - 74 Net cash provided by operating activities: - 74 - 74 Proceeds from (investing activities: - (2,475) (2,881) (4,357) (5,510) Proceeds from (investing activities: - (3,1) (1,6 1 </td <td>Amortization of premium, accretion of discounts and accrued interest on available-for-sale</td> <td></td> <td></td> <td></td> <td></td>	Amortization of premium, accretion of discounts and accrued interest on available-for-sale				
Increase in accrued severance pay, net 1 19 176 341 Increase in trade receivables, net 3,352 1,848 1,902 353 Decrease (increase) in interfocurrent assets, prepaid expenses and deferred income taxes, net (196) (106)	marketable securities, net	270	514	631	892
Increase in trade receivables, net 3,352 1,848 1,902 353 Decrease (increase) in other current assets, prepaid expenses and deferred income taxes, net (196) (106) 838 (410) Increase (decrease) in intentories (1,063) 395 (2,341) 141 Decrease (increase) in trade payables 1,574 1,010 (136) (3,168) Increase (decrease) in interpayables and accrued expenses (3,334) 679 (4,096) 4,9931 Increase (decrease) in interpayables and accrued expenses (3,334) 679 (4,096) 4,9931 Excess tax benefit from stock-based compensation - 74 - 74 Net cash provided by operating activities - 74 - 74 Net cash provided by operating activities - 74 - 74 Purchase of property and equipment (2,475) (2,881) (4,357) (5,510) Proceeds from (investing activities (1,219) (9,952) (35,126) (14,388) Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Payment for acquisition of subsidiary, net of cash acquired (8,269) Net cash used in investing activities (8,269) Proceeds from financing activities (8,269) Proceeds from financing activities (8,269) Proceeds from stock-based compensation (8,269) Proceeds from stock-based compensation	Accrued interest on bank deposits	150	6	1,532	(655)
Decrease (increase) in other current assets, prepaid expenses and deferred income taxes, net large (decrease) in inventories (1,063) 395 (2,341) 141	Increase in accrued severance pay, net	41	19	176	341
Increase (decrease) in inventories	Increase in trade receivables, net	3,352	1,848	1,902	353
Decrease (increase) in trade payables 1,574 1,010 (136) (3,168) Increase (decrease) in deferred revenues 8,135 (73) 14,949 8,594 Increase (decrease) in other payables and accrued expenses (3,374) 679 (4,096) 4,931 Excess tax benefit from stock-based compensation - 74 - 74 Net cash provided by operating activities	Decrease (increase) in other current assets, prepaid expenses and deferred income taxes, net	(196)	(106)	838	(410)
Increase (decrease) in deferred revenues 8,135 (73) 14,949 8,594 Increase (decrease) in other payables and accrued expenses (3,374) 679 (4,096) 4,931 Excess tax benefit from stock-based compensation 74 74 Net cash provided by operating activities 11,364 7,795 17,668 16,604 Purchase of property and equipment (2,475) (2,881) (4,357) (5,510) Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities ,net (5,910) 155 (2,023) 3,261 Payment for acquisition of subsidiary, net of cash acquired (8,269) - Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities 1,228 - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Increase (decrease) in inventories	(1,063)	395	(2,341)	141
Increase (decrease) in other payables and accrued expenses (3,374) 679 (4,096) 4,931 Excess tax benefit from stock-based compensation - 74 - 74 Net cash provided by operating activities 11,364 7,795 17,668 16,604 Cash flows from investing activities:	Decrease (increase) in trade payables	1,574	1,010	(136)	(3,168)
Excess tax benefit from stock-based compensation - 74 - 74 Net cash provided by operating activities 11,364 7,795 17,668 16,604 Cash flows from investing activities: Purchase of property and equipment (2,475) (2,881) (4,357) (5,510) Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities, net (5,910) 155 (2,023) 3,261 Payment for acquisition of subsidiary, net of cash acquired - - (8,269) - Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares -	Increase (decrease) in deferred revenues	8,135	(73)	14,949	8,594
Net cash provided by operating activities: 11,364 7,795 17,668 16,604 Cash flows from investing activities: Purchase of property and equipment (2,475) (2,881) (4,357) (5,510) Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities and investing activities of subsidiary, net of cash acquired - - (8,269) - Payment for acquisition of subsidiary, net of cash acquired - - - (8,269) - Net cash used in investing activities: Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Incr	Increase (decrease) in other payables and accrued expenses	(3,374)	679	(4,096)	4,931
Cash flows from investing activities: Purchase of property and equipment Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities ,net (5,910) 155 (2,023) 3,261 Payment for acquisition of subsidiary, net of cash acquired (8,269) (8,269) (8,269) - (16,634) Proceeds from sin investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities: 1,228 - 2,538 - (74) - (74) (74) (74) (74) (74) (74) (74) (74)	Excess tax benefit from stock-based compensation	-	74	-	74
Purchase of property and equipment (2,475) (2,881) (4,357) (5,510) Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities and purchase of available-for-sale marketable securities and provided in investing activities. - - (8,269) - Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Net cash provided by operating activities	11,364	7,795	17,668	16,604
Proceeds from (investment in) other long-term assets, net (31) (16) 16 3 Investment in bank deposits, net (1,219) (9,952) (35,126) (14,388) Proceeds from sale, redemption of and purchase of available-for-sale marketable securities, net (5,910) 155 (2,023) 3,261 Payment for acquisition of subsidiary, net of cash acquired - - (8,269) - Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Cash flows from investing activities:				
Investment in bank deposits, net Proceeds from sale, redemption of and purchase of available-for-sale marketable securities ,net Payment for acquisition of subsidiary, net of cash acquired Payment for acquisition of subsidiary, net of cash acquired Perceeds from subsidiary, net of cash acquired Perceeds used in investing activities Cash flows from financing activities: Proceeds from exercise of stock options 1,228 1,233 1,248 1,2538 1,2786)	Purchase of property and equipment	(2,475)	(2,881)	(4,357)	(5,510)
Proceeds from sale, redemption of and purchase of available-for-sale marketable securities ,net Payment for acquisition of subsidiary, net of cash acquired (8,269) - (12,694) Net cash used in investing activities Cash flows from financing activities: Proceeds from exercise of stock options Excess tax benefit from stock-based compensation Fixed shares - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities Increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period 7,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period	Proceeds from (investment in) other long-term assets, net	(31)	(16)	16	3
Payment for acquisition of subsidiary, net of cash acquired - - (8,269) - Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Investment in bank deposits, net	(1,219)	(9,952)	(35,126)	(14,388)
Net cash used in investing activities (9,635) (12,694) (49,759) (16,634) Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Proceeds from sale, redemption of and purchase of available-for-sale marketable securities ,net	(5,910)	155	(2,023)	3,261
Cash flows from financing activities: Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Payment for acquisition of subsidiary, net of cash acquired	-	-	(8,269)	-
Proceeds from exercise of stock options 1,228 - 2,538 - Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Net cash used in investing activities	(9,635)	(12,694)	(49,759)	(16,634)
Excess tax benefit from stock-based compensation - (74) - (74) Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Cash flows from financing activities:				
Repurchase of shares - (4,932) - (11,712) Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Proceeds from exercise of stock options	1,228	-	2,538	-
Net cash provided (used in) financing activities 1,228 (5,006) 2,538 (11,786) Increase (decrease) in cash and cash equivalents 2,957 (9,905) (29,553) (11,816) Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Excess tax benefit from stock-based compensation	-	(74)	-	(74)
Increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period 2,957 (9,905) (29,553) (11,816) 47,129 31,833 79,639 33,744	Repurchase of shares		(4,932)		(11,712)
Cash and cash equivalents at the beginning of the period 47,129 31,833 79,639 33,744	Net cash provided (used in) financing activities	1,228	(5,006)	2,538	(11,786)
· · · · · · · · · · · · · · · · · · ·	Increase (decrease) in cash and cash equivalents	2,957	(9,905)	(29,553)	(11,816)
Cash and cash equivalents at the end of the period 50,086 21,928 50,086 21,928	Cash and cash equivalents at the beginning of the period	47,129	31,833	79,639	33,744
	Cash and cash equivalents at the end of the period	50,086	21,928	50,086	21,928