

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

	June 30, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	86,802	70,538
Marketable securities	122,310	86,372
Short-term bank deposits	169,376	173,678
Trade receivables, net	25,499	20,267
Other receivables and prepaid expenses	9,187	9,529
Inventories	13,796	15,544
	<u>426,970</u>	<u>375,928</u>
Long-term investments		
Marketable securities	8,096	33,131
Long-term bank deposits	10,007	-
Other assets	2,033	2,166
	<u>20,136</u>	<u>35,297</u>
Property and equipment, net	17,042	18,221
Intangible assets, net	13,734	15,718
Other long-term assets	36,506	37,967
Operating lease right-of-use assets	19,142	20,777
Goodwill	68,008	68,008
Total assets	<u>601,538</u>	<u>571,916</u>
Liabilities and equity		
Current liabilities		
Trade payables	4,077	4,298
Deferred revenues	111,680	105,012
Operating lease liabilities	4,533	4,684
Other payables and accrued expenses	45,576	41,021
	<u>165,866</u>	<u>155,015</u>
Long-term liabilities		
Deferred revenues	70,219	60,499
Operating lease liabilities	13,919	16,020
Other long-term liabilities	14,547	17,108
	<u>98,685</u>	<u>93,627</u>
Equity		
Radware Ltd. equity		
Share capital	748	742
Additional paid-in capital	542,643	529,209
Accumulated other comprehensive income (loss)	(413)	77
Treasury stock, at cost	(366,588)	(365,749)
Retained earnings	120,254	119,812
Total Radware Ltd. shareholder's equity	<u>296,644</u>	<u>284,091</u>
Non-controlling interest	40,343	39,183
Total equity	<u>336,987</u>	<u>323,274</u>
Total liabilities and equity	<u>601,538</u>	<u>571,916</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	67,276	65,607	132,361	134,648
Cost of revenues	<u>13,056</u>	<u>12,742</u>	<u>25,868</u>	<u>26,048</u>
Gross profit	<u>54,220</u>	<u>52,865</u>	<u>106,493</u>	<u>108,600</u>
Operating expenses, net:				
Research and development, net	18,701	21,141	37,597	42,291
Selling and marketing	29,744	31,917	59,445	63,836
General and administrative	<u>6,984</u>	<u>8,307</u>	<u>14,323</u>	<u>16,554</u>
Total operating expenses, net	<u>55,429</u>	<u>61,365</u>	<u>111,365</u>	<u>122,681</u>
Operating loss	(1,209)	(8,500)	(4,872)	(14,081)
Financial income, net	<u>4,417</u>	<u>3,419</u>	<u>8,025</u>	<u>6,910</u>
Income (loss) before taxes on income	<u>3,208</u>	<u>(5,081)</u>	<u>3,153</u>	<u>(7,171)</u>
Taxes on income	<u>1,544</u>	<u>727</u>	<u>2,711</u>	<u>1,718</u>
Net income (loss)	<u>1,664</u>	<u>(5,808)</u>	<u>442</u>	<u>(8,889)</u>
Basic net income (loss) per share attributed to Radware Ltd.'s shareholders	0.04	(0.13)	0.01	(0.20)
Weighted average number of shares used to compute basic net income (loss) per share	41,857,259	43,400,635	41,803,638	43,725,443
Diluted net income (loss) per share attributed to Radware Ltd.'s shareholders	0.04	(0.13)	0.01	(0.20)
Weighted average number of shares used to compute diluted net income (loss) per share	43,148,129	43,400,635	43,011,501	43,725,443

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 June 30,		For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
GAAP gross profit	54,220	52,865	106,493	108,600
Share-based compensation	80	113	159	226
Amortization of intangible assets	992	992	1,984	1,984
Non-GAAP gross profit	<u>55,292</u>	<u>53,970</u>	<u>108,636</u>	<u>110,810</u>
GAAP research and development, net	18,701	21,141	37,597	42,291
Share-based compensation	1,536	2,177	3,258	4,136
Non-GAAP Research and development, net	<u>17,165</u>	<u>18,964</u>	<u>34,339</u>	<u>38,155</u>
GAAP selling and marketing	29,744	31,917	59,445	63,836
Share-based compensation	2,609	3,537	5,160	6,931
Non-GAAP selling and marketing	<u>27,135</u>	<u>28,380</u>	<u>54,285</u>	<u>56,905</u>
GAAP general and administrative	6,984	8,307	14,323	16,554
Share-based compensation	2,077	3,068	4,472	6,599
Acquisition costs	192	545	412	558
Non-GAAP general and administrative	<u>4,715</u>	<u>4,694</u>	<u>9,439</u>	<u>9,397</u>
GAAP total operating expenses, net	55,429	61,365	111,365	122,681
Share-based compensation	6,222	8,782	12,890	17,666
Acquisition costs	192	545	412	558
Non-GAAP total operating expenses, net	<u>49,015</u>	<u>52,038</u>	<u>98,063</u>	<u>104,457</u>
GAAP operating loss	(1,209)	(8,500)	(4,872)	(14,081)
Share-based compensation	6,302	8,895	13,049	17,892
Amortization of intangible assets	992	992	1,984	1,984
Acquisition costs	192	545	412	558
Non-GAAP operating income	<u>6,277</u>	<u>1,932</u>	<u>10,573</u>	<u>6,353</u>
GAAP financial income, net	4,417	3,419	8,025	6,910
Exchange rate differences, net on balance sheet items included in financial income, net	(298)	(32)	(145)	(807)
Non-GAAP financial income, net	<u>4,119</u>	<u>3,387</u>	<u>7,880</u>	<u>6,103</u>
GAAP income (loss) before taxes on income	3,208	(5,081)	3,153	(7,171)
Share-based compensation	6,302	8,895	13,049	17,892
Amortization of intangible assets	992	992	1,984	1,984
Acquisition costs	192	545	412	558
Exchange rate differences, net on balance sheet items included in financial income, net	(298)	(32)	(145)	(807)
Non-GAAP income before taxes on income	<u>10,396</u>	<u>5,319</u>	<u>18,453</u>	<u>12,456</u>
GAAP taxes on income	1,544	727	2,711	1,718
Tax related adjustments	61	61	123	123
Non-GAAP taxes on income	<u>1,605</u>	<u>788</u>	<u>2,834</u>	<u>1,841</u>
GAAP net income (loss)	1,664	(5,808)	442	(8,889)
Share-based compensation	6,302	8,895	13,049	17,892
Amortization of intangible assets	992	992	1,984	1,984
Acquisition costs	192	545	412	558
Exchange rate differences, net on balance sheet items included in financial income, net	(298)	(32)	(145)	(807)
Tax related adjustments	(61)	(61)	(123)	(123)
Non-GAAP net income	<u>8,791</u>	<u>4,531</u>	<u>15,619</u>	<u>10,615</u>
GAAP diluted net income (loss) per share	0.04	(0.13)	0.01	(0.20)
Share-based compensation	0.15	0.20	0.30	0.40
Amortization of intangible assets	0.02	0.02	0.04	0.05
Acquisition costs	0.00	0.01	0.01	0.01
Exchange rate differences, net on balance sheet items included in financial income, net	(0.01)	(0.00)	(0.00)	(0.02)
Tax related adjustments	(0.00)	(0.00)	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.20</u>	<u>0.10</u>	<u>0.36</u>	<u>0.24</u>
Weighted average number of shares used to compute non-GAAP diluted net earnings per share	43,148,129	44,268,786	43,011,501	44,513,899

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
<u>Cash flow from operating activities:</u>				
Net income (loss)	1,664	(5,808)	442	(8,889)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	3,028	3,113	5,971	6,191
Share-based compensation	6,302	8,895	13,049	17,892
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	80	718	7	955
Loss (gain) related to securities, net	-	(1)	-	244
Increase (decrease) in accrued interest on bank deposits	5,468	229	5,459	(1,525)
Increase (decrease) in accrued severance pay, net	17	(36)	(41)	(105)
Decrease (increase) in trade receivables, net	(5,013)	1,937	(5,232)	932
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	(199)	532	406	(2,326)
Decrease (increase) in inventories	744	(1,044)	1,748	(895)
Increase (decrease) in trade payables	(1,627)	3,020	(221)	1,383
Increase in deferred revenues	7,494	470	16,388	1,216
Increase (decrease) in other payables and accrued expenses	5,310	(6,944)	6,793	(11,442)
Operating lease liabilities, net	(238)	(215)	(617)	(1)
Net cash provided by operating activities	<u>23,030</u>	<u>4,866</u>	<u>44,152</u>	<u>3,630</u>
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(1,034)	(1,595)	(2,808)	(3,363)
Proceeds from (investment in) other long-term assets, net	19	1	(6)	48
Proceeds from (investment in) bank deposits, net	6,734	21,000	(11,164)	30,200
Investment in, redemption of and purchase of marketable securities ,net	(13,499)	(3,857)	(9,997)	(1,881)
Net cash provided by (used in) investing activities	<u>(7,780)</u>	<u>15,549</u>	<u>(23,975)</u>	<u>25,004</u>
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of share options	3	88	3	308
Repurchase of shares	-	(19,741)	(839)	(32,483)
Payment of contingent consideration related to acquisition	(3,077)	-	(3,077)	-
Net cash used in financing activities	<u>(3,074)</u>	<u>(19,653)</u>	<u>(3,913)</u>	<u>(32,175)</u>
Increase (decrease) in cash and cash equivalents	12,176	762	16,264	(3,541)
Cash and cash equivalents at the beginning of the period	<u>74,626</u>	<u>41,882</u>	<u>70,538</u>	<u>46,185</u>
Cash and cash equivalents at the end of the period	<u><u>86,802</u></u>	<u><u>42,644</u></u>	<u><u>86,802</u></u>	<u><u>42,644</u></u>

Radware Ltd.

RECONCILIATION OF GAAP NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA (NON-GAAP)

(U.S Dollars in thousands)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP net income (loss)	1,664	(5,808)	442	(8,889)
Exclude: Financial income, net	(4,417)	(3,419)	(8,025)	(6,910)
Exclude: Depreciation and amortization expense	3,028	3,113	5,971	6,191
Exclude: Taxes on income	1,544	727	2,711	1,718
EBITDA	1,819	(5,387)	1,099	(7,890)
Share-based compensation	6,302	8,895	13,049	17,892
Acquisition costs	192	545	412	558
Adjusted EBITDA	8,313	4,053	14,560	10,560

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Amortization of intangible assets	992	992	1,984	1,984
Depreciation	2,036	2,121	3,987	4,207
	3,028	3,113	5,971	6,191