

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

	September 30, 2024	December 31, 2023
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Assets		
Current assets		
Cash and cash equivalents	115,416	70,538
Marketable securities	94,809	86,372
Short-term bank deposits	111,998	173,678
Trade receivables, net	19,963	20,267
Other receivables and prepaid expenses	9,891	9,529
Inventories	13,543	15,544
	<u>365,620</u>	<u>375,928</u>
Long-term investments		
Marketable securities	30,991	33,131
Long-term bank deposits	58,468	-
Other assets	2,104	2,166
	<u>91,563</u>	<u>35,297</u>
Property and equipment, net	16,499	18,221
Intangible assets, net	12,742	15,718
Other long-term assets	35,312	37,967
Operating lease right-of-use assets	18,433	20,777
Goodwill	68,008	68,008
Total assets	<u>608,177</u>	<u>571,916</u>
Liabilities and equity		
Current liabilities		
Trade payables	6,551	4,298
Deferred revenues	109,924	105,012
Operating lease liabilities	4,333	4,684
Other payables and accrued expenses	46,427	41,021
	<u>167,235</u>	<u>155,015</u>
Long-term liabilities		
Deferred revenues	65,916	60,499
Operating lease liabilities	13,658	16,020
Other long-term liabilities	14,173	17,108
	<u>93,747</u>	<u>93,627</u>
Equity		
Radware Ltd. equity		
Share capital	749	742
Additional paid-in capital	548,240	529,209
Accumulated other comprehensive income	593	77
Treasury stock, at cost	(366,588)	(365,749)
Retained earnings	123,398	119,812
Total Radware Ltd. shareholder's equity	<u>306,392</u>	<u>284,091</u>
Non-controlling interest	<u>40,803</u>	<u>39,183</u>
Total equity	<u>347,195</u>	<u>323,274</u>
Total liabilities and equity	<u>608,177</u>	<u>571,916</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	69,488	61,612	201,849	196,260
Cost of revenues	<u>13,392</u>	<u>12,838</u>	<u>39,260</u>	<u>38,886</u>
Gross profit	<u>56,096</u>	<u>48,774</u>	<u>162,589</u>	<u>157,374</u>
Operating expenses, net:				
Research and development, net	18,654	20,614	56,251	62,905
Selling and marketing	30,500	30,532	89,945	94,368
General and administrative	<u>6,948</u>	<u>7,824</u>	<u>21,271</u>	<u>24,378</u>
Total operating expenses, net	<u>56,102</u>	<u>58,970</u>	<u>167,467</u>	<u>181,651</u>
Operating loss	(6)	(10,196)	(4,878)	(24,277)
Financial income, net	<u>4,957</u>	<u>3,778</u>	<u>12,982</u>	<u>10,688</u>
Income (loss) before taxes on income	<u>4,951</u>	<u>(6,418)</u>	<u>8,104</u>	<u>(13,589)</u>
Taxes on income	<u>1,807</u>	<u>433</u>	<u>4,518</u>	<u>2,151</u>
Net income (loss)	<u>3,144</u>	<u>(6,851)</u>	<u>3,586</u>	<u>(15,740)</u>
Basic net income (loss) per share attributed to Radware Ltd.'s shareholders	0.07	(0.16)	0.09	(0.36)
Weighted average number of shares used to compute basic net income (loss) per share	41,956,001	42,261,637	41,854,984	43,232,405
Diluted net income (loss) per share attributed to Radware Ltd.'s shareholders	0.07	(0.16)	0.08	(0.36)
Weighted average number of shares used to compute diluted net income (loss) per share	43,573,161	42,261,637	43,199,279	43,232,405

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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	56,096	48,774	162,589	157,374
Share-based compensation	81	177	240	403
Amortization of intangible assets	992	992	2,976	2,976
Non-GAAP gross profit	<u>57,169</u>	<u>49,943</u>	<u>165,805</u>	<u>160,753</u>
GAAP research and development, net	18,654	20,614	56,251	62,905
Share-based compensation	1,421	2,064	4,679	6,200
Non-GAAP Research and development, net	<u>17,233</u>	<u>18,550</u>	<u>51,572</u>	<u>56,705</u>
GAAP selling and marketing	30,500	30,532	89,945	94,368
Share-based compensation	2,548	2,134	7,708	9,065
Restructuring costs	-	1,273	-	1,273
Non-GAAP selling and marketing	<u>27,952</u>	<u>27,125</u>	<u>82,237</u>	<u>84,030</u>
GAAP general and administrative	6,948	7,824	21,271	24,378
Share-based compensation	2,008	2,884	6,480	9,483
Acquisition costs	159	211	571	769
Non-GAAP general and administrative	<u>4,781</u>	<u>4,729</u>	<u>14,220</u>	<u>14,126</u>
GAAP total operating expenses, net	56,102	58,970	167,467	181,651
Share-based compensation	5,977	7,082	18,867	24,748
Acquisition costs	159	211	571	769
Restructuring costs	-	1,273	-	1,273
Non-GAAP total operating expenses, net	<u>49,966</u>	<u>50,404</u>	<u>148,029</u>	<u>154,861</u>
GAAP operating loss	(6)	(10,196)	(4,878)	(24,277)
Share-based compensation	6,058	7,259	19,107	25,151
Amortization of intangible assets	992	992	2,976	2,976
Acquisition costs	159	211	571	769
Restructuring costs	-	1,273	-	1,273
Non-GAAP operating income (loss)	<u>7,203</u>	<u>(461)</u>	<u>17,776</u>	<u>5,892</u>
GAAP financial income, net	4,957	3,778	12,982	10,688
Exchange rate differences, net on balance sheet items included in financial income, net	(86)	37	(231)	(770)
Non-GAAP financial income, net	<u>4,871</u>	<u>3,815</u>	<u>12,751</u>	<u>9,918</u>
GAAP income (loss) before taxes on income	4,951	(6,418)	8,104	(13,589)
Share-based compensation	6,058	7,259	19,107	25,151
Amortization of intangible assets	992	992	2,976	2,976
Acquisition costs	159	211	571	769
Restructuring costs	-	1,273	-	1,273
Exchange rate differences, net on balance sheet items included in financial income, net	(86)	37	(231)	(770)
Non-GAAP income before taxes on income	<u>12,074</u>	<u>3,354</u>	<u>30,527</u>	<u>15,810</u>
GAAP taxes on income	1,807	433	4,518	2,151
Tax related adjustments	62	62	185	185
Non-GAAP taxes on income	<u>1,869</u>	<u>495</u>	<u>4,703</u>	<u>2,336</u>
GAAP net income (loss)	3,144	(6,851)	3,586	(15,740)
Share-based compensation	6,058	7,259	19,107	25,151
Amortization of intangible assets	992	992	2,976	2,976
Acquisition costs	159	211	571	769
Restructuring costs	-	1,273	-	1,273
Exchange rate differences, net on balance sheet items included in financial income, net	(86)	37	(231)	(770)
Tax related adjustments	(62)	(62)	(185)	(185)
Non-GAAP net income	<u>10,205</u>	<u>2,859</u>	<u>25,824</u>	<u>13,474</u>
GAAP diluted net income (loss) per share	0.07	(0.16)	0.08	(0.36)
Share-based compensation	0.14	0.17	0.45	0.57
Amortization of intangible assets	0.02	0.03	0.07	0.07
Acquisition costs	0.00	0.00	0.01	0.02
Restructuring costs	0.00	0.03	0.00	0.03
Exchange rate differences, net on balance sheet items included in financial income, net	(0.00)	0.00	(0.01)	(0.02)
Tax related adjustments	(0.00)	(0.00)	(0.00)	0.00
Non-GAAP diluted net earnings per share	<u>0.23</u>	<u>0.07</u>	<u>0.60</u>	<u>0.31</u>
Weighted average number of shares used to compute non-GAAP diluted net earnings per share	43,573,161	43,163,159	43,199,279	44,058,549

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>				
Net income (loss)	3,144	(6,851)	3,586	(15,740)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,947	3,025	8,918	9,216
Share-based compensation	6,058	7,259	19,107	25,151
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	(234)	161	(227)	1,116
Loss related to securities, net	-	-	-	244
Increase (decrease) in accrued interest on bank deposits	(814)	(2,289)	4,645	(3,814)
Increase (decrease) in accrued severance pay, net	147	(401)	106	(506)
Decrease in trade receivables, net	5,536	4,448	304	5,380
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	749	(215)	1,155	(2,541)
Decrease (increase) in inventories	253	(671)	2,001	(1,566)
Increase (decrease) in trade payables	2,474	(1,778)	2,253	(395)
Increase (decrease) in deferred revenues	(6,059)	(12,311)	10,329	(11,095)
Increase (decrease) in other payables and accrued expenses	259	644	7,052	(10,798)
Operating lease liabilities, net	248	(804)	(369)	(805)
Net cash provided by (used in) operating activities	<u>14,708</u>	<u>(9,783)</u>	<u>58,860</u>	<u>(6,153)</u>
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(1,412)	(1,130)	(4,220)	(4,493)
Proceeds from other long-term assets, net	46	29	40	77
Proceeds from (investment in) bank deposits, net	9,731	21,145	(1,433)	51,345
Investment in, redemption of and purchase of marketable securities, net	5,541	2,228	(4,456)	347
Net cash provided by (used in) investing activities	<u>13,906</u>	<u>22,272</u>	<u>(10,069)</u>	<u>47,276</u>
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of share options	-	-	3	308
Repurchase of shares	-	(20,648)	(839)	(53,131)
Payment of contingent consideration related to acquisition	-	(2,063)	(3,077)	(2,063)
Net cash used in financing activities	<u>-</u>	<u>(22,711)</u>	<u>(3,913)</u>	<u>(54,886)</u>
Increase (decrease) in cash and cash equivalents	28,614	(10,222)	44,878	(13,763)
Cash and cash equivalents at the beginning of the period	86,802	42,644	70,538	46,185
Cash and cash equivalents at the end of the period	<u>115,416</u>	<u>32,422</u>	<u>115,416</u>	<u>32,422</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 nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP net income (loss)	3,144	(6,851)	3,586	(15,740)
Exclude: Financial income, net	(4,957)	(3,778)	(12,982)	(10,688)
Exclude: Depreciation and amortization expense	2,947	3,025	8,918	9,216
Exclude: Taxes on income	1,807	433	4,518	2,151
EBITDA	2,941	(7,171)	4,040	(15,061)
Share-based compensation	6,058	7,259	19,107	25,151
Restructuring costs	-	1,273	-	1,273
Acquisition costs	159	211	571	769
Adjusted EBITDA	9,158	1,572	23,718	12,132

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Amortization of intangible assets	992	992	2,976	2,976
Depreciation	1,955	2,033	5,942	6,240
	<u>2,947</u>	<u>3,025</u>	<u>8,918</u>	<u>9,216</u>