

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		Year	Year
	Q2	Q1	2015	2014
Revenues	49,585	48,425	216,566	221,892
%	100%	100%	100%	100%
Cost of Revenues	8,887	8,654	38,200	39,732
%	18%	18%	18%	18%
Gross Profit	40,698	39,771	178,366	182,160
%	82%	82%	82%	82%
Research and development, net	13,001	13,424	49,987	44,081
%	26%	28%	23%	20%
Selling and marketing	25,865	24,912	93,347	93,203
%	52%	51%	43%	42%
General and administrative	3,893	5,769	17,033	19,797
%	8%	12%	8%	9%
Total Operating Expenses	42,759	44,105	160,367	157,081
%	86%	91%	74%	71%
Operating Income (loss)	-2,061	-4,334	17,999	25,079
%	-4%	-9%	8%	11%
Financial Income, net	1,232	1,940	5,867	5,802
%	2%	4%	3%	3%
Income (loss) before taxes on income	-829	-2,394	23,866	30,881
%	-2%	-5%	11%	14%
Taxes on income	498	358	5,297	5,931
%	1%	1%	2%	3%
<u>Net Income (loss)</u>	<u>-1,327</u>	<u>-2,752</u>	<u>18,569</u>	<u>24,950</u>
%	-3%	-6%	9%	11%
<u>Diluted net earnings (loss) per share</u>	<u>-0.03</u>	<u>-0.06</u>	<u>0.40</u>	<u>0.53</u>
Weighted average number of shares used to compute diluted net earnings per share	43,944,924	44,468,827	46,738,604	46,894,615
Non-GAAP Reconciliation				
<u>GAAP Net Income (loss)</u>	<u>-1,327</u>	<u>-2,752</u>	<u>18,569</u>	<u>24,950</u>
Stock based compensation expenses, included in:				
Cost of Revenues	39	42	141	79
Research and development	667	783	2,456	1,421
Selling and Marketing	1,394	1,268	4,098	2,950
<u>General and Administrative</u>	<u>644</u>	<u>784</u>	<u>2,634</u>	<u>2,932</u>
Total Options & one time	2,744	2,877	9,329	7,382
Amortization of intangible assets included in:				
Cost of Revenues	254	253	1,114	1,053
Research and development	0	-	-	-
Selling and Marketing	26	26	124	636
<u>General and Administrative</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Intangible assets	280	279	1,238	1,689
Exchange rate differences, net on balance sheet items included in financial income	460	(303)	1,146	-163
Acquisition related expenses			-	-
Litigation Costs	433	2,164	3,383	6,418
Tax Settlement			-	-
<u>NON GAAP net income</u>	<u>2,590</u>	<u>2,265</u>	<u>33,665</u>	<u>40,276</u>
<u>Non-GAAP diluted net earnings per share</u>	<u>0.06</u>	<u>0.05</u>	<u>0.72</u>	<u>0.86</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	44,101,539	44,608,119	46,738,604	46,894,615

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)

	2016	2015	2014
	June	December	December
Assets			
Current Assets			
Cash and cash equivalents	\$ 21,928	\$ 33,744	\$ 44,979
Available-for-sale marketable securities	16,341	16,003	29,448
Short-term bank deposits	183,465	80,922	29,989
Trade receivables, net	26,057	26,410	25,637
Other receivables and prepaid expenses	4,382	5,042	8,107
Inventories	16,181	16,322	16,844
	268,354	178,443	155,004
Long-term Investments			
Available-for-sale marketable securities	83,904	87,814	114,519
Long-term bank deposits	9,143	96,643	111,754
Severance pay funds	2,699	2,724	3,040
	95,746	187,181	229,313
Property and equipment, net	27,177	26,203	20,592
Intangible assets, net	2,959	3,518	4,756
Other assets	6,677	5,473	3,234
Goodwill	30,069	30,069	30,069
	\$ 430,982	\$ 430,887	\$ 442,968
Liabilities and Shareholders' Equity			
Current Liabilities			
Trade payables	\$ 6,087	\$ 9,255	\$ 9,817
Deferred revenues (*)	52,530	46,061	41,966
Other payables and accrued expenses	22,547	22,098	24,043
	81,164	77,414	75,826
Long-term Liabilities			
Deferred revenues (*)	27,261	25,136	25,382
Other long-term liabilities	14,088	9,214	8,063
	41,349	34,350	33,445
Shareholders' equity			
Share capital	661	661	654
Additional paid-in capital	318,331	312,784	294,084
Accumulated other comprehensive income, net of tax	847	1,257	211
Treasury stock, at cost	(105,761)	(94,049)	(41,153)
Retained earnings	94,391	98,470	79,901
	308,469	319,123	333,697
	\$ 430,982	\$ 430,887	\$ 442,968
check	-	-	-
Deferred Revenues (*)			
Short Term	52,530	46,061	41,966
Long Term	27,261	25,136	25,382
Total Deferred Revenues	79,791	71,197	67,348
	19,119	29,976	17,990
	98,910	101,173	85,338

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

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

Radware Ltd. Condensed and Consolidated - Quarterly US GAAP Cash Flows

(U.S. Dollars in thousands - unaudited)

Cash flows from operating activities:

	Year 2015	Year 2014
Net income (loss)	18,569	24,950
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,401	8,102
Stock based compensation	9,329	7,382
Gain from sale of available-for-sale marketable securities	(2,438)	(424)
Amortization of premiums, accretion of discounts and accrued interest on available-for-sale marketable securities, net	3,208	2,964
Accrued interest on bank deposits	(1,998)	1,069
Increase (decrease) in accrued severance pay, net	125	(158)
Decrease (increase) in trade receivables, net	(773)	(726)
Decrease (increase) in other assets and prepaid expenses	112	(3,688)
Decrease (increase) in inventories	522	(2,654)
Increase (decrease) in trade payables	(562)	1,019
Increase (decrease) in other payables, deferred revenues and accrued expenses	4,273	15,784
Excess tax benefit from stock-based compensation	(632)	(1,443)

Net cash provided by (used in) operating activities **39,136** **52,177****Cash flows from investing activities:**

Purchase of property and equipment	(13,774)	(9,482)
proceeds from (investment in) other long-term assets	(100)	34
Investment in bank deposits, net	(33,824)	(20,929)
Proceeds from (investment in) available-for-sale marketable securities	40,845	(4,280)
Purchase of intangible assets	0	(1,375)

Net cash provided by (used in) investing activities **(6,853)** **(36,032)****Cash flows from financing activities:**

Proceeds from exercise of stock options	8,746	22,493
Excess tax benefit from stock-based compensation	632	1,443
Repurchase of shares	(52,896)	(15,169)

Net cash provided by (used in) financing activities **(43,518)** **8,767**Increase (decrease) in cash and cash equivalents **(11,235)** **24,912**
Cash and cash equivalents at the beginning of the period 44,979 20,067**Cash and cash equivalents at the end of the period** **33,744** **44,979**

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)

Fiscal Year Ends December	2016		Year	Year
	Q2	Q1	2015	2014
Americas	22,069	20,007	88,685	93,486
EMEA	14,035	12,567	62,689	55,375
APAC	13,481	15,851	65,192	73,031
Total Revenues	49,585	48,425	216,566	221,892
%				
Americas	44.5%	41.3%	41.0%	42.1%
EMEA	28.3%	26.0%	28.9%	25.0%
APAC	27.2%	32.7%	30.1%	32.9%
Total Revenues	100%	100%	100%	100%

Radware Ltd. - Revenues by Vertical

(U.S. Dollars in thousands - unaudited)

Fiscal Year Ends December	2016		Year	Year
	Q2	Q1	2015	2014
Enterprise	34,380	34,482	152,824	151,888
Carrier	15,205	13,943	63,742	70,004
Total Revenues	49,585	48,425	216,566	221,892
%				
Enterprise	69.3%	71.2%	70.6%	68.5%
Carrier	30.7%	28.8%	29.4%	31.5%
Total Revenues	100%	100%	100%	100%

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