



radware

Every second counts

Investor Kit Second Quarter 2017



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

ASSETS

Current Assets

	FY'14 Yr Ended 31-Dec	FY'15 Quarter Ended			FY'15 Yr Ended 31-Dec	FY'16 Quarter Ended			FY'16 Yr Ended 31-Dec	FY'17 Quarter Ended	
		31-Mar	30-Jun	30-Sep		31-Mar	30-Jun	30-Sep		31-Mar	30-Jun
Cash and cash equivalents	\$ 44,979	\$ 30,654	\$ 28,024	\$ 20,755	\$ 33,744	\$ 31,833	\$ 21,928	\$ 38,858	\$ 79,639	\$ 47,129	\$ 50,086
Available-for-sale marketable securities	29,448	26,434	31,731	17,606	16,003	17,305	16,341	20,016	20,452	20,922	21,350
Short-term bank deposits	29,989	19,650	20,886	53,333	80,922	150,844	183,465	148,122	125,995	101,471	84,830
Trade receivables, net	25,637	25,946	23,758	24,181	26,410	27,905	26,057	21,346	19,407	20,990	17,638
Other receivables and prepaid expenses	8,107	8,227	6,939	8,792	5,042	5,346	4,382	4,297	4,159	3,250	3,447
Inventories	16,844	16,253	16,313	16,391	16,322	16,576	16,181	16,812	17,114	18,392	19,455
	155,004	127,164	127,651	141,058	178,443	249,809	268,354	249,451	266,766	212,154	196,806

Long-term Investments

Available-for-sale marketable securities	114,519	99,494	97,436	90,631	87,814	83,186	83,904	75,692	74,967	70,307	75,478
Long-term bank deposits	111,754	145,627	162,533	127,647	96,643	31,818	9,143	28,187	19,092	76,141	93,851
Severance pay funds	3,040	2,938	3,067	2,960	2,724	2,747	2,699	2,812	2,597	2,597	2,830
	229,313	248,059	263,036	221,238	187,181	117,751	95,746	106,691	96,656	149,045	172,159

Property and equipment, net	20,592	21,691	23,911	25,275	26,203	26,577	27,177	27,404	26,354	25,751	25,711
Intangible assets, net	4,756	4,405	4,083	3,801	3,518	3,239	2,959	2,679	2,399	8,870	10,922
Other assets	3,234	3,287	5,285	5,313	5,473	5,559	6,677	6,739	8,092	8,030	8,072
Goodwill	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	30,069	34,392	32,174

Total assets	\$ 442,968	\$ 434,675	\$ 454,035	\$ 426,754	\$ 430,887	\$ 433,004	\$ 430,982	\$ 423,033	\$ 430,336	\$ 438,242	\$ 445,844
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Trade payables	\$ 9,817	\$ 7,107	\$ 7,314	\$ 6,026	\$ 9,255	\$ 5,077	\$ 6,087	\$ 5,051	\$ 5,971	\$ 4,393	\$ 5,967
Deferred revenues (*)	41,966	47,600	46,317	43,323	46,061	53,029	52,530	48,618	53,061	59,541	63,183
Other payables and accrued expenses	24,043	21,524	24,646	25,800	22,098	21,849	22,547	22,201	26,232	28,227	25,187
	75,826	76,231	78,277	75,149	77,414	79,955	81,164	75,870	85,264	92,161	94,337

Long-term Liabilities

Deferred revenues (*)	25,382	25,143	23,978	21,871	25,136	26,835	27,261	24,400	31,100	31,787	36,296
Other long-term liabilities	8,063	7,854	7,927	7,862	9,214	14,060	14,088	14,075	14,209	14,258	14,490
	33,445	32,997	31,905	29,733	34,350	40,895	41,349	38,475	45,309	46,045	50,786

Shareholders' Equity

Share capital	654	656	660	661	661	661	661	662	663	664	665
Additional paid-in capital	294,084	298,509	307,100	310,410	312,784	315,661	318,331	321,338	325,338	329,644	334,418
Accumulated other comprehensive income, net of tax	211	802	3,427	2,254	1,257	943	847	505	(20)	24	(7)
Treasury stock, at cost	(41,153)	(60,880)	(60,880)	(85,660)	(94,049)	(100,829)	(105,761)	(105,761)	(116,029)	(116,029)	(116,029)
Retained earnings	79,901	86,360	93,546	94,207	98,470	95,718	94,391	91,944	89,811	85,733	81,674
	333,697	325,447	343,853	321,872	319,123	312,154	308,469	308,688	299,763	300,036	300,721

Total liabilities and shareholder's equity	\$ 442,968	\$ 434,675	\$ 454,035	\$ 426,754	\$ 430,887	\$ 433,004	\$ 430,982	\$ 423,033	\$ 430,336	\$ 438,242	\$ 445,844
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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	59,541	63,183
Long Term	25,382	25,143	23,978	21,871	25,136	26,835	27,261	24,400	31,100	31,787	36,296
Balance Sheet Deferred Revenues	67,348	72,743	70,295	65,194	71,197	79,864	79,791	73,018	84,161	91,328	99,479
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	37,014	33,997
Total Deferred Revenues	85,338	87,648	82,287	85,222	101,173	98,213	98,910	109,842	121,161	128,342	133,476

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	FY'16				FY'17		
	Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended	
		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun
Revenues	\$ 221,892	\$ 57,224	\$ 56,027	\$ 48,059	\$ 55,256	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585	\$ 48,912	\$ 50,956
Cost of revenues	39,732	10,100	9,684	8,506	9,910	38,200	8,654	8,887	8,558	9,596	35,695	8,994	9,634
Gross profit	182,160	47,124	46,343	39,553	45,346	178,366	39,771	40,698	38,305	42,116	160,890	39,918	41,322
Operating expenses:													
Research and development, net	44,081	11,951	12,239	12,825	12,972	49,987	13,424	13,001	13,072	12,235	51,732	14,240	15,013
Selling and marketing	93,203	23,580	22,082	22,739	24,946	93,347	24,912	25,865	24,853	28,144	103,774	25,979	26,410
General and administrative	19,797	4,097	4,400	4,481	4,055	17,033	5,769	3,893	4,245	4,226	18,133	4,780	4,380
Total operating expenses	157,081	39,628	38,721	40,045	41,973	160,367	44,105	42,759	42,170	44,605	173,639	44,999	45,803
Operating income (loss)	25,079	7,496	7,622	(492)	3,373	17,999	(4,334)	(2,061)	(3,865)	(2,489)	(12,749)	(5,081)	(4,481)
Financial Income, net	5,802	650	1,450	1,373	2,394	5,867	1,940	1,232	1,706	863	5,741	1,107	640
Income (loss) before taxes on income	30,881	8,146	9,072	881	5,767	23,866	(2,394)	(829)	(2,159)	(1,626)	(7,008)	(3,974)	(3,841)
Taxes on income	5,931	1,687	1,886	220	1,504	5,297	358	498	288	507	1,651	104	218
Net income (loss)	\$ 24,950	\$ 6,459	\$ 7,186	\$ 661	\$ 4,263	\$ 18,569	\$ (2,752)	\$ (1,327)	\$ (2,447)	\$ (2,133)	\$ (8,659)	\$ (4,078)	\$ (4,059)
Diluted net earnings (loss) per share	\$ 0.53	\$ 0.14	\$ 0.15	\$ 0.01	\$ 0.09	\$ 0.40	\$ (0.06)	\$ (0.03)	\$ (0.06)	\$ (0.05)	\$ (0.20)	\$ (0.09)	\$ (0.09)
Weighted average number of shares used to compute diluted net earnings per share	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	43,225,062	43,821,006
Gross margin	82.1%	82.4%	82.7%	82.3%	82.1%	82.4%	82.1%	82.1%	81.7%	81.4%	81.8%	81.6%	81.1%
R&D % of total revenue	19.9%	20.9%	21.8%	26.7%	23.5%	23.1%	27.7%	26.2%	27.9%	23.7%	26.3%	29.1%	29.5%
S&M % of total revenue	42.0%	41.2%	39.4%	47.3%	45.1%	43.1%	51.4%	52.2%	53.0%	54.4%	52.8%	53.1%	51.8%
G&A % of total revenue	8.9%	7.2%	7.9%	9.3%	7.3%	7.9%	11.9%	7.9%	9.1%	8.2%	9.2%	9.8%	8.6%
Total Operating Expenses % of total revenues	70.8%	69.3%	69.1%	83.3%	76.0%	74.0%	91.1%	86.2%	90.0%	86.3%	88.3%	92.0%	89.9%
Operating margin	11.3%	13.1%	13.6%	-1.0%	6.1%	8.3%	-8.9%	-4.2%	-8.2%	-4.8%	-6.5%	-10.4%	-8.8%
Net margin	11.2%	11.3%	12.8%	1.4%	7.7%	8.6%	-5.7%	-2.7%	-5.2%	-4.1%	-4.4%	-8.3%	-8.0%

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



**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					FY'17	
	Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended	
		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun
Revenues	\$ 221,892	\$ 57,224	\$ 56,027	\$ 48,059	\$ 55,256	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585	\$ 48,912	\$ 50,956
Cost of revenues	38,600	9,753	9,355	8,223	9,614	36,945	8,359	8,594	8,258	9,290	34,501	8,686	9,154
Gross profit	183,292	47,471	46,672	39,836	45,642	179,621	40,066	40,991	38,605	42,422	162,084	40,226	41,802
Operating expenses:													
Research and development, net	42,660	11,333	11,595	12,206	12,397	47,531	12,641	12,334	12,131	11,287	48,393	13,342	13,985
Selling and marketing	89,617	22,653	21,037	21,705	23,730	89,125	23,618	24,445	23,570	26,375	98,008	24,332	24,511
General and administrative	10,447	2,609	2,725	2,823	2,860	11,017	2,821	2,816	2,922	2,964	11,523	3,001	3,197
Total operating expenses	142,724	36,595	35,357	36,734	38,987	147,673	39,080	39,595	38,623	40,626	157,924	40,675	41,693
Operating income (loss)	40,568	10,876	11,315	3,102	6,655	31,948	986	1,396	(18)	1,796	4,160	(449)	109
Financial income, net	5,639	1,281	1,343	1,908	2,481	7,013	1,637	1,692	1,882	1,204	6,415	1,254	1,299
Income before taxes on income	46,207	12,157	12,658	5,010	9,136	38,961	2,623	3,088	1,864	3,000	10,575	805	1,408
Taxes on income	5,931	1,687	1,886	220	1,504	5,297	358	498	288	507	1,651	104	218
Net income	\$ 40,276	\$ 10,470	\$ 10,772	\$ 4,790	\$ 7,632	\$ 33,664	\$ 2,265	\$ 2,590	\$ 1,576	\$ 2,493	\$ 8,924	\$ 701	\$ 1,190
Diluted net earnings per share	\$ 0.86	\$ 0.22	\$ 0.23	\$ 0.10	\$ 0.17	\$ 0.72	\$ 0.05	\$ 0.06	\$ 0.04	\$ 0.06	\$ 0.20	\$ 0.02	\$ 0.03
Weighted average number of shares used to compute diluted net earnings per share	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	43,985,249	45,054,172
Gross margin	82.6%	83.0%	83.3%	82.9%	82.6%	82.9%	82.7%	82.7%	82.4%	82.0%	82.4%	82.2%	82.0%
R&D % of total revenue	19.2%	19.8%	20.7%	25.4%	22.4%	21.9%	26.1%	24.9%	25.9%	21.8%	24.6%	27.3%	27.4%
S&M % of total revenue	40.4%	39.6%	37.5%	45.2%	42.9%	41.2%	48.8%	49.3%	50.3%	51.0%	49.9%	49.7%	48.1%
G&A % of total revenue	4.7%	4.6%	4.9%	5.9%	5.2%	5.1%	5.8%	5.7%	6.2%	5.7%	5.9%	6.1%	6.3%
Total operating expenses % of total revenues	64.3%	64.0%	63.1%	76.4%	70.6%	68.2%	80.7%	79.9%	82.4%	78.6%	80.3%	83.2%	81.8%
Operating margin	18.3%	19.0%	20.2%	6.5%	12.0%	14.8%	2.0%	2.8%	0.0%	3.5%	2.1%	-0.9%	0.2%
Tax rate	12.8%	13.9%	14.9%	4.4%	16.5%	13.6%	13.6%	16.1%	15.5%	16.9%	15.6%	12.9%	15.5%
Net margin	18.2%	18.3%	19.2%	10.0%	13.8%	15.5%	4.7%	5.2%	3.4%	4.8%	4.5%	1.4%	2.3%

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					FY'17	
	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended				Yr Ended 31-Dec	Quarter Ended	
	31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun	30-Sep	31-Dec		31-Mar	30-Jun
Cash flows from operating activities:																	
Net income (loss)	\$ 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)	\$ (4,078)	\$ (4,059)
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	2,819	2,987
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	3,221	11,520	2,997	3,547
Gain from sale of available-for-sale marketable securities	(119)	(208)	(96)	(1)	(424)	(194)	(229)	(717)	(1,298)	(2,438)	(577)	(549)	(651)	6	(1,771)	-	-
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	672	1,949	361	270
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	1,382	150
Increase (decrease) in accrued severance pay, net	19	(22)	27	(182)	(158)	47	(6)	84	-	125	322	19	-51	111	401	135	41
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	(1,450)	3,352
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	(1,542)	(1,803)	1,034	(196)
Decrease (increase) in inventories	(592)	(194)	(1,366)	(502)	(2,654)	591	(60)	(78)	69	522	(254)	395	(631)	(302)	(792)	(1,278)	(1,063)
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)	(1,710)	1,574
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)	15,487	21,818	6,092	4,761
Excess tax benefit from stock-based compensation	(459)	(459)	(459)	(66)	(1,443)	(230)	(230)	(230)	58	(632)	-	74	-	473	547	-	-
Net cash provided by (used in) operating activities	16,581	11,693	1,390	22,513	52,177	11,772	14,415	(2,700)	15,649	39,136	8,809	7,795	(1,272)	23,148	38,480	6,304	11,364
Cash flows from investing activities:																	
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)	(1,882)	(2,475)
proceeds from (investment in) other long-term assets	(4)	3	9	26	34	(51)	0	(33)	(16)	(100)	19	(16)	(3)	(53)	(53)	47	(31)
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	(33,907)	(1,219)
Proceeds from (investment in) available-for-sale marketable securities	(16,459)	(1,825)	7,020	6,984	(4,280)	17,387	(869)	19,706	4,621	40,845	3,106	155	4,339	(1,079)	6,521	3,887	(5,910)
Payment for the acquisition of subsidiary, net of cash acquired	0	0	0	0	0	-	-	-	-	0	-	-	-	-	0	(8,269)	-
Purchase of intangible assets	-	-	-	(1,375)	(1,375)	-	-	-	-	-	-	-	-	-	0	-	-
Net cash provided by (used in) investing activities	(18,710)	(9,508)	2,159	(9,973)	(36,032)	(8,810)	(22,768)	19,113	5,612	(6,853)	(3,940)	(12,694)	17,872	27,121	28,359	(40,124)	(9,635)
Cash flows from financing activities:																	
Proceeds from exercise of stock options	3,652	1,003	4,920	12,918	22,493	2,210	5,493	868	175	8,746	-	-	330	1,253	1,583	1,310	1,228
Excess tax benefit from stock-based compensation	459	459	459	66	1,443	230	230	230	(58)	632	(6,780)	(74)	-	(473)	(547)	-	-
Repurchase of shares	0	(5,634)	(4,522)	(5,013)	(15,169)	(19,727)	-	(24,780)	(8,389)	(52,896)	-	(4,932)	-	(10,268)	(21,980)	-	-
Net cash provided by (used in) financing activities	4,111	(4,172)	857	7,971	8,767	(17,287)	5,723	(23,682)	(8,272)	(43,518)	(6,780)	(5,006)	330	(9,488)	(20,944)	1,310	1,228
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	(32,510)	2,957
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	79,639	47,129
Cash and cash equivalents at the end of the period	\$ 22,049	\$ 20,062	\$ 24,468	\$ 44,979	\$ 44,979	\$ 30,654	\$ 28,024	\$ 20,755	\$ 33,744	\$ 33,744	\$ 31,833	\$ 21,928	\$ 38,858	\$ 79,639	\$ 79,639	\$ 47,129	\$ 50,086

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	FY'17	
	Yr Ended 31-Dec	Yr Ended 31-Dec	31-Mar	Quarter Ended		31-Dec	Yr Ended 31-Dec	Quarter Ended	
				30-Jun	30-Sep			31-Mar	30-Jun
Americas	\$ 93,486	\$ 88,685	\$ 20,007	\$ 22,069	\$ 19,967	\$ 22,690	\$ 84,733	\$ 18,300	\$ 24,263
EMEA	55,375	62,689	12,567	14,035	12,217	14,905	53,724	14,590	13,121
APAC	73,031	65,192	15,851	13,481	14,679	14,117	58,128	16,022	13,572
Total revenue	\$ 221,892	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585	\$ 48,912	\$ 50,956

Revenue % of total:

Americas	42.1%	41.0%	41.3%	44.5%	42.6%	43.9%	43.1%	37.4%	47.6%
EMEA	25.0%	28.9%	26.0%	28.3%	26.1%	28.8%	27.3%	29.8%	25.7%
APAC	32.9%	30.1%	32.7%	27.2%	31.3%	27.3%	29.6%	32.8%	26.6%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by vertical:

Enterprise	\$ 151,888	\$ 152,824	\$ 34,482	\$ 34,380	\$ 33,284	\$ 34,104	\$ 136,251	\$ 33,750	\$ 33,321
Carrier	70,004	63,742	13,943	15,205	13,579	17,607	60,334	15,162	17,635
Total revenue	\$ 221,892	\$ 216,566	\$ 48,425	\$ 49,585	\$ 46,863	\$ 51,712	\$ 196,585	\$ 48,912	\$ 50,956

Revenue % of total:

Enterprise	68.5%	70.6%	71.2%	69.3%	71.0%	66.0%	69.3%	69.0%	65.4%
Carrier	31.5%	29.4%	28.8%	30.7%	29.0%	34.0%	30.7%	31.0%	34.6%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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