

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

	June 30, 2022	December 31, 2021
	(Unaudited)	(Unaudited)
Assets		
Current assets		
Cash and cash equivalents	49,199	92,513
Marketable securities	25,055	39,497
Short-term bank deposits	206,556	155,879
Trade receivables, net	11,841	13,191
Other receivables and prepaid expenses	13,360	8,046
Inventories	11,403	11,580
	<u>317,414</u>	<u>320,706</u>
Long-term investments		
Marketable securities	112,053	98,224
Long-term bank deposits	49,160	79,708
Severance pay funds	2,154	2,454
	<u>163,367</u>	<u>180,386</u>
Property and equipment, net	20,742	20,240
Goodwill and intangible assets, net	89,678	51,875
Other long-term assets	37,608	37,334
Operating lease right-of-use assets	23,376	24,829
Total assets	<u>652,185</u>	<u>635,370</u>
Liabilities and shareholders' equity		
Current Liabilities		
Trade payables	7,440	4,310
Deferred revenues	112,190	99,922
Operating lease liabilities	4,454	5,090
Other payables and accrued expenses	38,120	56,565
	<u>162,204</u>	<u>165,887</u>
Long-term liabilities		
Deferred revenues	75,297	67,065
Operating lease liabilities	19,771	22,360
Other long-term liabilities	19,384	10,065
	<u>114,452</u>	<u>99,490</u>
Shareholders' equity		
Share capital	731	730
Additional paid-in capital	482,037	471,173
Accumulated other comprehensive loss, net of tax	(6,384)	(455)
Treasury stock, at cost	(284,345)	(243,023)
Retained earnings	148,490	141,568
Total shareholder's equity	<u>340,529</u>	<u>369,993</u>
Non-controlling interest	<u>35,000</u>	<u>-</u>
Total shareholders' equity	<u>375,529</u>	<u>369,993</u>
Total liabilities and shareholders' equity	<u>652,185</u>	<u>635,370</u>

Radware Ltd.
Condensed Consolidated Statements of Income
(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,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	75,114	69,667	148,822	136,436
Cost of revenues	13,888	12,838	26,829	25,104
Gross profit	<u>61,226</u>	<u>56,829</u>	<u>121,993</u>	<u>111,332</u>
Operating expenses, net:				
Research and development, net	21,623	18,127	41,993	35,862
Selling and marketing	32,290	29,248	62,573	58,239
General and administrative	5,737	4,551	12,264	9,747
Total operating expenses, net	<u>59,650</u>	<u>51,926</u>	<u>116,830</u>	<u>103,848</u>
Operating income	1,576	4,903	5,163	7,484
Financial income, net	2,986	1,187	4,684	3,857
Income before taxes on income	4,562	6,090	9,847	11,341
Taxes on income	1,410	1,558	2,925	2,904
Net income	<u>3,152</u>	<u>4,532</u>	<u>6,922</u>	<u>8,437</u>
Basic net earnings per share	0.07	0.10	0.15	0.18
Weighted average number of shares used to compute basic net earnings per share	44,914,427	45,618,971	45,288,463	45,918,605
Diluted net earnings per share	0.07	0.10	0.15	0.18
Weighted average number of shares used to compute diluted net earnings per share	45,835,440	47,138,142	46,476,687	47,369,008

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,	
	2022	2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
GAAP gross profit	61,226	56,829
Stock-based compensation	94	51
Amortization of intangible assets	1,256	465
Non-GAAP gross profit	<u>62,576</u>	<u>57,345</u>
GAAP research and development, net	21,623	18,127
Stock-based compensation	1,635	1,013
Non-GAAP Research and development, net	<u>19,988</u>	<u>17,114</u>
GAAP selling and marketing	32,290	29,248
Stock-based compensation	3,043	2,030
Non-GAAP selling and marketing	<u>29,247</u>	<u>27,218</u>
GAAP general and administrative	5,737	4,551
Stock-based compensation	876	143
Litigation costs	-	158
Acquisition costs	-	-
Non-GAAP general and administrative	<u>4,861</u>	<u>4,250</u>
GAAP total operating expenses, net	59,650	51,926
Stock-based compensation	5,554	3,186
Litigation costs	-	158
Acquisition costs	-	-
Non-GAAP total operating expenses, net	<u>54,096</u>	<u>48,582</u>
GAAP operating income	1,576	4,903
Stock-based compensation	5,648	3,237
Amortization of intangible assets	1,256	465
Litigation costs	-	158
Acquisition costs	-	-
Non-GAAP operating income	<u>8,480</u>	<u>8,763</u>
GAAP financial income, net	2,986	1,187
Exchange rate differences, net on balance sheet items included in financial income, net	(1,920)	555
Non-GAAP financial income, net	<u>1,066</u>	<u>1,742</u>
GAAP income before taxes on income	4,562	6,090
Stock-based compensation	5,648	3,237
Amortization of intangible assets	1,256	465
Litigation costs	-	158
Acquisition costs	-	-
Exchange rate differences, net on balance sheet items included in financial income, net	(1,920)	555
Non-GAAP income before taxes on income	<u>9,546</u>	<u>10,505</u>
GAAP taxes on income	1,410	1,558
Tax related adjustments	61	61
Non-GAAP taxes on income	<u>1,471</u>	<u>1,619</u>
GAAP net income	3,152	4,532
Stock-based compensation	5,648	3,237
Amortization of intangible assets	1,256	465
Litigation costs	-	158
Acquisition costs	-	-
Exchange rate differences, net on balance sheet items included in financial income, net	(1,920)	555
Tax related adjustments	(61)	(61)
Non-GAAP net income	<u>8,075</u>	<u>8,886</u>
GAAP diluted net earnings per share	0.07	0.10
Stock-based compensation	0.12	0.07
Amortization of intangible assets	0.03	0.01
Litigation costs	0.00	0.00
Acquisition costs	0.00	0.00
Exchange rate differences, net on balance sheet items included in financial income, net	(0.04)	0.01
Tax related adjustments	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.18</u>	<u>0.19</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	45,835,440	47,138,142

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

	For the three months ended	
	June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
<u>Cash flow from operating activities:</u>		
Net income	3,152	4,532
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,229	2,537
Stock-based compensation	5,648	3,237
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	798	727
Gain related to securities, net	(1)	(95)
Accrued interest on bank deposits	39	698
Increase (decrease) in accrued severance pay, net	(53)	140
Decrease (increase) in trade receivables, net	7,203	(8,591)
Increase in other receivables and prepaid expenses and other long-term assets	(509)	(5,519)
Decrease (increase) in inventories	(148)	211
Increase (decrease) in trade payables	(713)	1,422
Increase in deferred revenues	18,064	2,468
Increase (decrease) in other payables and accrued expenses	(3,850)	6,664
Operating lease liabilities, net	(1,335)	358
Net cash provided by operating activities	<u>31,524</u>	<u>8,789</u>
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(2,333)	(1,159)
Proceeds from (investment in) other long-term assets, net	92	(11)
Proceeds from (investment in) bank deposits, net	(42,550)	4,577
Proceeds from sale, redemption of and purchase of marketable securities ,net	(9,196)	10,825
Payment for the acquisition of intangible assets	-	-
Net cash provided by (used in) investing activities	<u>(53,987)</u>	<u>14,232</u>
<u>Cash flows from financing activities:</u>		
Proceeds from exercise of stock options	239	3,695
Repurchase of shares	(18,060)	(4,638)
Proceeds from issuance of Preferred A shares in subsidiary	35,000	-
Net cash provided by (used in) financing activities	<u>17,179</u>	<u>(943)</u>
Increase (decrease) in cash and cash equivalents	(5,284)	22,078
Cash and cash equivalents at the beginning of the period	<u>54,483</u>	<u>38,979</u>
Cash and cash equivalents at the end of the period	<u>49,199</u>	<u>61,057</u>