

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	(Unaudited)	(Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	42,469	92,513
Marketable securities	23,735	39,497
Short-term bank deposits	202,684	155,879
Trade receivables, net	13,351	13,191
Other receivables and prepaid expenses	8,421	8,046
Inventories	10,854	11,580
	<u>301,514</u>	<u>320,706</u>
<b>Long-term investments</b>		
Marketable securities	112,220	98,224
Long-term bank deposits	53,160	79,708
Severance pay funds	2,148	2,454
	<u>167,528</u>	<u>180,386</u>
Property and equipment, net	21,186	20,240
Intangible assets, net	20,678	10,731
Other long-term assets	38,946	37,334
Operating lease right-of-use assets	24,160	24,829
Goodwill	68,008	41,144
Total assets	<u>642,020</u>	<u>635,370</u>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade payables	6,770	4,310
Deferred revenues	107,117	99,922
Operating lease liabilities	4,546	5,090
Other payables and accrued expenses	38,683	56,565
	<u>157,116</u>	<u>165,887</u>
<b>Long-term liabilities</b>		
Deferred revenues	71,761	67,065
Operating lease liabilities	20,254	22,360
Other long-term liabilities	19,202	10,065
	<u>111,217</u>	<u>99,490</u>
<b>Equity</b>		
<b>Radware Ltd. equity</b>		
Share capital	731	730
Additional paid-in capital	490,069	471,173
Accumulated other comprehensive loss, net of tax	(7,059)	(455)
Treasury stock, at cost	(290,580)	(243,023)
Retained earnings	145,526	141,568
<b>Total Radware Ltd. shareholder's equity</b>	<u>338,687</u>	<u>369,993</u>
Non-controlling interest	35,000	-
<b>Total equity</b>	<u>373,687</u>	<u>369,993</u>
Total liabilities and equity	<u>642,020</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		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	70,521	73,418	219,343	209,854
Cost of revenues	13,138	13,294	39,967	38,398
Gross profit	57,383	60,124	179,376	171,456
Operating expenses, net:				
Research and development, net	22,083	18,639	64,076	54,501
Selling and marketing	31,416	29,588	93,989	87,827
General and administrative	7,278	6,024	19,542	15,771
Total operating expenses, net	60,777	54,251	177,607	158,099
Operating income (loss)	(3,394)	5,873	1,769	13,357
Financial income, net	1,350	1,013	6,034	4,870
Income (loss) before taxes on income	(2,044)	6,886	7,803	18,227
Taxes on income	920	1,921	3,845	4,825
Net income (loss)	(2,964)	4,965	3,958	13,402
Basic net earnings (loss) per share attributed to Radware Ltd.'s shareholders	(0.07)	0.11	0.09	0.29
Weighted average number of shares used to compute basic net earnings (loss) per share	44,623,247	45,838,968	45,063,925	45,891,234
Diluted net earnings (loss) per share attributed to Radware Ltd.'s shareholders	(0.07)	0.10	0.09	0.28
Weighted average number of shares used to compute diluted net earnings (loss) per share	44,623,247	47,620,254	46,189,437	47,451,932

**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		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP gross profit	57,383	60,124	179,376	171,456
Stock-based compensation	103	51	287	149
Amortization of intangible assets	992	464	2,712	1,393
Non-GAAP gross profit	<u>58,478</u>	<u>60,639</u>	<u>182,375</u>	<u>172,998</u>
GAAP research and development, net	22,083	18,639	64,076	54,501
Stock-based compensation	1,775	1,434	5,219	3,786
Non-GAAP Research and development, net	<u>20,308</u>	<u>17,205</u>	<u>58,857</u>	<u>50,715</u>
GAAP selling and marketing	31,416	29,588	93,989	87,827
Stock-based compensation	3,356	2,212	8,248	6,294
Non-GAAP selling and marketing	<u>28,060</u>	<u>27,376</u>	<u>85,741</u>	<u>81,533</u>
GAAP general and administrative	7,278	6,024	19,542	15,771
Stock-based compensation	2,397	894	3,941	1,973
Litigation costs	-	67	-	288
Acquisition costs	-	629	1,142	629
Non-GAAP general and administrative	<u>4,881</u>	<u>4,434</u>	<u>14,459</u>	<u>12,881</u>
GAAP total operating expenses, net	60,777	54,251	177,607	158,099
Stock-based compensation	7,528	4,540	17,408	12,053
Litigation costs	-	67	-	288
Acquisition costs	-	629	1,142	629
Non-GAAP total operating expenses, net	<u>53,249</u>	<u>49,015</u>	<u>159,057</u>	<u>145,129</u>
GAAP operating income (loss)	(3,394)	5,873	1,769	13,357
Stock-based compensation	7,631	4,591	17,695	12,202
Amortization of intangible assets	992	464	2,712	1,393
Litigation costs	-	67	-	288
Acquisition costs	-	629	1,142	629
Non-GAAP operating income	<u>5,229</u>	<u>11,624</u>	<u>23,318</u>	<u>27,869</u>
GAAP financial income, net	1,350	1,013	6,034	4,870
Exchange rate differences, net on balance sheet items included in financial income (loss), net	1,100	388	(1,714)	219
Non-GAAP financial income, net	<u>2,450</u>	<u>1,401</u>	<u>4,320</u>	<u>5,089</u>
GAAP income (loss) before taxes on income	(2,044)	6,886	7,803	18,227
Stock-based compensation	7,631	4,591	17,695	12,202
Amortization of intangible assets	992	464	2,712	1,393
Litigation costs	-	67	-	288
Acquisition costs	-	629	1,142	629
Exchange rate differences, net on balance sheet items included in financial income (loss), net	1,100	388	(1,714)	219
Non-GAAP income before taxes on income	<u>7,679</u>	<u>13,025</u>	<u>27,638</u>	<u>32,958</u>
GAAP taxes on income	920	1,921	3,845	4,825
Tax related adjustments	62	62	185	185
Non-GAAP taxes on income	<u>982</u>	<u>1,983</u>	<u>4,030</u>	<u>5,010</u>
GAAP net income (loss)	(2,964)	4,965	3,958	13,402
Stock-based compensation	7,631	4,591	17,695	12,202
Amortization of intangible assets	992	464	2,712	1,393
Litigation costs	-	67	-	288
Acquisition costs	-	629	1,142	629
Exchange rate differences, net on balance sheet items included in financial income, net	1,100	388	(1,714)	219
Tax related adjustments	(62)	(62)	(185)	(185)
Non-GAAP net income	<u>6,697</u>	<u>11,042</u>	<u>23,608</u>	<u>27,948</u>
GAAP diluted net earnings (loss) per share	(0.07)	0.104	0.09	0.28
Stock-based compensation	0.17	0.096	0.38	0.26
Amortization of intangible assets	0.02	0.010	0.06	0.03
Litigation costs	0.00	0.001	0.00	0.01
Acquisition costs	0.00	0.013	0.02	0.01
Exchange rate differences, net on balance sheet items included in financial income (loss), net	0.02	0.008	(0.04)	0.00
Tax related adjustments	(0.00)	(0.001)	(0.00)	(0.00)
Non-GAAP diluted net earnings per share	<u>0.15</u>	<u>0.23</u>	<u>0.51</u>	<u>0.59</u>
Weighted average number of shares used to compute Non-GAAP diluted net earnings per share	45,623,336	47,620,254	46,189,437	47,451,932

**Radware Ltd.**  
**RECONCILIATION OF GAAP NET INCOME TO EBITDA AND ADJUSTED EBITDA (NON-GAAP)**  
**(U.S Dollars in thousands)**

	<b>For the three months ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
GAAP net income (loss)	(2,964)	4,965
Exclude: Financial income, net.	(1,350)	(1,013)
Exclude: Depreciation and amortization expense	3,097	2,527
Exclude: Taxes on income	920	1,921
<b>EBITDA</b>	<b><u>(297)</u></b>	<b><u>8,400</u></b>
Stock-based compensation	7,631	4,591
Litigation costs	-	67
Acquisition costs	-	629
Exchange rate differences, net.	1,100	388
Tax related adjustments	(62)	(62)
<b>Adjusted EBITDA</b>	<b><u>8,372</u></b>	<b><u>14,013</u></b>

For the nine months ended  
September 30,

<u>2022</u>	<u>2021</u>
(Unaudited)	(Unaudited)
3,958	13,402
(6,034)	(4,870)
8,814	7,712
3,845	4,825
<u>10,583</u>	<u>21,069</u>
17,695	12,202
-	288
1,142	629
(1,714)	219
(185)	(185)
<u>27,521</u>	<u>34,222</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
<u>Cash flow from operating activities:</u>				
Net income (loss)	(2,964)	4,965	3,958	13,402
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	3,097	2,527	8,814	7,712
Stock-based compensation	7,631	4,591	17,695	12,202
Amortization of premium, accretion of discounts and accrued interest on marketable securities, net	193	768	1,579	1,903
Gain related to securities, net	(4)	(327)	(64)	(424)
Increase (decrease) in accrued interest on bank deposits	(1,128)	1,504	(1,056)	1,421
Increase (decrease) in accrued severance pay, net	(176)	88	(82)	453
Decrease (increase) in trade receivables, net	(1,509)	7,023	(160)	5,372
Decrease (increase) in other receivables and prepaid expenses and other long-term assets	3,852	(627)	(473)	(10,606)
Decrease in inventories	549	797	726	1,532
Increase (decrease) in trade payables	(670)	(2,554)	2,460	(888)
Increase (decrease) in deferred revenues	(8,609)	(2,317)	11,891	9,073
Increase (decrease) in other payables and accrued expenses	1,463	1,280	(20,719)	1,951
Operating lease liabilities, net	(209)	161	(1,981)	(263)
Net cash provided by operating activities	<u>1,516</u>	<u>17,879</u>	<u>22,588</u>	<u>42,840</u>
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(2,549)	(1,458)	(7,046)	(3,950)
Proceeds from other long-term assets, net	69	11	106	42
Proceeds from (investment in) bank deposits, net	1,000	(154)	(19,201)	4,280
Investment in, redemption of and purchase of marketable securities ,net	(862)	(15,852)	(5,502)	(7,518)
Payment for the acquisition of intangible assets	-	-	(30,000)	-
Net cash used in investing activities	<u>(2,342)</u>	<u>(17,453)</u>	<u>(61,643)</u>	<u>(7,146)</u>
<u>Cash flows from financing activities:</u>				
Proceeds from exercise of stock options	401	1,917	1,202	7,762
Repurchase of shares	(6,305)	(195)	(47,191)	(35,022)
Proceeds from issuance of Preferred A shares in subsidiary	-	-	35,000	-
Net cash provided by (used in) financing activities	<u>(5,904)</u>	<u>1,722</u>	<u>(10,989)</u>	<u>(27,260)</u>
Increase (decrease) in cash and cash equivalents	(6,730)	2,148	(50,044)	8,434
Cash and cash equivalents at the beginning of the period	<u>49,199</u>	<u>61,057</u>	<u>92,513</u>	<u>54,771</u>
Cash and cash equivalents at the end of the period	<u><u>42,469</u></u>	<u><u>63,205</u></u>	<u><u>42,469</u></u>	<u><u>63,205</u></u>