

Operational Metrics - GAAP

KPI's \$,000	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	12 months ended, Dec 31		
									2017	2018	2019
Revenues	209,871	227,118	236,578	263,670	271,871	325,010	410,556	418,223	607,045	937,237	1,425,660
% Y/Y	82.4%	66.9%	42.0%	39.3%	29.5%	43.1%	73.5%	58.6%	23.9%	54.4%	52.1%
% Q/Q	10.8%	8.2%	4.2%	11.5%	3.1%	19.5%	26.3%	1.9%			
Gross profit	79,597	81,946	77,982	79,711	86,110	110,670	139,309	143,249	214,766	319,236	479,338
% Y/Y	105.8%	74.1%	34.3%	12.3%	8.2%	35.1%	78.6%	79.7%	33.6%	48.6%	50.2%
% Q/Q	12.2%	3.0%	-4.8%	2.2%	8.0%	28.5%	25.9%	2.8%			
Gross margin	37.9%	36.1%	33.0%	30.2%	31.7%	34.1%	33.9%	34.3%	35.4%	34.1%	33.6%
% Y/Y	12.8%	4.3%	-5.4%	-19.3%	-16.5%	-5.6%	2.9%	13.3%	7.8%	-3.7%	-1.3%
% Q/Q	1.2%	-4.9%	-8.6%	-8.3%	4.8%	7.5%	-0.4%	0.9%			
Operating income	40,764	40,665	34,037	23,954	28,048	45,353	66,017	50,528	91,086	139,420	189,946
% Y/Y	240.1%	112.7%	34.0%	-30.7%	-31.2%	11.5%	94.0%	110.9%	28.3%	53.1%	36.2%
% Q/Q	18.1%	-0.4%	-16.3%	-29.6%	15.0%	61.7%	45.6%	-23.5%			
Net income	35,686	34,568	45,643	12,936	19,016	33,128	41,627	52,778	84,172	128,833	146,549
% Y/Y	151.8%	53.5%	63.2%	-33.7%	-46.7%	-4.2%	-8.8%	308.0%	32.7%	53.1%	13.8%
% Q/Q	83.0%	-3.1%	32.0%	-71.7%	47.0%	74.2%	25.7%	26.8%			
Optimizer shipped (units)	2,475,544	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	4,587,380	4,454,377	7,367,921	11,351,678	15,801,378
Inverter shipped (units)	99,646	113,767	121,834	120,546	130,672	160,117	187,887	186,844	317,288	455,793	665,520
MW shipped (MW)	800	985	1,083	1,052	1,144	1,335	1,498	1,641	2,461	3,919	5,618

* Certain prior period amounts have been reclassified to conform to the current period presentation

Operational Metrics - NON GAAP

KPI's \$,000									12 months ended, Dec 31		
	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	2017	2018	2019
Revenues	209,871	227,118	236,578	263,670	271,871	325,010	410,556	418,223	607,045	937,237	1,425,660
% Y/Y	82.4%	66.9%	42.0%	39.3%	29.5%	43.1%	73.5%	58.6%	23.9%	54.4%	52.1%
% Q/Q	10.8%	8.2%	4.2%	11.5%	3.1%	19.5%	26.3%	1.9%			
Gross profit	80,521	82,914	79,510	81,432	89,223	115,947	144,005	148,454	217,017	324,377	497,629
% Y/Y	105.6%	74.3%	35.7%	13.6%	10.8%	39.8%	81.1%	82.3%	34.3%	49.5%	53.4%
% Q/Q	12.3%	3.0%	-4.1%	2.4%	9.6%	30.0%	24.2%	3.1%			
Gross margin	38.4%	36.5%	33.6%	30.9%	32.8%	35.7%	35.1%	35.5%	35.7%	34.6%	34.9%
% Y/Y	12.7%	4.4%	-4.5%	-18.4%	-14.5%	-2.3%	4.4%	14.9%	8.4%	-3.2%	0.9%
% Q/Q	1.4%	-4.8%	-7.9%	-8.1%	6.3%	8.7%	-1.7%	1.2%			
Operating income	47,613	47,793	42,527	36,371	41,203	61,038	89,219	85,310	108,651	174,304	276,770
% Y/Y	204.9%	106.5%	42.1%	-9.0%	-13.5%	27.7%	109.8%	134.6%	40.0%	60.4%	58.8%
% Q/Q	19.2%	0.4%	-11.0%	-14.5%	14.7%	48.1%	46.2%	-4.4%			
Net income	42,546	40,567	42,697	31,479	32,931	49,253	63,621	87,419	115,016	157,289	233,224
% Y/Y	158.6%	57.3%	35.3%	-23.6%	-22.6%	21.4%	49.0%	177.7%	56.0%	36.8%	48.3%
% Q/Q	3.2%	-4.7%	5.3%	-26.3%	6.1%	49.6%	29.2%	37.4%			
Optimizer shipped (units)	2,475,544	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	4,587,380	4,454,377	7,367,921	11,351,678	15,801,378
Inverter shipped (units)	99,646	113,767	121,834	120,546	130,672	160,117	187,887	186,844	317,288	455,793	665,520
MW shipped (MW)	800	985	1,083	1,052	1,144	1,335	1,498	1,641	2,461	3,919	5,618

* Certain prior period amounts have been reclassified to conform to the current period presentation

Balance Sheet - Assets

\$,000	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019	Sep 30 2019	Dec 31 2019
Current Assets:								
Cash and cash equivalents	229,219	214,540	192,898	187,764	226,478	176,575	247,342	223,901
Short-term bank deposits	----	342	8,123	9,870	6,057	5,961	5,769	5,010
Restricted bank deposits	147	154	243	824	1,055	1,060	1,600	27,558
Marketable securities	81,229	134,821	148,252	118,680	107,064	109,610	85,343	91,845
Trade receivables, net	127,479	118,103	151,088	173,579	187,496	237,804	292,232	298,383
Prepaid expenses and other current assets	33,156	44,520	46,396	45,073	37,828	50,642	68,234	115,268
Inventories, net	98,363	102,014	107,179	141,519	150,798	148,892	134,283	170,798
Total Current Assets	569,593	614,494	654,179	677,309	716,776	730,544	834,803	932,763
Long Term Assets:								
Marketable securities	88,554	86,144	102,240	74,256	57,252	79,616	92,871	119,176
Operating lease right-of-use assets, net	----	----	----	----	30,839	36,788	34,601	35,858
Property, plant and equipment, net	60,082	67,489	73,415	119,329	132,988	140,200	149,675	176,963
Deferred tax assets, net	9,847	11,551	13,218	14,699	14,589	14,751	17,180	16,298
Intangible assets, net and goodwill	1,079	1,043	6,544	73,378	211,420	211,340	200,795	203,662
Other long term assets	2,406	2,509	2,582	5,501	13,060	8,455	7,667	9,904
Total Long Term Assets	161,968	168,736	197,999	287,163	460,148	491,150	502,789	561,861
Total Assets	731,561	783,230	852,178	964,472	1,176,923	1,221,694	1,337,592	1,494,624

* Certain prior period amounts have been reclassified to conform to the current period presentation

Balance Sheet - Liabilities and Equity

\$,000	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019	Sep 30 2019	Dec 31 2019
Current Liabilities:								
Trade payables, net	83,091	81,610	83,459	107,079	90,190	116,795	132,230	157,148
Employees and payroll accruals	29,733	23,510	23,680	29,053	31,524	34,555	44,386	47,390
Current maturities of bank loans and accrued interest	----	----	----	16,639	17,233	16,454	16,912	15,673
Warranty obligations	16,605	18,964	21,660	28,868	35,229	38,819	45,887	65,112
Deferred revenues	3,010	3,407	5,795	14,351	13,527	15,708	15,006	70,815
Accrued expenses and other current liabilities	26,170	26,480	31,556	29,728	60,369	71,447	80,986	80,576
Total Current Liabilities	158,609	153,971	166,150	225,718	248,072	293,778	335,407	436,714
Long Term Liabilities:								
Bank loans	----	----	----	3,510	7,029	5,519	4,055	173
Warranty obligations	71,590	78,327	86,059	92,958	101,517	111,819	125,467	107,451
Deferred revenues	41,866	47,595	53,663	60,670	66,037	73,796	81,934	89,982
Operating lease liabilities	----	----	----	----	24,790	30,009	29,117	30,213
Deferred tax liabilities, net	----	----	----	1,499	8,544	8,663	7,762	4,461
Other long term liabilities	19,285	18,446	7,343	9,391	23,417	18,062	16,662	13,960
Total Long Term Liabilities	132,741	144,368	147,065	168,028	231,334	247,868	264,997	246,240
Stockholders' Equity:								
Common stock	4	5	5	5	5	5	5	5
Additional paid-in capital	343,356	353,470	361,744	371,794	417,385	431,684	450,459	475,792
Accumulated other comprehensive income (loss)	(1,135)	(1,138)	(983)	(524)	(1,220)	(895)	(3,356)	(1,809)
Retained earnings	97,986	132,554	178,197	191,133	210,149	243,277	284,904	337,682
Total stockholders' equity	440,211	484,891	538,963	562,408	626,319	674,071	732,012	811,670
Non-Controlling interests	----	----	----	8,318	71,198	5,977	5,176	----
Total liabilities and stockholders' equity	731,561	783,230	852,178	964,472	1,176,923	1,221,694	1,337,592	1,494,624

* Certain prior period amounts have been reclassified to conform to the current period presentation

P&L GAAP

\$,000									12 months ended, Dec. 31		
	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	2017	2018	2019
Revenues	209,871	227,118	236,578	263,670	271,871	325,010	410,556	418,223	607,045	937,237	1,425,660
Cost of revenues	130,274	145,172	158,596	183,959	185,761	214,340	271,247	274,974	392,279	618,001	946,322
Gross profit	<u>79,597</u>	<u>81,946</u>	<u>77,982</u>	<u>79,711</u>	<u>86,110</u>	<u>110,670</u>	<u>139,309</u>	<u>143,249</u>	<u>214,766</u>	<u>319,236</u>	<u>479,338</u>
Gross margin %	37.9%	36.1%	33.0%	30.2%	31.7%	34.1%	33.9%	34.3%	35.4%	34.1%	33.6%
Operating expenses:											
Research and development	17,875	19,551	20,109	24,710	26,199	29,505	30,747	34,900	54,966	82,245	121,351
Sales and marketing	16,205	15,954	16,938	19,210	20,172	22,127	22,026	23,659	50,032	68,307	87,984
General and administrative	4,753	5,776	6,898	11,837	11,691	13,685	12,214	11,771	18,682	29,264	49,361
Other operating expenses	----	----	----	----	----	----	8,305	22,391	----	----	30,696
Total operating expenses	<u>38,833</u>	<u>41,281</u>	<u>43,945</u>	<u>55,757</u>	<u>58,062</u>	<u>65,317</u>	<u>73,292</u>	<u>92,721</u>	<u>123,680</u>	<u>179,816</u>	<u>289,392</u>
Operating income	<u>40,764</u>	<u>40,665</u>	<u>34,037</u>	<u>23,954</u>	<u>28,048</u>	<u>45,353</u>	<u>66,017</u>	<u>50,528</u>	<u>91,086</u>	<u>139,420</u>	<u>189,946</u>
Financial expenses (income), net	(584)	2,480	689	(288)	6,151	(773)	17,023	(11,058)	(9,158)	2,297	11,343
Income before income taxes	<u>41,348</u>	<u>38,185</u>	<u>33,348</u>	<u>24,242</u>	<u>21,897</u>	<u>46,126</u>	<u>48,994</u>	<u>61,586</u>	<u>100,244</u>	<u>137,123</u>	<u>178,603</u>
Income taxes (tax benefit)	5,662	3,617	(12,295)	12,093	3,922	13,213	7,270	9,241	16,072	9,077	33,646
Net income	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,149</u>	<u>17,975</u>	<u>32,913</u>	<u>41,724</u>	<u>52,345</u>	<u>84,172</u>	<u>128,046</u>	<u>144,957</u>
Net loss (income) attributable to Non-controlling interests	----	----	----	787	1,041	215	(97)	433	----	787	1,592
SolarEdge net income	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,936</u>	<u>19,016</u>	<u>33,128</u>	<u>41,627</u>	<u>52,778</u>	<u>84,172</u>	<u>128,833</u>	<u>146,549</u>

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Cash Flow - Operating Activities

\$,000	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<u>Cash flows from operating activities:</u>								
Net income	35,686	34,568	45,643	12,149	17,975	32,913	41,724	52,345
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation of property, plant and equipment and amortization of intangible assets	2,430	2,623	3,348	4,218	5,841	7,201	7,004	6,849
Amortization of premium and accretion of discount on available-for-sale marketable securities,	778	236	228	----	(59)	47	12	92
Stock-based compensation expenses	6,849	7,128	7,950	8,691	9,704	11,372	17,609	21,668
Deferred income tax benefit, net	(1,321)	(1,697)	(1,771)	(2,304)	(973)	(987)	(2,963)	(1,114)
Loss from sale of business	----	----	----	----	----	----	----	5,269
Other expenses (income), net	64	----	(9)	496	186	457	14	56
<u>Changes in assets and liabilities:</u>								
Inventories, net	(15,348)	(3,604)	832	(2,058)	964	759	14,023	(38,290)
Prepaid expenses and other assets	9,210	(11,345)	(2,665)	2,089	10,885	(13,459)	(17,221)	(47,528)
Trade receivables, net	(17,935)	8,732	(33,215)	(18,096)	(7,379)	(49,183)	(58,010)	(9,499)
Operating lease right-of-use assets and liabilities, net and effect of exchange rate differences	----	----	----	----	828	638	672	54
Trade payables, net	13,595	(1,452)	1,863	17,476	(21,720)	27,213	15,808	26,536
Employees and payroll accruals	7,153	(6,125)	172	3,383	3,250	1,901	10,178	3,263
Warranty obligations	9,384	9,095	10,368	13,031	14,947	13,913	20,773	1,147
Deferred revenues	6,981	6,139	8,456	15,465	1,730	10,034	7,752	63,621
Other liabilities	6,453	(407)	(6,865)	(7,666)	20,271	7,965	11,325	(1,403)
Net cash provided by operating activities	63,979	43,891	34,335	46,874	56,450	50,784	68,700	83,066

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Cash Flow - Non Operating Activities

\$,000	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<u>Cash flows from investing activities:</u>								
Business combination, net of cash acquired	----	----	(11,223)	(83,514)	(39,315)	880	----	----
Purchase of property, plant and equipment	(11,325)	(10,060)	(8,666)	(8,557)	(10,620)	(11,624)	(17,435)	(32,883)
Withdrawal from (investment in) bank deposits	----	(342)	(7,780)	(1,748)	3,813	96	192	759
Withdrawal from (investment in) restricted bank deposits	(250)	59	(10)	89	(182)	(21)	(40)	(25,902)
Investment in available-for-sale marketable securities	(25,436)	(63,953)	(53,761)	523	(15,316)	(48,339)	(40,056)	(56,343)
Proceeds from sales and maturities of available-for-sale marketable securities	34,500	12,325	24,807	57,713	44,575	23,832	51,163	23,174
Other investing activities	----	----	----	----	----	----	----	(3,261)
Net cash used in investing activities	<u>(2,511)</u>	<u>(61,971)</u>	<u>(56,633)</u>	<u>(35,494)</u>	<u>(17,045)</u>	<u>(35,176)</u>	<u>(6,176)</u>	<u>(94,456)</u>
<u>Cash flows from financing activities:</u>								
Repayment of bank loans, net	----	----	----	(3,786)	(952)	(3,723)	(235)	(4,355)
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	4,605	2,986	324	2,106	309	3,455	1,176	4,126
Change in non-controlling interests	----	----	----	(14,190)	(1,987)	(64,487)	(615)	(4,379)
Other financing activities	----	----	----	----	----	----	(1,248)	(106)
Net cash provided by (used in) financing activities	<u>4,605</u>	<u>2,986</u>	<u>324</u>	<u>(15,870)</u>	<u>(2,630)</u>	<u>(64,755)</u>	<u>(922)</u>	<u>(4,714)</u>
Increase (decrease) in cash and cash equivalents	66,073	(15,094)	(21,974)	(4,490)	36,775	(49,147)	61,602	(16,104)
Cash and cash equivalents at the beginning of the period	163,163	229,219	214,540	192,898	187,764	226,478	176,575	247,342
Effect of exchange rate differences on cash and cash equivalents	(17)	415	332	(644)	1,939	(756)	9,165	(7,337)
Cash and cash equivalents at EOQ	<u>229,219</u>	<u>214,540</u>	<u>192,898</u>	<u>187,764</u>	<u>226,478</u>	<u>176,575</u>	<u>247,342</u>	<u>223,901</u>

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