

Operational Metrics

KPI's \$,000	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	12 months ended, Dec 31		
									2015	2016	2017
Revenues	124,752	128,484	111,513	115,054	136,099	166,552	189,340	209,871	424,705	489,954	607,045
% Y/Y	26.8%	11.7%	-10.7%	-8.1%	9.1%	29.6%	69.8%	82.4%	97.2%	15.4%	23.9%
% Q/Q	-0.4%	3.0%	-13.2%	3.2%	18.3%	22.4%	13.7%	10.8%			
Gross profit \$	39,113	41,875	39,025	38,676	47,066	58,054	70,970	79,597	124,081	160,747	214,766
% Y/Y	38.4%	24.9%	1.1%	-5.1%	20.3%	38.6%	81.9%	105.8%	177.2%	29.6%	33.6%
% Q/Q	-4.0%	7.1%	-6.8%	-0.9%	21.7%	23.3%	22.2%	12.2%			
Gross Margin	31.4%	32.6%	35.0%	33.6%	34.6%	34.9%	37.5%	37.9%	29.2%	32.8%	35.4%
% Y/Y	9.1%	11.8%	13.2%	3.3%	10.3%	6.9%	7.1%	12.8%	40.6%	12.3%	7.8%
% Q/Q	-3.6%	4.0%	7.4%	-3.9%	2.9%	0.8%	7.5%	1.2%			
Operating income	17,884	18,240	15,147	12,004	19,115	25,396	34,571	40,828	55,808	71,010	91,086
% Y/Y	50.6%	22.6%	-21.4%	-39.2%	6.9%	39.2%	128.2%	240.1%	N\A	27.2%	28.3%
% Q/Q	-9.4%	2.0%	-17.0%	-20.7%	59.2%	32.9%	36.1%	18.1%			
Net income	17,273	15,616	9,765	14,175	22,524	27,971	19,502	35,686	53,763	63,453	84,172
% Y/Y	86.5%	8.2%	-59.5%	-31.8%	30.4%	79.1%	99.7%	151.8%	N\A	18.0%	32.7%
% Q/Q	-17.0%	-9.6%	-37.5%	45.2%	58.9%	24.2%	-30.3%	83.0%			
Optimizer shipped (units)	1,487,393	1,645,708	1,259,150	1,469,677	1,774,480	2,041,115	2,082,649	2,475,544	4,917,632	5,809,720	7,367,921
Inverter shipped (units)	57,981	63,360	56,757	57,761	75,020	89,737	94,770	99,646	196,127	230,431	317,288
MW shipped (MW)	427	466	413	455	563	676	766	800	1,262	1,723	2,461

Balance Sheet - Assets

\$,000	Jun 30 2016	Sep 30 2016	Dec 31 2016	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018
Current Assets:								
Cash and cash equivalents	74,032	90,014	104,683	119,933	113,452	149,448	163,163	229,219
Restricted cash	928	946	897	991	1,097	1,400	1,516	1,766
Marketable securities	59,163	61,786	74,465	81,800	80,225	81,488	77,264	81,229
Trade receivables, net	72,737	84,898	71,041	79,268	79,851	91,694	109,528	127,479
Prepaid expenses and other accounts receivable	21,340	17,276	21,347	26,561	34,109	38,201	42,223	33,156
Inventories	81,550	68,434	67,363	60,913	56,205	62,356	82,992	98,363
Total Current Assets	<u>309,750</u>	<u>323,354</u>	<u>339,796</u>	<u>369,466</u>	<u>364,939</u>	<u>424,587</u>	<u>476,686</u>	<u>571,212</u>
Long Term Assets:								
Marketable securities	52,446	53,955	44,262	44,893	79,954	72,351	103,120	88,554
Property, equipment and intangible assets, net	28,547	31,072	37,381	37,933	41,991	45,714	52,297	61,161
Prepaid expenses and lease deposits	399	437	489	594	640	732	862	787
Deferred tax assets, net	6,296	4,127	2,815	4,084	4,898	5,822	8,340	9,847
Total Long Term Assets	<u>87,688</u>	<u>89,591</u>	<u>84,947</u>	<u>87,504</u>	<u>127,483</u>	<u>124,619</u>	<u>164,619</u>	<u>160,349</u>
Total Assets	<u>397,438</u>	<u>412,945</u>	<u>424,743</u>	<u>456,970</u>	<u>492,422</u>	<u>549,206</u>	<u>641,305</u>	<u>731,561</u>

Balance Sheet - Liabilities and Equity

\$,000	Jun 30 2016	Sep 30 2016	Dec 31 2016	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018
Current Liabilities:								
Trade payables, net	48,481	40,282	34,001	43,740	36,029	42,700	69,488	83,091
Employees and payroll accruals	10,092	11,975	13,018	11,767	14,286	17,640	22,544	29,733
Warranty obligations	14,114	15,103	13,616	12,895	12,501	12,942	14,785	16,605
Deferred Revenues	3,859	2,421	1,202	1,025	3,038	2,743	2,559	3,010
Accrued expenses and other accounts payable	10,725	8,719	8,648	9,189	12,842	16,407	20,378	26,170
Total Current Liabilities	<u>87,271</u>	<u>78,500</u>	<u>70,485</u>	<u>78,616</u>	<u>78,696</u>	<u>92,432</u>	<u>129,754</u>	<u>158,609</u>
Long Term Liabilities:								
Warranty Liabilities	37,078	41,305	44,759	48,230	52,839	58,625	64,026	71,590
Deferred Revenues	14,684	16,059	18,660	20,902	23,771	26,858	31,453	41,866
Lease incentive obligation	2,297	2,135	2,061	1,987	1,913	1,838	1,765	1,690
Non current tax liability	----	----	----	----	----	----	16,840	17,595
Total Long Term Liabilities	<u>54,059</u>	<u>59,499</u>	<u>65,480</u>	<u>71,119</u>	<u>78,523</u>	<u>87,321</u>	<u>114,084</u>	<u>132,741</u>
Stockholders' Equity:								
Common stock	4	4	4	4	4	4	4	4
Additional paid-in capital	299,214	302,587	307,098	311,081	316,867	323,076	331,902	343,356
Accumulated other comprehensive income (loss)	271	120	(324)	(25)	(367)	(297)	(611)	(1,135)
Retained earnings (Accumulated deficit)	(43,381)	(27,765)	(18,000)	(3,825)	18,699	46,670	66,172	97,986
Total stockholders' equity	<u>256,108</u>	<u>274,946</u>	<u>288,778</u>	<u>307,235</u>	<u>335,203</u>	<u>369,453</u>	<u>397,467</u>	<u>440,211</u>
Total liabilities and stockholders' equity	<u>397,438</u>	<u>412,945</u>	<u>424,743</u>	<u>456,970</u>	<u>492,422</u>	<u>549,206</u>	<u>641,305</u>	<u>731,561</u>

P&L GAAP

\$,000									12 months ended, Dec 31		
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	2015	2016	2017
Revenues	124,752	128,484	111,513	115,054	136,099	166,552	189,340	209,871	424,705	489,954	607,045
Cost of revenues	85,639	86,609	72,488	76,378	89,033	108,498	118,370	130,274	300,624	329,207	392,279
Gross profit	39,113	41,875	39,025	38,676	47,066	58,054	70,970	79,597	124,081	160,747	214,766
Gross Margin %	31.4%	32.6%	35.0%	33.6%	34.6%	34.9%	37.5%	37.9%	29.2%	32.8%	35.4%
Operating expenses:											
Research and development, net	9,232	9,935	10,344	11,458	12,725	14,363	16,420	17,875	27,481	38,220	54,966
Sales and marketing	8,930	10,036	10,408	10,775	11,961	13,217	14,079	16,205	30,931	38,200	50,032
General and administrative	3,067	3,664	3,126	4,439	3,265	5,078	5,900	4,689	9,861	13,317	18,682
Total operating expenses	21,229	23,635	23,878	26,672	27,951	32,658	36,399	38,769	68,273	89,737	123,680
Operating income	17,884	18,240	15,147	12,004	19,115	25,396	34,571	40,828	55,808	71,010	91,086
Financial expenses (Income), net	527	(390)	3,179	(1,410)	(3,595)	(2,666)	(1,487)	(584)	6,166	1,287	(9,158)
Other expenses	----	----	----	----	----	----	(0)	64	104	----	(0)
Income before taxes on income	17,357	18,630	11,968	13,414	22,710	28,062	36,058	41,348	49,538	69,723	100,244
Taxes on income (tax benefit)	84	3,014	2,203	(761)	186	91	16,556	5,662	(4,225)	6,270	16,072
Net income	17,273	15,616	9,765	14,175	22,524	27,971	19,502	35,686	53,763	63,453	84,172

Cash Flow - Operating Activities

\$,000	Jun 30 2016	Sep 30 2016	Dec 31 2016	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018
Cash flows from operating activities:								
Net income	17,273	15,616	9,765	14,175	22,524	27,971	19,502	35,686
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation and amortization of property, equipment and intangible assets	1,183	1,292	1,467	1,520	1,610	1,802	2,223	2,430
Amortization of premiums on available-for-sale marketable securities	323	332	349	383	408	519	751	778
Stock-based compensation	2,400	3,100	3,500	3,612	4,034	4,537	5,381	6,849
Deferred tax assets, net	247	2,180	1,472	(1,333)	(772)	(958)	(2,392)	(1,321)
Gain and loss on disposal of property	----	----	----	----	----	----	----	64
<u>Changes in assets and liabilities:</u>								
Inventories	4,090	13,120	902	6,453	4,700	(6,148)	(20,695)	(15,348)
Prepaid expenses and other accounts receivable	(2,644)	4,176	(4,543)	(4,583)	(7,964)	(4,813)	(4,577)	9,210
Trade receivables, net	(16,590)	(12,102)	13,657	(8,070)	(329)	(11,769)	(17,971)	(17,935)
Trade payables, net	3,354	(8,200)	(6,264)	9,734	(7,727)	6,660	26,788	13,595
Employees and payroll accruals	(2,239)	1,879	1,117	(1,272)	2,478	3,303	4,885	7,153
Warranty obligations	4,533	5,216	1,967	2,750	4,215	6,227	7,244	9,384
Deferred revenues	2,636	(63)	1,398	2,060	4,875	2,764	4,407	6,981
Accrued expenses, other accounts payable and non-current tax liabilities	3,437	(2,015)	16	311	3,647	3,579	20,302	6,527
Lease incentive obligation	32	(162)	(74)	(74)	(74)	(75)	(73)	(74)
Net cash provided by operating activities	18,035	24,369	24,729	25,666	31,625	33,599	45,775	63,979

Cash Flow - Non Operating Activities

\$,000	Jun 30 2016	Sep 30 2016	Dec 31 2016	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018
Cash flows from investing activities:								
Purchase of property and equipment	(4,145)	(3,815)	(7,210)	(1,872)	(5,739)	(5,592)	(8,179)	(11,325)
Purchase of intangible assets	----	----	(600)	----	----	----	----	----
Decrease (increase) in restricted cash	16	(18)	49	(94)	(106)	(303)	(56)	----
Decrease (increase) in short and long-term lease deposits	80	(29)	(48)	(66)	(62)	68	----	----
Investment in available-for-sale marketable securities	(29,628)	(19,928)	(20,930)	(24,070)	(50,036)	(8,363)	(61,206)	(25,436)
Maturities of available-for-sale marketable securities	5,350	15,304	17,478	15,665	16,009	14,839	33,756	34,500
Net cash provided by (used in) investing activities	<u>(28,327)</u>	<u>(8,486)</u>	<u>(11,261)</u>	<u>(10,437)</u>	<u>(39,934)</u>	<u>649</u>	<u>(35,685)</u>	<u>(2,261)</u>
Cash flows from financing activities:								
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	334	273	1,011	371	1,752	1,672	3,445	4,605
Net cash provided by financing activities	<u>334</u>	<u>273</u>	<u>1,011</u>	<u>371</u>	<u>1,752</u>	<u>1,672</u>	<u>3,445</u>	<u>4,605</u>
Increase (decrease) in cash, cash equivalents and restricted cash	(10,152)	16,156	14,479	15,600	(6,557)	35,920	13,535	66,323
Cash, cash equivalents and restricted cash at the beginning of the period	84,070	74,032	90,014	104,683	119,933	113,452	149,448	164,679
Effect of exchange rate differences on cash, cash equivalents and restricted cash	114	(174)	190	(350)	76	76	180	(17)
Cash, cash equivalents and restricted cash at EOQ	<u><u>74,032</u></u>	<u><u>90,014</u></u>	<u><u>104,683</u></u>	<u><u>119,933</u></u>	<u><u>113,452</u></u>	<u><u>149,448</u></u>	<u><u>163,163</u></u>	<u><u>230,985</u></u>