

Operational Metrics

KPI's \$,000	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	12 months ended, Dec 31		
									2016	2017	2018
Revenues	115,054	136,099	166,552	189,340	209,871	227,118	236,578	263,670	489,954	607,045	937,237
% Y/Y	-8.1%	9.1%	29.6%	69.8%	82.4%	66.9%	42.0%	39.3%	15.4%	23.9%	54.4%
% Q/Q	3.2%	18.3%	22.4%	13.7%	10.8%	8.2%	4.2%	11.5%			
Gross profit	38,676	47,066	58,054	70,970	79,597	81,946	77,982	79,711	160,747	214,766	319,236
% Y/Y	-5.1%	20.3%	38.6%	81.9%	105.8%	74.1%	34.3%	12.3%	29.6%	33.6%	48.6%
% Q/Q	-0.9%	21.7%	23.3%	22.2%	12.2%	3.0%	-4.8%	2.2%			
Gross margin	33.6%	34.6%	34.9%	37.5%	37.9%	36.1%	33.0%	30.2%	32.8%	35.4%	34.1%
% Y/Y	3.3%	10.3%	6.9%	7.1%	12.8%	4.3%	-5.4%	-19.3%	12.3%	7.8%	-3.7%
% Q/Q	-3.9%	2.9%	0.8%	7.5%	1.2%	-4.9%	-8.6%	-8.3%			
Operating income	12,004	19,115	25,396	34,571	40,764	40,665	34,037	24,389	71,010	91,086	139,855
% Y/Y	-39.2%	6.9%	39.2%	128.2%	240.1%	112.7%	34.0%	-29.5%	27.2%	28.3%	53.5%
% Q/Q	-20.7%	59.2%	32.9%	36.1%	18.1%	-0.4%	-16.3%	-28.3%			
Net income	14,175	22,524	27,971	19,502	35,686	34,568	45,643	12,936	63,453	84,172	128,833
% Y/Y	-31.8%	30.4%	79.1%	99.7%	151.8%	53.5%	63.2%	-33.7%	18.0%	32.7%	53.1%
% Q/Q	45.2%	58.9%	24.2%	-30.3%	83.0%	-3.1%	32.0%	-71.7%			
Optimizer shipped (units)	1,469,677	1,774,480	2,041,115	2,082,649	2,475,544	2,737,524	3,004,264	3,134,346	5,809,720	7,367,921	11,351,678
Inverter shipped (units)	57,761	75,020	89,677	94,752	99,646	113,767	121,834	120,546	230,431	317,210	455,793
MW shipped (MW)	455	563	675	766	800	985	1,083	1,052	1,723	2,459	3,919

Balance Sheet - Assets

\$,000	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018
Current Assets:								
Cash and cash equivalents	119,933	113,452	149,448	163,163	229,219	214,540	192,876	191,633
Short-term bank deposits	----	----	----	----	----	----	7,779	6,001
Restricted cash	991	1,097	1,400	1,516	1,766	2,049	2,083	1,628
Marketable securities	81,800	80,225	81,488	77,264	81,229	134,821	148,252	118,680
Trade receivables, net	79,268	79,851	91,694	109,528	127,479	118,103	151,088	173,579
Inventories	60,913	56,205	62,356	82,992	98,363	102,014	107,179	141,519
Prepaid expenses and other current assets	26,561	34,109	38,201	42,223	33,156	44,520	46,396	45,073
Total Current Assets	369,466	364,939	424,587	476,686	571,212	616,047	655,653	678,113
Long Term Assets:								
Marketable securities	44,893	79,954	72,351	103,120	88,554	86,144	102,240	74,256
Property and equipment, net	36,710	40,804	44,563	51,182	60,082	67,489	73,415	119,329
Deferred tax assets, net	4,084	4,898	5,822	8,340	9,847	11,551	13,218	14,698
Intangible assets, net	1,223	1,187	1,151	1,115	1,079	1,043	3,762	38,504
Goodwill	----	----	----	----	----	----	2,782	34,874
Other non-current assets	594	640	732	862	787	956	1,108	4,698
Total Long Term Assets	87,504	127,483	124,619	164,619	160,349	167,183	196,525	286,359
Total Assets	456,970	492,422	549,206	641,305	731,561	783,230	852,178	964,472

Balance Sheet - Liabilities and Equity

\$,000	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018
Current Liabilities:								
Loans and borrowings	----	----	----	----	----	----	----	16,639
Trade payables, net	43,740	36,029	42,700	69,488	83,091	81,610	83,459	107,079
Employees and payroll accruals	11,767	14,286	17,640	22,544	29,733	23,510	23,680	29,053
Warranty obligations	12,895	12,501	12,942	14,785	16,605	18,964	21,660	28,868
Deferred revenues	1,025	3,038	2,743	2,559	3,010	3,407	5,795	14,351
Accrued expenses and other current liabilities	9,189	12,842	16,407	20,378	26,170	26,480	31,556	29,728
Total Current Liabilities	78,616	78,696	92,432	129,754	158,609	153,971	166,150	225,718
Long Term Liabilities:								
Loans and borrowings	----	----	----	----	----	----	----	3,510
Warranty liabilities	48,230	52,839	58,625	64,026	71,590	78,327	86,059	92,958
Deferred revenues	20,902	23,771	26,858	31,453	41,866	47,595	53,663	60,670
Deferred tax	----	----	----	----	----	----	----	1,499
Other non-current liabilities	1,987	1,913	1,838	18,605	19,285	18,446	7,343	9,391
Total Long Term Liabilities	71,119	78,523	87,321	114,084	132,741	144,368	147,065	168,028
Stockholders' Equity:								
Common stock	4	4	4	4	4	5	5	5
Additional paid-in capital	311,081	316,867	323,076	331,902	343,356	353,470	361,744	371,794
Accumulated other comprehensive income (loss)	(25)	(367)	(297)	(611)	(1,135)	(1,138)	(983)	(524)
Retained earnings (Accumulated deficit)	(3,825)	18,699	46,670	66,172	97,986	132,554	178,197	191,133
Total stockholders' equity	307,235	335,203	369,453	397,467	440,211	484,891	538,963	562,408
Non-Controlling interests								8,318
Total liabilities and stockholders' equity	456,970	492,422	549,206	641,305	731,561	783,230	852,178	964,472

P&L GAAP

	\$,000									12 months ended, Dec. 31		
		Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	2016	2017	2018
Revenues		115,054	136,099	166,552	189,340	209,871	227,118	236,578	263,670	489,954	607,045	937,237
Cost of revenues		76,378	89,033	108,498	118,370	130,274	145,172	158,596	183,959	329,207	392,279	618,001
Gross profit		<u>38,676</u>	<u>47,066</u>	<u>58,054</u>	<u>70,970</u>	<u>79,597</u>	<u>81,946</u>	<u>77,982</u>	<u>79,711</u>	<u>160,747</u>	<u>214,766</u>	<u>319,236</u>
Gross margin %		33.6%	34.6%	34.9%	37.5%	37.9%	36.1%	33.0%	30.2%	32.8%	35.4%	34.1%
Operating expenses:												
Research and development		11,458	12,725	14,363	16,420	17,875	19,551	20,109	24,710	38,220	54,966	82,245
Sales and marketing		10,775	11,961	13,217	14,079	16,205	15,954	16,938	19,210	38,200	50,032	68,307
General and administrative		4,439	3,265	5,078	5,900	4,753	5,776	6,898	11,837	13,317	18,682	29,264
Total operating expenses		<u>26,672</u>	<u>27,951</u>	<u>32,658</u>	<u>36,399</u>	<u>38,833</u>	<u>41,281</u>	<u>43,945</u>	<u>55,757</u>	<u>89,737</u>	<u>123,680</u>	<u>179,816</u>
Operating income		<u>12,004</u>	<u>19,115</u>	<u>25,396</u>	<u>34,571</u>	<u>40,828</u>	<u>40,665</u>	<u>34,037</u>	<u>23,954</u>	<u>71,010</u>	<u>91,086</u>	<u>139,420</u>
Financial expenses (income), net		(1,410)	(3,595)	(2,666)	(1,487)	(584)	2,480	689	(288)	1,287	(9,158)	2,297
Income before taxes on income		<u>13,414</u>	<u>22,710</u>	<u>28,062</u>	<u>36,058</u>	<u>41,348</u>	<u>38,185</u>	<u>33,348</u>	<u>24,242</u>	<u>69,723</u>	<u>100,244</u>	<u>137,123</u>
Taxes on income (tax benefit)		(761)	186	91	16,556	5,662	3,617	(12,295)	12,093	6,270	16,072	9,077
Net income		<u>14,175</u>	<u>22,524</u>	<u>27,971</u>	<u>19,502</u>	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,149</u>	<u>63,453</u>	<u>84,172</u>	<u>128,046</u>
Non-Controlling interests		----	----	----	----	----	----	----	(787)	----	----	(787)
SolarEdge net income		<u>14,175</u>	<u>22,524</u>	<u>27,971</u>	<u>19,502</u>	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,936</u>	<u>63,453</u>	<u>84,172</u>	<u>128,833</u>

Cash Flow - Operating Activities

\$,000	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018	Jun 30 2018	Sep 30 2018	Dec 31 2018
<u>Cash flows from operating activities:</u>								
Net income	14,175	22,524	27,971	19,502	35,686	34,568	45,643	12,149
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation and amortization of property, equipment and intangible assets	1,520	1,610	1,802	2,223	2,430	2,623	3,348	5,233
Amortization of premiums on available-for-sale marketable securities	383	408	519	751	778	236	228	(1)
Stock-based compensation	3,612	4,034	4,537	5,381	6,849	7,128	7,950	8,691
Gain and loss on disposal of property	----	----	----	----	64	----	----	381
Realized losses (gain) on marketable securities	----	----	----	----	----	----	----	137
Realized losses (gains) on cash flow hedges	----	----	----	----	----	----	(9)	(22)
<u>Changes in assets and liabilities:</u>								
Inventories	6,453	4,700	(6,148)	(20,695)	(15,348)	(3,604)	832	(3,074)
Prepaid expenses and other assets	(4,649)	(8,026)	(4,745)	(4,517)	9,210	(11,345)	(2,665)	2,088
Trade receivables, net	(8,070)	(329)	(11,769)	(17,971)	(17,935)	8,732	(33,215)	(18,096)
Deferred tax assets, net	(1,333)	(772)	(958)	(2,392)	(1,321)	(1,697)	(1,771)	(2,303)
Trade payables, net	9,734	(7,727)	6,660	26,788	13,595	(1,452)	1,863	17,476
Employees and payroll accruals	(1,272)	2,478	3,303	4,885	7,153	(6,125)	172	3,383
Warranty obligations	2,750	4,215	6,227	7,244	9,384	9,095	10,368	13,030
Deferred revenues	2,060	4,875	2,764	4,407	6,981	6,139	8,456	15,465
Accrued expenses and other liabilities	237	3,573	3,504	20,229	6,453	(407)	(6,865)	(7,665)
Net cash provided by operating activities	25,600	31,563	33,667	45,835	63,979	43,891	34,335	46,872

Cash Flow - Non Operating Activities

\$,000	Mar 31 2017	June 30 2017	Sep 30 2017	Dec 31 2017	Mar 31 2018	Jun 30 2018	Sep 30 2018	Dec 31 2018
<u>Cash flows from investing activities:</u>								
Business combinations	----	----	----	----	----	----	----	(94,735)
Purchase of property and equipment	(1,872)	(5,739)	(5,592)	(8,179)	(11,325)	(10,060)	(8,666)	(8,557)
Purchase of intangible assets	----	----	----	----	----	----	(11,223)	11,223
Decrease (increase) in bank deposits	----	----	----	----	----	----	(7,779)	1,778
Investment in available-for-sale marketable securities	(24,070)	(50,036)	(8,363)	(61,206)	(25,436)	(63,953)	(53,761)	523
Maturities of available-for-sale marketable securities	15,665	16,009	14,839	33,756	34,500	12,325	24,807	57,713
Net cash provided by (used in) investing activities	<u>(10,277)</u>	<u>(39,766)</u>	<u>884</u>	<u>(35,629)</u>	<u>(2,261)</u>	<u>(61,688)</u>	<u>(56,622)</u>	<u>(32,055)</u>
<u>Cash flows from financing activities:</u>								
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	371	1,752	1,672	3,445	4,605	2,986	324	2,106
Repayment of loan	----	----	----	----	----	----	----	(3,786)
Changes of NCI	----	----	----	----	----	----	----	(14,190)
Net cash provided by (used in) financing activities	<u>371</u>	<u>1,752</u>	<u>1,672</u>	<u>3,445</u>	<u>4,605</u>	<u>2,986</u>	<u>324</u>	<u>(15,870)</u>
Increase (decrease) in cash, cash equivalents and restricted cash	15,694	(6,451)	36,223	13,651	66,323	(14,811)	(21,963)	(1,053)
Cash, cash equivalents and restricted cash at the beginning of the period	105,580	120,924	114,549	150,848	164,679	230,985	216,589	194,959
Effect of exchange rate differences on cash, cash equivalents and restricted cash	(350)	76	76	180	(17)	415	333	(645)
Cash, cash equivalents and restricted cash at EOQ	<u>120,924</u>	<u>114,549</u>	<u>150,848</u>	<u>164,679</u>	<u>230,985</u>	<u>216,589</u>	<u>194,959</u>	<u>193,261</u>