

Operational Metrics - GAAP

KPI's \$,000									12 months ended, Dec 31		
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	2017	2018	2019
Revenues	227,118	236,578	263,670	271,871	325,010	410,556	418,223	431,218	607,045	937,237	1,425,660
% Y/Y	66.9%	42.0%	39.3%	29.5%	43.1%	73.5%	58.6%	58.6%	23.9%	54.4%	52.1%
% Q/Q	8.2%	4.2%	11.5%	3.1%	19.5%	26.3%	1.9%	3.1%			
Gross profit	81,946	77,982	79,711	86,110	110,670	139,309	143,249	140,008	214,766	319,236	479,338
% Y/Y	74.1%	34.3%	12.3%	8.2%	35.1%	78.6%	79.7%	62.6%	33.6%	48.6%	50.2%
% Q/Q	3.0%	-4.8%	2.2%	8.0%	28.5%	25.9%	2.8%	-2.3%			
Gross margin	36.1%	33.0%	30.2%	31.7%	34.1%	33.9%	34.3%	32.5%	35.4%	34.1%	33.6%
% Y/Y	4.3%	-5.4%	-19.3%	-16.5%	-5.6%	2.9%	13.3%	2.5%	7.8%	-3.7%	-1.3%
% Q/Q	-4.9%	-8.6%	-8.3%	4.8%	7.5%	-0.4%	0.9%	-5.2%			
Operating income	40,665	34,037	23,954	28,048	45,353	66,017	50,528	67,775	91,086	139,420	189,946
% Y/Y	112.7%	34.0%	-30.7%	-31.2%	11.5%	94.0%	110.9%	141.6%	28.3%	53.1%	36.2%
% Q/Q	-0.2%	-16.3%	-29.6%	17.1%	61.7%	45.6%	-23.5%	34.1%			
Net income	34,568	45,643	12,936	19,016	33,128	41,627	52,778	42,248	84,172	128,833	146,549
% Y/Y	53.5%	63.2%	-33.7%	-46.7%	-4.2%	-8.8%	308.0%	122.2%	32.7%	53.1%	13.8%
% Q/Q	-3.1%	32.0%	-71.7%	47.0%	74.2%	25.7%	26.8%	-20.0%			
Optimizer shipped (units)	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	4,587,380	4,454,377	5,060,391	7,367,921	11,351,678	15,801,378
Inverter shipped (units)	113,767	121,834	120,546	130,672	160,117	187,887	186,844	202,009	317,288	455,793	665,520
MW shipped (MW)	985	1,083	1,052	1,144	1,335	1,498	1,641	1,850	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		
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	2017	2018	2019
Revenues	227,118	236,578	263,670	271,871	325,010	410,556	418,223	431,218	607,045	937,237	1,425,660
% Y/Y	66.9%	42.0%	39.3%	29.5%	43.1%	73.5%	58.6%	58.6%	23.9%	54.4%	52.1%
% Q/Q	8.2%	4.2%	11.5%	3.1%	19.5%	26.3%	1.9%	3.1%			
Gross profit	82,914	79,510	81,432	89,223	115,947	144,005	148,454	144,950	217,017	324,377	497,629
% Y/Y	74.3%	35.7%	13.6%	10.8%	39.8%	81.1%	82.3%	62.5%	34.3%	49.5%	53.4%
% Q/Q	3.0%	-4.1%	2.4%	9.6%	30.0%	24.2%	3.1%	-2.4%			
Gross margin	36.5%	33.6%	30.9%	32.8%	35.7%	35.1%	35.5%	33.6%	35.7%	34.6%	34.9%
% Y/Y	4.4%	-4.5%	-18.4%	-14.5%	-2.3%	4.4%	14.9%	2.4%	8.4%	-3.2%	0.9%
% Q/Q	-4.8%	-7.9%	-8.1%	6.3%	8.7%	-1.7%	1.2%	-5.3%			
Operating income	47,793	42,527	36,371	41,203	61,038	89,219	85,310	78,647	108,651	174,304	276,770
% Y/Y	106.5%	42.1%	-9.0%	-13.5%	27.7%	109.8%	134.6%	90.9%	40.0%	60.4%	58.8%
% Q/Q	0.4%	-11.0%	-14.5%	13.3%	48.1%	46.2%	-4.4%	-7.8%			
Net income	40,567	42,697	31,479	32,931	49,253	63,621	87,419	50,661	115,016	157,289	233,224
% Y/Y	57.3%	35.3%	-23.6%	-22.6%	21.4%	49.0%	177.7%	53.8%	56.0%	36.8%	48.3%
% Q/Q	-4.7%	5.3%	-26.3%	4.6%	49.6%	29.2%	37.4%	-42.0%			
Optimizer shipped (units)	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	4,587,380	4,454,377	5,060,391	7,367,921	11,351,678	15,801,378
Inverter shipped (units)	113,767	121,834	120,546	130,672	160,117	187,887	186,844	202,009	317,288	455,793	665,520
MW shipped (MW)	985	1,083	1,052	1,144	1,335	1,498	1,641	1,850	2,461	3,919	5,618

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MW Shipped

MW Shipped	2017	2018	2019	2020YTD
Total MW	2,461	3,919	5,618	1,850
Residential	1,657	2,263	3,280	1,027
Commercial	803	1,657	2,339	822
% of Total	100%	100%	100%	100%
Residential	67%	58%	58%	56%
Commercial	33%	42%	42%	44%

MW Shipped	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Total MW	985	1,083	1,052	1,144	1,335	1,498	1,641	1,850
Residential	556	583	619	641	744	955	940	1,027
Commercial	429	500	432	503	591	543	701	822
% of Total	100%	100%	100%	100%	100%	100%	100%	100%
Residential	56%	54%	59%	56%	56%	64%	57%	56%
Commercial	44%	46%	41%	44%	44%	36%	43%	44%

Regional MW shipped

	2017	2018	2019	2020YTD
North America	1,322	1,887	2,260	926
Europe	862	1,368	2,513	641
ROW	277	664	845	283
	2,461	3,919	5,618	1,850

	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
North America	460	480	547	429	441	602	788	926
Europe	386	370	337	510	663	721	620	641
ROW	139	232	168	205	231	175	234	283
	985	1,083	1,052	1,144	1,335	1,498	1,641	1,850

Balance Sheet - Assets

\$,000	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019	Sep 30 2019	Dec 31 2019	Mar 31 2020
Current Assets:								
Cash and cash equivalents	214,540	192,898	187,764	226,478	176,575	247,342	223,901	324,072
Short-term bank deposits	342	8,123	9,870	6,057	5,961	5,769	5,010	8,085
Restricted bank deposits	154	243	824	1,055	1,060	1,600	27,558	27,515
Marketable securities	134,821	148,252	118,680	107,064	109,610	85,343	91,845	95,143
Trade receivables, net	118,103	151,088	173,579	187,496	237,804	292,232	298,383	235,673
Prepaid expenses and other current assets	44,520	46,396	45,073	37,828	50,642	68,234	115,268	66,874
Inventories, net	102,014	107,179	141,519	150,798	148,892	134,283	170,798	198,557
Total Current Assets	614,494	654,179	677,309	716,776	730,544	834,803	932,763	955,919
Long Term Assets:								
Marketable securities	86,144	102,240	74,256	57,252	79,616	92,871	119,176	103,863
Operating lease right-of-use assets, net	----	----	----	30,839	36,788	34,601	35,858	37,896
Property, plant and equipment, net	67,489	73,415	119,329	132,988	140,200	149,675	176,963	195,982
Deferred tax assets, net	11,551	13,218	14,699	14,589	14,751	17,180	16,298	17,095
Intangible assets, net and goodwill	1,043	6,544	73,378	211,420	211,340	200,795	203,662	194,631
Other long term assets	2,509	2,582	5,501	13,060	8,455	7,667	9,904	8,454
Total Long Term Assets	168,736	197,999	287,163	460,148	491,150	502,789	561,861	557,921
Total Assets	783,230	852,178	964,472	1,176,923	1,221,694	1,337,592	1,494,624	1,513,840

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

Balance Sheet - Liabilities and Equity

\$,000	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019	Sep 30 2019	Dec 31 2019	Mar 31 2020
Current Liabilities:								
Trade payables, net	81,610	83,459	107,079	90,190	116,795	132,230	157,148	139,138
Employees and payroll accruals	23,510	23,680	29,053	31,524	34,555	44,386	47,390	58,894
Current maturities of bank loans and accrued interest	----	----	16,639	17,233	16,454	16,912	15,673	15,048
Warranty obligations	18,964	21,660	28,868	35,229	38,819	45,887	65,112	70,158
Deferred revenues and customers advances	3,407	5,795	14,351	13,527	15,708	15,006	70,815	30,706
Accrued expenses and other current liabilities	26,480	31,556	29,728	60,369	71,447	80,986	80,576	75,737
Total Current Liabilities	153,971	166,150	225,718	248,072	293,778	335,407	436,714	389,681
Long Term Liabilities:								
Bank loans	----	----	3,510	7,029	5,519	4,055	173	----
Warranty obligations	78,327	86,059	92,958	101,517	111,819	125,467	107,451	116,099
Deferred revenues	47,595	53,663	60,670	66,037	73,796	81,934	89,982	98,134
Operating lease liabilities	----	----	----	24,790	30,009	29,117	30,213	30,336
Deferred tax liabilities, net	----	----	1,499	8,544	8,663	7,762	4,461	2,202
Other long term liabilities	18,446	7,343	9,391	23,417	18,062	16,662	13,960	10,970
Total Long Term Liabilities	144,368	147,065	168,028	231,334	247,868	264,997	246,240	257,741
Stockholders' Equity:								
Common stock	5	5	5	5	5	5	5	5
Additional paid-in capital	353,470	361,744	371,794	417,385	431,684	450,459	475,792	491,873
Accumulated other comprehensive income (loss)	(1,138)	(983)	(524)	(1,220)	(895)	(3,356)	(1,809)	(5,390)
Retained earnings	132,554	178,197	191,133	210,149	243,277	284,904	337,682	379,930
Total stockholders' equity	484,891	538,963	562,408	626,319	674,071	732,012	811,670	866,418
Non-Controlling interests	----	----	8,318	71,198	5,977	5,176	----	----
Total liabilities and stockholders' equity	783,230	852,178	964,472	1,176,923	1,221,694	1,337,592	1,494,624	1,513,840

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

P&L GAAP

\$,000									12 months ended, Dec. 31		
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	2017	2018	2019
Revenues	227,118	236,578	263,670	271,871	325,010	410,556	418,223	431,218	607,045	937,237	1,425,660
Cost of revenues	145,172	158,596	183,959	185,761	214,340	271,247	274,974	291,210	392,279	618,001	946,322
Gross profit	81,946	77,982	79,711	86,110	110,670	139,309	143,249	140,008	214,766	319,236	479,338
Gross margin %	36.1%	33.0%	30.2%	31.7%	34.1%	33.9%	34.3%	32.5%	35.4%	34.1%	33.6%
Operating expenses:											
Research and development	19,551	20,109	24,710	26,199	29,505	30,747	34,900	36,695	54,966	82,245	121,351
Sales and marketing	15,954	16,938	19,210	20,172	22,127	22,026	23,659	24,253	50,032	68,307	87,984
General and administrative	5,776	6,898	11,837	11,691	13,685	12,214	11,771	16,185	18,682	29,264	49,361
Other operating expenses (income)	----	----	----	----	----	8,305	22,391	(4,900)	----	----	30,696
Total operating expenses	41,281	43,945	55,757	58,062	65,317	73,292	92,721	72,233	123,680	179,816	289,392
Operating income	40,665	34,037	23,954	28,048	45,353	66,017	50,528	67,775	91,086	139,420	189,946
Financial expenses (income), net	2,480	689	(288)	6,151	(773)	17,023	(11,058)	16,605	(9,158)	2,297	11,343
Income before income taxes	38,185	33,348	24,242	21,897	46,126	48,994	61,586	51,170	100,244	137,123	178,603
Income taxes (tax benefit)	3,617	(12,295)	12,093	3,922	13,213	7,270	9,241	8,922	16,072	9,077	33,646
Net income	34,568	45,643	12,149	17,975	32,913	41,724	52,345	42,248	84,172	128,046	144,957
Net loss (income) attributable to Non-controlling interests	----	----	787	1,041	215	(97)	433	----	----	787	1,592
SolarEdge net income	34,568	45,643	12,936	19,016	33,128	41,627	52,778	42,248	84,172	128,833	146,549

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

Cash Flow - Operating Activities

\$,000	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
<u>Cash flows from operating activities:</u>								
Net income	34,568	45,643	12,149	17,975	32,913	41,724	52,345	42,248
<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	2,623	3,348	4,218	5,841	7,201	7,004	6,849	7,325
Amortization of premium and accretion of discount on available-for-sale marketable securities,	236	228	----	(59)	47	12	92	120
Stock-based compensation expenses	7,128	7,950	8,691	9,704	11,372	17,609	21,668	12,773
Deferred income tax benefit, net	(1,697)	(1,771)	(2,304)	(973)	(987)	(2,963)	(1,114)	(2,859)
Loss from sale of business	----	----	----	----	----	----	5,269	----
Other expenses (income), net	----	(9)	496	186	457	14	56	235
<u>Changes in assets and liabilities:</u>								
Inventories, net	(3,604)	832	(2,058)	964	759	14,023	(38,290)	(29,004)
Prepaid expenses and other assets	(11,345)	(2,665)	2,089	10,885	(13,459)	(17,221)	(47,528)	49,888
Trade receivables, net	8,732	(33,215)	(18,096)	(7,379)	(49,183)	(58,010)	(9,499)	59,420
Operating lease right-of-use assets and liabilities, net and effect of exchange rate differences	----	----	----	828	638	672	54	(1,247)
Trade payables, net	(1,452)	1,863	17,476	(21,720)	27,213	15,808	26,536	(17,589)
Employees and payroll accruals	(6,125)	172	3,383	3,250	1,901	10,178	3,263	11,821
Warranty obligations	9,095	10,368	13,031	14,947	13,913	20,773	1,147	13,809
Deferred revenues and customers advances	6,139	8,456	15,465	1,730	10,034	7,752	63,621	(31,729)
Other liabilities	(407)	(6,865)	(7,666)	20,271	7,965	11,325	(1,403)	(7,466)
Net cash provided by operating activities	43,891	34,335	46,874	56,450	50,784	68,700	83,066	107,745

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Cash Flow - Non Operating Activities

\$,000	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
<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	(10,060)	(8,666)	(8,557)	(10,620)	(11,624)	(17,435)	(32,883)	(27,053)
Withdrawal from (investment in) bank deposits	(342)	(7,780)	(1,748)	3,813	96	192	759	(3,316)
Withdrawal from (investment in) restricted bank deposits	59	(10)	89	(182)	(21)	(40)	(25,902)	36
Investment in available-for-sale marketable securities	(63,953)	(53,761)	523	(15,316)	(48,339)	(40,056)	(56,343)	(31,924)
Proceeds from sales and maturities of available-for-sale marketable securities	12,325	24,807	57,713	44,575	23,832	51,163	23,174	42,333
Other investing activities	----	----	----	----	----	----	(3,261)	----
Net cash used in investing activities	<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>(19,924)</u>
<u>Cash flows from financing activities:</u>								
Repayment of and proceeds from bank loans	----	----	(3,786)	(952)	(3,723)	(235)	(4,355)	63
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	2,986	324	2,106	309	3,455	1,176	4,126	3,308
Change in non-controlling interests	----	----	(14,190)	(1,987)	(64,487)	(615)	(4,379)	----
Other financing activities	----	----	----	----	----	(1,248)	(106)	(56)
Net cash provided by (used in) financing activities	<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>	<u>3,315</u>
Increase (decrease) in cash and cash equivalents	(15,094)	(21,974)	(4,490)	36,775	(49,147)	61,602	(16,104)	91,136
Cash and cash equivalents at the beginning of the period	229,219	214,540	192,898	187,764	226,478	176,575	247,342	223,901
Effect of exchange rate differences on cash and cash equivalents	415	332	(644)	1,939	(756)	9,165	(7,337)	9,035
Cash and cash equivalents at EOQ	<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>	<u>324,072</u>

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