

Operational Metrics

KPI's \$,000	CQ'1 16	CQ'2 16	CQ'3 16	CQ'4 16	CQ'1 17	CQ'2 17	CQ'3 17	CQ'4 17	12 months ended, Dec 31		
									2015	2016	2017
Revenues	125,205	124,752	128,484	111,513	115,054	136,099	166,552	189,340	424,705	489,954	607,045
% Y/Y	44.9%	26.8%	11.7%	-10.7%	-8.1%	9.1%	29.6%	69.8%	97.2%	15.4%	23.9%
% Q/Q	0.3%	-0.4%	3.0%	-13.2%	3.2%	18.3%	22.4%	13.7%			
Gross profit \$	40,734	39,113	41,875	39,025	38,676	47,066	58,054	70,970	124,081	160,747	214,766
% Y/Y	71.9%	38.4%	24.9%	1.1%	-5.1%	20.3%	38.6%	81.9%	177.2%	29.6%	33.6%
% Q/Q	5.6%	-4.0%	7.1%	-6.8%	-0.9%	21.7%	23.3%	22.2%			
Gross Margin	32.5%	31.4%	32.6%	35.0%	33.6%	34.6%	34.9%	37.5%	29%	33%	35%
% Y/Y	18.6%	9.1%	11.8%	13.2%	3.3%	10.3%	6.9%	7.1%	40.6%	12.3%	7.8%
% Q/Q	5.3%	-3.6%	4.0%	7.4%	-3.9%	2.9%	0.8%	7.5%			
Operating income	19,739	17,884	18,240	15,147	12,004	19,115	25,396	34,571	55,808	71,010	91,086
% Y/Y	101.4%	50.6%	22.6%	-21.4%	-39.2%	6.9%	39.2%	128.2%	N\A	27.2%	28.3%
% Q/Q	2.5%	-9.4%	2.0%	-17.0%	-20.7%	59.2%	32.9%	36.1%			
Net income	20,799	17,273	15,616	9,765	14,175	22,524	27,971	19,502	53,763	63,453	84,172
% Y/Y	248.7%	86.5%	8.2%	-59.5%	-31.8%	30.4%	79.1%	99.7%	N\A	18.0%	32.7%
% Q/Q	-13.7%	-17.0%	-9.6%	-37.5%	45.2%	58.9%	24.2%	-30.3%			
Optimizer shipped (units)	1,417,469	1,487,393	1,645,708	1,259,150	1,469,677	1,774,480	2,041,115	2,082,649	4,917,632	5,809,720	7,367,921
Inverter shipped (units)	52,333	57,981	63,360	56,757	57,761	75,020	89,737	94,770	196,127	230,431	317,288
MW shipped (MW)	416	427	466	413	455	563	676	766	1,262	1,723	2,461

Balance Sheet

\$,000	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	June 30, 2017	Sep 30, 2017	Dec 31, 2017
Current Assets:								
Cash and cash equivalents	84,070	74,032	90,014	104,683	119,933	113,452	149,448	163,163
Restricted cash	944	928	946	897	991	1,097	1,400	1,516
Marketable securities	44,059	59,163	61,786	74,465	81,800	80,225	81,488	77,264
Trade receivables, net	56,145	72,737	84,898	71,041	79,268	79,851	91,694	109,528
Prepaid expenses and other accounts receivable	18,613	21,340	17,276	21,347	26,561	34,109	38,201	42,223
Inventories	85,514	81,550	68,434	67,363	60,913	56,205	62,356	82,992
Total Current Assets	289,345	309,750	323,354	339,796	369,466	364,939	424,587	476,686
Long Term Assets:								
Marketable securities	43,151	52,446	53,955	44,262	44,893	79,954	72,351	103,120
Property, equipment and intangible assets, net	26,950	28,547	31,072	37,381	37,933	41,991	45,714	52,297
Prepaid expenses and lease deposits	440	399	437	489	594	640	732	862
Deferred tax assets, net	6,486	6,296	4,127	2,815	4,084	4,898	5,822	8,340
Total Long Term Assets	77,027	87,688	89,591	84,947	87,504	127,483	124,619	164,619
Total Assets	366,372	397,438	412,945	424,743	456,970	492,422	549,206	641,305
Current Liabilities:								
Trade payables, net	45,138	48,481	40,282	34,001	43,740	36,029	42,700	69,488
Employees and payroll accruals	12,358	10,092	11,975	13,018	11,767	14,286	17,640	22,544
Warranty obligations	13,510	14,114	15,103	13,616	12,895	12,501	12,942	14,785
Deferred Revenues	2,642	3,859	2,421	1,202	1,025	3,038	2,743	2,559
Accrued expenses and other accounts payable	7,797	10,725	8,719	8,648	9,189	12,842	16,407	20,378
Total Current Liabilities	81,445	87,271	78,500	70,485	78,616	78,696	92,432	129,754
Long Term Liabilities:								
Warranty Liabilities	33,149	37,078	41,305	44,759	48,230	52,839	58,625	64,026
Deferred Revenues	13,266	14,684	16,059	18,660	20,902	23,771	26,858	31,453
Lease incentive obligation	2,265	2,297	2,135	2,061	1,987	1,913	1,838	1,765
Non current tax liability	----	----	----	----	----	----	----	16,840
Total Long Term Liabilities	48,680	54,059	59,499	65,480	71,119	78,523	87,321	114,084
Stockholders' Equity:								
Common stock	4	4	4	4	4	4	4	4
Additional paid-in capital	296,480	299,214	302,587	307,098	311,081	316,867	323,076	331,902
Accumulated other comprehensive income (loss)	417	271	120	(324)	(25)	(367)	(297)	(611)
Retained earnings (Accumulated deficit)	(60,654)	(43,381)	(27,765)	(18,000)	(3,825)	18,699	46,670	66,172
Total stockholders' equity	236,247	256,108	274,946	288,778	307,235	335,203	369,453	397,467
Total liabilities and stockholders' equity	366,372	397,438	412,945	424,743	456,970	492,422	549,206	641,305

P&L GAAP

\$,000									12 months ended, Dec 31		
	CQ'1 16	CQ'2 16	CQ'3 16	CQ'4 16	CQ'1 17	CQ'2 17	CQ'3 17	CQ'4 17	2015	2016	2017
Revenues	125,205	124,752	128,484	111,513	115,054	136,099	166,552	189,340	424,705	489,954	607,045
Cost of revenues	84,471	85,639	86,609	72,488	76,378	89,033	108,498	118,370	300,624	329,207	392,279
Gross profit	<u>40,734</u>	<u>39,113</u>	<u>41,875</u>	<u>39,025</u>	<u>38,676</u>	<u>47,066</u>	<u>58,054</u>	<u>70,970</u>	<u>124,081</u>	<u>160,747</u>	<u>214,766</u>
Gross Margin %	32.5%	31.4%	32.6%	35.0%	33.6%	34.6%	34.9%	37.5%	29.2%	32.8%	35.4%
Operating expenses:											
Research and development, net	8,709	9,232	9,935	10,344	11,458	12,725	14,363	16,420	27,481	38,220	54,966
Sales and marketing	8,826	8,930	10,036	10,408	10,775	11,961	13,217	14,079	30,931	38,200	50,032
General and administrative	3,460	3,067	3,664	3,126	4,439	3,265	5,078	5,900	9,861	13,317	18,682
Total operating expenses	<u>20,995</u>	<u>21,229</u>	<u>23,635</u>	<u>23,878</u>	<u>26,672</u>	<u>27,951</u>	<u>32,658</u>	<u>36,399</u>	<u>68,273</u>	<u>89,737</u>	<u>123,680</u>
Operating income	<u>19,739</u>	<u>17,884</u>	<u>18,240</u>	<u>15,147</u>	<u>12,004</u>	<u>19,115</u>	<u>25,396</u>	<u>34,571</u>	<u>55,808</u>	<u>71,010</u>	<u>91,086</u>
Financial expenses (Income), net	(2,029)	527	(390)	3,179	(1,410)	(3,595)	(2,666)	(1,487)	6,166	1,287	(9,158)
Other expenses	----	----	----	----	----	----	----	(0)	104	----	(0)
Income before taxes on income	<u>21,768</u>	<u>17,357</u>	<u>18,630</u>	<u>11,968</u>	<u>13,414</u>	<u>22,710</u>	<u>28,062</u>	<u>36,058</u>	<u>49,538</u>	<u>69,723</u>	<u>100,244</u>
Taxes on income (tax benefit)	969	84	3,014	2,203	(761)	186	91	16,556	(4,225)	6,270	16,072
Net income	<u><u>20,799</u></u>	<u><u>17,273</u></u>	<u><u>15,616</u></u>	<u><u>9,765</u></u>	<u><u>14,175</u></u>	<u><u>22,524</u></u>	<u><u>27,971</u></u>	<u><u>19,502</u></u>	<u><u>53,763</u></u>	<u><u>63,453</u></u>	<u><u>84,172</u></u>

Cash Flow

\$,000	Mar. 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	March 31, 2017	June 30, 2017	Sep 30, 2017	Dec 31, 2017
Cash flows from operating activities:								
Net income	20,799	17,273	15,616	9,765	14,175	22,524	27,971	19,502
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation and amortization of property, equipment and intangible assets	993	1,183	1,292	1,467	1,520	1,610	1,802	2,223
Amortization of premiums on available-for-sale marketable	174	323	332	349	383	408	519	751
Stock-based compensation	2,632	2,400	3,100	3,500	3,612	4,034	4,537	5,381
Deferred tax assets, net	(100)	247	2,180	1,472	(1,333)	(772)	(958)	(2,392)
Realized losses on Cash Flow Hedges	2	----	----	----	----	----	----	----
<u>Changes in assets and liabilities:</u>								
Inventories	2,006	4,090	13,120	902	6,453	4,700	(6,148)	(20,695)
Prepaid expenses and other accounts receivable	6,682	(2,644)	4,176	(4,543)	(4,583)	(7,964)	(4,813)	(4,577)
Trade receivables, net	(9,413)	(16,590)	(12,102)	13,657	(8,070)	(329)	(11,769)	(17,971)
Trade payables	(16,853)	3,354	(8,200)	(6,264)	9,734	(7,727)	6,660	26,788
Employees and payroll accruals	(556)	(2,239)	1,879	1,117	(1,272)	2,478	3,303	4,885
Warranty obligations	5,765	4,533	5,216	1,967	2,750	4,215	6,227	7,244
Deferred revenues	2,496	2,636	(63)	1,398	2,060	4,875	2,764	4,407
Accrued expenses, other accounts payable and non-current tax liabilities	770	3,437	(2,015)	16	311	3,647	3,579	20,302
Lease incentive obligation	(55)	32	(162)	(74)	(74)	(74)	(75)	(73)
Net cash provided by operating activities	15,342	18,035	24,369	24,729	25,666	31,625	33,599	45,775
Cash flows from investing activities:								
Purchase of property and equipment	(5,909)	(4,145)	(3,815)	(7,210)	(1,872)	(5,739)	(5,592)	(8,179)
Purchase of intangible assets	----	----	----	(600)	----	----	----	----
Decrease (increase) in restricted cash	2,473	16	(18)	49	(94)	(106)	(303)	(56)
Decrease (increase) in short and long-term lease deposits	(14)	80	(29)	(48)	(66)	(62)	68	----
Investment in available-for-sale marketable securities	(36,023)	(29,628)	(19,928)	(20,930)	(24,070)	(50,036)	(8,363)	(61,206)
Maturities of available-for-sale marketable securities	1,000	5,350	15,304	17,478	15,665	16,009	14,839	33,756
Net cash provided by (used in) investing activities	(38,473)	(28,327)	(8,486)	(11,261)	(10,437)	(39,934)	649	(35,685)
Cash flows from financing activities:								
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	1,167	334	273	1,011	371	1,752	1,672	3,445
Net cash provided by financing activities	1,167	334	273	1,011	371	1,752	1,672	3,445
Increase (decrease) in cash and cash equivalents	(21,964)	(10,152)	16,156	14,479	15,600	(6,557)	35,920	13,535
Cash and cash equivalents at the beginning of the period	106,150	84,070	74,032	90,014	104,683	119,933	113,452	149,448
Effect of exchange rate differences on cash and cash equivalents	(116)	114	(174)	190	(350)	76	76	180
Cash and cash equivalents at the end of the period	84,070	74,032	90,014	104,683	119,933	113,452	149,448	163,163