UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2015

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-36894

SOLAREDGE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**20-5338862** **(IRS Employer Identification No.)**

1 HaMada Street
Herziliya Pituach 4673335, Israel
(Address of principal executive offices, zip code)
972 (9) 957-6620
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer (Do not check if a smaller reporting company) x	Smaller Reporting Company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

As of January 31, 2016, there were 40,220,183 shares of the registrant's common stock, par value of $0.0001 per share, outstanding.

SOLAREDGE TECHNOLOGIES, INC.

FORM 10-Q

FOR THE QUARTER ENDED DECEMBER, 2015

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PART I. FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

SOLAREDGE TECHNOLOGIES, INC.
AND ITS SUBSIDIARIES.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

IN U.S. DOLLARS

UNAUDITED

INDEX

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

U.S. dollars in thousands (except share and per share data)

	December 31, 2015 Unaudited	June 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 106,150	$ 144,750
Restricted cash	3,417	3,639
Marketable Securities	27,137	-
Trade receivables, net	46,685	35,428
Prepaid expenses and other accounts receivable	24,233	32,645
Inventories	87,400	73,950
Total current assets	295,022	290,412
PROPERTY AND EQUIPMENT, NET	21,428	14,717
LONG-TERM ASSETS:		
Long-term marketable securities	25,290	-
Long-term prepaid expenses and lease deposits	510	529
Deferred tax assets, net	6,565	-
Intangible assets, net	758	-
	33,123	529
Total assets	$ 349,573	$ 305,658

The accompanying notes are an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

U.S. dollars in thousands (except share and per share data)

	December 31, 2015 Unaudited	June 30, 2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	$ 61,977	$ 80,684
Employees and payroll accruals	12,864	6,814
Warranty obligations	11,862	9,431
Deferred revenues	1,983	1,676
Accrued expenses and other accounts payable	7,169	6,987
Total current liabilities	95,855	105,592
LONG-TERM LIABILITIES		
Warranty obligations	29,032	22,448
Deferred revenues	11,427	8,289
Lease incentive obligation	2,320	2,385
Total long-term liabilities	42,779	33,122
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY:		
Share capital		
Common stock of $0.0001 par value - Authorized: 125,000,000 shares as of December 31, 2015 (unaudited) and June 30, 2015; issued and outstanding: 40,092,668 and 39,297,539 shares as of December 31, 2015 (unaudited) and June 30, 2015, respectively.	4	4
Additional paid-in capital	292,681	287,152
Accumulated other comprehensive loss	(293)	(222)
Accumulated deficit	(81,453)	(119,990)
Total stockholders' equity	210,939	166,944
Total liabilities and stockholders' equity	$ 349,573	$ 305,658

The accompanying notes are an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

U.S. dollars in thousands (except share and per share data)

	Three months ended December 31, 2015	Three months ended December 31, 2014	Six months ended December 31, 2015	Six months ended December 31, 2014
	Unaudited		Unaudited	
Revenues	$ 124,832	$ 73,290	$ 239,886	$ 140,259
Cost of revenues	86,250	57,509	167,777	110,448
Gross profit	38,582	15,781	72,109	29,811
Operating expenses:				
Research and development, net	8,299	4,768	15,290	9,827
Sales and marketing	8,833	5,658	17,077	11,119
General and administrative	2,188	1,121	5,606	2,280
Total operating expenses	19,320	11,547	37,973	23,226
Operating income	19,262	4,234	34,136	6,585
Financial income (expenses), net	(959)	(458)	(1,031)	58
Income before taxes on income	18,303	3,776	33,105	6,643
Taxes on income (tax benefit)	(5,802)	401	(5,432)	748
Net income	$ 24,105	$ 3,375	$ 38,537	$ 5,895
Net basic earnings per share of common stock	$ 0.61	$ -	$ 0.98	$ -
Net diluted earnings per share of common stock	$ 0.55	$ -	$ 0.87	$ -
Weighted average number of shares used in computing net basic earnings per share of common stock	39,511,967	2,815,694	39,406,797	2,814,188
Weighted average number of shares used in computing net diluted earnings per share of common stock	44,007,348	2,815,694	44,231,660	2,814,188

The accompanying notes are an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

U.S. dollars in thousands

	Three months ended December 31, 2015	Three months ended December 31, 2014	Six months ended December 31, 2015	Six months ended December 31, 2014
	Unaudited		Unaudited	
Net income	$ 24,105	$ 3,375	$ 38,537	$ 5,895
Other comprehensive income (loss):				
Available-for-sale securities:				
Changes in unrealized losses, net of tax benefit	(81)	-	(81)	-
Net change	(81)	-	(81)	-
Cash flow hedges:				
Changes in unrealized gains, net of tax expense	40	-	77	-
Reclassification adjustments for gains, net of tax expense included in net income	(3)	-	(2)	-
Net change	37	-	75	-
Foreign currency translation adjustments, net	(24)	25	(65)	(100)
Other comprehensive income (loss)	(68)	25	(71)	(100)
Comprehensive income	$ 24,037	$ 3,400	$ 38,466	$ 5,795

The accompanying notes are an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

U.S. dollars in thousands

	Six months ended December 31, 2015	Six months ended December 31, 2014
	Unaudited	
Cash flows provided by operating activities:		
Net income	$ 38,537	$ 5,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,629	1,103
Amortization of intangible assets	42	-
Amortization of premiums on available-for-sale marketable securities	35	-
Stock-based compensation related to employees and non-employees consultants stock options	4,057	780
Realized gains on cash flow hedges	(2)	-
Financial income, net related to term loan	-	(656)
Remeasurement of warrants to purchase preferred and common stock	-	265
Changes in assets and liabilities:		
Inventories	(13,452)	(22,128)
Prepaid expenses and other accounts receivable	6,504	(10,671)
Trade receivables, net	(11,268)	(5,919)
Deferred tax assets, net	(6,527)	-
Trade payables	(18,701)	33,429
Employees and payroll accruals	6,073	361
Warranty obligations	9,015	6,116
Deferred revenues	3,446	1,694
Accrued expenses and other accounts payable	(273)	(860)
Lease incentive obligation	(65)	-
Net cash provided by operating activities	19,050	9,409
Cash flows used in investing activities:		
Investment in available-for-sale marketable securities	(52,860)	-
Purchase of property and equipment	(5,636)	(3,133)
Purchase of intangible assets	(800)	-
Decrease (increase) in restricted cash	222	(1,807)
Decrease (increase) in short and long-term lease deposits	37	(31)
Net cash used in investing activities	(59,037)	(4,971)

The accompanying notes are an integral part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (Cont.)

U.S. dollars in thousands

	Six months ended December 31,	
	2015	**2014**
	Unaudited	
Cash flows from financing activities:		
Proceeds from short-term bank loans	$ -	$ 6,000
Repayments of short term loan	-	(19,326)
Repayments of term loan	-	(1,578)
Proceeds from issuance of Series E Convertible Preferred stock	-	24,837
Issuance costs	-	(292)
Proceeds from exercise of employee stock options	1,472	16
Net cash provided by financing activities	1,472	9,657
Increase (decrease) in cash and cash equivalents	(38,515)	14,095
Cash and cash equivalents at the beginning of the period	144,750	9,754
Erosion due to exchange rate differences	(85)	(75)
Cash and cash equivalents at the end of the period	$ 106,150	$ 23,774
Supplemental disclosure of non-cash financing activities:		
Deferred issuance costs related to IPO	$ -	$ 1,542
Issuance expenses not paid in cash	$ -	$ 125
Purchase of property and equipment not paid in cash	$ 475	$ -

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1:- GENERAL

a. SolarEdge Technologies Inc. (the “Company”) and its subsidiaries design, develop, and sell an intelligent inverter solution designed to maximize power generation at the individual photovoltaic (“PV”) module level while lowering the cost of energy produced by the solar PV system and providing comprehensive and advanced safety features. The Company’s products consist mainly of (i) power optimizers designed to maximize energy throughput from each and every module through constant tracking of Maximum Power Point individually per module, (ii) inverters which invert direct current (DC) from the PV module to alternating current (AC) and (iii) a related cloud based monitoring platform, that collects and processes information from the power optimizers and inverters of a solar PV system to enable customers and system owners, as applicable, to monitor and manage the solar PV systems. The Company operates its business itself and through its wholly-owned subsidiaries: SolarEdge Technologies Ltd. in Israel; SolarEdge Technologies GmbH in Germany; SolarEdge Technologies (China) Co., Ltd in China; SolarEdge Technologies (Australia) PTY Ltd. in Australia; SolarEdge Technologies (Canada) Ltd. in Canada; SolarEdge Technologies (Holland) B.V. in the Netherlands; SolarEdge Technologies (UK) Ltd in United Kingdom; SolarEdge Technologies (Japan) Co., Ltd. in Japan, SolarEdge Technologies (France) SARL in France and SolarEdge Technologies Italy S.R.L. in Italy (collectively, the “subsidiaries”). Except for SolarEdge Technologies Ltd in Israel, which carries out the research and development, management of manufacturing, global sales and support and management activities, the other subsidiaries are engaged solely in selling, marketing and support activities. The Company was incorporated in Delaware in August 2006 and began commercial sale of its products in January 2010.

b. Recent accounting pronouncements:

Inventory:

In July 2015, the Financial Accounting Standards Board (“FASB”) issued “ASU 2015-11, Inventory (Topic 330), Simplifying the Measurement of Inventory”, which changes the measurement principles for inventory from the lower of cost or market to the lower of cost and net realizable value. Net realizable value is defined as the “estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.” ASU 2015-11 eliminates the guidance that required entities to consider replacement cost or net realizable value less an approximately normal profit margin in the subsequent measurement of inventory when cost is determined on a first-in, first-out or average cost basis. The provisions of ASU 2015-11 are effective for public entities with fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. The Company is in the process of evaluating the impact of ASU 2015-11 on its consolidated financial position, consolidated results of operations, and consolidated cash flows.

NOTE 1:- GENERAL (Cont.)

Deferred Taxes:

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic740) - Balance Sheet Classification of Deferred Taxes, which will require that the presentation of deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company has adopted this guidance effective December 31, 2015. The adoption only impacted the presentation in its consolidated financial statements and related disclosure. No prior periods were retroactively adjusted.

c. The significant accounting policies applied in the Company’s audited annual consolidated financial statements as of June 30, 2015 are applied consistently in these financial statements.

d. Basis of Presentation:

The accompanying unaudited consolidated interim financial statements have been prepared in accordance with Article 10 of Regulation S-X, “Interim Financial Statements” and the rules and regulations for Form 10-Q of the Securities and Exchange Commission (the “SEC”). Pursuant to those rules and regulations, the Company has condensed or omitted certain information and footnote disclosure it normally includes in its annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). In management’s opinion, the Company has made all adjustments (consisting only of normal, recurring adjustments, except as otherwise indicated) necessary to fairly present its consolidated financial position, results of operations and cash flows. The Company’s interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. These financial statements and accompanying notes should be read in conjunction with the 2015 consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for its fiscal year ended June 30, 2015 filed with the SEC on August 20, 2015 (the “2015 Form 10-K”). There have been no changes in the significant accounting policies from those that were disclosed in the audited consolidated financial statements for the fiscal year ended June 30, 2015 included in the 2015 Form 10-K.

e. The Company depends on two contract manufacturers and several limited or single source component suppliers. Reliance on these vendors makes the Company vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules, manufacturing yields and costs.

Two vendors collectively account for 76% (unaudited) and 79% of the Company’s total trade payables as of December 31, 2015 (unaudited) and June 30, 2015, respectively.

NOTE 1:- GENERAL (Cont.)

f. Marketable Securities:

Marketable securities consist of corporate bonds. The Company determines the appropriate classification of marketable securities at the time of purchase and re-evaluates such designation at each balance sheet date. In accordance with FASB ASC No. 320 “Investments-Debt and Equity Securities”, the Company classifies marketable securities as available-for-sale. Available-for-sale securities are stated at fair value, with unrealized gains and losses reported in accumulated other comprehensive income (loss), a separate component of stockholders’ equity, net of taxes. Realized gains and losses on sales of marketable securities, as determined on a specific identification basis, are included in financial income (expenses), net. The amortized cost of marketable securities is adjusted for amortization of premium and accretion of discount to maturity, both of which, together with interest, are included in financial income (expenses), net. The Company classifies its marketable debt securities as either short-term or long-term based on each instrument’s underlying contractual maturity date. Marketable debt securities with maturities of 12 months or less are classified as short-term and marketable debt securities with maturities greater than 12 months are classified as long-term.

The Company recognizes an impairment charge when a decline in the fair value of its investments in debt securities below the cost basis of such securities is judged to be other-than-temporary. Factors considered in making such a determination include the duration and severity of the impairment, the reason for the decline in value, the potential recovery period and the Company’s intent to sell, including whether it is more likely than not that the Company will be required to sell the investment before recovery of cost basis. If the Company does not intend to sell the security or it is not more likely than not that it will be required to sell the security before it recovers in value, the Company must estimate the net present value of cash flows expected to be collected. If the amortized cost exceeds the net present value of cash flows, such excess is considered a credit loss and an other-than-temporary impairment has occurred. For securities that are deemed other-than-temporarily impaired (“OTTI”), the amount of impairment is recognized in the statement of operations and is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income (loss). The Company did not recognize OTTI on its marketable securities during the six months ended on December 31, 2015.

g. Derivative financial instruments:

The Company accounts for derivatives and hedging based on ASC 815 (“Derivatives and Hedging”). ASC 815 requires the Company to recognize all derivatives on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship.

NOTE 1:- GENERAL (Cont.)

To protect against the increase in value of forecasted foreign currency cash flows resulting from salary and lease payments of its Israeli facilities denominated in the Israeli currency, the New Israeli Shekel ("NIS"), during the three and six months ended December 31, 2015, the Company instituted a foreign currency cash flow hedging program. The Company hedges portions of the anticipated payroll and lease payments denominated in NIS for a period of one to twelve months with hedging contracts. Accordingly, when the dollar strengthens against the foreign currencies, the decline in present value of future foreign currency expenses is offset by losses in the fair value of the hedging contracts. Conversely, when the dollar weakens, the increase in the present value of future foreign currency cash flows is offset by gains in the fair value of the hedging contracts. These hedging contracts are designated as cash flow hedges, as defined by ASC 815 and are all effective hedges of these expenses.

In accordance with ASC 815, for derivative instruments that are designated and qualify as a cash flow hedge (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any gain or loss on a derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item is recognized in current earnings during the period of change.

In addition to the above mentioned cash flow hedges transactions, the Company also entered into derivative instrument arrangements to hedge the Company's exposure to currencies other than the U.S. dollar. These derivative instruments are not designated as cash flows hedges, as defined by ASC 815, and therefore all gains and losses, resulting from fair value remeasurement, were recorded immediately in the statement of operations, as financial income (expenses).

As of December 31, 2015, the Company entered into forward contracts to sell U.S. dollars in the amount of $13,008. These hedging contracts do not contain any credit-risk-related contingency features. See Note 6 for information on the fair value of these hedging contracts.

The fair value of derivative assets was $90 on December 31, 2015, which was recorded in other accounts receivable and prepaid expenses in the consolidated balance sheets. The amount recorded as gain in the general and administrative expenses under the consolidated statements of income for the three and the six months ended December 31, 2015 (unaudited) resulted from the above referenced hedging transactions and was $2 and $3, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Cont.)

The fair value of the outstanding derivative instruments as of December 31, 2015 (unaudited) and June 30, 2015 is summarized below:

		Fair Value of Derivative Instruments	
	Balance Sheet Location	**As of December 31, 2015 (unaudited)**	**As of June 30, 2015**
Derivative Assets			
Foreign exchange forward contracts	Other accounts receivable and prepaid expenses (*)	90	859
Total		90	859

(*) Estimated to be reclassified into earnings during 2016.

The effect of derivative instruments in cash flow hedging transactions on income and other comprehensive income ("OCI") for the three and the six months ended December 31, 2015 and 2014 is summarized below:

	Gains on Derivatives Recognized in OCI for the three months ended December 31,		Gains on Derivatives Recognized in OCI for the six months ended December 31,	
	2015	**2014**	**2015**	**2014**
	(unaudited)		(unaudited)	
Foreign exchange forward contracts	40	-	77	-

	Gains Reclassified from OCI into Income for the three months ended December 31,		Gains Reclassified from OCI into Income for the six months ended December 31,	
	2015	**2014**	**2015**	**2014**
	(unaudited)		(unaudited)	
Foreign exchange forward contracts	3	-	2	-

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Cont.)

h. Intangible assets:

On March 9, 2015, the Company and Beacon Power LLC, a Delaware limited liability company ("Beacon") entered into a patent purchase agreement under which the Company agreed to purchase all rights in the patents. In July 2015, the Company completed the purchase of the patents for $800.

The patents are stated at cost, net of accumulated amortization. Amortization is calculated by the straight-line method over 10 years, which represents the estimated useful lives of the patents.

Amortization expenses for the three and the six months ended December 31, 2015 (unaudited) were $21 and $42, respectively.

i. Accumulated other comprehensive loss:

The following table summarizes the changes in accumulated balances of other comprehensive loss, net of taxes, for the three months ended December 31, 2015 (unaudited):

	Unrealized gains (losses) on available-for-sale marketable securities	Unrealized gains (losses) on cash flow hedges	Unrealized gains (losses) on foreign currency translation	Total
Beginning balance	$ -	$ 38	$ (263)	$ (225)
Other comprehensive income (loss) before reclassifications	(81)	40	(24)	(65)
Losses (gains) reclassified from accumulated other comprehensive income (loss)	-	(3)	-	(3)
Net current period other comprehensive income (loss)	(81)	37	(24)	(68)
Ending balance	$ (81)	$ 75	$ (287)	$ (293)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Cont.)

The following table summarizes the changes in accumulated balances of other comprehensive loss, net of taxes, for the six months ended December 31, 2015 (unaudited):

	Unrealized gains (losses) on available-for-sale marketable securities	Unrealized gains (losses) on cash flow hedges	Unrealized gains (losses) on foreign currency translation	Total
Beginning balance	$ -	$ -	$ (222)	$ (222)
Other comprehensive income (loss) before reclassifications	(81)	77	(65)	(69)
Losses (gains) reclassified from accumulated other comprehensive income (loss)	-	(2)	-	(2)
Net current period other comprehensive income (loss)	(81)	75	(65)	(71)
Ending balance	$ (81)	$ 75	$ (287)	$ (293)

NOTE 2:- MARKETABLE SECURITIES

The following is a summary of available-for-sale marketable securities at December 31, 2015 (unaudited):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Corporate bonds	$ 52,559	$ -	$ (132)	$ 52,427

As of June 30, 2015, the Company had no investments in marketable securities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands (except share and per share data)

NOTE 2:- MARKETABLE SECURITIES (Cont.)

The amortized cost of available-for-sale marketable securities at December 31, 2015, by contractual maturities, is shown below:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Due in one year or less	$ 27,182	$ -	$ (45)	$ 27,137
Due after one year to two years	$ 25,377	$ -	$ (87)	$ 25,290
	$ 52,559	$ -	$ (132)	$ 52,427

As of December 31, 2015, management believes the impairments are not other than temporary and therefore the impairment losses were recorded in accumulated other comprehensive income (loss). The Company has no intent to sell these securities and it is more likely than not that the Company will not be required to sell these securities prior to the recovery of the entire amortized cost basis.

As of December 31, 2015 (unaudited) and June 30, 2015, there were 50 and 0 securities in a loss position, respectively.

The total fair value of marketable securities with outstanding unrealized losses as of December 31, 2015 (unaudited) amounted to $52,427, while the unrealized losses for these marketable securities amounted to $132.

NOTE 3:- INVENTORIES

	December 31, 2015 (unaudited)	June 30, 2015
Raw materials	$ 13,211	$ 14,405
Finished goods	74,189	59,545
	$ 87,400	$ 73,950

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

U.S. dollars in thousands (except share and per share data)

NOTE 4:- WARRANTY OBLIGATIONS

Changes in the Company’s product warranty liability for the six months ended December 31, 2015 and 2014 were as follows:

	Six months ended December 31, 2015	Six months ended December 31, 2014
	(unaudited)	
Balance, at beginning of period	$ 31,879	$ 18,181
Additions and adjustments to cost of revenues	13,248	8,469
Usage and current warranty expenses	(4,233)	(2,353)
Balance, at end of period	40,894	24,297
Less current portion	(11,862)	(6,652)
Long term portion	$ 29,032	$ 17,645

NOTE 5:- REVOLVING CREDIT LINE

In June 2011, the Company entered into an agreement for a revolving line of credit from a bank lender (the "Bank Lender").

On February 17, 2015, the Company amended and restated the agreement with the Bank Lender for its revolving line of credit, which permits aggregate borrowings of up to $40 million in an amount not to exceed 80% of the eligible accounts receivable and bears interest, payable monthly, at the Bank Lender’s prime rate plus a margin of 0.5% to 2.0%. The Company’s revolving line of credit will terminate, and outstanding borrowings will be payable, on December 31, 2016.

In connection with the revolving line of credit, the Company granted the Bank Lender security interests in substantially all of the Company’s assets, including a first-priority security interest in the Company’s trade receivables, cash and cash equivalents. Financial covenants contained in the amended and restated agreement require the Company to maintain EBITDA and liquidity at specified levels.

The Company is required to maintain liquidity (defined as unrestricted and unencumbered cash, plus availability in the amended and restated agreement) of $6,750. The amended and restated agreement also contains covenants that restrict the Company’s ability to dispose of assets, engage in business combinations (or permit a subsidiary to engage in business combinations), grant liens, borrow money, or pay dividends.

As of December 31, 2015 (unaudited) and June 30, 2015, the Company met all of the covenants in the amended and restated agreement.

As of December 31, 2015 (unaudited), the Company had no outstanding borrowings pursuant to this revolving line of credit.

U.S. dollars in thousands (except share and per share data)

NOTE 6:- FAIR VALUE MEASUREMENTS

The Company evaluates assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level to classify them for each reporting period. There have been no transfers between fair value measurements levels during the six months ended December 31, 2015.

The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1- Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2- Include other inputs that are directly or indirectly observable in the marketplace.
Level 3- Unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's assets that were measured at fair value as of December 31, 2015 (unaudited) by level within the fair value hierarchy:

		Fair value measurements		
Description	**Balance as of December 31, 2015 (unaudited)**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
Money market mutual funds	$ 32,193	$ 32,193	-	-
Derivative instruments asset	$ 90	-	$ 90	-
Short-term marketable securities:				
Corporate bonds	$ 27,137	-	$ 27,137	-
Long-term marketable securities:				
Corporate bonds	$ 25,290	-	$ 25,290	-

U.S. dollars in thousands (except share and per share data)

NOTE 6:- FAIR VALUE MEASUREMENTS (Cont.)

The following table sets forth the Company's assets that were measured at fair value as of June 30, 2015 by level within the fair value hierarchy:

Description	Balance as of June 30, 2015	Fair value measurements Level 1	Level 2	Level 3
Derivative instruments asset	$ 859	-	$ 859	-

In addition to the assets described above, the Company's financial instruments also include cash and cash equivalents, restricted and short-term deposits, trade receivables, other accounts receivable, trade payables, accrued expenses and other payables. The fair value of these financial instruments was not materially different from their carrying values on December 31, 2015 due to the short-term maturity of these instruments.

NOTE 7:- LEASE INCENTIVE OBLIGATION

The Company has an operating lease agreement for a building in Herziliya, Israel. In connection with this lease, the Company and its third party lessor (the "Lessor"), agreed that the Lessor would reimburse approximately $2,937 for certain leasehold improvements on behalf of the Company.

As of December 31, 2015 (unaudited), the Company received in cash $2,896 from the Lessor in connection with such leasehold improvements. These leasehold improvements are accounted for as a lease incentive obligation, which is recorded under long-term liabilities, net of the current portion recorded in accrued expenses and other accounts payable under current liabilities. The lease incentive obligation is being amortized over the life of the lease and as a reduction to rent expense. As of December 31, 2015, the net amortized amount of lease incentive obligation recorded under long-term liabilities is $2,320.

NOTE 8:- COMMITMENTS AND CONTINGENT LIABILITIES

a. Lease commitments:

The Company and its subsidiaries lease their operating facilities under non-cancelable operating lease agreements, which expire over the next ten years, with the last ending in December 2024.

U.S. dollars in thousands (except share and per share data)

NOTE 8:- COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

The future minimum lease commitments of the Company and its subsidiaries under various non-cancelable operating lease agreements in respect of premises that are in effect as of December 31, 2015 (unaudited), are as follows:

Year ended June 30,	(unaudited)
2016	1,137
2017	2,129
2018	2,048
2019	1,914
2020 and thereafter	8,363
	15,591

Rent expenses for the six months ended December 31, 2015 (unaudited) and 2014 (unaudited) were approximately $1,067 and $596, respectively.

b. Guarantees:

As of December 31, 2015 (unaudited), contingent liabilities exist regarding guarantees in the amount of $609, $51 and $82 in respect of office rent lease agreements, customs transactions and credit card limits, respectively.

c. Royalty and Governmental commitments:

As of December 31, 2015 (unaudited), the aggregate contingent liability to the Binational Industrial Research and Development Foundation (BIRD-F) amounted to approximately $1,124 which would be payable by the Company if it ever did generate revenues from such project.

As of December 31, 2015 (unaudited), the aggregate contingent liability to the Office of the Chief Scientist (the OCS) amounted to $752.

d. Contractual purchase obligations:

The Company has contractual obligations to purchase certain goods and raw materials. These contractual purchase obligations relate to certain inventories held by contract manufacturers and purchase orders initiated by the contract manufacturers and suppliers, which cannot be canceled without penalty. The Company utilizes third parties to manufacture its products. In addition, it acquires raw materials or other goods and services, including product components, by issuing to suppliers authorizations to purchase based on its projected demand and manufacturing needs. As of December 31, 2015 (unaudited), the Company had non-cancelable purchase obligations totaling approximately $73,941, of which the Company already recorded a provision for loss in the amount of $1,754.

U.S. dollars in thousands (except share and per share data)

NOTE 8:- COMMITMENTS AND CONTINGENT LIABILITIES (Cont.)

e. Legal claims:

From time to time, the Company may be involved in various claims and legal proceedings. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss. These accruals are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter.

NOTE 9:- STOCK CAPITAL

a. On March 23, 2015, the Company's board of directors and the requisite holders of the Company's capital stock consented to a 1-for-3 reverse stock split of the Company's common stock. As a result of the reverse stock split, (i) every 3 shares of authorized, issued and outstanding common stock was decreased to one share of authorized, issued and outstanding common stock, (ii) the number of shares of common stock into which each outstanding warrant or option to purchase common stock is exercisable was proportionally decreased on a 1-for-3 basis, (iii) all share prices and exercise prices were proportionately increased. All of the share numbers, share prices, and exercise prices have been adjusted within these consolidated financial statements, on a retroactive basis, to reflect this 1-for-3 reverse stock split.

b. Common Stock:

	Authorized		Issued and outstanding	
	Number of shares			
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	(unaudited)		(unaudited)	
Stock of $0.0001 par value:				
Common stock	125,000,000	125,000,000	40,092,668	39,297,539

c. Stock Incentive plans:

The Company’s 2007 Global Incentive Plan (the “2007 Plan”) was adopted by the board of directors on August 30, 2007. On March 31, 2015, upon consummation of the Company’s Initial Public Offering (“IPO”), the 2007 Plan was terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms and 379,358 available options for future grant were transferred to the Company’s 2015 Global Incentive Plan (the “2015 Plan”) and are reserved for future issuances under the 2015 Plan.

U.S. dollars in thousands (except share and per share data)

NOTE 9:- STOCK CAPITAL (Cont.)

The 2015 Plan became effective upon the consummation of the IPO. The 2015 Plan provides for the grant of options, RSUs and other share-based awards to directors, employees, officers and consultants of the Company and its subsidiaries. As of December 31, 2015 (unaudited), a total of 1,822,484 (unaudited) shares of common stock were reserved for issuance under the 2015 Plan (the “Share Reserve”). The Share Reserve will automatically increase on January 1st of each year during the term of the 2015 Plan commencing on January 1st of the year following the year in which the 2015 Plan becomes effective in an amount equal to five percent (5%) of the total number of shares of common stock outstanding on December 31st of the preceding calendar year; provided, however, that our board of directors may provide that there will not be a January 1st increase in the Share Reserve in a given year or that the increase will be less than five percent (5%) of the shares of common stock outstanding on the preceding December 31st.

The aggregate maximum number of shares of common stock that may be issued on the exercise of incentive stock options is ten million (10,000,000).

As of December 31, 2015 (unaudited), an aggregate of 705,082 shares of common stock are available for future grant under the 2015 Plan.

d. Options granted to employees and members of the board of directors:

A summary of the activity in the options granted to employees and members of the board of directors for the six months ended December 31, 2015 (unaudited) and related information follows:

	Number of Options/RSUs	Weighted average exercise price	Weighted average remaining contractual term in years	Aggregate intrinsic value
Outstanding as of July 1, 2015	6,034,782	$ 3.14	7.06	$ 200,438
Granted	228,800	$ 25.09		
Exercised	(763,089)	$ 1.90		
Forfeited or expired	(26,008)	$ 4.09		
Outstanding as of December 31, 2015	5,474,485	$ 4.22	6.89	$ 131,099
Vested and expected to vest as of December 31, 2015	5,261,969	$ 4.14	6.84	$ 126,443
Exercisable as of December 31, 2015	3,312,883	$ 2.60	5.68	$ 84,719

U.S. dollars in thousands (except share and per share data)

NOTE 9:- STOCK CAPITAL (Cont.)

The aggregate intrinsic value represents the total intrinsic value (the difference between the fair value of the Company's common stock as of the last day of each period and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on the last day of each period. The total intrinsic value of options exercised during the six months ended on December 31, 2015 (unaudited) was $15,787.

The weighted average grant date fair values of options granted to employees and executive directors during the six months ended December 31, 2015 (unaudited) was $25.09.

The options outstanding as of December 31, 2015 (unaudited) have been separated into exercise price ranges as follows:

Range of exercise price	Outstanding as of December 31, 2015	Weighted average remaining contractual life in years	Options exercisable as of December 31, 2015	Weighted average remaining contractual life in years
$0.50 - $1.50	924,105	3.12	924,105	3.12
$1.68 - $2.46	1,698,582	5.75	1,590,206	5.71
$3.03 - $3.96	600,938	8.01	283,031	7.92
$5.01	1,988,732	8.92	501,241	8.90
$9.36	33,328	9.08	-	-
$25.09	228,800	9.64	14,300	9.64
	5,474,485	6.89	3,312,883	5.68

e. A summary of the activity in the RSUs granted to employees and members of the board of directors for the six months ended December 31, 2015 (unaudited), is as follows:

	No. of Options	Weighted average grant date fair value
Unvested as of June 30, 2015	67,440	25.09
Granted	807,656	24.45
Vested	(24,311)	25.09
Forfeited	(18,828)	24.44
Unvested as of December 31, 2015	831,957	24.25

U.S. dollars in thousands (except share and per share data)

NOTE 9:- STOCK CAPITAL (Cont.)

f. Options and RSUs issued to non-employee consultants:

The Company has granted options and RSUs to purchase shares of common stock to non-employee consultants as of December 31, 2015 (unaudited) as follows:

Issuance date	Outstanding as of December 31, 2015	Exercise price	Exercisable as of December 31, 2015	Exercisable through
July 31, 2008	33,333	0.87	33,333	July 31, 2018
January 26, 2012	33,333	2.46	33,333	January 26, 2022
October 24, 2012	6,666	2.46	5,416	October 24, 2022
January 23, 2013	3,333	3.03	2,569	January 23, 2023
January 27, 2014	4,698	3.51	1,935	January 27, 2024
May 1, 2014	6,000	3.51	2,792	May 1, 2024
September 17, 2014	10,830	3.96	4,114	September 17, 2024
October 29, 2014	6,668	5.01	1,556	October 29, 2024
August 19, 2015	28,167	0.00	-	
November 8, 2015	4,167	0.00	-	
	137,195		85,048	

The Company had accounted for its options and RSUs granted to non-employee consultants under the fair value method of ASC 505-50. In connection with the grant of options and RSUs to non-employee consultants, the Company recorded stock compensation expenses in the three months ended December 31, 2015 (unaudited) and 2014 (unaudited) in the amounts $254, and $79, respectively, and stock compensation expenses in the six months ended December 31, 2015 and 2014 in the amounts $373 and $102, respectively

g. Stock-based compensation expense for employees and consultants:

The Company recognized stock-based compensation expenses related to options and RSUs granted to employees and non-employees in the consolidated statement of operations for the three and six months ended on December 31, 2015 (unaudited) and 2014 (unaudited), as follows:

	Three months ended December 31,		Six months ended December 31,	
	2015	2014	2015	2014
Cost of revenues	$ 209	$ 76	$ 389	$ 113
Research and development	518	156	913	266
Selling and marketing	749	152	1,365	254
General and administrative	750	76	1,391	147
Total stock-based compensation expense	$ 2,226	$ 460	$ 4,058	$ 780

U.S. dollars in thousands (except share and per share data)

NOTE 9:- STOCK CAPITAL (Cont.)

As of December 31, 2015 (unaudited), there was a total unrecognized compensation expense of $29,675 related to non-vested equity-based compensation arrangements granted under the Company's plans. These expenses are expected to be recognized during the period from January 1, 2016 through February 29, 2020.

NOTE 10:- INCOME TAXES

a. Taxes on income (tax benefit) are comprised as follows:

	Three months ended December 31,		Six months ended December 31,	
	2015	2014	2015	2014
	Unaudited		Unaudited	
Current year taxes	$ 941	$ 401	$ 1,311	$ 748
Previous year taxes	(216)	-	(216)	-
Deferred tax income	(6,527)	-	(6,527)	-
Taxes on income (tax benefit)	$ (5,802)	$ 401	$ (5,432)	$ 748

b. Deferred income taxes:

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31, 2015	June 30, 2015
	(Unaudited)	
Assets in respect of:		
Carryforward tax losses	$ 399	$ 23,033
Research and Development carryforward expenses- temporary differences	4,346	5,173
Stock-based compensation	463	-
Other reserves	1,357	1,346
	6,565	29,552
Valuation allowance (1)	-	(29,552)
Net deferred tax assets	$ 6,565	$ -

NOTE 10:- INCOME TAXES (Cont.)

(1) ASC 740 requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluated the net deferred tax assets for each separate tax entity. As of June 30, 2015, the Company concluded that it is not more likely than not that the net deferred tax assets will be realized and a full valuation allowance has been recorded against these assets. The Company's estimate of future book-taxable income considers available evidence, both positive and negative, about its operating businesses and investments, including an aggregation of individual projections for each significant operating business and investment, estimated apportionment factors for state and local taxing jurisdictions and includes all future years that the Company estimated it would have available net operating loss carryforwards.

During the second fiscal quarter of 2016, the Company determined that the positive evidence outweighs the negative evidence for deferred tax assets and concluded that these deferred tax assets are realizable on a "more likely than not" basis. This determination was mainly due to expected future results of positive operations and earnings history.

NOTE 11:- BASIC AND DILUTED NET EARNINGS PER SHARE

Basic net earnings per share is computed by dividing the net earnings by the weighted-average number of shares of common stock outstanding during the period.

The total weighted average number of shares of common stock related to the outstanding stock options, convertible preferred stock and warrants to purchase convertible preferred stock and common stock, excluded from the calculation of diluted net earnings per share due to their anti-dilutive effect, was 19,418 and 29,015,225 for the six months ended December 31, 2015 (unaudited) and 2014 (unaudited), respectively.

Basic and diluted earnings per share is presented in conformity with the two-class method for participating securities for the periods prior to their conversion. Under this method, the earnings per share for each class of shares are calculated assuming 100% of the Company's earnings are distributed as dividends to each class of shares based on their contractual rights.

U.S. dollars in thousands (except share and per share data)

NOTE 11:- BASIC AND DILUTED NET EARNINGS PER SHARE (Cont.)

The following table presents the computation of basic and diluted net earnings per share for the periods presented:

	Three months ended December 31,		Six months ended December 31,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
Numerator:				
Net income	24,105	3,375	38,537	5,895
Dividends accumulated for the period	-	(3,375)	-	(5,895)
Net income available to holders of common stock	24,105	-	38,537	-
Denominator:				
Shares used in computing net earnings per share of common stock, basic	39,511,967	2,815,694	39,406,797	2,814,188
Numerator:				
Net income	24,105	3,375	38,537	5,895
Dividends accumulated for the period	-	(3,375)	-	(5,895)
Net income available to holders of common stock	24,105	-	38,537	-
Denominator:				
Shares used in computing net earnings per share of common stock, diluted	44,007,348	2,815,694	44,231,660	2,814,188

NOTE 12:- CONCENTRATION OF CREDIT RISK AND MAJOR CUSTOMERS

a. For the three month period ended December 31, 2015 (unaudited), the Company had three major customers that accounted for approximately 36.9% of its consolidated revenues.

For the six month period ended December 31, 2015 (unaudited), the Company had two major customers that accounted for approximately 25.3% of its consolidated revenues.

For the year ended June 30, 2015, the Company had one major customer that accounted for 24.6% of its consolidated revenues.

b. As of December 31, 2015 (unaudited), three customers accounted for 39.5% of the Company's net accounts receivable and as of June 30, 2015, one customer accounted for 30.0% of the Company's net accounts receivable.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Statements contained in this Form 10-Q or statements incorporated by reference from documents we have filed with the Securities and Exchange Commission may contain forward-looking statements that are based on our management's expectations, estimates or projections beliefs and assumptions in accordance with information currently available to our management. Forward looking statements should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Part 1, Item 1 of this report. This discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements include information concerning our possible or assumed future results of operations, business strategies, technology developments, financing and investment plans, dividend policy, competitive position, industry and regulatory environment, potential growth opportunities and the effects of competition. Forward looking statements include statements that are not historical facts and can be identified by terms such as "anticipate," "believe," "could," "seek," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or similar expressions and the negatives of those terms.

Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Given these uncertainties, you should not place undue reliance on forward looking statements. Also, forward looking statements represent our management's beliefs and assumptions only as of the date of this filing. Important factors that could cause actual results to differ materially from our expectations include:

- our history of losses and limited period of profitability, which may not continue in the future;
- our limited operating history, which makes it difficult to predict future results;
- future demand for solar energy solutions;
- changes to net metering policies or the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications;
- federal, state and local regulations governing the electric utility industry with respect to solar energy;
- the retail price of electricity derived from the utility grid or alternative energy sources;
- interest rates and supply of capital in the global financial markets;
- competition, including introductions of power optimizer, inverter and solar PV system monitoring products by our competitors;
- developments in alternative technologies or improvements in distributed solar energy generation;
- historic cyclicality of industry and periodic downturns;
- defects or performance problems in our products;
- our ability to forecast demand for our products accurately and to match production with demand;
- our dependence on ocean transportation to deliver our products in a cost effective manner;
- our dependence upon a small number of outside contract manufacturers;

- capacity constraints, delivery schedules, manufacturing yields and costs of our contract manufacturers and availability of components;
- delays, disruptions and quality control problems in manufacturing;
- shortages, delays, price changes or cessation of operations or production affecting our suppliers of key components;
- business practices and regulatory compliance of our raw material suppliers;
- performance of distributors and large installers in selling our products;
- our ability to retain key personnel and attract additional qualified personnel;
- our ability to maintain our brand and to protect and defend our intellectual property;
- our ability to retain, and events affecting, our major customers;
- our ability to manage effectively the growth of our organization and expansion into new markets;
- our ability to raise additional capital on favorable terms or at all;
- fluctuations in currency exchange rates;
- unrest, terrorism or armed conflict in Israel;
- general economic conditions in our domestic and international markets; and
- the other factors set forth under “Item 1A. Risk Factors” in “Part II-OTHER INFORMATION” section of this report.

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

We have invented an intelligent inverter solution that has changed the way power is harvested and managed in a solar photovoltaic (“PV”) system. Our direct current (“DC”) optimized inverter system maximizes power generation at the individual PV module level while lowering the cost of energy produced by the solar PV system and providing comprehensive and advanced safety features. Our systems allow for superior power harvesting and module management by deploying power optimizers at each PV module while maintaining a competitive system cost by using a simplified DC AC inverter. Our systems are monitored through our cloud based monitoring platform that enables lower system operating and maintenance (“O&M”) costs. We believe that these benefits, along with our comprehensive and advanced safety features, are highly valued by our customers.

As of December 31, 2015, we have shipped approximately 9.6 million power optimizers and 403,000 inverters. Approximately 179,500 installations, many of which may include multiple inverters, are currently connected to, and monitored through, our cloud-based monitoring platform. As of December 31, 2015, we have shipped approximately 2.5 GW of our DC optimized inverter systems. Our products are sold in approximately 42 countries, and are installed in solar PV systems in 91 countries.

As of December 31, 2015, approximately 11,950 indirect customers had registered with us through our cloud-based monitoring platform.

Our revenues for the six months ended December 31, 2014 and 2015 were $140.3 million and $239.9 million, respectively. Gross margins were 21.3% and 30.1% for the six months ended December 31, 2014 and 2015, respectively. Net income was $5.9 million and $38.5 million for the six months ended December 31, 2014 and 2015, respectively.

Recent Developments

In January 2016, we announced the commercial availability of our StorEdge solution.

Key Operating Metrics

In managing our business and assessing financial performance, we supplement the information provided by the financial statements with other operating metrics. These operating metrics are utilized by our management to evaluate our business, measure our performance, identify trends affecting our business and formulate projections. We use metrics relating to yearly shipments (inverters shipped, power optimizers shipped and megawatts shipped) to evaluate our sales performance and to track market acceptance of our products from year to year. We use metrics relating to monitoring (systems monitored) to evaluate market acceptance of our products and usage of our solution.

We provide the “megawatts shipped” metric, which is calculated based on nameplate capacity shipped, to show adoption of our system on a nameplate capacity basis. Nameplate capacity shipped is the maximum rated power output capacity of an inverter and corresponds to our financial results in that higher total capacities shipped are generally associated with higher total revenues. However, revenues increase with each additional unit, not necessarily each additional MW of capacity, sold. Accordingly, we also provide the “inverters shipped” and “power optimizers shipped” operating metrics.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Inverters shipped	59,080	35,696	113,275	67,576
Power optimizers shipped	1,373,407	785,730	2,833,684	1,449,580
Megawatts shipped (1)	416	213	771	389

(1) Calculated based on the aggregate nameplate capacity of inverters shipped during the applicable period. Nameplate capacity is the maximum rated power output capacity of an inverter as specified by the manufacturer.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

The following table sets forth selected consolidated statements of operations data for each of the periods indicated.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
	(In thousands)		(In thousands)	
Revenues	$ 124,832	$ 73,290	$ 239,886	$ 140,259
Cost of revenues	86,250	57,509	167,777	110,448
Gross profit	38,582	15,781	72,109	29,811
Operating expenses:				
Research and development, net	8,299	4,768	15,290	9,827
Sales and marketing	8,833	5,658	17,077	11,119
General and administrative	2,188	1,121	5,606	2,280
Total operating expenses	19,320	11,547	37,973	23,226
Operating income	19,262	4,234	34,136	6,585
Financial income (expenses), net	(959)	(458)	(1,031)	58
Income before taxes on income	18,303	3,776	33,105	6,643
Taxes on income (tax benefit)	(5,802)	401	(5,432)	748
Net income	$ 24,105	$ 3,375	$ 38,537	$ 5,895

Comparison of the Three Months Ended December 31, 2015 and 2014

Revenues

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Revenues	$ 124,832	$ 73,290	$ 51,542	70.3%

Revenues increased by $51.5 million, or 70.3%, for the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to an increase in the number of systems sold in the U.S. market and certain countries in Europe. The number of power optimizers sold increased by approximately 0.6 million units, or 83.1%, from approximately 0.8 million units in the three months ended December, 2014 to approximately 1.4 million units in the three months ended December 31, 2015. The number of inverters sold increased by approximately 27,700 units, or 79.2%, from approximately 34,900 units in the three months ended December 31, 2014 to approximately 62,600 units in the three months ended Decemeber 31, 2015. Our blended average selling price per watt for units shipped decreased by $0.058, or 16.5%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to (i) increased volumes of commercial products that are characterized by lower average selling prices per watt; (ii) a change in our geographic mix, specifically in sales to Europe where the devaluation of the Euro against the US Dollar in calendar 2015 reduced our average selling price when translated into U.S. Dollars; and (iii) a change in our customer mix, which included a higher portion of sales to large customers to whom we provide volume discounts.

Cost of Revenues and Gross Profit

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Cost of revenues	$ 86,250	$ 57,509	$ 28,741	50.0%
Gross profit	$ 38,582	$ 15,781	$ 22,801	144.5%

Cost of revenues increased by $28.7 million, or 50.0%, in the three months ended December 31, 2015 as compared to the three months ended Decemeber 31, 2014, primarily due to (i) an increase in the volume of products sold; (ii) an increase in personnel-related costs resulting from an increase in our operations and support headcount; and (iii) increased warranty expenses and warranty accruals associated with the increase in our install base. These increases were offset by reductions of shiping costs associated with the minimal use of air freight. Gross profit as a percentage of revenue increased from 21.5% in the three months ended December 31, 2014 to 30.9% in the three months ended December 31, 2015, primarily due to reductions in per unit product costs, an increased portion of ocean freight shipments and a reduction in air shipments, lower costs associated with our warranty and warranty provisions as a percentage of revenue, and general economies of scale in our personnel related costs and other costs associated with our support and operations departments.

Operating Expenses:

Research and Development, Net

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Research and development, net	$ 8,299	$ 4,768	$ 3,531	74.1%

Research and development, net increased by $3.5 million, or 74.1%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to an increase in personnel related costs of $2.0 million from higher headcount. The increase in headcount reflects our continued investment in enhancing our existing products as well as development associated with bringing new products to the market. In addition, other overhead costs, the use of of external consulatants and sub-contractors, increased expenses associated with patent applications and maintaining our IP protfolio, materials consumption and travel expenses increased by $0.9 million. In addition we recorded $0.6 million less grant from the Office of the Chief Scientist of Israel in the three months ended Decemeber 31, 2015 as compared to the three months ended December, 2014.

Sales and Marketing

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Sales and marketing	$ 8,833	$ 5,658	$ 3,175	56.1%

Sales and marketing expenses increased by $3.2 million, or 56.1%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to an increase in personnel related costs of $2.6 million due to an increase in headcount associated with supporting our growth in the U.S. and Europe. In addition, expenses related to trade shows and marketing activities and expenses associated with our worldwide sales offices, travel and other overhead costs increased by $0.6 million in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014.

General and Administrative

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
General and administrative	$ 2,188	$ 1,121	$ 1,067	95.2%

General and administrative expenses increased by $1.1 million, or 95.2%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to an increase in personnel costs of $1.0 million related to (i) higher headcount in the legal, finance, human resources, and information technology department functions required of a growing public company and (ii) increased expenses related to equity-based compensation, changes in management compensation and growth in vacation accruals, which resulted from changes in compensation. In addition, costs related to being a public company and costs related to accounting, tax, legal and information systems consulting increased by $0.4 million and $0.2 million, respectively, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, offset by the reversal of an accrual for doubtful debts of $0.5 million in the three months ended December 31, 2015 resulting from collection of an overdue customer debt.

Financial Expenses

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Financial expenses	$ 959	$ 458	$ 501	109.4%

Financial expenses increased by $0.5 million or 109.4%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014, primarily due to $0.2 million generated from foreign exchange fluctuations in the three months ended December 31, 2014 compared to $0.9 million in expenses from foreign exchange fluctuations in the three months ended December 31, 2015. This was offset by a decrease of $0.3 million of interest expenses from the full repayment of our borrowings under our revolving line of credit and payment of interest on other long term debt and a decrease of $0.3 million expenses related to remeasurement of certain warrants granted to a lender in relation to long term debt in the three months ended December 31, 2014 as compared to the three months ended December 31, 2015 due to full exercise of the warrants.

Taxes on Income (tax benefit)

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Taxes on income (tax benefit)	$ (5,802)	$ 401	$ (6,203)	N/A

Tax benefits were $5.8 million in the three months ended December 31, 2015 compared to taxes on income of $0.4 million in the three months ended December 31, 2014, primarily due to the establishment of a $6.5 million deferred tax asset for the first time in the three months ended December 31, 2015 and an increase of $0.3 million in the current tax expenses for the three months ended December 31, 2015 as compared to the three months ended December 31, 2014.

Net Income

	Three Months Ended December 31,		Three Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Net income	$ 24,105	$ 3,375	$ 20,730	614.2%

As a result of the factors discussed above, net income increased by $20.7 million, or 614.2%, in the three months ended December 31, 2015 as compared to the three months ended December 31, 2014.

Comparison of the Six Months Ended December 31, 2015 and 2014

Revenues

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Revenues	$ 239,886	$ 140,259	$ 99,627	71.0%

Revenues increased by $99.6 million, or 71.0%, for the six months ended December 31, 2015 as compared to the six months ended December 31, 2014, primarily due to an increase in the number of systems sold in the U.S. market and certain countries in Europe. The number of power optimizers sold increased by approximately 1.3 million units, or 90.6%, from approximately 1.5 million units in the six months ended December 31, 2014 to approximately 2.8 million units in the six months ended December 31, 2015. The number of inverters sold increased by approximately 45,000 units, or 66.8%, from approximately 67,400 units in the six months ended December 31, 2014 to approximately 112,400 units in the six months ended Decemeber 31, 2015. Our blended average selling price per watt for units shipped decreased by $0.048, or 13.4%, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014, primarily due to (i) increased volumes of commercial products that are characterized by lower average selling prices per watt; (ii) a change in our geographic mix, specifically in sales to Europe where the devaluation of the Euro against the US Dollar in calendar 2015 reduced our US Dollar translated average selling price; and (iii) a change in our customer mix, which included a higher portion of sales to large customers to whom we provide volume discounts.

Cost of Revenues and Gross Profit

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Cost of revenues	$ 167,777	$ 110,448	$ 57,329	51.9%
Gross profit	$ 72,109	$ 29,811	$ 42,298	141.9%

Cost of revenues increased by $57.3 million, or 51.9%, in the six months ended December 31, 2015 as compared to the six months ended Decemeber 31, 2014, primarily due to (i) an increase in product costs and logistics costs associated with the increased volume of products sold; (ii) an increase in personnel-related costs resulting from an increase in our operations and support headcount; and (iii) increased warranty expenses and warranty accruals. These increases were offset by reductions of shipping costs associated with the minimal use of air freight. Gross profit as a percentage of revenue increased from 21.3% in the six months ended December 31, 2014 to 30.1% in the six months ended December 31, 2015, primarily due to cost reductions in per unit product costs, an increased portion of ocean freight shipments in comparison to air shipments, lower costs per product replacement associated with our warranty and warranty provisions, and general economies of scale in our personnel related costs and other costs associated with our support and operations departments.

Operating Expenses:

Research and Development, Net

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Research and development, net	$ 15,290	$ 9,827	$ 5,463	55.6%

Research and development, net increased by $5.5 million, or 55.6%, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014, primarily due to an increase in personnel related costs of $3.5 million triggered by increased headcount. The increase in headcount reflects our continued investment in enhancing our existing products as well as development associated with bringing new products to the market. In addition, other directly related overhead costs, material consumption, use of contractors and subcontractors and travel expenses, depreciation of lab equipment increased by $0.4 million, $0.3 million and $0.5 million, respectively, and we recorded $0.8 million less grant from the Office of the Chief Scientist of Israel in the six months ended Decemeber 31, 2015 as compared to the six months ended December, 2014.

Sales and Marketing

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Sales and marketing	$ 17,077	$ 11,119	$ 5,958	53.6%

Sales and marketing expenses increased by $6.0 million, or 53.6%, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014, primarily due to an increase in personnel related costs of $4.6 million resulting from an increase in headcount supporting our growth in the U.S. and Europe. In addition, expenses related to travel, other directly related overhead costs, trade shows and marketing activities and expenses associated with our worldwide sales offices increased by $0.4 million, $0.3 million, $0.3 million and $0.4 million, respectively, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014.

General and Administrative

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
General and administrative	$ 5,606	$ 2,280	$ 3,326	145.9%

General and administrative expenses increased by $3.3 million, or 145.9%, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014, primarily due to an increase in personnel costs of $1.9 million related to (i) higher headcount in the legal, finance, human resources, and information technology department functions required of a growing public company and (ii) increased expenses related to equity-based compensation, changes in management compensation and growth in vacation accruals, which resulted from changes in compensation. In addition, costs related to being a public company, accounting, tax, legal and information systems consulting and other directly related overhead costs, travels and accrual to doubtful debt increased by $0.7 million, $0.4 million and $0.3 million, respectively, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014.

Financial income (expenses), net

	Six Months Ended December 31,		Six Months Ended December 31, 2014 to 2015	
	2015	2014	Change	
	(Dollars in thousands)			
Financial income (expenses), net	$ (1,031)	$ 58	$ 1,089	N/A

Financial expenses were $1.0 million in the six months ended December 31, 2015 compared to financial income of $0.1 million in the six months ended December 31, 2014. The decrease is primarily due to $1.3 million generated from foreign exchange fluctuations in the six months ended December 31, 2014 compared to $0.9 million expenses from foreign exchange fluctuations in the six months ended December 31, 2015. This was offset by a decrease of $0.8 million of interest expenses from the full repayment of our borrowings under our revolving line of credit and interest on other long term debt and a decrease of $0.3 million in expenses related to remeasurement of certain warrants granted to a lender in relation to long term debt in the six months ended December 31, 2014 as compared to the six months ended December 31, 2015, due to the full exercise of the warrants.

Taxes on Income (tax benefit)

	Six Months Ended December 31,				Six Months Ended December 31, 2014 to 2015	
	2015		2014		Change	
	(Dollars in thousands)					
Taxes on income (tax benefit)	$	(5,432)	$	748	$ (6,180)	N/A

Tax benefit was $5.4 million in the six months ended December 31, 2015 compared to taxes on income of $0.1 million in the six months ended December 31, 2014, primarily due to the establishment of a $6.5 million deferred tax asset for the first time in the six months ended December 31,2015 and an increase of $0.3 million in the current tax expenses in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014.

Net Income

	Six Months Ended December 31,				Six Months Ended December 31, 2014 to 2015	
	2015		2014		Change	
	(Dollars in thousands)					
Net income	$	38,537	$	5,895	$ 32,642	553.7%

As a result of the factors discussed above, net income increased by $32.6 million, or 553.7%, in the six months ended December 31, 2015 as compared to the six months ended December 31, 2014.

Liquidity and Capital Resources

The following table shows our cash flow from operating activities, investing activities and financing activities for the stated periods:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Net cash provided by operating activities	$ 13,104	$ 9,667	$ 19,050	$ 9,409
Net cash used in investing activities	(55,069)	(4,011)	(59,037)	(4,971)
Net cash provided by (used in) financing activities	1,455	(16,551)	1,472	9,657
Increase (decrease) in cash and cash equivalents	$ (40,510)	$ (10,895)	$ (38,515)	$ 14,095

As of December 31, 2015, our cash and cash equivalents were $106.2 million. This amount does not include $52.4 million invested in available for sale marketable securities and $3.4 million of restricted cash (primarily held to secure letters of credit to vendors and bank guarantees securing office lease payments). On March 31, 2015, we consummated our initial public offering in which we sold 8,050,000 shares of our common stock at a price of $18.00 per share, resulting in net proceeds of $131.2 million, after deducting underwriting discounts and commissions and $3.6 million in offering expenses paid by us. We maintain the net proceeds received from our initial public offering as well as cash provided by operating activites in cash and cash equivalents and available-for-sale marketable securities. We believe that cash provided by operating activities as well as our cash and cash equivalents, including the net proceeds from our initial public offering and available borrowings under our currently undrawn revolving credit line with SVB as further described below, will be sufficient to meet our anticipated cash needs for at least the next 12 months.

Operating Activities

For the six months ended December 31, 2015, cash provided by operating activities was $19.1 million derived mainly from a net income of $38.5 million that included $5.7 million of non-cash expenses. An increase of $9.0 million in warranty obligations, $6.1 million accruals for employees and $3.5 million in deferred revenues and a decrease of $6.5 million in prepaid expenses and other receivables was offset by an increase of $13.4 million in inventories, $11.3 million in trade receivables, $6.5 million in deferred tax assets and a decrease of $19.0 million in trade payables and other accounts payable.

For the six months ended December 31, 2014, cash provided by operating activities was $9.4 million mainly due to net income of $5.9 million, which included $1.5 million of non-cash expenses. An increase of $32.9 million in trade payables, accruals for employees and other accounts payable, $6.1 million in warranty obligations and $1.7 million in deferred revenues was offset by an increase of $22.1 million in inventories, $10.7 million in prepaid expenses and other receivables and $5.9 million in trade receivables.

Investing Activities

During the six months ended December 31, 2015, net cash used in investing activities was $59.0 million, of which $52.9 million were invested in available-for-sale marketable securities, $5.6 million related to capital investments in laboratory equipment, end of line testing equipment, manufacturing tools and leasehold improvements and $0.8 million related to intangible assets investment. This was offset by a $0.3 million repayment of a security deposits held to secure our previous office lease payments.

During the six months ended December 31, 2014, net cash used in investing activities was $5.0 million, of which $3.1 million related to capital investments in laboratory equipment, end of line testing equipment and manufacturing tools and $1.9 million related to security deposits held to secure letters of credit to vendors and bank guarantees securing office lease payments.

Financing Activities

For the six months ended December 31, 2015, net cash provided by financing activities was $1.5 million, all attributed to cash received from the exercise of employee and non-employee stock options.

For the six months ended December 31, 2014, net cash provided by financing activities was $9.7 million, of which $24.9 million was net proceeds from our Series E convertible preferred stock issuance and $6.0 million was from short-term borrowings under our revolving line of credit with SVB, offset by $19.3 million of repayment of the revolving line of credit with SVB, $1.6 million of repayment of the Kreos term loan and $0.3 million of expenses related to our initial public offering.

Debt Obligations

Revolving Line of Credit

In February 2015, we amended and restated a revolving line of credit agreement with Silicon Valley Bank (“SVB”), which permits aggregate borrowings of up to $40 million in an amount not to exceed 80% of the eligible accounts receivable and bears interest, payable monthly, at SVB’s prime rate plus a margin of 0.5% to 2.0%. The revolving line of credit will terminate, and outstanding borrowings will be payable, on December 31, 2016. As of December 31, 2015 we had no outstanding borrowings under our $40 million revolving line of credit with SVB.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates, customer concentrations and interest rates. We do not hold or issue financial instruments for trading purposes.

Foreign Currency Exchange Risk

Approximately 22.6% and 24.7% of our revenues for the six months ended December 31, 2015 and 2014, respectively, were earned in non-U.S. dollar denominated currencies, principally the Euro. Our expenses are generally denominated in the currencies in which our operations are located, primarily the U.S. dollar and New Israeli Shekel, and to a lesser extent the Euro. Our New Israeli Shekel-denominated expenses consist primarily of personnel and overhead costs. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. A hypothetical 10% change in foreign currency exchange rates during the six months ended December 31, 2015, between the Euro and the U.S. dollar would increase or decrease our net income by $4.2 million for the six months ended December 31, 2015. A hypothetical 10% change in foreign currency exchange rates during the six months ended December 31, 2015, between the New Israeli Shekel and the U.S. dollar would increase or decrease our net income by $0.9 million for the six months ended December 31, 2015.

For purposes of our consolidated financial statements, local currency assets and liabilities are translated at the rate of exchange to the U.S. dollar on the balance sheet date and local currency revenues and expenses are translated at the exchange rate as of the date of the transaction or at the average exchange rate to the U.S. dollar during the reporting period.

To date, we have used derivative financial instruments, specifically foreign currency forward contracts, to manage exposure to foreign currency risks by hedging a portion of our account receivable balances denominated in Euros expected to be paid within six months. Our foreign currency forward contracts are expected to mitigate exchange rate changes related to the hedged assets. We do not use derivative financial instruments for speculative or trading purposes.

We had cash and cash equivalents of $106.2 million and available-for-sale marketable securities with an estimated fair value of $52.4 million on December 31, 2015, which securities were held for working capital purposes. We do not enter into investments for trading or speculative purposes. Since most of our cash and cash equivalents are held in U.S. dollar-denominated money market funds, we believe that our cash and cash equivalents do not have any material exposure to changes in exchange rates.

Concentrations of Major Customers

Our trade accounts receivables potentially expose us to a concentration of credit risk with our major customers. As of December 31, 2015, three major customers accounted for approximately 39.5% of our consolidated trade receivables balance. We currently do not foresee a credit risk associated with these receivables.

ITEM 4 CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of December 31, 2015. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective and operating to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management was not required to perform an annual assessment of the effectiveness of our internal control over financial reporting for the year ending June 30, 2015, but we expect that management will be required to perform such an assessment for the year ending June 30, 2016. We have not engaged an independent registered accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date or for any period reported in our financial statements. Our independent public registered accounting firm will first be required to attest to the effectiveness of our internal control over financial reporting for our Annual Report on Form 10-K for the first year we are no longer an “emerging growth company.”

(b) Changes in Internal Control over Financial Reporting

Based on an evaluation by our chief executive officer and chief financial officer, such officers concluded that there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

In the normal course of business, we may from time to time be named as a party to various legal claims, actions and complaints. It is impossible to predict with certainty whether any resulting liability would have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 1A RISK FACTORS

The risks described in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended June 30, 2015, could materially and adversely affect our business, financial condition and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face. Our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. You should carefully consider the following risk factors, together with all of the other information included in this report, including the section of this report captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes, before you decide to purchase shares of our common stock. If any of the following risks occurred, it could materially adversely affect our business, financial condition or operating results. This report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Recent Sales of Unregistered Securities

None.

(b) Use of Proceeds

On March 25, 2015, our registration statement on Form S-1 (No. 333-202159) was declared effective for our initial public offering and on March 31, 2015, we consummated the initial public offering consisting of 8,050,000 shares of our common stock at a public offering price of $18.00 per share. The offering terminated after the sale of all securities registered in the offering. Goldman, Sachs & Co. acted as joint book-running managers for the offering. Needham & Company, Canaccord Genuity Inc. and Roth Capital Partners acted as co-managers. As a result of the offering, we received total net offering proceeds of $131.2 million, after deducting total expenses of $13.7 million, consisting of underwriting discounts and commissions of $10.1 million and offering related expenses paid by us of $3.6 million. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

We maintain the funds received in cash and cash equivalents and available-for sale marketable securitties. Our principal uses of these proceeds from the initial public offering is general corporate purposes, including working capital and expansion of our business into additional markets. The funds have not been used to make payments directly or indirectly to (i) any of the Company’s officers or directors or their associates, (ii) any persons owning 10% or more of any class of the Company’s equity securities, (iii) any of the Company’s affiliates, or (iv) others.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 OTHER INFORMATION

None.

ITEM 6 EXHIBITS

Exhibit No.	Description	Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).	*Filed with this report.*
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).	*Filed with this report.*
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*Filed with this report*
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*Filed with this report.*
101.INS	XBRL Instance Document	*Filed with this report.*
101.SCH	XBRL Taxonomy Extension Schema Document	*Filed with this report.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	*Filed with this report.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	*Filed with this report.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	*Filed with this report.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	*Filed with this report.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SOLAREDGE TECHNOLOGIES, INC.
Date: Fabuary 8, 2016	/s/ Guy Sella Guy Sella Chief Executive Officer and Chairman of the Board *(Principal Executive Officer)*
Date: Fabuary 8, 2016	/s/ Ronen Faier Ronen Faier Chief Financial Officer *(Principal Financial and Accounting Officer)*

Exhibit 31.1

I, Guy Sella, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SolarEdge Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2016

/s/ Guy Sella

Guy Sella
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

I, Ronen Faier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SolarEdge Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 8, 2016

/s/ RONEN FAIER

Ronen Faier
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Guy Sella, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of SolarEdge Technologies, Inc. for the quarterly period ended December 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SolarEdge Technologies, Inc.

February 8, 2016

/s/ GUY SELLA

Guy Sella
Chief Executive Officer and Chairman of the Board

Exhibit 32.2

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ronen Faier, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of SolarEdge Technologies, Inc. for the quarterly period ended December 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SolarEdge Technologies, Inc.

February 8, 2016

/s/ RONEN FAIER
Ronen Faier
Chief Financial Officer