

Operational Metrics - GAAP

KPI's \$,000	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	12 months ended, Dec 31		
									2016	2017	2018
Revenues	166,552	189,340	209,871	227,118	236,578	263,670	271,871	325,010	489,954	607,045	937,237
% Y/Y	29.6%	69.8%	82.4%	66.9%	42.0%	39.3%	29.5%	43.1%	15.4%	23.9%	54.4%
% Q/Q	22.4%	13.7%	10.8%	8.2%	4.2%	11.5%	3.1%	19.5%			
Gross profit	58,054	70,970	79,597	81,946	77,982	79,711	86,110	110,670	160,747	214,766	319,236
% Y/Y	38.6%	81.9%	105.8%	74.1%	34.3%	12.3%	8.2%	35.1%	29.6%	33.6%	48.6%
% Q/Q	23.3%	22.2%	12.2%	3.0%	-4.8%	2.2%	8.0%	28.5%			
Gross margin	34.9%	37.5%	37.9%	36.1%	33.0%	30.2%	31.7%	34.1%	32.8%	35.4%	34.1%
% Y/Y	6.9%	7.1%	12.8%	4.3%	-5.4%	-19.3%	-16.5%	-5.6%	12.3%	7.8%	-3.7%
% Q/Q	0.8%	7.5%	1.2%	-4.9%	-8.6%	-8.3%	4.8%	7.5%			
Operating income	25,396	34,571	40,764	40,665	34,037	23,954	28,048	45,353	71,010	91,086	139,420
% Y/Y	39.2%	128.2%	240.1%	112.7%	34.0%	-30.7%	-31.2%	11.5%	27.2%	28.3%	53.1%
% Q/Q	32.9%	36.1%	18.1%	-0.4%	-16.3%	-29.6%	15.0%	61.7%			
Net income	27,971	19,502	35,686	34,568	45,643	12,936	19,016	33,128	63,453	84,172	128,833
% Y/Y	79.1%	99.7%	151.8%	53.5%	63.2%	-33.7%	-46.7%	-4.2%	18.0%	32.7%	53.1%
% Q/Q	24.2%	-30.3%	83.0%	-3.1%	32.0%	-71.7%	47.0%	74.2%			
Optimizer shipped (units)	2,041,115	2,082,649	2,475,544	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	5,809,720	7,367,921	11,351,678
Inverter shipped (units)	89,677	94,752	99,646	113,767	121,834	120,546	130,672	160,117	230,431	317,210	455,793
MW shipped (MW)	675	766	800	985	1,083	1,052	1,144	1,335	1,723	2,459	3,919

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

Operational Metrics - NON GAAP

KPI's \$,000	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	12 months ended, Dec 31		
									2016	2017	2018
Revenues	166,552	189,340	209,871	227,118	236,578	263,670	271,871	325,010	489,954	607,045	937,237
% Y/Y	29.6%	69.8%	82.4%	66.9%	42.0%	39.3%	29.5%	43.1%	15.4%	23.9%	54.4%
% Q/Q	22.4%	13.7%	10.8%	8.2%	4.2%	11.5%	3.1%	19.5%			
Gross profit	58,592	71,673	80,521	82,914	79,510	81,432	89,223	115,947	161,618	217,017	324,377
% Y/Y	38.6%	81.4%	105.6%	74.3%	35.7%	13.6%	10.8%	39.8%	30.3%	34.3%	49.5%
% Q/Q	23.1%	22.3%	12.3%	3.0%	-4.1%	2.4%	9.6%	30.0%			
Gross margin	35.2%	37.9%	38.4%	36.5%	33.6%	30.9%	32.8%	35.7%	33.0%	35.7%	34.6%
% Y/Y	7.0%	6.8%	12.7%	4.4%	-4.5%	-18.4%	-14.5%	-2.3%	12.9%	8.4%	-3.2%
% Q/Q	0.6%	7.6%	1.4%	-4.8%	-7.9%	-8.1%	6.3%	8.7%			
Operating income	29,933	39,953	47,613	47,793	42,527	36,371	41,203	61,038	77,610	108,651	174,304
% Y/Y	40.3%	114.3%	204.9%	106.5%	42.1%	-9.0%	-13.5%	27.7%	39.1%	40.0%	60.4%
% Q/Q	29.3%	33.5%	19.2%	0.4%	-11.0%	-14.5%	14.7%	48.1%			
Net income	31,549	41,227	42,546	40,567	42,697	31,479	32,931	49,253	73,705	115,016	157,289
% Y/Y	51.0%	179.7%	158.6%	57.3%	35.3%	-23.6%	-22.6%	21.4%	37.1%	56.0%	36.8%
% Q/Q	22.4%	30.7%	3.2%	-4.7%	5.3%	-26.3%	6.1%	49.6%			
Optimizer shipped (units)	2,041,115	2,082,649	2,475,544	2,737,524	3,004,264	3,134,346	3,029,102	3,730,519	5,809,720	7,367,921	11,351,678
Inverter shipped (units)	89,677	94,752	99,646	113,767	121,834	120,546	130,672	160,117	230,431	317,210	455,793
MW shipped (MW)	675	766	800	985	1,083	1,052	1,144	1,335	1,723	2,459	3,919

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

Balance Sheet - Assets

\$,000	Sep 30 2017	Dec 31 2017	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019
Current Assets:								
Cash and cash equivalents	149,448	163,163	229,219	214,540	192,898	187,764	226,478	176,575
Short-term bank deposits	----	----	----	342	8,123	9,870	6,057	5,961
Restricted bank deposits	40	40	147	154	243	824	1,055	1,060
Marketable securities	81,488	77,264	81,229	134,821	148,252	118,680	107,064	109,610
Trade receivables, net	91,694	109,528	127,479	118,103	151,088	173,579	187,496	237,804
Prepaid expenses and other assets	38,201	42,223	33,156	44,520	46,396	45,073	37,828	50,642
Inventories, net	62,356	82,992	98,363	102,014	107,179	141,519	150,798	148,892
Total Current Assets	423,227	475,210	569,593	614,494	654,179	677,309	716,776	730,544
Long Term Assets:								
Marketable securities	72,351	103,120	88,554	86,144	102,240	74,256	57,252	79,616
Operating lease right-of-use assets	----	----	----	----	----	----	30,839	36,788
Property, plant and equipment, net	44,563	51,182	60,082	67,489	73,415	119,329	132,988	140,200
Deferred tax assets, net	5,822	8,340	9,847	11,551	13,218	14,699	14,589	14,751
Intangible assets, net and goodwill	1,151	1,115	1,079	1,043	6,544	73,378	211,420	211,340
Other long term assets	2,092	2,338	2,406	2,509	2,582	5,501	13,060	8,455
Total Long Term Assets	125,979	166,095	161,968	168,736	197,999	287,163	460,148	491,150
Total Assets	549,206	641,305	731,561	783,230	852,178	964,472	1,176,923	1,221,694

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

Balance Sheet - Liabilities and Equity

\$,000	Sep 30 2017	Dec 31 2017	Mar 31 2018	June 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	June 30 2019
Current Liabilities:								
Trade payables, net	42,700	69,488	83,091	81,610	83,459	107,079	90,190	116,795
Employees and payroll accruals	17,640	22,544	29,733	23,510	23,680	29,053	31,524	34,555
Current maturities of bank loans and accrued interest	----	----	----	----	----	16,639	17,233	16,454
Warranty obligations	12,942	14,785	16,605	18,964	21,660	28,868	35,229	38,819
Deferred revenues	2,743	2,559	3,010	3,407	5,795	14,351	13,527	15,708
Accrued expenses and other liabilities	16,407	20,378	26,170	26,480	31,556	29,728	60,369	71,447
Total Current Liabilities	92,432	129,754	158,609	153,971	166,150	225,718	248,072	293,778
Long Term Liabilities:								
Bank loans	----	----	----	----	----	3,510	7,029	5,519
Warranty obligations	58,625	64,026	71,590	78,327	86,059	92,958	101,517	111,819
Deferred revenues	26,858	31,453	41,866	47,595	53,663	60,670	66,037	73,796
Operating lease liability	----	----	----	----	----	----	24,790	30,009
Deferred tax liabilities, net	----	----	----	----	----	1,499	8,544	8,663
Other long term liabilities	1,838	18,605	19,285	18,446	7,343	9,391	23,417	18,062
Total Long Term Liabilities	87,321	114,084	132,741	144,368	147,065	168,028	231,334	247,868
Stockholders' Equity:								
Common stock	4	4	4	5	5	5	5	5
Additional paid-in capital	323,076	331,902	343,356	353,470	361,744	371,794	417,385	431,684
Accumulated other comprehensive income (loss)	(297)	(611)	(1,135)	(1,138)	(983)	(524)	(1,220)	(895)
Retained earnings	46,670	66,172	97,986	132,554	178,197	191,133	210,149	243,277
Total stockholders' equity	369,453	397,467	440,211	484,891	538,963	562,408	626,319	674,071
Non-Controlling interests						8,318	71,198	5,977
Total liabilities and stockholders' equity	549,206	641,305	731,561	783,230	852,178	964,472	1,176,923	1,221,694

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

P&L GAAP

\$,000									12 months ended, Dec. 31		
	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	2016	2017	2018
Revenues	166,552	189,340	209,871	227,118	236,578	263,670	271,871	325,010	489,954	607,045	937,237
Cost of revenues	108,498	118,370	130,274	145,172	158,596	183,959	185,761	214,340	329,207	392,279	618,001
Gross profit	<u>58,054</u>	<u>70,970</u>	<u>79,597</u>	<u>81,946</u>	<u>77,982</u>	<u>79,711</u>	<u>86,110</u>	<u>110,670</u>	<u>160,747</u>	<u>214,766</u>	<u>319,236</u>
Gross margin %	34.9%	37.5%	37.9%	36.1%	33.0%	30.2%	31.7%	34.1%	32.8%	35.4%	34.1%
Operating expenses:											
Research and development	14,363	16,420	17,875	19,551	20,109	24,710	26,199	29,505	38,220	54,966	82,245
Sales and marketing	13,217	14,079	16,205	15,954	16,938	19,210	20,172	22,127	38,200	50,032	68,307
General and administrative	5,078	5,900	4,753	5,776	6,898	11,837	11,691	13,685	13,317	18,682	29,264
Total operating expenses	<u>32,658</u>	<u>36,399</u>	<u>38,833</u>	<u>41,281</u>	<u>43,945</u>	<u>55,757</u>	<u>58,062</u>	<u>65,317</u>	<u>89,737</u>	<u>123,680</u>	<u>179,816</u>
Operating income	<u>25,396</u>	<u>34,571</u>	<u>40,764</u>	<u>40,665</u>	<u>34,037</u>	<u>23,954</u>	<u>28,048</u>	<u>45,353</u>	<u>71,010</u>	<u>91,086</u>	<u>139,420</u>
Financial expenses (income), net	(2,666)	(1,487)	(584)	2,480	689	(288)	6,151	(773)	1,287	(9,158)	2,297
Income before taxes on income	<u>28,062</u>	<u>36,058</u>	<u>41,348</u>	<u>38,185</u>	<u>33,348</u>	<u>24,242</u>	<u>21,897</u>	<u>46,126</u>	<u>69,723</u>	<u>100,244</u>	<u>137,123</u>
Taxes on income (tax benefit)	91	16,556	5,662	3,617	(12,295)	12,093	3,922	13,213	6,270	16,072	9,077
Net income	<u>27,971</u>	<u>19,502</u>	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,149</u>	<u>17,975</u>	<u>32,913</u>	<u>63,453</u>	<u>84,172</u>	<u>128,046</u>
Non-Controlling interests	----	----	----	----	----	787	1,041	215	----	----	787
SolarEdge net income	<u>27,971</u>	<u>19,502</u>	<u>35,686</u>	<u>34,568</u>	<u>45,643</u>	<u>12,936</u>	<u>19,016</u>	<u>33,128</u>	<u>63,453</u>	<u>84,172</u>	<u>128,833</u>

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Cash Flow - Operating Activities

\$,000	Sep 30 2017	Dec 31 2017	Mar 31 2018	Jun 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	Jun 30 2019
<u>Cash flows from operating activities:</u>								
Net income	27,971	19,502	35,686	34,568	45,643	12,149	17,975	32,913
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>								
Depreciation and amortization of property, equipment and intangible assets	1,802	2,223	2,430	2,623	3,348	4,218	5,841	7,201
Amortization of premium and accretion of discount on available-for-sale marketable securities	519	751	778	236	228	----	(59)	47
Stock-based compensation	4,537	5,381	6,849	7,128	7,950	8,691	9,704	11,372
Loss from disposal of assets	----	----	64	----	----	381	66	486
Realized loss from sale of available-for-sale marketable securities	----	----	----	----	----	137	120	(29)
Realized losses (gains) on cash flow hedges	----	----	----	----	(9)	(22)	----	----
<u>Changes in assets and liabilities:</u>								
Inventories, net	(6,148)	(20,695)	(15,348)	(3,604)	832	(2,058)	964	759
Prepaid expenses and other assets	(4,745)	(4,517)	9,210	(11,345)	(2,665)	2,089	10,885	(13,459)
Trade receivables, net	(11,769)	(17,971)	(17,935)	8,732	(33,215)	(18,096)	(7,379)	(49,183)
Operating lease right-of-use assets and liabilities, net	----	----	----	----	----	----	828	638
Deferred tax assets and liabilities, net	(958)	(2,392)	(1,321)	(1,697)	(1,771)	(2,304)	(973)	(987)
Trade payables, net	6,660	26,788	13,595	(1,452)	1,863	17,476	(21,720)	27,213
Employees and payroll accruals	3,303	4,885	7,153	(6,125)	172	3,383	3,250	1,901
Warranty obligations	6,227	7,244	9,384	9,095	10,368	13,031	14,947	13,913
Deferred revenues	2,764	4,407	6,981	6,139	8,456	15,465	1,730	10,034
Other liabilities	3,504	20,229	6,453	(407)	(6,865)	(7,666)	20,271	7,965
Net cash provided by operating activities	33,667	45,835	63,979	43,891	34,335	46,874	56,450	50,784

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Cash Flow - Non Operating Activities

\$,000	Sep 30 2017	Dec 31 2017	Mar 31 2018	Jun 30 2018	Sep 30 2018	Dec 31 2018	Mar 31 2019	Jun 30 2019
<u>Cash flows from investing activities:</u>								
Business combination, net of cash acquired	----	----	----	----	(11,223)	(83,514)	(39,315)	880
Purchase of property and equipment	(5,592)	(8,179)	(11,325)	(10,060)	(8,666)	(8,557)	(10,620)	(11,624)
Purchase of intangible assets								
Withdrawal from bank deposits	(1,400)	----	----	(342)	(7,781)	(1,748)	3,813	96
Investment in restricted bank deposits	----	(116)	(250)	59	(10)	89	(182)	(21)
Investment in available-for-sale marketable securities	(8,363)	(61,206)	(25,436)	(63,953)	(53,761)	523	(15,316)	(48,339)
Proceeds from sales and maturities of available-for-sale marketable securities	14,839	33,756	34,500	12,325	24,807	57,713	44,575	23,832
Net cash provided by (used in) investing activities	<u>(516)</u>	<u>(35,745)</u>	<u>(2,511)</u>	<u>(61,971)</u>	<u>(56,634)</u>	<u>(35,493)</u>	<u>(17,045)</u>	<u>(35,176)</u>
<u>Cash flows from financing activities:</u>								
Repayment of bank loans, net	----	----	----	----	----	(3,786)	(952)	(3,723)
Proceeds from issuance of shares under stock purchase plan and upon exercise of stock-based awards	1,672	3,445	4,605	2,986	324	2,106	309	3,455
Change in non-controlling interests	----	----	----	----	----	(14,190)	(1,987)	(64,487)
Net cash provided by (used in) financing activities	<u>1,672</u>	<u>3,445</u>	<u>4,605</u>	<u>2,986</u>	<u>324</u>	<u>(15,870)</u>	<u>(2,630)</u>	<u>(64,755)</u>
Increase in cash and cash equivalents and restricted cash	34,823	13,535	66,073	(15,094)	(21,975)	(4,489)	36,775	(49,147)
Cash, cash equivalents and restricted cash at the beginning of the period	114,549	149,448	163,163	229,219	214,540	192,898	187,764	226,478
Effect of exchange rate differences on cash, cash equivalents and restricted cash	76	180	(17)	415	333	(645)	1,939	(756)
Cash, cash equivalents and restricted cash at EOQ	<u>149,448</u>	<u>163,163</u>	<u>229,219</u>	<u>214,540</u>	<u>192,898</u>	<u>187,764</u>	<u>226,478</u>	<u>176,575</u>

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