



# Safe Harbor

## Use of Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements include information, among other things, concerning: the expected impact of the COVID-19 pandemic and related public health measures on our business, results of operations, financial condition and liquidity; our possible or assumed future results of operations; future demands for solar energy solutions; business strategies; technology developments; new products and services; financing and investment plans; dividend policy; competitive position; industry and regulatory environment; general economic conditions; potential growth opportunities; and the effects of competition.

Forward-looking statements are only predictions based on our current expectations and are inherently subject to risks and uncertainties. They should not be considered guarantees of future results, which could differ materially from the results set forth in, contemplated by, or underlying this presentation.

Factors that could cause actual results to differ materially from our expectations are described in the reports filed by SolarEdge with the Securities and Exchange Commission and we encourage you to review our filings carefully, especially the sections entitled "Risk Factors" in our annual report on Form 10-K and our quarterly reports on Form 10-Q, noting that many of the risks, uncertainties and other factors identified therein are, and will be, amplified by the COVID-19 pandemic. .

SolarEdge undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or changes in its expectations.

This presentation describes non-GAAP revenues, gross margin, operating expenses, operating income, net income and non-GAAP net diluted earnings per share, which are not measures prepared in accordance with U.S. GAAP (i.e. "Non-GAAP" measures). The Non-GAAP measures are presented in this presentation as we believe that they provide investors with a means of evaluating and understanding how SolarEdge's management evaluates the company's operating performance. These Non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with U.S. GAAP.

# Second Quarter Key Metrics

**3.5M**

Power Optimizers  
Shipped

**142K**

Inverters Shipped

**1.44 GW**

Systems Shipped

**\$331.9M**

Revenues

# Financial Results for Quarter

- Revenue of \$331.9 million
- Revenue from solar products of \$310.1 million
- Total cash and investments, net of debt, \$577.4 million
- GAAP gross margin of 31.0%
- Non-GAAP gross margin of 32.4%
- Non-GAAP gross margin for the solar business of 33.8%
- GAAP operating income of \$30.0 million
- Non-GAAP operating income of \$46.6 million
- GAAP net income of \$36.7 million
- Non-GAAP net income of \$52.1 million
- Net diluted GAAP earnings per share of \$0.70
- Net diluted Non-GAAP earnings per share of \$0.97
- Cash flow from operation of \$59.3 million



# Noteworthy

- Revenues of \$331.9 million led by Europe, the U.S. and Australia
- Continued profitability and healthy cash generation
- Sales and installations in Europe have returned, and in some countries exceeding, pre COVID-19 rates
- Signs of recovery in the U.S., although not at pre COVID-19 level, yet
- Commercial business grew to 56% of MW shipped
- Company continues to operate at full capacity despite country specific restrictions
- Positive new product reception in the U.S. (EnergyHub) and Germany (3 phase storage inverter)
- Sella 1 factory in Israel set to start manufacturing in August
- Tracking indicators such as weekly new orders, installation rates and distributor sell outs all trending positively though the rate of improvement varies between regions and segments

# GAAP Financial Results

*USD in millions	Q2 19	Q1 20	Q2 20
Revenues	325.0	431.2	331.9
Gross margin	34.1%	32.5%	31.0%
Operating expenses **	65.3	72.2	73.0
Operating income	45.4	67.8	30.0
Net income	33.1	42.2	36.7
Net diluted earnings per share	0.66	0.81	0.70

\*With the exception of gross margin and per share data

\*\* Q1 20 includes non recurring operating income of (\$4.9M).

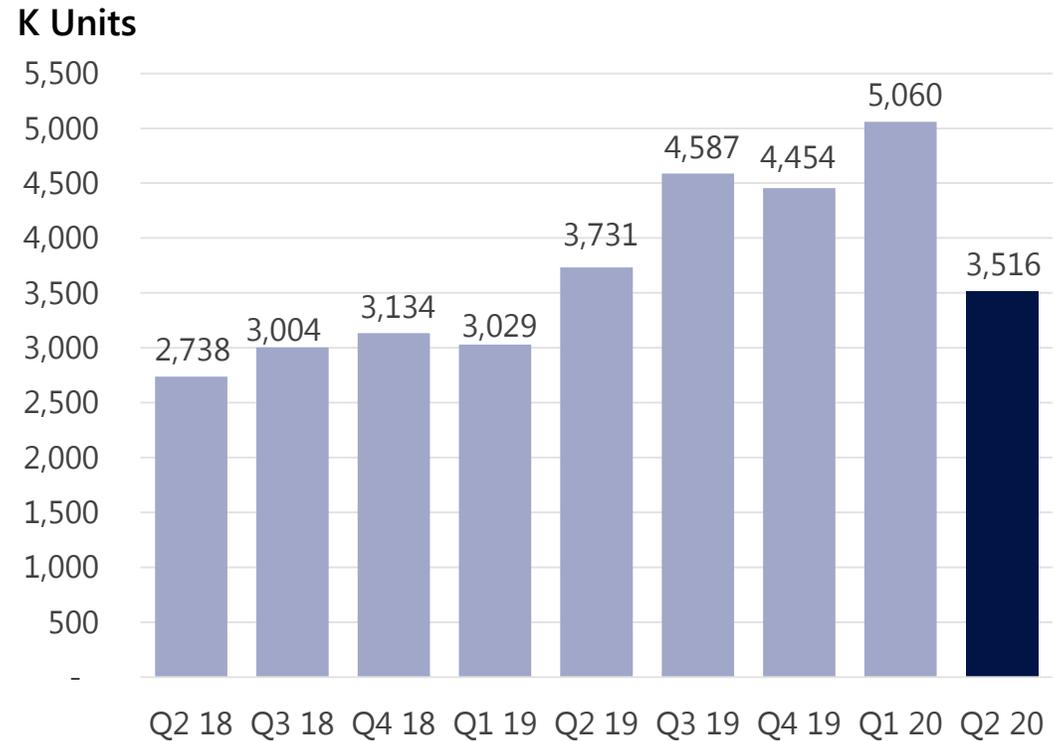
# NON-GAAP Financial Results

*USD in millions	Q2 19	Q1 20	Q2 20
Revenues	325.0	431.2	331.9
Gross margin	35.7%	33.6%	32.4%
Operating expenses	54.9	66.3	61.1
Operating income	61.0	78.6	46.6
Net income	49.3	50.7	52.1
Net diluted earnings per share	0.94	0.95	0.97

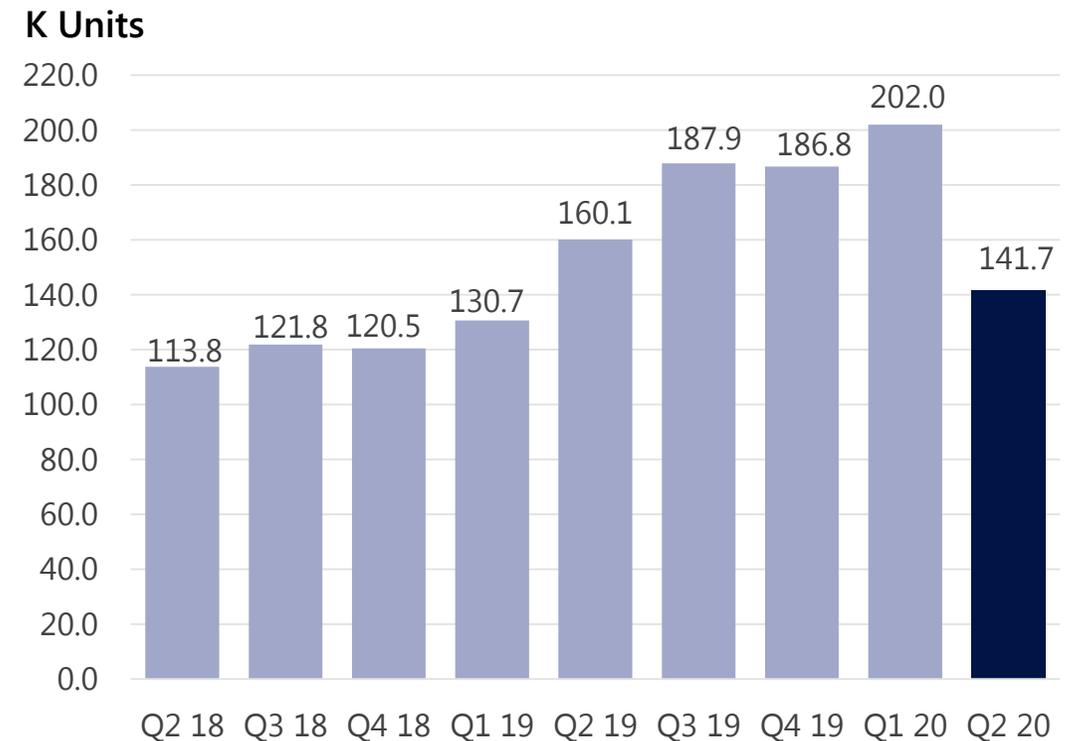
\*With the exception of gross margin and per share data

# Units Shipped

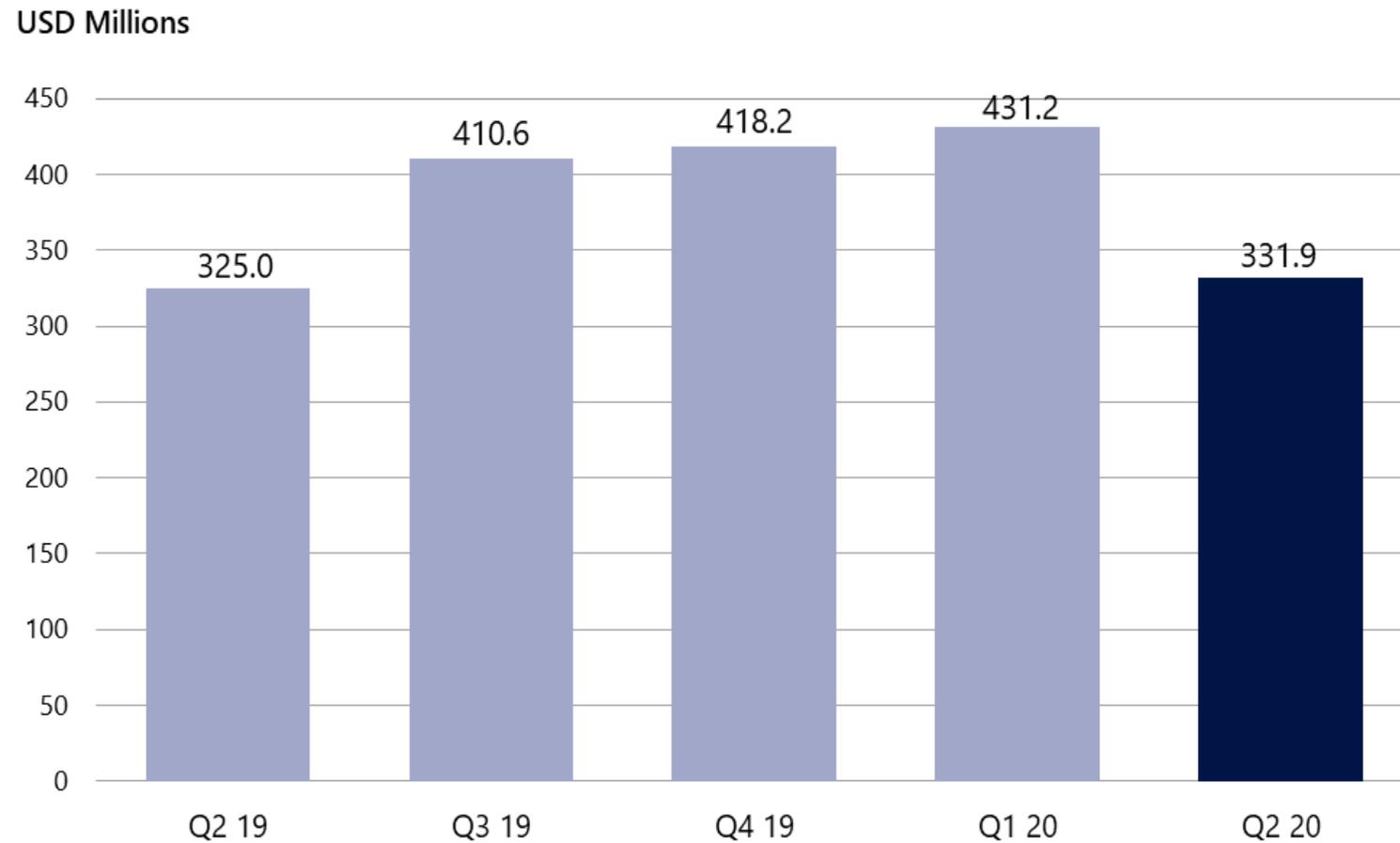
## Power optimizers shipped



## Inverters shipped

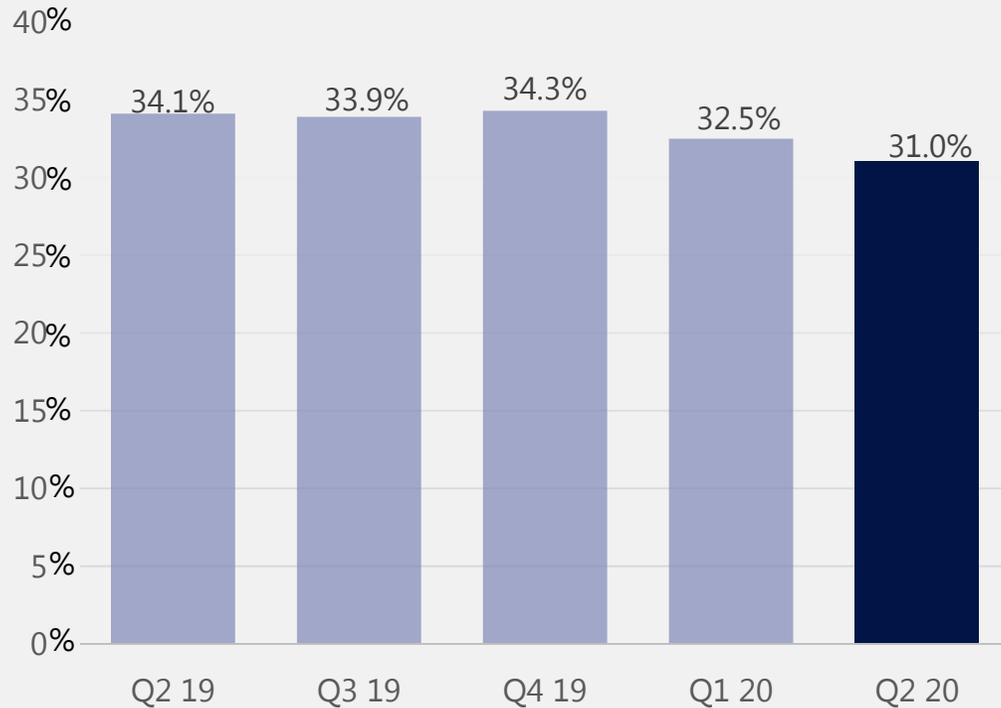


# Quarterly Revenues

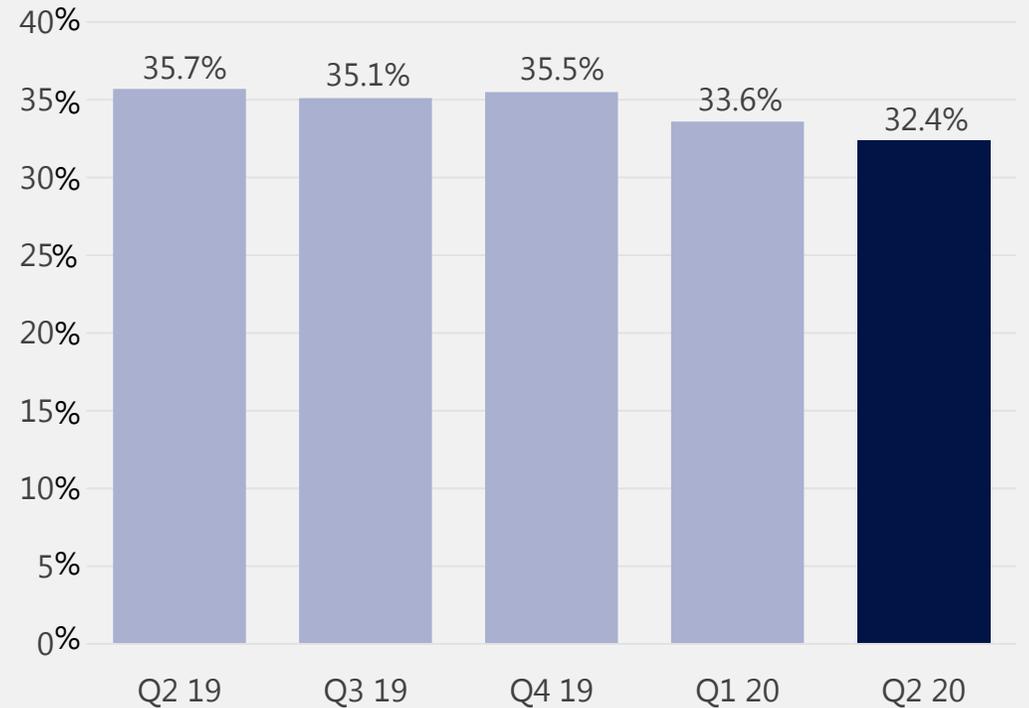


# Gross Margins Trend by Quarters (%)

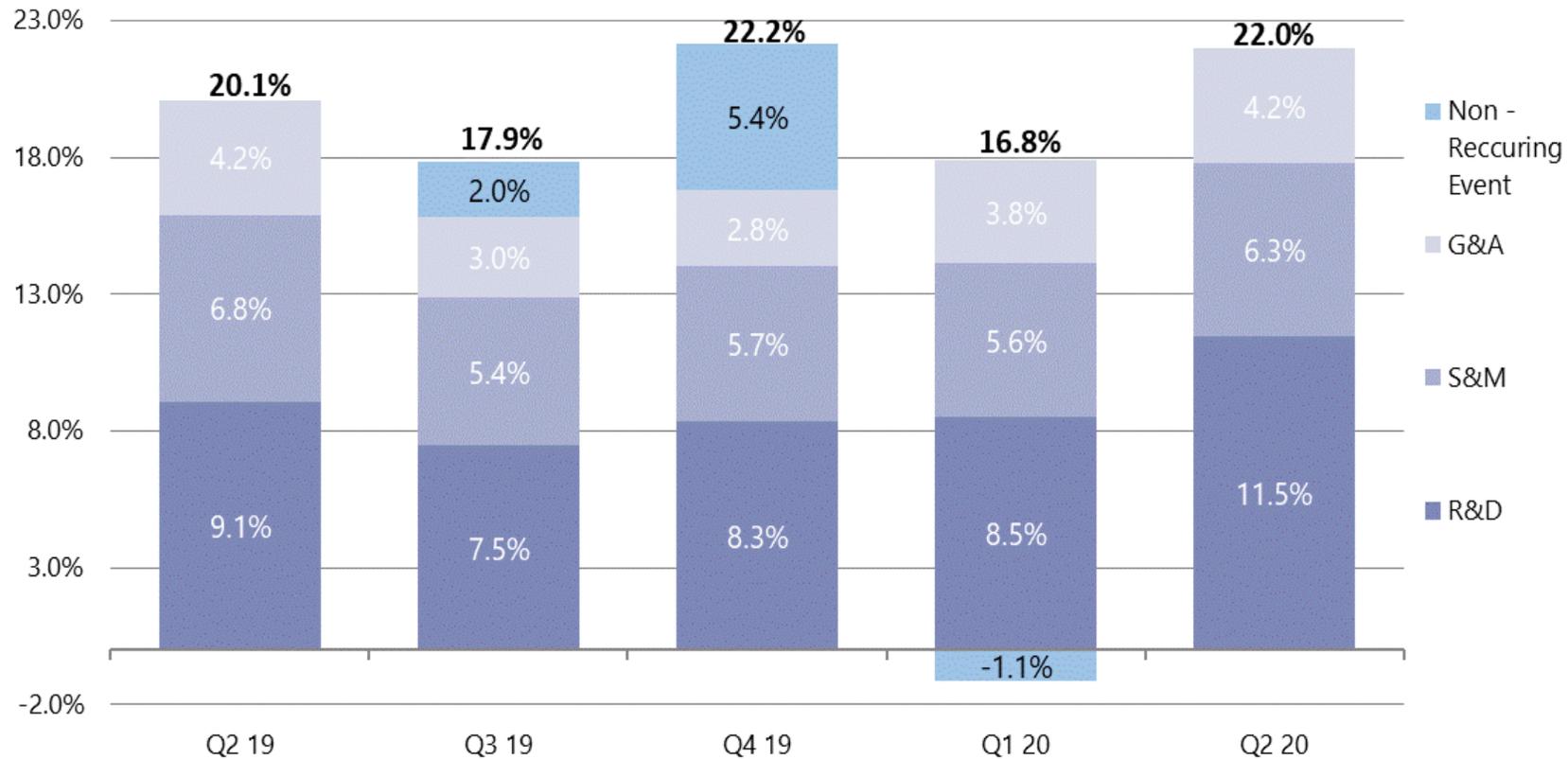
## GAAP



## Non-GAAP



# GAAP Operating Expenses



# Consolidated Operating Income

## GAAP



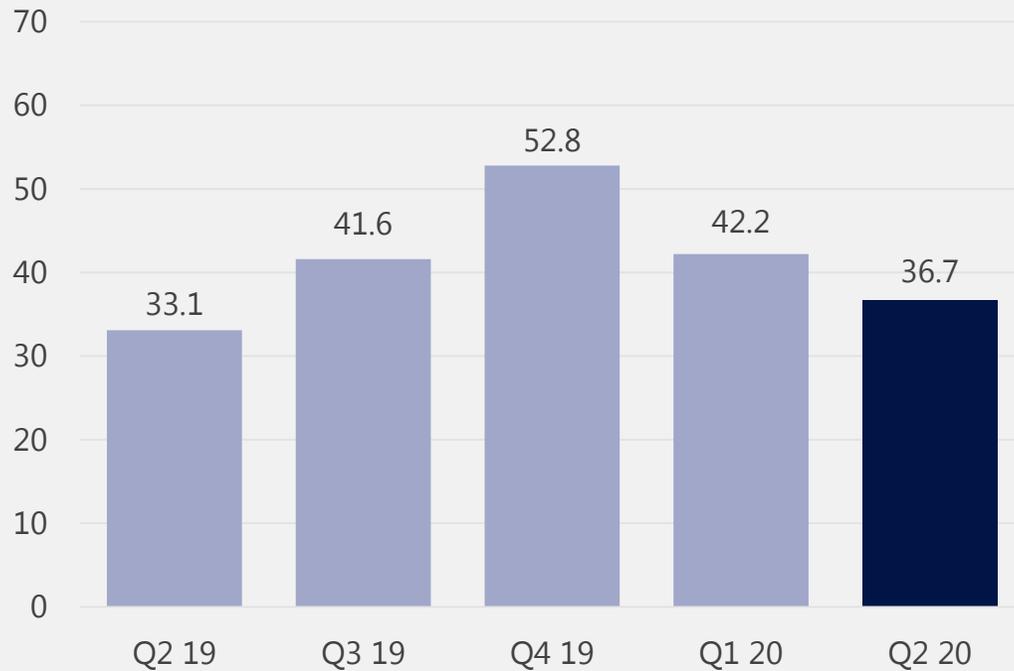
## Non-GAAP



USD Millions

# Consolidated Net Income

## GAAP



## Non-GAAP



USD Millions

# Balance Sheet & Cash flow

USD in millions	Q2 19	Q1 20	Q2 20
Cash deposits and investments	373.6	558.7	592.7
Inventory	148.9	198.6	264.5
Capital Expenditures	11.7	27.4	26.4
Total Debt*	22.0	15.0	15.3
Cash Flow From Operations	50.8	107.7	59.3

\* Debt balances relate to pre acquisition loans in Kokam and SMRE

# Third Quarter Guidance\*

- Revenues to be within the range of \$325 million to \$350 million;
- Non-GAAP gross margins expected to be within the range of 32% to 34%;
- Revenues from solar products to be within the range of \$305 million to \$325 million;
- Non-GAAP gross margins from sale of solar products expected to be within the range of 33% to 35%

\*The pandemic effects on economies around the world are unprecedented. The guidance includes the anticipated impact of the COVID-19 pandemic and related public health measures on the Company's business, at the time of publication.



# Appendix

# Reconciliation of GAAP to Non-GAAP

## Reconciliation of Non-GAAP Financial Measures

### Reconciliation of GAAP to Non-GAAP Gross Profit

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Gross profit (GAAP)</b>	102,963	140,008	110,670	242,971
Stock-based compensation	2,359	2,273	1,651	4,632	3,005
Cost of product adjustment	----	313	319	313	1,001
Amortization and depreciation of acquired assets	2,325	2,356	3,307	4,681	4,384
<b>Gross profit (Non-GAAP)</b>	<u>107,647</u>	<u>144,950</u>	<u>115,947</u>	<u>252,597</u>	<u>205,170</u>

### Reconciliation of GAAP to Non-GAAP Gross Margin

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Gross margin (GAAP)</b>	31.0%	32.5%	34.1%	31.8%
Stock-based compensation	0.7%	0.5%	0.5%	0.6%	0.5%
Cost of product adjustment	----	0.1%	0.1%	----	0.2%
Amortization and depreciation of acquired assets	0.7%	0.5%	1.0%	0.6%	0.7%
<b>Gross margin (Non-GAAP)</b>	<u>32.4%</u>	<u>33.6%</u>	<u>35.7%</u>	<u>33.1%</u>	<u>34.4%</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Operating expenses (GAAP)</b>	72,998	72,233	65,317	145,231	123,379
Stock-based compensation - R&D	(5,847)	(5,378)	(4,176)	(11,225)	(7,666)
Stock-based compensation - S&M	(3,445)	(3,192)	(2,722)	(6,637)	(5,126)
Stock-based compensation - G&A	(2,310)	(1,930)	(2,823)	(4,240)	(5,279)
Amortization and depreciation of acquired assets - R&D	(25)	(26)	(9)	(51)	(45)
Amortization and depreciation of acquired assets - S&M	(292)	(295)	51	(588)	(807)
Amortization and depreciation of acquired assets - G&A	(9)	(8)	(26)	(17)	(26)
Acquisition related expenses	----	----	(151)	----	(949)
Assets disposal	----	----	(552)	----	(552)
Other operating income (expenses)	----	4,900	----	4,900	----
<b>Operating expenses (Non-GAAP)</b>	<u>61,070</u>	<u>66,303</u>	<u>54,909</u>	<u>127,373</u>	<u>102,929</u>

	Reconciliation of GAAP to Non-GAAP Operating income				
	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Operating income (GAAP)</b>	29,965	67,775	45,353	97,740	73,401
Cost of product adjustment	----	313	319	313	1,001
Stock-based compensation	13,961	12,773	11,372	26,734	21,076
Amortization and depreciation of acquired assets	2,651	2,686	3,291	5,337	5,262
Acquisition related expenses	----	----	151	----	949
Assets disposal	----	----	552	----	552
Other operating ( income) expenses	----	(4,900)	----	(4,900)	----
<b>Operating income (Non-GAAP)</b>	<u>46,577</u>	<u>78,647</u>	<u>61,038</u>	<u>125,224</u>	<u>102,241</u>

# Reconciliation of GAAP to Non-GAAP

## Reconciliation of GAAP to Non-GAAP Financial expenses (income), net

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Financial expenses (income), net (GAAP)</b>	(11,565)	16,605	(773)	5,040
Non cash interest	(1,200)	(1,128)	(850)	(2,328)	(1,635)
Currency fluctuation related to lease standard	(892)	1,033	(577)	141	(1,525)
Amortization and depreciation of acquired assets	----	(982)	----	(982)	----
<b>Financial expenses (income), net (Non-GAAP)</b>	<b>(13,657)</b>	<b>15,528</b>	<b>(2,200)</b>	<b>1,871</b>	<b>2,218</b>

## Reconciliation of GAAP to Non-GAAP Tax on income

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Tax on income (GAAP)</b>	4,862	8,922	13,213	13,784
Deferred tax realized (asset)	3,236	3,536	987	6,772	1,960
<b>Tax on income (Non-GAAP)</b>	<b>8,098</b>	<b>12,458</b>	<b>14,200</b>	<b>20,556</b>	<b>19,095</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income				
	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Net income attributable to Solaredge Technologies Inc. (GAAP)</b>	36,668	42,248	33,128	78,916	52,144
Cost of product adjustment	----	313	319	313	1,001
Stock-based compensation	13,961	12,773	11,372	26,734	21,076
Amortization and depreciation of acquired assets	2,651	3,668	3,291	6,319	5,262
Acquisition related expenses	----	----	151	----	949
Assets disposal	----	----	552	----	552
Other operating ( income) expenses	----	(4,900)	----	(4,900)	----
Non cash interest	1,200	1,128	850	2,328	1,635
Currency fluctuation related to lease standard	892	(1,033)	577	(141)	1,525
Deferred tax realized (asset)	(3,236)	(3,536)	(987)	(6,772)	(1,960)
<b>Net income attributable to Solaredge Technologies Inc. (Non-GAAP)</b>	<u>52,136</u>	<u>50,661</u>	<u>49,253</u>	<u>102,797</u>	<u>82,184</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net basic EPS				
	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Net basic earnings per share (GAAP)</b>	0.74	0.86	0.69	1.59	1.10
Cost of product adjustment	----	0.01	0.01	0.01	0.02
Stock-based compensation	0.28	0.25	0.24	0.54	0.45
Amortization and depreciation of acquired assets	0.05	0.08	0.07	0.13	0.11
Acquisition related expenses	----	----	----	----	0.02
Other operating ( income) expenses	----	(0.10)	----	(0.10)	----
Assets disposal	----	----	0.01	----	0.01
Non cash interest	0.02	0.02	0.02	0.05	0.03
Currency fluctuation related to lease standard	0.02	(0.02)	0.01	----	0.04
Deferred tax realized (asset)	(0.06)	(0.07)	(0.02)	(0.14)	(0.04)
<b>Net basic earnings per share (Non-GAAP)</b>	<u>1.05</u>	<u>1.03</u>	<u>1.03</u>	<u>2.08</u>	<u>1.74</u>

# Reconciliation of GAAP to Non-GAAP

## Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Net diluted earnings per share (GAAP)</b>	0.70	0.81	0.66	1.51
Cost of product adjustment	----	0.01	----	----	0.02
Stock-based compensation	0.24	0.21	0.19	0.47	0.35
Amortization and depreciation of acquired assets	0.05	0.07	0.07	0.11	0.11
Acquisition related expenses	----	----	----	----	0.01
Other operating ( income) expenses	----	(0.09)	----	(0.09)	----
Assets disposal	----	----	0.01	----	0.01
Non cash interest	0.02	0.02	0.02	0.05	0.04
Currency fluctuation related to lease standard	0.02	(0.02)	0.01	----	0.03
Deferred tax realized (asset)	(0.06)	(0.06)	(0.02)	(0.13)	(0.04)
<b>Net diluted earnings per share (Non-GAAP)</b>	<u>0.97</u>	<u>0.95</u>	<u>0.94</u>	<u>1.92</u>	<u>1.58</u>

## Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS

	Three months ended			Six months ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	<b>Number of shares used in computing net diluted earnings per share (GAAP)</b>	52,536,437	52,172,720	49,940,034	52,357,838
Stock-based compensation	1,154,279	1,399,732	2,130,135	1,277,006	2,448,673
<b>Number of shares used in computing net diluted earnings per share (Non-GAAP)</b>	<u>53,690,716</u>	<u>53,572,452</u>	<u>52,070,169</u>	<u>53,634,844</u>	<u>51,806,953</u>

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