

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

FORM 8-K

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

Date of report (Date of earliest event reported): May 3, 2021

SOLAREEDGE TECHNOLOGIES, INC
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36894
(Commission
File Number)

20-5338862
(I.R.S. Employer
Identification No.)

1 Hamada Street, Herziliya Pituach, Israel
(Address of Principal executive offices)

4673335
(Zip Code)

Registrant's Telephone number, including area code: 972 (9) 957-6620

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.0001 per share | SEDG | Nasdaq Global Select Market |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 3, 2021, SolarEdge Technologies, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2021. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, this information, including the exhibits hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall such information, including the exhibits hereto be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

| Exhibit No. | | Description |
|------------------------------|--|---|
| Exhibit 99.1 | | Press release May 3, 2021 |
| Exhibit 104 | | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

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 hereunto duly authorized.

SOLAREEDGE TECHNOLOGIES, INC.

Date: May 3, 2021

By: /s/ Ronen Faier

Name: Ronen Faier

Title: Chief Financial Officer



SolarEdge Announces First Quarter 2021 Financial Results

MILPITAS, Calif. — May 3, 2021. SolarEdge Technologies, Inc. (Nasdaq: SEDG), a global leader in smart energy technology, today announced its financial results for the first quarter ended March 31, 2021.

First Quarter 2021 Highlights

- Revenues of \$405.5 million
- Revenues from solar products of \$376.4 million
- GAAP gross margin of 34.5%
- Non-GAAP gross margin of 36.5%
- GAAP gross margin from sale of solar products of 38.3%
- Record non-GAAP gross margin from sale of solar products of 39.7%
- GAAP net income of \$30.1 million
- Non-GAAP net income of \$55.5 million
- GAAP net diluted earnings per share (“EPS”) of \$0.55
- Non-GAAP net diluted EPS of \$0.98
- 1.69 Gigawatts (AC) of inverters shipped

“We are happy to report our first quarter results, representing continued growth in our solar business across geographies and segments,” said Zvi Lando, CEO of SolarEdge. “We are particularly pleased with our operational performance this quarter, which will enable us to meet the continued increase in demand for our residential and commercial products worldwide. This quarter, we also began delivering full powertrain kits for the e-Mobility sector in Europe in line with our growth strategy beyond solar.”

First Quarter 2021 Summary

The Company reported revenues of \$405.5 million, up 13% from \$358.1 million in the prior quarter and down 6% from \$431.2 million in the same quarter last year.

Revenues related to the sale of solar products were \$376.4 million, up 15% from \$327.1 million in the prior quarter and down 8% from \$407.6 million in the same quarter last year.

GAAP gross margin was 34.5%, up from 30.8% in the prior quarter and up from 32.5% year over year.

Non-GAAP gross margin was 36.5%, up from 32.5% in the prior quarter and up from 33.6% year over year.

GAAP gross margin from the sale of solar products was 38.3%, up from 35.3% in the prior quarter and up from 34.6% year over year.

Non-GAAP gross margin from the sale of solar products was 39.7%, up from 36.2% in the prior quarter and up from 35.0% year over year.

GAAP operating expenses were \$95.9 million, flat with \$95.9 million in the prior quarter and up 33% from \$72.2 million in the same quarter last year.

Non-GAAP operating expenses were \$76.2 million, up 4% from \$72.9 million in the prior quarter and up 15% from \$66.3 million in the same quarter last year.

GAAP operating income was \$44.1 million, up 206% from \$14.4 million in the prior quarter and down 35% from \$67.8 million in the same quarter last year.

Non-GAAP operating income was \$71.9 million, up 65% from \$43.5 million in the prior quarter and down 9% from \$78.6 million in the same quarter last year.

GAAP net income was \$30.1 million, up 70% from \$17.7 million in the prior quarter and down 29% from \$42.2 million in the same quarter last year.

Non-GAAP net income was \$55.5 million, compared to \$55.7 million in the prior quarter and up 10% from \$50.7 million in the same quarter last year.

GAAP EPS was \$0.55, up from \$0.33 in the prior quarter and down from \$0.81 in the same quarter last year.

Non-GAAP net diluted EPS was \$0.98, flat with \$0.98 in the prior quarter and up from \$0.95 in the same quarter last year.

Cash flow from operating activities was \$24.1 million, down from \$27.2 million in the prior quarter and down from \$107.7 million in the same quarter last year.

As of March 31, 2021, cash, cash equivalents, bank deposits, restricted bank deposit and marketable securities totaled \$515.2 million, net of debt, compared to \$530.2 million on December 31, 2020.

Outlook for the Second Quarter 2021

The Company also provides guidance for the second quarter ending June 30, 2021 as follows:

- Revenues to be within the range of \$445 million to \$465 million
- Non-GAAP gross margin expected to be within the range of 32% to 34%
- Revenues from solar products to be within the range of \$405 million to \$420 million
- Non-GAAP gross margin from sale of solar products expected to be within the range of 36% to 38%

Conference Call

The Company will host a conference call to discuss these results at 4:30 p.m. ET on Monday, May 3, 2021. The call will be available, live, to interested parties by dialing 800-367-2403. For international callers, please dial +1 334-777-6978. The Conference ID number is 5167186. A live webcast will also be available in the Investors Relations section of the Company's website at: <http://investors.solaredge.com>

A replay of the webcast will be available in the Investor Relations section of the Company's web site approximately two hours after the conclusion of the call and will remain available for approximately 30 calendar days.

About SolarEdge

SolarEdge is a global leader in smart energy technology. By leveraging world-class engineering capabilities and with a relentless focus on innovation, SolarEdge creates smart energy solutions that power our lives and drive future progress. SolarEdge developed an intelligent inverter solution that changed the way power is harvested and managed in photovoltaic (PV) systems. The SolarEdge DC optimized inverter seeks to maximize power generation while lowering the cost of energy produced by the PV system. Continuing to advance smart energy, SolarEdge addresses a broad range of energy market segments through its PV, storage, EV charging, batteries, UPS, electric vehicle powertrains, and grid services solutions. SolarEdge is online at www.solaredge.com

Use of Non-GAAP Financial Measures

The Company has presented certain non-GAAP financial measures in this release, such as non-GAAP net income, non-GAAP net diluted EPS, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income and non-GAAP gross margin from sale of solar products. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either exclude or include amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States, or GAAP. Reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure can be found in the accompanying tables to this release. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. The Company believes that these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This release contains forward looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information, among other things, concerning: our possible or assumed future results of operations; future demands for solar energy solutions; business strategies; technology developments; financing and investment plans; dividend policy; competitive position; industry and regulatory environment; general economic conditions; potential growth opportunities; and the effects of competition. These forward-looking statements are often characterized by the use of words such as "anticipate," "believe," "could," "seek," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" or similar expressions and the negative or plural of those terms and other like terminology.

Forward-looking statements are only predictions based on our current expectations and our projections about future events. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Given these factors, you should not place undue reliance on these forward-looking statements. These factors include, but are not limited to, the matters discussed in the section entitled "Risk Factors" of our Annual Report on Form 10-K/A for the year ended December 31, 2020, filed on February 19, 2021 and our quarterly reports filed on Form 10-Q, Current Reports on Form 8-K and other reports filed with the SEC. All information set forth in this release is as of May 3, 2021. The Company undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

Investor Contacts

SolarEdge Technologies, Inc.
Ronen Faier, Chief Financial Officer
+1 510-498-3263
investors@solaredge.com

Sapphire Investor Relations, LLC
Erica Mannion or Michael Funari
+1 617-542-6180
investors@solaredge.com

SOLAREEDGE TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands)

| | Three months ended | |
|--|---------------------------|------------------|
| | March 31, | |
| | 2021 | 2020 |
| | Unaudited | |
| Revenues | \$ 405,489 | \$ 431,218 |
| Cost of revenues | 265,415 | 291,910 |
| Gross profit | 140,074 | 140,008 |
| Operating expenses: | | |
| Research and development | 46,977 | 36,695 |
| Sales and marketing | 26,911 | 24,253 |
| General and administrative | 19,849 | 16,185 |
| Other operating expenses (income), net | 2,209 | (4,900) |
| Total operating expenses | 95,946 | 72,233 |
| Operating income | 44,128 | 67,775 |
| Financial expenses, net | 6,097 | 16,605 |
| Income before income taxes | 38,031 | 51,170 |
| Income taxes | 7,955 | 8,922 |
| Net income | <u>\$ 30,076</u> | <u>\$ 42,248</u> |

SOLAREEDGE TECHNOLOGIES INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | <u>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|---|---------------------------------|------------------------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 685,157 | \$ 827,146 |
| Short-term bank deposits | 43,626 | 60,096 |
| Restricted bank deposits | 2,509 | 2,611 |
| Marketable securities | 139,079 | 143,687 |
| Trade receivables, net of allowances of \$3,576 and \$2,886, respectively | 271,713 | 218,706 |
| Inventories, net | 340,038 | 331,696 |
| Prepaid expenses and other current assets | 102,985 | 135,399 |
| Total current assets | 1,585,107 | 1,719,341 |
| LONG-TERM ASSETS: | | |
| Marketable securities | 294,828 | 147,434 |
| Deferred tax assets, net | 17,353 | 11,676 |
| Property, plant and equipment, net | 312,214 | 303,408 |
| Operating lease right-of-use assets, net | 39,804 | 41,600 |
| Intangible assets, net | 64,196 | 67,818 |
| Goodwill | 134,620 | 140,479 |
| Other long-term assets | 16,473 | 5,353 |
| Total long-term assets | 879,488 | 717,768 |
| Total assets | \$ 2,464,595 | \$ 2,437,109 |
| CURRENT LIABILITIES: | | |
| Trade payables, net | \$ 122,063 | \$ 162,051 |
| Employees and payroll accruals | 63,929 | 63,738 |
| Current maturities of bank loans and accrued interest | 16,215 | 16,894 |
| Warranty obligations | 63,443 | 62,614 |
| Deferred revenues and customers advances | 21,065 | 24,648 |
| Accrued expenses and other current liabilities | 111,011 | 106,154 |
| Total current liabilities | 397,726 | 436,099 |
| LONG-TERM LIABILITIES: | | |
| Convertible senior notes, net | 619,357 | 573,350 |
| Warranty obligations | 154,510 | 142,380 |
| Deferred revenues | 122,168 | 115,372 |
| Deferred tax liabilities, net | - | 8,593 |
| Finance lease liabilities | 24,918 | 26,173 |
| Operating lease liabilities | 32,667 | 35,194 |
| Other long-term liabilities | 13,325 | 14,191 |
| Total long-term liabilities | 966,945 | 915,253 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock | 5 | 5 |
| Additional paid-in capital | 595,716 | 603,891 |
| Accumulated other comprehensive income (loss) | (6,761) | 3,857 |
| Retained earnings | 510,964 | 478,004 |
| Total stockholders' equity | 1,099,924 | 1,085,757 |
| Total liabilities and stockholders' equity | \$ 2,464,595 | \$ 2,437,109 |

SOLAREEDGE TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Three months ended March 31, | |
|---|---------------------------------|-------------------|
| | 2021 | 2020 |
| Cash flows provided by operating activities: | | |
| Net income | \$ 30,076 | \$ 42,248 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 6,887 | 5,004 |
| Amortization of intangible assets | 2,391 | 2,321 |
| Amortization of debt discount and debt issuance costs | 724 | - |
| Amortization of premium and accretion of discount on available-for-marketable securities, net | 1,295 | 120 |
| Stock-based compensation expenses | 23,153 | 12,773 |
| Deferred income taxes, net | (2,141) | (2,859) |
| Loss from disposal of assets | 2,147 | 6 |
| Exchange rate fluctuations and other items, net | 13,303 | (1,018) |
| Changes in assets and liabilities: | | |
| Inventories, net | (8,376) | (29,004) |
| Prepaid expenses and other assets | 20,218 | 49,888 |
| Trade receivables, net | (57,380) | 59,420 |
| Trade payables, net | (39,034) | (17,589) |
| Employees and payroll accruals | 7,477 | 11,821 |
| Warranty obligations | 13,088 | 13,809 |
| Deferred revenues and customers advances | 3,615 | (31,729) |
| Other liabilities | 6,640 | (7,466) |
| Net cash provided by operating activities | <u>24,083</u> | <u>107,745</u> |
| Cash flows from investing activities: | | |
| Investment in available-for-sale marketable securities | (186,528) | (31,924) |
| Proceed from maturities of available-for-sale marketable securities | 40,450 | 42,333 |
| Purchase of property, plant and equipment | (24,545) | (27,053) |
| Withdrawal from (investment in) bank deposits, net | 16,470 | (3,316) |
| Other investing activities | 571 | 36 |
| Net cash used in investing activities | <u>(153,582)</u> | <u>(19,924)</u> |
| Cash flows from financing activities: | | |
| Repayment of bank loans | (34) | (15,232) |
| Proceeds from bank loans | - | 15,295 |
| Proceeds from exercise of stock-based awards net of tax withholding | (1,716) | 3,308 |
| Other financing activities | (312) | (56) |
| Net cash provided by (used in) financing activities | <u>(2,062)</u> | <u>3,315</u> |
| Increase (decrease) in cash and cash equivalents | <u>(131,561)</u> | <u>91,136</u> |
| Cash and cash equivalents at the beginning of the period | 827,146 | 223,901 |
| Effect of exchange rate differences on cash and cash equivalents | <u>(10,428)</u> | <u>9,035</u> |
| Cash and cash equivalents at the end of the period | <u>\$ 685,157</u> | <u>\$ 324,072</u> |

SOLAREEDGE TECHNOLOGIES INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands, except share and per share data)

| Reconciliation of GAAP to Non-GAAP Gross Profit | | | |
|--|-----------------------|--------------------------|-----------------------|
| Three months ended | | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Gross profit (GAAP) | 140,074 | 110,325 | 140,008 |
| Revenues from finance component | (86) | ---- | ---- |
| Stock-based compensation | 5,790 | 3,720 | 2,273 |
| Cost of product adjustment | ---- | ---- | 313 |
| Amortization and depreciation of acquired assets | 2,312 | 2,374 | 2,356 |
| Gross profit (Non-GAAP) | <u>148,090</u> | <u>116,419</u> | <u>144,950</u> |

| Reconciliation of GAAP to Non-GAAP Gross Margin | | | |
|--|-----------------------|--------------------------|-----------------------|
| Three months ended | | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Gross margin (GAAP) | 34.5% | 30.8% | 32.5% |
| Revenues from finance component | 0.0% | ---- | ---- |
| Stock-based compensation | 1.4% | 1.0% | 0.5% |
| Cost of product adjustment | ---- | ---- | 0.1% |
| Amortization and depreciation of acquired assets | 0.6% | 0.7% | 0.5% |
| Gross margin (Non-GAAP) | <u>36.5%</u> | <u>32.5%</u> | <u>33.6%</u> |

| Reconciliation of GAAP to Non-GAAP Operating expenses | | | |
|--|-----------------------|--------------------------|-----------------------|
| Three months ended | | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Operating expenses (GAAP) | 95,946 | 95,898 | 72,233 |
| Stock-based compensation - R&D | (8,798) | (8,919) | (5,378) |
| Stock-based compensation - S&M | (5,435) | (8,710) | (3,192) |
| Stock-based compensation - G&A | (3,130) | (2,967) | (1,930) |
| Amortization and depreciation of acquired assets - R&D | (12) | (14) | (26) |
| Amortization and depreciation of acquired assets - S&M | (237) | (230) | (295) |
| Amortization and depreciation of acquired assets - G&A | (8) | (8) | (9) |
| Assets sale (disposal) | 62 | (649) | ---- |
| Other operating income (expenses) | (2,209) | (1,471) | 4,900 |
| Operating expenses (Non-GAAP) | <u>76,179</u> | <u>72,930</u> | <u>66,303</u> |

SOLAREEDGE TECHNOLOGIES INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands, except share and per share data)

| | Reconciliation of GAAP to Non-GAAP Operating income | | |
|--|--|--------------------------|-----------------------|
| | Three months ended | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Operating income (GAAP) | 44,128 | 14,427 | 67,775 |
| Revenues from finance component | (86) | ---- | ---- |
| Cost of product adjustment | ---- | ---- | 313 |
| Stock-based compensation | 23,153 | 24,316 | 12,773 |
| Amortization and depreciation of acquired assets | 2,569 | 2,626 | 2,686 |
| Assets (sale) disposal | (62) | 649 | ---- |
| Other operating (income) expenses | 2,209 | 1,471 | (4,900) |
| Operating income (Non-GAAP) | 71,911 | 43,489 | 78,647 |
| | | | |
| | Reconciliation of GAAP to Non-GAAP Financial expenses (income), net | | |
| | Three months ended | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Financial expenses (income), net (GAAP) | 6,097 | (10,380) | 16,605 |
| Notes due 2025 | (724) | (3,017) | ---- |
| Non cash interest | (1,336) | (1,305) | (1,128) |
| Currency fluctuation related to lease standard | 2,289 | (2,172) | 1,033 |
| Amortization and depreciation of acquired assets | ---- | ---- | (982) |
| Financial expenses (income), net (Non-GAAP) | 6,326 | (16,874) | 15,528 |
| | | | |
| | Reconciliation of GAAP to Non-GAAP Tax on income | | |
| | Three months ended | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Tax on income (GAAP) | 7,955 | 7,152 | 8,922 |
| Deferred taxes | 2,141 | (2,522) | 3,536 |
| Tax on income (Non-GAAP) | 10,096 | 4,630 | 12,458 |

SOLAREEDGE TECHNOLOGIES INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands, except share and per share data)

| | Reconciliation of GAAP to Non-GAAP Net income | | |
|--|--|------------------------------|-----------------------|
| | Three months ended | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Net income (GAAP) | 30,076 | 17,655 | 42,248 |
| Revenues from finance component | (86) | ---- | ---- |
| Cost of product adjustment | ---- | ---- | 313 |
| Stock-based compensation | 23,153 | 24,316 | 12,773 |
| Amortization and depreciation of acquired assets | 2,569 | 2,626 | 3,668 |
| Assets (sale) disposal | (62) | 649 | ---- |
| Other operating (income) expenses | 2,209 | 1,471 | (4,900) |
| Notes due 2025 | 724 | 3,017 | ---- |
| Non cash interest | 1,336 | 1,305 | 1,128 |
| Currency fluctuation related to lease standard | (2,289) | 2,172 | (1,033) |
| Deferred taxes | (2,141) | 2,522 | (3,536) |
| Net income (Non GAAP) | 55,489 | 55,733 | 50,661 |

| | Reconciliation of GAAP to Non-GAAP Net basic EPS | | |
|--|---|------------------------------|-----------------------|
| | Three months ended | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Net basic earnings per share (GAAP) | 0.58 | 0.34 | 0.86 |
| Revenues from finance component | 0.00 | ---- | ---- |
| Cost of product adjustment | ---- | ---- | 0.01 |
| Stock-based compensation | 0.45 | 0.48 | 0.25 |
| Amortization and depreciation of acquired assets | 0.05 | 0.05 | 0.08 |
| Assets (sale) disposal | 0.00 | 0.01 | ---- |
| Other operating (income) expenses | 0.04 | 0.03 | (0.10) |
| Notes due 2025 | 0.01 | 0.06 | ---- |
| Non cash interest | 0.03 | 0.02 | 0.02 |
| Currency fluctuation related to lease standard | (0.05) | 0.05 | (0.02) |
| Deferred taxes | (0.04) | 0.05 | (0.07) |
| Net basic earnings per share (Non-GAAP) | 1.07 | 1.09 | 1.03 |

SOLAREEDGE TECHNOLOGIES INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands, except share and per share data)

| Reconciliation of GAAP to Non-GAAP Net diluted EPS | | | |
|---|-----------------------|--------------------------|-----------------------|
| Three months ended | | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Net diluted earnings per share (GAAP) | 0.55 | 0.33 | 0.81 |
| Revenues from finance component | 0.00 | ---- | ---- |
| Cost of product adjustment | ---- | ---- | 0.01 |
| Stock-based compensation | 0.40 | 0.44 | 0.21 |
| Amortization and depreciation of acquired assets | 0.04 | 0.05 | 0.07 |
| Assets (sale) disposal | 0.00 | 0.01 | ---- |
| Other operating (income) expenses | 0.04 | 0.03 | (0.09) |
| Notes due 2025 | 0.00 | 0.02 | ---- |
| Non cash interest | 0.03 | 0.02 | 0.02 |
| Currency fluctuation related to lease standard | (0.04) | 0.04 | (0.02) |
| Deferred taxes | (0.04) | 0.04 | (0.06) |
| Net diluted earnings per share (Non-GAAP) | <u>0.98</u> | <u>0.98</u> | <u>0.95</u> |

| Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS | | | |
|---|-----------------------|--------------------------|-----------------------|
| Three months ended | | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Number of shares used in computing net diluted earnings per share (GAAP) | 55,997,136 | 53,496,384 | 52,172,720 |
| Stock-based compensation | 766,187 | 865,179 | 1,399,732 |
| Notes due 2025 | ---- | 2,276,818 | ---- |
| Number of shares used in computing net diluted earnings per share (Non-GAAP) | <u>56,763,323</u> | <u>56,638,381</u> | <u>53,572,452</u> |