



# 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.

# Fourth Quarter Key Metrics

**3.6M**

Power Optimizers  
Shipped

**166K**

Inverters Shipped

**1.36 GW**

Systems Shipped

**\$358.1M**

Revenues

# Annual Key Metrics

**15.5M**

Power Optimizers  
Shipped

**662K**

Inverters Shipped

**6.1 GW**

Systems Shipped

**\$1,459.3M**

Revenues

# Financial Results for Quarter

- Revenue of \$358.1 million
- Revenue from solar products of \$327.1 million
- Total cash and investments, net of debt, \$530.2 million
- GAAP gross margin of 30.8%
- Non-GAAP gross margin of 32.5%
- Non-GAAP gross margin for the solar business of 36.2%
- GAAP operating income of \$14.4 million
- Non-GAAP operating income of \$43.5 million
- GAAP net income of \$17.7 million
- Non-GAAP net income of \$55.7 million
- GAAP net diluted earnings per share of \$0.33
- Non-GAAP net diluted earnings per share of \$0.98
- Cash flow from operation of \$27.0 million



# 2020 Highlights

- Record revenue of \$1.5 billion
- Record revenue from solar products of \$1.4 billion
- GAAP gross margin of 31.6%
- Non-GAAP gross margin of 33.0%
- GAAP operating income of \$142.6 million

## Business highlights for the year

- 6.1 Gigawatts AC inverters shipped
- 15.5M power optimizers and 662K inverters shipped



# Noteworthy

- Record annual revenues for both solar and non solar businesses, a slight increase from 2019, despite worldwide impact of global pandemic
- Quarterly revenue driven by strong residential sales in U.S. and record revenue outside of the U.S. and Europe
- Record annual solar revenue in Europe and in Australia, YoY growth of 11% and 30%, respectively
- Ramp of non-tariff production for supply to U.S. continues, expected to reach 85% of supply by end of Q1
- EnergyHub storage inverter market acceptance continues to grow in U.S.
- Beginning to supply full powertrain kits for assembly in Stellantis' (formerly Fiat Chrysler Automobiles) E-Ducato light commercial vehicle
- Began construction of "Sella 2", manufacturing factory for 2 GWh lithium-ion cells in Korea, on schedule for start of production early 2022

# GAAP Quarterly Financial Results

*USD in millions	Q4 19	Q3 20	Q4 20
Revenues	418.2	338.1	358.1
Gross margin	34.3%	32.0%	30.8%
Operating expenses	92.7 **	77.7	95.9 **
Operating income	50.5	30.4	14.4
Net income	52.8	43.8	17.7
Net diluted earnings per share	1.03	0.83	0.33

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

\*\* Q4 20 and Q4 19 includes nonrecurring expenses of \$1.5M and \$22.4M respectively



# GAAP Yearly Financial Results

*USD in millions	2018	2019	2020
Revenues	937.2	1,425.7	1,459.3
Gross margin	34.1%	33.6%	31.6%
Operating expenses	179.8	289.4 **	318.8 **
Operating income	139.4	189.9	142.6
Net income	128.8	146.5	140.3
Net diluted earnings per share	2.69	2.90	2.66

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

\*\* 2020 and 2019 include nonrecurring expenses (income) of \$(3.4)M and \$30.7M respectively

# NON-GAAP Quarterly Financial Results

*USD in millions	Q4 19	Q3 20	Q4 20
Revenues	418.2	338.1	358.1
Gross margin	35.5%	33.5%	32.5%
Operating expenses	63.1	63.2	72.9
Operating income	85.3	50.0	43.5
Net income	87.4	65.9	55.7
Net diluted earnings per share	1.65	1.21	0.98

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

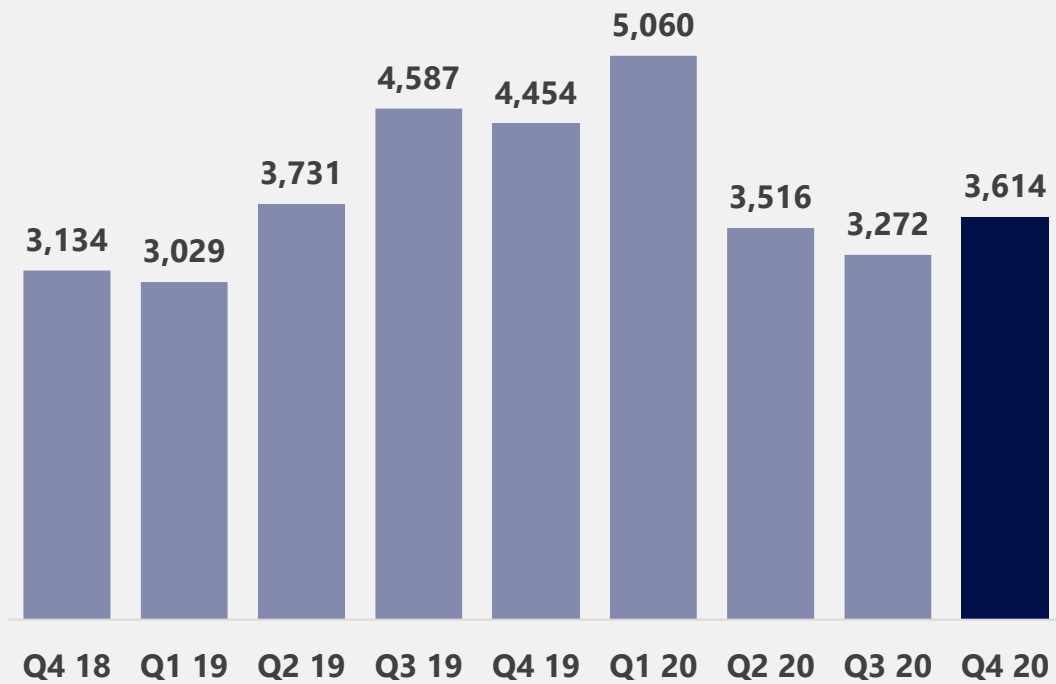
# NON-GAAP Yearly Financial Results

*USD in millions	2018	2019	2020
Revenues	937.2	1,425.7	1,459.3
Gross margin	34.6%	34.9%	33.0%
Operating expenses	150.1	220.9	263.5
Operating income	174.3	276.8	218.8
Net income	157.3	233.2	224.4
Net diluted earnings per share	3.17	4.44	4.11

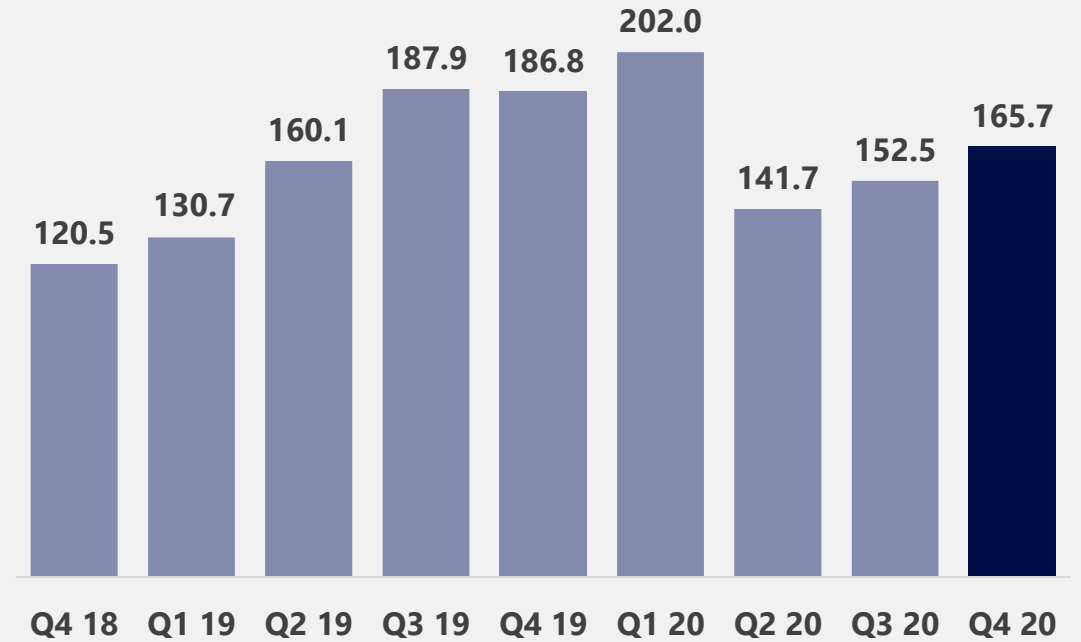
\* With the exception of gross margin and per share data

# Units Shipped

## Power Optimizers Shipped

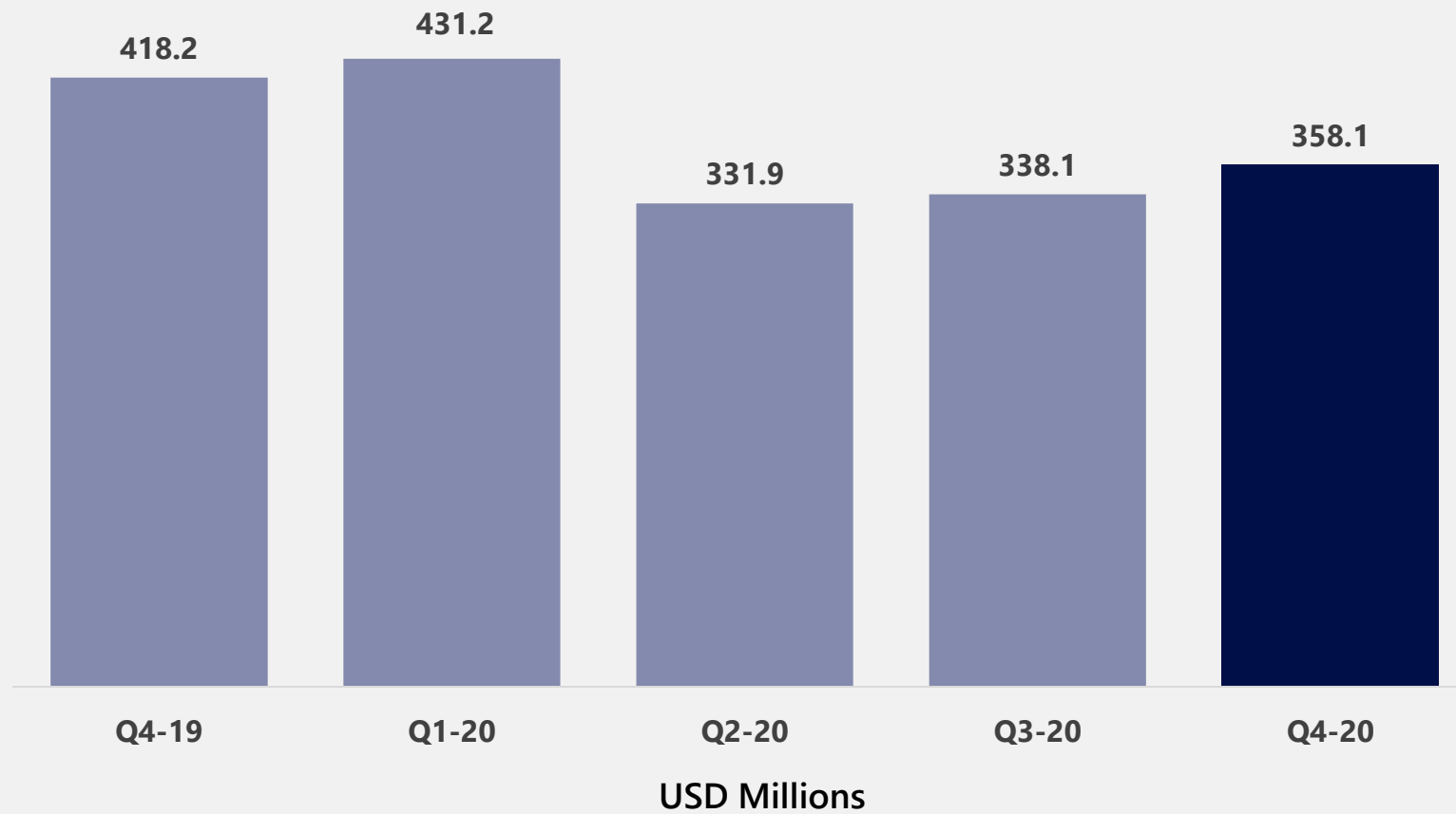


## Inverters Shipped



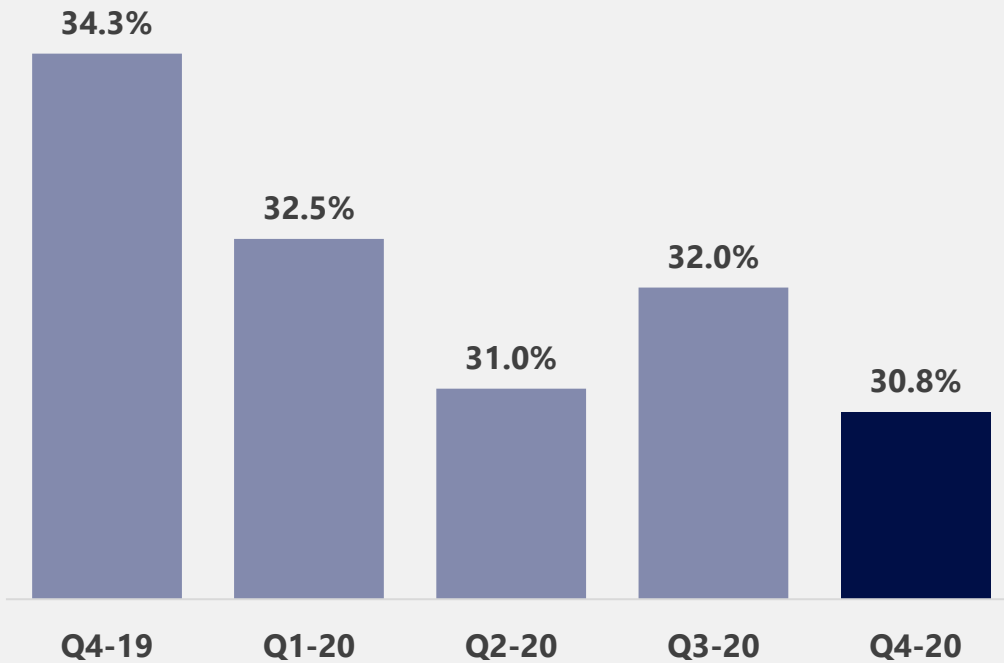
K Units

# Quarterly Revenue

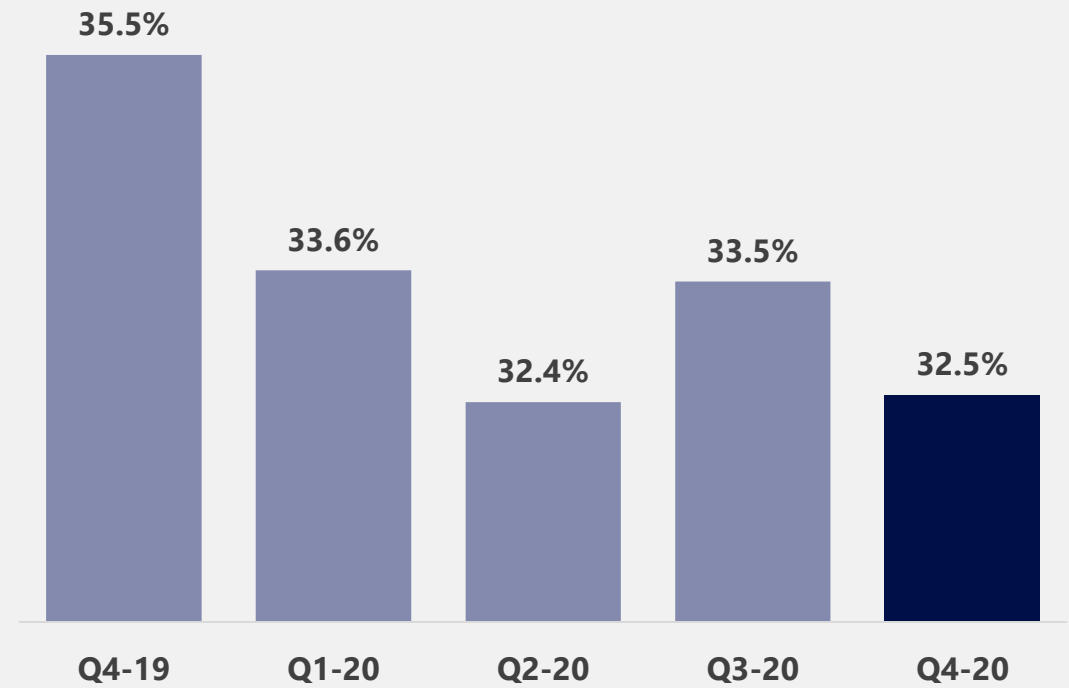


# Gross Margin Trend by Quarters (%)

## GAAP

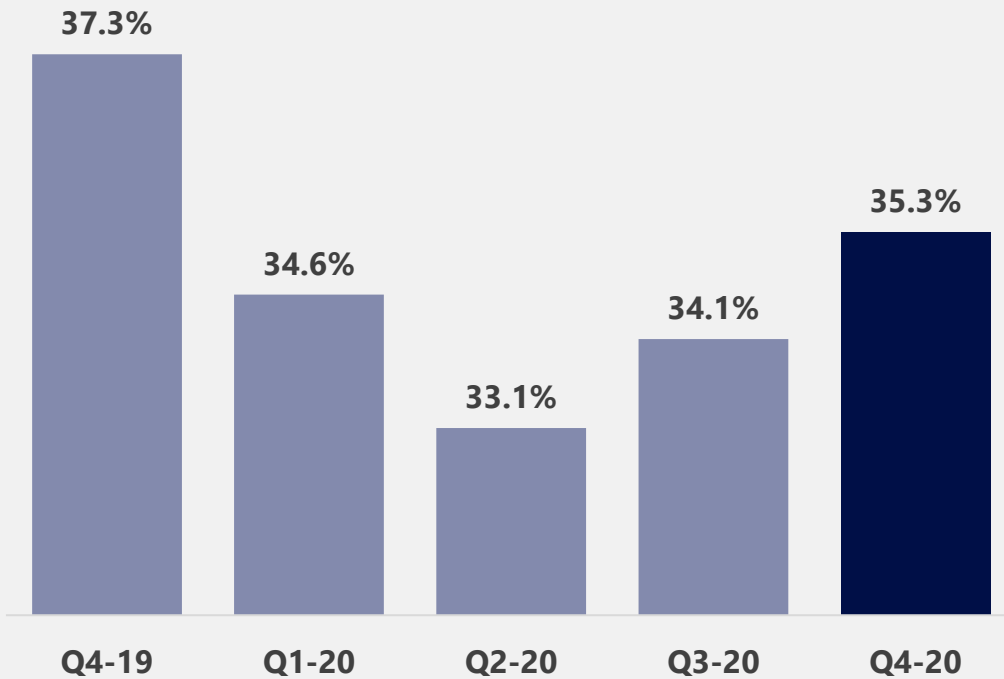


## Non-GAAP

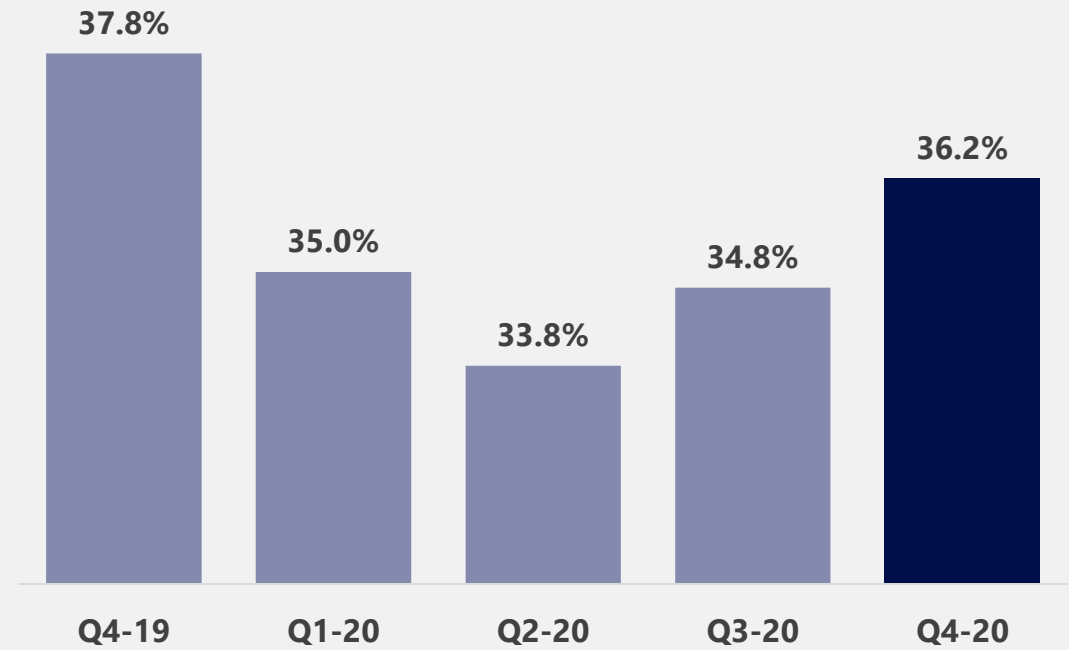


# Solar Gross Margin Trend by Quarters (%)

## GAAP

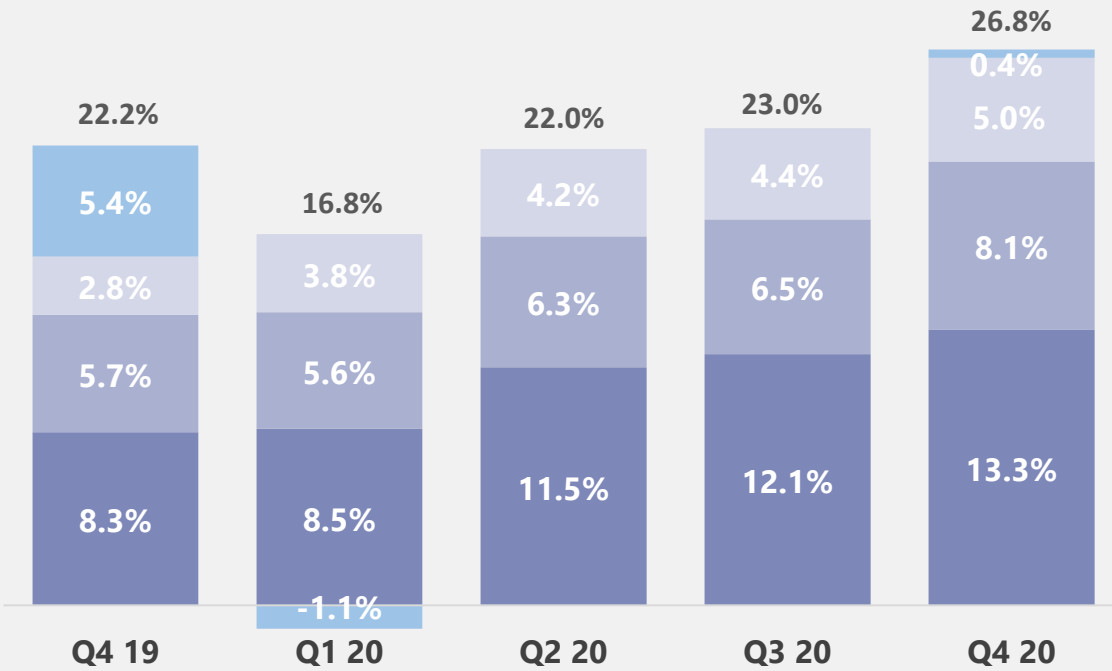


## Non-GAAP

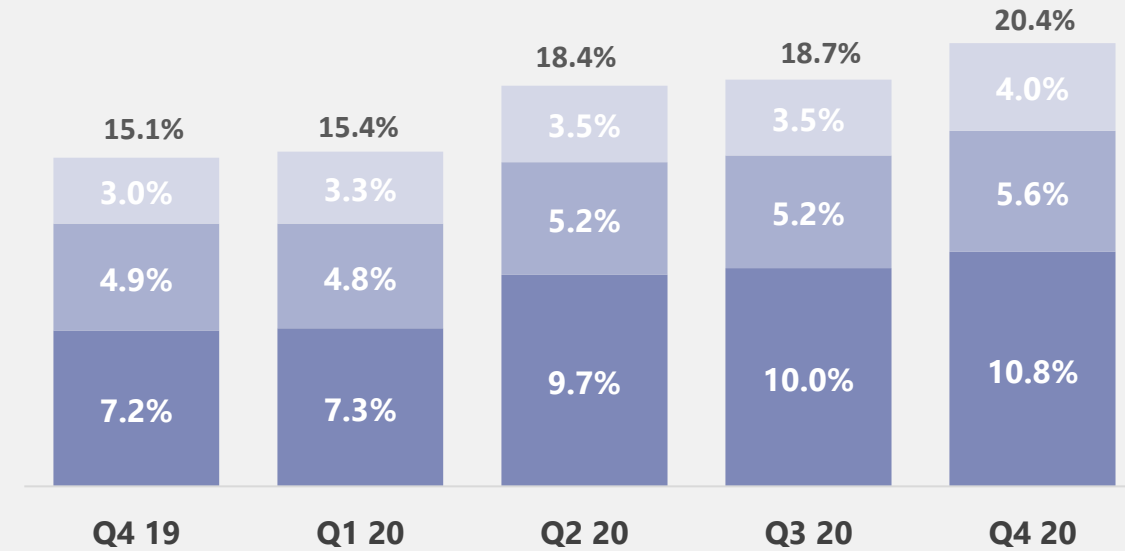


# Consolidated Operating Expenses

## GAAP



## Non-GAAP



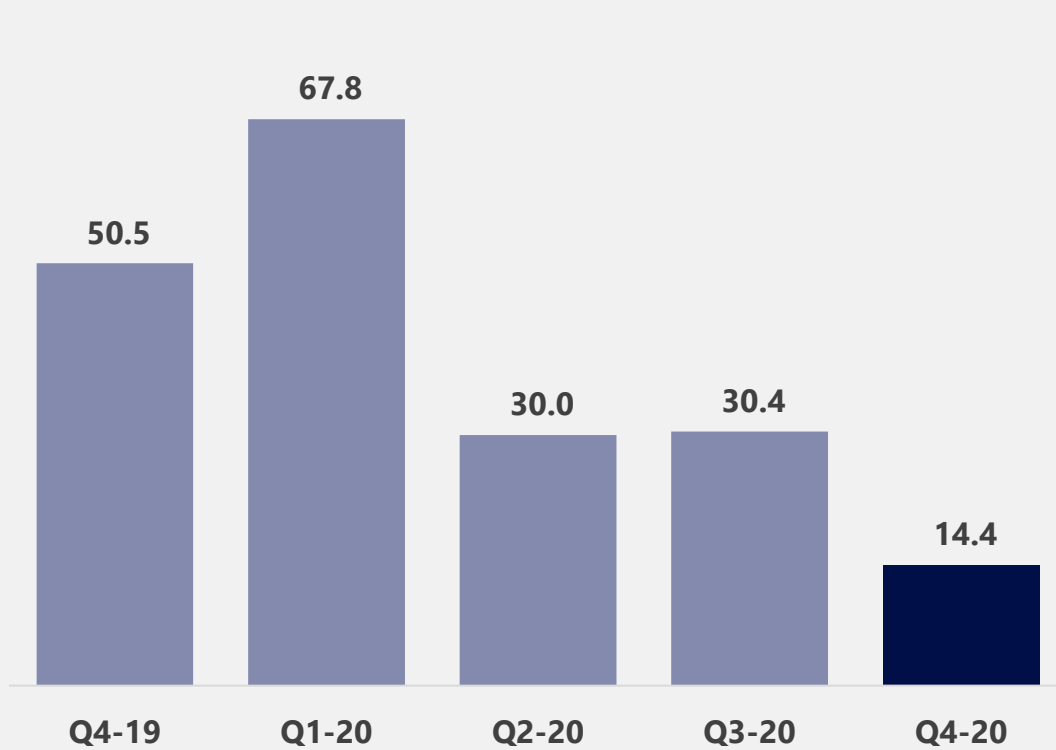
■ R&D   ■ S&M   ■ G&A   ■ Other Operating expenses

USD Millions

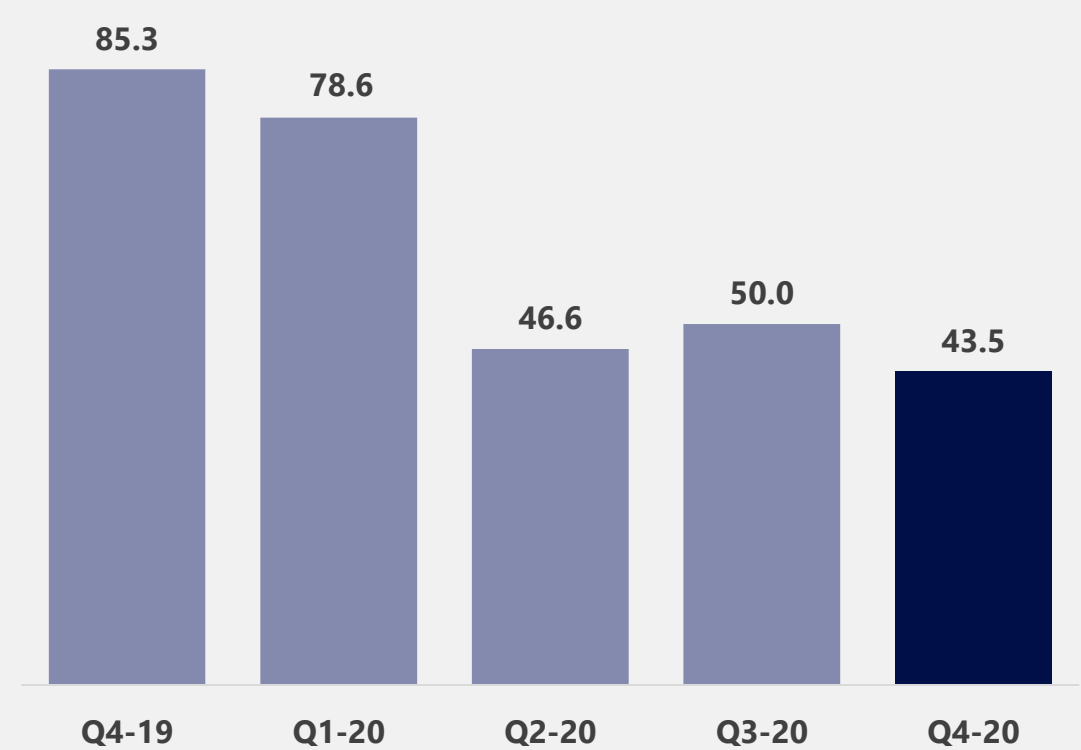


# Consolidated Operating Income

## GAAP



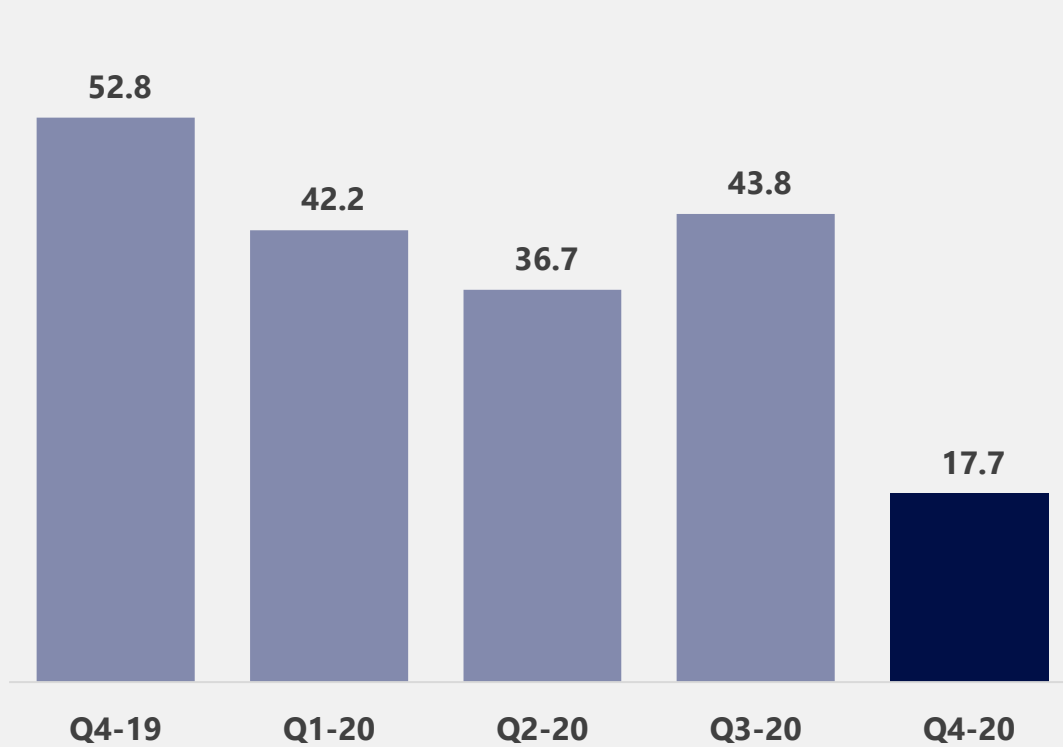
## Non-GAAP



USD Millions

# Consolidated Net Income

## GAAP



## Non-GAAP



USD Millions

# Balance Sheet & Cash flow

USD in millions	Q4 19	Q3 20	Q4 20
Cash and investments	467.5	1,201.9	1,181.0
Total Debt*	15.8	648.1	650.8
Cash and Investments Net of Debt	451.7	553.8	530.2
Inventory	170.8	297.0	331.7
Capital Expenditures	32.9	36.4	35.5
Cash Flow From Operations	83.1	28.4	27.0

\* The majority of the debt balances relates to pre-acquisition loans in Kokam and SolarEdge Automation Machines and to convertible senior notes issued during Q3 20

# First Quarter Guidance

- Revenue to be within the range of \$385 million to \$405 million;
- Non-GAAP gross margin expected to be within the range of 34% to 36%;
- Revenue from solar products to be within the range of \$360 million to \$375 million;
- Non-GAAP gross margin from sale of solar products expected to be within the range of 36% to 38%.



# Appendix

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Gross Profit				
	Three months ended			Year ended	
	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Gross profit (GAAP)</b>	110,325	108,063	143,249	461,359	479,338
Stock-based compensation	3,720	2,730	2,268	11,082	6,964
Cost of product adjustment	---	---	448	313	1,556
Amortization and depreciation of acquired assets	2,374	2,429	2,489	9,484	9,771
<b>Gross profit (Non-GAAP)</b>	<u>116,419</u>	<u>113,222</u>	<u>148,454</u>	<u>482,238</u>	<u>497,629</u>

	Reconciliation of GAAP to Non-GAAP Gross Margin				
	Three months ended			Year ended	
	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Gross margin (GAAP)</b>	30.8%	32.0%	34.3%	31.6%	33.6%
Stock-based compensation	1.0%	0.8%	0.5%	0.8%	0.5%
Cost of product adjustment	---	---	0.1%	---	0.1%
Amortization and depreciation of acquired assets	0.7%	0.7%	0.6%	0.6%	0.7%
<b>Gross margin (Non-GAAP)</b>	<u>32.5%</u>	<u>33.5%</u>	<u>35.5%</u>	<u>33.0%</u>	<u>34.9%</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Operating expenses (GAAP)</b>	95,898	77,669	92,721	318,798	289,392
Stock-based compensation - R&D	(8,919)	(6,904)	(4,937)	(27,048)	(16,872)
Stock-based compensation - S&M	(8,710)	(4,066)	(3,157)	(19,413)	(11,062)
Stock-based compensation - G&A	(2,967)	(2,559)	916	(9,766)	(6,991)
Amortization and depreciation of acquired assets - R&D	(14)	(26)	(30)	(91)	(92)
Amortization and depreciation of acquired assets - S&M	(230)	(370)	33	(1,187)	(1,214)
Amortization and depreciation of acquired assets - G&A	(8)	(8)	45	(33)	(35)
Acquisition related expenses	---	---	---	---	(949)
Assets disposal	(649)	(558)	(56)	(1,207)	(622)
Other operating income (expenses)	(1,471)	---	(22,391)	3,429	(30,696)
<b>Operating expenses (Non-GAAP)</b>	<u>72,930</u>	<u>63,178</u>	<u>63,144</u>	<u>263,482</u>	<u>220,859</u>

	Reconciliation of GAAP to Non-GAAP Operating income				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Operating income (GAAP)</b>	14,427	30,394	50,528	142,561	189,946
Cost of product adjustment	---	---	448	313	1,556
Stock-based compensation	24,316	16,259	9,446	67,309	41,889
Amortization and depreciation of acquired assets	2,626	2,833	2,441	10,795	11,112
Acquisition related expenses	---	---	---	---	949
Assets disposal	649	558	56	1,207	622
Other operating (income) expenses	1,471	---	22,391	(3,429)	30,696
<b>Operating income (Non-GAAP)</b>	<u>43,489</u>	<u>50,044</u>	<u>85,310</u>	<u>218,756</u>	<u>276,770</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Financial expenses (income), net				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Financial expenses (income), net (GAAP)</b>	(10,380)	(15,765)	(11,058)	(21,105)	11,343
Notes due 2025	(3,017)	(168)	----	(3,185)	----
Non cash interest	(1,305)	(1,254)	(1,055)	(4,887)	---- (3,645)
Currency fluctuation related to lease standard	(2,172)	(243)	(266)	(2,274)	(2,591)
Amortization and depreciation of acquired assets	----	----	348	(982)	348
<b>Financial expenses (income), net (Non-GAAP)</b>	<u>(16,874)</u>	<u>(17,430)</u>	<u>(12,031)</u>	<u>(32,433)</u>	<u>5,455</u>
	Reconciliation of GAAP to Non-GAAP Tax on income				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Tax on income (GAAP)</b>	7,152	2,408	9,241	23,344	33,646
Deferred taxes	(2,522)	(816)	1,114	3,434	6,037
<b>Tax on income (Non-GAAP)</b>	<u>4,630</u>	<u>1,592</u>	<u>10,355</u>	<u>26,778</u>	<u>39,683</u>



# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Net income attributable to Solaredge Technologies Inc. (GAAP)</b>	17,655	43,751	52,778	140,322	146,549
Cost of product adjustment	----	----	448	313	1,556
Stock-based compensation	24,316	16,259	9,446	67,309	41,889
Amortization and depreciation of acquired assets	2,626	2,833	2,093	11,777	10,764
Acquisition related expenses	----	----	----	----	949
Assets disposal	649	558	56	1,207	622
Other operating (income) expenses	1,471	----	22,391	(3,429)	30,696
Notes due 2025	3,017	168	----	3,185	----
Non cash interest	1,305	1,254	1,055	4,887	3,645
Currency fluctuation related to lease standard	2,172	243	266	2,274	2,591
Deferred taxes	2,522	816	(1,114)	(3,434)	(6,037)
<b>Net income attributable to Solaredge Technologies Inc. (Non-GAAP)</b>	<u>55,733</u>	<u>65,882</u>	<u>87,419</u>	<u>224,411</u>	<u>233,224</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net basic EPS				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Net basic earnings per share (GAAP)</b>	0.34	0.87	1.08	2.79	3.06
Cost of product adjustment	----	----	0.01	0.01	0.03
Stock-based compensation	0.48	0.32	0.20	1.34	0.87
Amortization and depreciation of acquired assets	0.05	0.05	0.04	0.24	0.23
Acquisition related expenses	----	----	----	----	0.02
Assets disposal	0.01	0.01	----	0.02	0.01
Other operating (income) expenses	0.03	----	0.46	(0.07)	0.64
Notes due 2025	0.06	----	----	0.06	----
Non cash interest	0.02	0.03	0.02	0.10	0.08
Currency fluctuation related to lease standard	0.05	----	----	0.05	0.06
Deferred taxes	0.05	0.02	(0.02)	(0.07)	(0.13)
<b>Net basic earnings per share (Non-GAAP)</b>	<u>1.09</u>	<u>1.30</u>	<u>1.79</u>	<u>4.47</u>	<u>4.87</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Net diluted earnings per share (GAAP)</b>	0.33	0.83	1.03	2.66	2.90
Cost of product adjustment	----	----	0.01	----	0.02
Nonvested PSUs	----	----	(0.01)	----	----
Stock-based compensation	0.44	0.28	0.15	1.20	0.68
Amortization and depreciation of acquired assets	0.05	0.05	0.04	0.21	0.22
Acquisition related expenses	----	----	----	----	0.02
Assets disposal	0.01	0.01	----	0.03	0.01
Other operating (income) expenses	0.03	----	0.43	(0.07)	0.59
Notes due 2025	0.02	----	----	0.02	----
Non cash interest	0.02	0.02	0.02	0.08	0.07
Currency fluctuation related to lease standard	0.04	----	----	0.05	0.05
Deferred taxes	0.04	0.02	(0.02)	(0.07)	(0.12)
<b>Net diluted earnings per share (Non-GAAP)</b>	<u>0.98</u>	<u>1.21</u>	<u>1.65</u>	<u>4.11</u>	<u>4.44</u>

	Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS				
	Three months ended			Year ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Number of shares used in computing net diluted earnings per share (GAAP)</b>	53,496,384	53,144,188	50,966,778	52,795,475	50,195,661
Stock-based compensation	865,179	1,134,877	1,774,490	1,138,517	2,011,807
Notes due 2025	2,276,818	----	----	618,701	----
<b>Number of shares used in computing net diluted earnings per share (Non-GAAP)</b>	<u>56,638,381</u>	<u>54,279,065</u>	<u>52,741,268</u>	<u>54,552,693</u>	<u>52,207,468</u>

NASDAQ | SEDG