



SolarEdge Announces Fourth Quarter 2022 and Full Year 2022 Financial Results

February 13, 2023

MILPITAS, Calif.--(BUSINESS WIRE)--Feb. 13, 2023-- SolarEdge Technologies, Inc. (Nasdaq: SEDG), a global leader in smart energy technology, today announced its financial results for the fourth quarter 2022 and full year ended December 31, 2022.

Fourth Quarter 2022 Highlights

- Record revenues of \$890.7 million
- Record revenues from solar segment of \$837.0 million
- GAAP gross margin of 29.3%
- Non-GAAP gross margin of 30.2%
- Gross margin from solar segment of 32.4%
- GAAP operating loss of \$5.2 million
- Record non-GAAP operating profit of \$149.6 million
- GAAP net income of \$20.8 million
- Record non-GAAP net income of \$171.5 million
- GAAP net diluted earnings per share ("EPS") of \$0.36
- Record non-GAAP net diluted EPS of \$2.86
- 3.14 Gigawatts (AC) of inverters shipped
- 217.6 MWh of batteries shipped

Full Year 2022 Highlights

- Record revenues of \$3.11 billion, up 58% year over year from 2021
- Record revenues from solar segment of \$2.92 billion, up 63% year over year from 2021
- GAAP gross margin of 27.2%
- Non-GAAP gross margin of 28.2%
- Gross margin from solar segment of 29.8%
- GAAP net income of \$93.8 million
- Record Non-GAAP net income of \$351.2 million
- GAAP net diluted earnings per share ("EPS") of \$1.65
- Record Non-GAAP net diluted EPS of \$5.95
- 10.5 Gigawatts (AC) of inverters shipped
- 889 MWh of batteries shipped

"We are pleased with our fourth quarter results that conclude a challenging yet very successful year. The global economic and geopolitical events coupled with post pandemic dynamics created an unprecedented demand for solar energy in general and our products in particular," said Zvi Lando, Chief Executive Officer of SolarEdge. "I am proud that our extraordinary global team of employees was able to overcome the hurdles we faced and conclude a record year in almost every element of our operations. We are excited about the opportunities of the year ahead and expect to continue our profitable growth momentum."

Fourth Quarter 2022 Summary

The Company reported record revenues of \$890.7 million, up 6% from \$836.7 million in the prior quarter and up 61% from \$551.9 million in the same quarter last year.

Revenues from the solar segment were a record \$837.0 million, up 6% from \$788.6 million in the prior quarter and up 66% from \$502.7 million in the same quarter last year.

GAAP gross margin was 29.3%, up from 26.5% in the prior quarter and up from 29.1% in the same quarter last year.

Non-GAAP gross margin was 30.2%, up from 27.3% in the prior quarter and down from 30.3% in the same quarter last year.

Gross margin from the solar segment was 32.4%, up from 28.3% in the prior quarter and down from 32.8% in the same quarter last year.

GAAP operating expenses were \$266.2 million, up 93% from \$137.6 million in the prior quarter and up 123% from \$119.5 million in the same quarter last year.

Non-GAAP operating expenses were \$119.0 million, up 10% from \$108.3 million in the prior quarter and up 26% from \$94.1 million in the same quarter last year.

GAAP operating loss was \$5.2 million, down from operating income of \$84.4 million in the prior quarter and down from operating income of \$41.0 million in the same quarter last year.

Non-GAAP operating income was a record \$149.6 million, up 24% from \$120.2 million in the prior quarter and up 105% from \$72.9 million in the same quarter last year.

GAAP net income was \$20.8 million, down 16% from \$24.7 million in the prior quarter and down 49% from \$41.0 million in the same quarter last year.

Non-GAAP net income was a record \$171.5 million, up 217% from \$54.1 million in the prior quarter and up 173% from \$62.8 million in the same quarter last year.

GAAP net diluted EPS was \$0.36, down from \$0.43 in the prior quarter and down from \$0.74 in the same quarter last year.

Non-GAAP net diluted EPS was a record \$2.86, up from \$0.91 in the prior quarter and up from \$1.10 in the same quarter last year.

Cash flow from operating activities was \$111.3 million, up from \$5.6 million in the prior quarter and up from \$89.6 million in the same quarter last year.

As of December 31, 2022, cash, cash equivalents, bank deposits, restricted bank deposits and marketable securities totaled \$1.04 billion, net of debt, compared to \$937.6 million on September 30, 2022.

Full Year 2022 Summary

Total record revenues of \$3.11 billion, up 58% from \$1.96 billion in the prior year.

GAAP gross margin was 27.2%, down from 32.0% in the prior year.

Non-GAAP gross margin was 28.2%, down from 33.5% in the prior year.

GAAP operating income was \$166.1 million, down 20% from \$207.1 million in the prior year.

Non-GAAP operating income was a record \$441.7 million, up 37% from \$321.4 million in the prior year.

GAAP net income was \$93.8 million, down 45% from \$169.2 million in the prior year.

Non-GAAP net income was a record \$351.2 million, up 29% from \$272.9 million in the prior year.

GAAP net diluted EPS was \$1.65, down from \$3.06 in the prior year.

Non-GAAP net diluted EPS was a record \$5.95, up from \$4.81 in the prior year.

Cash flow from operating activities of \$31.3 million, down from \$214.1 million in the prior year.

Outlook for the First Quarter 2023

The Company also provides guidance for the first quarter ending March 31, 2023 as follows:

- Revenues to be within the range of \$915 million to \$945 million
- Non-GAAP gross margin expected to be within the range of 28% to 31%
- Non-GAAP operating profit to be within the range of \$150 million to \$170 million
- Revenues from the solar segment to be within the range of \$875 million to \$905 million
- Gross margin from the solar segment expected to be within the range of 31% to 34%

Conference Call

The Company will host a conference call to discuss these results at 4:30 p.m. ET on Monday, February 13, 2023. The call will be available, live, to interested parties by dialing 866-952-8559. For international callers, please dial +1 785-424-1744. The Conference ID is SEDG. **To avoid a delay in connecting to the call, please dial in 10 minutes prior to the start time.** 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, 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 for the year ended December 31, 2021, filed on February 22, 2022 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 February 13, 2023. 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.

SOLAREEDGE TECHNOLOGIES INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|------------|----------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Unaudited | | | |
| Revenues | \$ 890,702 | \$ 551,915 | \$ 3,110,279 | \$ 1,963,865 |
| Cost of revenues | 629,655 | 391,424 | 2,265,631 | 1,334,547 |
| Gross profit | 261,047 | 160,491 | 844,648 | 629,318 |
| Operating expenses: | | | | |
| Research and development | 78,959 | 64,326 | 289,814 | 219,633 |
| Sales and marketing | 42,663 | 33,248 | 159,680 | 119,000 |
| General and administrative | 30,013 | 21,879 | 112,496 | 82,196 |
| Goodwill impairment and other operating expenses, net | 114,575 | — | 116,538 | 1,350 |
| Total operating expenses | 266,210 | 119,453 | 678,528 | 422,179 |
| Operating income (loss) | (5,163) | 41,038 | 166,120 | 207,139 |
| Financial income (expense), net | 56,101 | (6,324) | 3,316 | (19,915) |
| Other income | 186 | — | 7,719 | — |
| Income before income taxes | 51,124 | 34,714 | 177,155 | 187,224 |
| Income tax benefit (expense) | (30,295) | 6,240 | (83,376) | (18,054) |
| Net income | \$ 20,829 | \$ 40,954 | \$ 93,779 | \$ 169,170 |

SOLAREEDGE TECHNOLOGIES INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

| | December 31, | |
|---|--------------|------------|
| | 2022 | 2021 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 783,112 | \$ 530,089 |
| Marketable securities | 241,117 | 167,728 |
| Trade receivables, net of allowances of \$3,202 and \$2,626, respectively | 905,146 | 456,339 |
| Inventories, net | 729,201 | 380,143 |
| Prepaid expenses and other current assets | 241,082 | 176,992 |
| Total current assets | 2,899,658 | 1,711,291 |
| LONG-TERM ASSETS: | | |
| Marketable securities | 645,491 | 482,228 |

| | | |
|---|---------------------|---------------------|
| Deferred tax assets, net | 44,153 | 27,572 |
| Property, plant and equipment, net | 543,969 | 410,379 |
| Operating lease right-of-use assets, net | 62,754 | 47,137 |
| Intangible assets, net | 19,929 | 58,861 |
| Goodwill | 31,189 | 129,629 |
| Other long-term assets | 18,806 | 33,856 |
| Total long-term assets | 1,366,291 | 1,189,662 |
| Total assets | 4,265,949 | 2,900,953 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables, net | 459,831 | 252,068 |
| Employees and payroll accruals | 85,158 | 74,465 |
| Warranty obligations | 103,975 | 71,480 |
| Deferred revenues and customers advances | 26,641 | 17,789 |
| Accrued expenses and other current liabilities | 214,112 | 109,379 |
| Total current liabilities | 889,717 | 525,181 |
| LONG-TERM LIABILITIES: | | |
| Convertible senior notes, net | 624,451 | 621,535 |
| Warranty obligations | 281,082 | 193,680 |
| Deferred revenues | 186,936 | 151,556 |
| Finance lease liabilities | 45,385 | 40,508 |
| Operating lease liabilities | 46,256 | 38,912 |
| Other long-term liabilities | 15,756 | 19,542 |
| Total long-term liabilities | 1,199,866 | 1,065,733 |
| COMMITMENTS AND CONTINGENT LIABILITIES | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock of \$0.0001 par value - Authorized: 125,000,000 shares as of December 31, 2022 and December 31, 2021; issued and outstanding: 56,133,404 and 52,815,395 shares as of December 31, 2022 and December 31, 2021, respectively | 6 | 5 |
| Additional paid-in capital | 1,505,632 | 687,295 |
| Accumulated other comprehensive loss | (73,109) | (27,319) |
| Retained earnings | 743,837 | 650,058 |
| Total stockholders' equity | 2,176,366 | 1,310,039 |
| Total liabilities and stockholders' equity | \$ 4,265,949 | \$ 2,900,953 |

SOLAREEDGE TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except per share data)

| | Year ended December 31, | |
|--|--------------------------------|-------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net income | \$ 93,779 | \$ 169,170 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 40,580 | 29,359 |
| Amortization of intangible assets | 9,096 | 10,176 |
| Amortization of debt discount and debt issuance costs | 2,916 | 2,903 |
| Amortization of premium and accretion of discount on available-for-sale marketable securities, net | 9,310 | 9,462 |
| Impairment of goodwill and intangible assets | 118,492 | — |
| Stock-based compensation expenses | 145,539 | 102,593 |
| Gain from sale of privately held company | (7,719) | — |
| Deferred income taxes, net | (11,055) | (12,045) |
| Exchange rate fluctuations and other items, net | 10,052 | 20,697 |
| Changes in assets and liabilities: | | |
| Inventories, net | (341,085) | (43,051) |
| Prepaid expenses and other assets | (64,991) | (39,444) |
| Trade receivables, net | (457,610) | (247,723) |
| Trade payables, net | 194,524 | 91,709 |
| Employees and payroll accruals | 26,238 | 26,519 |
| Warranty obligations | 120,169 | 60,524 |
| Deferred revenues and customers advances | 44,376 | 29,936 |
| Other liabilities, net | 98,673 | 3,344 |

| | | |
|---|-------------------|-------------------|
| Net cash provided by operating activities | 31,284 | 214,129 |
| Cash flows from investing activities: | | |
| Proceed from sales and maturities of available-for-sale marketable securities | 231,210 | 202,188 |
| Purchase of property, plant and equipment | (169,341) | (149,251) |
| Investment in available-for-sale marketable securities | (507,171) | (579,377) |
| Investment in a privately-held company | — | (16,643) |
| Proceeds from sale of a privately-held company | 24,362 | — |
| Withdrawal from bank deposits, net | — | 60,096 |
| Withdrawal from (investment in) restricted bank Deposits, net | (242) | 798 |
| Other investing activities | 4,138 | (2,022) |
| Net cash used in investing activities | (417,044) | (484,211) |
| Cash flows from financing activities: | | |
| Proceeds from secondary public offering, net of issuance costs | 650,526 | — |
| Repayment of bank loans | (138) | (16,073) |
| Proceeds from exercise of stock-based award | 4,030 | 6,486 |
| Tax withholding in connection with stock-based awards, net | 3,023 | (4,283) |
| Other financing activities | (2,834) | (1,308) |
| Net cash provided by (used in) financing activities | 654,607 | (15,178) |
| Increase (decrease) in cash and cash equivalents | 268,847 | (285,260) |
| Cash and cash equivalents at the beginning of the period | 530,089 | 827,146 |
| Effect of exchange rate differences on cash and cash equivalents | (15,824) | (11,797) |
| Cash and cash equivalents at the end of the period | <u>\$ 783,112</u> | <u>\$ 530,089</u> |

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

| | Reconciliation of GAAP to Non-GAAP | | | | |
|--|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | Three Months Ended | | | Year ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Gross profit (GAAP) | \$ 261,047 | \$ 222,001 | \$ 160,491 | \$ 844,648 | \$ 629,318 |
| Revenues from finance component | (174) | (159) | (122) | (614) | (418) |
| Stock-based compensation | 6,810 | 4,661 | 4,373 | 21,818 | 18,743 |
| Disposal of assets related to Critical Power | — | — | — | 4,314 | — |
| Amortization and depreciation of acquired assets | 961 | 2,064 | 2,272 | 7,429 | 9,326 |
| Gross profit (Non-GAAP) | <u>\$ 268,644</u> | <u>\$ 228,567</u> | <u>\$ 167,014</u> | <u>\$ 877,595</u> | <u>\$ 656,969</u> |
| Gross margin (GAAP) | 29.3% | 26.5% | 29.1% | 27.2% | 32.0% |
| Revenues from finance component | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Stock-based compensation | 0.8% | 0.6% | 0.8% | 0.7% | 1.0% |
| Disposal of assets related to Critical Power | —% | —% | —% | 0.1% | —% |
| Amortization and depreciation of acquired assets | 0.1% | 0.2% | 0.4% | 0.2% | 0.5% |
| Gross margin (Non-GAAP) | <u>30.2%</u> | <u>27.3%</u> | <u>30.3%</u> | <u>28.2%</u> | <u>33.5%</u> |
| Operating expenses (GAAP) | \$ 266,210 | \$ 137,594 | \$ 119,453 | \$ 678,528 | \$ 422,179 |
| Stock-based compensation - R&D | (16,854) | (14,553) | (14,872) | (63,211) | (45,424) |
| Stock-based compensation - S&M | (7,928) | (9,341) | (5,882) | (31,017) | (22,834) |
| Stock-based compensation - G&A | (7,015) | (7,196) | (4,076) | (29,493) | (15,592) |
| Amortization and depreciation of acquired assets - R&D | (301) | (302) | (302) | (1,206) | (530) |
| Amortization and depreciation of acquired assets - S&M | (173) | (187) | (225) | (822) | (927) |
| Amortization and depreciation of acquired assets - G&A | (4) | (6) | (6) | (21) | (29) |
| Assets impairment | (114,473) | 19 | — | (119,141) | (2,209) |
| Gain (loss) from assets sales and disposal | (93) | 744 | 18 | 1,053 | 117 |
| Other items | (359) | 1,559 | — | 1,200 | 859 |
| Operating expenses (Non-GAAP) | <u>\$ 119,010</u> | <u>\$ 108,331</u> | <u>\$ 94,108</u> | <u>\$ 435,870</u> | <u>\$ 335,610</u> |

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

| | Reconciliation of GAAP to Non-GAAP | | | | |
|--|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | Three Months Ended | | | Year ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Operating income (GAAP) | \$ (5,163) | \$ 84,407 | \$ 41,038 | \$ 166,120 | \$ 207,139 |
| Revenues from finance component | (174) | (159) | (122) | (614) | (418) |
| Disposal of assets related to Critical Power | — | — | — | 4,314 | — |
| Stock-based compensation | 38,607 | 35,751 | 29,203 | 145,539 | 102,593 |
| Amortization and depreciation of acquired assets | 1,439 | 2,559 | 2,805 | 9,478 | 10,812 |
| Assets impairment | 114,473 | (19) | — | 119,141 | 2,209 |
| Loss (gain) from assets sales and disposal | 93 | (744) | (18) | (1,053) | (117) |
| Other items | 359 | (1,559) | — | (1,200) | (859) |
| Operating income (Non-GAAP) | \$ 149,634 | \$ 120,236 | \$ 72,906 | \$ 441,725 | \$ 321,359 |
| Financial income (expense), net (GAAP) | \$ 56,101 | \$ (33,025) | \$ (6,324) | \$ 3,316 | \$ (19,915) |
| Notes due 2025 | 730 | 730 | 727 | 2,916 | 2,903 |
| Non cash interest | 1,955 | 1,775 | 1,527 | 7,038 | 5,771 |
| Unrealized losses | (170) | — | (541) | (170) | (541) |
| Currency fluctuation related to lease standard | 749 | (1,116) | 2,422 | (11,187) | 2,007 |
| Financial income (expense), net (Non-GAAP) | \$ 59,365 | \$ (31,636) | \$ (2,189) | \$ 1,913 | \$ (9,775) |
| Other income (GAAP) | \$ 186 | \$ 7,533 | \$ — | \$ 7,719 | \$ — |
| Gain from sale of investment in privately-held company | (186) | (7,533) | — | (7,719) | — |
| Other income (Non-GAAP) | \$ — | \$ — | \$ — | \$ — | \$ — |
| Income tax benefit (expense) (GAAP) | \$ (30,295) | \$ (34,172) | \$ 6,240 | \$ (83,376) | \$ (18,054) |
| Uncertain tax positions | — | — | (9,007) | — | (9,007) |
| Income tax adjustment | (7,186) | (291) | (5,181) | (9,067) | (11,639) |
| Income tax benefit (expense) (Non-GAAP) | \$ (37,481) | \$ (34,463) | \$ (7,948) | \$ (92,443) | \$ (38,700) |

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

| | Reconciliation of GAAP to Non-GAAP | | | | |
|--|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | Three Months Ended | | | Year ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Net income (GAAP) | \$ 20,829 | \$ 24,743 | \$ 40,954 | \$ 93,779 | \$ 169,170 |
| Revenues from finance component | (174) | (159) | (122) | (614) | (418) |
| Disposal of assets related to Critical Power | — | — | — | 4,314 | — |
| Stock-based compensation | 38,607 | 35,751 | 29,203 | 145,539 | 102,593 |
| Amortization and depreciation of acquired assets | 1,439 | 2,559 | 2,805 | 9,478 | 10,812 |
| Assets impairment | 114,473 | (19) | — | 119,141 | 2,209 |
| Loss (gain) from assets sales and disposal | 93 | (744) | (18) | (1,053) | (117) |
| Other items | 359 | (1,559) | — | (1,200) | (859) |
| Notes due 2025 | 730 | 730 | 727 | 2,916 | 2,903 |
| Non cash interest | 1,955 | 1,775 | 1,527 | 7,038 | 5,771 |
| Unrealized losses | (170) | — | (541) | (170) | (541) |
| Currency fluctuation related to lease standard | 749 | (1,116) | 2,422 | (11,187) | 2,007 |
| Gain from sale of investment in privately-held company | (186) | (7,533) | — | (7,719) | — |
| Uncertain tax positions | — | — | (9,007) | — | (9,007) |
| Income tax adjustment | (7,186) | (291) | (5,181) | (9,067) | (11,639) |
| Net income (Non-GAAP) | \$ 171,518 | \$ 54,137 | \$ 62,769 | \$ 351,195 | \$ 272,884 |
| Net basic earnings per share (GAAP) | \$ 0.37 | \$ 0.44 | \$ 0.78 | \$ 1.70 | \$ 3.24 |

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenues from finance component | 0.00 | 0.00 | 0.00 | (0.01) | (0.01) |
| Disposal of assets related to Critical Power | — | — | — | 0.08 | — |
| Stock-based compensation | 0.69 | 0.64 | 0.55 | 2.64 | 1.97 |
| Amortization and depreciation of acquired assets | 0.02 | 0.05 | 0.05 | 0.17 | 0.21 |
| Assets impairment | 2.05 | 0.00 | — | 2.17 | 0.05 |
| Loss (gain) from assets sales and disposal | 0.00 | (0.02) | 0.00 | (0.02) | (0.01) |
| Other items | 0.01 | (0.02) | — | (0.02) | (0.02) |
| Notes due 2025 | 0.01 | 0.01 | 0.02 | 0.05 | 0.05 |
| Non cash interest | 0.04 | 0.03 | 0.03 | 0.13 | 0.11 |
| Unrealized losses | (0.01) | — | (0.01) | (0.01) | (0.01) |
| Currency fluctuation related to lease standard | 0.02 | (0.02) | 0.04 | (0.20) | 0.04 |
| Gain from sale of investment in privately-held company | (0.01) | (0.13) | — | (0.14) | — |
| Uncertain tax positions | — | — | (0.17) | — | (0.17) |
| Income tax adjustment | (0.13) | (0.01) | (0.10) | (0.16) | (0.22) |
| Net basic earnings per share (Non-GAAP) | \$ 3.06 | \$ 0.97 | \$ 1.19 | \$ 6.38 | \$ 5.23 |

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

| | Reconciliation of GAAP to Non-GAAP | | | | |
|---|------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| | Three Months Ended | | | Year ended | |
| | December 31, 2022 | September 30, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Net diluted earnings per share (GAAP) | \$ 0.36 | \$ 0.43 | \$ 0.74 | \$ 1.65 | \$ 3.06 |
| Revenues from finance component | 0.00 | 0.00 | 0.00 | (0.01) | (0.01) |
| Disposal of assets related to Critical Power | — | — | — | 0.08 | — |
| Stock-based compensation | 0.64 | 0.59 | 0.50 | 2.43 | 1.77 |
| Amortization and depreciation of acquired assets | 0.02 | 0.05 | 0.05 | 0.16 | 0.19 |
| Assets impairment | 1.91 | 0.00 | — | 2.02 | 0.04 |
| Loss (gain) from assets sales and disposal | 0.00 | (0.02) | 0.00 | (0.02) | 0.00 |
| Other items | 0.01 | (0.02) | — | (0.02) | (0.02) |
| Notes due 2025 | 0.00 | 0.00 | 0.00 | 0.01 | 0.02 |
| Non cash interest | 0.03 | 0.03 | 0.03 | 0.12 | 0.10 |
| Unrealized losses | — | — | (0.01) | 0.00 | (0.01) |
| Currency fluctuation related to lease standard | 0.01 | (0.02) | 0.04 | (0.19) | 0.03 |
| Gain from sale of investment in privately-held company | 0.00 | (0.13) | — | (0.13) | — |
| Uncertain tax positions | — | — | (0.16) | — | (0.16) |
| Income tax adjustment | (0.12) | 0.00 | (0.09) | (0.15) | (0.20) |
| Net diluted earnings per share (Non-GAAP) | \$ 2.86 | \$ 0.91 | \$ 1.10 | \$ 5.95 | \$ 4.81 |
| Number of shares used in computing net diluted earnings per share (GAAP) | 58,734,719 | 58,747,538 | 56,011,040 | 55,087,770 | 55,971,030 |
| Stock-based compensation | 1,237,266 | 784,228 | 894,079 | 963,373 | 773,636 |
| Number of shares used in computing net diluted earnings per share (Non-GAAP) | 59,971,985 | 59,531,766 | 56,905,119 | 56,051,143 | 56,744,666 |

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