

Operational Metrics - GAAP

KPI's \$,000	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	12 months ended, Dec 31		
						2020	2021	2022
Revenues	727,774	836,723	890,702	943,889	991,290	1,459,271	1,963,865	3,110,279
% Y/Y	51.6%	59.0%	61.4%	44.1%	36.2%	2.4%	34.6%	58.4%
% Q/Q	11.1%	15.0%	6.5%	6.0%	5.0%			
Gross profit	182,642	222,001	261,047	300,126	317,305	461,359	629,318	844,648
% Y/Y	16.9%	28.7%	62.7%	67.7%	73.7%	-3.8%	36.4%	34.2%
% Q/Q	2.1%	21.5%	17.6%	15.0%	5.7%			
Gross margin	25.1%	26.5%	29.3%	31.8%	32.0%	31.6%	32.0%	27.2%
% Y/Y	-22.9%	-19.1%	0.8%	16.4%	27.5%	-6.0%	1.4%	-15.3%
% Q/Q	-8.1%	5.7%	10.5%	8.5%	0.7%			
Operating income	36,012	84,407	(5,163)	144,154	150,358	142,561	207,139	166,120
% Y/Y	-35.2%	27.1%	-112.6%	183.4%	317.5%	-24.9%	45.3%	-19.8%
% Q/Q	-29.2%	134.4%	-106.1%	-2892.1%	4.3%			
Net income	15,084	24,743	20,829	138,378	119,510	140,322	169,170	93,779
% Y/Y	-66.5%	-53.4%	-49.1%	317.8%	692.3%	-4.2%	20.6%	-44.6%
% Q/Q	-54.5%	64.0%	-15.8%	564.4%	-13.6%			
Optimizer shipped (units)	5,215,074	6,123,479	6,673,684	6,440,683	5,531,373	15,462,162	18,568,297	23,736,368
Inverter shipped (units)	228,389	264,515	315,289	329,653	334,635	661,904	789,565	1,019,307
MW shipped (MW)	2,516	2,703	3,141	3,608	4,324	6,106	7,159	10,491
Batteries (MWh)	251	321	218	221	269		53	889

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

Operational Metrics - NON GAAP**

KPI's \$,000	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	12 months ended, Dec 31		
						2020	2021	2022
Non-GAAP Revenues	727,628	836,564	890,528	943,702	991,088	1,459,271	1,963,447	3,109,665
% Y/Y	51.6%	59.0%	61.4%	44.1%	36.2%	2.4%	34.5%	58.4%
% Q/Q	11.1%	15.0%	6.5%	6.0%	5.0%			
Non-GAAP Gross profit	194,280	228,567	268,644	307,381	324,214	482,238	656,969	877,595
% Y/Y	19.3%	27.6%	60.9%	65.2%	66.9%	-3.1%	36.2%	33.6%
% Q/Q	4.4%	17.6%	17.5%	14.4%	5.5%			
Non-GAAP Gross margin	26.7%	27.3%	30.2%	32.6%	32.7%	33.0%	33.5%	28%
% Y/Y	-21.3%	-19.7%	-0.3%	14.6%	22.5%	-5.3%	1.3%	-15.7%
% Q/Q	-6.0%	2.3%	10.4%	8.0%	0.4%			
Non-GAAP Operating	84,665	120,236	149,634	183,803	190,951	218,756	321,359	441,725
% Y/Y	4.1%	26.3%	105.2%	110.8%	125.5%	-21.0%	46.9%	37.5%
% Q/Q	-2.9%	42.0%	24.5%	22.8%	3.9%			
Non-GAAP Net income	56,747	54,137	171,518	174,499	157,366	224,411	272,884	351,195
% Y/Y	-21.7%	-34.1%	173.3%	153.7%	177.3%	-3.8%	21.6%	28.7%
% Q/Q	-17.5%	-4.6%	216.8%	1.7%	-9.8%			
Optimizer shipped (units)	5,215,074	6,123,479	6,673,684	6,440,683	5,531,373	15,462,162	18,568,297	23,736,368
Inverter shipped (units)	228,389	264,515	315,289	329,653	334,635	661,904	789,565	1,019,307
MW shipped (MW)	2,516	2,703	3,141	3,608	4,324	6,106	7,159	10,491
Batteries (MWh)	251	321	218	221	269		53	889

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** Non-GAAP financial measures; see definition and reconciliation in Appendix

MW Shipped

MW Shipped	2019	2020	2021	2022
Total MW	5,618	6,106	7,159	10,491
Residential	3,280	3,170	4,082	5,301
Commercial	2,339	2,936	3,077	5,189
% of Total	100%	100%	100%	100%
Residential	58%	52%	57%	51%
Commercial	42%	48%	43%	49%

MW Shipped	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Total MW	1,903	1,922	2,130	2,516	2,703	3,141	3,608	4,324
Residential	1,158	1,060	1,132	1,244	1,285	1,641	1,529	1,725
Commercial	745	863	999	1,271	1,419	1,501	2,079	2,599
% of Total	100%	100%	100%	100%	100%	100%	100%	100%
Residential	61%	55%	53%	49%	48%	52%	42%	40%
Commercial	39%	45%	47%	51%	52%	48%	58%	60%

Regional MW shipped

	2019	2020	2021	2022
North America	2,260	2,276	2,496	3,396
Europe	2,513	2,690	3,247	5,478
ROW	845	1,139	1,417	1,617
	5,618	6,106	7,159	10,491

	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
North America	592	751	721	936	859	880	975	666
Europe	1,029	752	1,100	1,222	1,374	1,781	2,140	3,261
ROW	282	419	309	357	470	481	493	397
	1,903	1,922	2,130	2,516	2,703	3,141	3,608	4,324

Balance Sheet - Assets

\$,000	Jun 30 2022	Sep 30 2022	Dec 31 2022	Mar 31 2023	Jun 30 2023
Current Assets:					
Cash and cash equivalents	745,534	678,329	783,112	727,849	557,744
Marketable securities	150,259	202,598	241,117	410,820	493,176
Trade receivables, net	669,100	785,325	905,146	969,543	1,149,820
Inventories, net	470,272	561,352	729,201	874,212	984,194
Prepaid expenses and other current assets	248,643	224,169	241,082	259,642	264,188
Total Current Assets	<u>2,283,808</u>	<u>2,451,773</u>	<u>2,899,658</u>	<u>3,242,066</u>	<u>3,449,122</u>
Long Term Assets:					
Marketable securities	709,571	688,753	645,491	509,127	435,800
Operating lease right-of-use assets, net	58,375	62,535	62,754	69,710	66,387
Property, plant and equipment, net	489,109	491,433	543,969	556,138	580,503
Deferred tax assets, net	33,400	38,268	44,153	46,612	49,993
Intangible assets, net and goodwill	166,545	155,146	51,118	47,867	85,988
Other long term assets	31,970	15,638	18,806	24,906	28,772
Total Long Term Assets	<u>1,488,970</u>	<u>1,451,773</u>	<u>1,366,291</u>	<u>1,254,360</u>	<u>1,247,443</u>
Total Assets	3,772,778	3,903,546	4,265,949	4,496,426	4,696,565

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

Balance Sheet - Liabilities and Equity

\$,000	Jun 30 2022	Sep 30 2022	Dec 31 2022	Mar 31 2023	Jun 30 2023
Current Liabilities:					
Trade payables, net	253,399	311,565	459,831	408,523	434,602
Employees and payroll accruals	68,154	71,905	85,158	90,853	74,709
Current maturities of bank loans and accrued interest	133	132	134	131	129
Warranty obligations	91,761	97,222	103,975	129,278	146,150
Deferred revenues and customers advances	30,460	31,896	26,641	27,507	28,135
Accrued expenses and other current liabilities	168,267	181,760	213,978	243,750	214,004
Total Current Liabilities	612,174	694,480	889,717	900,042	897,729
Long Term Liabilities:					
Bank loans	1,072	1,026	999	940	885
Convertible senior notes, net	622,991	623,721	624,451	625,182	625,914
Warranty obligations	232,415	248,917	281,082	313,693	342,437
Deferred revenues	170,235	176,824	186,936	196,917	204,693
Operating lease liabilities	42,849	46,398	46,256	50,855	47,046
Finance lease	46,680	45,509	45,385	43,711	42,208
Deferred tax liabilities, net	85	49	----	----	1,245
Other long term liabilities	16,745	14,495	14,757	14,292	14,219
Total Long Term Liabilities	1,133,072	1,156,939	1,199,866	1,245,590	1,278,647
Stockholders' Equity:					
Common stock	6	6	6	6	6
Additional paid-in capital	1,418,881	1,457,379	1,505,632	1,545,777	1,595,890
Accumulated other comprehensive income (loss)	(89,620)	(128,266)	(73,109)	(77,204)	(77,432)
Retained earnings	698,265	723,008	743,837	882,215	1,001,725
Total stockholders' equity	2,027,532	2,052,127	2,176,366	2,350,794	2,520,189
Total liabilities and stockholders' equity	3,772,778	3,903,546	4,265,949	4,496,426	4,696,565

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

P&L GAAP

	\$,000	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	12 months ended, Dec. 31		
							2020	2021	2022
Revenues		727,774	836,723	890,702	943,889	991,290	1,459,271	1,963,865	3,110,279
Cost of revenues		545,132	614,722	629,655	643,763	673,985	997,912	1,334,547	2,265,631
Gross profit		182,642	222,001	261,047	300,126	317,305	461,359	629,318	844,648
Gross margin %		25.1%	26.5%	29.3%	31.8%	32.0%	31.6%	32.0%	27.2%
Operating expenses:									
Research and development		74,847	69,659	78,959	79,873	86,526	163,123	219,633	289,814
Sales and marketing		38,975	42,726	42,663	40,966	44,222	95,985	119,000	159,680
General and administrative		28,121	27,933	30,013	36,567	36,199	63,119	82,196	112,496
Other operating expenses (income), net		4,687	(2,724)	114,575	(1,434)	----	(3,429)	1,350	116,538
Total operating expenses		146,630	137,594	266,210	155,972	166,947	318,798	422,179	678,528
Operating income		36,012	84,407	(5,163)	144,154	150,358	142,561	207,139	166,120
Financial income (expenses), net		(14,311)	(33,025)	56,101	23,674	3,384	21,105	(19,915)	4,160
Other expenses		----	7,533	186	(125)	----	----	----	6,875
Income before income taxes		21,701	58,915	51,124	167,703	153,742	163,666	187,224	177,155
Income tax benefit (expense)		(6,617)	(34,172)	(30,295)	(29,325)	(34,232)	23,344	(18,054)	(83,376)
Net income		15,084	24,743	20,829	138,378	119,510	140,322	169,170	93,779

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Cash Flow

\$,000	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Net cash provided by (used in) operating activities	77,415	5,558	111,300	7,923	(88,711)
Net cash provided by (used in) in investing activities	(310,799)	(54,581)	(36,530)	(67,780)	(76,674)
Net cash provided by (used in) financing activities	(3,929)	(1,271)	7,472	(5,222)	(4,919)
Increase (decrease) in cash and cash equivalents	(237,313)	(50,294)	82,242	(65,079)	(170,304)
Cash and cash equivalents at the beginning of the period	1,002,772	745,534	678,329	783,112	727,849
Effect of exchange rate differences on cash and cash equivalents	(19,925)	(16,911)	22,541	9,816	199
Cash and cash equivalents at EOQ	745,534	678,329	783,112	727,849	557,744

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Appendix

Reconciliation of GAAP to Non-GAAP Gross Profit

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Gross profit (GAAP)	182,642	222,001	261,047	300,126	317,305
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Stock-based compensation	5,286	4,661	6,810	5,927	5,923
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	316
Disposal of assets related to Critical Power	4,314	----	----	----	----
Amortization and depreciation of acquired asset	2,184	2,064	961	1,515	872
Gross profit (Non-GAAP)	<u>194,280</u>	<u>228,567</u>	<u>268,644</u>	<u>307,381</u>	<u>324,214</u>

Reconciliation of GAAP to Non-GAAP Gross Margin

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Gross margin (GAAP)	25.1%	26.5%	29.3%	31.8%	32.0%
Revenues from finance component	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation	0.7%	0.6%	0.8%	0.6%	0.6%
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	0.0%
Disposal of assets related to Critical Power	0.6%	----	----	----	----
Amortization and depreciation of acquired assets	0.3%	0.2%	0.1%	0.2%	0.1%
Gross margin (Non-GAAP)	<u>26.7%</u>	<u>27.3%</u>	<u>30.2%</u>	<u>32.6%</u>	<u>32.7%</u>

Reconciliation of GAAP to Non-GAAP Operating expenses

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Operating expenses (GAAP)	146,630	137,594	266,210	155,972	166,947
Stock-based compensation - R&D	(16,819)	(14,553)	(16,854)	(17,209)	(17,272)
Stock-based compensation - S&M	(7,047)	(9,341)	(7,928)	(8,079)	(7,822)
Stock-based compensation - G&A	(7,922)	(7,196)	(7,015)	(8,020)	(7,948)
Amortization and depreciation of acquired assets - R&D	(300)	(302)	(301)	(313)	(289)
Amortization and depreciation of acquired assets - S&M	(226)	(187)	(173)	(181)	(235)
Amortization and depreciation of acquired assets - G&A	(5)	(6)	(4)	(26)	17
Assets impairment	(4,696)	19	(114,473)	----	----
Gain (loss) from assets sales and disposal	----	2,303	(102)	1,434	----
Acquisition costs	----	----	(350)	----	(135)
Operating expenses (Non-GAAP)	<u>109,615</u>	<u>108,331</u>	<u>119,010</u>	<u>123,578</u>	<u>133,263</u>

Reconciliation of GAAP to Non-GAAP Operating income (loss)

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Operating income (loss) (GAAP)	36,012	84,407	(5,163)	144,154	150,358
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Disposal of assets related to Critical Power	4,314	----	----	----	----
Stock-based compensation	37,074	35,751	38,607	39,235	38,965
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	316
Amortization and depreciation of acquired assets	2,715	2,559	1,439	2,035	1,379
Assets impairment	4,696	(19)	114,473	----	----
Loss (gain) from assets sales and disposal	----	(2,303)	102	(1,434)	----
Acquisition costs	----	----	350	----	135
Operating income (Non-GAAP)	<u>84,665</u>	<u>120,236</u>	<u>149,634</u>	<u>183,803</u>	<u>190,951</u>

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

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Financial income (expense), net (GAAP)	(14,311)	(33,025)	56,101	23,674	3,384
Notes due 2025	----	----	----	----	----
Non cash interest expense	2,427	2,505	2,685	2,892	3,105
Unrealized losses (gains)	----	----	(170)	----	----
Currency fluctuation related to lease standard	(9,028)	(1,116)	749	(2,519)	(2,107)
Amortization and depreciation of acquired assets	----	----	----	----	----
Financial income (expense), net (Non-GAAP)	<u>(20,912)</u>	<u>(31,636)</u>	<u>59,365</u>	<u>24,047</u>	<u>4,382</u>

Reconciliation of GAAP to Non-GAAP Other income (loss)

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Other income (loss) (GAAP)	----	7,533	186	(125)	----
Gain from sale of investment in privately-held company	----	(7,533)	(186)	----	----
Other income (loss) (Non-GAAP)	<u>----</u>	<u>----</u>	<u>----</u>	<u>(125)</u>	<u>----</u>

Reconciliation of GAAP to Non-GAAP Tax on income

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Income tax benefit (expense) (GAAP)	(6,617)	(34,172)	(30,295)	(29,325)	(34,232)
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(389)	(291)	(7,186)	(3,901)	(3,735)
Income tax benefit (expense) (Non-GAAP)	<u>(7,006)</u>	<u>(34,463)</u>	<u>(37,481)</u>	<u>(33,226)</u>	<u>(37,967)</u>

Reconciliation of GAAP to Non-GAAP Net income

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Net income (GAAP)	15,084	24,743	20,829	138,378	119,510
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Disposal of assets related to Critical Power	4,314	----	----	----	----
Stock-based compensation	37,074	35,751	38,607	39,235	38,965
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	316
Amortization and depreciation of acquired assets	2,715	2,559	1,439	2,035	1,379
Assets impairment	4,696	(19)	114,473	----	----
Loss (gain) from assets sales and disposal	----	(2,303)	102	(1,434)	----
Acquisition costs	----	----	350	----	135
Non cash interest expense	2,427	2,505	2,685	2,892	3,105
Unrealized losses (gains)	----	----	(170)	----	----
Currency fluctuation related to lease standard	(9,028)	(1,116)	749	(2,519)	(2,107)
Gain from sale of investment in privately-held company	----	(7,533)	(186)	----	----
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(389)	(291)	(7,186)	(3,901)	(3,735)
Net income (Non-GAAP)	<u>56,747</u>	<u>54,137</u>	<u>171,518</u>	<u>174,499</u>	<u>157,366</u>

Reconciliation of GAAP to Non-GAAP Net basic EPS

	<u>Q2-22</u>	<u>Q3-22</u>	<u>Q4-22</u>	<u>Q1-23</u>	<u>Q2-23</u>
Net basic earnings per share (GAAP)	0.27	0.44	0.37	2.46	2.12
Revenues from finance component	0.00	0.00	0.00	0.00	(0.01)
Disposal of assets related to Critical Power	0.08	----	----	----	----
Stock-based compensation	0.67	0.64	0.69	0.70	0.70
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	0.00
Amortization and depreciation of acquired assets	0.04	0.05	0.02	0.03	0.03
Assets impairment	0.09	0.00	2.05	----	----
Loss (gain) from assets sales and disposal	----	(0.04)	0.00	(0.02)	----
Acquisition costs	----	----	0.01	----	0.00
Non cash interest expense	0.04	0.04	0.05	0.05	0.05
Unrealized losses (gains)	----	----	(0.01)	----	----
Currency fluctuation related to lease standard	(0.16)	(0.02)	0.02	(0.05)	(0.03)
Gain from sale of investment in privately-held company	----	(0.13)	(0.01)	----	----
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(0.01)	(0.01)	(0.13)	(0.07)	(0.07)
Net basic earnings per share (Non-GAAP)	<u>1.02</u>	<u>0.97</u>	<u>3.06</u>	<u>3.10</u>	<u>2.79</u>

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Net diluted earnings per share (GAAP)	0.26	0.43	0.36	2.35	2.03
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	0.62	0.59	0.64	0.62	0.62
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	0.00
Amortization and depreciation of acquired assets	0.04	0.05	0.02	0.03	0.03
Assets impairment	0.08	0.00	1.91	----	----
Loss (gain) from assets sales and disposal	----	(0.04)	0.00	(0.02)	----
Acquisition costs	----	----	0.01	----	0.00
Non cash interest expense	0.03	0.03	0.03	0.04	0.04
Unrealized losses (gains)	----	----	0.00	----	----
Currency fluctuation related to lease standard	(0.15)	(0.02)	0.01	(0.04)	(0.03)
Gain from sale of investment in privately-held company	----	(0.13)	0.00	----	----
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(0.01)	0.00	(0.12)	(0.07)	(0.06)
Net diluted earnings per share (Non-GAAP)	<u>0.95</u>	<u>0.91</u>	<u>2.86</u>	<u>2.90</u>	<u>2.62</u>

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Number of shares used in computing net diluted earnings per share (GAAP)	58,564,734	58,747,538	58,734,719	59,193,831	59,183,666
Stock-based compensation	904,781	784,228	1,237,266	939,571	986,527
Notes due 2025	0	----	----	----	----
Number of shares used in computing net diluted earnings per share (Non-GAAP)	<u>59,469,515</u>	<u>59,531,766</u>	<u>59,971,985</u>	<u>60,133,402</u>	<u>60,170,193</u>