



First Quarter 2021

Earnings Summary

May 3, 2021

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.

First Quarter Key Metrics

3.7M

Power Optimizers
Shipped

182K

Inverters Shipped

1.69 GW

Systems Shipped

\$405.5M

Revenues GAAP

Financial Results for Quarter

- GAAP Revenue of \$405.5 million
- Revenue from solar products of \$376.4 million
- Total cash and investments, net of debt, \$515.2 million
- GAAP gross margin of 34.5%
- Non-GAAP gross margin of 36.5%
- Record Non-GAAP gross margin from sales of solar products 39.7%
- GAAP operating income of \$44.1 million
- Non-GAAP operating income of \$71.9 million
- GAAP net income of \$30.1 million
- Non-GAAP net income of \$55.5 million
- GAAP net diluted earnings per share of \$0.55
- Non-GAAP net diluted earnings per share of \$0.98
- Cash flow from operation of \$24.1 million



Noteworthy

- Quarter over quarter revenue growth with record revenues in Australia, Italy and France
- Continued growth in residential shipments in all geographies, including record residential revenues in the Netherlands and Australia
- Initial signs of recovery in commercial, with quarter over quarter megawatts and revenue increase across all regions, following three consecutive quarters of decline in shipments
- Residential battery on track for first deliveries in second quarter of 2021
- Rollout of 120kw inverter with Synergy technology underway
- Full powertrain kits delivered to Stellantis (formerly Fiat Chrysler Automobiles) for E-Ducato light commercial vehicle
- Managing supply chain challenges in order to meet growth in demand

GAAP Quarterly Financial Results

*USD in millions	Q1 20	Q4 20	Q1 21
Revenues	431.2	358.1	405.5
Gross margin	32.5%	30.8%	34.5%
Operating expenses	72.2	95.9	95.9
Operating income	67.8	14.4	44.1
Net income	42.2	17.7	30.1
Net diluted earnings per share	0.81	0.33	0.55

* With the exception of gross margin and per share data

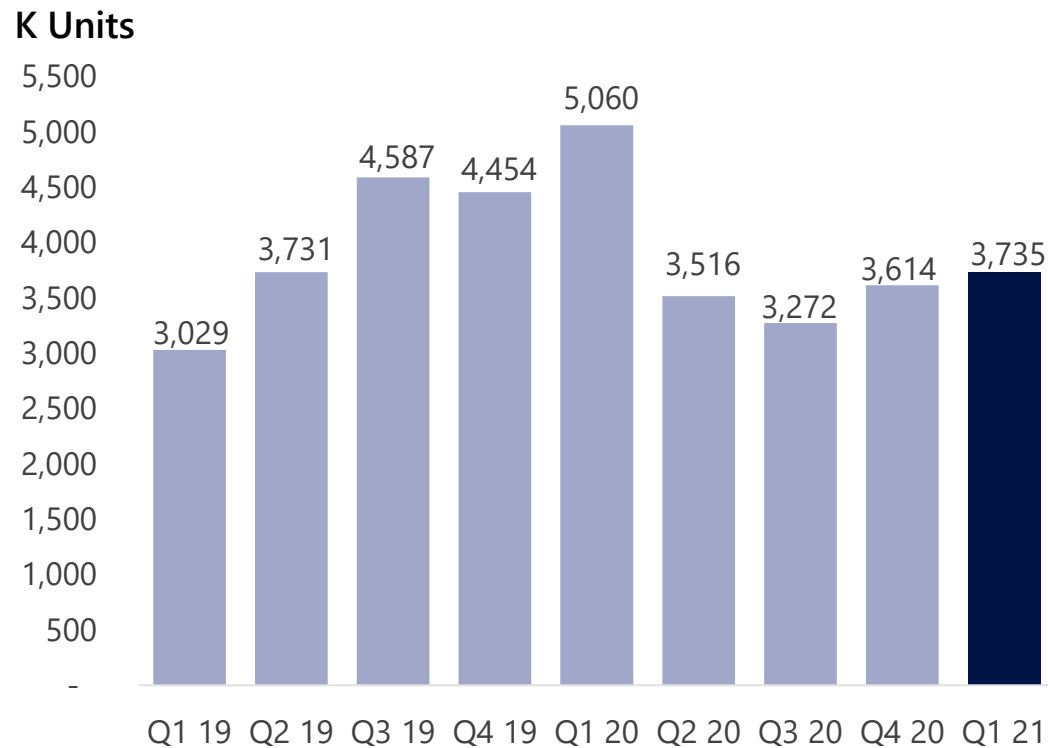
NON-GAAP Quarterly Financial Results

*USD in millions	Q1 20	Q4 20	Q1 21
Revenues	431.2	358.1	405.4
Gross margin	33.6%	32.5%	36.5%
Operating expenses	66.3	72.9	76.2
Operating income	78.6	43.5	71.9
Net income	50.7	55.7	55.5
Net diluted earnings per share	0.95	0.98	0.98

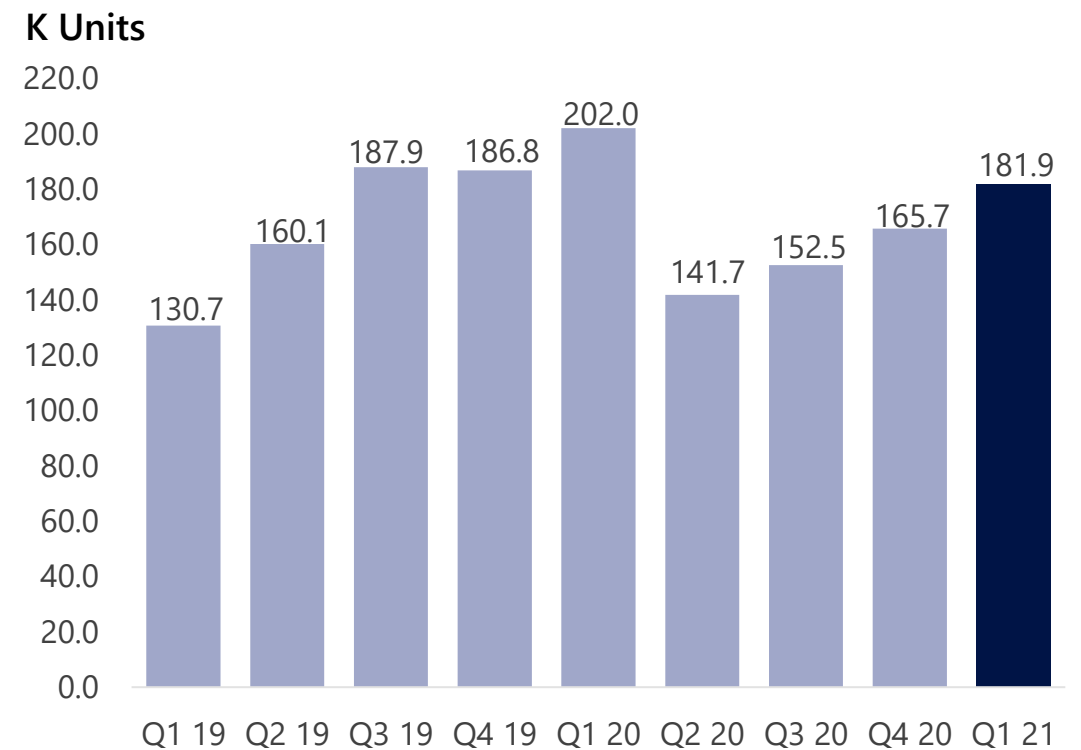
* With the exception of gross margin and per share data

Units Shipped

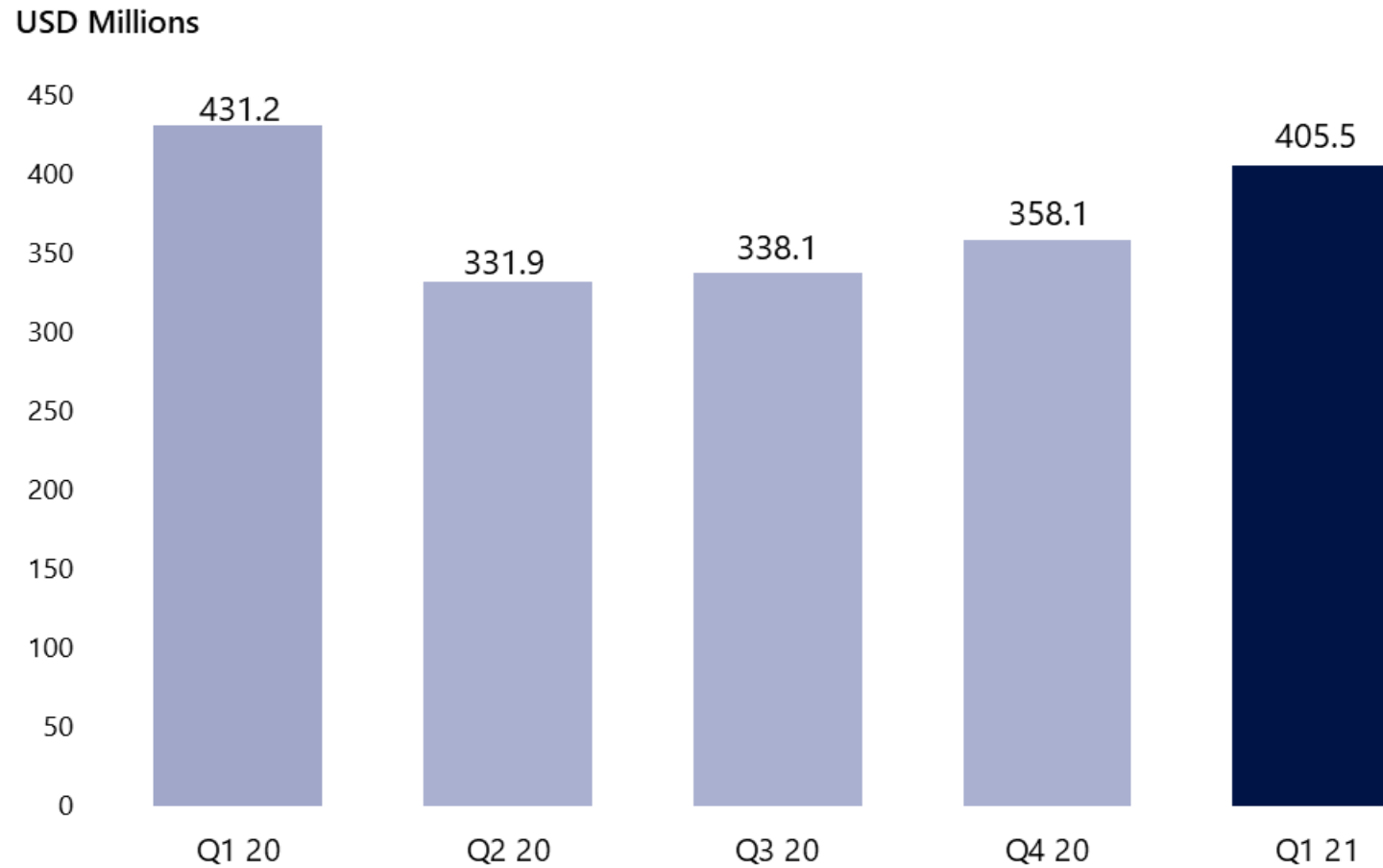
Power optimizers shipped



Inverters shipped

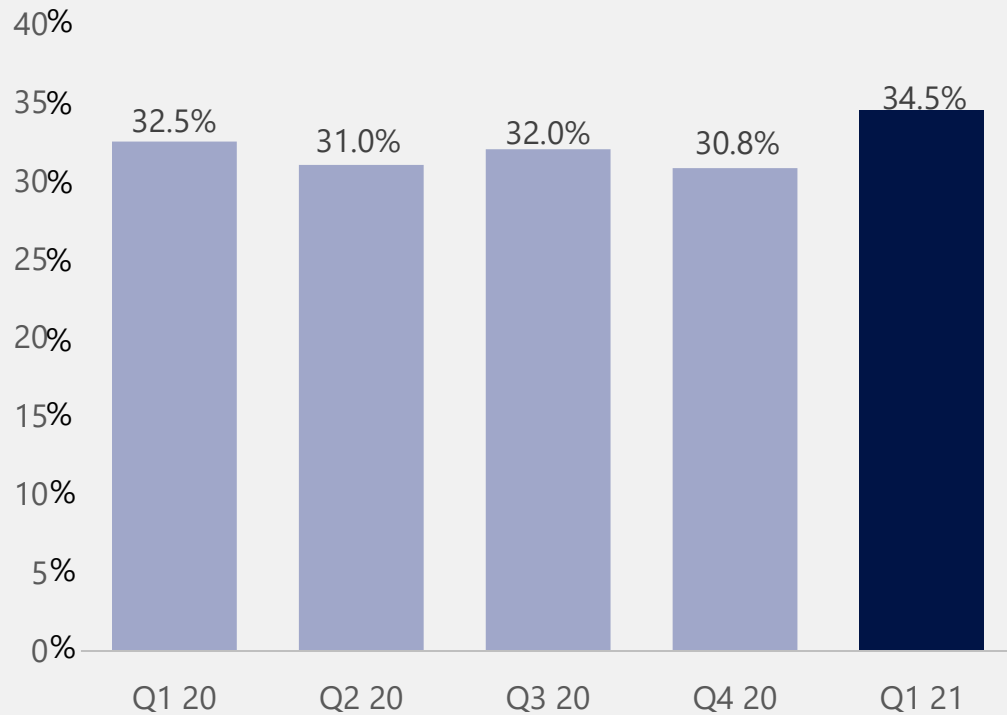


Quarterly Revenue GAAP

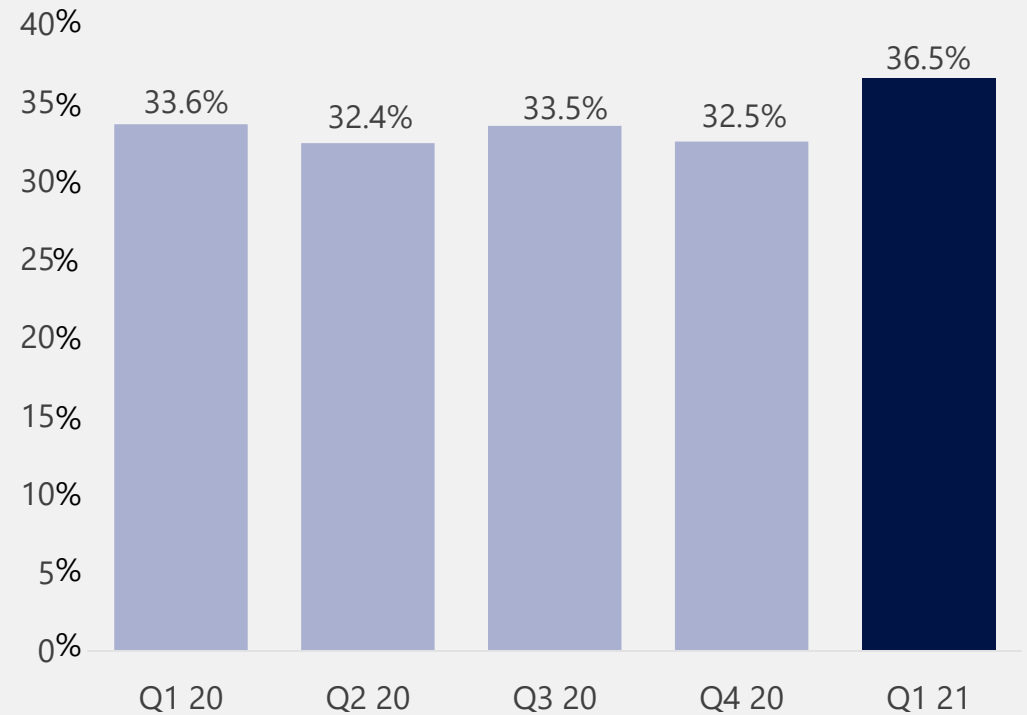


Gross Margin Trend by Quarters (%)

GAAP

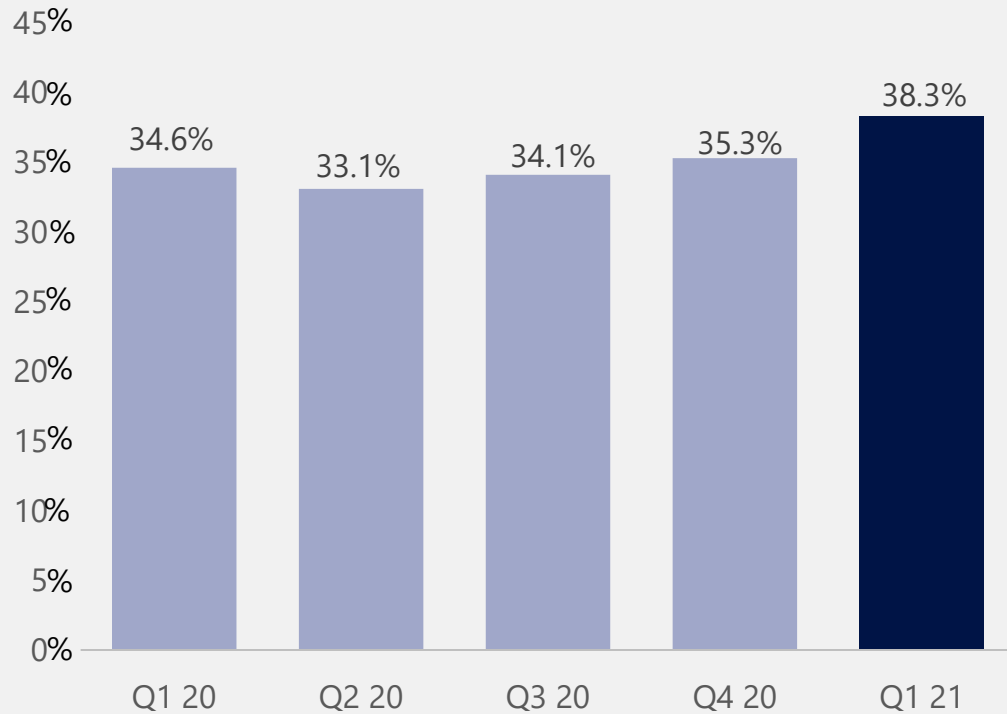


Non-GAAP

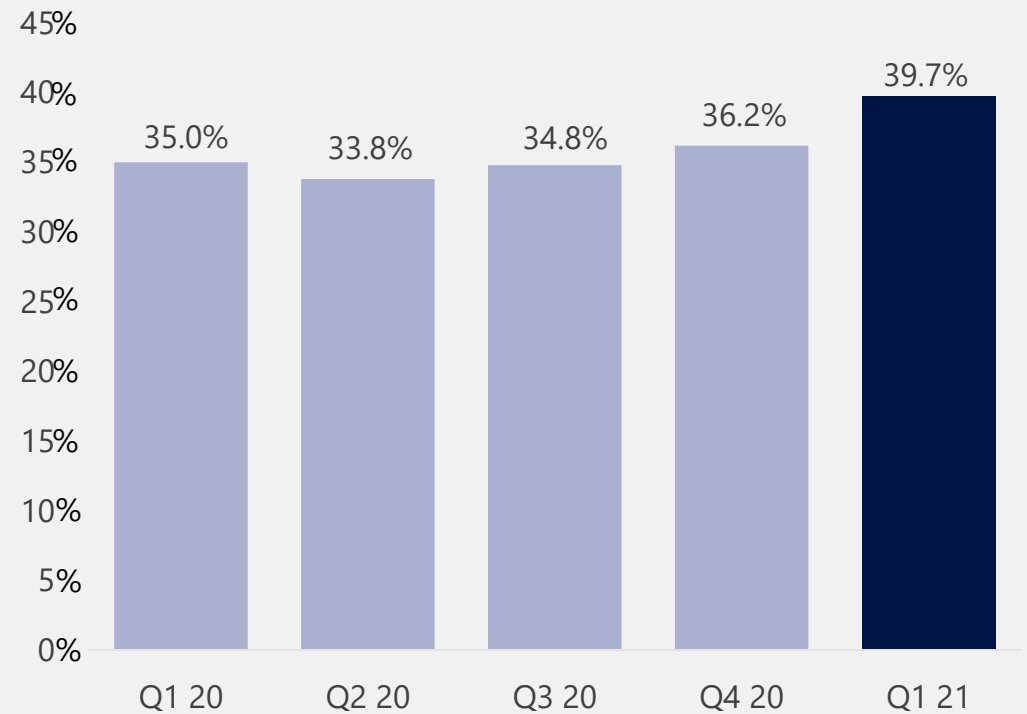


Solar Gross Margin Trend by Quarters (%)

GAAP

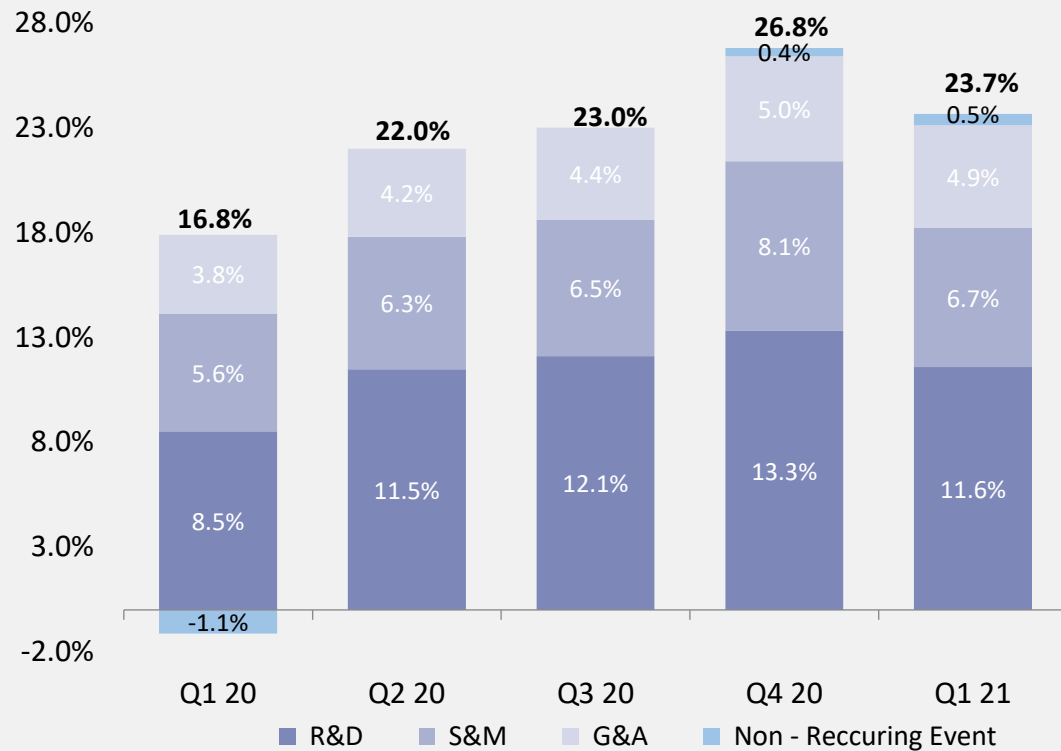


Non-GAAP

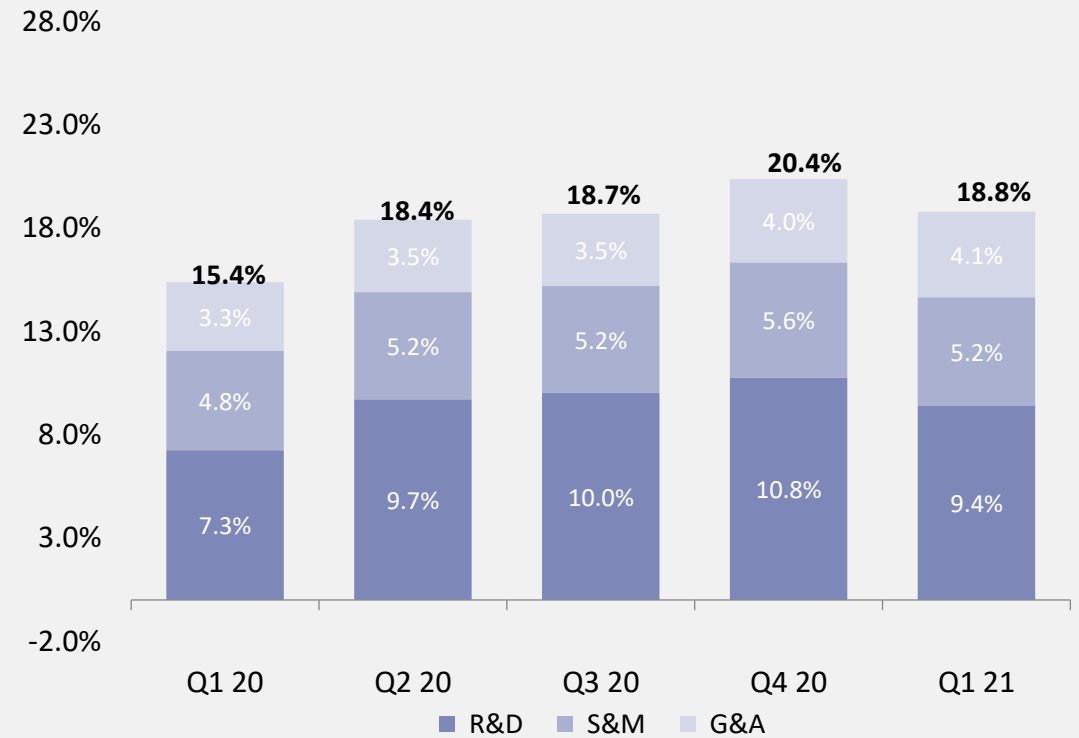


Consolidated Operating Expenses

GAAP

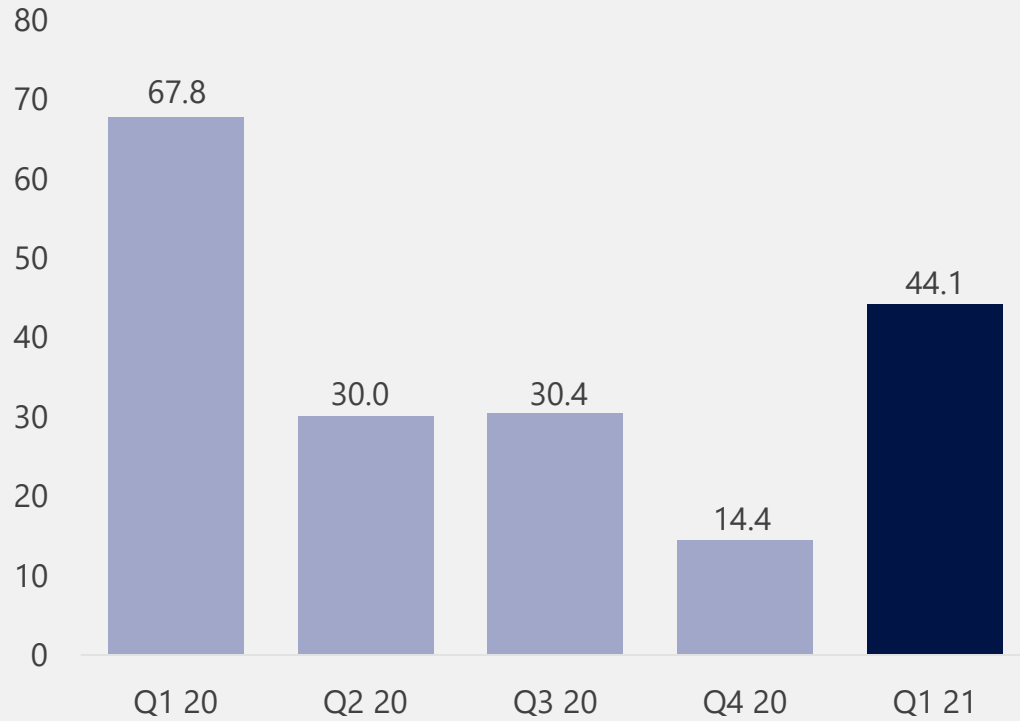


Non-GAAP

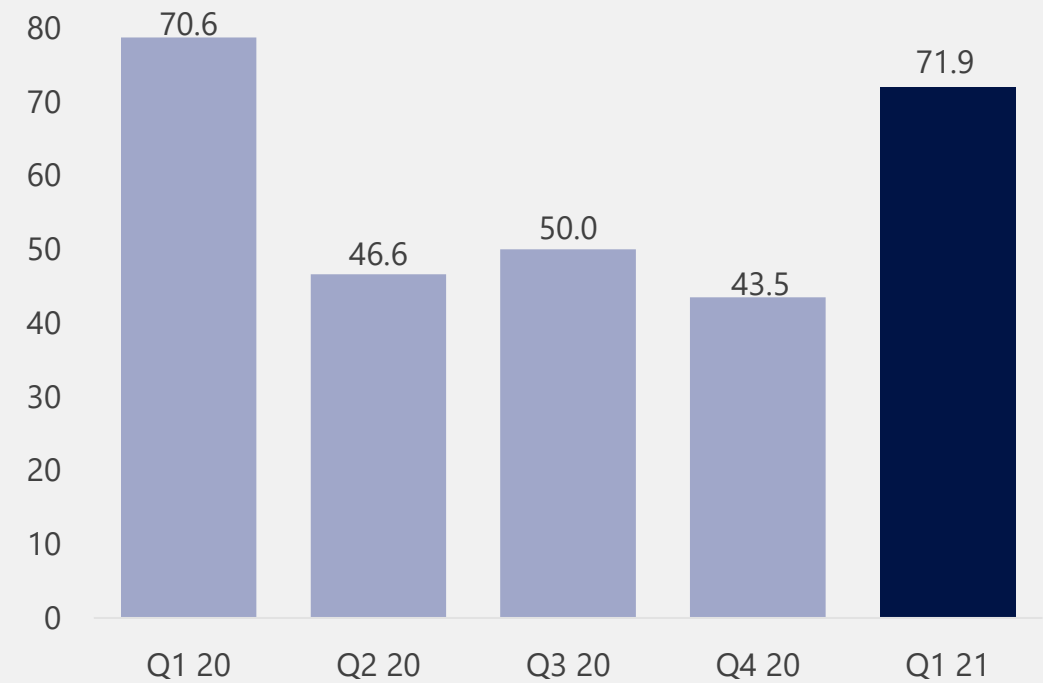


Consolidated Operating Income

GAAP



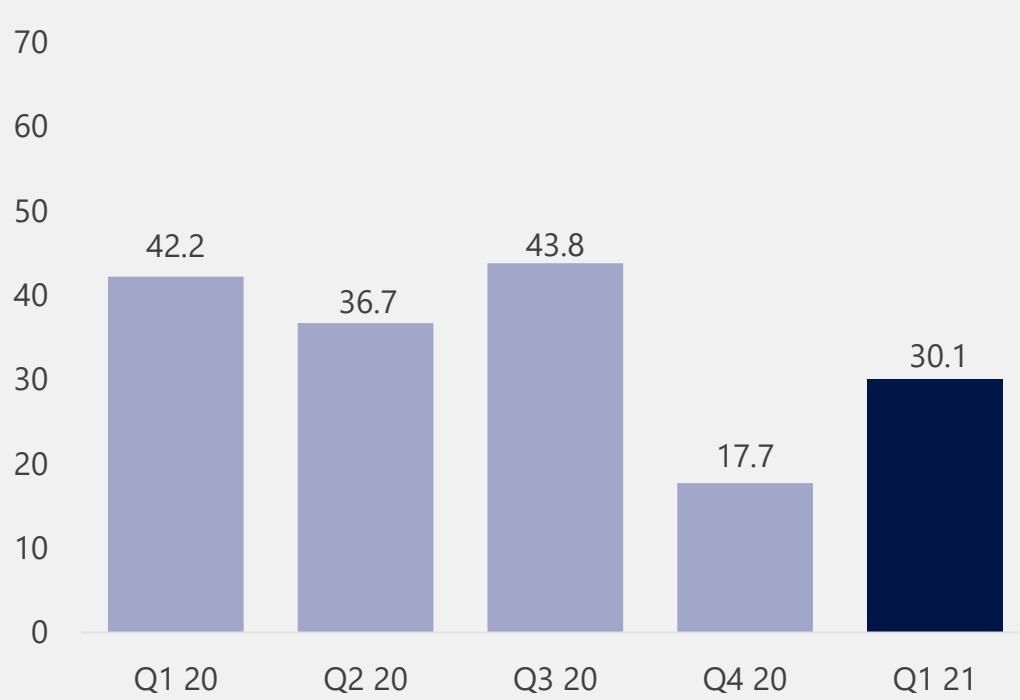
Non-GAAP



USD Millions

Consolidated Net Income

GAAP



Non-GAAP



USD Millions

Balance Sheet & Cash flow

USD in millions	Q1 20	Q4 20	Q1 21
Cash and investments	558.7	1,181.0	1,165.2
Total Debt*	15.1	650.8	650.0
Cash and Investments Net of Debt	543.6	530.2	515.2
Inventory	198.6	331.7	340.0
Capital Expenditures	27.1	35.5	24.0
Cash Flow From Operations	107.7	27.0	24.1

* 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

Second Quarter Guidance

- Revenue 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%;
- Revenue 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%



Appendix

Reconciliation of GAAP to Non-GAAP

	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)	148,090	116,419	144,950

	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)	36.5%	32.5%	33.6%

Reconciliation of GAAP to Non-GAAP

	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)	76,179	72,930	66,303

	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

	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

	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)	<u>1.07</u>	<u>1.09</u>	<u>1.03</u>

Reconciliation of GAAP to Non-GAAP

	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)	0.98	0.98	0.95

	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)	56,763,323	56,638,381	53,572,452

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