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# Third Quarter 2022 Earnings Summary

November 7, 2022

solar**edge**

# 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, 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 macro-economic conditions; potential growth opportunities; the effects of competition and continued impact of the COVID-19 pandemic.

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.

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.

# Third Quarter 2022 Key Metrics

**264.5K**  
Inverters Shipped

**6.1M**  
Power Optimizers  
Shipped

**320.7MW/h**  
Batteries Capacity Shipped

**2.7 GW**  
Systems Shipped

**\$836.7M**  
GAAP Revenues

# Financial Results for Quarter

- Record GAAP revenue of \$836.7 million
- Record revenue from solar segment of \$788.6 million
- Revenues from non-solar segment of \$48.0 million
- GAAP gross margin of 26.5%
- Non-GAAP gross margin of 27.3%
- Gross margin from sales of solar segment 28.3%
- Record Non-GAAP operating income of \$120.2 million
- Record operating profit from solar segment of \$126.7 million
- GAAP net income of \$24.7 million
- Non-GAAP net income of \$54.1 million
- GAAP net diluted earnings per share of \$0.43
- Non-GAAP net diluted earnings per share of \$0.91
- Cash flow from operation of \$5.6 million
- Total cash and investments, net of debt, \$937.6 million

# Noteworthy

- Record quarterly revenues
- Strong operational quarter with improved gross margins despite weakened Euro versus US Dollar combined with flat operating expenses, yielding record operating profit
- Record quarterly revenues in Europe, in Germany and Holland in particular, and record revenues in rest of world, including Taiwan and South Africa
- Record shipments of more than 2.7GW of inverters and optimizers
- Record shipment of 321MWh of batteries, driven by rapid acceptance of the new three-phase SolarEdge Home Battery
- Significant growth in manufacturing output of inverters and optimizers, as production lines recovered from Covid-related events and new manufacturing lines put in place
- Increased production capacity expansion is expected to continue in order to meet demand which currently outpaces supply
- Sella 2 cells manufacturing ramp continues with mass production initiated in fourth quarter

# GAAP Quarterly Financial Results

USD in millions*	Q3 21	Q2 22	Q3 22
<b>Revenues</b>	<b>526.4</b>	<b>727.8</b>	<b>836.7</b>
<b>Gross margin</b>	<b>32.8%</b>	<b>25.1%</b>	<b>26.5%</b>
<b>Operating expenses</b>	<b>106.1</b>	<b>146.6</b>	<b>137.6</b>
<b>Operating income</b>	<b>66.4</b>	<b>36.0</b>	<b>84.4</b>
<b>Net income</b>	<b>53.0</b>	<b>15.1</b>	<b>24.7</b>
<b>Net diluted earnings per share</b>	<b>0.96</b>	<b>0.26</b>	<b>0.43</b>

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

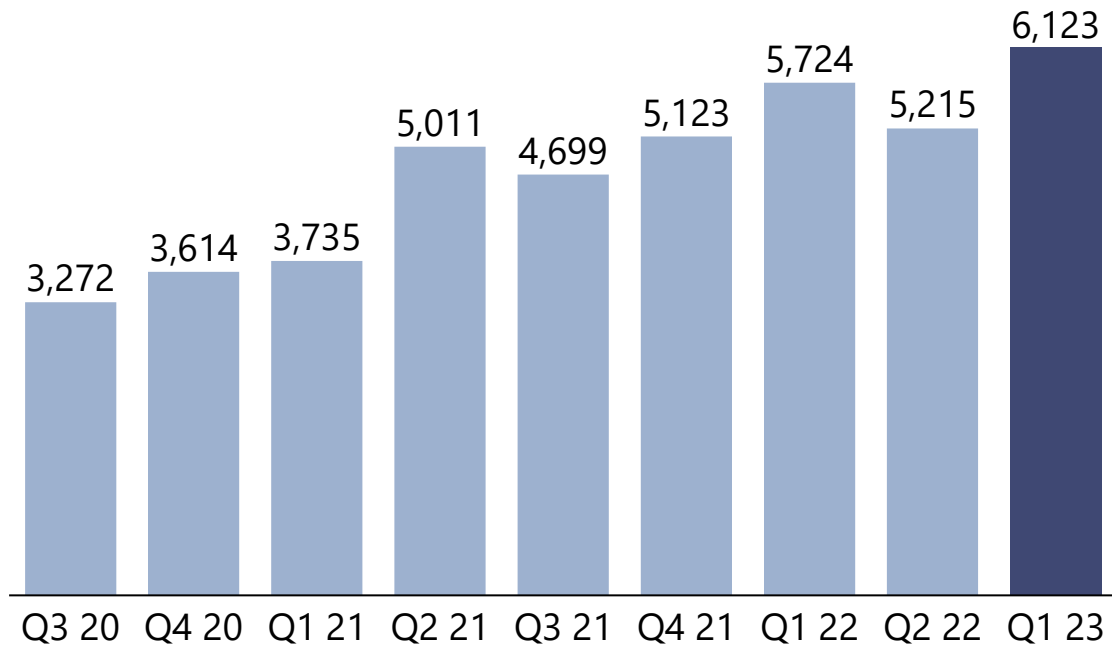
# NON-GAAP Quarterly Financial Results

USD in millions*	Q3 21	Q2 22	Q3 22
<b>Revenues</b>	<b>526.3</b>	<b>727.6</b>	<b>836.6</b>
<b>Gross margin</b>	<b>34.0%</b>	<b>26.7%</b>	<b>27.3%</b>
<b>Operating expenses</b>	<b>83.8</b>	<b>109.6</b>	<b>108.3</b>
<b>Operating income</b>	<b>95.2</b>	<b>84.7</b>	<b>120.2</b>
<b>Net income</b>	<b>82.1</b>	<b>56.7</b>	<b>54.1</b>
<b>Net diluted earnings per share</b>	<b>1.45</b>	<b>0.95</b>	<b>0.91</b>

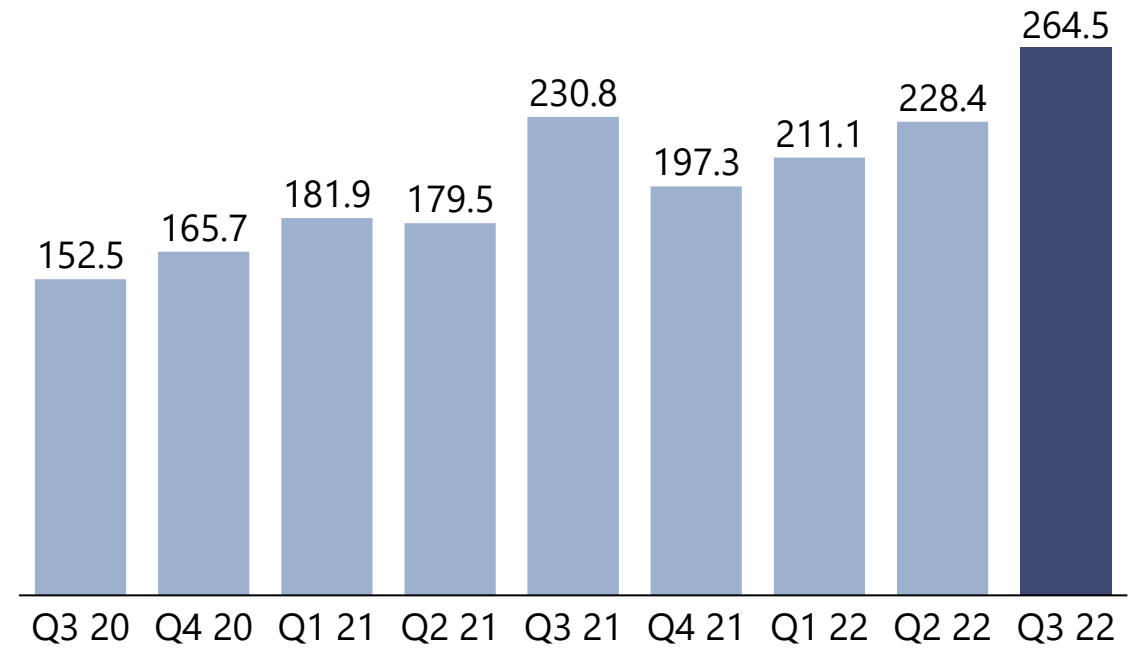
\* With the exception of gross margin and per share data

# Units Shipped

## Power optimizers



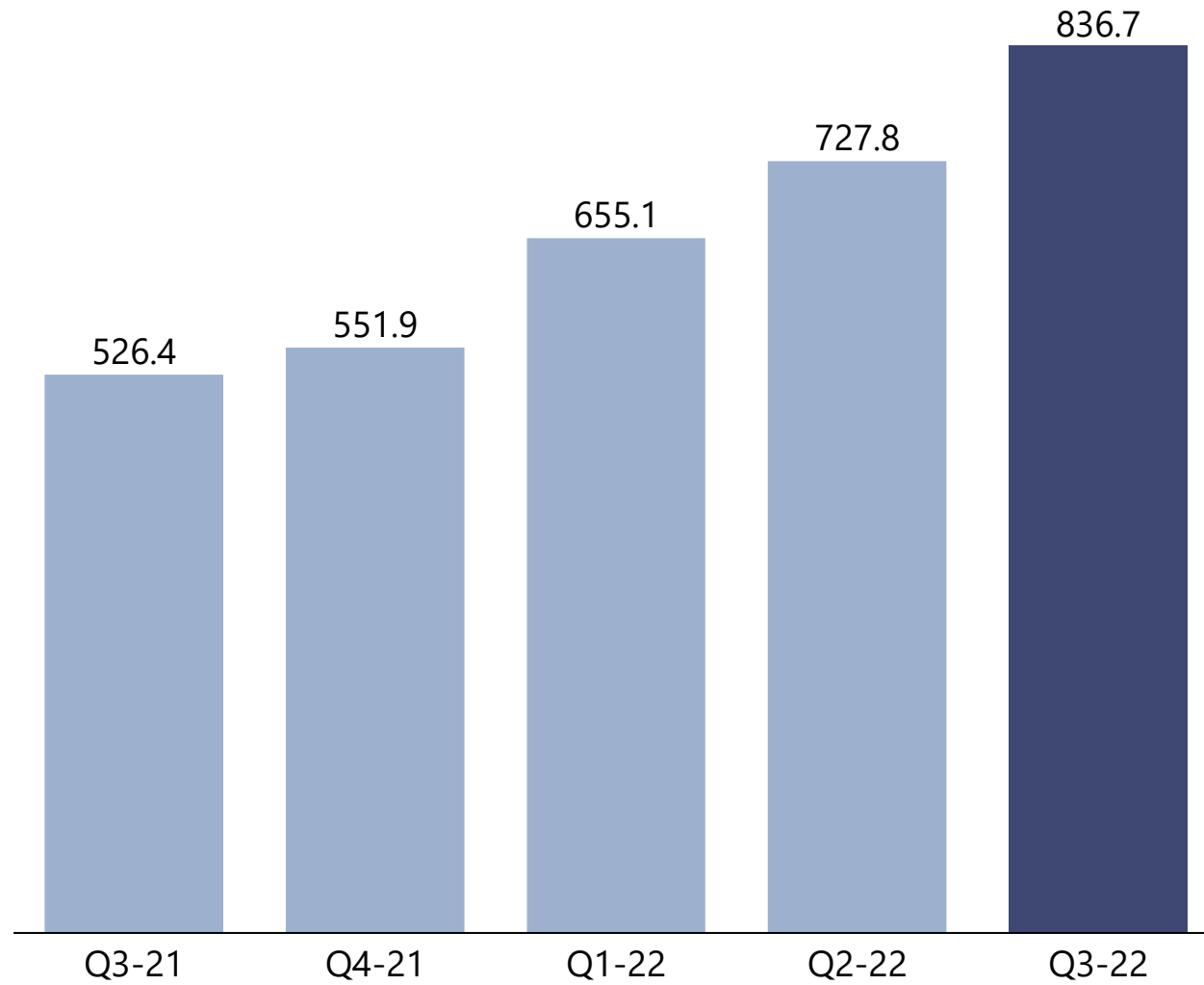
## Inverters



units in thousands



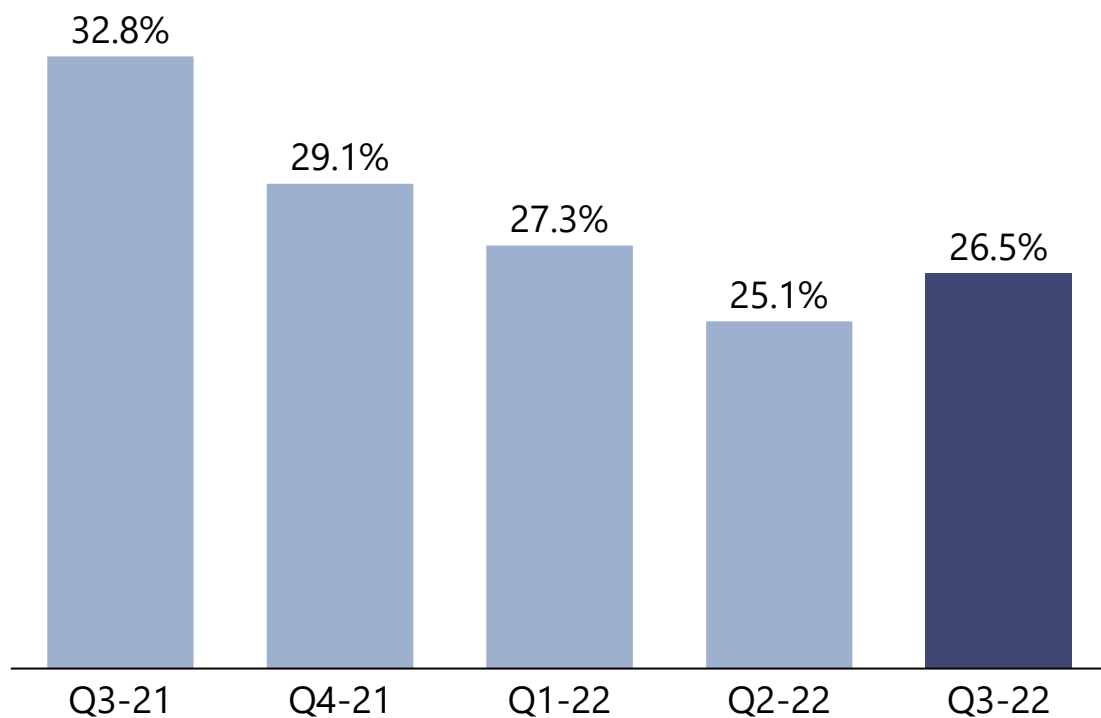
# GAAP Revenues



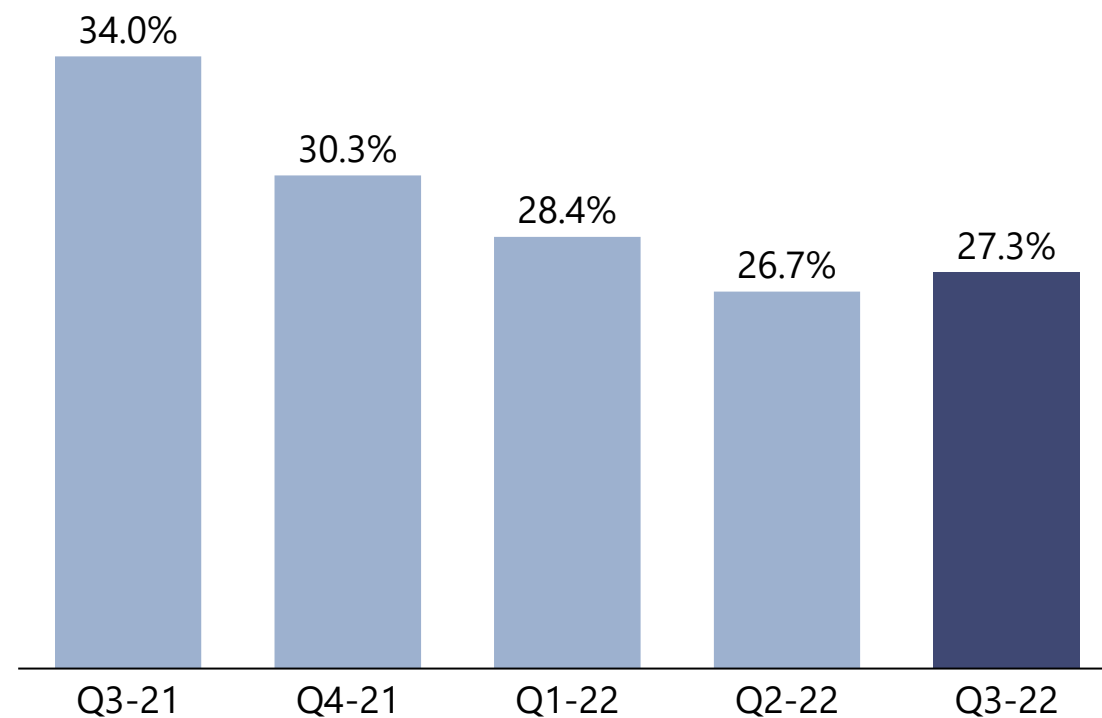
in USD millions

# Gross Margin

GAAP

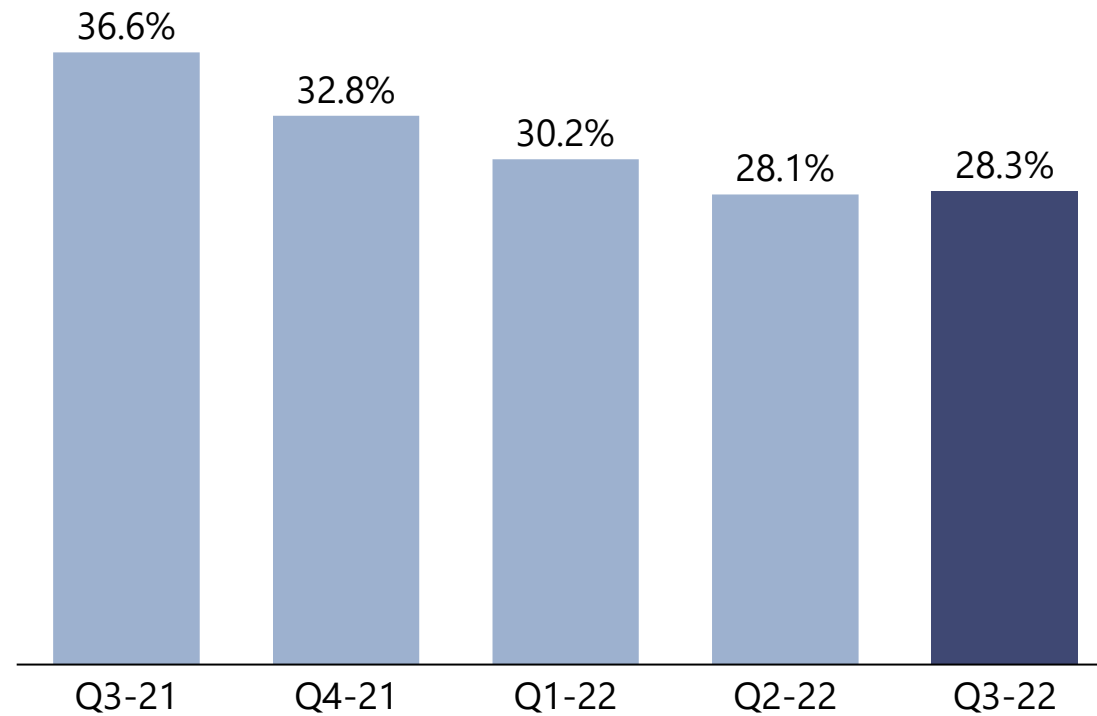


Non-GAAP



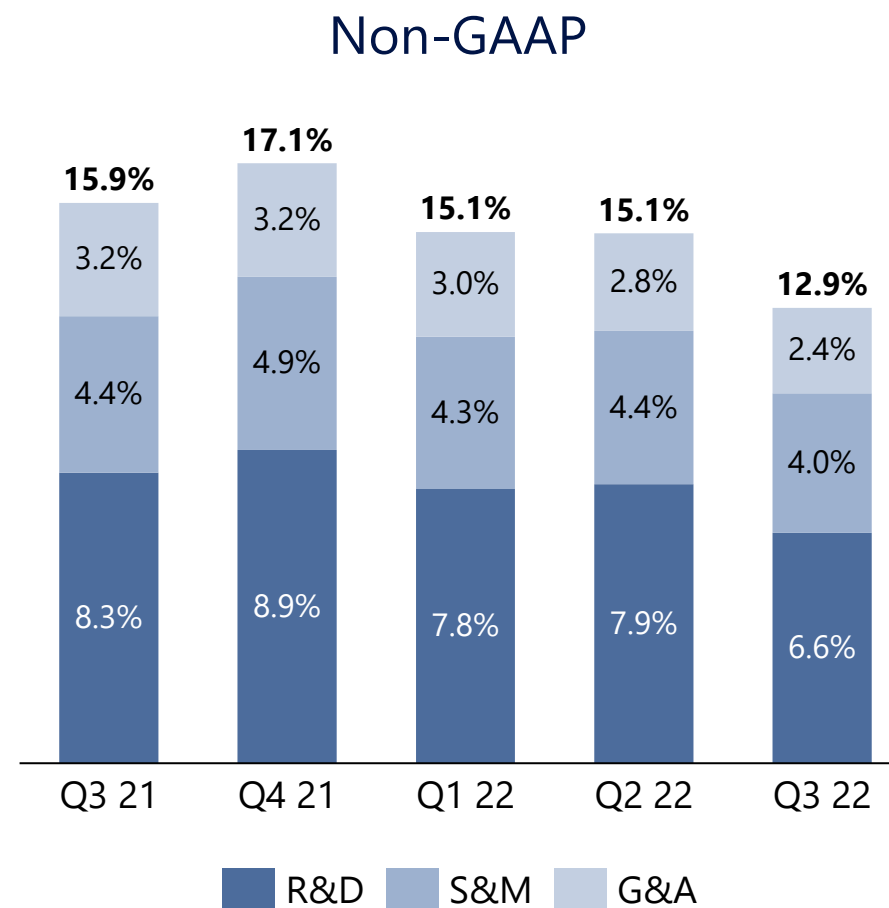
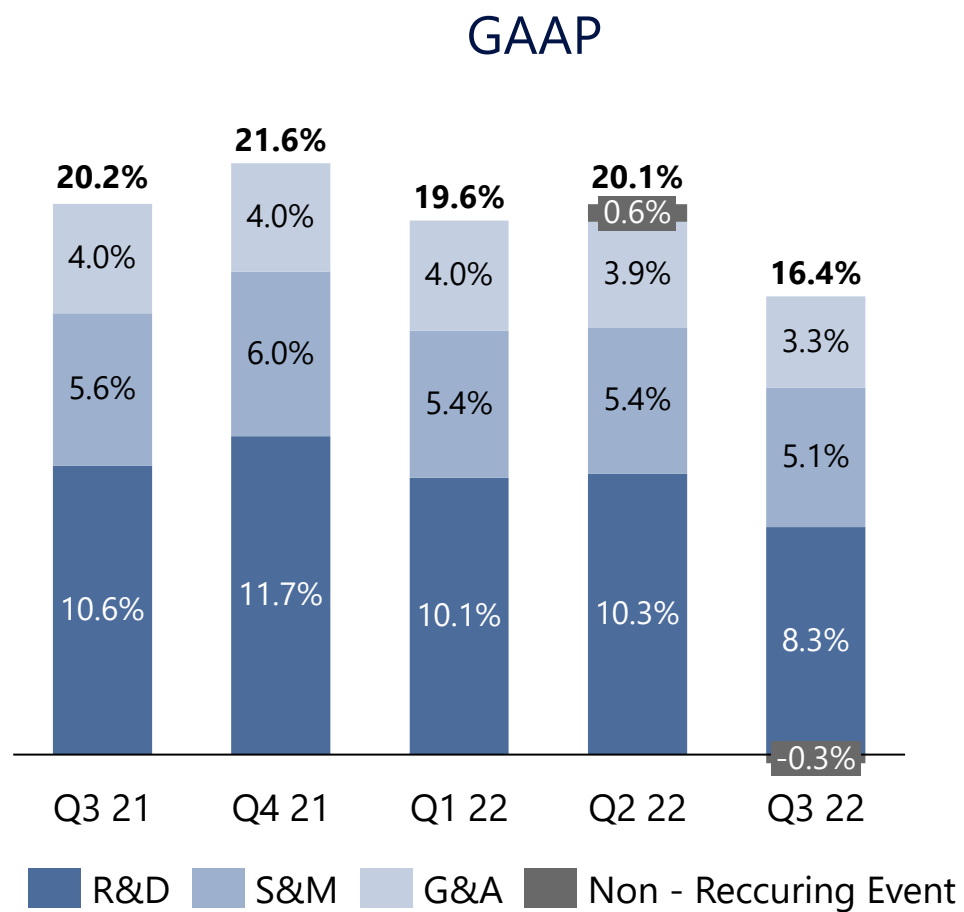
% of revenues

# Solar Segment Gross Margin



% of revenues

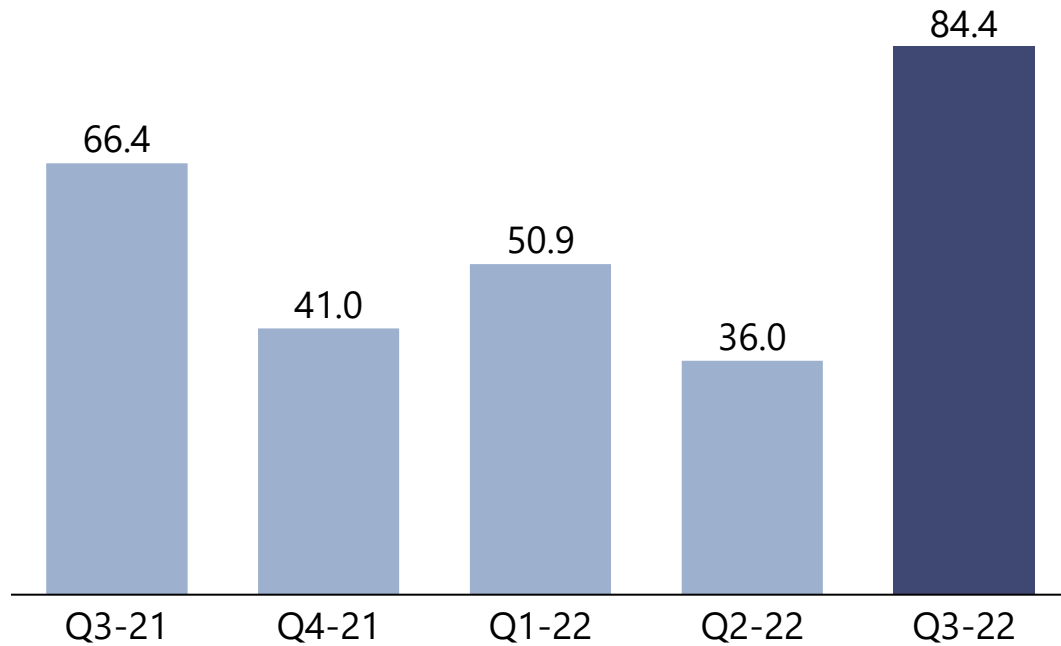
# Consolidated Operating Expenses



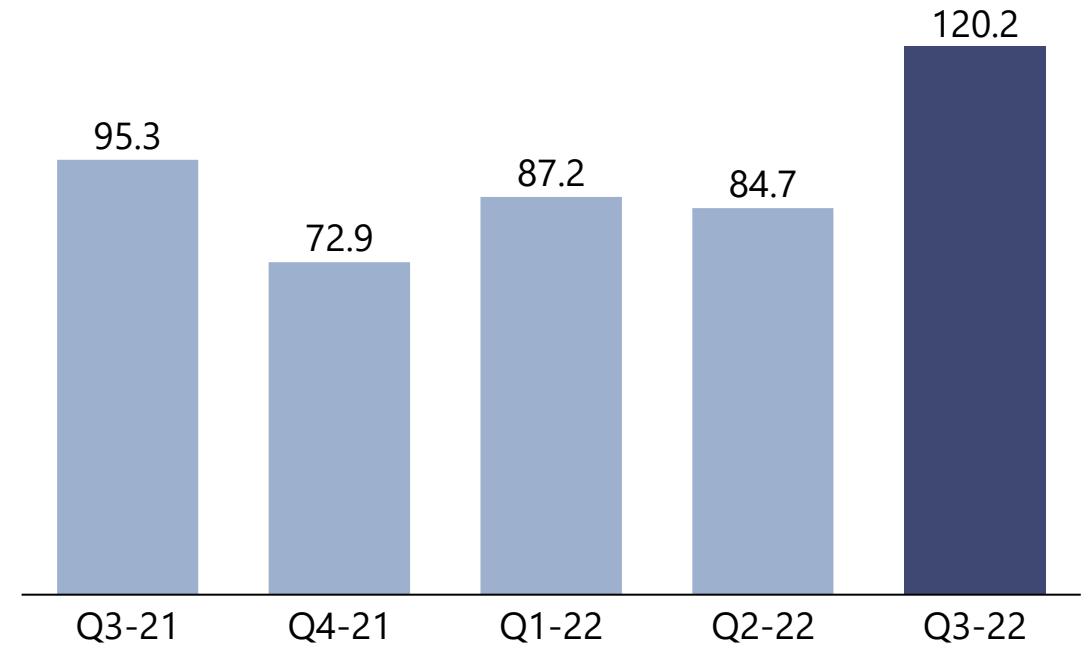
% of revenues

# Consolidated Operating Income

GAAP



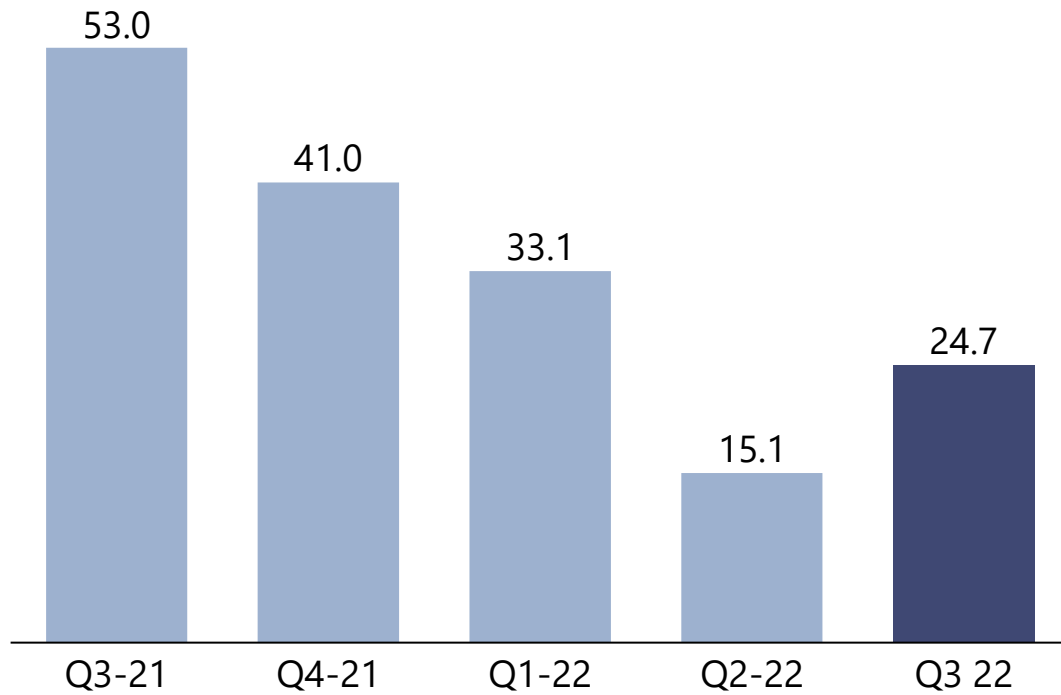
Non-GAAP



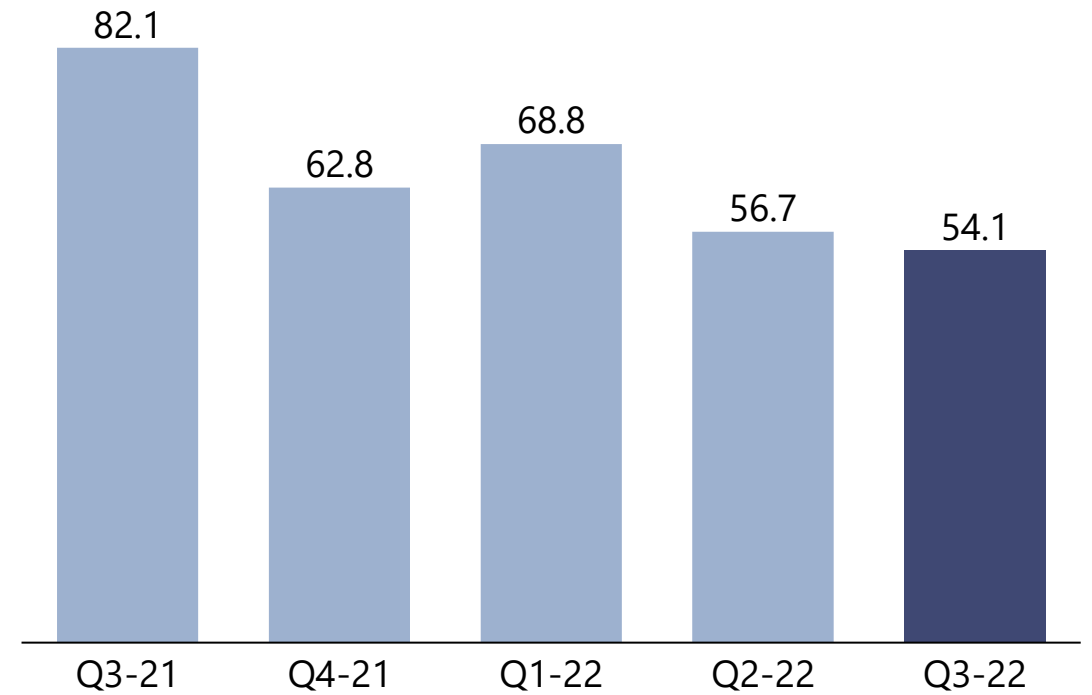
USD millions

# Consolidated Net Income

GAAP



Non-GAAP



USD millions

# Balance Sheet & Cash flow

USD in millions	Q3 21	Q2 22	Q3 22
<b>Cash and investments</b>	<b>1,158.0</b>	<b>1,607.0</b>	<b>1,571.3</b>
<b>Total Debt*</b>	<b>633.9</b>	<b>633.7</b>	<b>633.7</b>
<b>Cash and Investments Net of Debt</b>	<b>524.1</b>	<b>973.3</b>	<b>937.6</b>
<b>Inventory</b>	<b>304.7</b>	<b>470.3</b>	<b>561.4</b>
<b>Capital Expenditures, Net</b>	<b>27.7</b>	<b>48.6</b>	<b>31.5</b>
<b>Cash Flow From Operations</b>	<b>61.8</b>	<b>77.4</b>	<b>5.6</b>

\* The majority of the debt balances relates to convertible senior notes issued during Q3 20

# Fourth Quarter Guidance

- Revenue to be within the range of \$855 million to \$885 million
- Non-GAAP gross margin expected to be within the range of 27% to 30%
- Non-GAAP operating profit expected to be within the range of \$115 million to \$135 million
- Revenue from solar segment to be within the range of \$810 million to \$840 million
- Gross margin for the solar segment expected to be within the range of 28% to 31%



# Appendix



B U S I N E S S   G R A P H   1   2   3   4   5   6   7   8   9   10

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Gross Profit				
	Three months ended			Nine months ended	
	<u>September 30, 2022</u>	<u>June 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
<b>Gross profit (GAAP)</b>	222,001	182,642	172,561	583,601	468,827
Revenues from finance component	(159)	(146)	(111)	(440)	(296)
Stock-based compensation	4,661	5,285	4,289	15,008	14,370
Disposal of assets related to Critical Power	----	4,314	----	4,314	----
Amortization and depreciation of acquired assets	2,064	2,185	2,341	6,468	7,054
<b>Gross profit (Non-GAAP)</b>	<u>228,567</u>	<u>194,280</u>	<u>179,080</u>	<u>608,951</u>	<u>489,955</u>

	Reconciliation of GAAP to Non-GAAP Gross Margin				
	Three months ended			Nine months ended	
	<u>September 30, 2022</u>	<u>June 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
<b>Gross margin (GAAP)</b>	26.5%	25.1%	32.8%	26.3%	33.2%
Revenues from finance component	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation	0.6%	0.7%	0.8%	0.7%	1.0%
Disposal of assets related to Critical Power	----	0.6%	----	0.2%	----
Amortization and depreciation of acquired assets	0.2%	0.3%	0.4%	0.3%	0.5%
<b>Gross margin (Non-GAAP)</b>	<u>27.3%</u>	<u>26.7%</u>	<u>34.0%</u>	<u>27.4%</u>	<u>34.7%</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Operating expenses (GAAP)</b>	137,594	146,630	106,147	412,318	302,726
Stock-based compensation	(31,090)	(31,789)	(21,896)	(91,924)	(59,020)
Amortization and depreciation of acquired assets	(495)	(531)	(444)	(1,571)	(953)
Assets impairment	19	(4,687)	----	(4,668)	----
Gain (loss) from assets sales and disposal	744	(8)	37	1,146	99
Other items	1,559	----	----	1,559	(1,350)
<b>Operating expenses (Non-GAAP)</b>	<u>108,331</u>	<u>109,615</u>	<u>83,844</u>	<u>316,860</u>	<u>241,502</u>
	Reconciliation of GAAP to Non-GAAP Operating income				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Operating income (GAAP)</b>	84,407	36,012	66,414	171,283	166,101
Revenues from finance component	(159)	(146)	(111)	(440)	(296)
Disposal of assets related to Critical Power	----	4,314	----	4,314	----
Stock-based compensation	35,751	37,074	26,185	106,932	73,390
Amortization and depreciation of acquired assets	2,559	2,716	2,785	8,039	8,007
Assets impairment	(19)	4,687	----	4,668	----
Loss (gain) from assets sales and disposal	(744)	8	(37)	(1,146)	(99)
Other items	(1,559)	----	----	(1,559)	1,350
<b>Operating income (Non-GAAP)</b>	<u>120,236</u>	<u>84,665</u>	<u>95,236</u>	<u>292,091</u>	<u>248,453</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Financial expenses (income), net				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Financial income (expense), net (GAAP)</b>	(33,025)	(14,311)	(5,751)	(52,785)	(13,591)
Notes due 2025	730	728	726	2,186	2,175
Non cash interest	1,775	1,699	1,469	5,083	4,245
Currency fluctuation related to lease standard	(1,116)	(9,028)	574	(11,936)	(415)
<b>Financial income (expense), net (Non-GAAP)</b>	<u>(31,636)</u>	<u>(20,912)</u>	<u>(2,982)</u>	<u>(57,452)</u>	<u>(7,586)</u>
	Reconciliation of GAAP to Non-GAAP Other income				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Other income (GAAP)</b>	7,533	----	----	7,533	----
Gain from sale of investment in privately-held company	(7,533)	----	----	(7,533)	----
<b>Other income (Non-GAAP)</b>	<u>----</u>	<u>----</u>	<u>----</u>	<u>----</u>	<u>----</u>
	Reconciliation of GAAP to Non-GAAP Tax on income				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Income tax benefit (expense) (GAAP)</b>	(34,172)	(6,617)	(7,615)	(53,081)	(24,294)
Income tax adjustment	(291)	(389)	(2,528)	(1,881)	(6,458)
<b>Income tax benefit (expense) (Non-GAAP)</b>	<u>(34,463)</u>	<u>(7,006)</u>	<u>(10,143)</u>	<u>(54,962)</u>	<u>(30,752)</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Net income (GAAP)</b>	24,743	15,084	53,048	72,950	128,216
Revenues from finance component	(159)	(146)	(111)	(440)	(296)
Disposal of assets related to Critical Power	----	4,314	----	4,314	----
Stock-based compensation	35,751	37,074	26,185	106,932	73,390
Amortization and depreciation of acquired assets	2,559	2,716	2,785	8,039	8,007
Assets impairment	(19)	4,687	----	4,668	----
Loss (gain) from assets sales and disposal	(744)	8	(37)	(1,146)	(99)
Other items	(1,559)	----	----	(1,559)	1,350
Notes due 2025	730	728	726	2,186	2,175
Non cash interest	1,775	1,699	1,469	5,083	4,245
Currency fluctuation related to lease standard	(1,116)	(9,028)	574	(11,936)	(415)
Gain from sale of investment in privately-held company	(7,533)	----	----	(7,533)	----
Income tax adjustment	(291)	(389)	(2,528)	(1,881)	(6,458)
<b>Net income (Non-GAAP)</b>	<u>54,137</u>	<u>56,747</u>	<u>82,111</u>	<u>179,677</u>	<u>210,115</u>

# Reconciliation of GAAP to Non-GAAP

	<b>Reconciliation of GAAP to Non-GAAP Net basic EPS</b>				
	<b>Three months ended</b>			<b>Nine months ended</b>	
	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>September 30, 2021</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
<b>Net basic earnings per share (GAAP)</b>	0.44	0.27	1.01	1.33	2.46
Revenues from finance component	0.00	0.00	0.00	(0.01)	0.00
Disposal of assets related to Critical Power	----	0.08	----	0.08	----
Stock-based compensation	0.64	0.67	0.50	1.95	1.41
Amortization and depreciation of acquired assets	0.05	0.04	0.05	0.15	0.15
Assets impairment	0.00	0.09	----	0.09	----
Loss (gain) from assets sales and disposal	(0.02)	0.00	0.00	(0.03)	0.00
Other items	(0.02)	----	----	(0.02)	0.03
Notes due 2025	0.01	0.01	0.02	0.04	0.04
Non cash interest	0.03	0.03	0.03	0.09	0.08
Currency fluctuation related to lease standard	(0.02)	(0.16)	0.01	(0.22)	(0.01)
Gain from sale of investment in privately-held company	(0.13)	----	----	(0.14)	----
Income tax adjustment	(0.01)	(0.01)	(0.05)	(0.03)	(0.12)
<b>Net basic earnings per share (Non-GAAP)</b>	<b>0.97</b>	<b>1.02</b>	<b>1.57</b>	<b>3.28</b>	<b>4.04</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Net diluted earnings per share (GAAP)</b>	0.43	0.26	0.96	1.29	2.32
Revenues from finance component	0.00	0.00	0.00	(0.01)	(0.01)
Disposal of assets related to Critical Power	----	0.08	----	0.08	----
Stock-based compensation	0.59	0.62	0.45	1.80	1.27
Amortization and depreciation of acquired assets	0.05	0.04	0.05	0.13	0.14
Assets impairment	0.00	0.08	----	0.08	----
Loss (gain) from assets sales and disposal	(0.02)	0.00	0.00	(0.02)	0.00
Other items	(0.02)	----	----	(0.02)	0.02
Notes due 2025	0.00	0.00	0.00	0.00	0.01
Non cash interest	0.03	0.03	0.03	0.09	0.08
Currency fluctuation related to lease standard	(0.02)	(0.15)	0.01	(0.20)	(0.01)
Gain from sale of investment in privately-held company	(0.13)	----	----	(0.13)	----
Income tax adjustment	0.00	(0.01)	(0.05)	(0.03)	(0.11)
<b>Net diluted earnings per share (Non-GAAP)</b>	<u>0.91</u>	<u>0.95</u>	<u>1.45</u>	<u>3.06</u>	<u>3.71</u>

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Number of shares used in computing net diluted earnings per share (GAAP)</b>	58,747,538	58,564,734	55,929,000	57,886,041	55,955,441
Stock-based compensation	784,228	904,781	653,967	872,076	733,488
<b>Number of shares used in computing net diluted earnings per share (Non-GAAP)</b>	<u>59,531,766</u>	<u>59,469,515</u>	<u>56,582,967</u>	<u>58,758,117</u>	<u>56,688,929</u>