
Second Quarter 2022 Earnings Summary

August 2, 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, 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.

Second Quarter 2022 Key Metrics

228.4K
Inverters Shipped

5.2M
Power Optimizers
Shipped

251MW/h
Batteries Shipped

2.5 GW
Systems Shipped

\$727.8M
GAAP Revenues

Financial Results for Quarter

- Record GAAP revenue of \$727.8 million
- Record revenue from solar segment of \$687.6 million
- Revenues from non- solar segment of \$40.0 million
- GAAP gross margin of 25.1%
- Non-GAAP gross margin of 26.7%
- Gross margin from sales of solar segment 28.1%
- Non-GAAP operating income of \$84.7 million
- Operating profit from solar segment of \$99.2 million
- GAAP net income of \$15.1 million
- Non-GAAP net income of \$56.7 million
- GAAP net diluted earnings per share of \$0.26
- Non-GAAP net diluted earnings per share of \$0.95
- Cash flow from operation of \$77.4 million
- Total cash and investments, net of debt, \$973.3 million

Noteworthy

- Record GAAP quarterly revenues
- Record quarterly revenues in the U.S. and record quarterly revenues in Europe overall, including in Italy and Germany
- Record shipments of more than 2.5GW, representing record shipments of commercial and residential products, reflecting the strong momentum for solar installations globally
- 251MWh of batteries shipped in Q2, more than doubled quarter over quarter
- Battery shipments include a new three-phase version designed for the German and other three-phase European markets
- Covid-related lockdowns in Shanghai area impacted manufacturing continuity, leading to below-planned output level and requiring expedited shipments in Q2 and Q3
- Ramp of Mexico manufacturing continues as planned
- Decided to discontinue standalone UPS market related activities. The developed technologies will be integrated in solar products as uninterrupted power supply becomes required or relevant
- Deliveries of powertrain kits declined this quarter, triggered by reduced demand from our customer which is in line with overall automotive industry instability

GAAP Quarterly Financial Results

USD in millions*	Q2 21	Q1 22	Q2 22
Revenues	480.1	655.1	727.8
Gross margin	32.5%	27.3%	25.1%
Operating expenses	100.6	128.1	146.6
Operating income	55.6	50.1	36.0
Net income	45.1	33.1	15.1
Net diluted earnings per share	0.82	0.60	0.26

* With the exception of gross margin and per share data

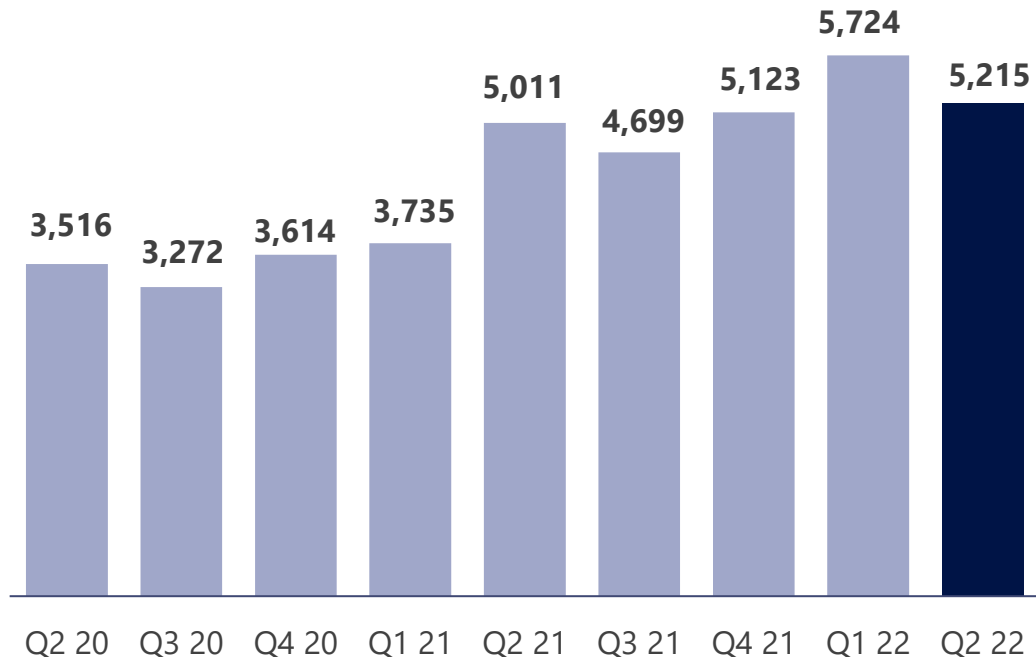
NON-GAAP Quarterly Financial Results

USD in millions*	Q2 21	Q1 22	Q2 22
Revenues	480.0	654.9	727.6
Gross margin	33.9%	28.4%	26.7%
Operating expenses	81.5	98.9	109.6
Operating income	81.3	87.2	84.7
Net income	72.5	68.8	56.7
Net diluted earnings per share	1.28	1.20	0.95

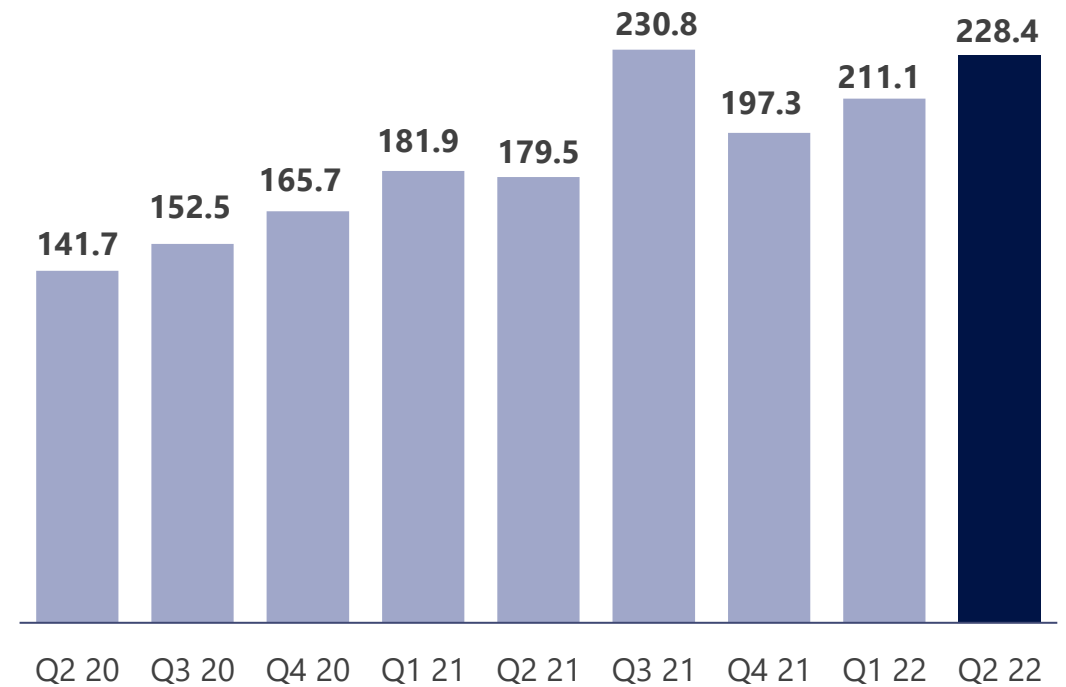
* With the exception of gross margin and per share data

Units Shipped

Power optimizers

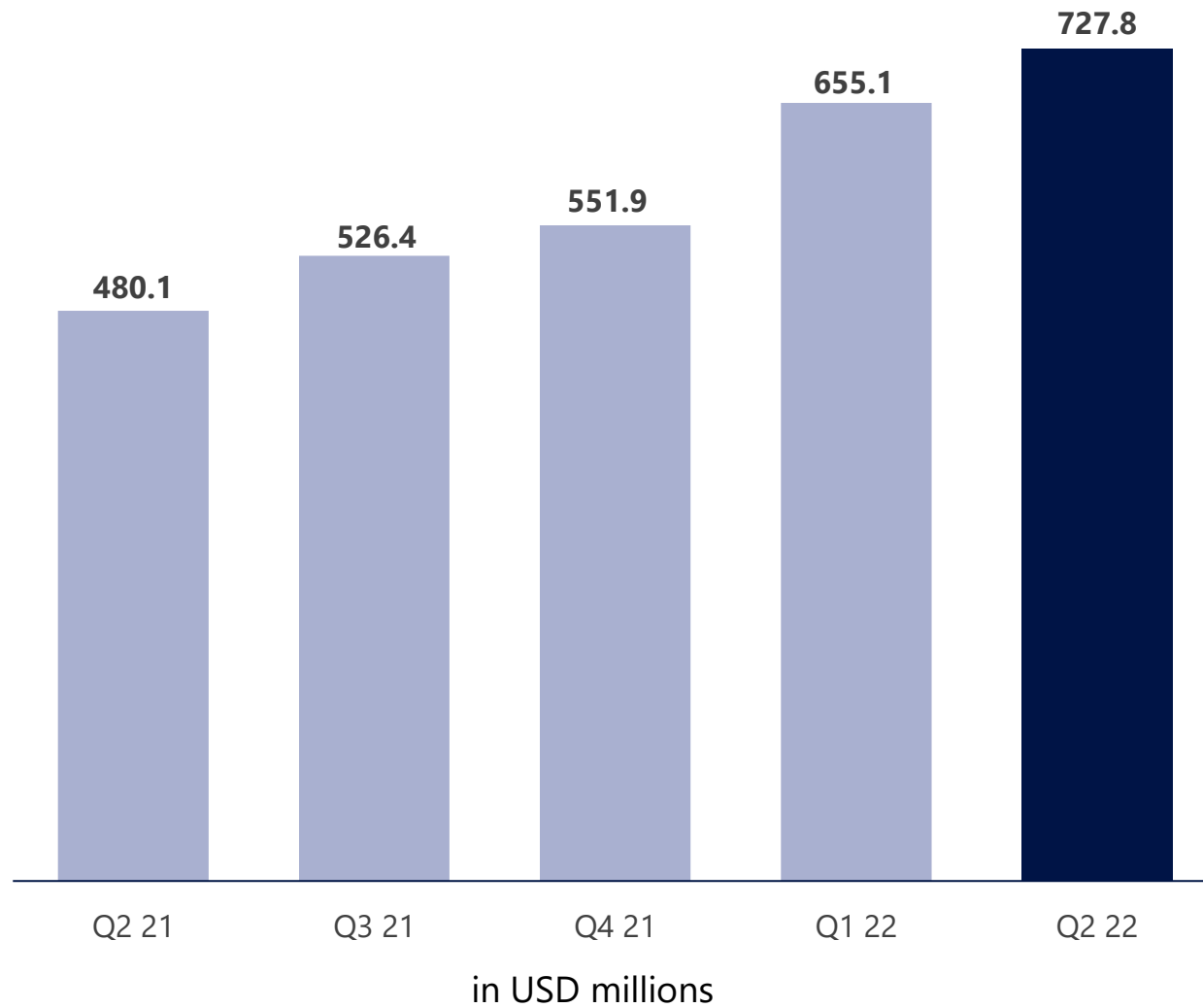


Inverters



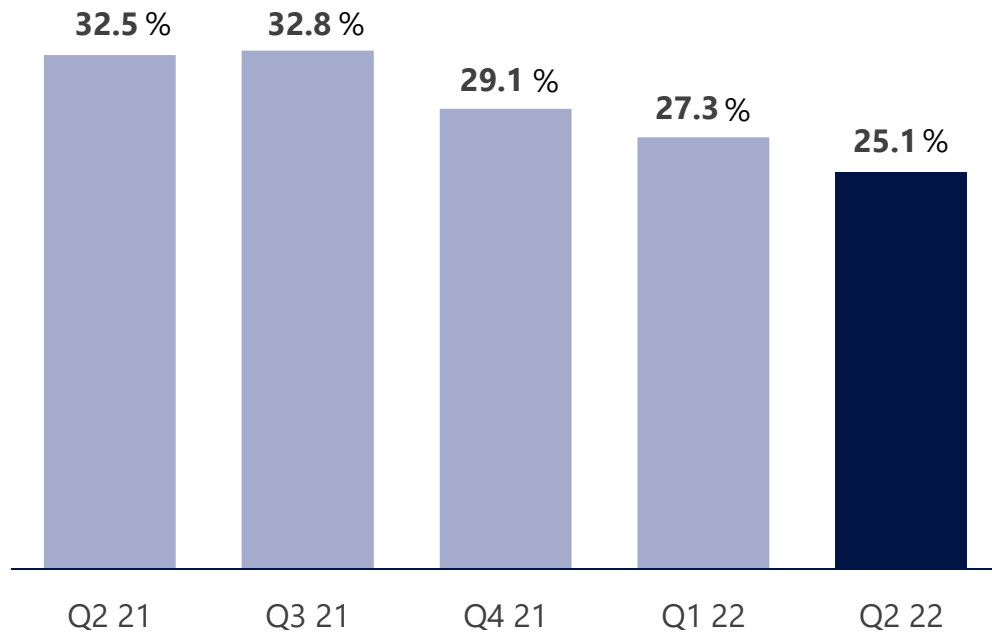
units in thousands

GAAP Revenues

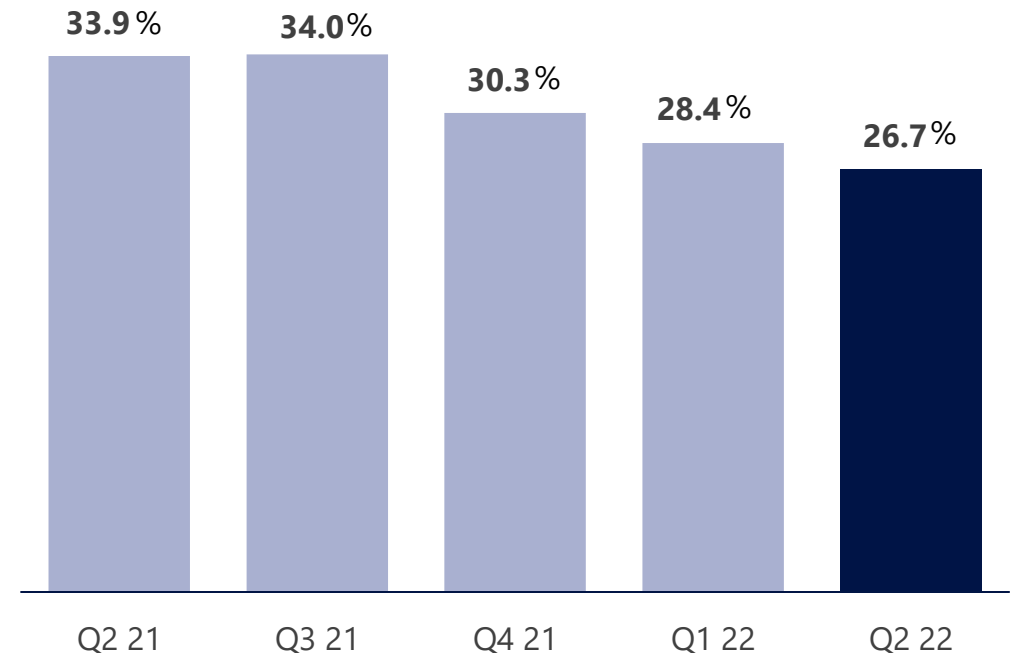


Gross Margin

GAAP

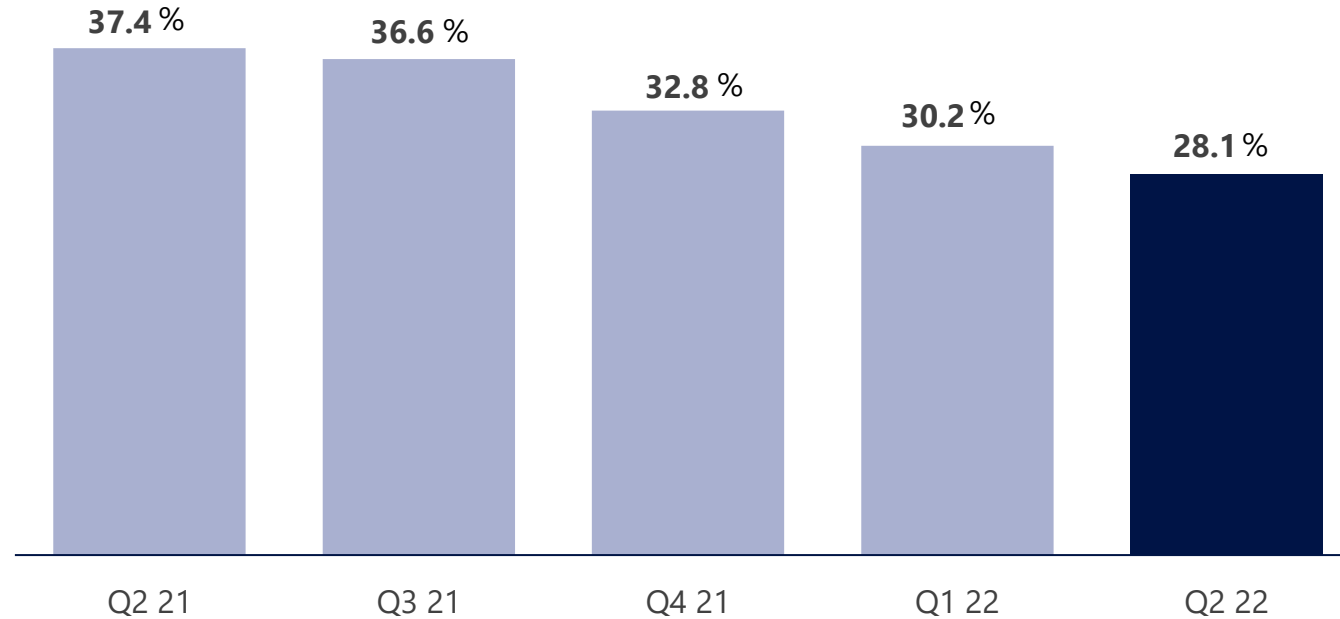


Non-GAAP



% of revenues

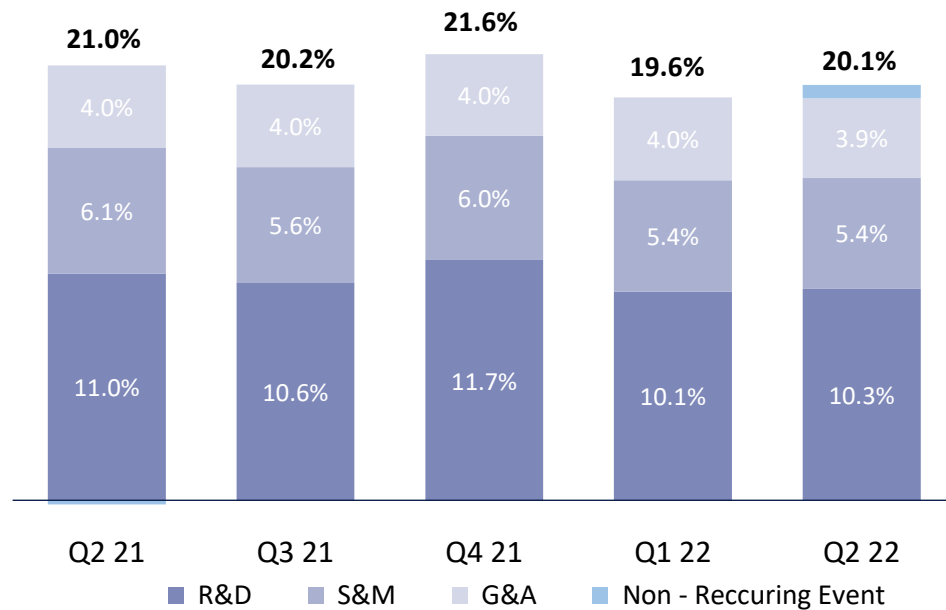
Solar Segment Gross Margin



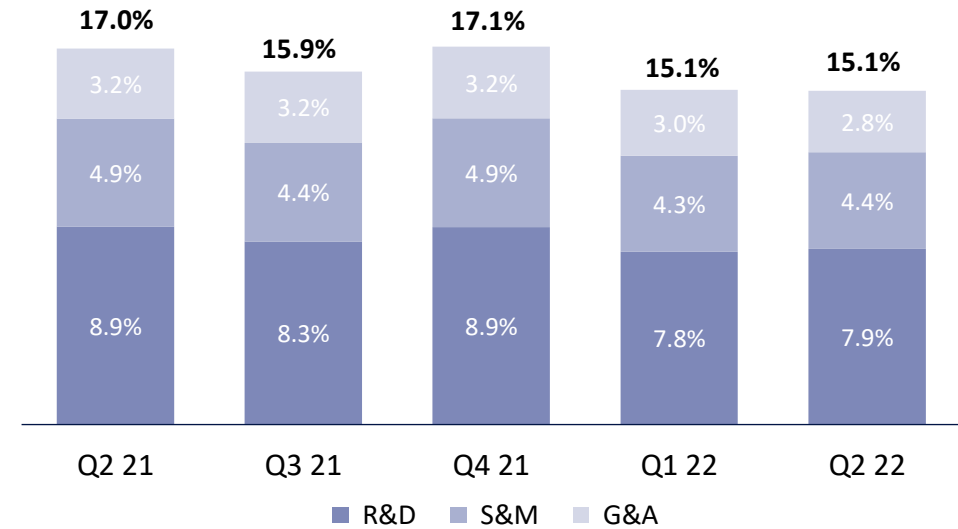
% of revenues

Consolidated Operating Expenses

GAAP



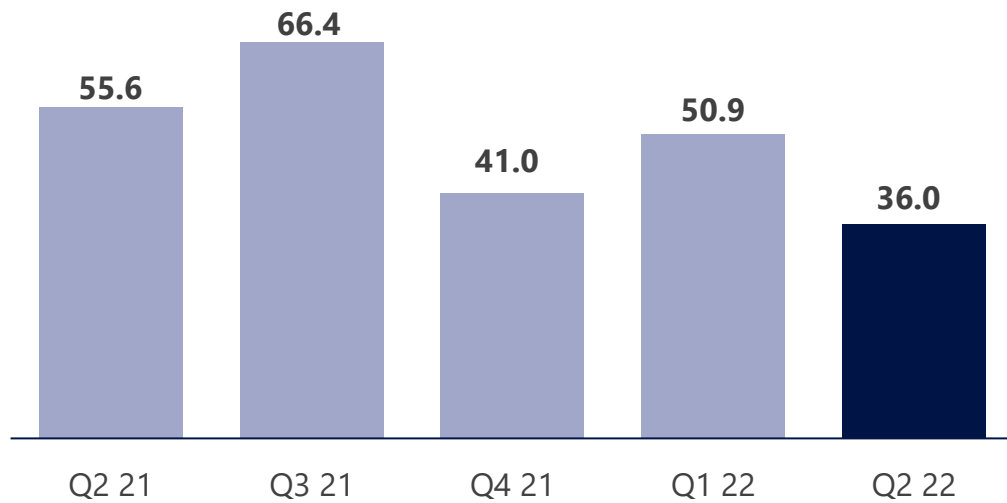
Non-GAAP



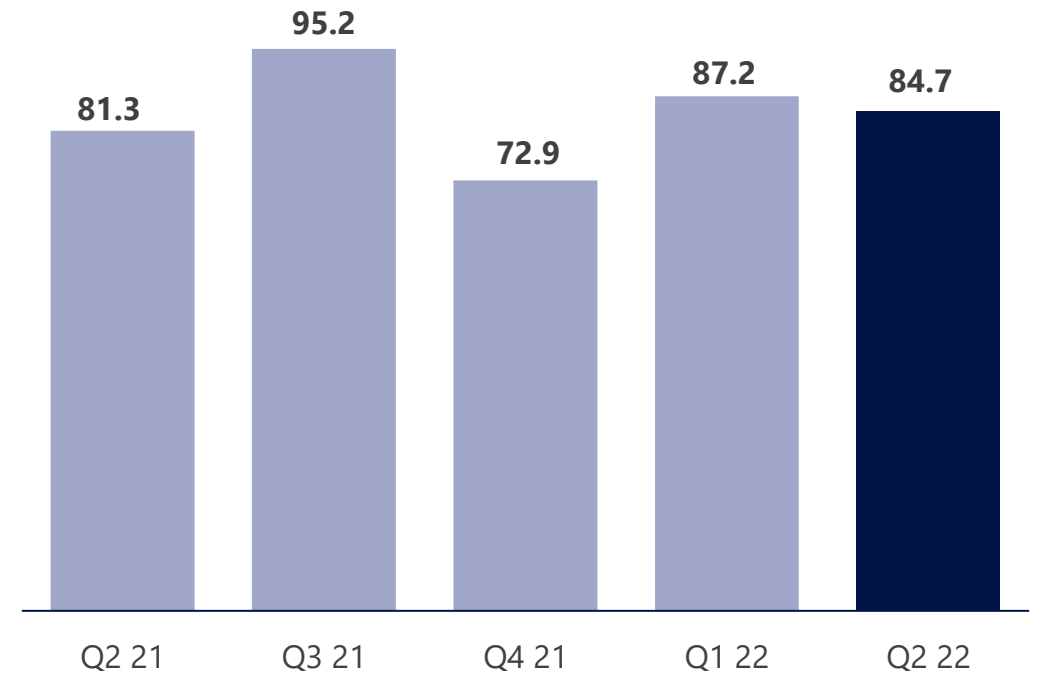
% of revenues

Consolidated Operating Income

GAAP



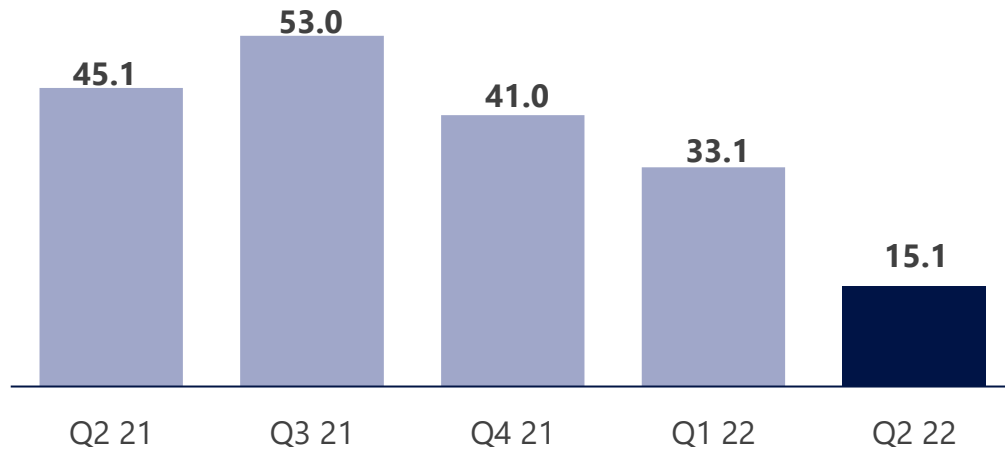
Non-GAAP



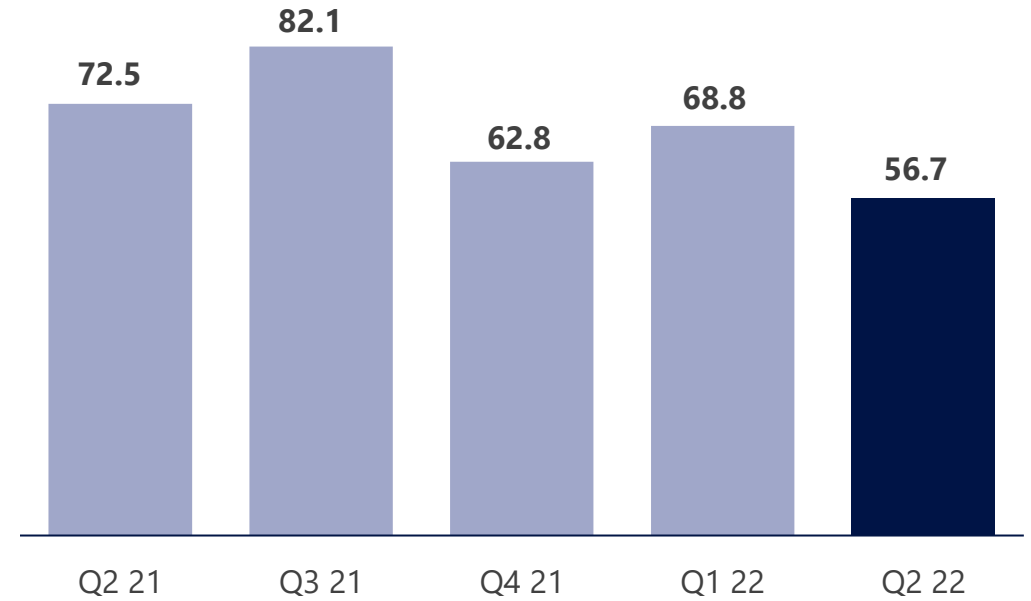
USD millions

Consolidated Net Income

GAAP



Non-GAAP



USD millions

Balance Sheet & Cash flow

USD in millions	Q2 21	Q1 22	Q2 22
Cash and investments	1,143.2	1,612.8	1,607.0
Total Debt*	633.9	633.8	633.7
Cash and Investments Net of Debt	509.3	979.0	973.3
Inventory	321.9	432.5	470.3
Capital Expenditures, Net	39.9	41.5	48.6
Cash Flow From Operations	38.7	(163.0)	77.4

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

Third Quarter Guidance

- Revenue to be within the range of \$810 million to \$840 million
- Non-GAAP gross margin expected to be within the range of 26% to 29%
- Non-GAAP operating profit expected to be within the range of \$90 million to \$110 million
- Revenue from solar segment to be within the range of \$765 million to \$795 million
- Gross margin for the of solar segment expected to be within the range of 27% to 30%

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			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Gross profit (GAAP)	182,642	178,958	156,192	361,600	296,266
Revenues from finance component	(146)	(135)	(99)	(281)	(185)
Stock-based compensation	5,285	5,062	4,291	10,347	10,081
Disposal of assets related to Critical Power	4,314	---	---	4,314	---
Amortization and depreciation of acquired assets	2,185	2,219	2,401	4,404	4,713
Gross profit (Non-GAAP)	<u>194,280</u>	<u>186,104</u>	<u>162,785</u>	<u>380,384</u>	<u>310,875</u>

	Reconciliation of GAAP to Non-GAAP Gross Margin				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Gross margin (GAAP)	25.1%	27.3%	32.5%	26.1%	33.5%
Revenues from finance component	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation	0.7%	0.8%	0.9%	0.7%	1.1%
Disposal of assets related to Critical Power	0.6%	---	---	0.3%	---
Amortization and depreciation of acquired assets	0.3%	0.3%	0.5%	0.3%	0.5%
Gross margin (Non-GAAP)	<u>26.7%</u>	<u>28.4%</u>	<u>33.9%</u>	<u>27.5%</u>	<u>35.1%</u>

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating expenses (GAAP)	146,630	128,094	100,633	274,724	196,579
Stock-based compensation - R&D	(16,819)	(14,985)	(9,805)	(31,804)	(18,603)
Stock-based compensation - S&M	(7,047)	(6,701)	(5,780)	(13,748)	(11,215)
Stock-based compensation - G&A	(7,923)	(7,359)	(4,176)	(15,282)	(7,306)
Amortization and depreciation of acquired assets - R&D	(300)	(303)	(9)	(603)	(21)
Amortization and depreciation of acquired assets - S&M	(226)	(236)	(236)	(462)	(473)
Amortization and depreciation of acquired assets - G&A	(5)	(6)	(7)	(11)	(15)
Gain (loss) from assets sales and disposal	(8)	410	---	402	62
Other operating income (expenses)	(4,687)	---	859	(4,687)	(1,350)
Operating expenses (Non-GAAP)	109,615	98,914	81,479	208,529	157,658

	Reconciliation of GAAP to Non-GAAP Operating income				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating income (GAAP)	36,012	50,864	55,559	86,876	99,687
Revenues from finance component	(146)	(135)	(99)	(281)	(185)
Disposal of assets related to Critical Power	4,314	---	---	4,314	---
Stock-based compensation	37,074	34,107	24,052	71,181	47,205
Amortization and depreciation of acquired assets	2,716	2,764	2,653	5,480	5,222
Loss (gain) from assets sales and disposal	8	(410)	---	(402)	(62)
Other operating (income) expenses	4,687	---	(859)	4,687	1,350
Operating income (Non-GAAP)	84,665	87,190	81,306	171,855	153,217

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Financial expenses (income), net				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Financial income (expense), net (GAAP)	(14,311)	(5,449)	(1,743)	(19,760)	(7,840)
Notes due 2025	728	728	726	1,456	1,450
Non cash interest	1,699	1,609	1,439	3,308	2,775
Currency fluctuation related to lease standard	(9,028)	(1,792)	1,300	(10,820)	(989)
Financial income (expense), net (non-GAAP)	(20,912)	(4,904)	1,722	(25,816)	(4,604)
	Reconciliation of GAAP to Non-GAAP Tax on income				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Income tax benefit (expense) (GAAP)	(6,617)	(12,292)	(8,724)	(18,909)	(16,679)
Deferred taxes	(389)	(1,201)	(1,789)	(1,590)	(3,930)
Income tax benefit (expense) (Non-GAAP)	(7,006)	(13,493)	(10,513)	(20,499)	(20,609)

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income (GAAP)	15,084	33,123	45,092	48,207	75,168
Revenues from finance component	(146)	(135)	(99)	(281)	(185)
Disposal of assets related to Critical Power	4,314	----	----	4,314	----
Stock-based compensation	37,074	34,107	24,052	71,181	47,205
Amortization and depreciation of acquired assets	2,716	2,764	2,653	5,480	5,222
Loss (gain) from assets sales and disposal	8	(410)	----	(402)	(62)
Other operating (income) expenses	4,687	----	(859)	4,687	1,350
Notes due 2025	728	728	726	1,456	1,450
Non cash interest	1,699	1,609	1,439	3,308	2,775
Currency fluctuation related to lease standard	(9,028)	(1,792)	1,300	(10,820)	(989)
Deferred taxes	(389)	(1,201)	(1,789)	(1,590)	(3,930)
Net income (Non-GAAP)	56,747	68,793	72,515	125,540	128,004

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net basic EPS				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net basic earnings per share (GAAP)	0.27	0.62	0.87	0.89	1.45
Revenues from finance component	0.00	0.00	(0.01)	(0.01)	(0.01)
Disposal of assets related to Critical Power	0.08	----	----	0.08	----
Stock-based compensation	0.67	0.64	0.47	1.31	0.91
Amortization and depreciation of acquired assets	0.04	0.05	0.05	0.10	0.10
Loss (gain) from assets sales and disposal	(0.00)	(0.00)	----	(0.00)	0.00
Other operating (income) expenses	0.09	----	(0.02)	0.08	0.03
Notes due 2025	0.01	0.01	0.01	0.03	0.03
Non cash interest	0.03	0.03	0.03	0.06	0.05
Currency fluctuation related to lease standard	(0.16)	(0.03)	0.03	(0.20)	(0.02)
Deferred taxes	(0.01)	(0.03)	(0.04)	(0.03)	(0.07)
Net basic earnings per share (Non-GAAP)	1.02	1.29	1.39	2.31	2.47

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net diluted earnings per share (GAAP)	0.26	0.60	0.82	0.86	1.36
Revenues from finance component	0.00	0.00	(0.01)	(0.01)	0.00
Disposal of assets related to Critical Power	0.08	---	---	0.08	---
Stock-based compensation	0.62	0.58	0.42	1.20	0.81
Amortization and depreciation of acquired assets	0.04	0.05	0.04	0.10	0.09
Loss (gain) from assets sales and disposal	0.00	(0.01)	---	(0.01)	0.00
Other operating (income) expenses	0.08	---	(0.01)	0.08	0.03
Notes due 2025	0.00	0.01	0.00	0.01	0.00
Non cash interest	0.03	0.02	0.03	0.05	0.05
Currency fluctuation related to lease standard	(0.15)	(0.03)	0.02	(0.18)	(0.01)
Deferred taxes	(0.01)	(0.02)	(0.03)	(0.03)	(0.07)
Net diluted earnings per share (Non-GAAP)	0.95	1.20	1.28	2.15	2.26

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Number of shares used in computing net diluted earnings per share (GAAP)	58,564,734	56,315,193	55,930,562	57,446,416	55,965,369
Stock-based compensation	904,781	927,219	780,309	916,000	773,248
Number of shares used in computing net diluted earnings per share (Non-GAAP)	59,469,515	57,242,412	56,710,871	58,362,416	56,738,617