
First Quarter 2023 Earnings Summary

May 3rd, 2023

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.

First Quarter 2023 Key Metrics

329.7K
Inverters Shipped

6.4M
Power Optimizers
Shipped

221.2MW/h
Batteries Capacity Shipped

3.6GW
Systems Shipped

\$943.9M
GAAP Revenues

First Quarter Financial Results

- Record GAAP revenue of \$943.9 million
- Record revenue from solar segment of \$908.5 million
- Revenues from non-solar segment of \$35.2 million
- GAAP gross margin of 31.8%
- Non-GAAP gross margin of 32.6%
- Gross margin from sales of solar segment 35%
- Record Non-GAAP operating income of \$183.8 million
- Record operating profit from solar segment of \$206.7 million
- Record GAAP net income of \$138.4 million
- Record non-GAAP net income of \$174.5 million
- Record GAAP net diluted earnings per share of \$2.35
- Record Non-GAAP net diluted earnings per share of \$2.90
- Cash flow from operation of \$7.9 million
- Total cash and investments, net of debt, \$1.0 billion

Noteworthy

- Record GAAP revenues of \$943.9 million, up 6% q/q and 44% from the same quarter last year
- Record revenues in solar segment of \$908.5 million, up 9% q/q and 49% from same quarter last year
- Record quarterly solar revenues in Germany, Austria, Switzerland, France, South Africa and Australia
- Strong operational quarter with healthy gross margins yielding record operating and net profit
- Record shipments of more than 3.6GW of inverters
- Record shipments of 2.1 GW of C&I inverters, a 39% increase q/q
- Continued improvement in component availability, manufacturing capacity and logistics, yielding record output of inverters and optimizers
- Progressing with execution of plan for U.S manufacturing, expecting initial products in Q3 2023

Quarterly GAAP Financial Results

USD in millions*	Q1 22	Q4 22	Q1 23
Revenues	655.1	890.7	943.9
Gross margin	27.3%	29.3%	31.8%
Operating expenses	128.1	266.2	156.0
Operating income	50.1	(5.2)	144.2
Net income	33.1	20.8	138.4
Net diluted earnings per share	0.60	0.36	2.35

* With the exception of gross margin and per share data

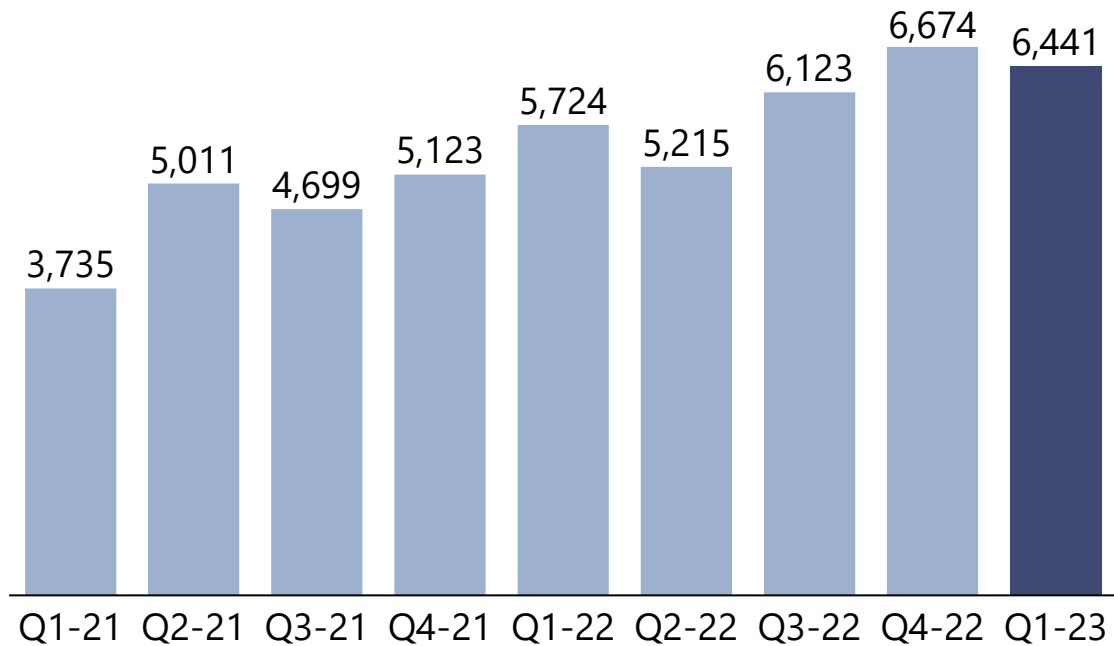
Quarterly Non-GAAP Financial Results

USD in millions*	Q1 22	Q4 22	Q1 23
Revenues	654.9	890.5	943.7
Gross margin	28.4%	30.2%	32.6%
Operating expenses	98.9	119.0	123.6
Operating income	87.2	149.6	183.8
Net income	68.8	171.5	174.5
Net diluted earnings per share	1.20	2.86	2.90

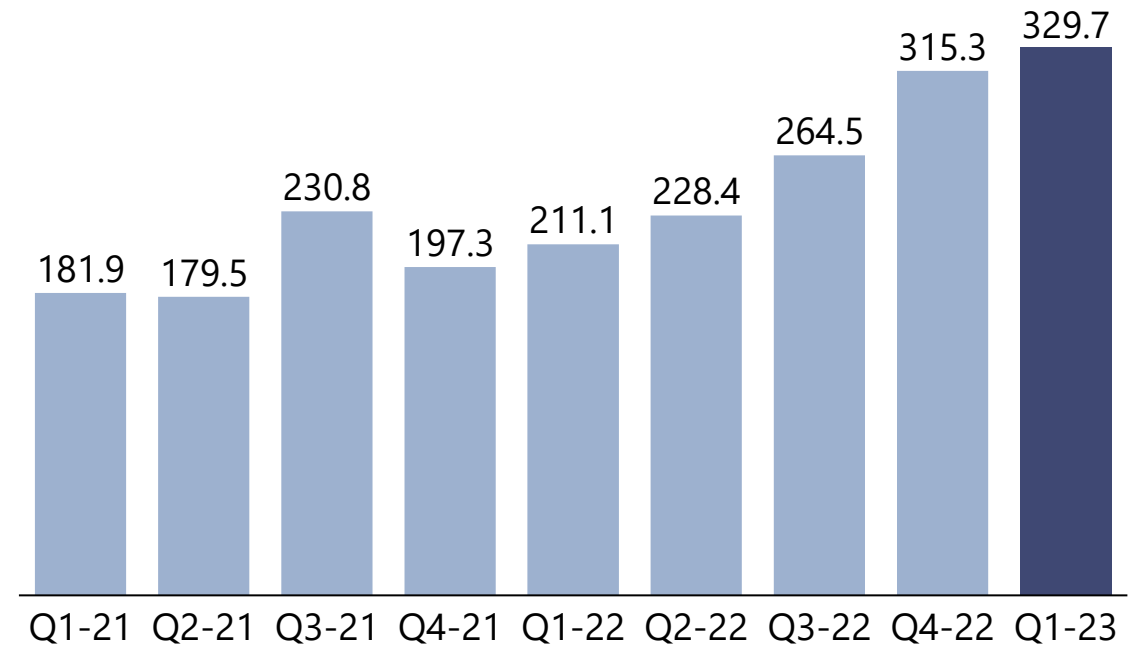
* With the exception of gross margin and per share data

Units Shipped by Quarter

Power optimizers

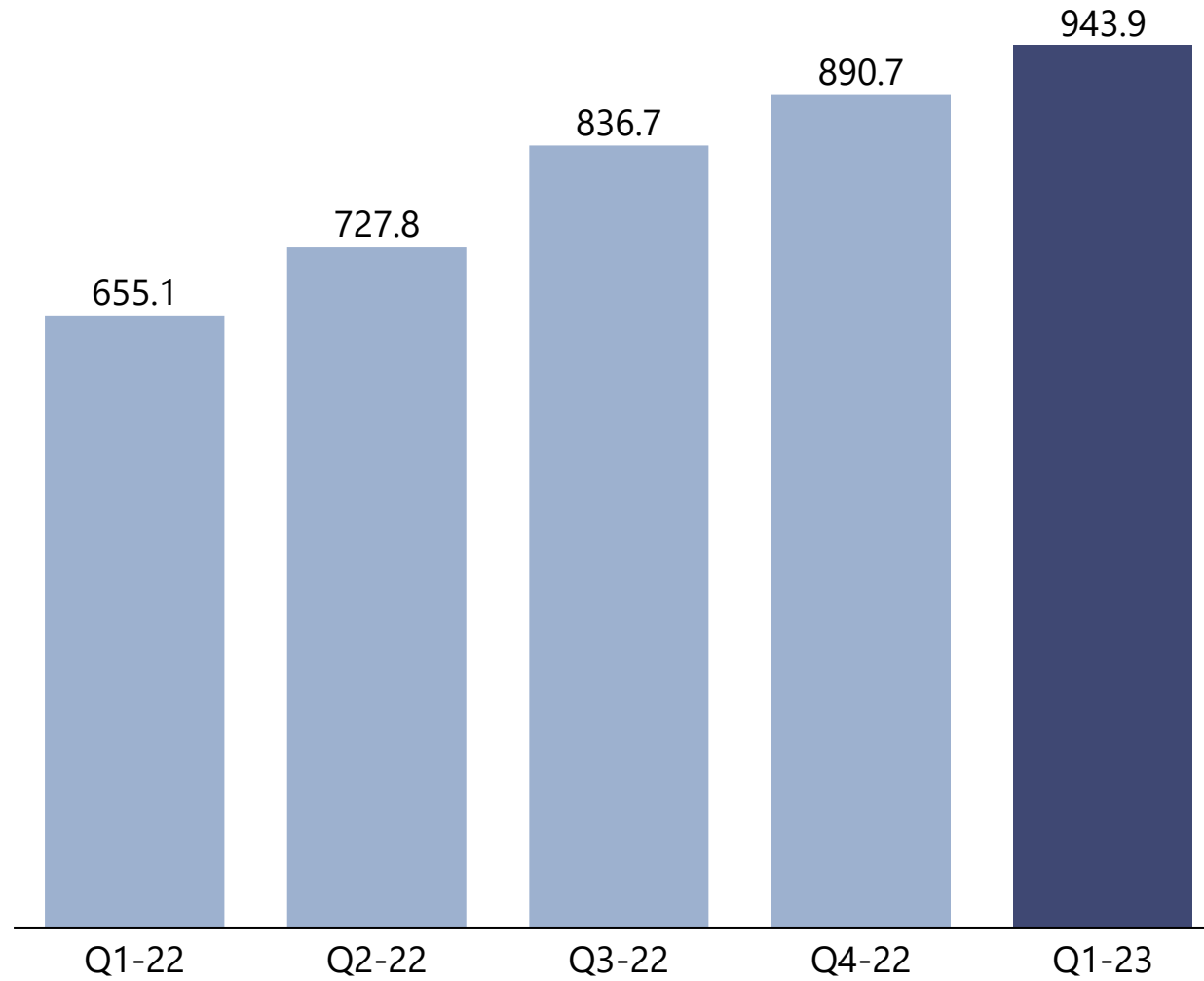


Inverters



units in thousands

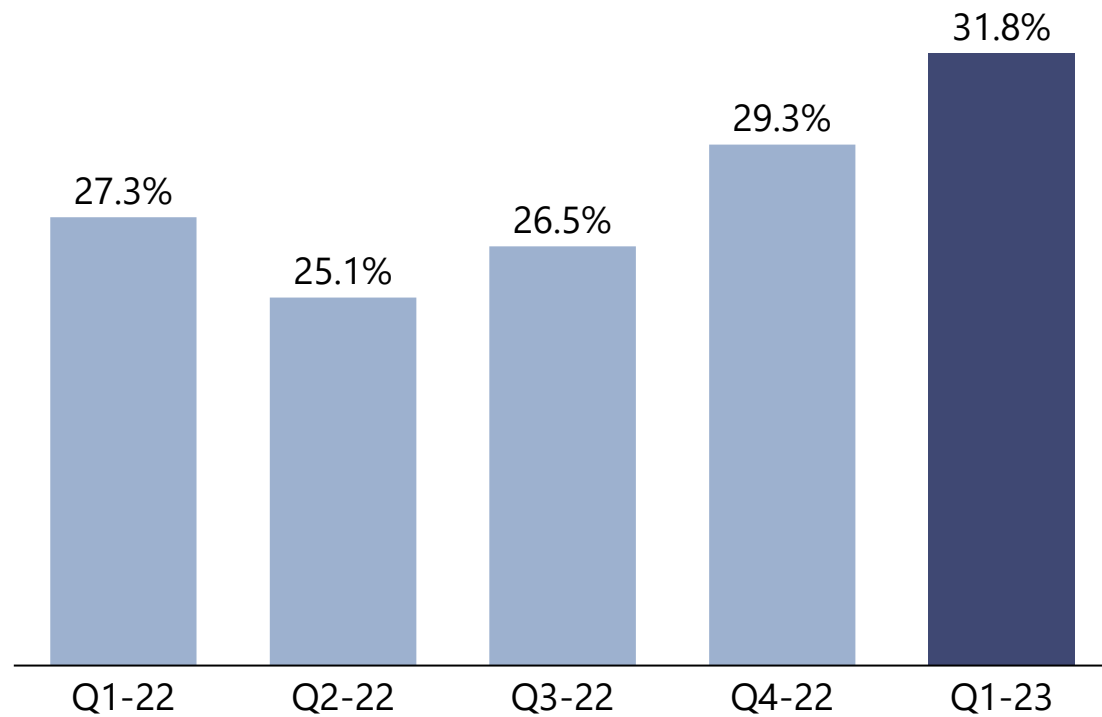
Quarterly GAAP Revenues



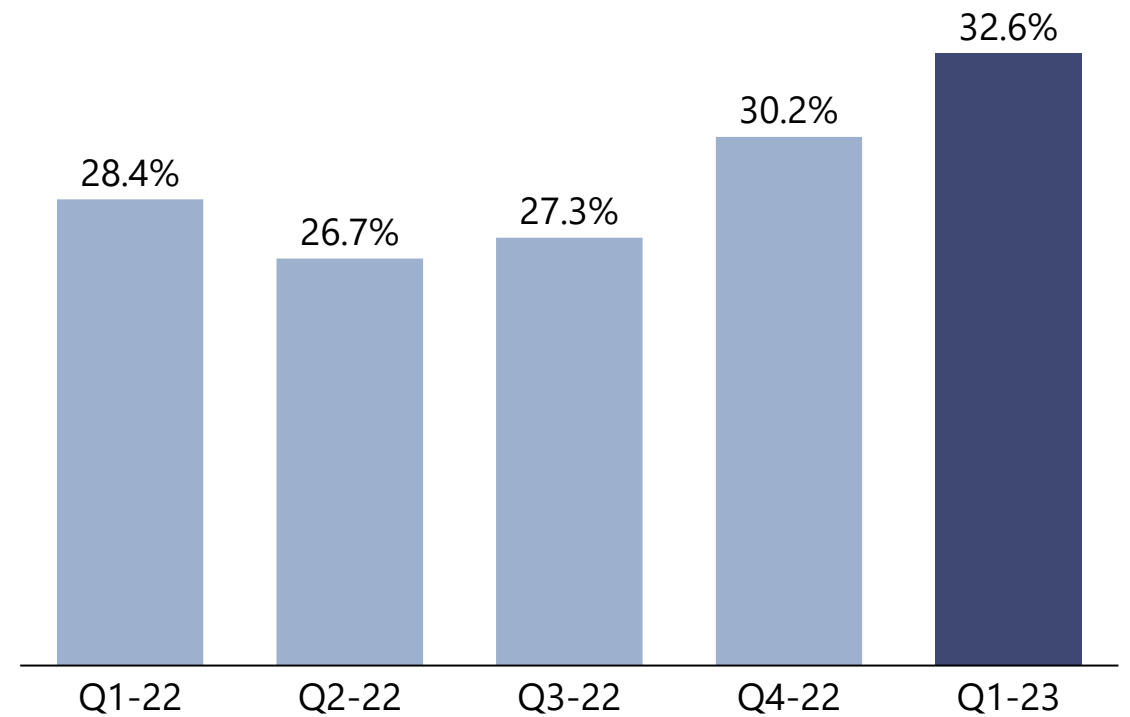
in USD millions

Gross Margin by Quarter

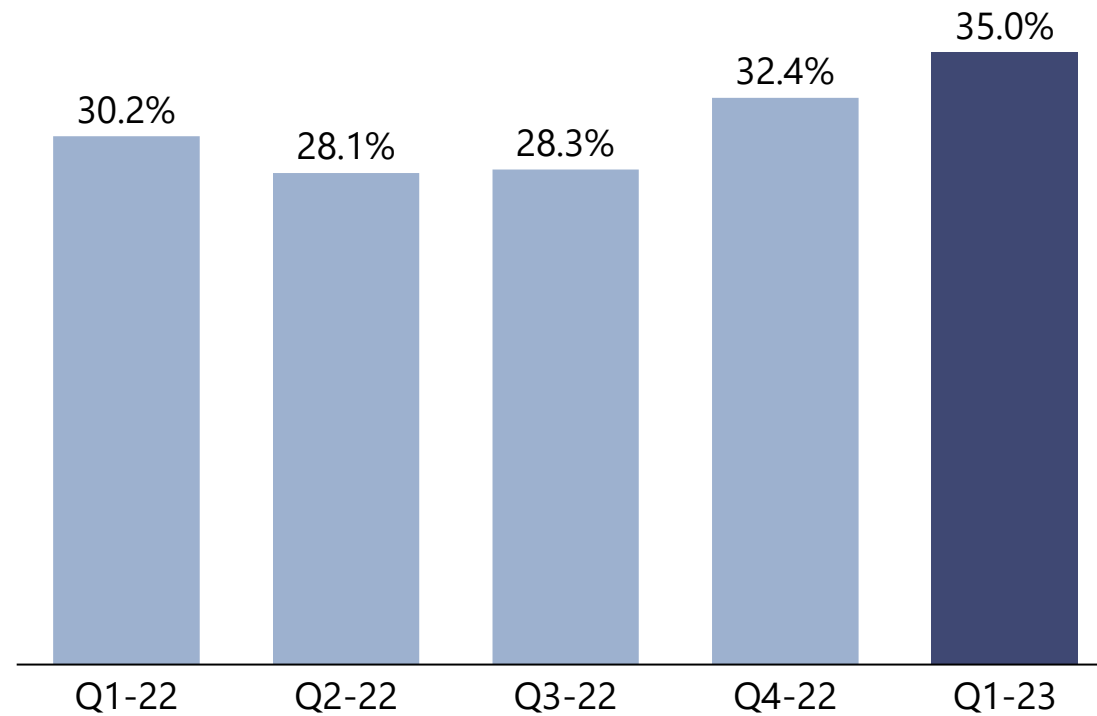
GAAP



Non-GAAP

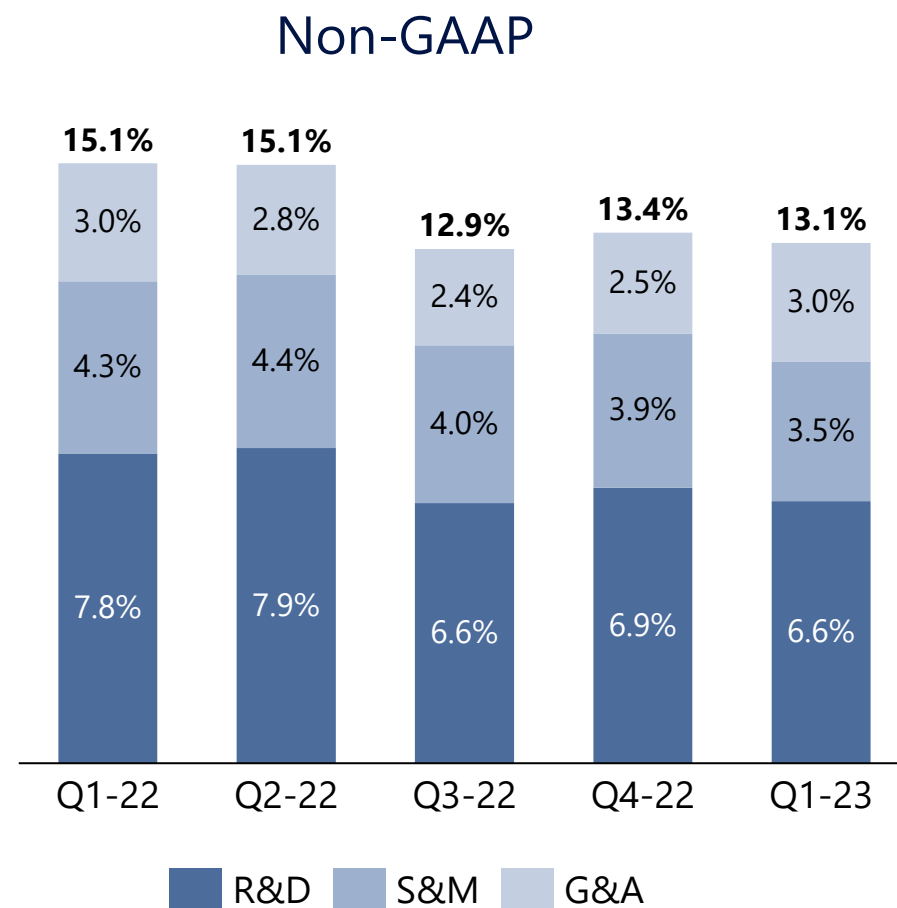
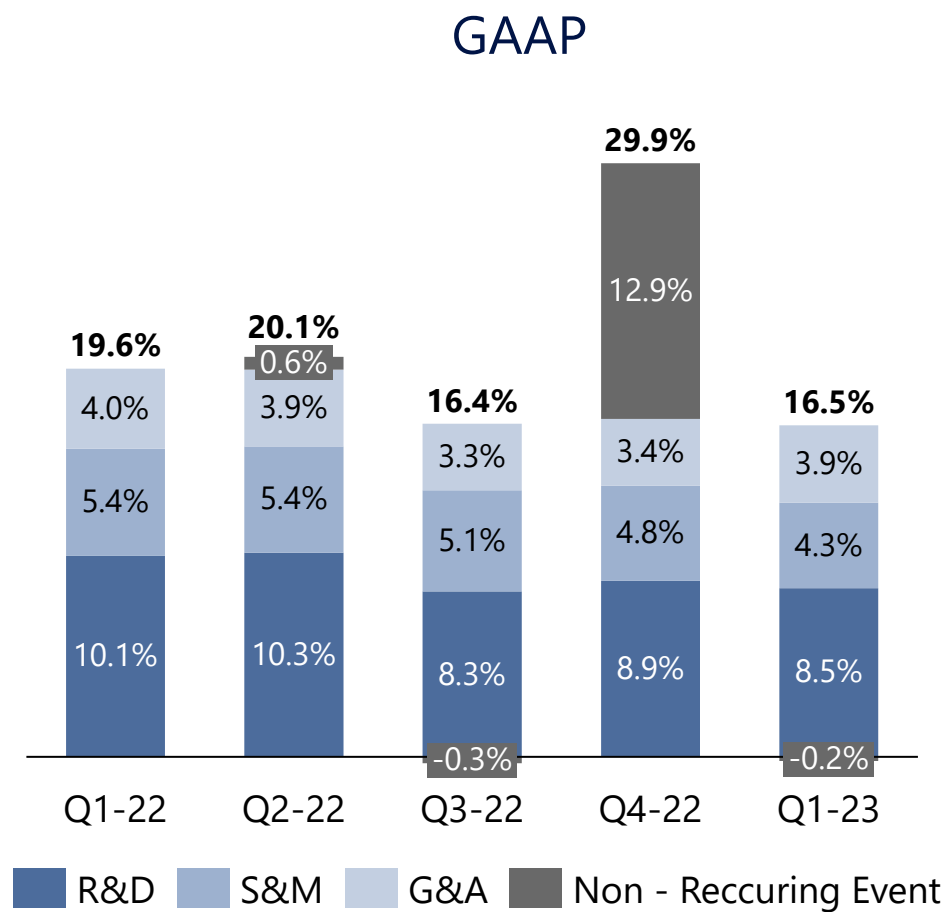


Solar Segment Gross Margin by Quarter

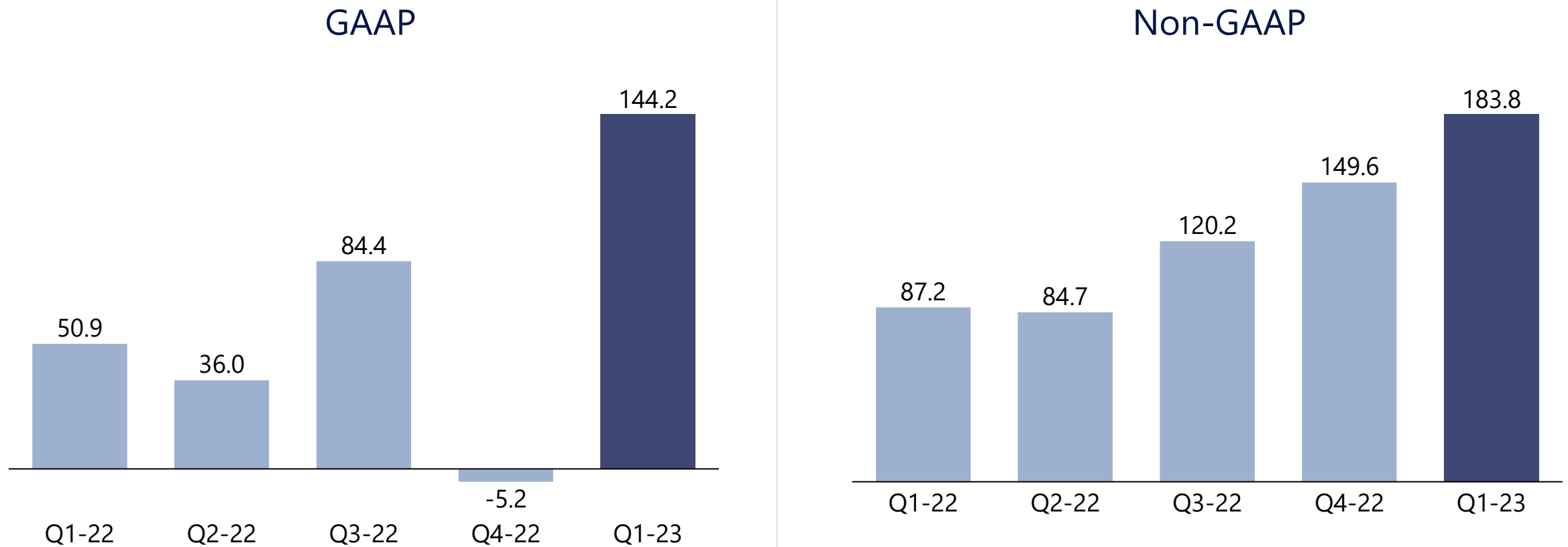


% of revenues

Consolidated Operating Expenses by Quarter

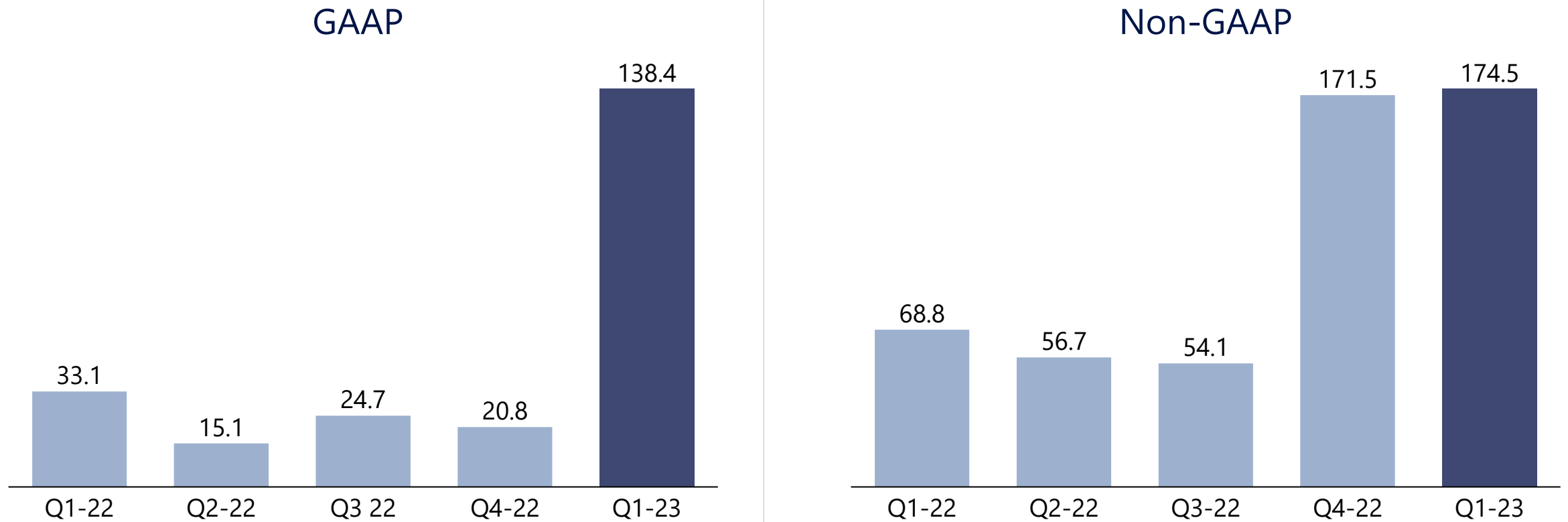


Consolidated Operating Income by Quarter



USD millions

Consolidated Net Income by Quarter



USD millions

Balance Sheet & Cash flow

USD in millions	Q1 22	Q4 22	Q1 23
Cash and investments	1,612.8	1,671.6	1,648.1
Total Debt	633.8	633.6	633.6
Cash and Investments Net of Debt	979.0	1,038.0	1,014.5
Inventory	432.5	729.2	874.2
Capital Expenditures, Net	41.5	43.6	38.1
Cash Flow From Operations	(163.0)	111.3	7.9

Second Quarter Guidance

- Revenue to be within the range of \$970 million to \$1,010 million
- Non-GAAP gross margin expected to be within the range of 32% to 35%
- Non-GAAP operating profit expected to be within the range of \$195 million to \$215 million
- Revenue from solar segment to be within the range of \$930 million to \$980 million
- Gross margin for the of solar segment expected to be within the range of 34% to 37%

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		
	March 31, 2023	December 31, 2022	March 31, 2022
Gross profit (GAAP)	300,126	261,047	178,958
Revenues from finance component	(187)	(174)	(135)
Stock-based compensation	5,927	6,810	5,062
Amortization and depreciation of acquired assets	1,515	961	2,219
Gross profit (Non-GAAP)	307,381	268,644	186,104

Reconciliation of GAAP to Non-GAAP Gross Margin

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Gross margin (GAAP)	31.8%	29.3%	27.3%
Revenues from finance component	0.0%	0.0%	0.0%
Stock-based compensation	0.6%	0.8%	0.8%
Amortization and depreciation of acquired assets	0.2%	0.1%	0.3%
Gross margin (Non-GAAP)	32.6%	30.2%	28.4%

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Operating expenses

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Operating expenses (GAAP)	155,972	266,210	128,094
Stock-based compensation - R&D	(17,209)	(16,854)	(14,985)
Stock-based compensation - S&M	(8,079)	(7,928)	(6,701)
Stock-based compensation - G&A	(8,020)	(7,015)	(7,359)
Amortization and depreciation of acquired assets - R&D	(313)	(301)	(303)
Amortization and depreciation of acquired assets - S&M	(181)	(173)	(236)
Amortization and depreciation of acquired assets - G&A	(26)	(4)	(6)
Assets impairment	---	(114,473)	---
Gain (loss) from assets sales and disposal	(412)	(93)	410
Other items	1,846	(359)	---
Operating expenses (Non-GAAP)	123,578	119,010	98,914

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

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Operating income (loss) (GAAP)	144,154	(5,163)	50,864
Revenues from finance component	(187)	(174)	(135)
Stock-based compensation	39,235	38,607	34,107
Amortization and depreciation of acquired assets	2,035	1,439	2,764
Assets impairment	---	114,473	---
Loss (gain) from assets sales and disposal	412	93	(410)
Other items	(1,846)	359	---
Operating income (Non-GAAP)	183,803	149,634	87,190

Reconciliation of GAAP to Non-GAAP

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

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Financial income (expense), net (GAAP)	23,674	56,101	(5,449)
Notes due 2025	731	730	728
Non cash interest	2,161	1,955	1,609
Unrealized losses (gains)	---	(170)	---
Currency fluctuation related to lease standard	(2,519)	749	(1,792)
Financial income (expense), net (Non-GAAP)	24,047	59,365	(4,904)

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

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Other income (loss) (GAAP)	(125)	186	---
Gain from sale of investment in privately-held company	---	(186)	---
Other income (loss) (Non-GAAP)	(125)	---	---

Reconciliation of GAAP to Non-GAAP Tax on income

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Income tax benefit (expense) (GAAP)	(29,325)	(30,295)	(12,292)
Income tax adjustment	(3,901)	(7,186)	(1,201)
Income tax benefit (expense) (Non-GAAP)	(33,226)	(37,481)	(13,493)

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income		
	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net income (GAAP)	138,378	20,829	33,123
Revenues from finance component	(187)	(174)	(135)
Stock-based compensation	39,235	38,607	34,107
Amortization and depreciation of acquired assets	2,035	1,439	2,764
Assets impairment	----	114,473	----
Loss (gain) from assets sales and disposal	412	93	(410)
Other items	(1,846)	359	----
Notes due 2025	731	730	728
Non cash interest	2,161	1,955	1,609
Unrealized losses (gains)	----	(170)	----
Currency fluctuation related to lease standard	(2,519)	749	(1,792)
Gain from sale of investment in privately-held company	----	(186)	----
Income tax adjustment	(3,901)	(7,186)	(1,201)
Net income (Non-GAAP)	174,499	171,518	68,793

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net basic EPS

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net basic earnings per share (GAAP)	2.46	0.37	0.62
Revenues from finance component	0.00	0.00	0.00
Stock-based compensation	0.70	0.69	0.64
Amortization and depreciation of acquired assets	0.03	0.02	0.05
Assets impairment	----	2.05	----
Loss (gain) from assets sales and disposal	0.01	0.00	(0.00)
Other items	(0.03)	0.01	----
Notes due 2025	0.01	0.01	0.01
Non cash interest	0.04	0.04	0.03
Unrealized losses (gains)	----	(0.01)	----
Currency fluctuation related to lease standard	(0.05)	0.02	(0.03)
Gain from sale of investment in privately-held company	----	(0.01)	----
Income tax adjustment	(0.07)	(0.13)	(0.03)
Net basic earnings per share (Non-GAAP)	3.10	3.06	1.29

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net diluted earnings per share (GAAP)	2.35	0.36	0.60
Revenues from finance component	(0.01)	0.00	0.00
Stock-based compensation	0.62	0.64	0.58
Amortization and depreciation of acquired assets	0.03	0.02	0.05
Assets impairment	---	1.91	---
Loss (gain) from assets sales and disposal	0.01	0.00	---
Other items	(0.03)	0.01	(0.01)
Notes due 2025	0.00	0.00	0.01
Non cash interest	0.04	0.03	0.02
Unrealized losses (gains)	---	0.00	---
Currency fluctuation related to lease standard	(0.04)	0.01	(0.03)
Gain from sale of investment in privately-held company	---	0.00	---
Income tax adjustment	(0.07)	(0.12)	(0.02)
Net diluted earnings per share (Non-GAAP)	2.90	2.86	1.20

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
per share (GAAP)	59,193,831	58,734,719	56,315,193
Stock-based compensation	939,571	1,237,266	927,219
per share (Non-GAAP)	60,133,402	59,971,985	57,242,412