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# First Quarter 2022 Earnings Summary

May 02, 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.

# First Quarter 2022 Key Metrics

**5.7M**

Power Optimizers  
Shipped

**211.1K**

Inverters Shipped

**2.1 GW**

Systems Shipped

**\$655.1M**

GAAP Revenues

# Financial Results for Quarter

- Record GAAP revenue of \$655.1 million
- Record revenue from solar segment of \$608.0 million
- Revenues from non- solar segment of \$46.9 million
- GAAP gross margin of 27.3%
- Non-GAAP gross margin of 28.4%
- Gross margin from sales of solar segment 30.2%
- Non-GAAP operating income of \$87.2 million
- Operating profit from solar segment of \$98.7 million
- GAAP net income of \$33.1 million
- Non-GAAP net income of \$68.8 million
- GAAP net diluted earnings per share of \$0.60
- Non-GAAP net diluted earnings per share of \$1.20
- Cash flow used in operation of \$163.0 million
- Total cash and investments, net of debt, \$979.0 million

# Noteworthy

- Record GAAP quarterly revenues, for consolidated and for the solar business, growing quarter over quarter by over \$100 million
- Record quarterly revenues in the US and 14 European countries, including Netherlands, Italy, Poland and Switzerland
- Approximately 100MWh of batteries shipped in Q1, more than doubled quarter over quarter, expecting to cross 200MWh in Q2'22
- Growing demand for the SolarEdge Home self consumption products, including EV chargers, meters and inverter-controlled water heaters
- As planned, delivered optimizers and inverters from the Mexico factory into the US, ramp will continue in Q2'22
- Experiencing very high demand across all regions and all product lines while managing operational challenges related to these growth rates and the global supply chain environment
- Record shipments of powertrain units from the eMobility business

# GAAP Quarterly Financial Results

USD in millions*	Q1 21	Q4 21	Q1 22
Revenues	405.5	551.9	655.1
Gross margin	34.5%	29.1%	27.3%
Operating expenses	95.9	119.5	128.1
Operating income	44.1	41.0	50.1
Net income	30.1	41.0	33.1
Net diluted earnings per share	0.55	0.74	0.60

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

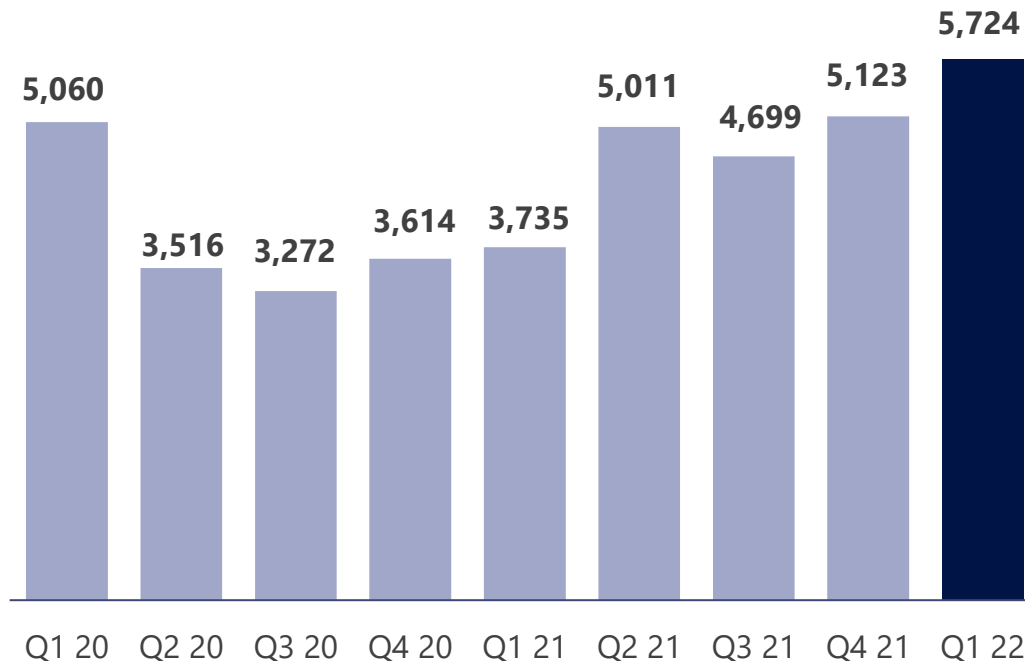
# NON-GAAP Quarterly Financial Results

USD in millions*	Q1 21	Q4 21	Q1 22
Revenues	405.4	551.8	654.9
Gross margin	36.5%	30.3%	28.4%
Operating expenses	76.2	94.1	98.9
Operating income	71.9	72.9	87.2
Net income	55.5	62.8	68.8
Net diluted earnings per share	0.98	1.10	1.20

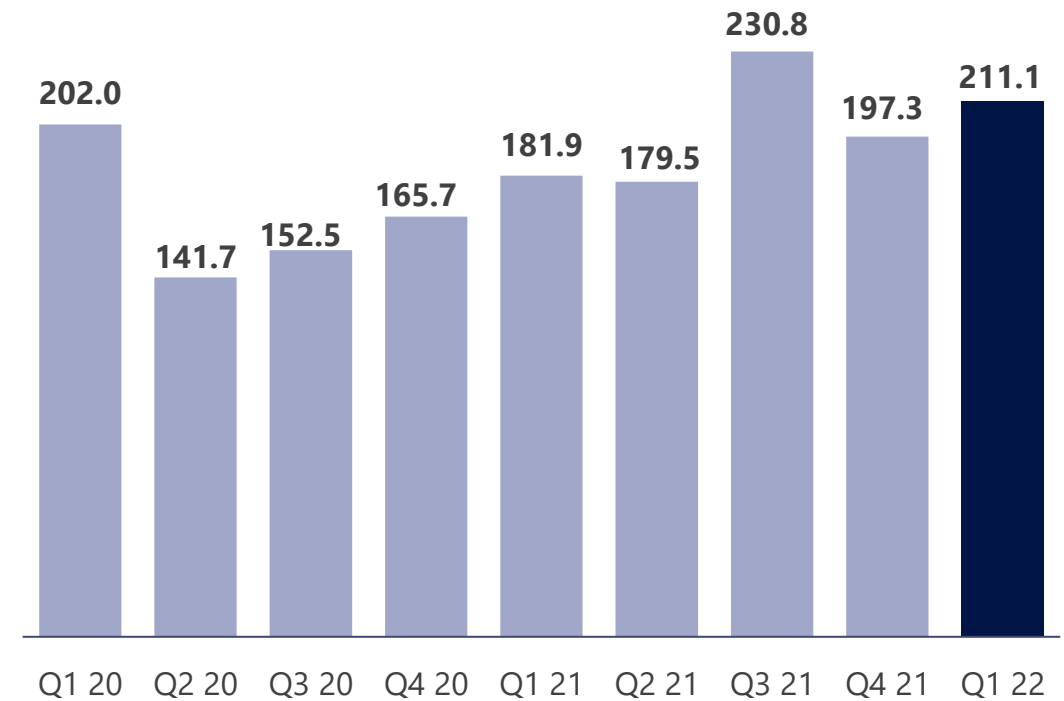
\* With the exception of gross margin and per share data

# Units Shipped

## Power optimizers



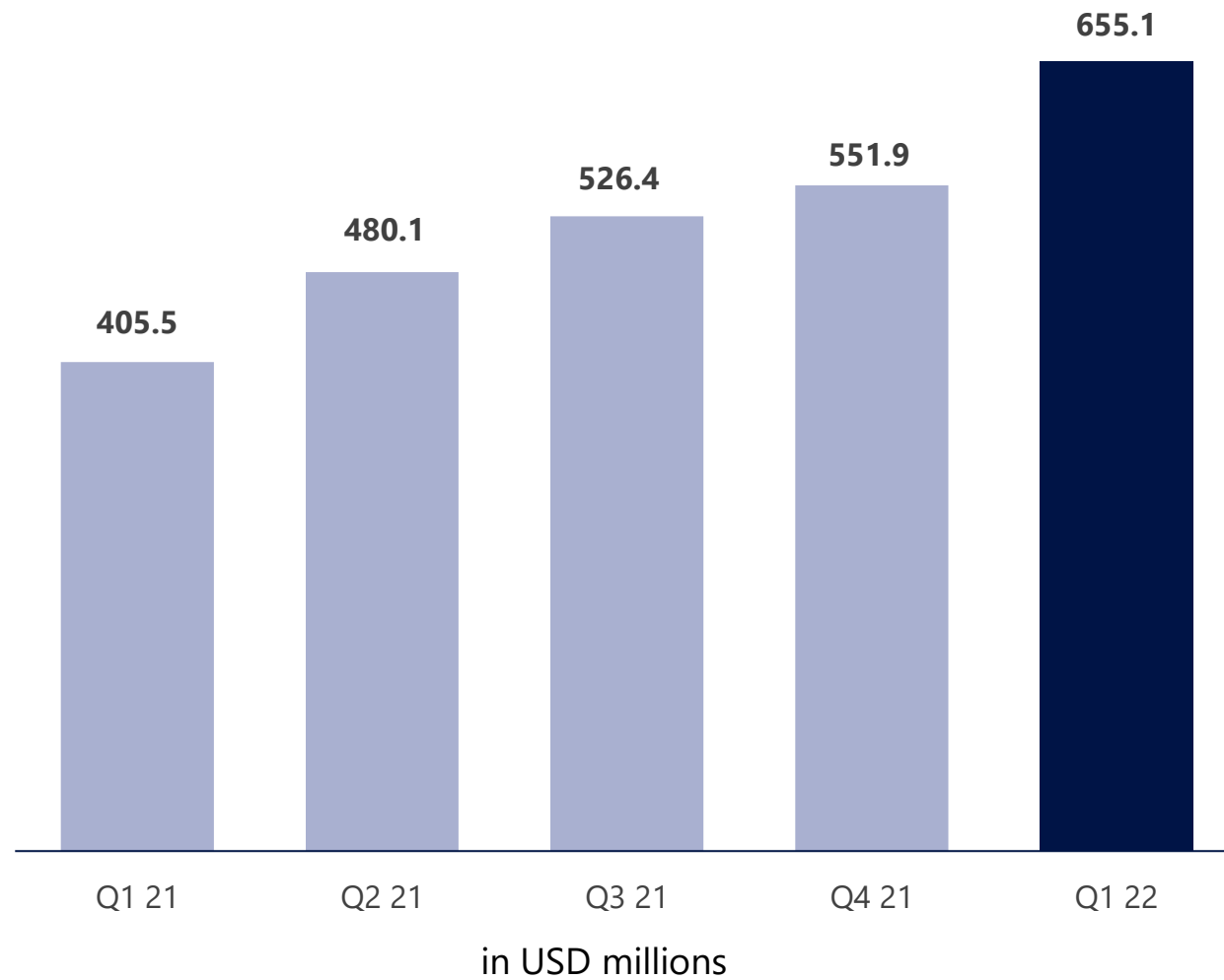
## Inverters



units in thousands

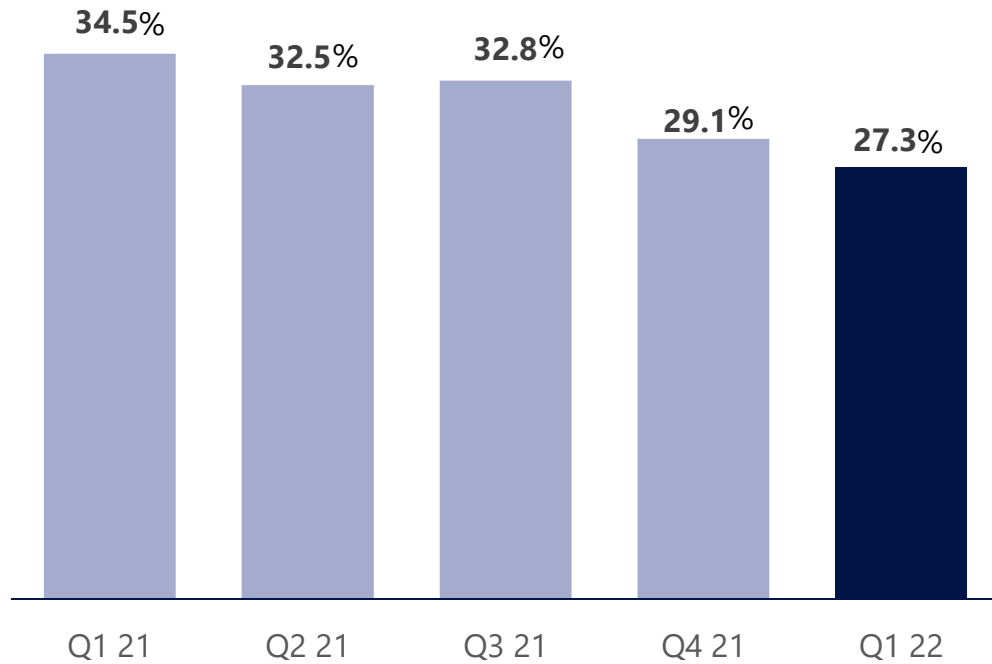


# GAAP Revenues

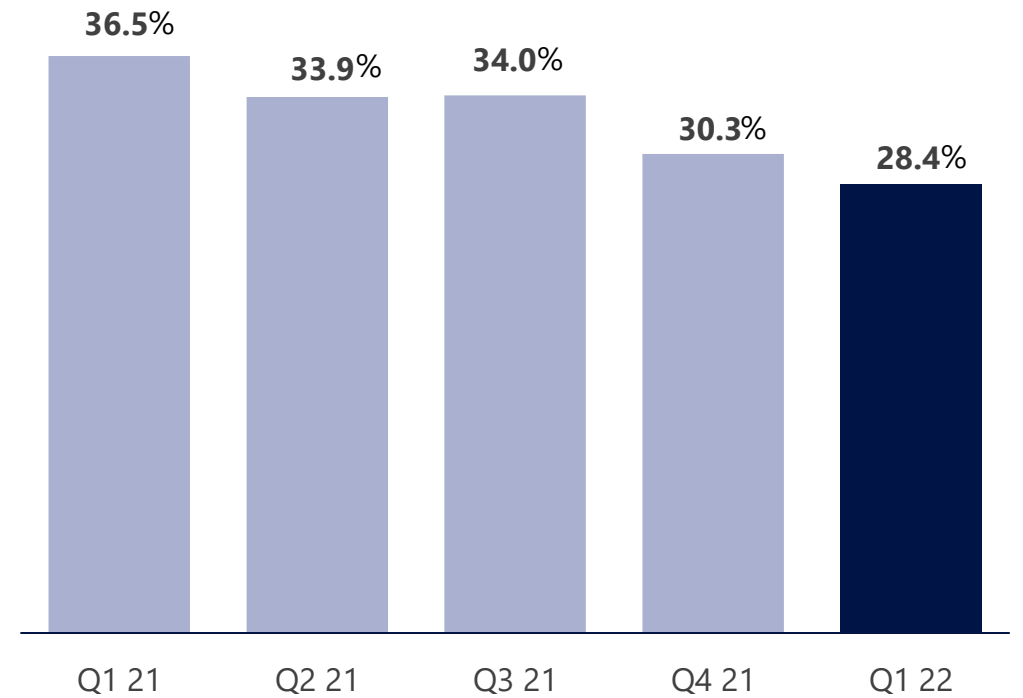


# Gross Margin

## GAAP

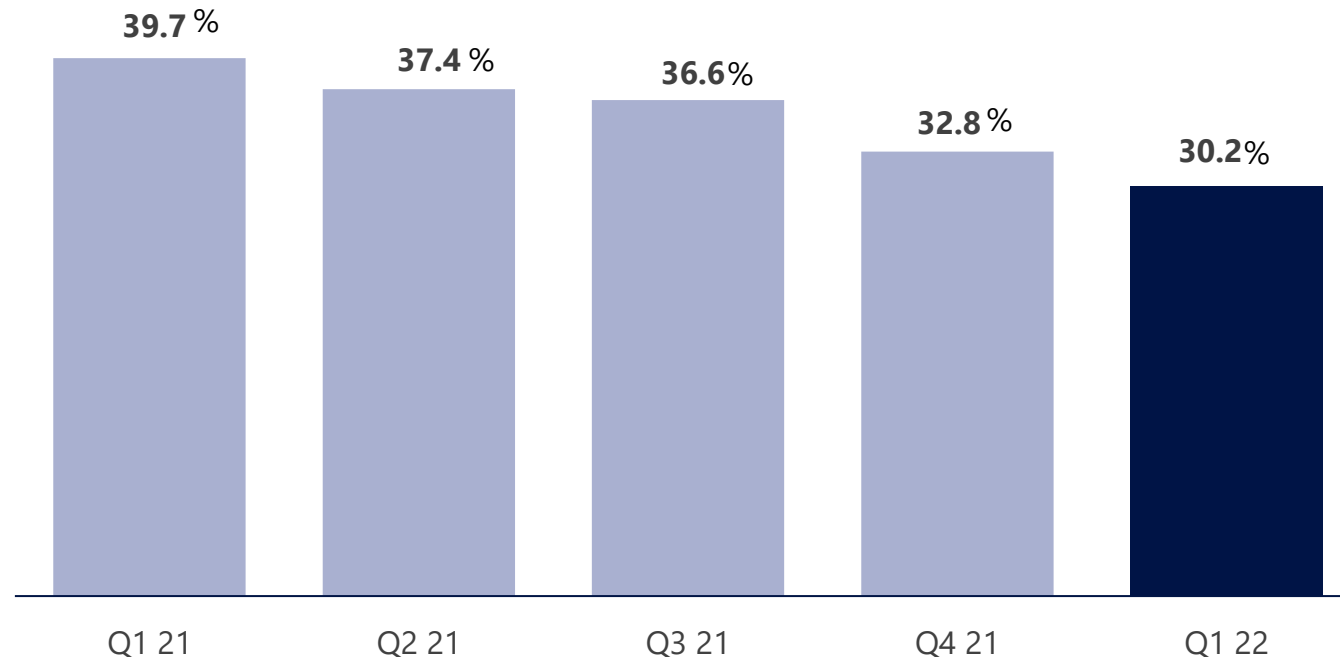


## Non-GAAP



% of revenues

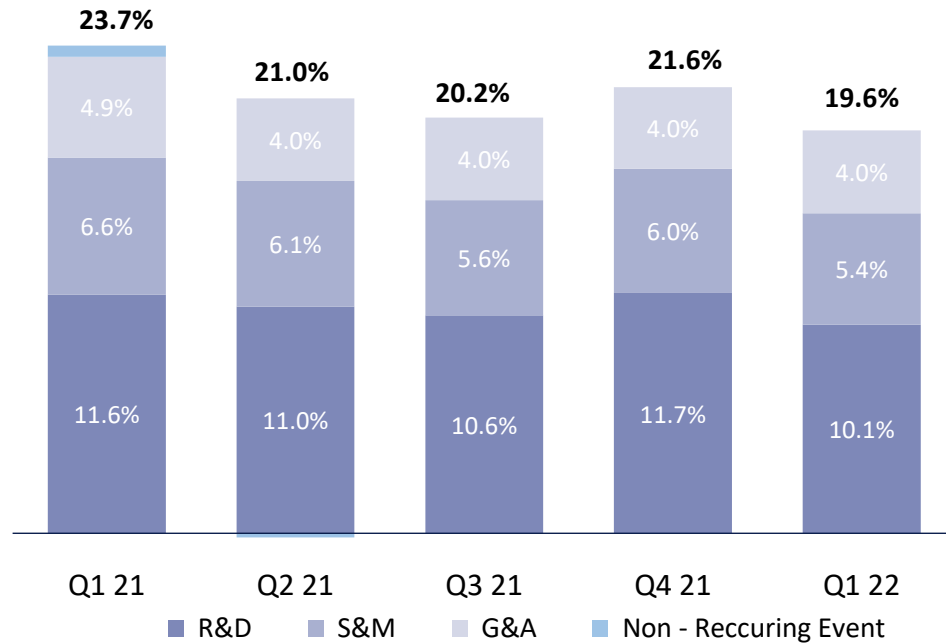
# Solar Segment Gross Margin



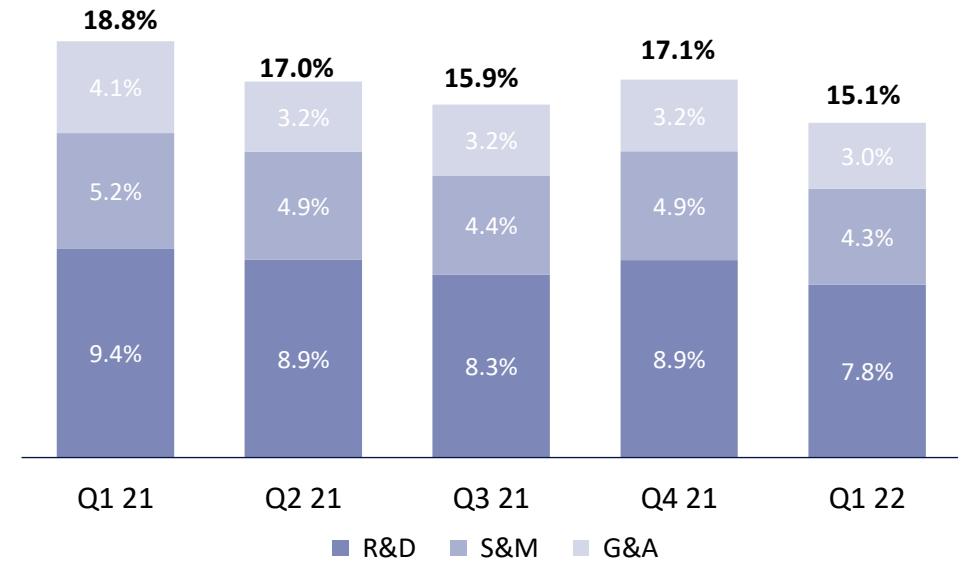
% of revenues

# Consolidated Operating Expenses

## GAAP



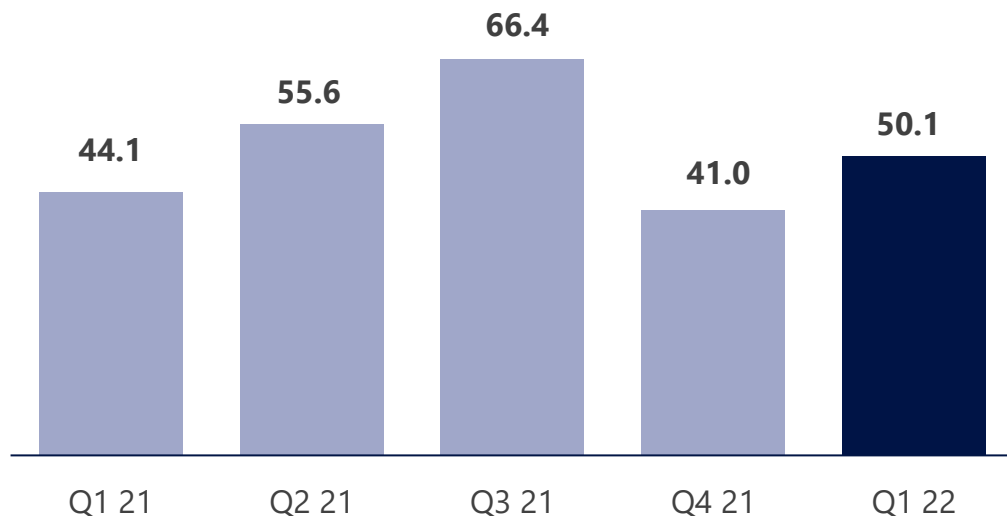
## Non-GAAP



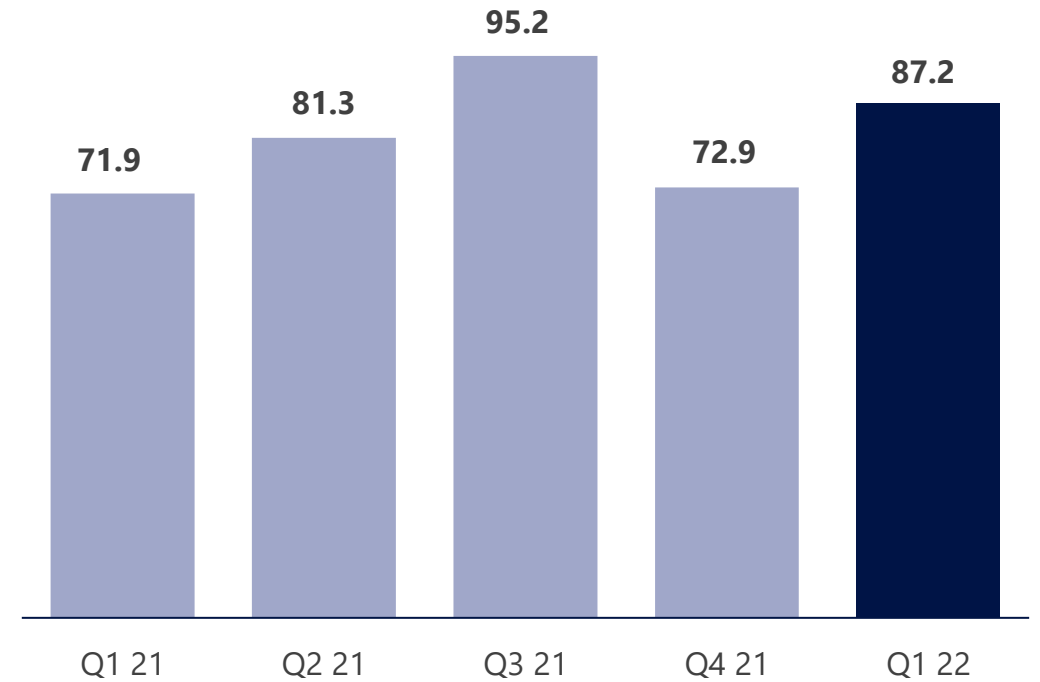
% of revenues

# Consolidated Operating Income

## GAAP



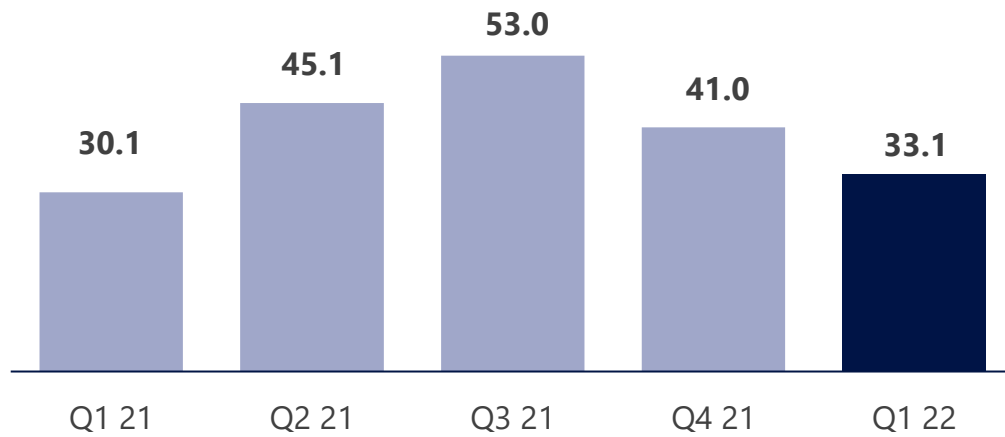
## Non-GAAP



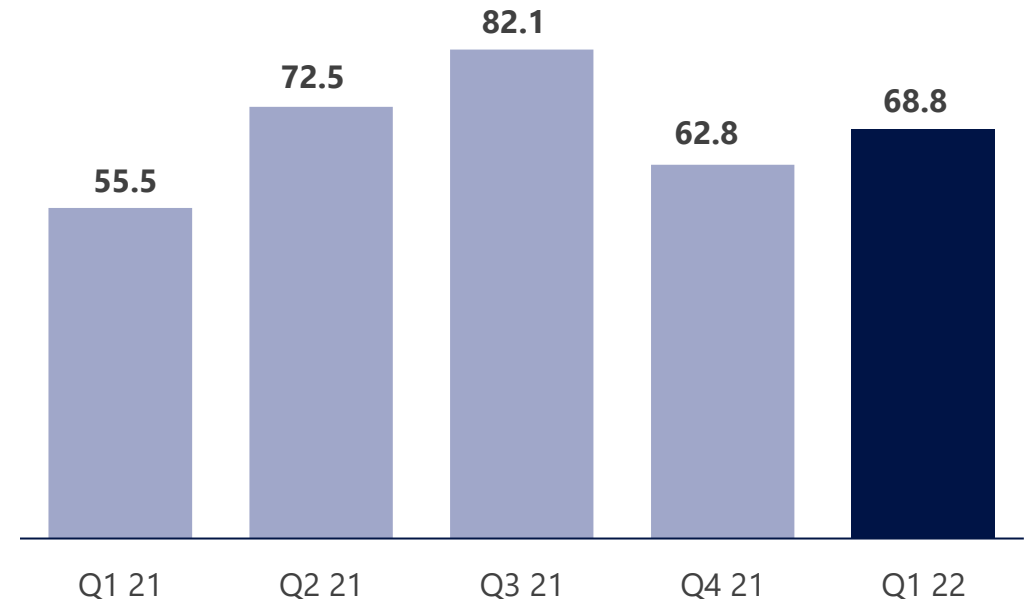
USD millions

# Consolidated Net Income

GAAP



Non-GAAP



USD millions

# Balance Sheet & Cash flow

USD in millions	Q1 21	Q4 21	Q1 22
Cash and investments	1,165.2	1,181.9	1,612.8
Total Debt*	650.0	633.9	633.8
Cash and Investments Net of Debt	515.2	548.0	979.0
Inventory	340.0	380.1	432.5
Capital Expenditures	24.0	57.4	41.5
Cash Flow From Operations	24.1	89.6	(163.0)

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

# Second Quarter Guidance

- Revenue to be within the range of \$710 million to \$740 million
- Non-GAAP gross margin expected to be within the range of 26% to 29%
- Revenue from solar segment to be within the range of \$660 million to \$690 million
- Gross margin for the of 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

	<b>Reconciliation of GAAP to Non-GAAP Gross Profit</b>		
	<b>Three months ended</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Gross profit (GAAP)</b>	178,958	160,491	140,074
Revenues from finance component	(135)	(122)	(86)
Stock-based compensation	5,062	4,373	5,790
Cost of product adjustment	----	----	----
Amortization and depreciation of acquired assets	2,219	2,272	2,312
<b>Gross profit (Non-GAAP)</b>	<b>186,104</b>	<b>167,014</b>	<b>148,090</b>

	<b>Reconciliation of GAAP to Non-GAAP Gross Margin</b>		
	<b>Three months ended</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Gross margin (GAAP)</b>	27.3%	29.1%	34.5%
Revenues from finance component	0.0%	0.0%	0.0%
Stock-based compensation	0.8%	0.8%	1.4%
Cost of product adjustment	----	----	----
Amortization and depreciation of acquired assets	0.3%	0.4%	0.6%
<b>Gross margin (Non-GAAP)</b>	<b>28.4%</b>	<b>30.3%</b>	<b>36.5%</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses		
	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Operating expenses (GAAP)</b>	128,094	119,453	95,946
Stock-based compensation - R&D	(14,985)	(14,872)	(8,798)
Stock-based compensation - S&M	(6,701)	(5,882)	(5,435)
Stock-based compensation - G&A	(7,359)	(4,076)	(3,130)
Amortization and depreciation of acquired assets - R&D	(303)	(302)	(12)
Amortization and depreciation of acquired assets - S&M	(236)	(225)	(237)
Amortization and depreciation of acquired assets - G&A	(6)	(6)	(8)
Gain (loss) from assets sales and disposal	410	18	62
Other operating income (expenses)	----	----	(2,209)
<b>Operating expenses (Non-GAAP)</b>	<b>98,914</b>	<b>94,108</b>	<b>76,179</b>

	Reconciliation of GAAP to Non-GAAP Operating income		
	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Operating income (GAAP)</b>	50,864	41,038	44,128
Revenues from finance component	(135)	(122)	(86)
Cost of product adjustment	----	----	----
Stock-based compensation	34,107	29,203	23,153
Amortization and depreciation of acquired assets	2,764	2,805	2,569
Loss (gain) from assets sales and disposal	(410)	(18)	(62)
Other operating (income) expenses	----	----	2,209
<b>Operating income (Non-GAAP)</b>	<b>87,190</b>	<b>72,906</b>	<b>71,911</b>

# Reconciliation of GAAP to Non-GAAP

	<b>Reconciliation of GAAP to Non-GAAP Financial expenses (income), net</b>		
	<b>Three months ended</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Financial income (expense), net (GAAP)</b>	(5,449)	(6,324)	(6,097)
Notes due 2025	728	727	724
Non cash interest	1,609	1,527	1,336
Unrealized gains/losses	----	(541)	----
Currency fluctuation related to lease standard	(1,792)	2,422	(2,289)
Amortization and depreciation of acquired assets	----	----	----
<b>Financial income (expense), net (non-GAAP)</b>	<b>(4,904)</b>	<b>(2,189)</b>	<b>(6,326)</b>
	<b>Reconciliation of GAAP to Non-GAAP Tax on income</b>		
	<b>Three months ended</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Income tax benefit (expense) (GAAP)</b>	(12,292)	6,240	(7,955)
Uncertain tax positions	----	(9,007)	----
Deferred taxes	(1,201)	(5,181)	(2,141)
<b>Income tax benefit (expense) (Non-GAAP)</b>	<b>(13,493)</b>	<b>(7,948)</b>	<b>(10,096)</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income		
	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Net income (GAAP)</b>	33,123	40,954	30,076
Revenues from finance component	(135)	(122)	(86)
Cost of product adjustment	----	----	----
Stock-based compensation	34,107	29,203	23,153
Amortization and depreciation of acquired assets	2,764	2,805	2,569
Loss (gain) from assets sales and disposal	(410)	(18)	(62)
Other operating (income) expenses	----	----	2,209
Notes due 2025	728	727	724
Non cash interest	1,609	1,527	1,336
Unrealized gains (losses)	----	(541)	----
Currency fluctuation related to lease standard	(1,792)	2,422	(2,289)
Uncertain tax positions	----	(9,007)	----
Deferred taxes	(1,201)	(5,181)	(2,141)
<b>Net income (Non-GAAP)</b>	<b>68,793</b>	<b>62,769</b>	<b>55,489</b>

# Reconciliation of GAAP to Non-GAAP

	<b>Reconciliation of GAAP to Non-GAAP Net basic EPS</b>		
	<b>Three months ended</b>		
	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Net basic earnings per share (GAAP)</b>	0.62	0.78	0.58
Revenues from finance component	0.00	0.00	----
Cost of product adjustment	----	----	----
Stock-based compensation	0.64	0.55	0.45
Amortization and depreciation of acquired assets	0.05	0.05	0.05
Loss (gain) from assets sales and disposal	(0.00)	(0.00)	(0.00)
Other operating (income) expenses	----	----	0.04
Notes due 2025	0.01	0.02	0.01
Non cash interest	0.03	0.03	0.03
Unrealized gains (losses)	----	(0.01)	----
Currency fluctuation related to lease standard	(0.03)	0.04	(0.05)
Uncertain tax positions	----	(0.17)	----
Deferred taxes	(0.03)	(0.10)	(0.04)
<b>Net basic earnings per share (Non-GAAP)</b>	<b>1.29</b>	<b>1.19</b>	<b>1.07</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net diluted EPS		
	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Net diluted earnings per share (GAAP)</b>	0.60	0.74	0.55
Revenues from finance component	0.00	0.00	----
Cost of product adjustment	----	----	----
Stock-based compensation	0.58	0.50	0.40
Amortization and depreciation of acquired assets	0.05	0.05	0.04
Loss (gain) from assets sales and disposal	(0.01)	(0.00)	(0.00)
Other operating (income) expenses	----	----	0.04
Notes due 2025	0.01	0.00	----
Non cash interest	0.02	0.03	0.03
Unrealized gains (losses)	0.00	(0.01)	----
Currency fluctuation related to lease standard	(0.03)	0.04	(0.04)
Uncertain tax positions	0.00	(0.16)	----
Deferred taxes	(0.02)	(0.09)	(0.04)
<b>Net diluted earnings per share (Non-GAAP)</b>	<b>1.20</b>	<b>1.10</b>	<b>0.98</b>

	Reconciliation of GAAP to Non-GAAP Net diluted EPS		
	Three months ended		
	March 31, 2022	December 31, 2021	March 31, 2021
<b>Number of shares used in computing net diluted earnings per share (GAAP)</b>	56,315,193	56,011,040	55,997,136
Stock-based compensation	927,219	894,079	766,187
Notes due 2025	----	----	----
<b>Number of shares used in computing net diluted earnings per share (Non-GAAP)</b>	<b>57,242,412</b>	<b>56,905,119</b>	<b>56,763,323</b>