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# Second Quarter 2023 Earnings Summary

August 1<sup>st</sup>, 2023

solar**edge**

# Safe Harbor

## Use of Forward-Looking Statements and Non-GAAP Measures

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: our possible or assumed future results of operations; future demands for solar energy solutions; business strategies; technology developments; financing and investment plans; dividend policy; competitive position; industry and regulatory environment; general economic conditions; potential growth opportunities; and the effects of competition. These forward-looking statements are often characterized by the use of words such as “anticipate,” “believe,” “could,” “seek,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or similar expressions and the negative or plural of those terms and other like terminology.

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. Forward-looking and other statements regarding our sustainability efforts and aspirations are not an indication that these statements are necessarily material to investors or requiring disclosure in our filing with the Securities and Exchange Commission (“SEC”). In addition, historical, current and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future, including future rule-making.

Factors that could cause actual results to differ materially from our expectations are described in the reports filed by SolarEdge with the SEC 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 cautions that the foregoing list of risks, uncertainties and other factors is not complete, and forward-looking statements speak only as of the date they are made. SolarEdge undertakes no duty to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law, regulation or other competent legal authority.

Included in this presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”) that are designed to supplement, and not substitute, SolarEdge’s financial information presented in accordance with GAAP. These measures include but are not limited to non-GAAP revenues, non-GAAP gross margin, non-GAAP operating expenses, including as percentage of revenues, non-GAAP net income and non-GAAP net earnings per share. The non-GAAP measures, as defined by SolarEdge, may not be comparable to similar non-GAAP measures presented by other companies. The Non-GAAP measures are presented in this presentation because we believe that they provide investors with a means of evaluating and understanding how SolarEdge’s management evaluates the company’s operating performance. The presentation of such measures, which may include adjustments to exclude non-recurring items, should not be construed as an inference of SolarEdge’s future results, cash flows, or leverage will be unaffected by other non-recurring items. Refer to Appendix A for reconciliation of these non-GAAP measures to the most comparable GAAP measures.

# Second Quarter 2023 Key Metrics

**334.6K**  
Inverters Shipped

**5.5M**  
Power Optimizers  
Shipped

**269.2MW/h**  
Batteries Capacity Shipped

**4.3GW**  
Systems Shipped

**\$991.3M**  
GAAP Revenues



# Second Quarter Financial Results

- Record GAAP revenues of \$991.3 million
- Record revenues from solar segment of \$947.4 million
- Revenues from “all other” segment of \$43.7 million
- GAAP gross margin of 32.0%
- Non-GAAP gross margin\* of 32.7%
- Gross margin from sales of solar segment 34.7%
- Record Non-GAAP operating income\* of \$191.0 million
- Record operating income from solar segment of \$207.0 million
- GAAP net income of \$119.5 million
- Non-GAAP net income\* of \$157.4 million
- GAAP net diluted earnings per share of \$2.03
- Non-GAAP net diluted earnings per share\* of \$2.62
- Cash used in operations of \$88.7 million
- Total cash and investments, net of debt, \$853.5 million

\* Non-GAAP financial measures; see definition and reconciliation in Appendix

# Noteworthy

- Record GAAP revenues of \$991.3 million, up 5% q/q and 36% from the same quarter last year
- Record revenues in solar segment of \$947.4 million, up 4% q/q and 38% from same quarter last year
- Record quarterly solar revenues in Germany, UK, Switzerland, South Africa and Thailand
- Sell through and installation rate data indicates stagnation in the US residential market and continued strength in both the residential and commercial markets in Europe
- Strong operational quarter with healthy gross margins yielding record operating income
- Record shipments of more than 4.3 GW of inverters
- Record shipments of 2.6 GW of C&I inverters, a 25% increase q/q
- Progressing with execution of plan for U.S manufacturing, on target for initial inverter shipments in Q3 2023
- Shipments of 269 MWh of residential batteries, up from 221 MWh last quarter

# Quarterly GAAP Financial Results

USD in millions*	Q2 22	Q1 23	Q2 23
<b>GAAP Revenues</b>	727.8	943.9	<b>991.3</b>
<b>GAAP Gross margin</b>	25.1%	31.8%	<b>32.0%</b>
<b>GAAP Operating expenses</b>	146.6	156.0	<b>166.9</b>
<b>GAAP Operating income</b>	36.0	144.2	<b>150.4</b>
<b>GAAP Net income</b>	15.1	138.4	<b>119.5</b>
<b>GAAP Net diluted earnings per share</b>	0.26	2.35	<b>2.03</b>

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

# Quarterly Non-GAAP Financial Results\*\*

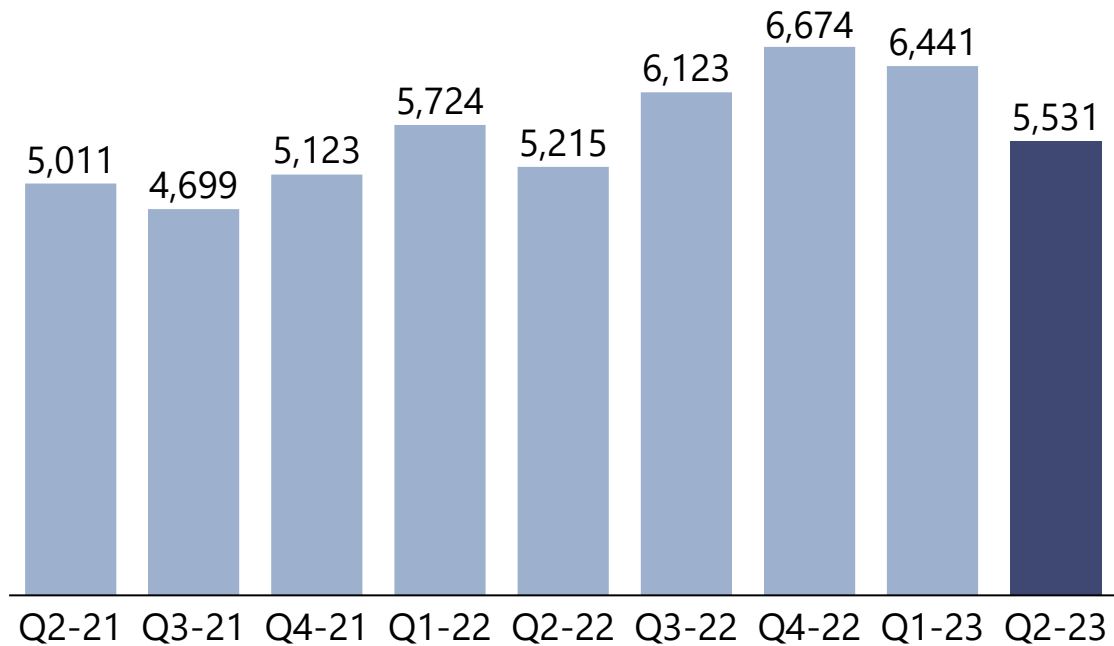
USD in millions*	Q2 22	Q1 23	Q2 23
<b>Non-GAAP Revenues</b>	727.6	943.7	<b>991.1</b>
<b>Non-GAAP Gross margin</b>	26.7%	32.6%	<b>32.7%</b>
<b>Non-GAAP Operating expenses</b>	109.6	123.6	<b>133.3</b>
<b>Non-GAAP Operating income</b>	84.7	183.8	<b>191.0</b>
<b>Non-GAAP Net income</b>	56.7	174.5	<b>157.4</b>
<b>Non-GAAP Net diluted earnings per share</b>	0.95	2.90	<b>2.62</b>

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

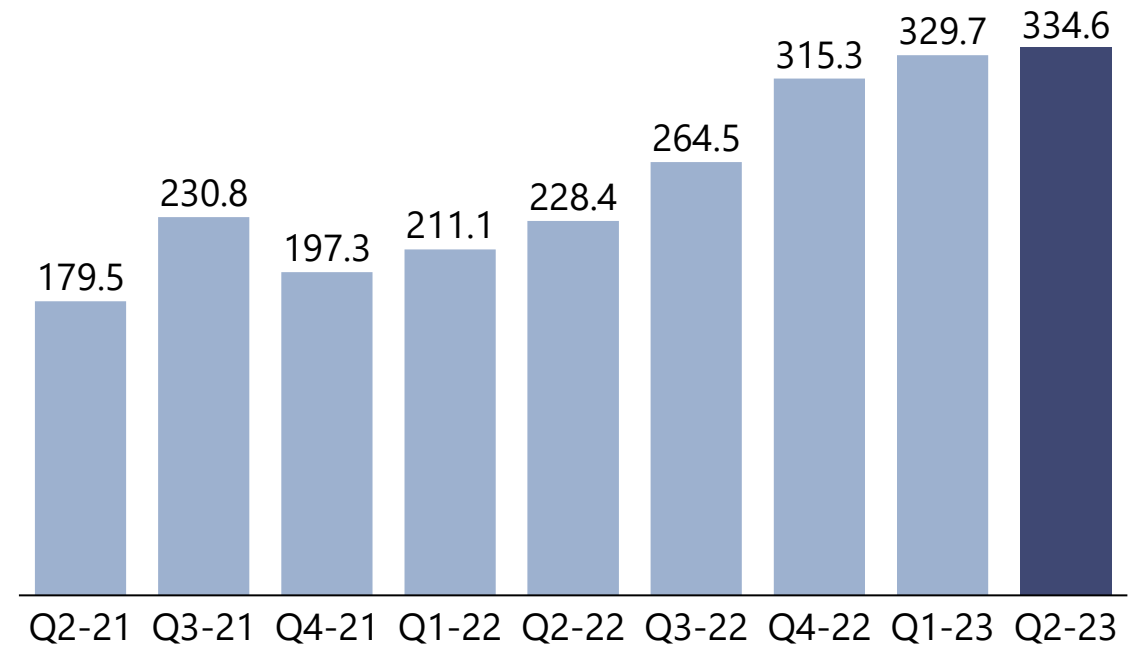
\*\* See Appendix for definitions and reconciliations to most comparable GAAP measures

# Units Shipped by Quarter

## Power optimizers



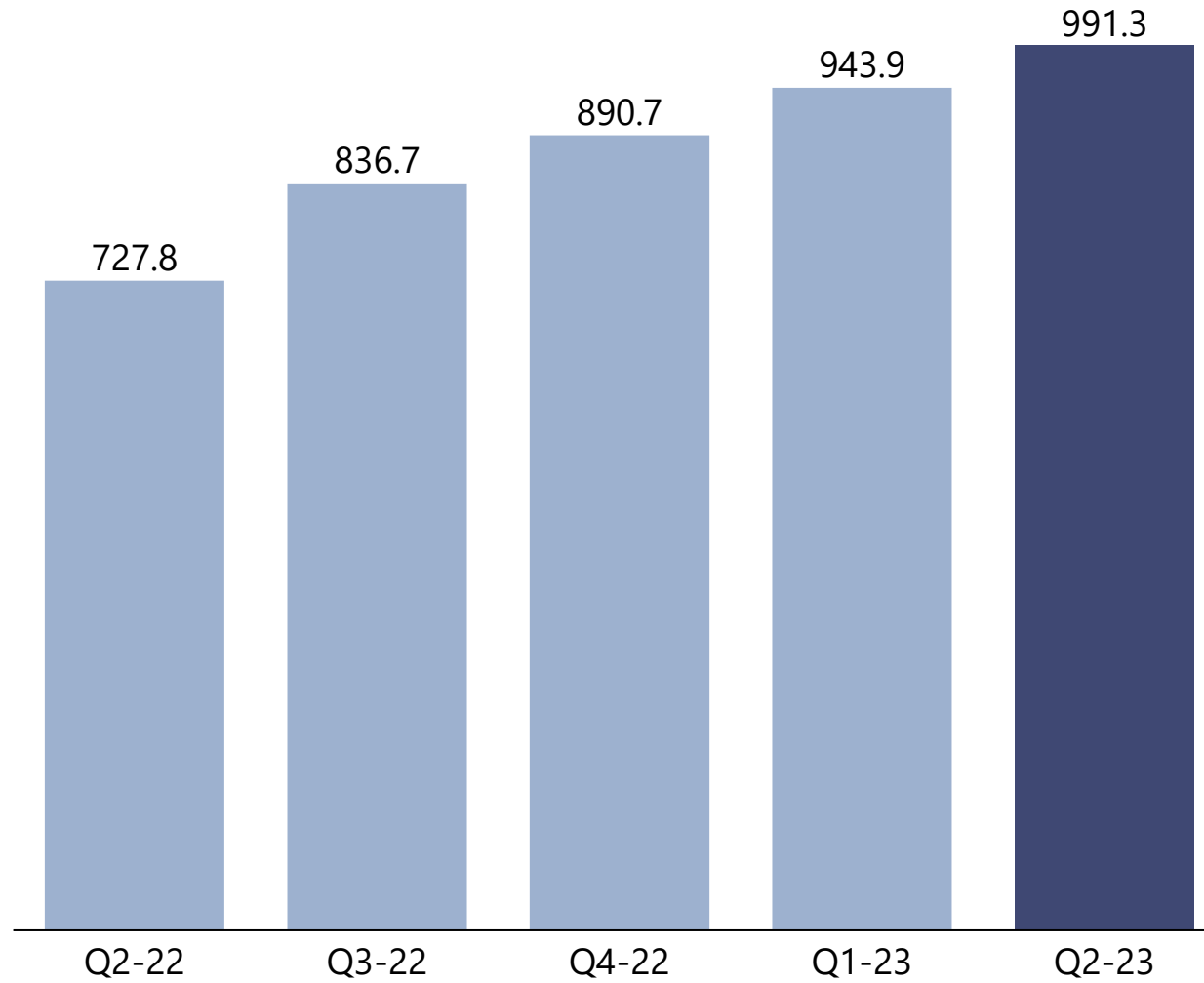
## Inverters



units in thousands

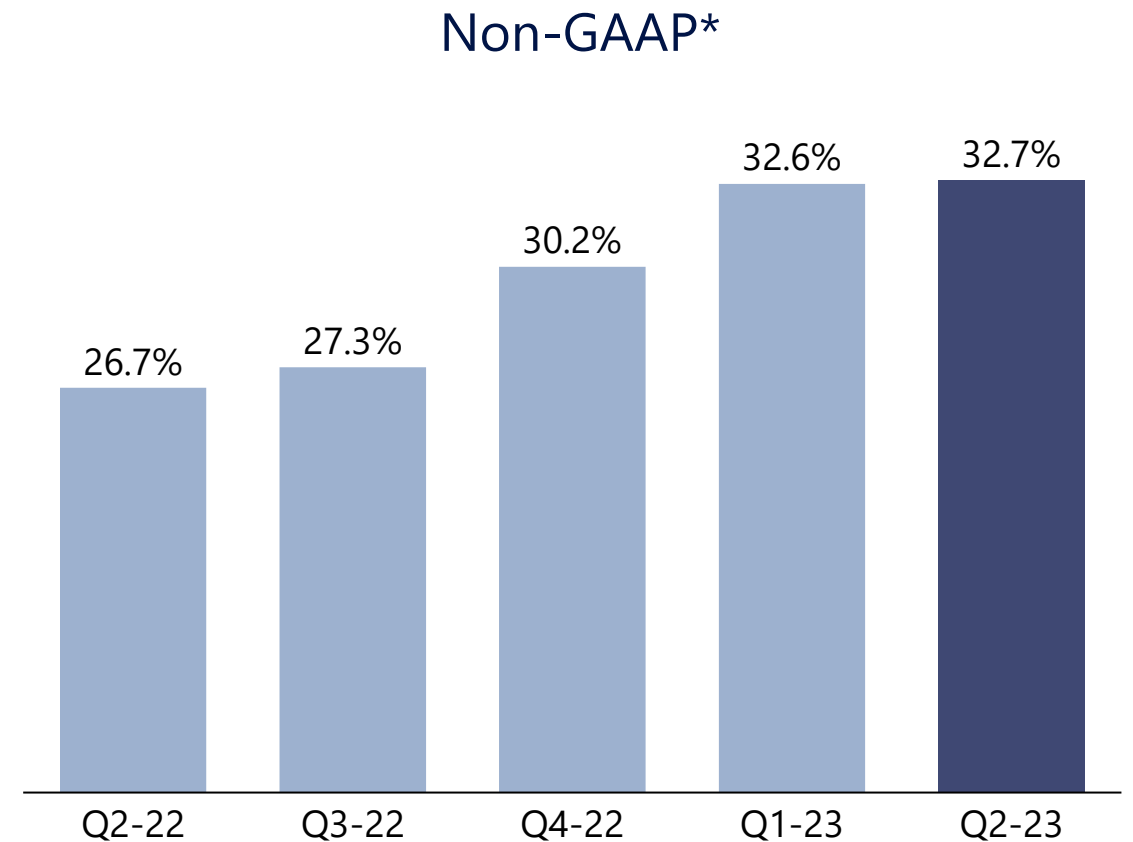
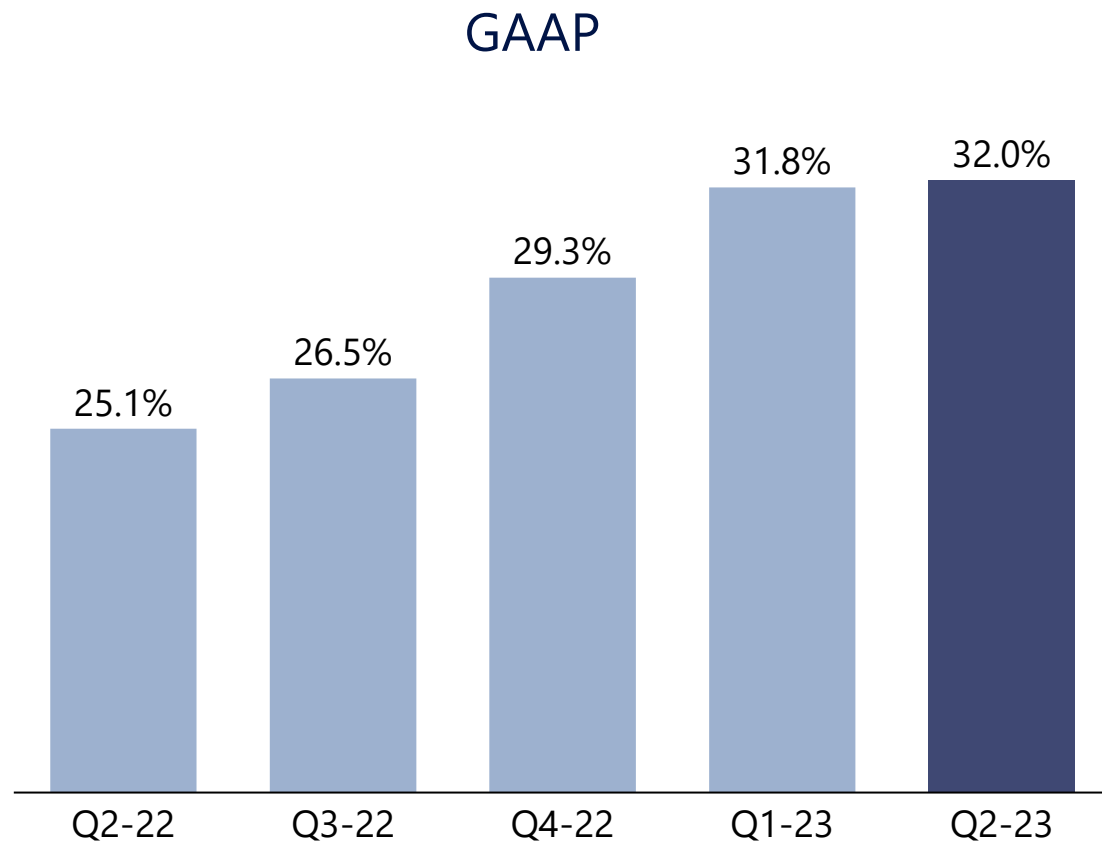


# Quarterly GAAP Revenues



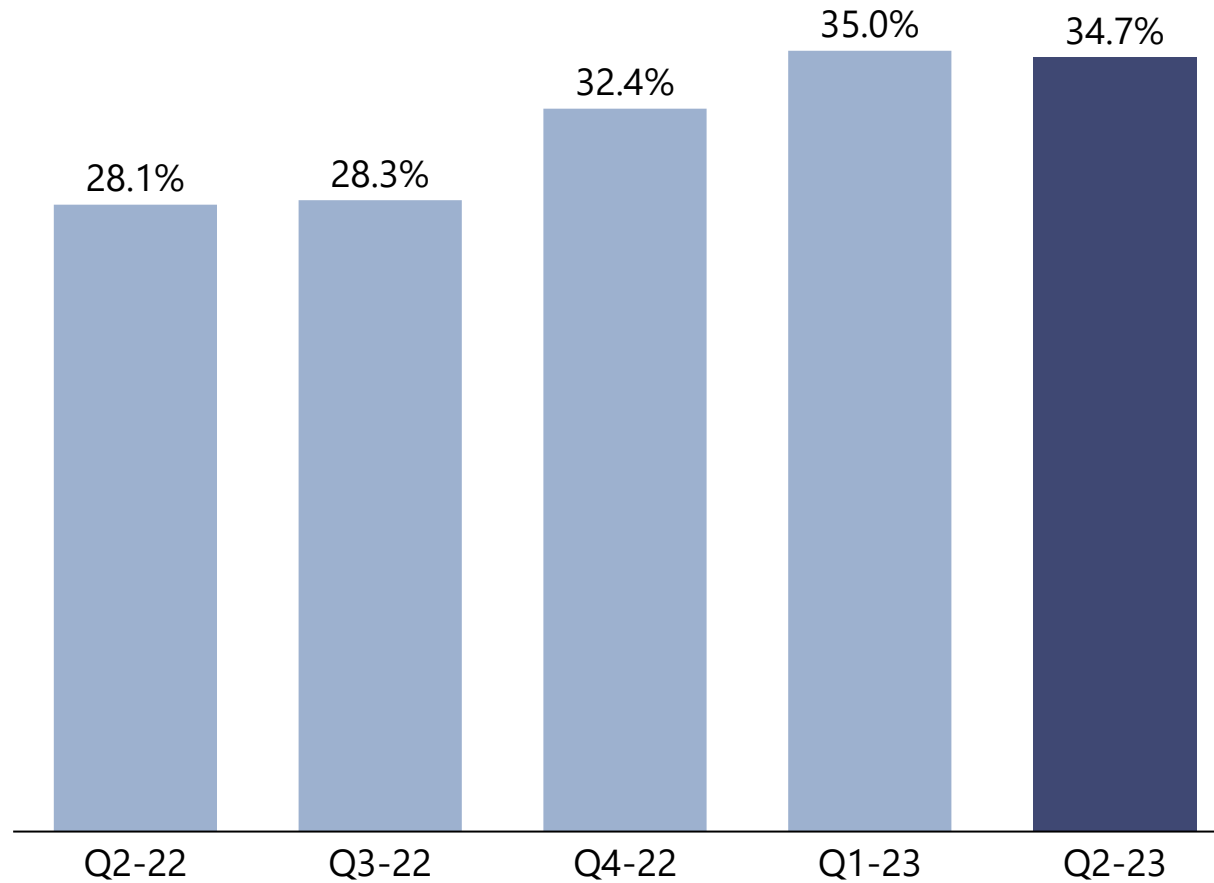
in USD millions

# Gross Margin by Quarter



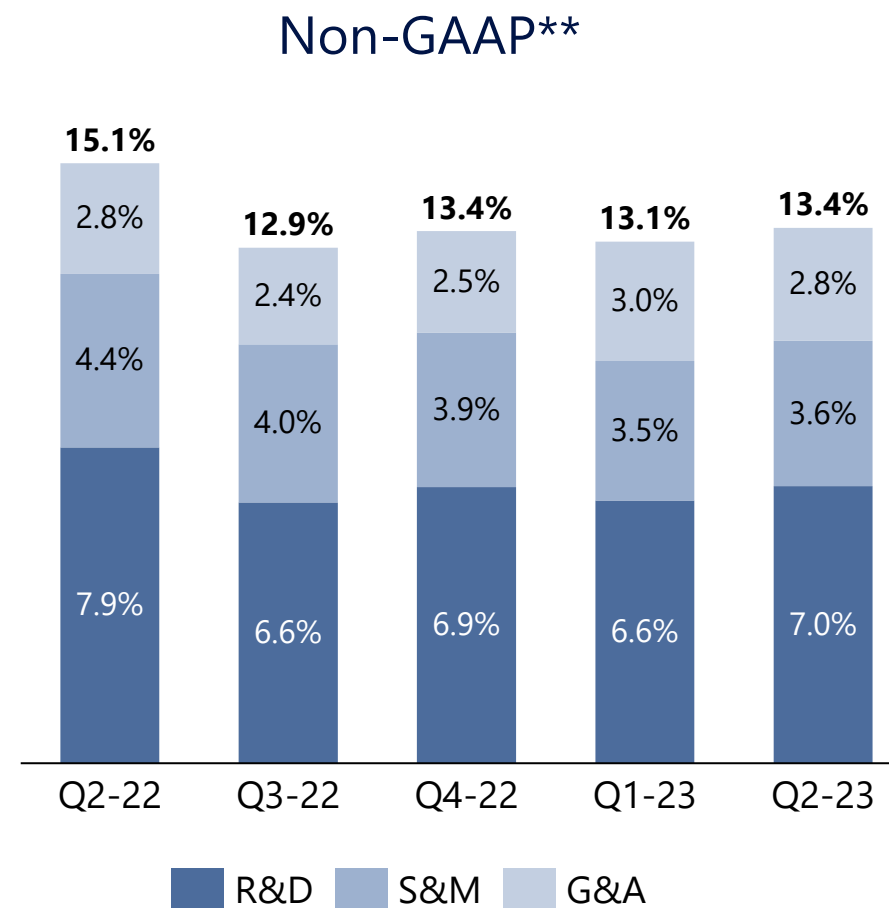
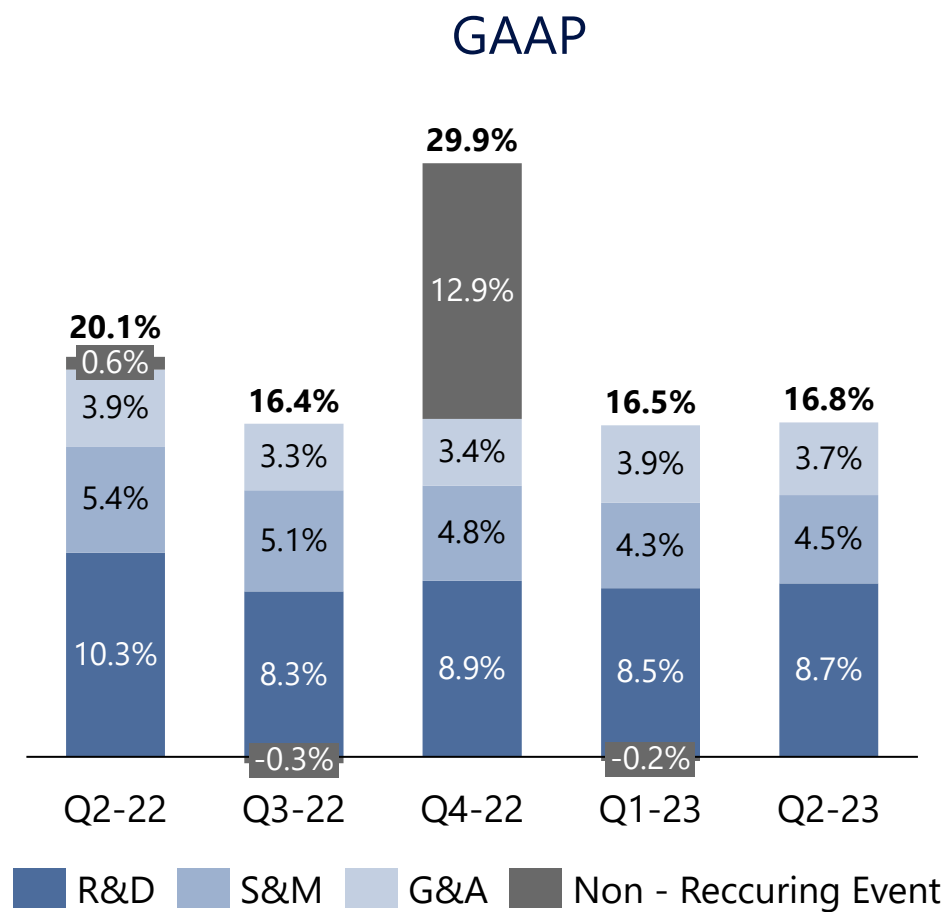
\* Non-GAAP financial measures; see definition and reconciliation in Appendix

# Solar Segment Gross Margin by Quarter



% of revenues

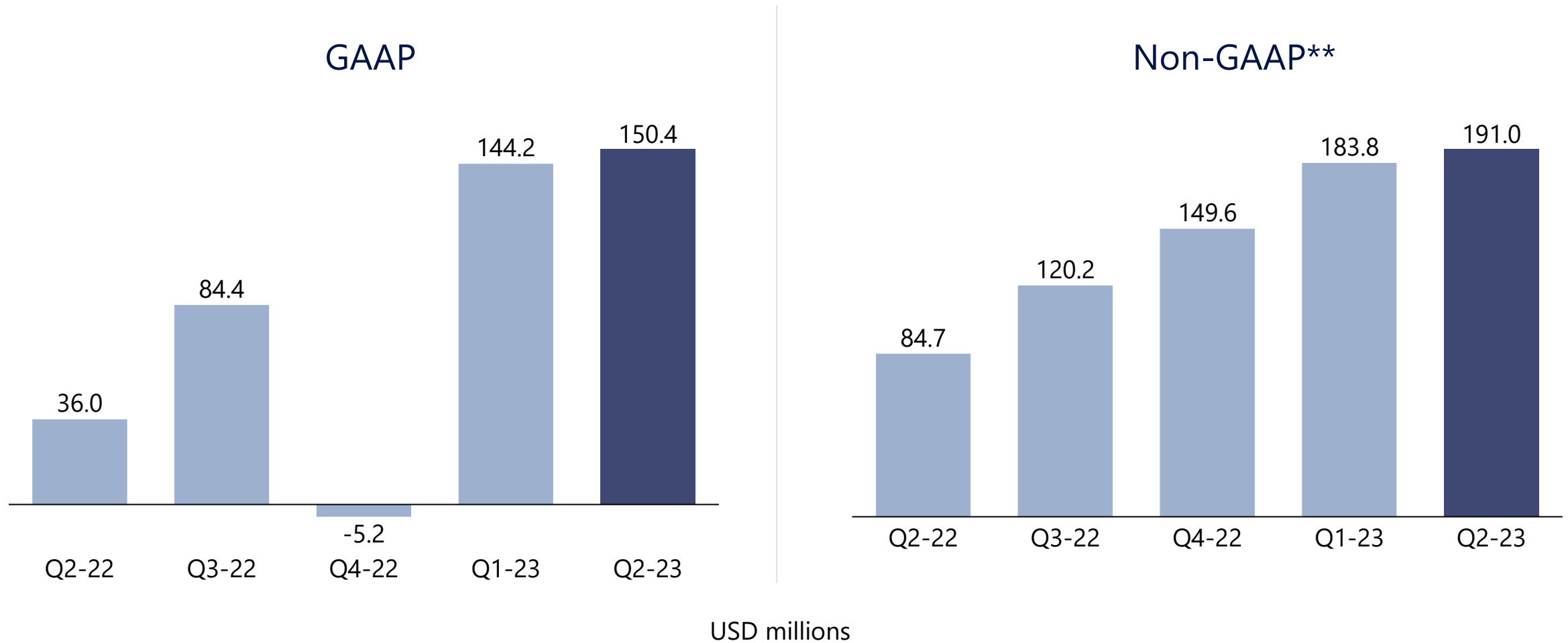
# Consolidated\* Operating Expenses by Quarter



\* For purposes of this presentation, "consolidated" refers to both solar and "all other" segments

\*\* Non-GAAP financial measures; see definition and reconciliation in Appendix

# Consolidated\* Operating Income by Quarter

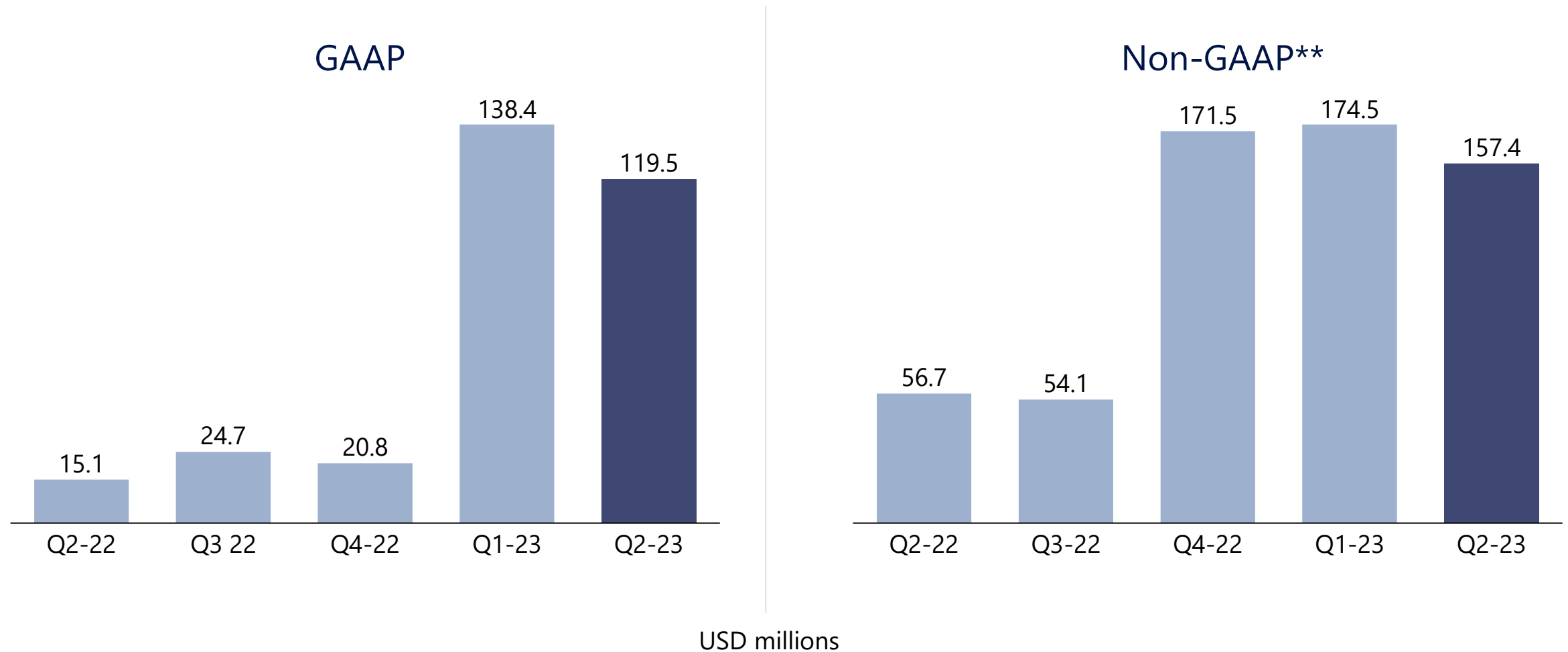


\* For purposes of this presentation, "consolidated" refers to both solar and "all other" segments

\*\* Non-GAAP financial measures; see definition and reconciliation in Appendix



# Consolidated\* Net Income by Quarter



\* For purposes of this presentation, "consolidated" refers to both solar and "all other" segments

\*\* Non-GAAP financial measures; see definition and reconciliation in Appendix

# Balance Sheet & Cash flow

USD in millions	Q2 22	Q1 23	Q2 23
<b>Cash and investments</b>	1,607.0	1,648.1	<b>1,487.0</b>
<b>Total Debt</b>	633.7	633.6	<b>633.5</b>
<b>Cash and Investments Net of Debt</b>	973.3	1,014.5	<b>853.5</b>
<b>Inventory</b>	470.3	874.2	<b>984.2</b>
<b>Capital Expenditures, Net</b>	48.6	38.1	<b>45.3</b>
<b>Cash Flow From Operations</b>	77.4	7.9	<b>(88.7)</b>

# Third Quarter Guidance\*\*

- Revenue to be within the range of \$880 million to \$920 million
- Non-GAAP gross margin\* expected to be within the range of 28% to 31%
- Non-GAAP operating income\* expected to be within the range of \$115 million to \$135 million
- Revenue from solar segment to be within the range of \$850 million to \$880 million
- Gross margin for the solar segment expected to be within the range of 30% to 33%

\* Non-GAAP financial measure; see definition and reconciliation in Appendix

\*\* Non-GAAP gross margin and non-GAAP operating income are non-GAAP financial measures and have not been reconciled to the most comparable GAAP outlook because it is not possible to do so without unreasonable efforts due to the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide outlook for the comparable GAAP measures. Forward-looking estimates of non-GAAP gross margin and non-GAAP operating income are made in a manner consistent with the relevant definitions and assumptions noted herein and in our filings with the SEC

# 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

	<b>Q2-22</b>	<b>Q3-22</b>	<b>Q4-22</b>	<b>Q1-23</b>	<b>Q2-23</b>
<b>Gross profit (GAAP)</b>	182,642	222,001	261,047	300,126	317,305
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Stock-based compensation	5,286	4,661	6,810	5,927	5,923
Amortization of stock-based compensation capitalized in inventories	---	---	---	---	316
Disposal of assets related to Critical Power	4,314	---	---	---	---
Amortization and depreciation of acquired asset	2,184	2,064	961	1,515	872
<b>Gross profit (Non-GAAP)</b>	<b>194,280</b>	<b>228,567</b>	<b>268,644</b>	<b>307,381</b>	<b>324,214</b>

## Reconciliation of GAAP to Non-GAAP Gross Margin

	<b>Q2-22</b>	<b>Q3-22</b>	<b>Q4-22</b>	<b>Q1-23</b>	<b>Q2-23</b>
<b>Gross margin (GAAP)</b>	25.1%	26.5%	29.3%	31.8%	32.0%
Revenues from finance component	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation	0.7%	0.6%	0.8%	0.6%	0.6%
Amortization of stock-based compensation capitalized in inventories	---	---	---	---	0.0%
Disposal of assets related to Critical Power	0.6%	---	---	---	---
Amortization and depreciation of acquired assets	0.3%	0.2%	0.1%	0.2%	0.1%
<b>Gross margin (Non-GAAP)</b>	<b>26.7%</b>	<b>27.3%</b>	<b>30.2%</b>	<b>32.6%</b>	<b>32.7%</b>



# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Operating expenses (GAAP)</b>	146,630	137,594	266,210	155,972	166,947
Stock-based compensation - R&D	(16,819)	(14,553)	(16,854)	(17,209)	(17,272)
Stock-based compensation - S&M	(7,047)	(9,341)	(7,928)	(8,079)	(7,822)
Stock-based compensation - G&A	(7,922)	(7,196)	(7,015)	(8,020)	(7,948)
Amortization and depreciation of acquired assets - R&D	(300)	(302)	(301)	(313)	(289)
Amortization and depreciation of acquired assets - S&M	(226)	(187)	(173)	(181)	(235)
Amortization and depreciation of acquired assets - G&A	(5)	(6)	(4)	(26)	17
Assets impairment	(4,696)	19	(114,473)	---	---
Gain (loss) from assets sales and disposal	---	2,303	(102)	1,434	---
Acquisition costs	---	---	(350)	---	(135)
<b>Operating expenses (Non-GAAP)</b>	<b>109,615</b>	<b>108,331</b>	<b>119,010</b>	<b>123,578</b>	<b>133,263</b>
	Reconciliation of GAAP to Non-GAAP Operating income (loss)				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Operating income (loss) (GAAP)</b>	36,012	84,407	(5,163)	144,154	150,358
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Disposal of assets related to Critical Power	4,314	---	---	---	---
Stock-based compensation	37,074	35,751	38,607	39,235	38,965
Amortization of stock-based compensation capitalized in inventories	---	---	---	---	316
Amortization and depreciation of acquired assets	2,715	2,559	1,439	2,035	1,379
Assets impairment	4,696	(19)	114,473	---	---
Loss (gain) from assets sales and disposal	---	(2,303)	102	(1,434)	---
Acquisition costs	---	---	350	---	135
<b>Operating income (Non-GAAP)</b>	<b>84,665</b>	<b>120,236</b>	<b>149,634</b>	<b>183,803</b>	<b>190,951</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Financial income (expenses), net				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Financial income (expense), net (GAAP)</b>	(14,311)	(33,025)	56,101	23,674	3,384
Non cash interest expense	2,427	2,505	2,685	2,892	3,105
Unrealized losses (gains)	----	----	(170)	----	----
Currency fluctuation related to lease standard	(9,028)	(1,116)	749	(2,519)	(2,107)
<b>Financial income (expense), net (Non-GAAP)</b>	<u>(20,912)</u>	<u>(31,636)</u>	<u>59,365</u>	<u>24,047</u>	<u>4,382</u>
	Reconciliation of GAAP to Non-GAAP Other income (loss)				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Other income (loss) (GAAP)</b>	----	7,533	186	(125)	----
Gain from sale of investment in privately-held company	----	(7,533)	(186)	----	----
<b>Other income (loss) (Non-GAAP)</b>	<u>----</u>	<u>----</u>	<u>----</u>	<u>(125)</u>	<u>----</u>
	Reconciliation of GAAP to Non-GAAP Tax on income				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Income tax benefit (expense) (GAAP)</b>	(6,617)	(34,172)	(30,295)	(29,325)	(34,232)
Income tax adjustment	(389)	(291)	(7,186)	(3,901)	(3,735)
<b>Income tax benefit (expense) (Non-GAAP)</b>	<u>(7,006)</u>	<u>(34,463)</u>	<u>(37,481)</u>	<u>(33,226)</u>	<u>(37,967)</u>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Net income (GAAP)</b>	15,084	24,743	20,829	138,378	119,510
Revenues from finance component	(146)	(159)	(174)	(187)	(202)
Disposal of assets related to Critical Power	4,314	----	----	----	----
Stock-based compensation	37,074	35,751	38,607	39,235	38,965
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	316
Amortization and depreciation of acquired assets	2,715	2,559	1,439	2,035	1,379
Assets impairment	4,696	(19)	114,473	----	----
Loss (gain) from assets sales and disposal	----	(2,303)	102	(1,434)	----
Acquisition costs	----	----	350	----	135
Non cash interest expense	2,427	2,505	2,685	2,892	3,105
Unrealized losses (gains)	----	----	(170)	----	----
Currency fluctuation related to lease standard	(9,028)	(1,116)	749	(2,519)	(2,107)
Gain from sale of investment in privately-held company	----	(7,533)	(186)	----	----
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(389)	(291)	(7,186)	(3,901)	(3,735)
<b>Net income (Non-GAAP)</b>	<b>56,747</b>	<b>54,137</b>	<b>171,518</b>	<b>174,499</b>	<b>157,366</b>

# Reconciliation of GAAP to Non-GAAP

## Reconciliation of GAAP to Non-GAAP Net basic EPS

### Three months ended

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Net basic earnings per share (GAAP)</b>	0.27	0.44	0.37	2.46	2.12
Revenues from finance component	0.00	0.00	0.00	0.00	(0.01)
Disposal of assets related to Critical Power	0.08	---	---	---	---
Stock-based compensation	0.67	0.64	0.69	0.70	0.70
Amortization of stock-based compensation capitalized in inventories	---	---	---	---	0.00
Amortization and depreciation of acquired assets	0.04	0.05	0.02	0.03	0.03
Assets impairment	0.09	0.00	2.05	---	---
Loss (gain) from assets sales and disposal	---	(0.04)	0.00	(0.02)	---
Acquisition costs	---	---	0.01	---	0.00
Non cash interest expense	0.04	0.04	0.05	0.05	0.05
Unrealized losses (gains)	---	---	(0.01)	---	---
Currency fluctuation related to lease standard	(0.16)	(0.02)	0.02	(0.05)	(0.03)
Gain from sale of investment in privately-held company	---	(0.13)	(0.01)	---	---
Uncertain tax positions	---	---	---	---	---
Income tax adjustment	(0.01)	(0.01)	(0.13)	(0.07)	(0.07)
<b>Net basic earnings per share (Non-GAAP)</b>	<b>1.02</b>	<b>0.97</b>	<b>3.06</b>	<b>3.10</b>	<b>2.79</b>

# Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Net diluted earnings per share (GAAP)</b>	0.26	0.43	0.36	2.35	2.03
Revenues from finance component	0.00	0.00	0.00	(0.01)	(0.01)
Disposal of assets related to Critical Power	0.08	----	----	----	----
Stock-based compensation	0.62	0.59	0.64	0.62	0.62
Amortization of stock-based compensation capitalized in inventories	----	----	----	----	0.00
Amortization and depreciation of acquired assets	0.04	0.05	0.02	0.03	0.03
Assets impairment	0.08	0.00	1.91	----	----
Loss (gain) from assets sales and disposal	----	(0.04)	0.00	(0.02)	----
Acquisition costs	----	----	0.01	----	0.00
Non cash interest expense	0.03	0.03	0.03	0.04	0.04
Unrealized losses (gains)	----	----	0.00	----	----
Currency fluctuation related to lease standard	(0.15)	(0.02)	0.01	(0.04)	(0.03)
Gain from sale of investment in privately-held company	----	(0.13)	0.00	----	----
Uncertain tax positions	----	----	----	----	----
Income tax adjustment	(0.01)	0.00	(0.12)	(0.07)	(0.06)
<b>Net diluted earnings per share (Non-GAAP)</b>	<b>0.95</b>	<b>0.91</b>	<b>2.86</b>	<b>2.90</b>	<b>2.62</b>

	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended				
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
<b>Number of shares used in computing net diluted earnings per share (GAAP)</b>	58,564,734	58,747,538	58,734,719	59,193,831	59,183,666
Stock-based compensation	904,781	784,228	1,237,266	939,571	986,527
<b>Number of shares used in computing net diluted earnings per share (Non-GAAP)</b>	<b>59,469,515</b>	<b>59,531,766</b>	<b>59,971,985</b>	<b>60,133,402</b>	<b>60,170,193</b>





Thank  
You