
Fourth Quarter 2022 Earnings Summary

February 13, 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.

Fourth Quarter 2022 Key Metrics

217.6MW/h

Batteries Capacity Shipped

6.7M

Power Optimizers
Shipped

3.1GW

Systems Shipped

315.3K

Inverters Shipped

\$890.7M

GAAP Revenues

2022 Key Metrics

1.0M

Inverters Shipped

23.7M

Power Optimizers
Shipped

889MW/h

Batteries Capacity Shipped

10.5 GW

Systems Shipped

\$3.1B

GAAP Revenues

Fourth Quarter Financial Results

- Record GAAP revenue of \$890.7 million
- Record revenue from solar segment of \$837.0 million
- Record revenues from non-solar segment of 53.6\$ million
- GAAP gross margin of 29.3%
- Non-GAAP gross margin of 30.2%
- Gross margin from sales of solar segment 32.4%
- Record Non-GAAP operating income of \$149.6 million
- Operating profit from solar segment of \$162.2 million
- GAAP net income of \$20.8 million
- Record non-GAAP net income of \$171.5 million
- GAAP net diluted earnings per share of \$0.36
- Non-GAAP net diluted earnings per share of \$2.86
- Cash flow from operation of \$111.3 million
- Total cash and investments, net of debt, \$1.0 billion

2022 Financial Results

- Record GAAP revenue of \$3.1 billion
- Record revenue from solar segment of \$2.9 billion
- Record revenues from non- solar segment of \$188.5 million
- GAAP gross margin of 27.2%
- Non-GAAP gross margin of 28.2%
- Gross margin from solar segment 29.8%
- Record Non-GAAP operating income of \$441.7 million
- Record Operating profit of solar segment of \$486.9 million
- GAAP net income of \$93.8 million
- Record Non-GAAP net income of \$351.2 million
- GAAP net diluted earnings per share of \$1.65
- Record Non-GAAP net diluted earnings per share of \$5.95
- Cash flow from operation of \$31.3 million

Noteworthy

- Record GAAP annual revenues for both solar and non solar businesses, up 58% year over year
- Record quarterly revenues in both solar and non solar business
- Record quarterly solar revenues in the Netherlands, Spain, France and Brazil
- Strong operational quarter with improved gross margins yielding record operating and net profit
- Record shipments of more than 3.1GW of inverters and optimizers in the fourth quarter and 10.5 GW during 2022
- Production output of inverters and optimizers continued to increase, with Mexico producing the vast majority of the U.S. residential products
- Executing plan for U.S manufacturing, expecting initial products in Q3 2023
- Stabilized delivery run rate of powertrains for e-Ducato to Stellantis
- First customer shipments of lithium-ion cells from Sella 2 factory

Quarterly GAAP Financial Results

USD in millions*	Q4 21	Q3 22	Q4 22
Revenues	551.9	836.7	890.7
Gross margin	29.1%	26.5%	29.3%
Operating expenses	119.5	137.6	266.2
Operating income	41.0	84.4	(5.2)
Net income	41.0	24.7	20.8
Net diluted earnings per share	0.74	0.43	0.36

* With the exception of gross margin and per share data

Annual GAAP Financial Results

USD in millions*	2020	2021	2022
Revenues	1,459.3	1,963.9	3,110.3
Gross margin	31.6%	32.0%	27.2%
Operating expenses	318.8	422.2	678.5
Operating income	142.6	207.1	166.1
Net income	140.3	169.2	93.8
Net diluted earnings per share	2.66	3.06	1.65

* With the exception of gross margin and per share data

Quarterly Non-GAAP Financial Results

USD in millions*	Q4 21	Q3 22	Q4 22
Revenues	551.8	836.6	890.5
Gross margin	30.3%	27.3%	30.2%
Operating expenses	94.1	108.3	119.0
Operating income	72.9	120.2	149.6
Net income	62.8	54.1	171.5
Net diluted earnings per share	1.10	0.91	2.86

* With the exception of gross margin and per share data

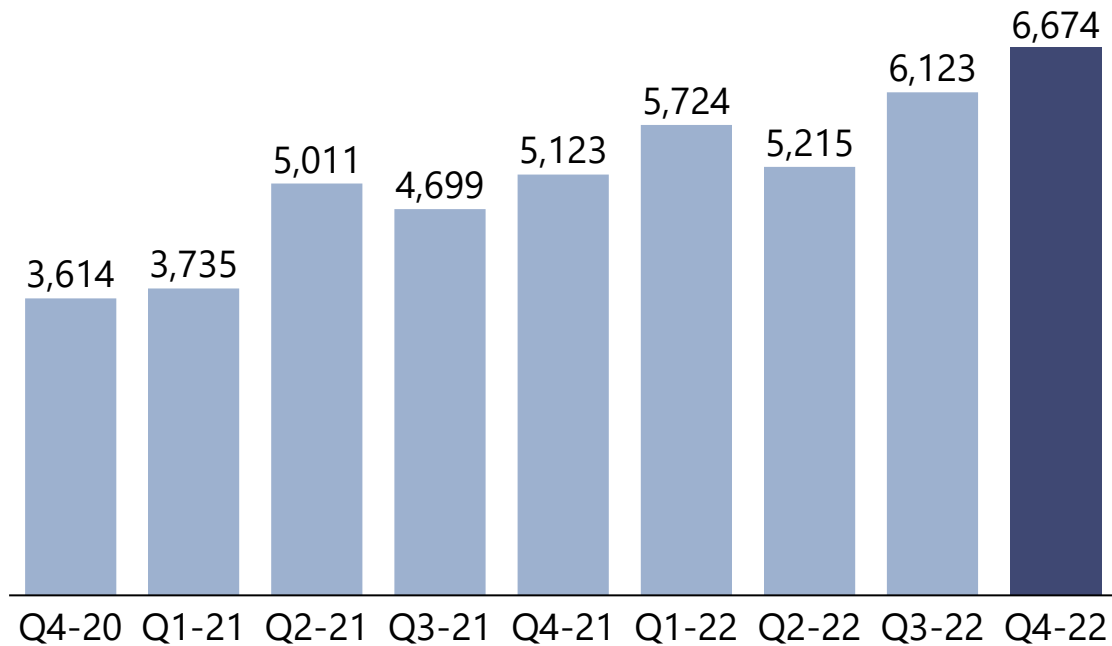
Annual Non-GAAP Financial Results

USD in millions*	2020	2021	2022
Revenues	1,459.3	1,963.4	3,109.7
Gross margin	33.0%	33.5%	28.2%
Operating expenses	263.5	335.6	435.9
Operating income	218.8	321.4	441.7
Net income	224.4	272.9	351.2
Net diluted earnings per share	4.11	4.81	5.95

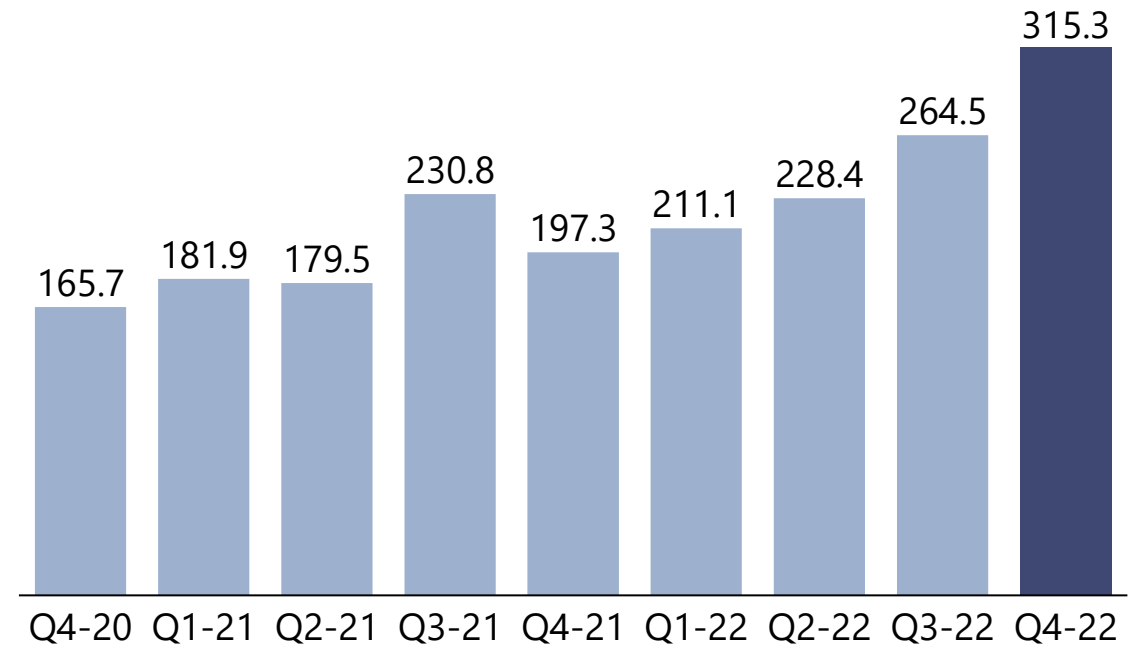
* With the exception of gross margin and per share data

Units Shipped by Quarter

Power optimizers



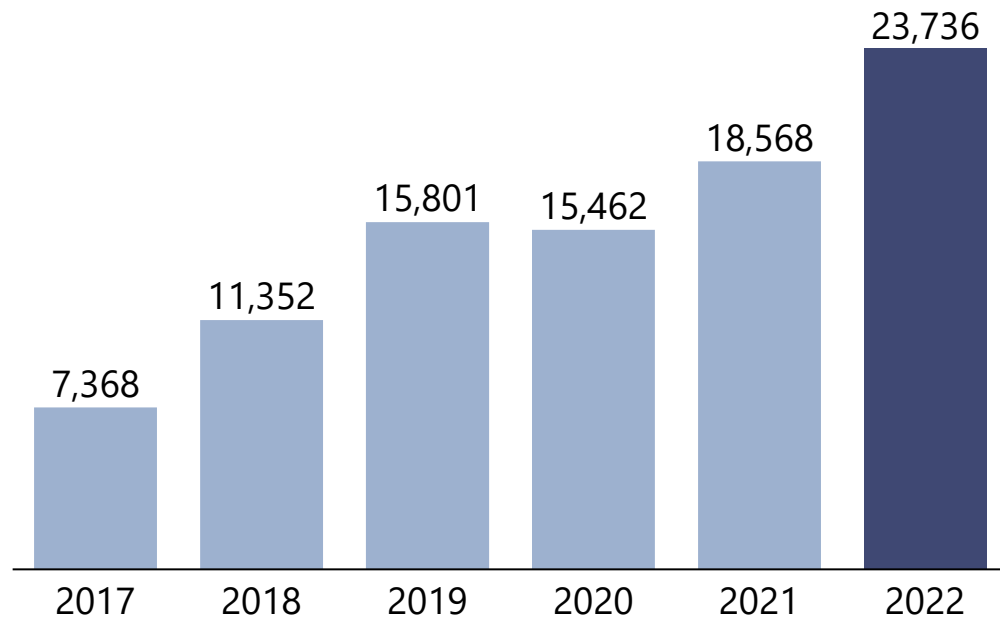
Inverters



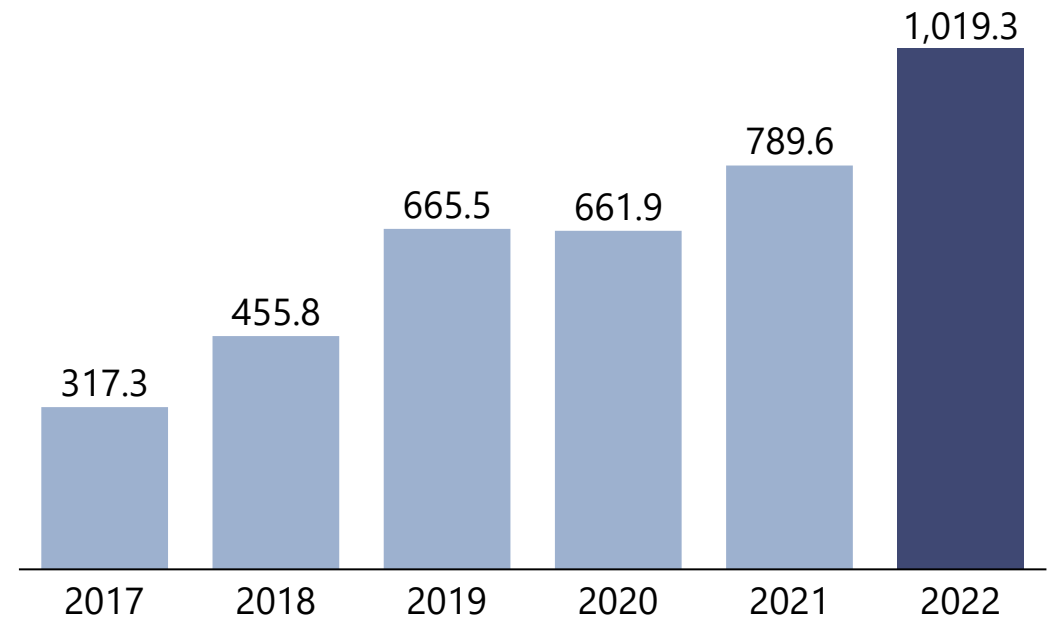
units in thousands

Annual Units Shipped

Power optimizers

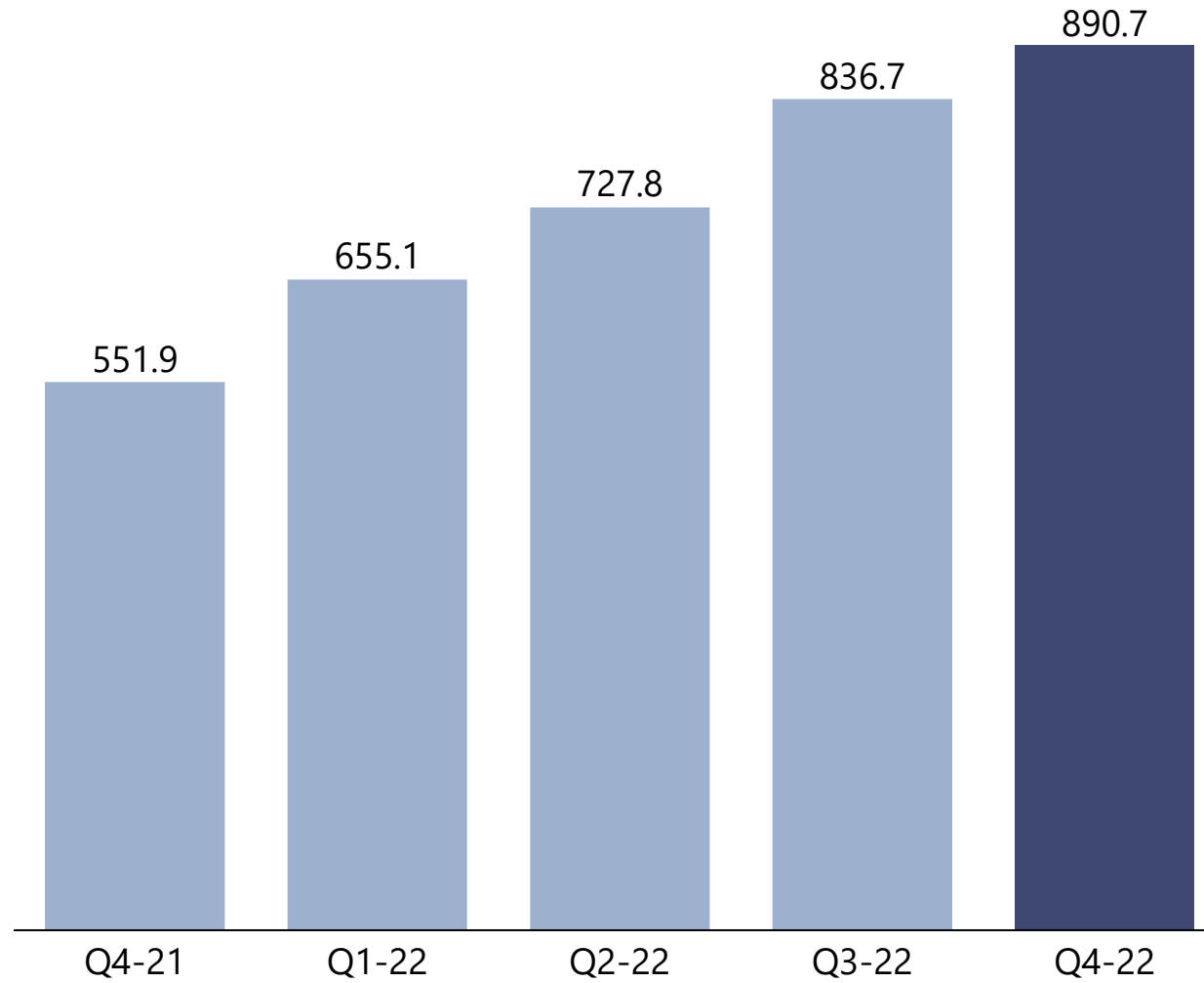


Inverters



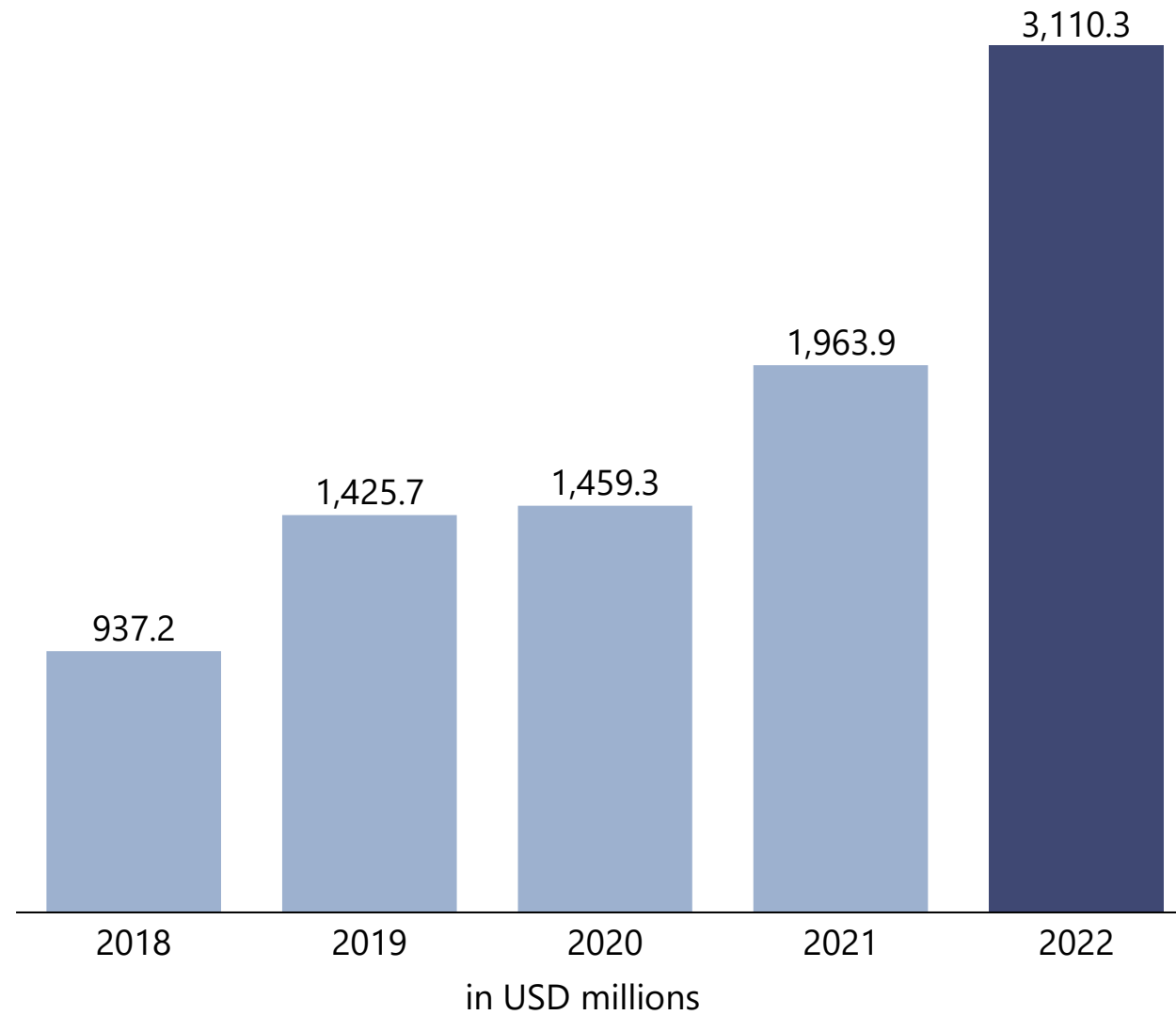
units in thousands

Quarterly GAAP Revenues



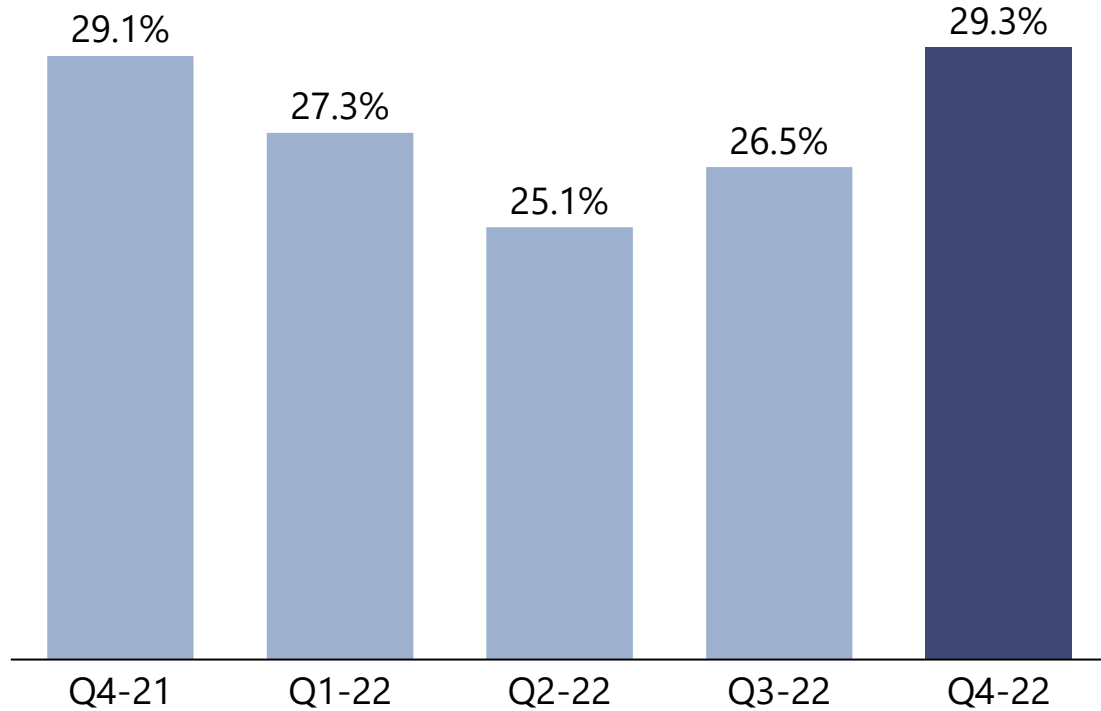
in USD millions

Annual GAAP Revenues

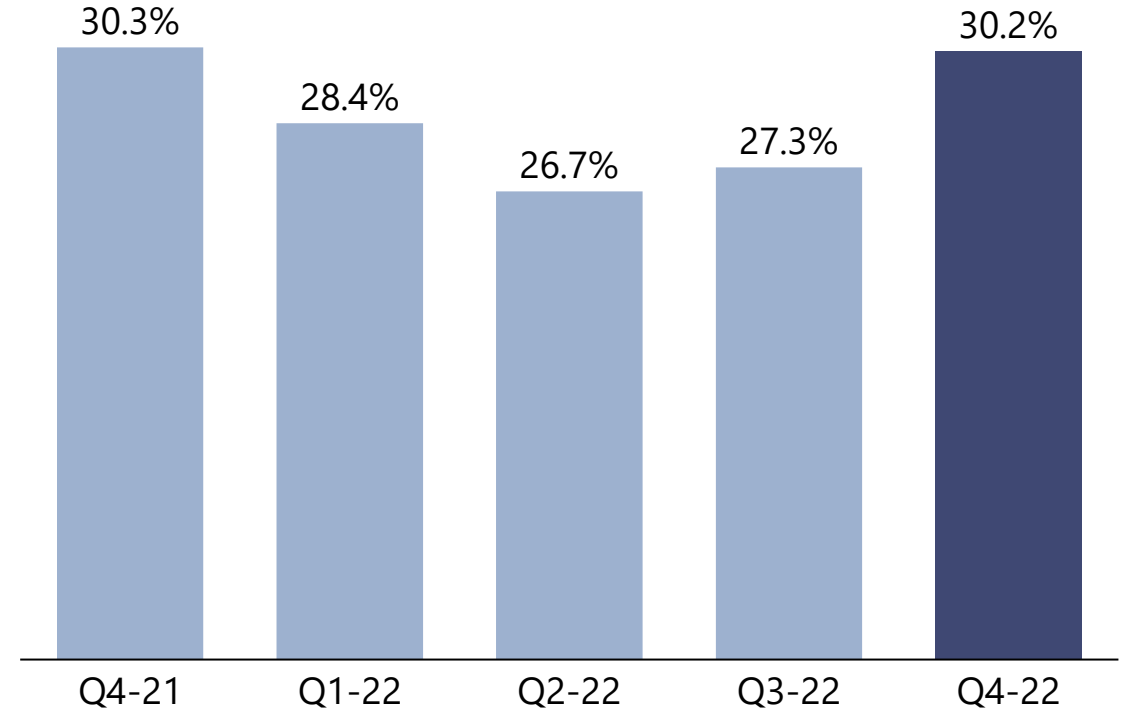


Gross Margin by Quarter

GAAP

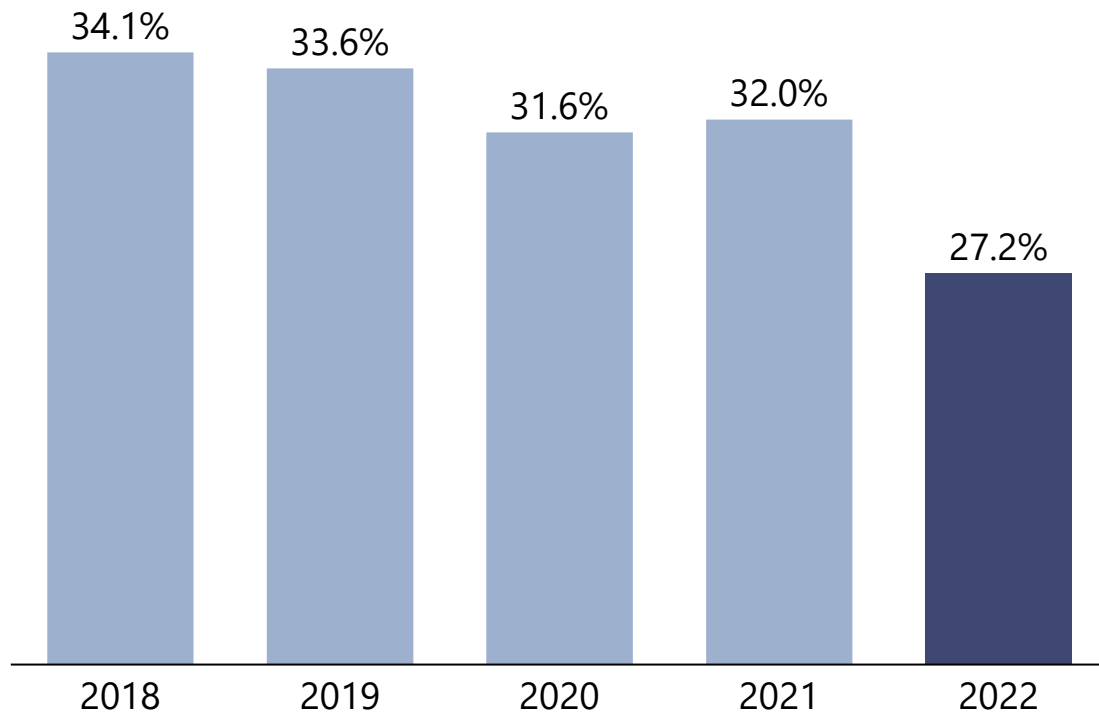


Non-GAAP

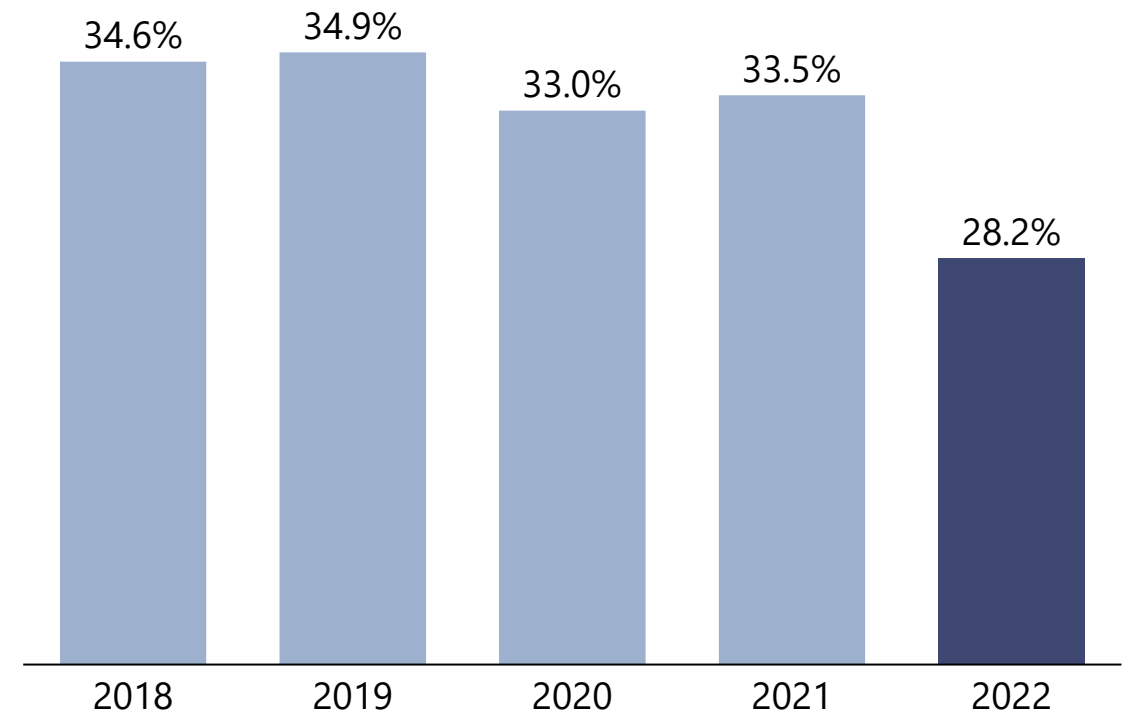


Annual Gross Margin

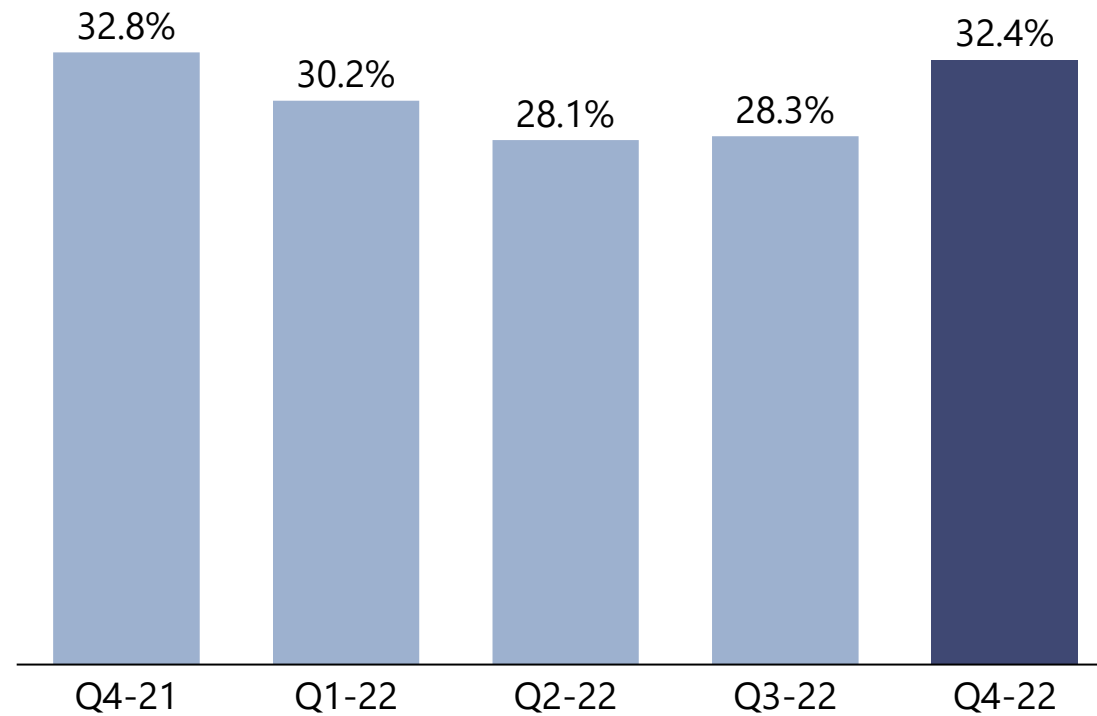
GAAP



Non-GAAP

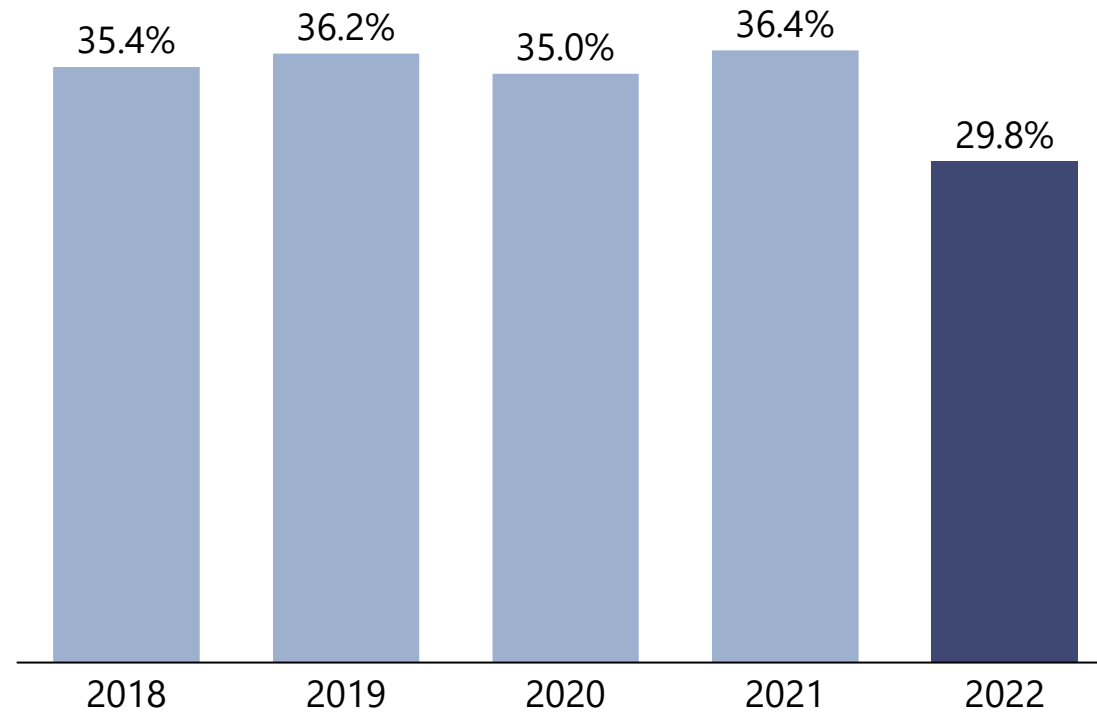


Quarterly Solar Segment Gross Margin



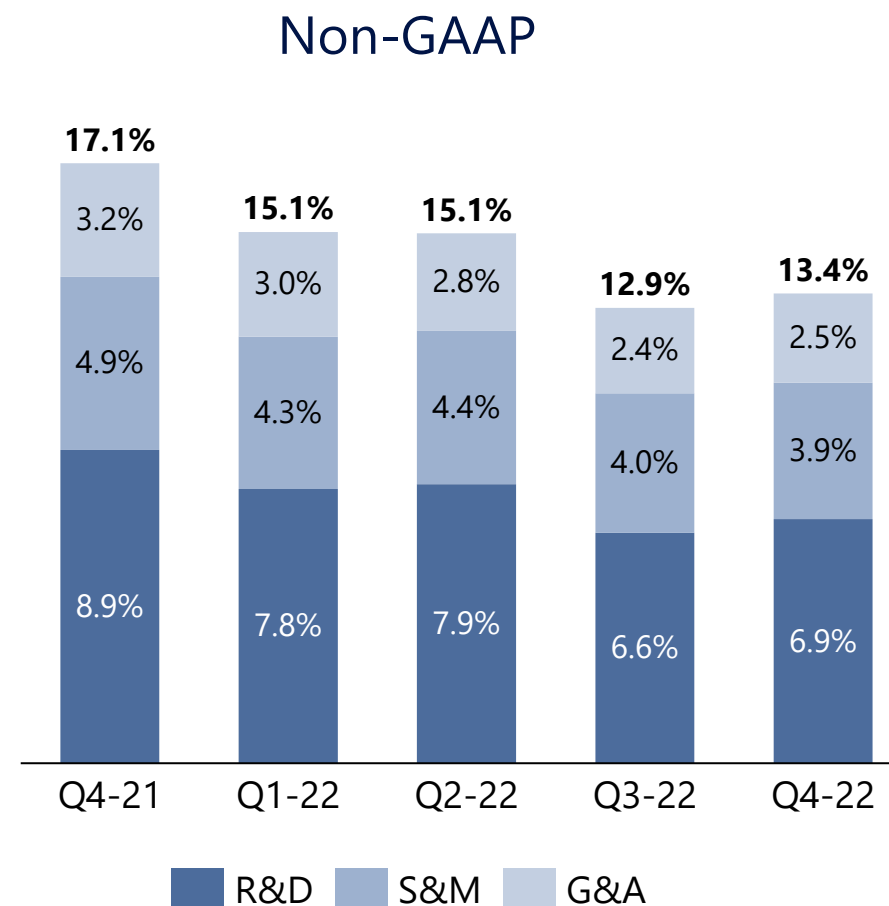
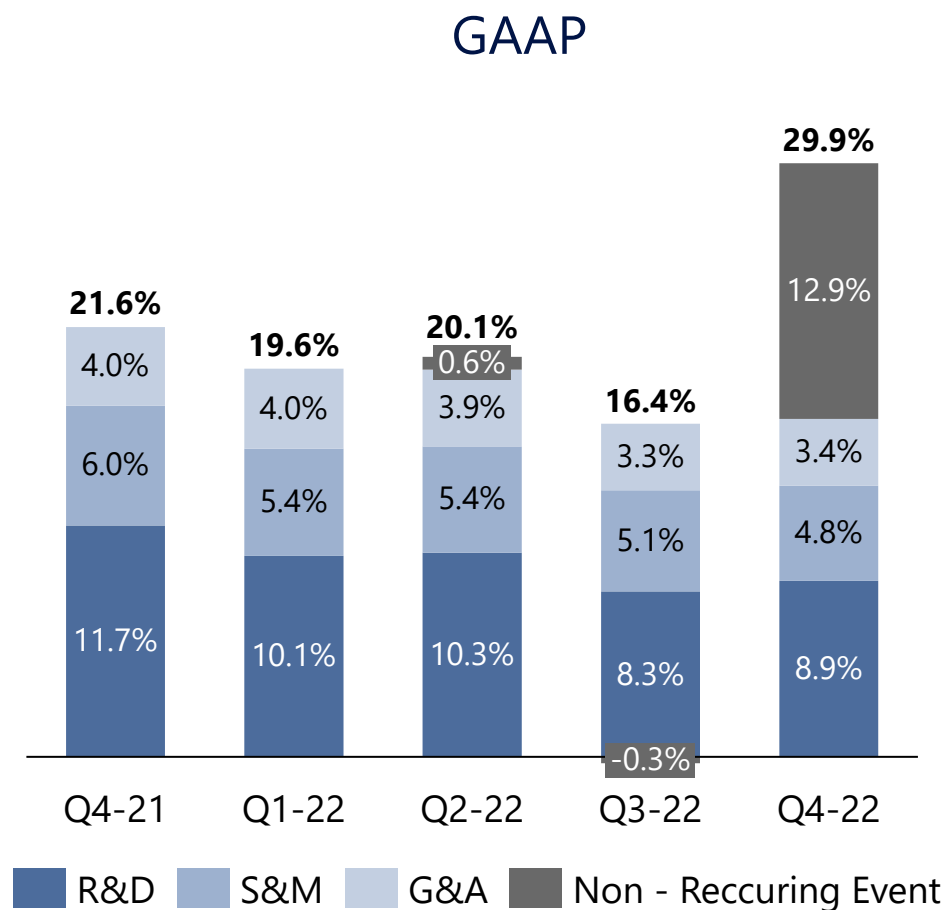
% of revenues

Annual Solar Segment Gross Margin



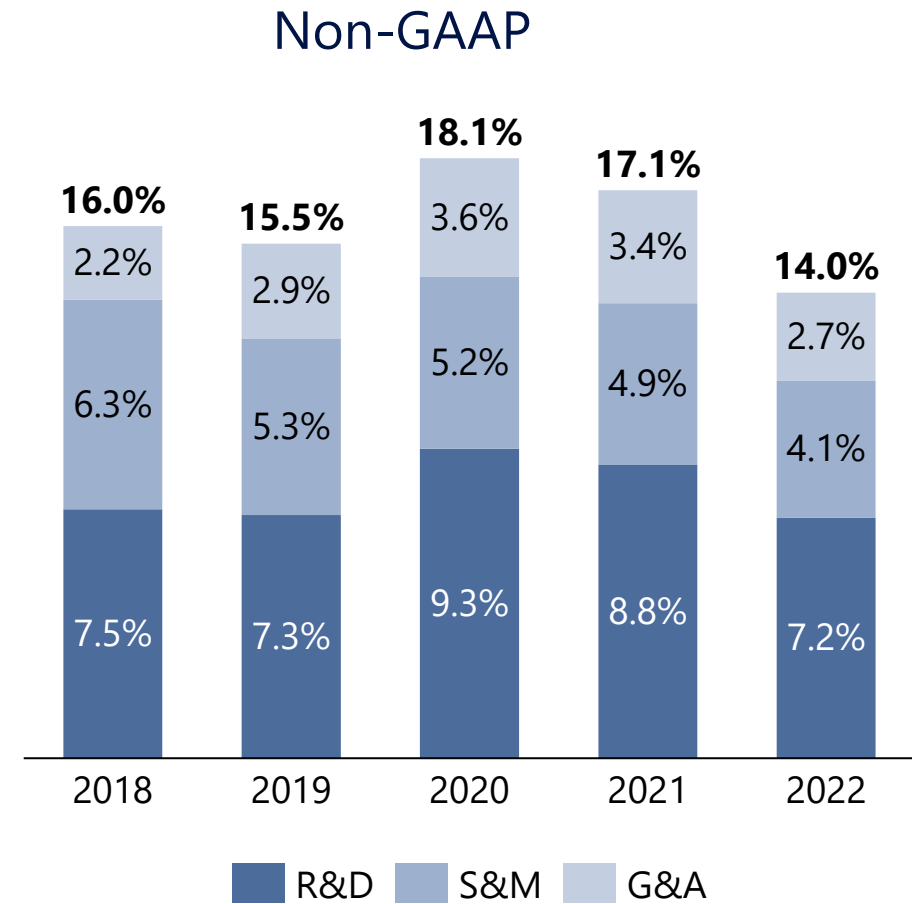
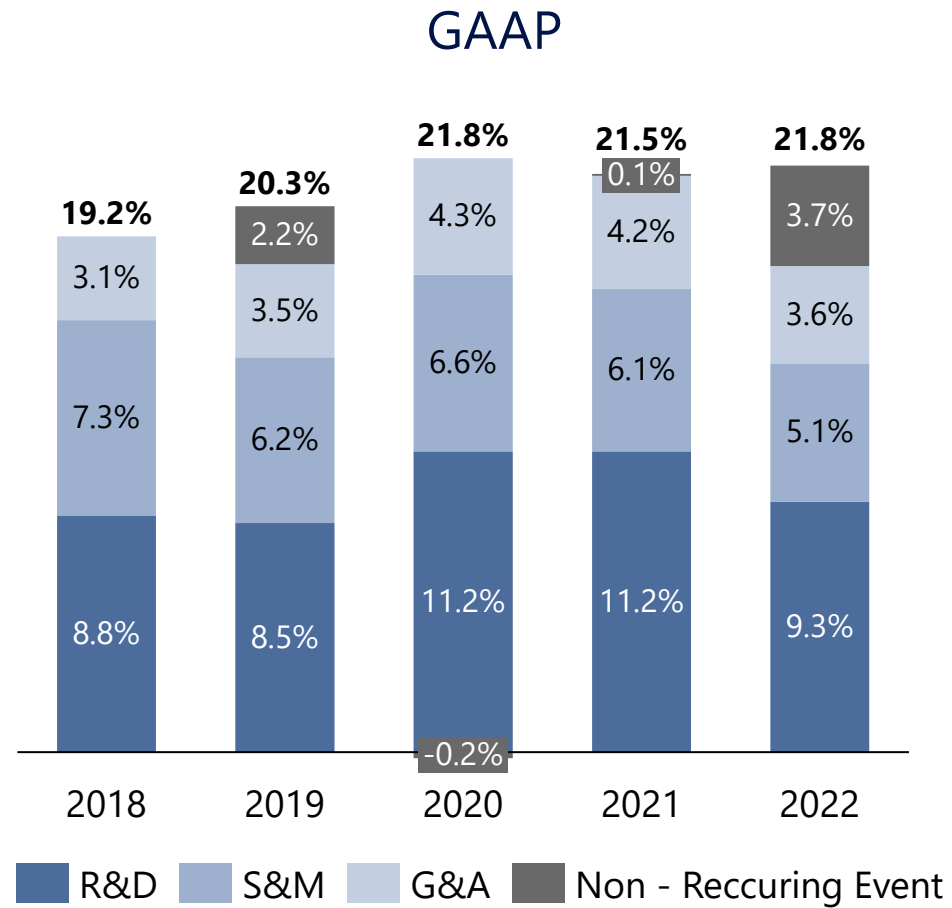
% of revenues

Consolidated Operating Expenses by Quarter



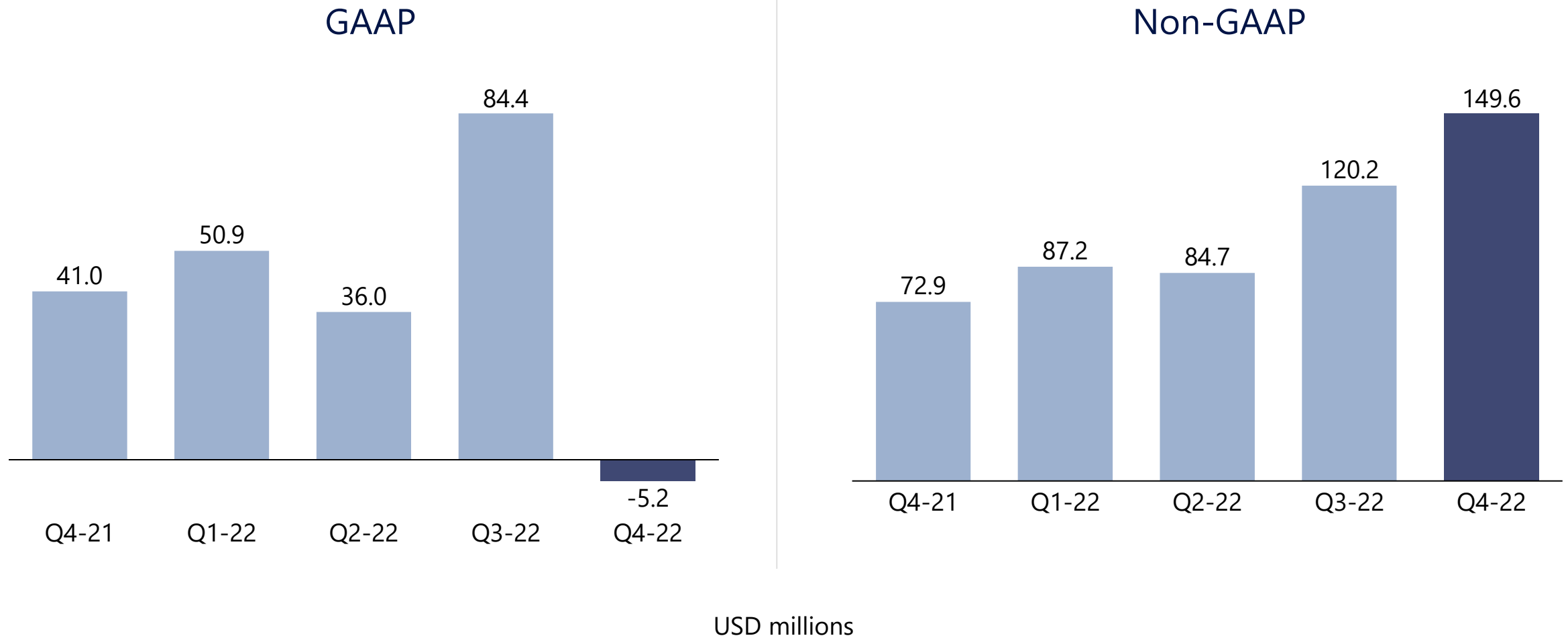
*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M, Automation Machines \$7.1M)

Annual Consolidated Operating Expenses



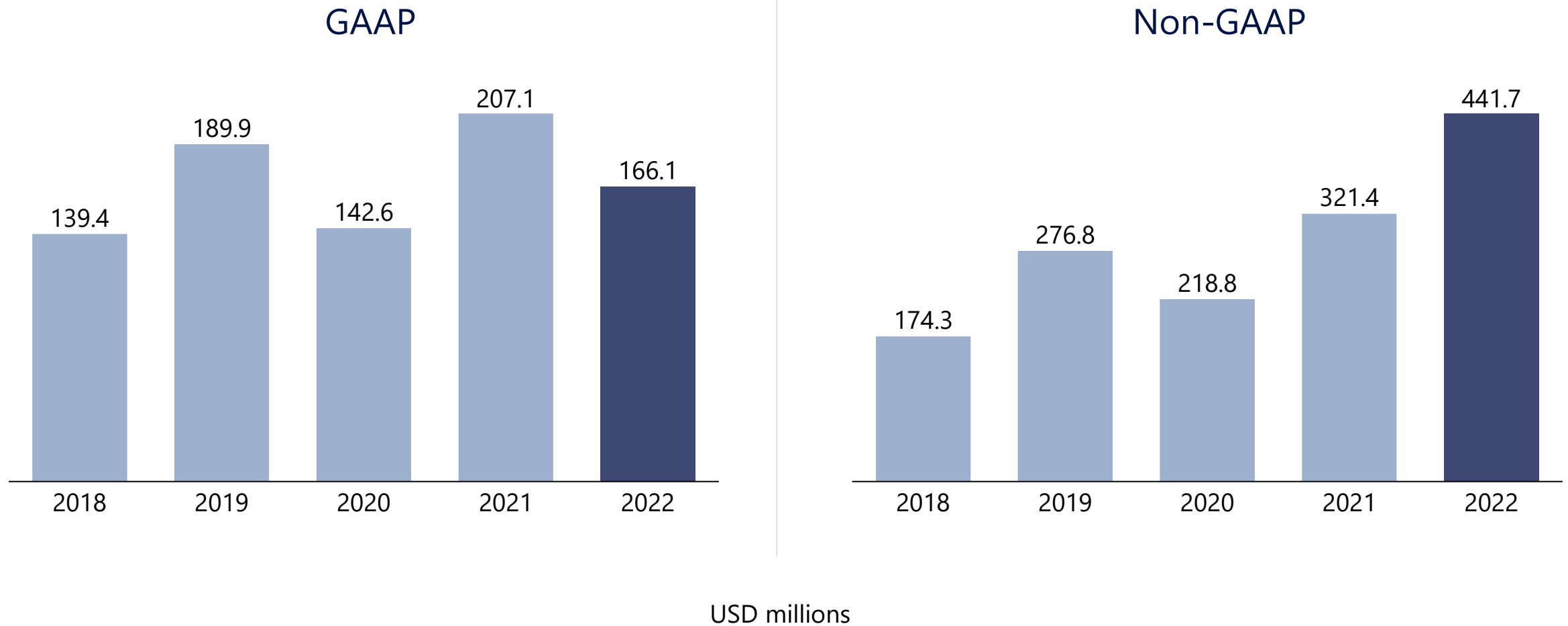
*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M, Automation Machines \$7.1M)

Quarterly Consolidated Operating Income



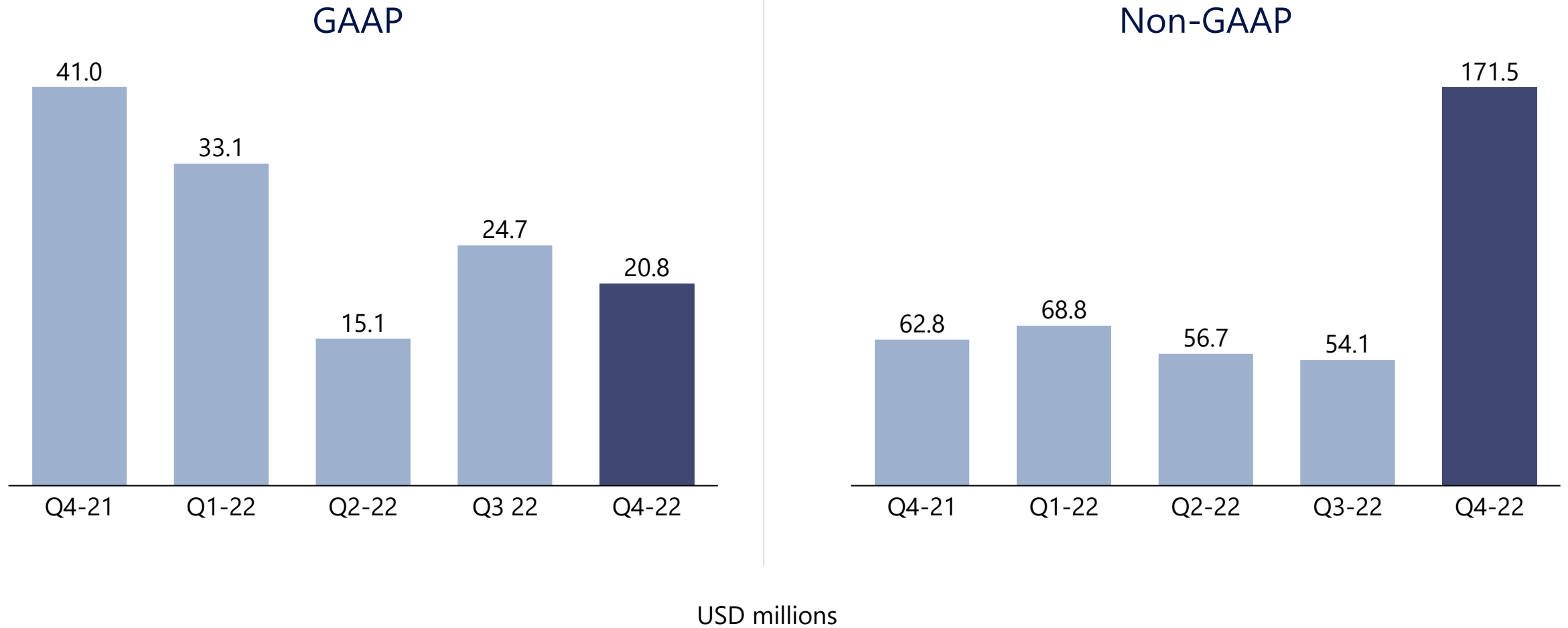
*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M , Automation Machines \$7.1M)

Annual Consolidated Operating Income



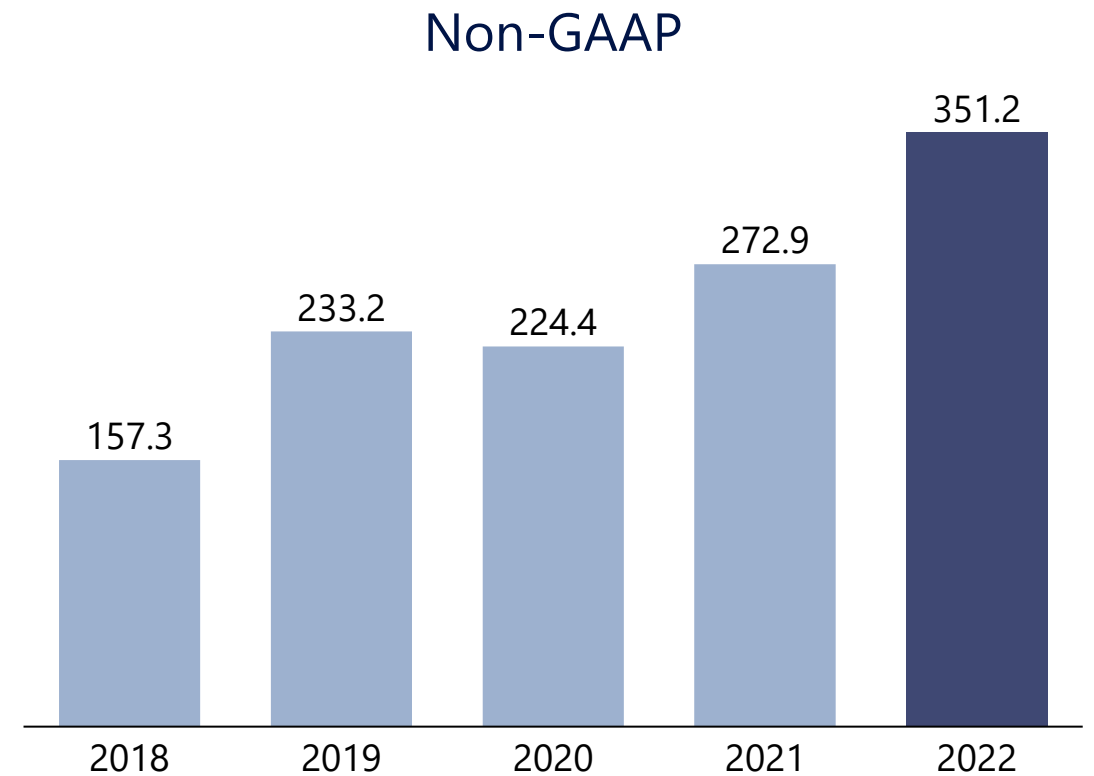
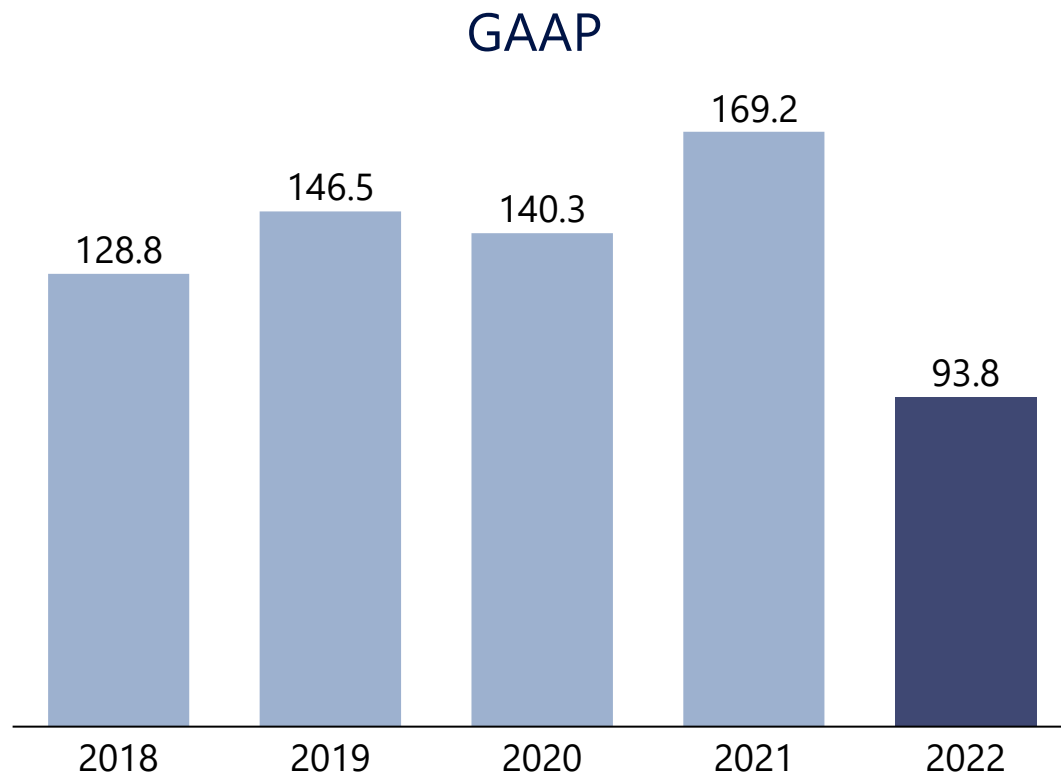
*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M , Automation Machines \$7.1M)

Quarterly Consolidated Net Income



*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M , Automation Machines \$7.1M)

Annual Consolidated Net Income



USD millions

*Q4-22 Intangible asset impairment \$114.5M (E-Mobility \$107.4M , Automation Machines \$7.1M)

Balance Sheet & Cash flow

USD in millions	Q4 21	Q3 22	Q4 22
Cash and investments	1,181.9	1,571.3	1,671.6
Total Debt*	633.9	633.7	633.6
Cash and Investments Net of Debt	548.0	937.6	1,038.0
Inventory	380.1	561.4	729.2
Capital Expenditures, Net	57.4	31.5	43.6
Cash Flow From Operations	89.6	5.6	111.3

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

First Quarter Guidance

- Revenue to be within the range of \$915 million to \$945 million
- Non-GAAP gross margin expected to be within the range of 28% to 31%
- Non-GAAP operating profit expected to be within the range of \$150 million to \$170 million
- Revenue from solar segment to be within the range of \$875 million to \$905 million
- Gross margin for the solar segment expected to be within the range of 31% to 34%

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			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gross profit (GAAP)	261,047	222,001	160,491	844,648	629,318
Revenues from finance component	(174)	(159)	(122)	(614)	(418)
Stock-based compensation	6,810	4,661	4,373	21,818	18,743
Disposal of assets related to Critical Power	----	----	----	4,314	----
Amortization and depreciation of acquired assets	961	2,064	2,272	7,429	9,326
Gross profit (Non-GAAP)	268,644	228,567	167,014	877,595	656,969

Reconciliation of GAAP to Non-GAAP Gross Margin

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Gross margin (GAAP)	29.3%	26.5%	29.1%	27.2%	32.0%
Revenues from finance component	0.0%	0.0%	0.0%	0.0%	0.0%
Stock-based compensation	0.8%	0.6%	0.8%	0.7%	1.0%
Disposal of assets related to Critical Power	----	----	----	0.1%	----
Amortization and depreciation of acquired assets	0.1%	0.2%	0.4%	0.2%	0.5%
Gross margin (Non-GAAP)	30.2%	27.3%	30.3%	28.2%	33.5%

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Operating expenses

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Operating expenses (GAAP)	266,210	137,594	119,453	678,528
Stock-based compensation - R&D	(16,854)	(14,553)	(14,872)	(63,211)	(45,424)
Stock-based compensation - S&M	(7,928)	(9,341)	(5,882)	(31,017)	(22,834)
Stock-based compensation - G&A	(7,015)	(7,196)	(4,076)	(29,493)	(15,592)
Amortization and depreciation of acquired assets - R&D	(301)	(302)	(302)	(1,206)	(530)
Amortization and depreciation of acquired assets - S&M	(173)	(187)	(225)	(822)	(927)
Amortization and depreciation of acquired assets - G&A	(4)	(6)	(6)	(21)	(29)
Assets impairment	(114,473)	19	----	(119,141)	(2,209)
Gain (loss) from assets sales and disposal	(93)	744	18	1,053	117
Other items	(359)	1,559	----	1,200	859
Operating expenses (Non-GAAP)	119,010	108,331	94,108	435,870	335,610

Reconciliation of GAAP to Non-GAAP Operating income

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Operating income (GAAP)	(5,163)	84,407	41,038	166,120
Revenues from finance component	(174)	(159)	(122)	(614)	(418)
Disposal of assets related to Critical Power	----	----	----	4,314	----
Stock-based compensation	38,607	35,751	29,203	145,539	102,593
Amortization and depreciation of acquired assets	1,439	2,559	2,805	9,478	10,812
Assets impairment	114,473	(19)	----	119,141	2,209
Loss (gain) from assets sales and disposal	93	(744)	(18)	(1,053)	(117)
Other items	359	(1,559)	----	(1,200)	(859)
Operating income (Non-GAAP)	149,634	120,236	72,906	441,725	321,359

Reconciliation of GAAP to Non-GAAP

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

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial income (expense), net (GAAP)	56,101	(33,025)	(6,324)	3,316	(19,915)
Notes due 2025	730	730	727	2,916	2,903
Non cash interest	1,955	1,775	1,527	7,038	5,771
Unrealized losses	(170)	----	(541)	(170)	(541)
Currency fluctuation related to lease standard	749	(1,116)	2,422	(11,187)	2,007
Financial income (expense), net (Non-GAAP)	59,365	(31,636)	(2,189)	1,913	(9,775)

Reconciliation of GAAP to Non-GAAP Other income

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Other income (GAAP)	186	7,533	----	7,719	----
Gain from sale of investment in privately-held company	(186)	(7,533)	----	(7,719)	----
Other income (Non-GAAP)	----	----	----	----	----

Reconciliation of GAAP to Non-GAAP Tax on income

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Income tax benefit (expense) (GAAP)	(30,295)	(34,172)	6,240	(83,376)	(18,054)
Uncertain tax positions	----	----	(9,007)	----	(9,007)
Income tax adjustment	(7,186)	(291)	(5,181)	(9,067)	(11,639)
Income tax benefit (expense) (Non-GAAP)	(37,481)	(34,463)	(7,948)	(92,443)	(38,700)

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net income

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income (GAAP)	20,829	24,743	40,954	93,779	169,170
Revenues from finance component	(174)	(159)	(122)	(614)	(418)
Disposal of assets related to Critical Power	----	----	----	4,314	----
Stock-based compensation	38,607	35,751	29,203	145,539	102,593
Amortization and depreciation of acquired assets	1,439	2,559	2,805	9,478	10,812
Assets impairment	114,473	(19)	----	119,141	2,209
Loss (gain) from assets sales and disposal	93	(744)	(18)	(1,053)	(117)
Other items	359	(1,559)	----	(1,200)	(859)
Notes due 2025	730	730	727	2,916	2,903
Non cash interest	1,955	1,775	1,527	7,038	5,771
Unrealized losses	(170)	----	(541)	(170)	(541)
Currency fluctuation related to lease standard	749	(1,116)	2,422	(11,187)	2,007
Gain from sale of investment in privately-held company	(186)	(7,533)	----	(7,719)	----
Uncertain tax positions	----	----	(9,007)	----	(9,007)
Income tax adjustment	(7,186)	(291)	(5,181)	(9,067)	(11,639)
Net income (Non-GAAP)	171,518	54,137	62,769	351,195	272,884

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net basic EPS

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net basic earnings per share (GAAP)	0.37	0.44	0.78	1.70	3.24
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	0.69	0.64	0.55	2.64	1.97
Amortization and depreciation of acquired assets	0.02	0.05	0.05	0.17	0.21
Assets impairment	2.05	0.00	----	2.17	0.05
Loss (gain) from assets sales and disposal	0.00	(0.02)	0.00	(0.02)	(0.01)
Other items	0.01	(0.02)	----	(0.02)	(0.02)
Notes due 2025	0.01	0.01	0.02	0.05	0.05
Non cash interest	0.04	0.03	0.03	0.13	0.11
Unrealized losses	(0.01)	----	(0.01)	(0.01)	(0.01)
Currency fluctuation related to lease standard	0.02	(0.02)	0.04	(0.20)	0.04
Gain from sale of investment in privately-held company	(0.01)	(0.13)	----	(0.14)	----
Uncertain tax positions	----	----	(0.17)	----	(0.17)
Income tax adjustment	(0.13)	(0.01)	(0.10)	(0.16)	(0.22)
Net basic earnings per share (Non-GAAP)	3.06	0.97	1.19	6.38	5.23

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net diluted earnings per share (GAAP)	0.36	0.43	0.74	1.65	3.06
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	0.64	0.59	0.50	2.43	1.77
Amortization and depreciation of acquired assets	0.02	0.05	0.05	0.16	0.19
Assets impairment	1.91	0.00	----	2.02	0.04
Loss (gain) from assets sales and disposal	0.00	(0.02)	0.00	(0.02)	0.00
Other items	0.01	(0.02)	----	(0.02)	(0.02)
Notes due 2025	0.00	0.00	0.00	0.01	0.02
Non cash interest	0.03	0.03	0.03	0.12	0.10
Unrealized losses	0.00	----	(0.01)	0.00	(0.01)
Currency fluctuation related to lease standard	0.01	(0.02)	0.04	(0.19)	0.03
Gain from sale of investment in privately-held company	0.00	(0.13)	----	(0.13)	----
Uncertain tax positions	----	----	(0.16)	----	(0.16)
Income tax adjustment	(0.12)	0.00	(0.09)	(0.15)	(0.20)
Net diluted earnings per share (Non-GAAP)	2.86	0.91	1.10	5.95	4.81

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended			Year ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Number of shares used in computing net diluted earnings per share (GAAP)	58,734,719	58,747,538	56,011,040	55,087,770	55,971,030
Stock-based compensation	1,237,266	784,228	894,079	963,373	773,636
Number of shares used in computing net diluted earnings per share (Non-GAAP)	59,971,985	59,531,766	56,905,119	56,051,143	56,744,666