

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

Individually and on Behalf of All Others
Similarly Situated,

Plaintiff,

v.

SOLAREEDGE TECHNOLOGIES, INC.,
ZVI LANDO, and RONEN FAIER,

Defendants.

Case No.

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff (“Plaintiff”), individually and on behalf of all others similarly situated, by and through Plaintiff’s attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, the investigation conducted by Plaintiff’s counsel, which includes without limitation: (a) review and analysis of regulatory filings made by SolarEdge Technologies, Inc. (“SolarEdge” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued and disseminated by SolarEdge; and (c) review of other publicly available information concerning SolarEdge.

NATURE OF THE ACTION

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired SolarEdge securities between February 22, 2022 and October 19, 2023, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. SolarEdge provides inverter solutions for a solar photovoltaic (“PV”) system. The Company’s offerings include power optimizers, inverters, monitoring services, energy storage, and smart energy management via a cloud-based monitoring platform. The Company sells its products worldwide through large distributors, electrical equipment wholesalers, as well as directly to large solar installers and engineering, procurement, and construction firms.

3. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (i) the Company’s distribution channels in Europe had higher than optimal inventory levels; (ii) that, as a result, the Company was experiencing substantial cancellations and pushouts of existing backlog from its European distributors; (iii) that, as a result, the Company’s backlog and guidance was overstated; and (iv) that, as a result, Defendants’ statements about the Company’s business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

4. On August 1, 2023, after the market closed, SolarEdge held a conference call with investors and analysts regarding its second quarter 2023 results. During the call, Defendant Zvi Lando (“Lando”) stated that “distribution channels in Europe are experiencing higher than optimal inventory levels, especially as it relates to solar modules.”

5. On this news, the Company’s share price fell \$43.96 per share, or 18.3%, to close at \$195.51 per share on August 2, 2023, on unusually high trading volume.

6. Then, on October 19, 2023, after the market closed, SolarEdge issued a press release announcing its preliminary financial results for the third quarter of 2023. In the press release, the Company disclosed that “[d]uring the second part of the third quarter of 2023, we

experienced substantial unexpected cancellations and pushouts of existing backlog from our European distributors” and “[a]s a result, third quarter revenue, gross margin and operating income will be below the low end of the prior guidance range.” As a result, the Company also disclosed that it “anticipates significantly lower revenues in the fourth quarter of 2023 as the inventory destocking process continues.”

7. On this news, the Company’s share price fell \$31.08 per share, or 27.2%, to close at \$82.90 per share on October 20, 2023, on unusually heavy trading volume.

8. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, SolarEdge’s common stock trades on the NASDAQ Global Select Market (“NASDAQ”), which is located in this Judicial District.

12. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the U.S. mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

13. Plaintiff, as set forth in the accompanying Certification, incorporated by reference herein, purchased SolarEdge securities during the Class Period and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

14. Defendant SolarEdge is a Delaware corporation with principal executive offices located at 1 HaMada Street, Herziliya Pituach, 4673335, Israel. SolarEdge common stock trades in an efficient market on the NASDAQ under the ticker symbol “SEDG”.

15. Defendant Lando was SolarEdge’s Chief Executive Officer (“CEO”) at all relevant times. During the Class Period, Lando sold 45,323 shares of SolarEdge stock for total proceeds of approximately *\$15 million*.

16. Defendant Ronen Faier (“Faier”) was SolarEdge’s Chief Financial Officer at all relevant times.

17. Defendants Lando and Faier (together, the “Individual Defendants”), because of their positions with the Company, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public

information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

18. SolarEdge and the Individual Defendants are collectively referred to herein as “Defendants”.

SUBSTANTIVE ALLEGATIONS

Background

19. SolarEdge provides inverter solutions for a PV system. The Company’s offerings include power optimizers, inverters, monitoring services, energy storage, and smart energy management via a cloud-based monitoring platform. The Company sells its products worldwide through large distributors, electrical equipment wholesalers, as well as directly to large solar installers and engineering, procurement, and construction firms.

Materially False and Misleading Statements Issued During the Class Period

20. The Class Period begins on February 22, 2022, when SolarEdge filed its annual report on Form 10-K with the SEC for the quarter and year ended December 31, 2021 (the “2021 10-K”), which described the impact of inventory and global channels on the Company’s results¹:

Revenues increased by \$504.6 million, or 34.6%, in the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to (i) an increase in the number of inverters and power optimizers sold, ***with significant growth in revenues in all geographies*** ; and (ii) ***an increase in the numbers of powertrain kits supplied by SolarEdge e-Mobility, in an aggregate amount of \$55.5 million. Revenues from outside of the U.S. comprised 60.0% of our revenues in the year ended December 31, 2021 as compared to 58.0% in the year ended December 31, 2020.***

¹ All emphases in bold and italics herein are added unless otherwise noted.

21. The 2021 10-K also stated that, “[a]s a result of the operational challenges we faced during 2021, the levels of our finished goods inventories required to support our growth were reduced”; that, “[t]o the extent that there are no further lockdowns, manufacturing capacity will revert to levels that accommodate the growing demand for our products within the first half of 2022”; and that “[i]n absence of additional Covid-19 related shutdowns we expect inventory levels to return to those required to support our growing business”; all of which signaled to investors that inventory for the Company’s products was insufficient to meet growing demand for those products.

22. Appended as exhibits to the 2021 10-K were signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”), wherein the Individual Defendants certified that “th[e 2021 10-K] does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by th[e 2021 10-K]” and that “the financial statements, and other financial information included in th[e 2021 10-K], fairly present in all material respects the financial condition, results of operations and cash flows of the [Company] as of, and for, the periods presented in th[e 2021 10-K.]”

23. On May 2, 2022, SolarEdge announced its first quarter 2022 financial results in a press release that stated, in relevant part:

“We are pleased with our record revenues for the first quarter which represent 62% growth from the first quarter of last year and *which are driven by record revenues in the United States and 14 countries in Europe*,” said Zvi Lando, Chief Executive Officer of SolarEdge. “*We continue to demonstrate our operational capabilities by navigating the current supply chain environment to meet strong worldwide demand for our products, and continuing to build long-term manufacturing capacity to support our growing businesses.*”

24. On May 4, 2022, SolarEdge filed its quarterly report on Form 10-Q with the SEC for the period ended March 31, 2022 (the “1Q22 10-Q”), which described the impact of inventory and global channels on the Company’s results:

Revenues increased by \$504.6 million, or 34.6%, in the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to (i) an increase in the number of inverters and power optimizers sold, ***with significant growth in revenues in all geographies***; and (ii) ***an increase in the numbers of powertrain kits supplied by SolarEdge e-Mobility, in an aggregate amount of \$55.5 million. Revenues from outside of the U.S. comprised 60.0% of our revenues in the year ended December 31, 2021 as compared to 58.0% in the year ended December 31, 2020.***

25. The 1Q22 10-Q also stated that “our aggregate overall manufacturing capacity was negatively impacted and together with shipping constraints caused by port congestions, caused a reduction in our finished goods inventory and availability to supply in the third and fourth quarter of 2021”; that, “[t]o the extent that there are no further lockdowns, manufacturing capacity will revert to levels that accommodate the growing demand for our products within the first half of 2022”; and that “[i]n absence of additional Covid-19 related shutdowns we expect inventory levels to return to those required to support our growing business”; all of which signaled to investors that inventory for the Company’s products was insufficient to meet growing demand for those products.

26. Appended as exhibits to the 1Q22 10-Q were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

27. On August 2, 2022, SolarEdge announced its second quarter 2022 financial results in a press release that stated, in relevant part:

“The growing demand for energy in general and clean energy in particular continued to drive top line growth this quarter resulting in record revenues in Europe and the United States,” said Zvi Lando, Chief Executive Officer of SolarEdge. “While we continue to face growing supply chain challenges, some related to our rapid growth in an environment of component shortages, and macro-

economic trends as a result of our global footprint, we continue to support our customers while building the infrastructure for sustainable growth.”

28. On August 4, 2022, SolarEdge filed its quarterly report on Form 10-Q with the SEC for the period ended June 30, 2022 (the “2Q22 10-Q”), which described the impact of inventory and European channels on the Company’s results:

Revenues increased by \$247.7 million, or 51.6%, in the three months ended June 30, 2022, as compared to the three months ended June 30, 2021, primarily due to (i) an increase in the number of inverters and power optimizers sold, **with significant growth in revenues coming from Europe** and the U.S; and (ii) **an increase of \$103.4 million related to the number of residential batteries sold mainly in Europe** and the U.S. Revenues from outside of the U.S. comprised 57.3% of our revenues in the three months ended June 30, 2022 as compared to 63.4% in the three months ended June 30, 2021.

29. The 2Q22 10-Q also stated:

Operating cash flows consists primarily of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash used in operating activities in the six months ended June 30, 2022, was \$85.6 million as compared to \$62.8 million cash provided by operating cash flows in the six months ended June 30, 2021, mainly due to extended shipping times to customers which extended the period of time between payment to our vendors and delivery to and collection from our customers, **and a significant increase in inventory procurement in response to increased demand for our products, including increased purchasing of battery cells for our residential storage solution, and, increased safety stocks intended to mitigate supply chain disruptions**, all of which resulted in unfavorable changes in working capital in the six months ended June 30, 2022, compared to the six months ended June 30, 2021, which was partially offset by higher net income adjusted for certain non-cash items. The Company returned to cash generation from operating activities in the second quarter of 2022.

30. Appended as exhibits to the 2Q22 10-Q were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

31. On November 7, 2022, SolarEdge announced its third quarter 2022 financial results in a press release that stated, in relevant part:

“We are pleased with our third quarter results, setting new revenue and operating profit records. **The results reflect extremely strong momentum in Europe where our revenues grew 90% compared to the same quarter last year,**” said Zvi Lando,

Chief Executive Officer of SolarEdge. “This quarter we increased production and were able to ship more units while increasing our operational efficiency and returning to a growth trajectory for our gross margins. *We believe that the continued increase in manufacturing capacity in our existing manufacturing lines combined with our plans to establish a manufacturing footprint in the U.S. will allow us to capitalize on the strong demand we are experiencing globally.*”

32. On November 8, 2022, SolarEdge filed its quarterly report on Form 10-Q with the SEC for the period ended September 30, 2022 (the “3Q22 10-Q”), which described the impact of inventory and European channels on the Company’s results:

Revenues increased by \$310.3 million, or 59.0%, in the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, primarily due to (i) an increase in the number of inverters and power optimizers sold, *with significant growth in revenues coming from Europe* and the U.S.; and (ii) *an increase of \$161.4 million related to the number of residential batteries sold mainly in Europe* and the U.S. *Revenues from outside of the U.S. comprised 69.9% of our revenues in the three months ended September 30, 2022 as compared to 64.1% in the three months ended September 30, 2021.*

33. The 3Q22 10-Q also stated:

Operating cash flows consists primarily of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash used in operating activities in the nine months ended September 30, 2022, was \$80.0 million as compared to \$124.6 million cash provided by operating cash flows in the nine months ended September 30, 2021, mainly due to extended shipping times to customers which extended the period of time between payment to our vendors and delivery to and collection from our customers, *a significant increase in inventory procurement in response to increased demand for our products, including increased purchasing of battery cells for our residential storage solution, and, increased safety stocks intended to mitigate supply chain disruptions*, all of which resulted in unfavorable changes in working capital in the nine months ended September 30, 2022, compared to the nine months ended September 30, 2021, which was partially offset by higher net income adjusted for certain non-cash items. The Company returned to cash generation from operating activities in the second and third quarters of 2022.

34. Appended as exhibits to the 3Q22 10-Q were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

35. On February 13, 2023, SolarEdge announced its fourth quarter and full year 2022 financial results in a press release that stated, in relevant part:

“We are pleased with our fourth quarter results that conclude a challenging yet very successful year. ***The global economic and geopolitical events coupled with post pandemic dynamics created an unprecedented demand for solar energy in general and our products in particular,***” said Zvi Lando, Chief Executive Officer of SolarEdge. “I am proud that our extraordinary global team of employees was able to overcome the hurdles we faced and conclude a record year in almost every element of our operations. ***We are excited about the opportunities of the year ahead and expect to continue our profitable growth momentum.***”

36. On February 22, 2023, SolarEdge filed its annual report on Form 10-K with the SEC for the quarter and year ended December 31, 2022 (the “2022 10-K”), which described the impact of inventory and European channels on the Company’s results:

Revenues increased by \$1,146.4 million, or 58.4%, in the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to (i) an increase of \$615.5 million related to the number of inverters and power optimizers sold, ***with significant growth in revenues coming from Europe*** and the U.S.; and (ii) ***an increase of \$409.6 million related to the number of residential batteries sold mainly in Europe*** and in the U.S.

Revenues from outside of the U.S. comprised 63.5% of our revenues in the year ended December 31, 2022 as compared to 60.0% in the year ended December 31, 2021.

37. The 2022 10-K also stated that, “[a]s a result of the operational challenges we faced during 2022, the levels of our finished goods inventories required to support our growth were reduced”; and that “[t]o the extent that production in our Mexican manufacturing facility ramps and production in Sella 1 is expanded as anticipated, we expect inventory levels to return to those required to support our growing business”; all of which signaled to investors that inventory for the Company’s products was insufficient to meet growing demand for those products.

38. Appended as exhibits to the 2022 10-K were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

39. On May 3, 2023, SolarEdge announced its first quarter 2023 financial results in a press release (the “1Q23 Press Release”), which stated, in relevant part:

“We are pleased with our first quarter results reflecting our strong global presence and execution capabilities,” said Zvi Lando, Chief Executive Officer of SolarEdge. **“Our diverse geographic and segmental footprint enables us to continue to grow revenues without being overly dependent on any single market or segment.** As we see supply chain challenges gradually improving, we remain focused on execution and efficiencies to drive up margins and profitability.”

40. The 1Q23 Press Release also stated:

Outlook for the Second Quarter 2023

The Company also provides guidance for the second quarter ending June 30, 2023 as follows:

- Revenues 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 to be within the range of \$195 million to \$215 million
- Revenues from the solar segment to be within the range of \$930 million to \$980 million
- Gross margin from the solar segment expected to be within the range of 34% to 37%

41. That same day, SolarEdge held an earnings call, during which Defendant Lando stated:

The European residential markets continue to be very strong for us this quarter. As we ramped shipments of three phase residential inverters, in particular, our new backup inverter as well as the three phase residential battery. ***We expect this momentum to continue in the coming quarters as we are still increasing capacity of backup inverters to deliver on the significant backlog and the strong demand for this product.***

* * *

The ***backlog for C&I is very strong for the remaining of the year.*** And as I mentioned in the remarks, ***we are still behind in terms of being able to increase capacity to meet it and this is true globally[.]***

42. On May 8, 2023, SolarEdge filed its quarterly report on Form 10-Q with the SEC for the period ended March 31, 2023 (the “1Q23 10-Q”), which described the impact of inventory and European channels on the Company’s results:

Revenues increased by \$288.8 million, or 44.1%, in the three months ended March 31, 2023 as compared to the three months ended March 31, 2022, primarily due to (i) an increase of \$245.4 million related to the number of inverters and power optimizers sold, with ***significant growth in revenues coming from Europe***; and (ii) ***an increase of \$64.6 million related to the number of residential batteries, sold primarily in Europe***. Revenues from outside of the U.S. comprised 72.6% of our revenues in the three months ended March 31, 2023 as compared to 59.4% in the three months ended March 31, 2022.

43. The 1Q23 10-Q also stated:

Operating cash flows consists primarily of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating cash flows in the three months ended March 31, 2023 was \$7.9 million as compared to \$163.0 million used in operating activities in the three months ended March 31, 2022, mainly due to higher net income adjusted for certain non-cash items and favorable changes in working capital due to a decrease in shipping times to customers which shortened the period of time between payment to our vendors and delivery to and collection from our customers, ***partially offset by an increase in inventory procurement in response to increased demand for our products and increased purchasing of battery cells for our residential storage solution***.

44. Appended as exhibits to the 1Q23 10-Q were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

45. The above statements identified in ¶¶ 20-44 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (i) the Company's distribution channels in Europe had higher than optimal inventory levels; (ii) that, as a result, the Company was experiencing substantial cancellations and pushouts of existing backlog from its European distributors; (iii) that, as a result, the Company's backlog and guidance was overstated; and (iv) that, as a result, Defendants' statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

The Truth Begins to Emerge

46. On August 1, 2023, SolarEdge issued a press release announcing its second quarter 2023 financial results. Therein, the Company stated, in relevant part:

SolarEdge Technologies, Inc. (Nasdaq: SEDG), a global leader in smart energy technology, today announced its financial results for the second quarter ended June 30, 2023.

Second Quarter 2023 Highlights

- Record revenues of \$991.3 million
- Record revenues from solar segment of \$947.4 million
- GAAP gross margin of 32.0%
- Non-GAAP gross margin* of 32.7%
- Gross margin from solar segment of 34.7%
- Record GAAP operating income of \$150.4 million
- Record non-GAAP operating income* of \$191.0 million
- GAAP net income of \$119.5 million
- Non-GAAP net income* of \$157.4 million
- GAAP net diluted earnings per share (“EPS”) of \$2.03
- Non-GAAP net diluted EPS* of \$2.62
- Record 4.3 Gigawatts (AC) of inverters shipped
- 269 MWh of batteries shipped

“We are pleased with our results for the second quarter, in particular our strong performance in Europe in both the residential and commercial solar segments. While the U.S. residential solar market is currently seeing some headwinds primarily related to higher interest rates, we are navigating through this period by leveraging our geographic and multi-segment strengths in the solar markets and expect to benefit from the positive long-term outlook for this sector,” said Zvi Lando, Chief Executive Officer of SolarEdge.

* * *

Outlook for the Third Quarter 2023

The Company also provides guidance for the third quarter ending September 30, 2023 as follows:

- Revenues 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** to be within the range of \$115 million to \$135 million
- Revenues from the solar segment to be within the range of \$850 million to \$890 million
- Gross margin from the solar segment expected to be within the range of 30% to 33%

47. On the same day, August 1, 2023, after trading closed, SolarEdge held a conference call with investors and analysts regarding its second quarter 2023 results. During the call, Defendant Lando stated that “distribution channels in Europe are experiencing higher than optimal inventory levels, especially as it relates to solar modules.” In greater part, Lando stated:

On the supply side, the distribution channels in Europe are experiencing higher than optimal inventory levels, especially as it relates to solar modules. During the recent period of shortages and expectations for high growth, distributors placed large orders for modules and inverters in order to ensure stability of supply to support the growing demand. As growth in demand has tapered off, distributors are taking a more cautious approach in order to better manage their cash flow.

In addition to taking actions to reduce inventory levels, distributors are also reducing the number of suppliers in their portfolio, which had expanded during the period of shortages. This is a dynamic seen before in the industry during a shift from a period of extreme shortage and accelerated growth to a period of more gradual growth and undisrupted product availability. We expect this inventory adjustment period could continue for the next two quarters, especially when also taking into account the typical fourth quarter seasonality effect in Europe.

48. On this news, the Company’s share price fell \$43.96 per share, or 18.3%, to close at \$195.51 per share on August 2, 2023, on unusually heavy trading volume.

49. On August 7, 2023, SolarEdge filed its quarterly report on Form 10-Q with the SEC for the period ended June 30, 2023 (the “2Q23 10-Q”), which stated, in relevant part:

Revenues increased by \$263.5 million, or 36.2%, in the three months ended June 30, 2023, as compared to the three months ended June 30, 2022, primarily due to (i) an increase of \$256.3 million related to the number of inverters and power optimizers sold, **with significant growth in revenues coming from Europe**; and (ii) **an increase of \$34.7 million related to the number of residential batteries sold mainly in Europe**. These increases were offset by a decrease of \$28.6 million related to a decrease in the number of ancillary solar products sold. Revenues from outside of the U.S. comprised 80.3% of our revenues in the three months ended June 30, 2023 as compared to 57.3% in the three months ended June 30, 2022.

50. The 2Q23 10-Q also discussed revenue and growth in Europe specifically:

Revenues increased by \$552.3 million, or 39.9%, in the six months ended June 30, 2023 as compared to the six months ended June 30, 2022, primarily due to (i) an increase of \$501.6 million related to an increase in the number of inverters and power optimizers sold, **with significant growth in revenues coming from Europe**; and (ii) **an increase of \$99.3 million related to an increase in the number of residential batteries sold mainly in Europe**. Revenues from outside of the U.S. comprised 76.7% of our revenues in the six months ended June 30, 2023 as compared to 58.3% in the six months ended June 30, 2022.

51. The 2Q23 10-Q also discussed the impact of operating activities in the supply chain:

Operating cash flows consists primarily of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash used in operating activities decreased by \$4.8 million in the six months ended June 30, 2023 as compared to the six months ended June 30, 2022, mainly due to higher net income adjusted for certain non-cash items. This was partially offset by a **significant increase in inventory procurement as part of our investment in building inventory in order to minimize potential supply disruptions and meet future demand**.

52. Appended as exhibits to the 2Q23 10-Q were substantively the same SOX certifications as referenced in ¶ 22, *supra*, signed by the Individual Defendants.

53. The above statements identified in ¶¶ 46-47 and 49-52 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose to investors: (i) the Company was experiencing substantial cancellations and pushouts of existing backlog from its European

distributors; (ii) that, as a result, the Company's backlog and guidance was overstated; and (iii) that, as a result, Defendants' statements about the Company's business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all relevant times.

The Truth Fully Emerges

54. On October 19, 2023, after the market closed, SolarEdge issued a press release announcing its preliminary financial results for the third quarter 2023. In the press release, the Company disclosed that “[d]uring the second part of the third quarter of 2023, we experienced substantial unexpected cancellations and pushouts of existing backlog from our European distributors” and “[a]s a result, third quarter revenue, gross margin and operating income will be below the low end of the prior guidance range.” As a result, the Company also disclosed that it “anticipates significantly lower revenues in the fourth quarter of 2023 as the inventory destocking process continues.” In greater part, the Company stated:

“During the second part of the third quarter of 2023, we experienced substantial unexpected cancellations and pushouts of existing backlog from our European distributors,” said Zvi Lando, Chief Executive Officer of SolarEdge. *“We attribute these cancellations and pushouts to higher than expected inventory in the channels and slower than expected installation rates. In particular, installation rates for the third quarter were much slower at the end of the summer and in September where traditionally there is a rise in installation rates.”*

As a result, third quarter revenue, gross margin and operating income will be below the low end of the prior guidance range. Additionally, the Company anticipates significantly lower revenues in the fourth quarter of 2023 as the inventory destocking process continues.

* * *

Third quarter revenue is now expected to be in the range of \$720 million to \$730 million, compared to the previous expectation of \$880 million to \$920 million.

GAAP gross margin is now expected to be within the range of 19% to 20%.

Non-GAAP gross margin* is now expected to be within the range of 20.1% to 21.1%, compared to the previous expectation of 28% to 31%.

GAAP operating loss is now expected to be within the range of \$9 million to \$28 million.

Non-GAAP operating income* is now expected to be within the range of \$12 million to \$31 million, compared to the previous expectation of \$115 million to \$135 million.

55. On this news, the Company's share price fell \$31.08 per share, or 27.2%, to close at \$82.90 per share on October 20, 2023, on unusually heavy trading volume.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

56. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired SolarEdge securities during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

57. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, SolarEdge's shares actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of SolarEdge shares were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by SolarEdge or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

58. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

59. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

60. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the federal securities laws were violated by Defendants' acts as alleged herein;
- b. whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of SolarEdge; and
- c. to what extent the members of the Class have sustained damages and the proper measure of damages.

61. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

62. The market for SolarEdge's securities was open, well-developed, and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, SolarEdge's securities traded at artificially inflated prices during the Class Period.

Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of SolarEdge's securities and market information relating to SolarEdge, and have been damaged thereby.

63. During the Class Period, the artificial inflation of SolarEdge's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about SolarEdge's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of SolarEdge and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company's shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

64. At all relevant times, the market for SolarEdge's securities was an efficient market for the following reasons, among others:

- a. SolarEdge shares met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- b. As a regulated issuer, SolarEdge filed periodic public reports with the SEC and/or the NASDAQ;
- c. SolarEdge regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other

wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

- d. SolarEdge was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

65. As a result of the foregoing, the market for SolarEdge's securities promptly digested current information regarding SolarEdge from all publicly available sources and reflected such information in SolarEdge's share price. Under these circumstances, all purchasers of SolarEdge's securities during the Class Period suffered similar injury through their purchase of SolarEdge's securities at artificially inflated prices and a presumption of reliance applies.

66. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

UNDISCLOSED ADVERSE FACTS

67. The market for SolarEdge's securities was open, well-developed, and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, SolarEdge's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired SolarEdge's securities relying upon the integrity of the market price of the Company's securities and market information relating to SolarEdge, and have been damaged thereby.

68. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of SolarEdge's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about SolarEdge's business, operations, and prospects as alleged herein.

69. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about SolarEdge's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other

members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

70. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

71. During the Class Period, Plaintiff and the Class purchased SolarEdge's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

72. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding SolarEdge, their control over, and/or receipt and/or modification of SolarEdge's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning SolarEdge, participated in the fraudulent scheme alleged herein. Moreover, during the Class Period, SolarEdge's CEO, Defendant Lando, sold 45,323 shares of the

Company's stock for total proceeds of approximately *\$15 million* while the materially false and/or misleading statements alleged herein were being disseminated to SolarEdge investors.

NO SAFE HARBOR

73. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of SolarEdge who knew that the statement was false when made.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

74. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

75. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and

other members of the Class to purchase SolarEdge's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

76. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for SolarEdge's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

77. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about SolarEdge's financial well-being and prospects, as specified herein.

78. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of SolarEdge's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about SolarEdge and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more

particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

79. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

80. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing SolarEdge's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to

obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

81. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of SolarEdge's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trade, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired SolarEdge's securities during the Class Period at artificially high prices and were damaged thereby.

82. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that SolarEdge was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their SolarEdge securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

83. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

84. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

85. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

86. The Individual Defendants acted as controlling persons of SolarEdge within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

87. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

88. As set forth above, Defendants each violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- D. Such other and further relief as the Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.