Risk Factors Comparison 2024-02-26 to 2023-02-22 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

We face risks related to our business and our industry, including those related to: • Our ability to **be** ~~maintain our current level of profitability~~ **profitable in the future** . • The rapidly evolving and competitive nature of the solar industry **, which makes it difficult to evaluate our future prospects** . • **Fluctuations in** ~~Demand~~ **demand** for solar energy solutions **, including if demand for solar energy solutions does not resume growth or grows at a slower rate than anticipated, and our ability to accurately forecast customer demand** . • ~~The dependence of~~ **Macroeconomic conditions in** our ~~e- Mobility business on orders from a leading automotive manufacturer~~ **domestic and international markets, as well as inflation concerns, instability of financial institutions, rising interest rates, and recessionary concerns** . • The impact of declines in the retail price of electricity derived from the utility grid or from alternative energy sources. • The impact of increases in interest rates or tightening of the supply of capital on the ability of end- users to finance the cost of a solar PV system. • The impact of increased competition as new and existing competitors introduce power optimizers, inverters, solar PV system monitoring **, batteries** and other smart energy products. • Developments in alternative technologies or improvements in distributed solar energy generation. • The cyclicality of the solar industry. • Defects or performance problems in our products. • Our dependence on a small number of outside **contract manufacturers, including difficulties ramping production with new** contract manufacturers. • Any delays, disruptions, or quality control problems in our manufacturing operations. • Our dependence on a limited number of suppliers for key components and raw materials in our products to adequately meet anticipated demand. • Disruptions to our global supply chain and rising prices of oil and raw materials due to the conflict between Russia and Ukraine. • Our reliance on distributors and large installers to assist in selling our products **, and the failure of these customers to perform as expected** . • Mergers in the solar industry among our current or potential customers. • Our planned expansion into new geographic markets or new product lines or services. • Our ability to build our non- solar businesses and manage future growth effectively. • **Discontinuance of our e- Mobility business, resulting in the write- off of tangible and intangible assets. •** Our ability to **recognize expected benefits from cost reduction and restructuring** ~~raise the funds necessary to settle conversion of our Convertible Senior Notes or Notes in cash or to repurchase the Notes upon a fundamental change~~ . • Any unauthorized access to, disclosure, or theft of personal information we gather, store, or use. • Attempts by third parties, our employees, or our vendors ~~mighty~~ to gain unauthorized access to our network or seek to compromise our products and services. • Our entry into business engagements with military bodies as our customers **in the lithium- ion battery and energy storage business** . • Our **entry into adjacent markets through recent acquisitions and risks associated with acquisitions, including our** ability to ~~successfully execute future acquisitions or~~ be effective in integrating such acquisitions. • ~~Any damage~~ **Disruption to** ~~or~~ **our business operations as a result of war** ~~injury caused by Lithium- Ion used in our battery cells~~ and ~~packs. •~~ **hostilities in Israel and other** ~~Conditions~~ **conditions** in Israel that **affect our operations. • The tax benefits that are available to us under Israeli law that require us to meet various conditions and** may ~~affect~~ **be terminated** ~~our~~ **or** ~~operations~~ **reduced in the future, which could increase our costs and taxes** . • Difficulties in enforcing a judgment of a U. S. court against our officers and directors, to assert U. S. securities laws claims in Israel, or to serve process on our officers and directors ~~. • The ongoing Covid- 19 pandemic~~ . • Our dependence on ocean transportation to deliver our products in a timely and cost **-** efficient manner. • Fluctuations in currency exchange rates. • ~~Issues related to corporate~~ **Corporate** social responsibility **and sustainability, including the impact of evolving legal and regulatory requirements** . • Complications with the design or implementation of our new ERP system ~~could adversely impact~~ **. • Natural disasters, public health events, significant disruptions of information technology systems, data security breaches,** ~~our~~ **or** ~~business~~ **other catastrophic events** . We face risks related to legal, compliance and regulatory matters, including those related to: • Any reduction, elimination or expiration of government subsidies and economic incentives for on- grid solar electricity **applications** . • Any ~~unfavorable~~ **change in or elimination of** regulatory treatment, or guidance related to **, or an inability to ramp up production to benefit from incentives under** the **IRA** ~~Inflation Reduction Act of 2022~~ . • Changes to net metering policies. • **Existing electric utility industry regulations and changes to regulations, which may present** ~~Technical~~ **technical regulatory,** and economic barriers to the purchase and use of solar PV systems ~~resulting from current or future regulations~~ . We face risks related to intellectual property, including those related to: • Our ability to protect our intellectual property and other proprietary rights. • Any claims by third parties that we are infringing upon their intellectual property rights. • Any claims for remuneration or royalties for assigned service invention rights by our employees. • The impairment of our goodwill or other intangible assets. We face risks related to **our Notes and** the ownership of our common stock, including those related to: • Volatility of our stock price. • Provisions in our certificate of incorporation and by- laws that may have the effect of delaying or preventing a change of control or changes in our management. • The forum selection clause contained in our certificate of incorporation. • Our **ability to raise the funds necessary to settle conversion of our Convertible Senior Notes or Notes in cash or to repurchase the Notes upon a fundamental change. • Our ability to raise additional capital to execute on our current or future business opportunities. • Our** lack of plans to pay any cash dividends on our common stock in the foreseeable future. **• Our share repurchase program.** ~~The summary risk factors described above should be read together with the text of the full risk factors in the~~ Risk Factors ~~sections and the other information set forth in this Annual Report on Form 10- K, including our consolidated financial statements and the related notes, as well as in other documents that we file with the SEC. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not precisely known to us, or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations and future growth prospects. You should~~

~~carefully consider the risks described below together with the other information set forth in this report, which could materially affect our business, financial condition and future results. The risks described below are not the only risks facing our company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and operating results.~~ Risks related to Our Business and Our Industry We cannot be certain that we will **be** ~~sustain our current level of profitability~~ - **profitable** in the future. We achieved a net profit of $ **34. 3 million and $** 93. 8 ~~million and $ 169. 2~~ million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ respectively. **Maintaining** ~~A high growth rate in~~ profitability **in the currently volatile market** may not be sustainable over time. **Our** ~~For example, our~~ revenue and profitability for the year ended December 31, 2020 did not grow as we previously anticipated mainly due to the adverse effects of Covid- 19 on demands for our products, and on the global economy in general. In 2021, we experienced an increase in revenues and profitability when compared to the same period in 2020 and in 2022 our revenues grew when compared to the same period in 2021 while our net profit decreased due to reasons detailed in the Management' s Discussion and Analysis Section of ~~this~~ **our Annual** ~~report~~ **Report on Form 10- K for the year ended December 31, 2022. Conversely, in the third quarter of 2023, we experienced a slowdown in the demand for our products and during the second part of the third quarter of 2023, we experienced substantial unexpected cancellations and push outs of existing backlog from our European distributors. As a result, revenues in 2023 were significantly lower than the Company expected** . In the future, our revenues from both solar and non- solar business may not grow at the pace we anticipate, or may decline for a number of reasons, many of which are outside our control, including a decline in demand for our products, increased competition, a decrease in the growth of the solar industry, ~~the short term and long term effects of Covid- 19 on our industry~~ and business and industry trends including component shortages and supply chain disruptions due to ocean freight capacity, shipping times and port congestions as well as other macroeconomic conditions in our domestic and international markets, inflation concerns, rising interest rates and recessionary concerns, or our failure to continue to capitalize on growth opportunities. If we fail to maintain sufficient revenue to support our operations, we may not be able to sustain profitability. In addition, we expect to incur additional costs and expenses related to the continued development and expansion of our business, including in connection with recent or future acquisitions as well as ongoing marketing and developing our products, development of our own manufacturing facilities, expanding into new product markets and geographies, maintaining and enhancing our research and development operations and hiring additional personnel. We do not know whether our revenues will grow rapidly enough to absorb these costs, or the extent of these expenses or their impact on our results of operations. The rapidly evolving and competitive nature of the solar industry makes it difficult to evaluate our future prospects ~~. Our entry into other adjacent markets through recent acquisitions is new and highly competitive and it is difficult to evaluate our future in these new markets as well~~ . The rapidly evolving and competitive nature of the solar industry makes it difficult to evaluate our current business and future prospects. In addition, we have limited insight into emerging trends that may adversely affect our business, financial condition, results of operations and prospects. ~~Our non- solar businesses in adjacent markets, such as storage and e-Mobility are highly competitive markets in which we will need to compete. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including unpredictable and volatile revenues and increased expenses as our business continues to grow.~~ The viability and demand for our products **and services** may be affected by many factors beyond our control, including: • cost competitiveness, reliability and performance of solar PV systems compared to conventional and non- solar renewable energy sources and products; • competing new technologies at more competitive prices than those we offer for our products **and services** ; • availability and amount of government subsidies and incentives to support the development and deployment of solar energy solutions; • the extent of deregulation in the electric power industry and broader energy industries to permit broader adoption of solar electricity generation; • prices of traditional carbon- based energy sources; • levels of investment by end- users of solar energy products, which tend to decrease when economic growth slows; and • the emergence, continuance or success of, or increased government support for, other alternative energy generation technologies and products. ~~If~~ **Demand for solar energy solutions fluctuates, and if** demand for solar energy solutions does not **resume** ~~continue to grow~~ **growth** or grows at a slower rate than anticipated **, or if we are unable to accurately forecast customer demand** , our business and results of operations will suffer. Our revenues are primarily derived from products utilized in solar PV installations. Thus, our future success depends on continued demand for solar energy solutions and the ability of vendors to meet this demand. The solar industry is an evolving industry that has experienced substantial changes in recent years, and we cannot be certain that consumers, businesses, or utilities will adopt solar PV systems as an alternative energy source at levels sufficient to grow our business. If demand for solar energy solutions fails to continue to develop sufficiently, demand for our products **and services** will decrease, resulting in an adverse impact on our ability to increase our revenue and grow our business. **Additionally, there is fluctuating demand for solar energy solutions and we manufacture our products according to our estimate of future customer demand. We have experienced, and may in the future continue to experience, excess or shortages of product inventory as a result. This process requires us to make multiple forecasts and assumptions relating to the demand of our distributors, their end customers and general market conditions. Because we sell most of our products to distributors, who in turn sell to their end customers, we have limited visibility as to end- customer demand. We depend significantly on our distributors to provide us visibility into their end- customer demand, and we use these forecasts to make our own forecasts and planning decisions. If the information from our distributors turns out to be incorrect or incomplete, then our own forecasts may also be inaccurate. Furthermore, we do not have long- term purchase commitments with most of our distributors or end customers, and our sales are generally made by purchase orders that may be canceled, changed or deferred without notice to us or penalty. As a result, it is difficult to forecast future customer demand to plan our operations.** The **cancellation** ~~current revenues generated from our~~ - **or** ~~e~~ **deferral of product orders, or overproduction due to a change in anticipated order volumes could result in us holding excess or obsolete inventory, which could result in inventory write** -

downs ~~Mobility business are dependent on orders from a leading automotive manufacturer. The automotive industry is facing significant shortages of components for their assembly~~ and **,** ~~their slowdown~~ in ~~manufacturing~~ **turn,** could ~~delay orders of our powertrain kits. Shortages in components in the automotive industry, including semiconductors, due in large part to strong cross-industry demand,~~ have ~~presented challenges and global production disruptions. Many leading automotive manufacturers have announced that these shortages will remain constrained and could extend into 2023. As~~ a **material** ~~result, during 2021, our leading customer announced temporary suspensions of its manufacturing due to component shortages. These suspensions occurred again in 2022 and caused delays of orders for our powertrain units. Additional delays or suspensions may have an~~ adverse effect on our **financial condition. For example, in the second part of 2023, the solar industry began to experience a downturn, particularly in Europe, and we experienced substantial unexpected cancellations and push outs of existing backlog from our European distributors. This was a result of operational challenges in the later part of 2022, followed by record level shipments in the first half of 2023 and slowing market demand in the third quarter of 2023 as distributors began to experience financial challenges. We may have to make significant provisions for inventory write- downs based on events that are currently not known, and such provisions or any adjustments to such provisions could be material. We may also become involved in disputes with our suppliers who may claim that we failed to fulfill forecast or minimum purchase requirements. Conversely, if we underestimate demand, we may not have sufficient inventory to meet end-customer demand, and we may incur excess costs related to expedited deliveries, lose market share, damage relationships with our distributors and end customers, harm our reputation and forego potential** ~~revenues~~ - **revenue** ~~, profitability and~~ **opportunities. Obtaining additional supply in** ~~other~~ -- **the face of product shortages may be costly or impossible, particularly in light of supply chain disruptions and our outsourced manufacturing processes, which could prevent us from fulfilling orders in a timely and cost- efficient manner or at all. In addition, if we overestimate our production requirements, our contract manufacturers may purchase excess components and build excess inventory. If our contract manufacturers, at our request, purchase excess components that are unique to our products and are unable to recoup the costs of such excess through resale or return or build excess products, we could be required to pay for these excess parts or products and recognize related inventory write- downs. In addition, we plan our operating expenses, including research and development expenses, hiring needs and inventory investments, in part on our estimates of customer demand and future revenue. If customer demand or revenue for a particular period is lower than we expect, we may not be able to proportionately reduce our fixed operating expenses for that period, which would harm our operating results for that period. Macroeconomic conditions in our domestic and international markets, as well as inflation concerns, instability of financial institutions, rising interest rates, and recessionary concerns may adversely affect our industry, business and** financial results ~~from this~~ **. Our** business ~~. Additionally,~~ **depends on the overall demand for our solar energy** ~~projects~~ **products** ~~in~~ **and on** the ~~automotive industry~~ **economic health and willingness of our customers and potential customers to make capital commitments to purchase our products and services. As a result of macroeconomic or market uncertainty, including inflation concerns, rising interest rates, recessionary concerns, and geopolitical conflicts, customers may decide to delay purchasing our products and services or not purchase at all. In addition, a number of the risks associated with our business, which** are ~~long term~~ **disclosed in these risk factors, may increase in likelihood, magnitude or duration,** and ~~involve a long qualification process~~ **we may face new risks that we have not yet identified** . ~~Our e-~~ **In the past, unfavorable macroeconomic and market conditions have resulted in sustained periods of decreased demand. Macroeconomic and market conditions could be adversely affected by a variety of political, economic or other factors in the U. S. and international markets, which could, in turn, adversely affect spending levels of installers and end users and could create volatility or deteriorating conditions in the markets in which we operate. Macroeconomic uncertainty or weakness could result in: • reduced demand for our products as a result of constraints on capital spending for residential solar energy systems by our customers; • increased price competition for our products that may adversely affect revenue, gross margin and profitability; • decreased** ~~Mobility~~ **ability to forecast operating results and make decisions about budgeting, planning and future investments; •** business ~~currently does not have additional substantial projects in the pipeline beyond the project with Stellantis, which was announced in February 2021. Our inability to enter into additional projects may have an~~ **and** ~~adverse effect on~~ **financial difficulties faced by our suppliers** ~~our~~ **or** ~~revenues, profitability and~~ other **partners, including impacts to material costs, sales, liquidity levels, ability to continue investing in their businesses, ability to import or export goods, ability to meet development commitments and manufacturing capability; and • increased overhead and production costs as a percentage of revenue. Reductions in customer spending in response to unfavorable or uncertain macroeconomic and market conditions, globally or in a particular region where we operate, would adversely affect our business, results of operations and** financial **condition** ~~results from the e- Mobility business. In 2022, we impaired goodwill and intangible assets related to our e- Mobility business (see Notes 8 and 9 of the financial statements for additional information)~~ . A drop in the retail price of electricity derived from the utility grid or from alternative energy sources may harm our business, financial condition, results of operations, and prospects. Decreases in the retail prices of electricity from the utility grid, or other renewable energy resources, would make the purchase of solar PV systems less economically attractive and would likely lower sales of our products. The price of electricity derived from the utility grid could decrease as a result of: • construction of a significant number of new power generation plants, including plants utilizing natural gas, nuclear, coal, renewable energy, or other generation technologies; • relief of transmission constraints that enable local centers to generate energy less expensively; • reductions in the price of natural gas, or alternative energy resources other than solar; • utility rate adjustment and customer class cost reallocation; • energy conservation technologies and public initiatives to reduce electricity consumption; • development of smart- grid technologies that lower the peak energy requirements of a utility generation facility; • development of new or lower- cost energy storage technologies that have the ability to reduce a customer' s average cost of electricity by shifting load to off- peak times; and • development of new energy generation technologies that provide less expensive energy. Moreover, technological developments in the solar components industry could allow our competitors and their customers to offer electricity at costs lower than those that can be offered by us to our customers, which could result in reduced demand for our products. If the cost of electricity generated by solar PV installations incorporating our systems is high relative to the cost of electricity from other sources, our business, financial condition, and results of operations may be harmed. An increase in interest rates or tightening of the supply of capital in the global financial markets could make it difficult for end- users to finance the cost of a solar PV system and could reduce the demand for smart energy products and thus **the** demand for our products. Many end- users depend on financing to fund the initial capital expenditure required to develop, build, or purchase a solar PV system. **An** ~~As a result, an~~ increase in interest rates or a reduction in the supply of project debt financing or tax equity investments, could reduce the number of solar projects that receive financing or otherwise make it difficult for our customers or the end- users to secure the financing necessary to develop, build, purchase, or install a solar PV system on favorable terms, or at all, and thus lower demand for our products which could limit our growth or reduce our net sales. In addition, we believe that a significant percentage of end- users install solar PV systems as an investment, funding the initial capital expenditure through financing. An increase in interest rates could lower such end- user' s return on investment on a solar PV system, increase equity return requirements or make alternative investments more attractive relative to solar PV systems, and, in each case, could cause such end- users to seek alternative investments. **During 2022 and 2023, record levels of inflation have resulted in significant volatility and disruptions in the global economy. In response to rising inflation, central banks in the markets in which we operate, including the U. S. Federal Reserve and the European Central Bank, have tightened their monetary policies and raised interest rates. Such measures have adversely impacted the demand for our products which may continue if there is a period of sustained heightened inflation.** The market for our products is highly competitive and we expect to face increased competition as new and existing competitors introduce power optimizers, inverters, solar PV system monitoring **, batteries** and other smart energy products, which could negatively affect our results of operations and market share. The market for solar PV solutions is highly competitive. We principally compete with traditional inverter manufacturers as well as microinverter manufacturers. Currently, our DC optimized inverter system competes with products from traditional inverter manufacturers, microinverter manufacturers, as well as emerging technology companies offering alternative MLPE products. Over the past few years, several new entrants to the inverter and MLPE market, including low- cost Asian manufacturers, have announced plans to ship or have already shipped products in markets in which we sell our products, including, with respect to sales in the ~~United States~~ **U. S.** , Australia and in Europe. We expect competition to intensify as new and existing competitors enter the market. In addition, there are several new entrants that are proposing **storage batteries as well as** ~~solution~~ **solutions** to the rapid shutdown functionality which has become a regulatory requirement for PV rooftop solar systems in the ~~United States~~ **U. S** . If these new technologies are successful in offering a price competitive and technological attractive solution to the residential solar PV market, this could make it more difficult for us to maintain market share. Several of our existing and potential competitors have the financial resources to offer competitive products at aggressive or below- market pricing levels, which could cause us to lose sales or market share or require us to lower prices for our products in order to compete effectively. If we have to reduce our prices by more than we anticipated, or if we are unable to offset any future reductions in our average selling prices by increasing our sales volume, reducing our costs and expenses or introducing new products, our revenues and gross profit would suffer. In addition, competitors may be able to develop new products more quickly than us, may partner with other competitors to provide combined technologies and competing solutions and may be able to develop products that are more reliable or that provide more functionality than ours. Developments in alternative technologies or improvements in distributed solar energy generation may have a material adverse effect on demand for our offerings. Significant developments in alternative technologies, such as advances in other forms of distributed solar PV power generation, storage solutions, such as batteries, the widespread use or adoption of fuel cells for residential or commercial properties or improvements in other forms of centralized power production, may have a material adverse effect on our business and prospects. Any failure by us to adopt new or enhanced technologies or processes, or to react to changes in existing technologies, could result in product obsolescence, the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors. The solar industry has historically been cyclical and experienced periodic downturns. Our future success partly depends on continued demand for solar PV systems in the end- markets we serve, including the residential and commercial sectors in the ~~United States~~ **U. S.** and Europe. The solar industry has historically been cyclical and has experienced periodic downturns which **have affected and** may **in the future** affect demand for our products. The solar industry has undergone challenging business conditions in past years, including downward pricing pressure for PV modules, mainly as a result of overproduction, and reductions in applicable governmental subsidies, contributing to demand decreases **. For example, in the second part of 2023, the solar industry began to experience a downturn, particularly in Europe, which led to a large amount of requests to cancel or push out orders and the buildup of significant backlog for our products** . Therefore, there is no assurance that the solar industry will not suffer significant downturns in the future, which will adversely affect demand for our solar products and our results of operations. Defects or performance problems in our products could result in loss of customers, reputational damage, and decreased revenue, and we may face warranty, indemnity, and product liability claims arising from defective products. Although our products meet our stringent quality requirements, they may contain undetected errors or defects, especially when first introduced or when new generations are released. Errors, defects, or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the yield of the product. Any actual or perceived errors, defects, or poor performance in our products could result in the replacement or recall of our products or components thereof, shipment delays, rejection of our products, damage to our reputation, lost revenue, diversion of our personnel from our product development efforts, and increases in customer service and support costs, all of which could have a material adverse effect on our business, financial condition, and results of operations. Furthermore, defective components may give rise to warranty, indemnity, or product liability claims against us that exceed any revenue or profit we receive from the affected products. In most cases, we offer a minimum 12- year limited warranty for our inverters, extendable to twenty- five years for an additional cost, a 25- year limited warranty for our power optimizers and a 10- year limited warranty for our residential energy bank battery. Our limited warranties cover defects in materials and workmanship of our products under normal use and service conditions; therefore, we bear the risk of warranty claims long after we have sold products and recognized revenue. While we do have accrued reserves for warranty claims, our estimated warranty costs for previously sold products may change to the extent future products are not compatible with earlier generation products under warranty. Our warranty accruals are based on our assumptions and we do not have a long history of making such assumptions. As a result, these assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial unanticipated expenses to repair or replace defective products in the future or to compensate customers for defective products. Our failure to accurately predict future claims could result in unexpected volatility in, and have a material adverse effect on, our financial condition. In particular, our residential energy hub ~~battery~~ **batteries** ~~is~~ **are still relatively** new on the market and we do not have the experience in servicing ~~this~~ **these** ~~product~~ **products** yet. If one of our products were to cause injury to someone or cause property damage, or in the event that a claim is made alleging false or misleading advertisement, unfair competition or other consumer related claims, we could potentially be exposed to product liability claims and lawsuits which could result in significant costs and liabilities if damages are awarded against us. Further, any product liability claim we face could be expensive to defend and could divert management' s attention. Even in litigation where we believe our liability is remote, there is a risk that a negative finding or decision in a matter involving multiple plaintiffs or a purported class action could have a material adverse effect on our competitive position, results of operations or financial condition ~~. For example, we provide warranty for the products sold by our e- Mobility division that are installed in vehicles. If such products contain design or manufacturing defects that cause them not to perform as expected, they may cause injury or damage to property and we may experience product recalls, product liability and significant warranty and other expenses~~ . The successful assertion of a product liability claim against us could result in potentially significant monetary damages, penalties or fines, subject us to adverse publicity, damage our reputation and competitive position, and adversely affect sales of our products. In addition, product liability claims, injuries, defects, or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions for the industry as a whole. We depend upon a small number of outside contract manufacturers. Our operations could be disrupted if we encounter problems with these contract manufacturers **, including difficulties ramping production with new contract manufacturers** . While we are manufacturing a portion of our products in Israel, we still heavily rely upon our contract manufacturers to manufacture most of our products. We mainly rely on two contract manufacturers. Any change in our relationship or contractual terms with our contract manufacturers, or changes in our contract manufacturers' ability to comply with their contractual obligations could adversely affect our financial condition and results of operations. Our reliance on a small number of contract manufacturers makes us vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules, manufacturing yields and costs. Even though we have commenced manufacturing in our ~~facility~~ **facilities** in Israel, the expected production volumes will not be sufficient to relieve our significant dependence on our contract manufacturers. In addition, we remain heavily dependent on suppliers of the components needed for our manufacturing. The revenues that our contract manufacturers generate from our orders represent a relatively small percentage of their overall revenues. Therefore, fulfilling our orders may not be considered a priority in the event of constrained ability to fulfill all of their customer obligations in a timely manner. ~~In addition, the facilities in which our products are manufactured are located outside of the U. S., currently in China, Vietnam, Israel, Hungary and Mexico, where the ramping up process is expected to be completed in the first half of 2023. The location of our facilities outside of key markets such as the U. S. increases shipping time, thereby causing a long lead time between manufacturing and delivery.~~ If either of our contract manufacturers were unable or unwilling to manufacture our products in required volumes and at high quality levels or continue to supply under existing terms, we would have to identify, qualify, and select acceptable alternative contract manufacturers, which may not be available to us when needed or may be unable to satisfy our quality or production requirements on commercially reasonable terms. Any significant interruption in manufacturing would require us to reduce our supply of products to our customers or increase our shipping costs to make up for delays in manufacturing, which in turn could reduce our revenues, harm our relationships with our customers, subject us to liquidated damages for late deliveries, and damage our reputation with local installers and potential end- users, all of which will cause us to forego potential revenue opportunities. Further, the ramp of a new contract manufacturer is time consuming and draining on the resources of our operations team **. For example, in light of the IRA, legislation in the United States that incentivizes the local manufacturing of renewable energy products by providing benefits to installers for the purchase and installation of U. S.- manufactured products as well as by incentivizing manufacturers of such products domestically, we have engaged two contract manufacturers in the U. S. Our ability to ramp up production with these contract manufacturers in a timely manner, and to realize the benefits from the IRA as planned, is dependent upon supply times of equipment deliveries and readiness of the assembly lines, recruitment and training of the necessary work force, ramp up of the assembly lines and the quality of the initial production** . We may experience delays, disruptions, or quality control problems in our manufacturing operations. Our product development, manufacturing, and testing processes are complex and require significant technological and production process expertise involving several precise steps from design to production. Any change in our processes could cause one or more production errors, requiring a temporary suspension or delay in our production line until the errors can be identified and properly rectified. This may occur particularly as we introduce new products, modify our engineering and production techniques, and / or expand our capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased warranty reserve, increased costs and delays, all of which could have a material adverse effect on our business, financial condition, and results of operations. We depend on a limited number of suppliers for key components and raw materials in our products to adequately meet anticipated demand. Due to the limited number of such suppliers, any changes or shortages in raw materials or key components we use could result in sales delays, higher costs associated with air shipments, cancellations, and loss of market share. We depend on limited or single source suppliers for certain key components and raw materials used to manufacture our products, making us susceptible to quality issues, shortages and price changes. Any of these limited or single source suppliers could stop supplying, or offering at commercially reasonable prices, our components or raw materials, cease operations or be acquired by, or enter into exclusive arrangements with our competitors. **Moreover, we rely on suppliers in China for certain key components, and rising tensions between China and other countries could damage our relationships with these suppliers.** Because there are ~~a~~ few suppliers of raw materials used to manufacture our products, it may be difficult to timely identify and / or qualify alternate suppliers on commercially reasonable terms; therefore, our ability to satisfy customer demand may be adversely affected. Transitioning to a new supplier or redesigning a product to accommodate a new component manufacturer would result in additional costs and delays that could harm our business or financial performance **. In addition, given our dependence on suppliers in China, changes in international trade policies, tariffs, or trade disputes could significantly and adversely affect our business, revenues, margins, results of operations, and cash flows** . Managing our supplier and contractor relationships is particularly difficult when we are introducing new products. For example, as we began to ramp assembly and production of powertrain kits for the automotive industry, we became heavily reliant on new third- party suppliers that needed to be approved through rigorous testing and validation processes for use in our supply chain. Once selected, it is time consuming and costly to replace such vendors. The same is true for our residential ~~Home~~ **and commercial** ~~Battery~~ **battery** for which we rely on a single source for supply of the lithium **-** ion cells. Any delay or shortage of supply or inability to deliver the components to our manufacturing facilities could harm our business or financial performance. Any interruption in the supply of limited source components or raw materials for our products would adversely affect our ability to meet scheduled product deliveries to our customers and could result in lost revenue or higher expenses associated with increased air shipments required to meet customer demand in a timely manner and would harm our business. For example, **in 2021 and 2022,** we ~~continue to experience~~ **experienced** raw material shortages due to increased lead time which ~~may affect~~ **affected** our ability to timely receive certain components within the previously expected lead times. ~~These~~ **If this were to reoccur, such** shortages ~~may~~ **could** result in a delay in sales, higher costs associated with air shipments, cancellations of orders by customers, liquidated damages for late deliveries and loss of market share. Disruption in our global supply chain and rising prices of oil and raw materials as a result of the conflict between Russia and Ukraine may adversely affect our businesses and results of operations. The conflict that began between Russia and Ukraine in late February 2022 ~~,~~ may significantly amplify ~~already existing~~ disruptions to our supply- chain and logistics. Specifically, the conflict may disrupt the transit of goods by train from China to Europe, resulting in an increase in prices of certain raw materials sourced in Russia (such as nickel and aluminum) that we use in the manufacture of our products as well as increase **in** oil prices that will in turn cause overall shipping costs to rise. In addition, the governments of the ~~United States~~ **U. S.** , the European Union, Japan and other jurisdictions have announced sanctions on certain industry sectors and parties in Russia and the regions of Donetsk and Luhansk, as well as enhanced export controls on certain products and industries. These and any additional sanctions, as well as any counter responses by the governments of Russia or other jurisdictions, could adversely affect the global financial markets generally and levels of economic activity as well as increase financial markets volatility ~~.,~~ and any additional measures or sanctions, as well as the resulting rise in prices of oil and certain raw materials sourced in Russia may disrupt our business and results of operations and / or adversely affect the pricing of our products. We rely on distributors and large installers to assist in selling our products, and the failure of these customers to perform as expected could reduce our future revenues. Our customers' decisions to purchase our products are influenced by several factors outside of our control. The agreements we have with some of our largest customers do not have long- term purchase commitments and are generally cancellable by either party after a relatively short notice period. The loss of, or events affecting, one or more of these customers could have a material adverse effect on our business, financial condition, and results of operations (see Note **2.** ~~2aa~~ - **aa** to our consolidated financial statements). In addition, we do not have exclusive arrangements with our third- party distributors and large installers, many of which also market and sell products from our competitors. These distributors and large installers may terminate their relationships with us at any time and with little or no notice. Further, these distributors and large installers may fail to devote resources necessary to sell our products at the prices, in the volumes, and within the time frames that we expect, or may focus their marketing and sales efforts on products of our competitors. Termination of agreements with current distributors or large installers, failure by these distributors or large installers to perform as expected, or failure by us to cultivate new distributor or large installer relationships, could hinder our ability to expand our operations and **could negatively impact our revenue and results of operations. In the second half of 2023 and into 2024, with the downturn of the renewable energy demand, some players in the market have announced exiting the solar market and others have shown signs of financial distress. For example, in January 2024, ADT announced that it was exiting the residential solar business completely after having bought Sunpro Solar in 2021. ADT was not a customer of SolarEdge, but the trend could continue and SolarEdge customers could also decide to exit the solar business. Some of our customers and some installers who purchase our products from distributors have shown signs of financial distress and some have requested and received extended payment terms or loans from us. If these installers and distributors become insolvent or if some of their customers fail to pay our distributors for products sold by such distributors, we may need to write off some of their debt to us and we may suffer** harm **to** our ~~revenue~~ **business, financial condition,** and results of operations. Mergers in the solar industry among our current or potential customers may adversely affect our competitive position. There has been an increase in consolidation activities among distributors, large installers, and other strategic partners in the solar industry. For example, in October 2020, Sunrun, a leading provider of residential solar, battery storage and energy services, acquired Vivint Solar. **In addition, in December 2021, Stem Inc., a storage software and services company acquired AlsoEnergy, a solar asset management software company.** If this consolidation continues **and impacts our customers** , it will further increase our reliance on a small number of customers for a significant portion of our sales and may negatively impact our competitive position in the solar market. Our planned expansion into new geographic markets or new product lines or services could subject us to additional business, financial, and competitive risks. We have in the past, and may in the future, evaluate opportunities to expand into new geographic markets and introduce new product offerings and services. We also may from time to time engage in acquisitions of businesses or product lines with the potential to strengthen and expand our market position, technological capabilities, or provide synergy opportunities. For example, we intend to continue to introduce new products targeted at large commercial and utility- scale installations and to continue to expand into other international markets. Our successful operation in these new markets, or any acquired business, will depend on a number of factors, including our ability to develop solutions to address the requirements of the large commercial and utility- scale solar PV markets, timely certification of new products for large commercial and utility- scale solar PV installations, acceptance of power optimizers in solar PV markets in which they have not traditionally been used, and our ability to manage increased manufacturing capacity and production and to identify and integrate any acquired businesses. Further, we expect these new solar PV markets and additional markets we have entered, or may enter, into to have different characteristics from the markets in which we currently sell our products. Our success will depend on our ability to properly adapt to these differences, which include differing regulatory requirements, such as tax laws, trade laws, labor regulations, tariffs, export quotas, customs duties, or other trade restrictions, limited or unfavorable intellectual property protection, international, political or economic conditions, restrictions on the repatriation of earnings, longer sales cycles, warranty expectations, product return policies and cost, and performance and compatibility requirements. In addition, expanding into new geographic markets will increase our exposure to existing risks, such as fluctuations in the value of foreign currencies and increased expenses in complying with U. S. and foreign laws, regulations and trade standards, including the Foreign Corrupt Practices Act of 1977, as amended (the " FCPA "). Failure to successfully develop and introduce these new products, successfully integrate acquired businesses, or to otherwise manage the risks and challenges associated with our potential expansion into new product and geographic markets, could adversely affect our revenues and our ability to sustain profitability. If we fail to build our non- solar businesses and **manage** future growth effectively, we may be unable to execute our business plan, maintain high levels of customer service, or adequately address competitive challenges. We have ~~experienced~~ **spent** significant **resources in the past five years on organic and non- organic** growth in **order** ~~recent periods with our annual product sales growing rapidly from approximately 152, 500 inverters and approximately 3. 6 million power optimizers in the fiscal year ending June 30, 2015, to annual product sales exceeding 1. 0 million inverters and 23. 6 million power optimizers in the year ended December 31, 2022. We intend to continue~~ to expand our business significantly within existing and new markets. This growth has placed, and any future growth may place, a significant strain on our management, operational, and financial infrastructure. In particular, we will be required to expand, train, and manage our growing employee base and scale and otherwise improve our IT infrastructure in tandem with such headcount growth. Our management will also be required to maintain and expand our relationships with customers, suppliers, and other third parties and attract new customers and suppliers, as well as manage multiple geographic locations. **Conversely** ~~Our current and planned operations~~ , ~~personnel, customer support, IT, information systems, and other~~ -- **the recent decline in demand for** ~~systems and procedures might be inadequate to support~~ our **products** ~~future growth and may require~~ **requires** us to make additional unanticipated investment in our...... downturn in many regions require our ability to be flexible and **react rapidly to changes in market conditions for example by reducing manufacturing capacity and** ~~decrease~~ **decreasing** expenses where growth has slowed down **while retaining the ability to quickly increase manufacturing capacity should conditions change** . Our ability to timely react to market conditions is not always in our control and any inability to do so could also adversely impact our business. to make additional unanticipated investment in our infrastructure.Our success and ability to further scale our business will depend,in part,on our ability to manage these changes in an efficient manner.If we cannot manage ~~changes in the downturn and upturn in~~ our **growth** ~~industry swiftly and efficiently~~ ,we may be unable to take advantage of market opportunities ~~when they arise~~ ,execute our business plans or strategies,or respond to competitive pressures.This could also result in declines in quality or customer satisfaction,increased costs,difficulties in introducing new offerings,or other operational difficulties.Any failure to effectively manage growth ~~and changes in demand~~ could adversely impact our business and **reputation.Conversely,the global pandemic and resulting economic downturn in many regions require our ability** We may not **realize expected benefits from our cost reduction and restructuring efforts, and our profitability or our business otherwise might be adversely affected. In order to operate more efficiently and cost effectively, we** have ~~the ability to raise the funds necessary to settle conversion of our Convertible Senior Notes or Notes in cash or to repurchase the Notes upon a fundamental change~~ , and ~~our future debt may contain limitations on our ability to pay cash upon conversion of the Notes or to repurchase the Notes. Holders of the Notes have the right to require us to repurchase all or a portion of their Notes upon the occurrence of a fundamental change (as defined in the Indentures governing their respective Notes) at a repurchase price equal to 100 % of the principal amount of the Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered or Notes being converted. In addition, our ability to repurchase the Notes or to pay cash upon conversions of the Notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the indenture governing such Notes or to pay cash upon conversion of the Notes as required by such indenture would constitute a default under such indenture. A default under the indenture governing the Notes or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods,~~ we may **from time to time, adjust**

employment levels, optimize our footprint and / or implement other restructuring activities. For example, in January 2024, we announced adoption of a restructuring plan in response to challenging industry conditions, including a reduction in workforce. These activities are complex and may involve or require significant changes to our operations. If we do not **successfully manage these activities, expected efficiencies and benefits might be delayed or not realized. Risks associated with these actions and other workforce management issues include: unfavorable political responses and reputational harm; unforeseen delays in the implementation of the restructuring activities; additional costs; adverse effects on employee morale; the failure to meet operational targets due to the loss of employees or work stoppages; and difficulty managing our operations during or after facility consolidations, any of which may impair our ability to achieve anticipated cost reductions, harm our business or reputation, or** have **a material adverse effect on** ~~sufficient funds to repay the indebtedness and repurchase the Notes or~~ **our** ~~make~~ **competitive position, results of operations,** cash **flows or financial condition** ~~payments upon conversion of the Notes~~ . Any unauthorized access to, disclosure, or theft of personal information we gather, store, or use could harm our reputation and subject us to claims or litigation. Our business and operations may be impacted by **cybersecurity incidents** data security breaches and cybersecurity attacks, including attempts to gain unauthorized access to confidential data. We receive, store, and use certain personal information of our employees, customers, and the end-users of our customers' solar PV systems. We **may also share information with contractors and third- party providers to conduct our business. Although such contractors and third- party providers typically implement encryption and authentication technologies to secure the transmission and storage of data, those third- party providers may experience a significant data security breach, which may also detrimentally affect our business, results of operations, and financial condition. As detailed in Item 106- Cybersecurity, we** take steps to protect the security, integrity, and confidentiality of the personal information we process; however, we have been subject to cybersecurity attacks and other information technology system disruptions in the past and there is no guarantee that inadvertent or unauthorized access, use or disclosure will not occur despite our efforts. **As such, while we have not experienced a material cybersecurity incident to date, a material cybersecurity incident could materially affect our operations and production, including our ability to produce goods or provide services and our ability to timely and accurately produce financial reports. In addition,** ~~Because~~ **because** techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until after they are launched against a target, we and our suppliers or vendors may be unable to anticipate these techniques or to implement adequate preventative or mitigatory measures. Unauthorized use or disclosure of, or access to, any personal information maintained by us or on our behalf, whether through breach of our systems, breach of the systems of our suppliers or vendors by an unauthorized **third** party, or through employee or contractor error, theft or misuse, or otherwise, could harm our business, particularly in light of the European General Data Protection Regulation, the California Consumer Privacy Act, and China Personal Information Protection Law (PIP) **, and other state and federal laws in the U. S.,** which ~~came~~ **are already in effect or are coming** into effect **between** ~~November 1, 2021~~ **2024 and 2026** . If any such unauthorized use **manipulation, corruption, loss,** or disclosure of, or access to, such personal information were to occur, our operations could be seriously disrupted **, including the inability to render services due to system outages,** and we could be subject to demands, claims and litigation by private parties, and investigations, related actions, and penalties by regulatory authorities. In addition, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of foreign, federal, state, and local laws and regulations relating to the unauthorized access to, or use or disclosure of, personal information. **Any** ~~Finally, any~~ perceived or actual unauthorized access to, or use or disclosure of, such information could harm our reputation, substantially impair our ability to attract and retain customers, and have an adverse impact on our business, financial condition and results of operations **. Any of the foregoing may be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident. We may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to security incidents, cyberattacks and other related incidents** . Third parties, our employees, or our vendors might gain unauthorized access to our network or seek to compromise our products and services. Occasionally, we face attempts by others, including our own employees or vendors, to access our networks, to gain unauthorized access through the Internet, introduce malicious software to our information technology (IT) systems, or corrupt the processes of hardware and software products that we manufacture and services we provide. We or our products may be a target of computer hackers, organizations or malicious attackers who attempt to gain access to our network or data centers or those of our customers or end users; steal proprietary information related to our business, products, employees, and customers; or interrupt our systems or those of our customers or others. Occasionally, we encounter intrusions or attempts at gaining unauthorized access to our network. To date, none **of these incidents** have resulted in any material adverse impact to our business or operations, although there can be no guarantee that such impacts will not be material in the future. While we seek to detect and investigate all unauthorized attempts and attacks against our network and products, and to prevent their recurrence where practicable, we remain potentially vulnerable to additional known or unknown threats. In addition to intentional third- party ~~cyber- security~~ **cybersecurity** breaches, the integrity and confidentiality of Company and customer data may be compromised as a result of human error, product defects, or technological failures. ~~Cyber- security~~ **Cybersecurity** breaches, whether successful or unsuccessful, and other IT system interruptions, including those resulting from human error and technological failures, could subject us to significant costs arising from, among others, rebuilding internal systems, reduced inventory value, providing modifications to our products and services, defending against litigation, responding to official inquiries or actions, paying damages, or taking other remedial steps with respect to third parties. Our entry into business engagements with military bodies as our customers in the lithium- ion battery and energy storage business embodies a risk for potentially large- scale and uncapped liability. As a result of the acquisition of our Korean subsidiary (formerly Kokam), we sell a small portion of our products to customers who integrate our storage systems or cells and then sell these products to military customers. Our sales to military customers often involve standard form contracts, which may not be subject to negotiation. In particular, certain of these contracts involve unlimited damages provisions that could result in large- scale liabilities. Our **entry into adjacent markets through recent acquisitions is new and highly competitive and it is difficult to evaluate our future in these new markets. Our** business could be materially adversely affected as a result of the risks associated with acquisitions and investments **including** ~~. In particular, we may not succeed in future acquisitions or~~ **our** ~~be~~ **ability to** ~~effective~~ **effectively** ~~in integrating~~ **integrate** such acquisitions **. Our non- solar businesses in adjacent markets, such as energy storage, are highly competitive markets in which we will need to compete. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including unpredictable and volatile revenues and increased expenses as our business continues to grow. For example, in October 2023, we decided to discontinue our light commercial vehicle e- Mobility (" LCV") activity related to the supply of products to the sole customer and do not plan to be active in the e- Mobility business in 2024. The viability and demand for our products and services may be affected by many factors beyond our control, including: • cost competitiveness, reliability and performance of storage solutions, including the price of raw materials for battery cells and the manufacturing costs of battery cells, packs and containers; • prices of traditional carbon- based energy sources; and • the emergence, continuance or success of, or increased government support for, other alternative energy generation and storage technologies and products** . As part of our growth strategy, we have made a number of acquisitions, and may continue to make acquisitions and investments in the future. We frequently evaluate the tactical or strategic opportunities available related to complementary businesses, products or technologies. There can be no assurance that we will be successful in making additional acquisitions. Even if we are successful in making additional acquisitions, integrating an acquired company' s business into ours or investing in new technologies may result in unforeseen operating difficulties and large expenditures and absorb significant management attention that would otherwise be available for the ongoing development of our business, both of which may result in the loss of key customers or personnel and expose us to unanticipated liabilities. Further, we may not be able to retain the key employees that may be necessary to operate the businesses we acquire and we may not be able to attract, in a timely manner, new skilled employees and management to replace them. We may not be able to consummate acquisitions or investments that we have identified as crucial to the implementation of our strategy for other commercial or economic reasons. Further, we may not be able to obtain the necessary regulatory approvals, including those of competition authorities and foreign investment authorities, in countries where we seek to consummate acquisitions or make investments. For those and other reasons, we may ultimately fail to consummate an acquisition, even if we announce the intended acquisition. **Disruption to** ~~Lithium- Ion used in our battery cells and packs can potentially catch fire or~~ **our business operations as a result** ~~vent smoke and cause damage or injury. The battery cells and packs produced by our subsidiary, and the SolarEdge Home Battery, make use~~ of ~~lithium-~~ **war and hostilities** ~~ion~~ - **in Israel** ~~cells. We regularly test our products~~ and ~~take safety measures when manufacturing, selling and installing battery cells and packs. However, due to the~~ **other conditions** ~~high energy density of lithium- ion~~ - **in Israel** ~~cells, mishandling, inappropriate storage or delivery, non- compliance with safety instructions or field failures can potentially cause a battery cell to rapidly release its stored energy, which may in turn cause a thermal event~~ that ~~can ignite nearby materials, including other lithium- ion cells. As the use of lithium- ion batteries becomes more widespread, these events may occur more often, causing damage to property, injury, lawsuits and adverse publicity, which may adversely~~ affect our ~~reputation, results of~~ operations ~~or financial condition. Conditions in Israel affect our operations and~~ may limit our ability to develop, produce and sell our products. Our headquarters and research and development center are located in Israel. Accordingly, political, economic, and military conditions in Israel directly affect us. Israel has been **and is currently** involved in a number of armed conflicts and is the target of terrorist activity, including threats from Hezbollah militants in Lebanon, Iranian militia in Syria, and others. ~~Ongoing~~ **The** state of hostility ~~, varying in degree such as rocket fire from the Gaza Strip, has occurred on an irregular basis, disrupting~~ **disrupts** day- to- day civilian activity and negatively ~~affecting~~ **affects our** business conditions. ~~We cannot predict whether or~~ **Violence between Hamas and Israel intensified on October 7th, 2023** when ~~such armed conflicts or~~ **the terrorist group launched an unprecedented** ~~attacks~~ - **attack on Israel. On October 8, 2023 the Israeli Government declared that the Security Cabinet of the State of Israel approved a war situation in Israel. Since our headquarters and most of our employees operate from Israel, the state of war has disrupted and is continuing to disrupt our business operations. This situation has impacted the availability of our workforce, as part of our workforce in Israel, where we are headquartered, have been called into active reserve duty. In November 2023, the Houthis, a rebel Shi' a group in Yemen began attacking international shipping lanes in the red sea forcing commercial ships to redirect away from the Bab al Mandab Strait and find alternative longer and safer travel routes. If this situation continues or intensifies shipment costs and energy prices** may **increase** ~~occur or the extent to~~ which ~~such events~~ **in turn** may **have an** impact ~~us~~ **on the Company as well as on the global economy** . ~~Any~~ **While our offices and facilities are open worldwide, including in Israel, and, to date, we have not had disruptions to our ability to manufacture and deliver products and services to customers, a prolonged war or an escalation of the current conditions in Israel could materially adversely affect our business, financial condition, and results of operations. In addition, any** future armed conflict, political instability or violence in the region may impede our ability to manage our business effectively, operate our manufacturing plant in northern Israel, engage in research and development, or otherwise adversely affect our business or operations. In the event of **escalation of the current** war **situation or others** , we may be forced to cease operations, which may cause delays in the distribution and sale of our products. Some of our directors, executive officers, and employees in Israel are obligated to perform annual reserve duty in the Israeli military and are subject to being called for additional active duty under emergency circumstances. In the event that our principal executive office is damaged as a result of hostile action, or hostilities otherwise ~~disrupting~~ --- **disrupt** the ongoing operation of our offices, our ability to operate could be materially adversely affected. Additionally, several countries principally in the Middle East, restrict doing business with Israeli companies, and additional countries and groups may impose similar restrictions if hostilities in Israel or political instability in the region continue or increase. If instability in neighboring states results in the establishment of fundamentalist Islamic regimes or governments more hostile to Israel, or if Egypt ~~, Turkey,~~ or Jordan abrogates its respective peace treaty with Israel, Israel could be subject to additional political, economic, and military confines, and our operations and ability to sell our products to countries in the region could be materially adversely affected. Any **current or future** hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or significant downturn in the economic or financial condition of Israel, could have a material adverse effect on our business, financial condition, and results of operations. **In that regard, since the start of the war on Hamas, we have become aware of pressure being placed on our customers not to engage in business with us due to our affiliation with Israel. In addition, foreign policy could be negatively impacted with regard to Israel. If these pressures intensify or continue to occur, they could impact our business with suppliers and customers which could in turn adversely impact our reputation, results of operations or financial condition.** Additionally, **in 2023,** the ~~newly elected~~ Israeli government ~~has~~ announced plans to significantly reduce the Israeli Supreme Court' s judicial oversight, including reducing its ability to strike down legislation that it deems unreasonable, and plans to increase political influence over the selection of judges. **.. Although the Israeli Supreme Court partially struck down** ~~These~~ **these** plans **, the current government** ~~have prompted protests of Israeli citizens and criticism of leading Israeli business leaders as~~ **has** ~~well as some foreign leaders~~ **vowed to make other changes to law that limit the powers of the Supreme Court** . If such government plans are eventually enacted, they may cause operational challenges for us since we are headquartered in Israel and **many** ~~approximately half~~ of our employees are located in Israel ~~. In addition, if foreign policy is negatively impacted with regard to Israel, this could impact our business with suppliers and customers which could in turn adversely impact our reputation, results of operations or financial condition~~ . The tax benefits that are available to us under Israeli law require us to meet various conditions and may be terminated or reduced in the future, which could increase our costs and taxes. Our Israeli subsidiary was eligible for certain tax benefits provided to " Benefited Enterprises " under the Israeli Law for the Encouragement of Capital Investments, 1959 (the " Investments Law "). Beginning in January 2019, and with respect to its taxable results from 2019 onwards, our Israeli subsidiary further elected to apply the terms of the Investments Law as per " Preferred Enterprise " (" PE ") or " Preferred Technological Enterprise " (" PTE "). In order to remain eligible for the tax benefits for " Benefited Enterprises " with respect to our Israeli subsidiary' s taxable results until 2018 and with respect to its taxable results from 2019 for PE or PTE, we must continue to meet certain conditions stipulated in the Investments Law and its regulations, as amended. If these tax benefits are reduced, cancelled, or discontinued, or if we are held to have violated the conditions stipulated in the Law, our Israeli taxable income would be subject, in whole or in part, to regular Israeli corporate tax rates and we may be required to refund any tax benefits that we have already received, plus interest and penalties thereon. The statutory corporate tax rate for Israeli companies is 23 % as of January 1, 2018 and onward. Additionally, if we increase our activities outside of Israel through acquisitions or otherwise through our Israeli subsidiary, our existing or expanded activities might not be eligible for inclusion in existing or future Israeli tax benefit programs. The Israeli government may furthermore independently determine to reduce, phase out or eliminate entirely the benefit programs under the Investments Law, regardless of whether we then qualify for benefits under those programs at the time, which would also adversely affect our global tax rate and our results of operations. It may be difficult to enforce a judgment of a U. S. court against our officers and directors, to assert U. S. securities laws claims in Israel, or to serve process on our officers and directors. Many of our directors and executive officers, their assets, and most of our assets are located outside of the U. S. Consequently, a judgment obtained against any of these persons, including a judgment based on the civil liability provisions of the U. S. federal securities laws, may not be collectible in the U. S. It also may be difficult to effect service of process on these persons in the U. S. or to assert U. S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U. S. securities laws on the grounds of forum non conveniens. In addition, even if an Israeli court hears a claim, it may determine that Israeli law and not U. S. law is applicable to the claim. If U. S. law is found to be applicable, the content of applicable U. S. law must be proven as a fact by expert witnesses, which can be a lengthy and costly process. Further, an Israeli court may not enforce a judgment awarded by a U. S. or other non- Israeli court. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses these matters. As a result of the difficulty associated with enforcing a judgment against any of these persons in Israel, judgment against many of our directors and executive officers may be unachievable or unenforceable. ~~The ongoing Covid- 19 pandemic, and global measures taken in response thereto have adversely impacted, and may continue to adversely impact, our operations and financial results. The Covid- 19 pandemic has had, and may continue to have, a material adverse impact on our results of operations including its impact on our supply chain and inflationary pressures. The full extent the effects Covid- 19 will have on our business depends on numerous evolving factors that we may not be able to currently accurately predict, including: the duration and scope of the pandemic; governmental, business and individual responses to the pandemic; the effect on our customers and customer demand for our products, disruptions or restrictions on our employees' ability to work and travel and potential disruptions to our manufacturing capacity, similar to the restrictions experienced by our manufacturing facility in Vietnam in the third quarter of 2021, which would limit our ability to meet customer demand and impact our operating results. More generally, the Covid- 19 pandemic raises the possibility of an extended global economic downturn and has caused volatility in financial markets, which may continue to adversely affect demand for our products and could adversely affect our results and financial condition in subsequent quarters. For example, some of our suppliers may experience delivery delays or financial difficulties, resulting in supply constraints and increased costs or delays to our productions. Furthermore, we may experience delays in timely delivery of our products to our customers, exposing us to cancellations of orders and / or potential liquidated damages resulting from our inability to timely delivery our products. The unprecedented and continuously evolving nature of Covid- 19, other pandemics or epidemics, could also have the effect of amplifying many of the other risks described in this Item 1A, Risk Factors.~~ We are dependent on ocean transportation to deliver our products in a timely and cost efficient manner. If we are unable to use ocean transportation to deliver our products, our business and financial condition could be materially and adversely impacted. **Additionally, we are impacted by storage prices that have increased in the past year.** We rely on ocean transportation for the delivery of most of our products to our customers, and when unavailable, incompatible with customer delivery time requirements, or when we are unable to accommodate accelerated delivery times due to growing customer volume demands **or shipment constraints** , we rely on alternative, more expensive air transportation. Our ability to deliver our products via ocean transportation could be adversely impacted by shortages in available cargo capacity, changes by carriers and transportation companies in policies and practices, such as scheduling, pricing, payment terms and frequency of service or increases in the cost of fuel, taxes and labor, disruptions to ports and other shipping facilities as a result of the Covid- 19 or other epidemics and other factors not within our control. If we are unable to use ocean transportation and are required to substitute more expensive air transportation, our financial condition and results of operations could be materially and adversely impacted. While we ~~have~~ witnessed a reduction in shipment rates in the fourth quarter of 2022, during the year ended December 31, 2022, we experienced an increase in the cost of ~~goods~~ **revenues** sold due to an increase in shipping rates that resulted from a reduction in ocean freight capacity and the reduction in the availability of air freight that increased the demand for ocean freight. We also experienced disruptions to our logistics supply chain caused by constraints in the global transportation system including limited availability of local ground transportation coupled with congestion in ports and borders. **In the second half of 2023, we experienced increased storage fees, associated with higher levels of inventory and general increases in pricing for storage.** Fluctuations in currency exchange rates may negatively impact our financial condition and results of operations. Although our financial results are reported in U. S. dollars, ~~60~~ **68** . ~~1~~ **2** % of our revenues in the year ended December 31, ~~2022~~ **2023** were generated in currencies other than the U. S. Dollar. In addition, a significant portion of our operating expenses are accrued in New Israeli Shekels (primarily related to payroll), the Euro and, to a lesser extent, the South Korean Won (“ KRW ”) and other currencies. As detailed in the Foreign Currency Exchange Risk under Item 7A- Quantitative and Qualitative Disclosures About Market Risk, our profitability is affected by movements of the U. S. dollar against the Euro, and, to a lesser extent, the New Israeli Shekel, KRW and other currencies in which we generate revenues, incur expenses and maintain cash balances. Foreign currency fluctuations may also affect the prices of our products which are denominated primarily in U. S. dollars. If there is a devaluation of a particular currency, the prices of our products will increase relative to the local currency and may be less competitive. Despite our efforts to minimize foreign currency risks, primarily by maintaining cash balances in New Israeli Shekels, significant long- term fluctuations in relative currency values, in particular a significant change in the relative values of the Euro and, New Israeli Shekel, KRW and other currencies, against the U. S. dollar could have an adverse effect on our profitability and financial condition. Occasionally, we ~~may~~ enter into derivative financial instruments to hedge the exchange rates impacts on our assets ~~and~~ **,** liabilities **and certain transactions** denominated in Israeli Shekels, Euro, KRW and other currencies. Our hedging activities may also contribute to increased losses as a result of volatility in foreign currency markets. If foreign exchange currency markets continue to be volatile, such fluctuations in foreign currency exchange rates could materially and adversely affect our profit margins and results of operations in future periods, and may make it difficult to hedge our foreign currency exposures effectively. We are subject to risks related to corporate social responsibility **and sustainability, including the impact of evolving legal and regulatory requirements** . We are facing increasing scrutiny related to our environmental, social and governance (“ ESG ”) practices and requested disclosures by institutional and individual investors who are increasingly using ESG screening criteria in making investment decisions. Our disclosures on these matters or a failure to satisfy evolving stakeholder expectations for ESG practices and reporting may potentially harm our reputation and impact relationships with investors. Certain market participants including major institutional investors use third- party benchmarks or scores to measure our ESG practices in making investment decisions. Furthermore, some of our customers and suppliers evaluate our ESG practices or request that we adopt certain ESG policies as a condition of awarding contracts. **At the same time, stakeholders and regulators have increasingly expressed or pursued opposing views, legislation, and investment expectations with respect to sustainability initiatives, including the enactment or proposal of “ anti- ESG ” legislation or policies in certain U. S. jurisdictions.** In addition, our failure or perceived failure to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could expose us to government enforced actions and / or private litigation. As ESG ~~best~~ - ~~practices~~ **related** , reporting standards and disclosure requirements continue to develop, we may incur increasing costs related to ESG monitoring and reporting **. For example, in March 2022, the U. S. Securities and Exchange Commission proposed climate disclosure rules that would require public companies to significantly increase disclosure of GHG emissions and strategies, targets, costs and risks associated with climate change and the energy transition. Additionally, in January 2023, the EU enacted the Corporate Sustainability Reporting Directive, which will require sustainability reporting across a broad range of environmental, social and governance topics for both EU and non- EU companies, and in October 2023, California enacted legislation addressing the disclosure of greenhouse gas emissions, climate- related risks, environmental claims and the use or sale of voluntary carbon offsets. Numerous countries have also begun proposing climate- reporting frameworks aligned with the International Sustainability Standards Board standards. These proposed regulatory changes related to climate change and reporting could increase the complexity of and costs associated with compliance with such regulations that could have a material adverse effect on our business, results of operations and financial condition** . Complications with the design or implementation of our new ERP system could adversely impact our business and operations. We rely extensively on information systems and technology to manage our business and summarize operating results. We are in the process of a multi- year implementation of a new global enterprise resource planning (“ ERP ”) system. This ERP system will replace our existing operating and financial systems. The ERP system is designed to accurately maintain the Company’ s financial records, enhance operational functionality and provide timely information to the Company’ s management team related to the operation of the business. The ERP system implementation process has required, and will continue to require, the investment of significant personnel and financial resources. We may not be able to successfully implement the ERP system without experiencing delays, increased costs and other difficulties. If we are unable to successfully design and implement the new ERP system as planned, our financial positions, results of operations and cash flows could be negatively impacted. Additionally, if we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess those controls adequately could be delayed **. Natural disasters, public health events, significant disruptions of information technology systems, data security breaches, or other catastrophic events could adversely affect our operations. Our worldwide operations could be subject to natural disasters (including as a result of climate change), public health events, significant disruptions of information technology systems, data security breaches and other catastrophic business disruptions, which could harm our future revenue and financial condition and increase our costs and expenses. We own manufacturing facilities in Israel, Italy and South Korea and rely on third- party manufacturing facilities, including for all product assembly and final testing of our products, which are performed at third- party manufacturing facilities, in China, Vietnam, Hungary, and the United States. There may be conflict or uncertainty in the countries in which we operate, including public health issues (for example, a pandemic or an outbreak of contagious diseases or health epidemics), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents, regional wars, or general economic or political factors. Such risks could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business. In the event that natural disasters (including as a result of climate change), public health epidemics or technical catastrophes were to damage or destroy any part of our facilities or those of our contract manufacturers, destroy or disrupt vital infrastructure systems or interrupt our operations or services for any extended period of time, our business, financial condition and results of operations would be materially and adversely affected** . Risks Related to Legal, Compliance and Regulations The reduction, elimination or expiration of government subsidies and economic incentives for on- grid solar electricity applications could reduce demand for solar PV systems and harm our business. Federal, state, local and foreign government bodies provide incentives to promote solar electricity in the form of rebates, tax credits or exemptions and other financial incentives. The market for on- grid applications, where solar power is used to supplement a customer' s electricity purchased from the utility network or sold to a utility under tariff, often depends in large part on the availability and size of government and economic incentives. Because our customers' sales are typically ~~into~~ **to** the on- grid market, the reduction, elimination or expiration of government subsidies and incentives for on- grid solar electricity may negatively affect the desirability of solar electricity and could harm or halt the growth of the solar electricity industry and our business. For example, in 2015 the U. S. congress passed a multi- year extension to the solar Investment Tax Credit (ITC), and such extension helped grow the U. S. solar market. The Inflation Reduction Act of 2022 **(the " IRA ")** extended the term of the ITC through 2034. However **,** future reduction in the ITC could reduce the demand for solar energy solutions in the U. S. which would have an adverse effect on our business, financial condition, and results of operations. In general, subsidies and incentives may expire on a particular date, end when the allocated funding is reduced or terminated due to, inter alia, legal challenges, adoption of new statutes or regulations or the passage of time, they often occur without warning. In addition, several jurisdictions have adopted renewable portfolio standards, mandating that a certain portion of electricity delivered by utilities to customers come from a set of eligible renewable energy resources, such as solar, by a certain compliance date. Under some programs, a utility can receive a " credit " for renewable energy produced by a third party by either purchasing the electricity directly from the producer or paying a fee to obtain the right to renewable energy generated but used or sold by the generator. A renewable energy credit allows the utility to add this electricity to its renewable portfolio requirement without actually expending the capital for generating facilities. However, there can be no assurances that such policies will continue. Reduction or elimination of renewable portfolio standards or successful efforts to meet current standards could harm or halt the growth of the solar PV industry and our business. ~~Unfavorable~~ **A change in or elimination of** regulatory treatment **or guidance related to, or an inability to ramp up production to benefit from incentives** under the Inflation Reduction Act of 2022 may harm our business. On August 16, 2022, the ~~Inflation Reduction Act of 2022 (the "~~ IRA ~~")~~ was signed into federal law. The IRA provides for, among other things, certain incentives, including certain tax credits, intended to promote clean energy. ~~Given that~~ **The Company has invested resources in establishing a manufacturing presence in the U. S. to benefit from the incentives available under** the IRA ~~is a complex new piece of legislation~~ , ~~additional guidance on~~ **including benefits to installers for** the **purchase** ~~regulatory treatment of the IRA is expected from the Internal Revenue Service~~ and **installation of** U. S. **manufactured** ~~Treasury Department. It is currently uncertain the extent to which all of our~~ products ~~will qualify~~ **and incentives** for **manufacturers of** such **products domestically. Moreover, we incorporated into our financial planning and agreements with our customers and suppliers certain assumptions regarding the future level of U. S. tax** incentives. Any unfavorable regulatory treatment, or guidance, ~~including any tax~~ **expiration of or changes to the** benefits being made available ~~to competing technology~~ **, which we relied upon in structuring certain projects** and ~~not to~~ **investments,** ~~our~~ - **or** ~~technology~~ **any adverse impacts on our ability to ramp up production in the U. S. in a timely manner to benefit from the incentives available under the IRA** , could adversely impact our business and financial condition. Changes to net metering policies may reduce demand for electricity from solar PV systems and harm our business. Our business benefits from favorable net metering policies in most U. S. states and some European countries, that allow a solar PV system owner to pay his or her electric utility only for power usage net of production from the solar PV system. System owners receive credit for the energy that the solar installation generates to offset energy usage at times when the solar installation is not generating energy. Under a net metering program, the customer typically pays for the net energy used or receives a credit against future bills if more energy is produced than consumed. Most U. S. states have adopted some form of net metering. Yet, net metering programs have recently come under regulatory scrutiny in some U. S. states due to allegations that net metering policies inequitably shift costs onto non- solar ratepayers, by allowing solar ratepayers to sell electricity at rates that are too high for utilities to recoup their fixed costs. For example, in 2019, Louisiana Public Service Commissions adopted net metering policies ~~aiming~~ **aimed** at lowering the solar customers' savings. In December 2022, the California Public Utilities Commission voted to approve lowering current net energy metering tariffs **,** in addition to imposing a new grid- connection fee **,** on new rooftop solar users ~~the~~ **. The** tariff cuts ~~are intended to become~~ **became** effective in April **of 2023. This new rate plan, known as NEM 3. 0, has significantly reduced how much money California solar homeowners receive for a PV system resulting in a reduced rate of installations in the second half** of 2023. We cannot ~~assure you~~ **be certain** that ~~these~~ **similar** programs will not be ~~significantly~~ **adopted in other states or that existing programs will not be further** modified going forward. If the value of the credit that customers receive for net metering is reduced, **it could impact** ~~end- users may be unable to recognize~~ the current level of cost savings associated with net metering. The absence of favorable net metering policies or of net metering entirely, or the imposition of new charges that only or disproportionately affect end- users that use net metering would significantly limit demand for our products and could have a material adverse effect on our business, financial condition, results of operations and future growth. Existing electric utility industry regulations and changes to regulations, may present technical, regulatory, and economic barriers to the purchase and use of solar PV systems, that may significantly reduce demand for our products or harm our ability to compete. In addition, determinations of various regulatory bodies regarding lack of compliance with certifications or other regulatory requirements, could harm our ability to sell our products in certain countries. Federal, state, local and foreign government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services, and could deter purchases of solar PV systems sold by our customers, significantly reducing the potential demand for our products. For example, utilities commonly charge fees to larger, industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back- up purposes. These fees could increase the cost to use solar PV systems sold by our customers and make them less desirable, thereby harming our business, prospects, financial condition and results of operations. In addition, depending on the region, electricity generated by solar PV systems competes most effectively with expensive peak- hour electricity from the electric grid, rather than the less expensive average price of electricity. Modifications to the utilities' peak hour pricing policies or rate design, such as to a flat rate, could require the price of solar PV systems and their component parts to be lower in order to compete with the price of electricity from the electric grid. Changes in current laws or regulations applicable to us or the imposition of new laws and regulations in the U. S., Europe, or other jurisdictions in which we do business could have a material adverse effect on our business, financial condition and results of operations. Any changes to government or internal utility regulations and policies that favor electric utilities could reduce the competitiveness of solar PV systems sold by our customers, ~~and~~ causing a significant reduction in demand for our products and services. In addition, changes in our products or changes in export and import laws and implementing regulations may delay the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether, resulting in a material adverse effect on our business, financial condition, and results of operations. Compliance with various regulatory requirements and standards is a prerequisite for placing our products on the market in most countries in which we do business. We have all such certifications but there are at times, challenges by local administrative telecommunications, consumer board or other authorities that can place sales bans on products. **30** ~~For example, in December 2021, the Swedish Electrical Safety Board announced that certain models of our power optimizers are subject to a sales ban alleging that they do not meet the EMC Directive. While we disagree with this finding and maintain our position that all current SolarEdge products are tested, approved and compliant with the EMC Directive and other EU regulations, any such rulings can have a negative impact on our business and reputation. In this specific incident, we have already begun transitioning into our next generation optimizers and do not expect any impact on our business in Sweden or elsewhere. Risks Related To Intellectual Property If we fail to protect, or incur significant costs in defending our intellectual property and other proprietary rights, our business and results of operations could be materially harmed. Our success depends to a significant degree on our ability to protect our intellectual property and other proprietary rights. We rely on a combination of patents, trademarks, copyrights, trade secrets, and unfair competition laws, as well as confidentiality and license agreements and other contractual provisions with our customers, suppliers, employees, and others, to establish and protect our intellectual property (IP) and other proprietary rights. Our ability to enforce these rights is subject to litigation risks, as well as uncertainty as to the enforceability of our IP rights in various countries, specifically claims that our IP rights are invalid or unenforceable. Our assertion of IP rights may result in another party seeking to assert claims against us, which could harm our business. Our inability to enforce our IP rights under any of these circumstances can harm our competitive position and business. We have applied for patents in the U. S., Europe China, some of which have been issued. We cannot guarantee that any of our pending applications will be approved or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology. Any failure to obtain such approvals or finding that our intellectual property rights are invalid or unenforceable could force us to, among other things, rebrand or re- design our affected products. In countries where we have not applied for patent protection or where effective intellectual property protection is not available to the same extent as in the U. S., we may be at greater risk that our proprietary rights will be misappropriated, infringed, or otherwise violated. Our intellectual property may be stolen or infringed upon. In fact, as further detailed in Item 3 – " Legal Proceedings " we are engaged in several legal proceedings related to intellectual property. Litigation proceedings are inherently uncertain, and adverse rulings may occur, including monetary damages, injunction stopping us from manufacturing or selling certain products, or requiring other remedies. These lawsuits are intended to protect our significant investment in our intellectual property but they also may consume~~

~~management and financial resources for long periods of time and may not result in favorable outcome for us, which may adversely affect our business, results of operations or financial condition. Third parties may assert that we are infringing upon their intellectual property rights, which could divert management' s attention, cause us to incur significant costs, and prevent us from selling or using the technology to which such rights relate. Our competitors and other third parties hold numerous patents related to technology used in our industry. Occasionally, we may also be subject to claims of intellectual property right infringement and related litigation, and, as we gain greater recognition in the market, we face a higher risk of being the subject to claims of violation of others' intellectual property rights. For example, in July, 2022, we were served with a complaint by Ampt LLC filed with the International Trade Commission pursuant to Section 337 of the Tariff Act of 1930, as amended and the District Court for the District of Delaware alleging patent infringement against the Company and its subsidiary SolarEdge Technologies Ltd. Please see Item 3- Legal Proceedings for additional information. Responding to such claims can be time consuming, divert management' s attention and resources and may cause us to incur significant expenses in litigation or settlement. While we believe that our products and technology do not infringe in any material respect upon any valid third- party IP rights, we cannot be certain of successfully defending against any such claims. If we do not successfully defend or settle an IP claim, we could be liable for significant monetary damages and could be prohibited from continuing to use certain technology, business methods, content, or brands. To avoid a prohibition, we could seek a license from the applicable third party, which could require us to pay significant royalties, increasing our operating expenses. If a license is unavailable at all or unavailable on reasonable terms, we may be required to develop or license a non- violating alternative, either of which could require significant effort and expense. If we cannot license or develop a non- violating alternative, we could be forced to modify, limit or, in extreme cases, stop manufacturing and sales of our affected products in the relevant country and may be unable to effectively compete. Any of these results could adversely affect our business, financial condition, and results of operations. We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business. We enter into agreements with our employees pursuant to which they agree that any inventions created in the scope of their employment or engagement are assigned to us or owned exclusively by us, depending on the jurisdiction, without the employee retaining any rights. A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Under the Israeli Patent Law, 5727- 1967 (the " Patent Law "), inventions conceived by an employee during the scope of his or her employment with a company are regarded as " service inventions, " which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (the " Committee "), a body constituted under the Patent Law, shall determine whether the employee is entitled to remuneration for his or her inventions. Case law clarifies that the right to receive consideration for " service inventions " can be waived by the employee and that in certain circumstances, such waiver does not necessarily have to be explicit. The Committee will examine, on a case- by- case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract laws. Further, the Committee has not yet determined the method for calculating this Committee- enforced remuneration, but rather uses the criteria specified in the Patent Law. Although our employees have agreed that any rights related to their inventions are owned exclusively by us, we may face claims demanding remuneration in consideration for such acknowledgement. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current and / or former employees, or be forced to litigate such claims, which could negatively affect our business. If our goodwill or other intangible assets become impaired, our financial condition and results of operations could be negatively affected. Due to our latest acquisitions and following the impairment recorded during 2022, goodwill and other intangible assets totaled approximately $ 51. 1 million, or approximately 1. 2 % of our total assets, as of December 31, 2022. We test our goodwill for impairment at least annually, or more frequently if an event occurs indicating the potential for impairment, and we assess on an as- needed basis whether there have been impairments in our other intangible assets, which include complex, and often subjective, assumptions and estimates. These assumptions and estimates can be affected by a variety of external factors such as industry and economic trends, and internal factors such as changes in our business strategy or our internal forecasts. To the extent that the factors described above change, we could be required to record additional non- cash impairment charges in the future, which could negatively affect our financial condition and results of operations (see Notes 8 and 9 of the financial statements for additional information). Risks Related to the Ownership of Our Common Stock We cannot assure you that our stock price will not decline or not be subject to significant volatility. Our common stock price during the year ended December 31, 2022, ranged from $ 190. 15 to $ 375. 90 per share. As further detailed in the Performance Graph in Item 5 below, the price of our Common Stock in 2022 was highly volatile and may fluctuate in response to our results of operations in future periods or due to other factors, including factors specific to companies in our industry, many of which are beyond our control. As a result, our share price may experience significant volatility and may not necessarily reflect the value of our expected performance. Among other factors that could affect our stock price are: • the addition or loss of significant customers; • changes in laws or regulations applicable to our industry, products or services; • speculation about our business in the press or the investment community; • price and volume fluctuations including due to general macro- economic and geopolitical changes and developments in the overall stock market; • volatility in the market price and trading volume of companies in our industry or companies that investors consider comparable; • share price and volume fluctuations attributable to inconsistent trading levels of our shares; • our ability to protect our intellectual property and other proprietary rights; • sales of our common stock by us or our significant stockholders, officers and directors; • the expiration of contractual lock- up agreements; • success of competitive products or services; • the public' s response to press releases or other public announcements by us or others, including our filings with the Securities and Exchange Commission (the " SEC "), announcements relating to litigation or significant changes to our key personnel; • the effectiveness of our internal controls over financial reporting; • changes in our capital structure, such as future issuances of debt or equity securities; • our entry into new~~

~~markets; • tax developments in the U. S., Europe, or other markets; • conversion of all or portion of the Notes; • strategic actions by us or our competitors, such as acquisitions or restructurings; and • changes in accounting principles. Further, the stock markets have experienced extreme price and volume fluctuations unrelated or disproportionate to the operating performance of affected companies. In addition, the stock prices of many renewable energy companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, changes in U. S. regulations and policies with respect to renewable energy, interest rate changes, or international currency fluctuations, may cause the market price of our common stock to decline. In the past, many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation, of which we may be the target in the future. Securities litigation against us could result in substantial cost and divert our management' s attention from other business concerns, which could seriously harm our business. Provisions in our certificate of incorporation and by- laws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and by- laws contain provisions that could depress the trading price of our common stock by discouraging, delaying, or preventing a change of control of our Company or changes in our management that the stockholders of our Company may believe advantageous. These provisions include: • authorizing " blank check " preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt; • providing for a classified board of directors with staggered, three- year terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors; • not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • limiting the ability of stockholders to call a special stockholder meeting; • prohibiting stockholders from acting by written consent; • establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; • the removal of directors only for cause and only upon the affirmative vote of the holders of at least 662 / 3 % in voting power of all the then- outstanding shares of common stock of the Company entitled to vote thereon, voting together as a single class; • providing that our board of directors is expressly authorized to amend, alter, rescind or repeal our by- laws; and • requiring the affirmative vote of holders of at least 662 / 3 % of the voting power of all of the then outstanding shares of common stock, voting as a single class, to amend provisions of our certificate of incorporation relating to the management of our business, our board of directors, stockholder action by written consent, advance notification of stockholder nominations and proposals, calling special meetings of stockholders, forum selection and the liability of our directors, or to amend, alter, rescind, or repeal our by- laws. In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law (" DGCL "), which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with any " interested " stockholder for a period of three years following the date on which the stockholder becomes an " interested " stockholder. Our certificate of incorporation includes a forum selection clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or by- laws, or (iv) any action asserting a claim governed by the internal affairs doctrine, will be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware); in all cases subject to the court' s having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. This forum selection provision may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding the forum selection clause that is included in our certificate of incorporation, a court outside of Delaware could rule that such a provision is inapplicable or unenforceable. We do not intend to pay any cash dividends on our common stock in the foreseeable future. We have never declared or paid any dividends on our common stock and currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws and organizational documents. As a result, capital appreciation in the price of our common stock, if any, may be your only source of gain on an investment in our common stock.~~