

## **SolarEdge Q3 2025 Prepared Remarks**

### ***J.B. Lowe – Head of Investor Relations***

Good morning and thank you for joining us to discuss SolarEdge's operating results for the third quarter ended September 30, 2025, as well as the company's outlook for the fourth quarter of 2025. With me today are Shuki Nir, Chief Executive Officer, and Asaf Alperovitz, Chief Financial Officer.

Shuki will begin with a brief review of the results for the third quarter ended September 30, 2025. Asaf will review the financial results for the third quarter, followed by the Company's outlook for the fourth quarter of 2025. We will then open the call for questions.

Please note that this call will include forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from management's current expectations. We encourage you to review the Safe Harbor statements contained in our earnings press release and our filings with the SEC for a more complete description of such risks and uncertainties. Please note, during this earnings call we may refer to certain Non-GAAP measures, which are not measures prepared in accordance with US GAAP. The Non-GAAP measures are being presented because we believe that they provide investors with a means of evaluating and understanding how the Company's management evaluates the Company's operating performance. Reconciliation of these measures can be found in our earnings press release and SEC filings. These Non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with US GAAP.

Listeners who do not have a copy of the quarter ended September 30, 2025 press release may obtain a copy by visiting the “Investor Relations” section of the Company’s web site.

With that, I will turn the call over to Shuki.

***Shuki Nir – Chief Executive Officer***

Thank you JB. Good morning everyone and thank you for joining us. I am pleased to report that we delivered a strong third quarter. We believe this is clear evidence that we are making solid progress on our turnaround and that the company is on the right trajectory. Our results and our Q4 outlook demonstrate that the momentum we have built throughout the year is continuing. We are executing on our plans, and I am very proud of the way the team has performed in recent quarters.

As for our key priorities. First on financial strength. In Q3, we delivered 44% year-over-year revenue growth and continued expanding our margins for the fourth straight quarter. The mid-point of our Q4 outlook follows the same trajectory of year over year improvements.

I’d like to highlight that both our Q3 financials and our Q4 guidance do not include significant one-time or pull forward of revenue either from safe harbor or from the 25D rush towards the end of the year.

We have also kicked off several operational excellence initiatives. For example, a major change that should have a long-term positive impact is the Single SKU. We have implemented a software-defined platform that significantly reduces the complexity of our business for residential and commercial applications globally. It allows us to manufacture and ship one SKU of the inverter to the market. Then, the installers can program it to the desired kilowatt rating in the field. This framework simplifies everything from

forecasting and manufacturing to inventory management, logistics, service and support, saving time and money for us, our distributors and our installers. It also adds flexibility for home and business owners. If they need a bigger system in the future, a simple, over the air software update can boost the inverter rating. It is a true win-win-win solution, and we are working on additional solutions as we continue to improve efficiencies across the business.

At the same time, we have been hyper focused on our cost discipline and reached the lowest Non-GAAP OPEX to revenue ratio in the last 2 years. This helped us to generate positive free cash flow in Q3 and exit the quarter with a cash and investments portfolio of approximately \$550 million. We also expect to generate positive free cashflow in Q4 and for the full year. This performance and outlook gave us confidence to repay the 25 converts from our balance sheet upon maturity in September.

Our second priority is gaining market share.

Starting with the progress in capturing market share in US Resi. We are proud that Wood Mackenzie reported SolarEdge as regaining the #1 residential inverter market share position in the second quarter. This is the first time we've had a leading market share position since the third quarter of 2021, and is a reflection of our improved quality and service and our team's performance.

Looking into 2026, the resi market is expected to undergo a structural change in favor of the TPO model. We believe this market shift plays directly into SolarEdge's unique strengths. We have developed deep relationships and integrated infrastructure with TPOs for years. We have delivered high quality, domestic content and non-FEOC products that the TPOs require. And our technology platform is perfectly suited for the TPO model due to its superior energy production and native DC architecture.

Safe harboring is an additional and crucial element that can secure future market share. Certain of our partners have safe harbored with us through the 5% method. Additionally, we designed and executed customized safe harboring strategies for our TPO partners through the physical work test. Such transactions have several benefits. For our customers, it lets them qualify their projects over multiple years for a lower capital outlay. For SolarEdge, these transactions provide better visibility into our business for future years. By helping our customers safe harbor through the physical work of significant nature method, we are able to manufacture and deliver the full product closer to the time the customer needs it. Therefore, we can manage the manufacturing over time, and there is no pull forward of revenue that is typically associated with a 5% safe harbor transaction.

We believe that our strengths are even more pronounced in the C&I space in the US. Some of the largest enterprises in the US have already safe harbored C&I products from us via the physical work method. In addition, we believe that we are the only scaled player capable of delivering a non-FEOC and domestic content-compliant C&I solution. This combination positions us very well to gain additional market share in the years ahead.

Turning to Europe. While the markets remain challenging, the majority of our distribution partners hold normalized levels of inventory. This resulted in EU revenues reaching \$100 million in the quarter, up 45% quarter over quarter and up 21% year over year. We believe our position in Europe will continue to improve as we ramp up sales of commercial storage, deliver products made in the US, and roll out the next generation Nexis platform in the coming quarters.

This brings me to our third priority - accelerating innovation. The SolarEdge value proposition is simple: whether you are an installer, a

homeowner, or a business, our solutions save you money or save you time - and in many cases save you both. The markets we serve are increasingly looking for integrated systems, and over the last year, we have expanded and improved our technology platform to deliver holistic, end-to-end solutions that save our customers even more time and money.

In Q3 we continued the development and field installations of our next generation Nexis platform, and in the last few weeks we have shipped initial volumes of the new three phase inverter to customers. Even at this early stage, the feedback we are getting is that installations have been significantly simplified compared with our previous generations.

Two weeks ago, we rolled out our ONE for C&I energy management system across our entire C&I installed base. Now customers can control and optimize all types of behind the meter devices and loads, from solar to storage to EV charging to HVAC, all from a customized dashboard. We intend to add additional enhanced features in the quarters ahead that will generate recurring revenue streams.

Our fourth priority is ramping up our US manufacturing. In Q3 we reached an important milestone by exporting our first U.S.-manufactured residential products to Australia. We expect to begin shipping both residential and C&I products to additional markets in the coming weeks, which will allow us to be more competitive in markets outside of the US.

To summarize.

We believe our turnaround is delivering tangible results. We are improving our finances. We are driving efficiencies across our business. We are strategically positioned to capture market share in our main markets. And we are progressing with our next gen platform. While we are encouraged by

our progress, there is still plenty of work to be done. We remain relentlessly focused on building a healthier, more profitable, and more innovative business for the long term.

There is one more thing. This morning, we announced a collaboration with Infineon to advance our Solid State Transformer platform for the data centers of the future. This has the potential to strategically expand our core technology into the data center market, positioning us to help build smarter, more efficient energy systems for the AI era. We are in the early stages here, and will share more as we make progress.

With that I will turn it over to Asaf.

***Asaf Alperovitz – Chief Financial Officer***

Thank you Shuki, and good morning everyone.

Starting with our quarterly results:

The Non-GAAP revenues for the third quarter were \$340 million dollars, up 21% quarter over quarter.

Revenues from the US this quarter amounted to \$203 million dollars, up 10% quarter over quarter, and representing 60% of our revenues. Revenues from Europe were \$101 million dollars, up 45% quarter over quarter, and representing 30% of our revenues. International Markets revenues were \$36 million dollars, down 8% quarter over quarter and representing 10% of our revenues.

Non-GAAP gross margin this quarter was up to 18.8% compared to 13.1% in Q2, reaching the higher end of our guidance. The higher gross margin is largely due to: higher revenue, which drove increased utilization of our operational costs, and higher sales of US-made products. This was partly offset by incremental

tariffs, which impacted our gross margin by approximately 2%, in line with our expectations.

During the third quarter, we continued to take action to streamline our operations and focus on our core business. As such, we sold our Sella 2 manufacturing facility in the third quarter for total proceeds of \$26.1 million. As part of this transaction, we recorded a small capital gain. We also settled certain claims associated with the discontinued Energy Storage division that resulted in a one-time gain of approximately \$15 million that was recorded as an offset to our GAAP COGS. Going forward, we continue to seek avenues to right-size our business with an emphasis on cost reduction and a focus on our core activities.

Non-GAAP operating expenses for the third quarter were \$87.7 million dollars, at the midpoint of our guidance, despite headwinds from the continued strengthening of the New Israeli Shekel, net of hedging. Last quarter we reported Non-GAAP OPEX of \$85.2 million, or \$89 million when adjusted for a one-time reversal of accrual for bad debt and other items.

Non-GAAP operating loss for Q3 was \$23.8 million dollars, compared to a Non-GAAP operating loss of \$48.3 million dollars in Q2, cutting our operating loss by more than half. This is a promising result and speaks to the progress we have made in executing on our turnaround plan, and is another step on our journey back to profitable growth.

Our non-GAAP net loss was \$18.3 million dollars in Q3, compared to a non-GAAP net loss of \$47.7 million dollars in Q2, a reduction of over 60%.

Non-GAAP net loss per share was 31 cents in Q3, compared to 81 cents in Q2.

The lower operating and net losses are largely due to higher revenue, and the higher gross margin.

Turning now to our balance sheet:

As of September 30, 2025, our cash and investments portfolio was approximately \$547 million dollars.

Net of the repayment of \$342 million of our 2025 convertible notes in September, our cash and investments portfolio increased by approximately \$77 million dollars. This is the result of our positive free cash flow for the quarter of approximately \$23 million dollars, which was largely driven by working capital items and our continued capex discipline. It also includes the proceeds from the sale of our Sella-2 facility of \$26.1 million, and other items.

For the first nine months of the year, we generated approximately \$34 million in Free Cash Flow. We also expect to be free cash flow positive in the fourth quarter, and therefore are on track to meet our expectation of generating positive free cash flow for the full year of 2025. This should allow us to head into 2026 with a healthy cash position to support our growth plans.

Our inventory was flat at approximately \$530 million despite our manufacturing ramp up to support anticipated growth. Our DIOs declined from 217 to 177 as we continue to improve our inventory management processes.

AR net, increased this quarter to \$286 million dollars compared to \$217 million dollars last quarter, mostly due to higher revenue. DSO's increased from 57 to 68 days due to the timing of collections, while DPOs increased from 59 to 77. In total, our cash conversion cycle days declined from 215 to 168 days as we are laser focused on improving our working capital management.

Turning to an update on our disclosures. As Shuki mentioned, we are in the process of rolling out the single SKU framework across both residential & commercial applications globally. Under this framework, we will no longer know the kilowatt rating of the inverters at the time of shipment, as the power rating

will be set through a software update when installed in the field. As a result, we will be discontinuing the megawatts shipped metric starting in the fourth quarter. Instead, and as you can see in the earnings release this morning, we will be providing the number of inverters, optimizers and megawatt hours of batteries that we recognized as revenue during the quarter. Additionally, starting in Q4, we intend to begin disclosing revenue derived from inverters, optimizers and batteries on a quarterly basis within our form 10Q. We believe this additional disclosure will help analysts and investors more accurately analyze our operating and financial performance.

This move is part of the evolution that we started talking about last quarter. The market is moving to more systems-based solutions and is less focused on discrete products. Our technology platform, including the single SKU, the launch of our Nexis platform, and the introduction of additional elements like EV chargers, batteries and energy management software, are helping to drive this evolution. Our solutions deliver flexibility and scalability to meet the growing needs of our customers.

Turning now to our guidance for the fourth quarter of 2025.

We are expecting revenues to be within the range of \$310 to \$340 million dollars, which reflects a better than normal seasonal trend for the fourth quarter.

We expect non-GAAP gross margin to be within the range of 19% to 23%, including approximately 2 percentage points of new tariff impact.

We expect our non-GAAP operating expenses to be within the range of \$85 to \$90 million dollars.

I will now turn the call over to the operator to open it up for questions.

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