

SolarEdge Q4 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 fourth quarter and year ended December 31, 2025, as well as the company's outlook for the first quarter of 2026. 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 fourth quarter ended December 31, 2025. Asaf will review the financial results for the fourth quarter, followed by the Company's outlook for the first quarter of 2026. 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 and year ended December 31, 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 today. A year ago, on my first earnings call as SolarEdge’s CEO, I laid out the four key priorities that would drive our turnaround. Today, I would like to focus first on the meaningful progress we have made over the last year. And then on the transformation of SolarEdge that we see coming in 2026.

First on the turnaround. We gained momentum last year, delivering strong year-over-year revenue growth and expanding our gross margins in each and every quarter. Our solid fourth quarter results continued this trend. Fourth quarter revenue was up 70% year-over-year without the benefit of any significant one-time pull forward of revenue, and outperformed the typical seasonal decline. We expanded margins for the fifth consecutive quarter, exceeding the top end of our margin guidance, and generated \$43 million of free cash flow.

This concludes a very successful year of stabilizing our financial situation. We grew revenue by 30% year over year, lifted gross margins from negative territory in 2024 to 23% in the last quarter of 2025. And generated 77 million dollars in free cash flow for the year versus negative 421 million dollars in 2024.

In the US we increased our market share in all categories – residential, commercial and storage. And in Europe we gained share in C&I and stabilized our share position in the residential market. And we did so before rolling out

our SolarEdge Nexis platform, a remarkable achievement and testament to the strength of our brand and execution of our team.

We also introduced the Single SKU concept, which has received extremely positive feedback from our customers. We launched several new products including initial units of our Nexis platform. And we continued to ramp up our US manufacturing, serving domestic demand and exporting our first products late in the year.

I am so proud of the progress we achieved last year, which was made possible by our relentless focus on operational excellence and a renewed commitment to delivering a best-in-class customer experience.

But 2025 was just the first step in our turnaround journey. It was about defense. Restoring discipline. Generating strong free cash flow. Rebuilding margins.

2026 is about shifting to offense while keeping this discipline intact. We will focus on moving towards profitable growth, gaining share, scaling Nexis, and investing in new high-growth adjacencies such as AI data center power. And I believe 2026 will be a transformational year for SolarEdge that will take the company to the next level.

Starting with profitable growth. As you can see from the midpoint of our guidance, we expect Q1 to be another quarter of year-over-year revenue growth and margin expansion, and revenue will once again trend above typical seasonality. If these trends continue, we would be on target to achieve EBIT profitability later this year.

We have focused on operational excellence in order to continuously improve our margins and enhance customer experience. For example, we will be selling our products in a more selected number of key markets where we

believe we can win and where winning will have a meaningful impact on our results. Such change allows us to roll out the single SKU concept globally, to consolidate warehouses, and to streamline our supply chain.

The next area of transformation is market share gains.

Starting with the U.S. residential market. The market is expected to change this year as 48E is the only available tax credit in residential solar. We have described how we believe this market evolution plays directly into our strengths as the leading provider to TPOs. We have deep relationships and integrated infrastructure with these customers. And we offer high quality products, designed to be domestic content and FEOC compliant, produce more energy, deliver better economics and provide faster paybacks for our customers.[DL1.1][DL1.2][JL1.3] As such, we maintained our number one share position in U.S. residential in the third quarter of 2025, and aim to drive further share gains this year.

Moving to the C&I market in the US. We are pressing our advantages here. Out of the three leading manufacturers in this market, we are the only ones whose products are designed to be both domestic content and FEOC-compliant, which should provide a significant advantage to our customers. Consequently, in the third quarter of 2025 we achieved the number one share position across the entire U.S. C&I market, even when including ground mount. We believe that we can grow our share further due to the same dynamics.

Let's talk about Europe. While the market remains slow, we expect 26 revenue to exceed 25 levels as we spent most of last year clearing channel inventory. This growth potential can be amplified by gaining further market share in 2026, and I believe we have several tailwinds in this market. First, U.S. made products with a lower cost structure that we have started exporting.

Second, the introduction of the Single SKU. And third, the Nexis rollout enhances our product offering, particularly in the 15-30 kw segment, providing a full home backup solution for larger homes.

Switching to batteries which impact market share in all regions and segments.

Battery attach rates are expected to continue to rise worldwide, and our advantages are very applicable here. Our DC-coupled architecture delivers as much as 6% higher efficiency, which can result in up to 24 more days of energy per year than AC-coupled alternatives. This translates into meaningful savings for system owners and is a major reason we believe our products can continue to take share in the TPO-dominated U.S. market and around the world. In fact, we are already seeing market share gains in the U.S. where we became the #2 supplier for residential batteries in the third quarter of 2025.

Our third area of transformation is product innovation and leadership. I am very pleased to say that we are on schedule for the launch of our Nexis platform, with an exciting launch event in Germany on March 19th. Our first customers have told us that this is the best SolarEdge product ever. And yesterday my family became part of this group of satisfied customers when the full Nexis system was installed at our house. Nexis is lighter and takes up less wall space. The modularity and stackability of the system offer flexibility both during the sales process and during installation. Our installation and commissioning times are expected to come down, showing that the work we have put in to alleviate installer pain points is on the right track. In the US, Nexis batteries will come with an industry leading 185A LRA, which is needed for true full home backup.

Our meter collar solution includes passive cooling which we think is going to improve reliability in the field. And serviceability itself is a major

differentiator. Most issues can be solved by swapping necessary parts without having to remove and take apart entire units.

The fourth element of the transformation is investing in AI data center power solutions. As you all know, power is the limiting factor for AI expansion. Nvidia is guiding the industry to improve this through a transition to 800V DC architecture, an architecture that fits perfectly for the technical expertise SolarEdge has refined over the last two decades. We believe this represents a multi-billion dollar addressable opportunity over time.

Since our last call we have made progress in our solid-state transformer platform as we pursue a unique system that converts 34.5kV directly into 800V DC with efficiency of over 99%.

Our topology is purpose built for direct medium voltage input using a modular high frequency conversion architecture designed to increase efficiency at the data center, and reduce stages, losses, and footprint versus conventional alternatives. We have already engaged with potential customers and ecosystem partners. Based on the feedback and requirements from industry participants, we believe this gives us a structural advantage in efficiency, controllability, and power density.

Potential partners also recognize our DC coupled architecture expertise and the system level value we bring. In addition, based on our large-scale power electronics manufacturing experience, we expect to have a clear path to scale production capacity as market demand develops.

To summarize, in 2025 we set out to turn the SolarEdge business around, and to lay the foundations for profitable growth. I am very proud of the work we did and the progress we made.

But that was last year. 2026 is about execution at scale. We are working towards profitable growth. Our aim is to gain market share globally. We will ship Nexis in high volume. And we will advance our opportunity in AI data center power solutions. We are moving forward with discipline, but with an “offense” mindset focused on winning in every segment we compete in.

I cannot wait to share our progress with you in the coming quarters.

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:

Non-GAAP revenues for the fourth quarter were \$334 million dollars, up 70% year-over-year, and slightly down quarter over quarter, outperforming the typical seasonal decline of 10-15%. This result does not include any significant one-time or pull forward of revenue from either safe harbor or 25D.

Revenues from the US this quarter amounted to \$198 million dollars, down 3% quarter over quarter, and representing 59% of our revenues. Revenues from Europe were \$99 million dollars, down 1% quarter over quarter, and representing 30% of our revenues. International Markets revenues were \$37 million dollars, up 2% quarter over quarter and representing 11% of our revenues.

Non-GAAP gross margin this quarter was up significantly to 23.3% compared to 18.8% in Q3, just above the high end of our guidance. The higher gross margin is largely due to higher sales of US-made products and lower seasonal warranty costs.

We continue to take actions to streamline our operations and focus on our core businesses. Subsequent to year end, we sold the remainder of our E-Mobility business for a consideration of \$12 million. This sale resulted in a GAAP net loss of approximately \$8 million. Additionally, in Q4 we recorded a one-time, non-cash finance expense of approximately \$60 million, related to the closure of the Kokam battery manufacturing division.

These actions are a continuation of the process that we began in late 2024 to optimize our portfolio, which included the sale of our tracker business and battery manufacturing facilities in South Korea. We believe these portfolio optimization actions are largely complete, and the expense reduction associated with these moves will allow us to invest and focus more strategically on our core products and businesses, and accelerate the development of our data center offering.

Non-GAAP operating expenses for the third quarter were \$88.7 million dollars, up slightly from last quarter, and within our guidance range, despite headwinds from the continued strengthening of the New Israeli Shekel, net of hedging.

Non-GAAP operating loss for Q4 was \$11.0 million dollars, compared to a Non-GAAP operating loss of \$23.8 million dollars in Q3, cutting our operating loss by more than half for the second straight quarter. 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 \$8.2 million dollars in Q4, compared to a non-GAAP net loss of \$18.3 million dollars in Q3, also a reduction of over 50%.

Non-GAAP net loss per share was 14 cents in Q4, compared to 31 cents in Q3. The lower operating and net losses, the lowest in 5 consecutive quarters, are largely due to our higher gross profit and margin.

Turning now to our balance sheet:

As of December 31, 2025, our cash and investments portfolio was approximately \$581 million dollars. Our cash and investments portfolio increased by approximately \$34 million dollars in Q4.

This is the result of our strong positive free cash flow for the quarter of approximately \$43 million dollars, which was largely driven by working capital items and our continued capex discipline.

Despite the volatile tariff environment, we managed to generate \$77 million in Free Cash Flow in 2025, a complete turnaround from the negative free cash flow of \$421 million in 2024.

For Q1, we expect to continue to deliver positive free cash flow, despite our planned investment in working capital to our anticipated support growth. This reflects solid underlying operating performance and continued discipline in managing expenses and capital investments.

Turning to our working capital items. We remain hyper focused on improving our cash conversion cycle. Our inventory increased by \$22 million as we had higher raw materials procurement to support the launch of our Nexis platform and due to higher battery demand.

AR net, decreased this quarter to \$267 million dollars compared to \$286 million dollars last quarter, driven by our strong collection this quarter.

A quick update on disclosures. As we mentioned last quarter, we have discontinued the M watt shipped disclosure. We are now disclosing the number of

inverters, optimizers and MwHours batteries that we recognized as revenue on a quarterly basis. We are also now providing revenue by product type on a quarterly basis. You can find the current quarter data in our press release and supplemental tables, which also include historical quarterly data going back to Q1 2024. We believe that these new metrics will help analysts and investors better understand the underlying dynamics of our business.

Turning now to our guidance for the first quarter of 2026.

We are expecting revenues to be within the range of \$290 to \$320 million dollars, which at the midpoint reflects a better than normal seasonal trend for the first quarter. This range does not include any significant one-time pull forward of revenue.

We expect non-GAAP gross margin to be within the range of 20% to 24%. We expect our non-GAAP operating expenses to be within the range of \$88 to \$93 million dollars. The quarter over quarter increase at the midpoint is largely due to the strengthening of the New Israeli Shekel against the U.S. dollar, net of hedging..

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