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Corporate Speakers

- Stella Wang; JinkoSolar Holding Company Limited; Investor Relations
- Li Xiande; JinkoSolar Holding Company Limited; Chairman and Chief Executive Officer
- Pan Li; JinkoSolar Holding Company Limited; Chief Financial Officer
- Charlie Cao; JinkoSolar Company Limited; Chief Executive Officer

Participants

- Philip Shen; ROTH Capital Partners; Managing Director, Senior Research Analyst
- Rajiv Chaudhri; Sunsara Capital; President
- Alan Lau; Jefferies; Vice President, Equity Research

PRESENTATION

Operator^ Hello, ladies and gentlemen, and thank you for standing by for JinkoSolar Holding Co Limited's Fourth Quarter 2025 Earnings Conference Call. (Operator Instructions)

As a reminder, today's conference call is being recorded.

I would now like to turn the meeting over to your host today, for today's call Ms. Stella Wang, JinkoSolar's Investor Relations. Please proceed, Stella.

Stella Wang^ Thank you, Operator. Thank you everyone for joining us today for JinkoSolar's Fourth Quarter 2025 Earnings Conference Call.

The company's results were released earlier today and available on the company's IR website at www.jinkosolar.com as well as on Newswire services.

We have also provided a supplemental presentation for today's earnings call which can also be found on the IR website.

On the call today from JinkoSolar are Mr. Xiande Li, Chairman and CEO of JinkoSolar Holding Company Limited; Mr. Pan Li, CFO of JinkoSolar Holding Company Limited; and Mr. Charlie Cao, CEO of JinkoSolar Company Limited.

Mr. Li will discuss JinkoSolar's business operations and company highlights. Since our CMO, Mr. Gener Miao, is currently on a business trip, I will deliver the remarks on sales and marketing in his behalf. Following that, Mr. Pan Li will walk through the financials. After that, we will open the call for questions.

Please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking

statements involve inherent risks and uncertainties. As such, our future results may be materially different from the views expressed today. Further information regarding this and other risks is included in JinkoSolar's public filings with the Securities and Exchange Commission.

JinkoSolar does not assume any obligation to update any forward-looking statements except as required under the applicable law.

It's now my pleasure to introduce Mr. Li, Xiande, Chairman and CEO of JinkoSolar Holdings. Mr. Li will speak in Mandarin. And I will translate his comments into English.

Please go ahead, Mr. Li.

Xiande Li^ (interpreted) The global PV industry continued to experience volatility due to structural imbalances and a shifting trade environment in 2025 impacting financials across the industrial chain.

In this challenging environment, we maintained disciplined operations and our technological leadership continuously driving upgrades of our N-type TOPCon technology and iterating our high-efficiency products.

For the full year 2025, total module shipments reached 86 gigawatts ranking first globally for the seventh consecutive year, impacted by persistently low module prices, the elimination of obsolete production capacity and a still evolving product mix as high-efficiency products ramp up. We incurred a net loss for the full year.

In the fourth quarter, gross margin decreased sequentially, and our net loss expanded due to rising costs of raw materials such as polysilicon and silver as well as foreign exchange rate fluctuations.

However, our Energy Storage business maintained its rapid growth trajectory, marking an important step in our ongoing transformation into an integrated energy solutions provider. Shipments of ESS grew significantly year-over-year to 5.2 gigawatts in 2025. This approximately 1.7 gigawatts hours recognized as revenue.

Our deepening penetration into high-value markets is expected to more than double ESS shipments in 2026, serving as a primary driver for enhancing our profitability profile.

Since the fourth quarter, government guidance supporting the high-quality development of the TV industry has continued to strengthen. A series of policy measures have steadily accelerated the phasing out of outdated capacity and a normalization of market competition, guiding the industry to gradually transition from competing on scale and price to quality and value.

Leading companies have actively responded to this high-quality development directives, pushing module prices back to reasonable levels. In the first quarter of 2026, driven by the pass-through of cost pressures from rising commodity prices, such as silver coupled with the impact of export tax rebates on demand, module prices rebounded significantly sequentially.

As the industry's competitive landscape continues to normalize, and supply and demand dynamics marginally improved, module prices are expected to remain relatively stable with high efficiency and differentiated products continue to command a premium.

We continue to drive technological breakthroughs and lead the direction of industry innovation. As of the end of 2025, the maximum lab efficiency of our N-type TOPCon cells reached 27.79%, while conversion efficiency of our N-type TOPCon-based perovskite tandem cell reached 34.76%.

As a global leader for TOPCon technology, we held over 700 TOPCon patents by the end of the fourth quarter, surpassing most of our competitors. Furthermore, we partner with [XtalPi] to drive the application of AI in R&D of perovskite tandem cell and accelerate the commercialization of next generation technologies.

We continue to drive product upgrades and performance iterations consistently enhancing product competitiveness. In the fourth quarter, shipments of high-efficiency products that exceed 640 Wattp increased sequentially to approximately 3 gigawatts, a USD 0.01 premium compared to our conventional products.

As our Tiger Neo, the third generation of Tiger Neo series which delivers maximum power output of 670 Wattp sequentially scales up production volume and shipments this year and accelerate market penetration across diverse application scenarios. The value proposition of our high-performance products will increasingly stand out and is expected to command a higher premium.

We continued to enhance our cost control capabilities across market cycles, offsetting the impact from raw material price fluctuations through supply chain optimization and technology core upgrades. Development of silver-coated copper technology is progressing as planned with large-scale production expected to gradually ramp up in 2026.

Our initiatives in smart manufacturing have already begun to generate initial results. Through our lighthouse projects represented by Shanxi Super Factory, our vertically integrated production model continues to improve production efficiency and cost competitiveness providing replicable blueprint for our global manufacturing footprint.

We view our Energy Storage business as a strategically vital second growth engine. We continue to strengthen our R&D for our core technologies, enhance our system solution capabilities and improved localized customer service and life cycle support. Leveraging our global PV distribution channels, we are steadily scaling ESS shipments and greater synergies between our solar and storage solutions are increasingly materializing.

Currently, our signed and high potential ESS orders exceeded 10 gigawatt hour in total. As the global energy transition advances and the demand for greater flexibility increases, the role of energy storage within renewable energy system continues to strengthen.

Looking ahead to 2026, we will continue to deepen penetration into high-value markets and explore application scenarios including zero-carbon industrial parks and data centers.

We continue to optimize our global manufacturing and supply chain footprint, enhancing our ability to adapt to diverse market policies and customer needs. Our 2 gigawatts N-type module facility in the U.S. maintained high utilization rates as we continue to strengthen local manufacturing and service capabilities.

We are also actively developing new models for long-term engagement in key markets to better address customer demand for high-efficiency products and solutions.

2025 marked the final year of the 14th Five-Year Plan during which cumulative installed capacity of wind and solar power surpassed the coal-fired power for the first time becoming the largest source of electricity generation.

At the same time, solar power generation has fully entered a market-driven phase. The industry's development framework is shifting from scaled expansion towards greater emphasis on operational capabilities and comprehensive value creation, which raises the competitive bar for technology and products.

At the same time, recent volatility in global energy markets has highlighted the critical need for energy security, reinforcing the long-term value of renewable energy.

Looking forward to the medium to long term, as the construction of new power systems advances and new load demand grows from data centers, for example, application scenarios for solar and storage will continue to broaden, enhancing the value of green power.

Industry competition will gradually transition from being cost and scale driven to a model centered on technological innovation, product competitiveness, and the ability to deliver integrated solar-plus-storage solutions.

We will continue to consolidate our technological leadership, deepening our global footprint, accelerate the development of our integrated solar-plus-storage strategy and consistently improve our capabilities to deliver comprehensive solutions. This will steadily strengthen our long-term competitiveness and profitability as the industry landscape reshapes.

Before turning over to Gener, I would like to go over our guidance for the full year of 2026.

We expect annual integrated production capacity to reach approximately 100 gigawatts by the end of 2026, including 14 gigawatts from overseas facilities. We expect module shipments to be between 13 gigawatts and 14 gigawatts for the first quarter of 2026, and between 75 gigawatts and 85 gigawatts for the full year 2026.

Stella Wang^ Thank you, Mr. Li. We are pleased to report that both our robust global sales networks and strong product competitiveness drove quarterly and annual module shipments to once again ranking first across the industry.

Total shipments were 26 gigawatts in the fourth quarter with solar module accounting for nearly 93% of the mix. For full year, total module shipments were 86 gigawatts.

Geographically, overseas markets remained our primary driver accounting for about 60% of total module shipments in 2025. We actively capitalized on growing demand across Asia Pacific and emerging markets which together accounted for nearly 40%. Shipments to the U.S. were in line with our expectations and accounted for approximately 5%.

We continued to optimize our product mix increasing the proportion of high-efficiency product shipments and focusing on high-value application scenarios. This high efficiency modules highlighted by the Tiger Neo, the third generation of Tiger Neo series, have earned widespread recognition for their higher power generation and better LCOE.

The order book for these modules has grown steadily since the fourth quarter, allowing us to command a premium over conventional products.

As we continue to enhance our product competitiveness, our brand reputation and the customer recognition has strengthened in tandem. In BNEF's latest global energy storage Tier 1 list for the first quarter of 2026, we are recognized as a Tier 1 Energy Storage Provider for eighth consecutive quarter. Furthermore, we achieved an S&P Global CSI score of 78 points, the highest one among PV module companies, and we were included in their 2026 sustainability yearbook.

On the demand side, recent policy guidance and the discussions during China's Two Sessions and subsequent industry forums have reinforced the strategic focus on energy efficiency, carbon reduction and zero-carbon industrial parks. This provides a solid foundation for the continued growth in China's solar market during the 15th Five-Year Plan.

Globally, the ongoing global electrification process, the continuous growth of new power loads from data centers and increased focus on energy security following recent energy crisis are collectively driving demand.

Low cost of solar and solar-plus-storage solutions and their deployment flexibility are ideally positioned to address these issues, enhancing energy system resilience and facilitating seamless incremental power demand for countries.

By the end of the fourth quarter of 2025, cumulative global module shipments surpassed 390 gigawatts, with our sales network covering nearly 200 countries and regions.

Notably, total cumulative shipments of our Tiger Neo series exceeded 220 gigawatts, ranking first in the industry as we continue to reinforce our global market leadership and strong customer base.

2026 marks our 20th anniversary, and we are using this milestone as an opportunity to further strengthen our product, brand and customer service systems to continuously enhance our competitiveness in the global market.

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

Pan Li^ Thank you, Stella. In the challenging fourth quarter, we achieved a 20.9% sequential increase in solar module shipments and a slight sequential increase in total revenues. Our operating efficiency improved significantly from last quarter.

Operating cash flow was approximately $470 million in the fourth quarter and $280 million for the full year ‘25, hitting the target we set at the beginning of the year to reach positive full year operating cash flow. Looking ahead to ‘26, we expect full year operating cash flow to remain positive.

Looking at our fourth quarter financials in more detail.

Total revenue was $2.5 billion, up 8.3% sequentially and down 15% year-over-year. The sequential increase was primarily driven by increase in solar module shipments, while the year-over-year decrease was mainly due to a decrease in average selling price of modules.

Gross margin was 0.3% compared with 7.3% in the third quarter ‘25, and 3.8% in the fourth quarter ‘24. The sequential decrease was mainly due to a higher unit cost for products sold, while the year-over-year decrease was mainly due to a decrease in average selling price of modules.

Total operating expenses were RMB 473.6 million, up 28% sequentially and 21% year-over-year. The sequential and year-over-year increases were mainly due to an increase in the impairment of long-lived assets in the fourth quarter of 2025. Total operating expenses accounted for 18.9% of total revenues, compared to 16% in the third quarter.

Operating loss margin was 18.6% compared with 8.7% in the third quarter.

Now let me briefly review our ‘25 full year financial results.

Total module shipments were 86 gigawatts, down 7.3% year-over-year.

Total revenues were about RMB 9.4 billion, down 29% year-over-year. The decrease was mainly attributed to the decrease in the average selling price of solar modules.

For the full year, gross profit was $201 million, a decrease of 86% year-over-year. Gross margin was 2.2% compared to 10.9% in ‘24, primarily due to a decrease in average selling price of modules.

Total operating expenses were RMB 1.48 billion, down 23% year-on-year, primarily due to a reduction in shipping costs driven by lower volumes of solar module shipments and declining average freight rate in ‘25 as well as lower employee compensation cost.

Operating loss margin for full year of ‘25 was 13.6% compared with 3.6% for the full year of ‘24. Excluding the impact of the changes in fair value of convertible notes issued by JinkoSolar in ‘23, changes in the fair value of the long-term investments, share-based compensation expenses, the net loss resulting from a fire incident at one of our production facilities in Shanxi province in 2024, and the impairment of the long-lived assets, adjusted net loss attribute to JinkoSolar Holding’s ordinary shareholders were about for $408 million in 2025.

Moving to the balance sheet.

At the end of the fourth quarter, our cash and cash equivalents were RMB 3.3 billion compared even at the end of the third quarter of ‘25 and RMB 3.8 billion at the end of fourth quarter of ‘24.

AR turnover days were 94 days compared with 105 days in the third quarter. Inventory turnover days was 75 days compared to 90 days in the third quarter. As these metrics show, operating efficiency is steadily improving.

At the end of the fourth quarter, total debt was about RMB 6.7 billion compared to RMB 5.56 billion at the end of the fourth quarter of ‘24. Net debt was RMB 3.44 billion compared to RMB 1.76 billion at the end of the fourth quarter of ‘24.

This concludes our prepared remarks. We are now happy to take your questions. Operator, please proceed.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Your first question today comes from Philip Shen from ROTH Capital Partners.

Philip Shen^ Wanted to get your outlook and assumptions for pricing for Q1 and Q2. I think in your prepared remarks, you said you expect the global ASP to be stable. But are you assuming $0.10 a watt in Q1 and Q2?

And then can you also talk about your gross margin cadence as we get through the year? Do you think Q1 is low? Is it lower than Q4? And can it go higher from here?

Are you guys speaking? Did you guys hear my question?

Charlie Cao^ Sorry, Philip, this is Charlie. I’m muting my phone. Can you hear me?

Philip Shen^ Okay. Hi, Charlie. Yes, I can hear you now. We didn’t --

Charlie Cao^ Okay, let’s get back to your question. And if you look at the price index, the market pricing, and I think the module price is rebounding in the last three to five months and reflecting the cost inflation and as well as I think most of the Tier 1 companies is more disciplined, and as well as there’s backdrop as anti-involutions.

And if I talk to specifically Q1, Q2 ASP, we expect quarter-by-quarter, the ASP will improve gradually. And it's a combination of the price inflation in placing as well as we are marketing the next-generation Tiger Neo 3 high-efficiency products. And that is -- I think we get a lot of attention from our customers, and there is a price premium.

So it's a combination. I think the market price is up and players are more disciplined, and we have more mix on the high-efficiency products.

Philip Shen^ Great. And so we can see the pricing improves. So can you quantify at all? So Q1, do we see $0.11? Q2, do we see $0.12? And then can you also speak to Q1 and Q2?

Charlie Cao^ Yes. I think we're not in a position to disclose the detailed ASP forward-looking. But if you look at the market price, I think you're right, it's kind of the price level depending on different products and different ratings.

It's roughly in the range of, I think, [$0.115] or maybe [$0.14], depending on different markets, different products in different regions.

Philip Shen^ And then the gross --

Operator^ Your next question comes from Rajiv Chaudhri from Sunsara Capital.

Rajiv Chaudhri^ I just have a few questions. The first one is on the gross margin impact of the three factors you mentioned the foreign exchange, the U.S. dollar rate, cost of silver and the cost of polysilicon. Can you break down for us the amount -- the significance of each of these factors. And just give us a sort of -- if these factors had not shifted from Q3, what the gross margin could have been in Q4, so we understand what the impact was?

Charlie Cao^ Yes. So I think -- so back to your question, I think if nothing changed, we expect the Q4 margin should be stable or maybe a little bit higher in the fourth quarter. But fourth quarter, there's some headwinds. And just -- you are talking about it's -- if we look at the magnitude, the first one will definitely be the commodities, particularly the silver. And I think the price -- the market price is sold. It's up 250% to 300%, not a dramatic change.

And second one will be the RMB appreciation. And the polysilicon is not -- the price a little bit higher in Q4, but it's not a significant impact.

Rajiv Chaudhri^ Okay. So silver was number one, the exchange rate number two and polysilicon, much less. Great.

Next question is on depreciation and CapEx. What were the depreciation and CapEx numbers for '25? And what is your target for '26.

Charlie Cao^ The depreciation a year -- per year in 2025, it's roughly -- sorry, $1 billion per year. So -- and the CapEx in 2025, I think roughly, it's the same number. It's $1 billion. It's a

totally different number, okay. It's coincidence. And definitely in 2026, we will further cut the CapEx is roughly, I think, roughly RMB 5 billion and roughly $700 million. And we make the investment on the CapEx, particularly the last year.

The purpose is upgrades the roughly 40 gigawatts capacity through the next-generation technology, we call it Tiger Neo 3, and -- but we don't have any additional investment plan in 2026. By 2026, the payment is the outstanding -- the payable to the suppliers.

Rajiv Chaudhri^ I see. Okay. And the other question is on market share and size of market. Can you give us an idea of what you think the market size was in 2025. And obviously that will allow me to calculate your market share. But related to that is a question of your guidance and the market share that you expect to get in 2026.

Charlie Cao^ We -- last year, we delivered roughly 85% roughly gigawatts, the top one in the industry. I think roughly, we get 13%, maybe 13% to 14% market share. And we expect 2026, the global demand a little bit flat or maybe down a little bit, small percentage, given last year, China reached to the very, very high peak over 300 gigawatts. And -- but overseas market continued to grow in 2026 and it's kind of the short term, the market size, the total market size a little bit down in 2026 because of China's specific situations.

But for the next year and long term, we are very optimistic. If you look at the conflict Middle East, I think more and more countries including China, have more determination to push more renewable energy and the energy independence and securities are more -- will become more first priorities and for a lot of governments.

And for the '26, we guided 75 gigawatts to 85 gigawatts. It's a -- with a flat with last year, maybe a little bit lower, reflecting the total market size in 2026. I'm talking about the 2026, the total markets could be a little bit lower compared to last year.

And basically, I think the market share will be relatively stable. But the key operational target will be improve -- significantly improve our financial performance, maintain our very healthy operational cash flows, and we will more focus on the high-value customers and both from the Utility segment and the DG segment as well.

Rajiv Chaudhri^ I see. So would you expect in this scenario that your -- the share of international will be even higher than last year in your sales?

Charlie Cao^ I think so. I think so because we are trying to lower our exposure in China. And definitely, China last year, it takes around 40% of our shipments in 2025 for Jinko. And I expect 2026, China the percentage will be will be lowered to 30%, maybe a little bit lower, and we're getting more market share from overseas market, particularly the markets with more disciplined and the customer would like to pay for the branding, the qualities and the high-efficiency products.

Rajiv Chaudhri^ So Charlie, if some of the Tier 3 and the weaker companies are getting out of the market, shouldn't we expect your market share to grow in 2026 even if the market overall is down, are you just being very conservative here?

Charlie Cao^ No. Unfortunately, it's not a conservative estimation. And we think this year is kind of the -- how to say, transition year. And next year, we are looking forward to a lot of good opportunities. And we believe this year, you're right, a lot of Tier 2, Tier 3, even relatively bigger guys will be facing, I think, liquidation issues or maybe consolidation issues. And we -- what we want to do is we penetrate the market with customers who is willing to be -- pay a reasonable price and we are able to get a reasonable, I think, reasonable profitabilities.

Rajiv Chaudhri^ Charlie, final question. On the exchange rate, obviously, you experienced a negative margin pressure because the dollar weakened -- sorry, the dollar weakened against the renminbi and your products are priced in dollars globally. Would you consider shifting that into pricing globally in RMB so that in future, as the dollar continues to weaken against RMB that you will -- you are not punished for it because it seems to me that it makes sense to consider this as a strategic rethink.

Charlie Cao^ Yes. We're trying to diversify, minimize the risk of fluctuations in the currencies. And if you look at the price determination in our sales orders, it really depends on the customers, how they view their exposures. And most of our customers, I think their PPA is still in U.S. dollars. So it's kind of a natural hit when they procure the modules from the module makers, but some customers are willing to pay RMB denominated. And we are encouraging the customers who is willing to switch to the -- to RMB to a little bit lower, the exposure -- currency exposures.

And on top of that, I think the currency hedging will continue to do that. It's a little bit difficult, but we're trying to minimize the impact. And for the pricing impact, we periodically, we reassess the possible the exchange rates and put into the pricing for the future sales order.

Operator^ Your next question comes from Alan Lau from Jefferies.

Alan Lau^ So first of all, I would like to understand the company's view on its potential collaboration with the U.S. leader in its local plan in both the space-based solar and also in some -- its huge local 100 gigawatts deployment. Heard that [Gunnar] was on the ground with some progress. So I would like to know if the company would share updates on that front?

And another thing is, recently, it seems there's market discussion on China may be prohibiting or stopping the export of solar equipment as well. So would this impact that collaboration?

Charlie Cao^ Thanks for the questions. And for the second question, I didn't have any information to comment. And I know there is some kind of message, even public news from overseas media channels. And -- but for the -- I think you are talking about the U.S., the Tesla, SpaceX, it's probably information Elon Musk is making very bullish and plan to build and 100 gigawatts by Tesla and 100 gigawatts by the SpaceX. And I think it's a -- it's why they have such bullish plan?

I think particularly from Tesla perspective, I think the public news show, okay, because the AI, it is -- there's a lot of demand for electricity, renewable energies and the U.S. is lack of the electricity and renewable energy will be the final solutions. And I think we -- Tesla, I think they have visited a lot of equipment suppliers and manufacturing, including JinkoSolar. They have decided their technology could be TOPCon. But we don't have any further information to disclose.

But again, and Jinko is a pioneer and the innovators for the TOPCon technology. And we have, I think, the most powerful capabilities to build integrated capacities, digitalizations, and have a very strong, powerful patents as well in the globe. And we are quite open to explore the cooperation opportunities with partners in different countries. And you can -- so that is the information I think I can share.

But in summary, I think the proper information show, okay, the Tesla, SpaceX has a plan to build capacities. They are doing a lot of the work, and including visiting Chinese manufacturings. From Jinko perspective, we didn't have any further information to discuss. We are open for the business opportunities, if any.

But in summary, I think the property information show, okay. The Tesla, SpaceX has a plan to build capacities. They are doing a lot of the work including visiting Chinese manufacturings. And -- but we -- from Jinko perspective, we didn't have any further information to disclose. And -- but we are open for the business opportunities, if any.

Alan Lau^ So good luck for the potential chance on collaboration. And then to follow up, is there any -- what's your view on the patent -- TOPCon patent lawsuit raised by First Solar. So are you seeing this is impacting your shipment in the U.S. or it's not really affecting shipment for now?

Charlie Cao^ Yes. We don't expect any disruptions or impact in our business and ongoing business in the United States. And the First Solar litigations, and we have been actively engaged experienced lawyers and to fight -- to fight. And we don't believe we infringed relevant patents of First Solar, and we did research for the production process. We don't believe it's -- it is relevant.

And on top of that, we have a very solid experience couple of years ago and to deal with 337 with Hanwha Solar, and we win in the final.

Again, we do a lot of preparation work, and -- but we are confident and there is no impact for our operations in the United States.

Alan Lau^ Understood. Clear. So switching gear to the FEOC-related issue. So I would like to know -- I think probably for this year, there are sufficient projects already safe harbored for this year. So I wonder if you may share with investors on your plan on meeting the FEOC requirements going forward? Like is there any progress in sourcing partner, et cetera?

Charlie Cao^ Yes. I think there's a lot of the safe harbor, the downstream projects and the project will get through the constructions and the connections in the next two or three years. And for the Brownfield compliance for the manufacturing in our Florida facilities and we are in the final stage and recent negotiations with potential investors. And if there any is significant breakthrough, we will make the announcement. And we expect it in -- to be closed in the next couple of months.

Alan Lau^ Understood. That's very good news. And then I would like to switch gear to ESS. Like I think the Chairman has guided on the shipment that in 2026 the shipment may be doubled. I wonder if you might share in which region are those shipments is going to be? And is there any AI data center-related deals that is being negotiated or in discussion?

Charlie Cao^ For the storage ESS business and AIDC is definitely a very hot topic, and we are actively in early stage and discussion with few potential customers. And we plan and I think we -- hopefully, we are able to finalize some deals by the end of this year.

And for the storage segment by regions, and China really take our small percentage, and it's roughly 10% to 15%. Our focus will be Europe, Latin Americas, and some projects from Middle East, and the Asia Pacific regions. So that's the breakdowns.

And the U.S., last year, we shipped around 600 megawatt hours, and we are building, solidify our teams and hopefully we can make significant breakthrough in the U.S. market in 2026 as well.

Alan Lau^ Understood. So is there an expected gross margin target on the ESS side of the business?

Charlie Cao^ Yes. It's a -- we estimate to be 10% to 15%. It's a -- we did have a very good backlog last year. And the industry is facing increase of the price of lithium. And -- but we are trying to manage and minimize exposures, but we estimate it could be in a range of 10% to 15%.

Alan Lau^ Understood. That's very clear. I think my last question is on the shareholders' return. I wonder if the company -- what's the pace of the buyback of the company? Like is there any further shareholders' return program for this year?

Charlie Cao^ I think we will continue to make the investment return in the combination of the share purchase and the dividend. And it could be the magnitude that we have not determined, but we'll definitely do that.

Alan Lau^ So I think in the past, it was around, like the plan was around $200 million per year, but not sure if this is still the plan given the situation in the industry for now.

Charlie Cao^ This is U.S. holding companies, and I think now the U.S. company has roughly $200 million in cash. And -- but we try to make some investment on this -- through including solar, robotics and some relevant industries. And so we need to allocate between equity

investment and the shareholder returns. But we have sufficient, I think, the cash and to return the investment and to return to the investors maybe in a range of $50 million to $100 million a year.

Operator^ Your next question is a follow-up from Philip Shen from ROTH Capital Partners.

Philip Shen^ I wanted to ask about the perovskite outlook. You guys have highlighted your efficiencies there in the laboratory and was interested in getting your perspective on when perovskite could be commercialized in your capacity footprint? Are we looking at maybe two to five years? Or do you think it's beyond five years?

Charlie Cao^ So we did make some through the laboratory for the perovskite technology and it's reaching roughly 34% to 35%. But talking to commercial mass production, we think it still have a lot of R&D work to do. It could be in the next maybe three to five years and -- but it's not -- definitely, it's not in the near term.

Philip Shen^ Yes. Okay, Charlie. And then in terms of your shipments to the U.S. market, I think you had in your deck 5% of your shipments went to the U.S. What is your expectation for shipments to the U.S. market in 2026?

Charlie Cao^ It's 5% to 10%. And it's a little bit challenged because the shortage of the solar cell in supplies. And -- but we are trying to reach to at least the middle point.

Philip Shen^ The midpoint of the 5% to 10%, is that what you mean?

Charlie Cao^ Yes. Yes. Midpoint, yes.

Philip Shen^ Got it. Can you talk about the source of your non-FEOC cells? Are you sourcing them from the Mid East or where are they coming from?

Charlie Cao^ Yes. In general, there's several different players and manufacturing, I think, in Africa in different continents. And we -- I think we are able to secure some of the productions from the suppliers.

Philip Shen^ Okay. And then in terms of the war, I just wanted to see if there are any impacts to the business at all? And then you have your large manufacturing facility you're building in Saudi Arabia. So I want to see if a -- do you have any thoughts on that?

Charlie Cao^ Thank you. Thanks for the question. And the Saudi -- the joint ventures, we didn't make any, I think, break ground, and it's still in the early preparations and waiting for the implementations of the policies, local policies. So we didn't make any investment and significant investment in the joint ventures. And the Middle East contract that it has several impacts but I don't believe it's a long-term.

And firstly, it will have an impact on our shipment to the Middle East, and we take a sizable market share in the Middle East. And given the logistic challenge, and we need to replan, we work with our customers, we schedule the shipment plants.

And there is a significant push for the oil price. And it's a kind of the fundamental cost for a lot of materials, particularly the chemicals and as well as logistics cost. So there is some kind of push for the cost from shipment costs, [EVA] and -- but we are trying to manage it in a reasonable level. But I don't believe that's a long-term, but short-term, there is some kind of impact, but we can get it through.

Philip Shen^ Right. Charlie, how much do you plan -- like what's the plan for shipments to the Mid East before the war in 2026, what percentage of your '26 shipments were you thinking?

Charlie Cao^ You mean by year? A year?

Philip Shen^ Yes. For the full year. Like prewar, were you thinking like 20%?

Charlie Cao^ Yes. I think it's roughly 20%. And -- but it's not impacting -- it's not impacting all the countries, but impacts some countries in the short term.

Philip Shen^ Right, right. So in the short term, maybe it's a -- half of that is maybe challenged by the war?

Charlie Cao^ Yes.

Operator^ There are no further questions at this time. That does conclude our conference for today. Thank you for participating. You may now disconnect.