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Corporate Speakers

- Stella Wang; JinkoSolar Holding Co., Ltd.; Investor Relations
- Li Xiande; JinkoSolar Holding Co., Ltd.; Chairman and Chief Executive Officer
- Gener Miao; JinkoSolar Holding Co., Ltd.; Chief Marketing Officer
- Pan Li; JinkoSolar Holding Co., Ltd.; Chief Financial Officer
- Charlie Cao; JinkoSolar Holding Co., Ltd.; Chief Financial Officer

Participants

- Philip Shen; ROTH Capital Partners; Managing Director, Senior Research Analyst
- Alan Lau; Jefferies; Vice President, Equity Research
- Rajiv Chaudhri; Sunsara Capital; President
- Tyler Bisset; Goldman Sachs and Co.; Analyst

PRESENTATION

Operator^ Hello, ladies and gentlemen. And thank you for standing by for JinkoSolar Holding Co. Limited's Second and Third 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 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 second and third 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. Li Xiande, Chairman and CEO of JinkoSolar Company Limited; Mr. Gener Miao, CMO of JinkoSolar Company Limited; Mr. Pan Li, CFO of JinkoSolar Holding Company Limited; and Mr. Charlie Cao, CFO of JinkoSolar Company Limited.

Mr. Li will discuss JinkoSolar's business operations and the company highlights; followed by Mr. Miao, who will talk about the sales and marketing. And then Mr. Pan Li will go through the financials. They will all be available to answer questions during the Q&A session that follows.

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.

Now it's 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) In the first of three quarters of 2025, our global module shipments totaled 61.9 gigawatts once again ranking number one worldwide.

Driven by our outstanding product performance and a strong presence in high-value overseas market, gross margin improved sequentially for two consecutive quarters to 2.9% in the second quarter and 7.3% in the third quarter.

Net loss continue to narrow sequentially. We are pleased to see that our intensive efforts devoted to storage, R&D and products in the past two years started to bear fruit gradually.

In the first three quarters, our cumulative Energy Storage Systems, the ESS shipments extend 3.3 gigawatts hour, increasing significantly for two consecutive quarters. This, combined with the rising share of overseas markets has helped the profitability of our energy storage business improve noticeably.

Considering that energy storage products have the process of installation, [commissioning] and acceptance, there will be a lag in revenue recognition in our financial statements. We are confident that as [economics] of sale accelerate and the competitiveness continues to improve, our energy storage business will more than double next year as revenue contribution is expected to rise significantly and it serves as a key driver of our overall gross margin expansion.

In the second and third quarter, we continue to keep moderate utilization rates at a reasonable level. Since the third quarter, prices of polysilicon wafers and the cells have all risen and the module prices showed some upward trends. Given that bidding rules in all provinces are still in

implementation stage, central and state-owned enterprises need some time to recalculate their [IRR] returns and adjust their business model for any projects.

It is expected that demand will take some time to release. However we have seen some positive signals in the raw materials segment supported by rising raw material prices, module prices in overseas markets have also increased.

The upgrade to world's high-power production capacity has become an important direction for accelerating industry high-quality development. This technical upgrade also meets end customers' demand for high-power products to achieve more reliable investment return.

As an industry pioneer to upgrade existing TOPCon capacity through technology enhancements, we made steady progress in high-power products upgrade in the third quarter. We have already delivered some high-power products, carrying a premium of $0.01 to $0.02 per watt, compared to their conventional products.

As upgrade of the third-generation Tiger Neo product service maximum power of 670 watts is completed, we expect the shipment proportion of high-power products to increase quarter-over-quarter next year, accounting for 60% or above in 2026.

Since the market elasticity reform has removed the mandatory energy storage requirements, China's energy storage industry is accelerating its market-oriented development with the increasing gap between peak and off-peak electricity prices and the implementation of policies such as capacity pricing and the capacity compensation, independent energy storage projects in multiple provinces can achieve sound economic returns.

Driven by both improving economics and global energy transition, demand is increasing in Europe, Asia Pacific, Middle East and Latin America. In the U.S., the rapid expansion of AI-based -- in the U.S., a rapid expansion of AI data centers have led to unprecedented surge in electricity demand, straining domestic electricity supply, solar plus storage has therefore emerged as a safer and more easily deployed solution.

We expect the global demand for energy storage to experience explosive growth driven by increasing renewable energy penetration and its declining storage system cost. This once again validates our strategic decision to invest in the energy storage business in line with our industry trends, and it has helped us to build a long-term competitive advantage.

As a leading enterprise in the PV sector, we possessed long-established advantages in channels, brand reputation and customer resources enabling us to provide a localized one-stop solar plus storage solutions.

On the manufacturing side, we currently have 12 gigawatt hour of pack capacity and 5 gigawatts hour of battery cell capacity and continuously improve product performance through self-developed technological breakthroughs.

On the market side, we focus on high margin overseas markets, particularly utility scale and [industry] and commercial projects. Although delivery cycles are relatively long, demand remains strong, providing stable and a sustainable growth momentum for the company's energy storage business.

In summary, the global supply chain is [recovering] so the balance between supply and demand is gradually improving. As technological upgrades accelerate the industry’s high quality development, the market share of high-power and high-value products will continue to expand and become a dominant force in market pricing as market competition, particularly in projects bidding increasingly favors leading enterprises that demonstrates strong technological capabilities and the long-term reliability resources such as bank financing are also concentrating to both leading enterprises, further strengthening their market share.

With strong technological capabilities, long-term reliability and global diversification of our energy storage business, we are well positioned to further strengthen our competitiveness and benefit from the industry's next upward cycle.

The 15th Five-Year Plan proposed accelerating the decarbonization of both the energy supply and the [consumption] sectors, the National Development and Reform Commission, NDRC, and the National Energy Administration, the NEA, have also recently issued guidance on promoting renewable energy integration and power system regulation, further emphasizing the critical role of energy storage in the construction of a new energy system.

We expect these matters will further strengthen the competitiveness of China's renewable energy sector and steer the industry back on to a healthy and rational development path.

Looking forward to fourth quarter and the full year, we will continue to actively respond to the industry's for rational development by maintaining reasonable production levels and focusing on upgrading and transforming high efficiency capacity.

At the same time, we will proactively adapt to changes in overseas policies to ensure sustainable supply for our customers. We will keep strengthening our competitive advantages in technology and global operations, achieve a balance between scale and the profitability while consolidating our industry-leading position.

We expect the total shipments including solar modules, sales and wafers to be between 85 gigawatts to 500 gigawatts for the full year of 2025, and ESS shipments to be 6 gigawatts-hours for the full year 2025.

Gener Miao^ Thank you, Mr. Li.

Total shipments were 21.5 gigawatts in the third quarter, with module shipments accounting for approximately [93%].

By the end of third quarter, we obtained the first module manufacturing in the industry to achieve a cumulative global module shipments of 370 gigawatts with total cumulative shipments of Tiger Neo series surpassing 200 gigawatts, the best-selling module series in history.

In terms of a geographic mix in the third quarter, we focused on high-value overseas markets, with shipments accounting for over 55%, achieving strong growth in Asia Pacific, emerging markets and Europe.

Shipments to the U.S. were nearly 1.3 gigawatts in the third quarter doubled sequentially.

Against the backdrop of the electricity market reform, customer demand for high-power products continues to rise. Our high-power Tiger Neo 3.0 series with its bifaciality rate of 85% and excellent low-light performance can generate stable electricity during dawn, dusk and the cloudy weather effectively extending power generation hours.

At the same time in a market environment with increasing volatility in electricity spot prices, the outstanding power generation performance of Tiger Neo 3.0 enables more power generation during peak price periods in the morning and evening, creating higher yield and more reliable returns for clients.

According to our outdoor field test data in Chengdu, China and in low lights conditions such as dawn and dusk, Tiger Neo's achieved a 7.2% gain compared to BC products. And in Kagoshima, Japan, Tiger Neo shows 10.79% user gain over BC products in low-light conditions.

In the third quarter, we delivered some high-power products that carries $0.01 to $0.02 premium compared to conventional products. We expect our high-power Tiger Neo 3.0 products with maximum power of up to 670 watts peak to be produced in large scale next year, further strengthening our competitiveness on the product side.

We once again topped the PV Tech 2025 Q3 Module Tech Bankability Report with AAA ratings thanks to our solid operational capabilities, outstanding technological innovation and a strong recognition from global customers.

As one of the few enterprises to continuously maintain top-tier credit worthiness and technological strength in the global PV industry, in the last -- latest, the release of BNEF Energy Storage Tier 1 list of 4Q 2025, we were recognized as Tier 1 Energy Storage Provider for the seventh consecutive quarter.

Our continuous efforts in sustainable development have also earned the international recognition repeatedly.

In the recent MSCI ESG rating, we were upgraded to an A rating, maintaining our position in the top tier of ESG performers in the global PV industry.

Additionally, our S&P CSA score continues to improve from 2024 rising significantly to 78, far ahead of the industry.

On the demand side, we expect global PV demand to slightly contract in 2026. In China, due to the implementation of policy reform 136, the pace of carry out 15th Five-Year Plan as well as industry self-discipline and anti-involution measures, demand is expected to slightly decrease year-over-year in 2026.

Markets outside China are generally expected to remain healthy.

In the mid to long term, the urgent power demand from AI data center, combined with most countries' commitments to reduce carbon emissions will jointly drive growth in the global deployment of clean energy and a new grid infrastructure over the next three to five years.

The Information Office of State Council recently released the white paper of China's action on carbon peaking and carbon neutrality, which emphasizes that energy storage is a key support for building a new type of power system and [an adequate base] actively developing the renewable energy plus energy storage solutions.

In the United States, we are already seeing some tech giants deploying co-located or nearby solar plus storage at their data centers to meet rapidly growing electricity needs. We believe renewable energy plus energy storage has become an [inevitable] and accelerating trend.

We remain optimistic about the long-term prospects of the U.S. market, although trade policies impose certain constraints on the manufacturing side, we have taken proactive matters and made early strategic deployments adjusting our manufacturing and supply chain in response to quality changes to provide U.S. customers with long-term, stable and reliable solutions.

We are confident that leveraging our advantage in technology innovation, high-power products and global network, we can continue to satisfy our global clients' demand for clean, safe, high-efficiency and a reliable integrated solar and storage solutions.

We will also continue to improve our competitiveness in global markets.

Pan Li^ Thank you, Gener. We are pleased that our focus on high-performance products and high-value markets as well as our efforts in cost and expenses control have delivered steadily improved financial results.

Gross profit margin turned positive in the second quarter and continued to improve by 4.4 percentage points in the third quarter. Net loss and adjusted net loss narrowed sequentially for two consecutive quarters.

Operating cash flow was $340 million in the third quarter, improving significantly quarter-over-quarter. Operating cash flow is expected to be positive for the full year '25.

Moving to the details in the third quarter.

Total revenue was $2.27 billion, down 10% sequentially and 34% year-over-year. The sequential decrease was mainly due to a decrease in the total module shipment and the year-over-year decrease was primarily due to a decrease in average selling price of solar modules.

Gross margin was 7.3%. The sequential improvement was mainly due to a lower unit cost product sold and year-on-year decrease was mainly due to a decrease in ASP of solar modules.

Total operating expenses was $363 million up 36% sequentially and down 32% over year. The sequential increase was primarily due to an increase in the impairment of long-lived assets, while the year-on-year decrease was mainly due to a decrease in shipping costs, our solar module shipment decreased and an average freight rate decline during the third quarter this year.

Total operating expenses accounted for 16% of total revenues compared to 10.6% in the second quarter and 15.4% in the third quarter last year.

Operating loss margin was 8.7% compared with operating loss margin of 7.7% in the second quarter this year and operating profit margin of 0.3% in the second quarter last year.

Moving to the balance sheet.

At the end of the third quarter, our cash and cash equivalents was $3.3 billion compared with $3.4 billion in the end of the second quarter of '25 and $3.2 billion at the end of the third quarter of '24.

AR turnover days, were 105 days compared with 97 days in the second quarter, inventory turnover days were 90 days compared with 66 days in the second quarter this year.

At the end of the third quarter, total debt was $6.4 billion compared to $6.7 billion at the end of second quarter. Net debt was $3.1 billion compared with $3.3 billion at the end of second quarter this year. Debt conditions improved sequentially.

Let me go into more details of the second quarter.

Total revenue was $2.51 billion, up 30% sequentially and down 25% year-over-year. The sequential increase was primarily due to increase in solar module shipments, while year-over-year decrease was mainly due to a decrease in ASP of solar modules.

Gross margin was 2.9%. The sequential improvement was mainly due to a lower unit cost of products sold, while year-on-year decrease was mainly due to the decrease in ASP of modules.

Total operating expenses were $266 million, down 24% sequentially and 15% year-over-year. The sequential decrease was mainly due to the reduced expected credit loss expense in the same quarter, while the year-over-year decrease were mainly due to three points, a decrease in the impairment of long-lived assets, reduced expected credit loss expenses and decreased shipping cost as the average freight rate declined during the second quarter this year.

Total operating expenses accounted for 10.6% of total revenues compared to 18.1% in the first quarter of '25 and 15.9% in the second quarter of '24.

Operating loss margin was 7.7% compared to 20.7% in the first quarter this year and 4.7% in the second quarter last year.

Moving to the balance sheet.

At end of the second quarter, our cash and cash equivalent was $3.4 billion compared with $3.77 billion at the end of the first quarter this year and $1.9 billion at the end of second quarter last year.

AR turnover days were 97 days compared with 111 days in the first quarter this year. Inventory turnover days was 66 days compared to 84 days in the first quarter, our operating efficiency is improving.

At the end of the second quarter, total debt was $6.7 billion compared to $6.4 billion at the end of the first quarter. Net debt was $3.3 billion compared to $2.6 billion at the end of the first quarter this year.

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 comes from Philip Shen with ROTH Capital Partners.

Philip Shen^ First one is on your gross margins. Can you share some color on what you see as the difference between yours and Canadian Solar's, they reported recently 15%, you guys have Q3 gross margins at about 7%. And what was the main driver you think for that underperformance? And then can you provide some color on the storage and solar gross margin difference? And then finally, what do you think margins look like for Q4?

Charlie Cao^ Thanks, Philip. And I think compared to our peers, particularly the Canadian Solar, the gross margin difference is different revenue contribution from the energy storage business. And -- but if you look at the Jinko quarter-by-quarter, we did improve gross margin dramatically, it's coming from majority of the module business.

But for the energy storage sectors, we did want to have a very, very positive update, I think, in the prepared remarks, so Chairman Li, and we think we -- our energy storage business is really for the dramatically growth in next year 2026 and we are expecting significant revenue contributions and gross margin expansions.

And the story is really in supply shortage. And this year, we shipped around 6 gigawatt hours shipments. And next year, we expect to double -- at least double.

And in terms of the revenue recognition, it's a little bit different because the revenue is recognized for the shipments with the final acceptance. It's a little bit delayed one quarter to two quarters. And therefore, the energy storage business, the gross margin is at decent level. We expect at least 15%, 20% gross margin.

And looking forward, particularly for the ESS business out of China, and we target 70%, 80% in the ESS business next year.

And in terms of revenue contribution from the energy storage business, we expect 10% to 15%. I mean the revenue from ESS business compared to the total revenues of Jinko next year. So it's -- we are actually -- we think our business is shifting from surely module business to module plus ESS next year.

Philip Shen^ Great, Charlie. Thank you very much for the color.

And can you share also a little bit more color on your view. You've given us some color on the storage market. You shared that next year could be 6 gigawatt hours, what might be geographic shipment mix be for 2026? And how much to the U.S., how much to China and then maybe Europe and others?

Charlie Cao^ Yes. Yes. This year, it's 6 gigawatts hours and next year is double, okay? That is the total volume. In terms of geographical distributions, non-China, roughly, we think 70%, 80% including United States. And United States, we are discussing with a lot of potential customers and developing, and we believe, step-by-step, we are gaining more and more orders from the U.S., but we are gaining a lot -- we have a strong pipeline, particularly I think from Europe, Latin America and Asia Pacific.

Philip Shen^ Got it. Okay. Great. Thank you.

Shifting over to one more question here on the foreign entity of concern for the U.S., FEOC. Can you help us understand, you plan to -- you have a big business shipping U.S. -- sorry, shipping solar modules to the U.S. Now you plan to ship batteries also to the U.S. Can you help us understand how you plan to comply with foreign entity of concern requirements for the U.S. market?

Charlie Cao^ Yes. And looking for the next year, we don't believe there's a lot of kind of impact -- negative impact from the FEOC, let's say, OBBB compliance. We see a lot of safe harbor projects, particularly for the solar plus some storage projects, and we committed to -- from long term, and we -- I think we reshaped our supply chain globally and including, and we're exploring options for our solar module facilities in Florida.

And we think from the long term and there is going to be demand for both FEOC and non-FEOC. And we are in the -- if there is some kind of development, particularly for transforming our solar module facilities in the United States to the non-FEOC entities, and we will let investors know. But we have been in the process of discussion with potential investors.

Operator^ Our next question comes from Alan Lau with Jefferies

Alan Lau^ This is Alan from Jefferies. So my first question is about the ESS business. I would like to know if there's any discussion with any of the AI data centers or hyperscaler clients? And what type of demand are they requiring? Like are they more like two to four hours of good capability, compatible demand? Or it's more like even longer hours of storage required?

Charlie Cao^ We think the AI-driven data center, it's going to put a lot of demand for the global electricities from long term. And we're -- our ESS team is in discussion with potential pipeline for the data center including your U.S., Europe and including China. But it's still is in the progress, and we believe we are able to reach a significant milestone early next year.

Alan Lau^ Okay, clear. So in relation to the geographical breakdown, I would like to know if the gross margin of ESS is similar across the regions? Or it should be higher in Europe or U.S.? Like how do you see the margins in different regions that you operate?

Charlie Cao^ You mean ESS margin different regions, right? Yes. It's depending on different markets, and China is still a little bit low, but I think it's recovering a little bit. ESS is very competitive in China.

But Europe and the U.S. is still, we think that still it's a decent gross margin. So -- and the Middle East is a little bit low. And I think China and Middle East is, ESS the pricing, the competitiveness and the margin is relatively low to other regions, but we think it's still a very healthy business and -- in the next two years.

Alan Lau^ Yes. I would like to know on the cost side of ESS because I've noticed that the upstream raw materials or the cost of raw materials are increasing or surging. Any plans to lock in any raw materials or how's your view on different raw materials like batteries or like even more upstream battery materials like lithium carbonate, et cetera?

Charlie Cao^ Yes. We -- because the strong demand, the material is likely upwards and firstly, we have 5 gigawatts and battery cell capacities and which put us a relative advantage. And the second one, we partner with key materials and suppliers, and the second one, we -- when we negotiate contracts, we did anticipate some kind of material cost upwards.

So as a combination, I think it's a little bit challenged, but we think we can manage and how to minimize the impact of the material, the pricing.

Alan Lau^ I see. I think my next question is about the demand on the solar module market. So how do you see the demand growth in next year for maybe both solar and ESS like, what is the growth rate you see?

Gener Miao^ Yes. For the demand side, definitely, we should looking separately for both for PV and BEVs, right?

So PV side, I think we are -- in a conservative way, we are expecting more or less a flat year in 2026 versus 2025. The main reason is because China demand, we believe it to have a drop compared with 2025 which because the weight of trend demand is so high in the global demand, so which drives even with the other markets booming or other markets growth, we still expect the total demand of the globe in the PV industry for next year will be more or less flat year.

However, when we look into the BEV, it is in a different scenario, right? So with more and more renewable installed, the grid needs more security for the BEV contribution. Certainly, we are seeing a sharp increase for the BEV side. That's why from the BEV, we are still keeping optimistic opinion or expectation for next year's installation. If we need to quantize that, we think it will be at least 25% increase for the BEVs year-over-year.

Alan Lau^ I would like to know what type of installation in China are you looking at like, because there are different numbers floating around. Like are you looking at low 200 or even below 200 gigawatts in China?

Gener Miao^ I'm not that conservative for China because recently, I visited a lot of our distributors and even installers in China in all the different provinces, I think most of them are still keeping an optimistic view for next year.

So that -- having said all those, I believe that it will be around let's say, module-wise, it will be around mid-200 gigawatts -- let's say, around 250 gigawatts about. And if we look into the grid connection number, it should be somewhere around low 200s.

Alan Lau^ Okay. That's very clear. I think my last question is on your buyback. I would like to know if the company will start buyback after the blackout period which is basically this [result]? And how is the pace of the buyback will look like?

Charlie Cao^ We monetized 3%, right, shares. And I think end of October, and we're in a process of getting money out of China and after regulatory approval, and we have paid withholding tax, and we expect to get the money by the end of this month -- very soon.

And for the shareholder returns, and we commit at least $100 million a year and we had declared dividend early this year. And we bought some shares, certain shares. And I think in last quarter, middle of this year. And after the window, after the earnings release, we plan to repurchase the share through out of the end of the year.

Alan Lau^ Is that like how much shares have been purchased or like will the company looking to basically buy all the remaining amount in the buyback program in the remaining one month?

Charlie Cao^ Yes. And I think we plan to use the proceeds, right, the monetization [issues] as the key funding and which is available and it's around $170 million, $180 million. So I think we -- depending how the market moves, but we -- definitely, we will repurchase shares by the end of this year. And roughly, I think this year, $100 million, and we had declared dividend, I think $50 million, $60 million. So that's our -- the base plan.

It's a year-over-year plan and next year, it's roughly the same plan.

Operator^ (Operator Instructions) Your next question comes from Rajiv Chaudhri with Sunsara Capital.

Rajiv Chaudhri^ My first question is regarding your guidance for module shipments for the fourth quarter. It's a very big range, 18 to 33 gigawatts, and you have essentially kept to the same range that you gave for the full year back in the early part of the year. But now we are halfway through the fourth quarter. Could you help us narrow down what the range would be for Q4 for module shipments?

Gener Miao^ Yes. I think we were close to the lower end of the range. I think because of the regulatory requirement, we have to keep that range as before. But from the operational level, we believe the lower end of the range is more, let's say, realistic.

Rajiv Chaudhri^ I see. So related to that, what do you think the global shipments of modules would be for the industry as a whole in 2025?

Gener Miao^ Well we -- technically, we believe from the production wise, we are looking at roughly 700 gigawatts that's the high-level numbers we are estimating for the whole industry.

Rajiv Chaudhri^ And do you believe that 700 gigawatts would actually have been shipped out by the industry as well? Or that was just the production?

Gener Miao^ Well I think it's more realized to a production, closer to the production side, but because every company has a slightly different ways to calculate or announce their shipment numbers. So that's why it's difficult to figure out what the real shipment number.

But production-wise, I think the number is more realistic.

Rajiv Chaudhri^ I see. Okay. So moving on to another question relating to CapEx. Could you give us the CapEx target for 2025 and also for 2026?

Charlie Cao^ It's roughly RMB 5 billion this year and next year. And next year, we didn't have any plan to expand capacity and it's kind of upgraded to a next-generation TOPCon technology, and it's going to have significant high-end, high-power output solar modules we are able to provide to our customers next year roughly 60%.

With price premium and a relatively good margin contributions next year quarter-over-quarter, the capacity for the high-end, upgraded high-end module capacity will be released quarter-by-quarter.

Rajiv Chaudhri^ So Charlie, just to be clear, this year, the CapEx is RMB 5 billion. And next year, it will be flat at RMB 5 billion.

Charlie Cao^ Yes, roughly, roughly. But next year -- I talked about it. This year, it's roughly payment of outstanding amount, RMB 5 billion. And next year, we are doing the upgrade. We are doing an upgrade existing capacity and to the next high-level TOPCon capacity, and we foresee a lot of strong demand and with higher module price and higher gross margin contributions.

Rajiv Chaudhri^ So you made a very interesting point that operating cash flow will be positive in 2025. It looks like you will be generating operating cash flow positive in 2026 as well. And may be substantially higher than 2025 because gross margin will be higher. Is that a correct assessment?

Charlie Cao^ Yes. That's right. That's right. And we talk about, firstly, I think the catalyst is first one is ESS storage business next year. We are looking to 10% to 15% revenue contributions from ESS with decent gross margin and positive net [profitabilities].

And second one is the module business. We have, I think, the most advanced TOPCon upgrade capacities in the industries and developed by ourselves for the technology and which will roughly have 60% shipments of the modules coming from the next generation Jinko-developed TOPCon capacities with higher gross margins.

And second one, we're thinking from the high-level standards industry anti-involutions taking -- take effect step by step and the capacity will accelerate phase out and leading by the -- on top of that industry-leading self-disciplined control production volume and reasonable pricing based on the cost will take further, I think, enforcement.

So combined together, I think the industry is reaching the low point and is recovering step-by-step, and Jinko, we are really ready for the -- from the market and product perspective and the plus, we are shifting solar plus ESS story and the business.

So the basic plan next year, we are -- we are trying -- no, we are confident that we are able to navigate the cycles and turn to positive earnings. That's kind of the business plan next year.

Rajiv Chaudhri^ So should we -- you talked about the premium products and the fact that they've got premium pricing. But on the cost side, will your cost for these premium products will still be lower than the cost for the standard products this year? In other words, do the costs keep going down even as the price goes up?

Charlie Cao^ Yes. Yes. Initially, by design, the cost is a little bit higher, but a very, very small incremental costs. And -- but we -- our R&D team continue to dive into the details and to try to further improve the cost.

But back to your question, I think the high-end product, the cost is -- it's a very, very small incremental cost increase at the beginning. But we believe, over time, our R&D team with our operational teams will continue to improve the cost.

Rajiv Chaudhri^ Final question, Charlie, on market share. In the past, in 2023 and '24, your global market share had gone up to somewhere between 15% and 16% of the global market. This

year, it is down a little bit, I guess, partly because you have restrained production because of the pricing.

Should we expect that our market share next year will go up again and maybe go up a lot more than 16% because the industry itself is consolidating? So -- and what do you think the range for next year module shipments could be?

Charlie Cao^ The consolidated market share after consolidation of the industry consolidation and phase out of capacity, the industry turn into the kind of normal situation is, for sure, it's very good for Tier 1 companies.

If you look at the long term, we are confident and we will continue to penetrate the market share. And next year is still, I think, from the [top-down] approach and I think China will continue to launch -- implement the anti-involution policies, we don't expect significant shipments increase for the module [brands]. But yes, it's different stories.

Operator^ Your next question comes from Philip Shen with ROTH Capital Partners.

Philip Shen^ I wanted to check-in back with you in terms of Q4 margin outlook, what kind of solar module ASP could you see in Q4? And then what kind of margin for the overall quarter that we see?

Charlie Cao^ We expect a relatively stable Q4 versus Q3. And -- but the ESS business is contributing more revenues and we estimate our ESS business in fourth quarter is going to reach a positive profitability levels. And -- but the contribution is not significant, but next year is a different story that we have talked about.

And for the module business, we expect relatively stable.

Philip Shen^ Okay. Got it. And then can you talk about module ASPs for Q1 and Q2 of next year? And then also the trajectory for margins as you blend in more battery?

Gener Miao^ Yes. So I think it's difficult to share those numbers or estimations right now because you know what is happening is like some of the key markets, they are still -- there are some key or some important policy is upcoming.

For example, the U.S., the guidance of the FEOC or material systems, or even upcoming to 32, which will significantly impact the market prices, like in China, there's anti-involution policies and there's even more rumors coming out regarding the polysilicon even to the other part of the manufacturing value chain as well.

So those changes could significantly change the market price overnight. That's why we believe it is still too early to share our estimation on the prices for next year.

Philip Shen^ Okay, Gener. That makes sense. You talked about the rumors on poly. Can you give us a little bit more color on that?

Gener Miao^ I don't have too much more to share based on there's a lot of rumors on the market or on the Internet. So I don't know what you're referring to.

Philip Shen^ Yes. I was just -- you mentioned it. So I thought I would try to see if there's more color.

Gener Miao^ No, we are not part of the game, so I don't have too much to share with everyone. But thank you for your question.

Operator^ Your next question comes from Brian Lee with Goldman Sachs.

Tyler Bisset^ This is Tyler Bisset on for Brian.

Just a quick housekeeping question. Can you share what was D&A and CapEx in 2Q and 3Q?

Charlie Cao^ You mean the absolute number or percentage, right? Hello?

Tyler Bisset^ Yes, like the actual number.

Charlie Cao^ I think in the financial statement, you've got to check out the financial statements, the R&D and the operating expenses and we have disclosed quarter-by-quarter. So what would be key question you want to explore.

Tyler Bisset^ Sorry, D&A and CapEx in 2Q and 3Q, like the absolute numbers.

Charlie Cao^ You mean the depreciation or CapEx?

Tyler Bisset^ Depreciation and then separately CapEx.

Charlie Cao^ Okay. Depreciation by quarter, I think, is roughly and I think $300 million a quarter. And the CapEx, I think in the first half year, we spent roughly RMB 2 billion.

Operator^ That is our last question. And that does conclude our conference for today.

Thank you for participating. You may now disconnect.