

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

or



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35480



Enphase Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-4645388

(I.R.S. Employer Identification No.)

47281 Bayside Parkway

Fremont, CA 94538

(Address of principal executive offices, including zip code)

(707) 774-7000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 par value per share	ENPH	Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an "emerging growth company." See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 24, 2025, there were 130,859,709 shares of the registrant's common stock outstanding, \$0.00001 par value per share.

ENPHASE ENERGY, INC.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2025

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (unaudited)

**ENPHASE ENERGY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except par value)

	As of	
	September 30, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 401,880	\$ 369,110
Restricted cash	—	95,006
Marketable securities	1,076,044	1,253,480
Accounts receivable, net of allowances of \$654 and \$7,788 at September 30, 2025 and December 31, 2024, respectively	265,513	223,749
Inventory	188,652	165,004
Prepaid expenses and other current assets	459,698	220,735
Total current assets	2,391,787	2,327,084
Property and equipment, net	131,317	147,514
Intangible assets, net	27,332	42,398
Goodwill	214,406	211,571
Other assets	234,748	205,542
Deferred tax assets, net	320,898	315,567
Total assets	\$ 3,320,488	\$ 3,249,676
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 188,571	\$ 90,032
Accrued liabilities	207,926	196,887
Deferred revenues, current	111,493	237,225
Warranty obligations, current	31,473	34,656
Debt, current	631,681	101,291
Total current liabilities	1,171,144	660,091
Long-term liabilities:		
Deferred revenues, non-current	345,710	341,982
Warranty obligations, non-current	178,668	158,233
Other liabilities	58,077	55,265
Debt, non-current	571,867	1,201,089
Total liabilities	2,325,466	2,416,660
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, \$0.00001 par value, 300,000 shares authorized; and 130,849 shares and 132,448 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	1	1
Additional paid-in capital	1,234,287	1,084,573
Accumulated deficit	(242,583)	(245,206)
Accumulated other comprehensive income (loss)	3,317	(6,352)
Total stockholders' equity	995,022	833,016
Total liabilities and stockholders' equity	\$ 3,320,488	\$ 3,249,676

See Notes to Condensed Consolidated Financial Statements.

**ENPHASE ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net revenues	\$ 410,427	\$ 380,873	\$ 1,129,664	\$ 947,670
Cost of revenues	214,188	202,702	594,691	516,825
Gross profit	196,239	178,171	534,973	430,845
Operating expenses:				
Research and development	47,266	47,843	142,861	150,925
Sales and marketing	48,429	49,671	148,085	154,753
General and administrative	33,098	30,192	101,168	98,924
Restructuring and asset impairment charges	1,287	677	7,771	3,755
Total operating expenses	130,080	128,383	399,885	408,357
Income from operations	66,159	49,788	135,088	22,488
Other income, net				
Interest income	15,429	19,977	47,372	58,889
Interest expense	(830)	(2,237)	(3,692)	(6,653)
Other expense, net	(3,739)	(16,785)	(12,651)	(24,264)
Total other income, net	10,860	955	31,029	27,972
Income before income taxes	77,019	50,743	166,117	50,460
Income tax provision	(10,381)	(4,981)	(32,697)	(9,962)
Net income	\$ 66,638	\$ 45,762	\$ 133,420	\$ 40,498
Net income per share:				
Basic	\$ 0.51	\$ 0.34	\$ 1.02	\$ 0.30
Diluted	\$ 0.50	\$ 0.33	\$ 1.01	\$ 0.30
Shares used in per share calculation:				
Basic	130,797	135,329	131,228	135,621
Diluted	132,995	139,914	133,439	136,236

See Notes to Condensed Consolidated Financial Statements.

**ENPHASE ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 66,638	\$ 45,762	\$ 133,420	\$ 40,498
Other comprehensive income:				
Foreign currency translation adjustments	(3,636)	4,356	6,168	698
Marketable securities				
Change in net unrealized gain, net of income tax provision \$314 and \$689 for the three and nine months ended September 30, 2025, respectively, and \$2,286 and \$1,517 for the three and nine months ended September 30, 2024, respectively.	1,593	6,858	3,501	4,553
Comprehensive income	<u>\$ 64,595</u>	<u>\$ 56,976</u>	<u>\$ 143,089</u>	<u>\$ 45,749</u>

See Notes to Condensed Consolidated Financial Statements.

**ENPHASE ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<b>Common stock and paid-in capital</b>				
Balance, beginning of period	\$ 1,184,498	\$ 993,369	\$ 1,084,574	\$ 939,339
Issuance of common stock from exercise of equity awards	—	14	5,369	7,969
Payment of withholding taxes related to net share settlement of equity awards	(1,679)	(6,286)	(16,653)	(73,801)
Stock-based compensation expense	51,469	45,940	160,998	159,530
Balance, end of period	\$ 1,234,288	\$ 1,033,037	\$ 1,234,288	\$ 1,033,037
<b>Accumulated earnings deficit</b>				
Balance, beginning of period	\$ (309,221)	\$ (100,895)	\$ (245,206)	\$ 46,273
Repurchase of common stock	—	(49,794)	(129,957)	(191,698)
Net income	66,638	45,762	133,420	40,498
Excise tax on net stock repurchases	—	—	(840)	—
Balance, end of period	\$ (242,583)	\$ (104,927)	\$ (242,583)	\$ (104,927)
<b>Accumulated other comprehensive income</b>				
Balance, beginning of period	\$ 5,360	\$ (7,951)	\$ (6,352)	\$ (1,988)
Foreign currency translation adjustments	(3,636)	4,356	6,168	698
Change in net unrealized gain on marketable securities, net of tax	1,593	6,858	3,501	4,553
Balance, end of period	\$ 3,317	\$ 3,263	\$ 3,317	\$ 3,263
Total stockholders' equity, ending balance	\$ 995,022	\$ 931,373	\$ 995,022	\$ 931,373

See Notes to Condensed Consolidated Financial Statements.

**ENPHASE ENERGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net income	\$ 133,420	\$ 40,498
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,218	60,724
Amortization (accretion) of investments purchased at a premium (discount)	1,513	(1,109)
Provision for credit losses	162	4,471
Asset impairment	1,565	24,141
Non-cash interest expense	3,336	6,462
Net loss from change in fair value of debt securities	12,315	1,730
Stock-based compensation	160,998	159,530
Deferred income taxes	7,137	(27,644)
Changes in operating assets and liabilities:		
Accounts receivable	(47,539)	208,956
Inventory	(23,648)	54,758
Prepaid expenses and other assets	(218,144)	(117,856)
Accounts payable, accrued and other liabilities	116,938	(58,140)
Warranty obligations	17,252	(4,855)
Deferred revenues	(136,562)	(5,265)
Net cash provided by operating activities	<u>88,961</u>	<u>346,401</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(30,899)	(25,540)
Investment in debt securities	(6,300)	—
Investment in tax equity fund	(9,752)	—
Issuance of loan receivables	(48,500)	—
Purchases of marketable securities	(601,368)	(1,091,511)
Maturities and sale of marketable securities	780,099	994,677
Net cash provided by (used in) investing activities	<u>83,280</u>	<u>(122,374)</u>
<b>Cash flows from financing activities:</b>		
Settlement of Notes due 2025	(102,168)	(7)
Proceeds from issuance of common stock under employee equity plans	5,369	7,969
Payment of withholding taxes related to net share settlement of equity awards	(16,653)	(73,801)
Repurchase of common stock	(129,957)	(191,698)
Net cash used in financing activities	<u>(243,409)</u>	<u>(257,537)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8,932	1,087
Net decrease in cash, cash equivalents and restricted cash	<u>(62,236)</u>	<u>(32,423)</u>
Cash, cash equivalents and restricted cash — Beginning of period	464,116	288,748
Cash, cash equivalents and restricted cash — End of period	<u>\$ 401,880</u>	<u>\$ 256,325</u>
<b>Supplemental cash flow disclosure:</b>		
Supplemental disclosures of non-cash investing activities:		
Purchases of property and equipment through tenant improvement allowance	\$ 855	\$ —
Purchases of property and equipment included in accounts payable	\$ 4,952	\$ 5,722

See Notes to Condensed Consolidated Financial Statements.

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

**Description of Business**

Enphase Energy, Inc. (the “Company”) is a global energy technology company. The Company delivers smart, easy-to-use solutions that manage solar generation, storage and communication on one platform. The Company’s intelligent microinverters work with virtually every solar panel made, and when paired with the Company’s smart technology, results in one of the industry’s best-performing clean energy systems.

**Basis of Presentation and Consolidation**

The accompanying condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

**Unaudited Interim Financial Information**

These accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for interim financial reporting. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring items, considered necessary to present fairly the Company’s financial condition, results of operations, comprehensive income, stockholders’ equity and cash flows for the interim periods indicated. The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the operating results for the full year.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Significant estimates and assumptions reflected in the financial statements include revenue recognition, allowance for credit losses, stock-based compensation, income tax provision, inventory valuation, government grants, accrued warranty obligations, fair value of debt securities, convertible notes, fair value of acquired intangible assets and goodwill, useful lives of acquired intangible assets and property and equipment, incremental borrowing rate for right-of-use assets and lease liability. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ materially from those estimates due to risks and uncertainties.

The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. The Company filed audited consolidated financial statements, which included all information and notes necessary for such a complete presentation in conjunction with its Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on February 10, 2025 (the “Form 10-K”).

**Summary of Significant Accounting Policies**

Except for the updated accounting policies related to the fair value of financial instruments specifically for loan receivables issued, there have been no changes to the Company’s significant accounting policies as described in Note 2, “Summary of Significant Accounting Policies” of the notes to consolidated financial statements included in Part II, Item 8 of the Form 10-K.

**Fair Value of Financial Instruments**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial instruments include the Company’s cash and cash equivalents, restricted cash, accounts receivable, loan receivables, accounts payable and accrued liabilities. The Company considers the carrying amount of short-term financial instruments to approximate the fair value because of the short maturity of those instruments. The Company’s long-term financial

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

instruments are measured at amortized cost, no fair value option is elected. The Company evaluates the allowance for credit losses by assessing the risks and losses inherent to the financial instruments.

**Recently Adopted Accounting Pronouncements**

***Not Yet Adopted***

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”). ASU 2023-09 requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold, certain disclosures of state versus federal income tax expenses and taxes paid. ASU 2023-09 was effective for fiscal years beginning after December 15, 2024 and interim periods for fiscal years beginning after December 15, 2025. The Company plans to adopt ASU 2023-09 in its Annual Report on Form 10-K for the year ending December 31, 2025. As ASU 2023-09 affects only disclosures, the adoption of ASU 2023-09 is not expected to have a significant impact on the Company’s consolidated financial statements.

**Recently Issued Accounting Pronouncements**

***Not Yet Effective***

In November 2024, the FASB issued ASU 2024-03, “Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures” (“ASU 2024-03”), which requires additional disclosure of certain costs and expenses within the notes to the financial statements. ASU 2024-03 will be effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact from ASU 2024-03 on its consolidated financial statements disclosures.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets” (“ASU 2025-05”), which introduces a practical expedient for the application of the current expected credit loss model to current accounts receivable and contract assets. The practical expedient allows entities to assume that conditions as of the balance sheet date remain unchanged over the remaining life of these assets, thereby eliminating the need to incorporate macroeconomic forecasts. ASU 2025-05 is effective beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The guidance may be applied prospectively. The Company is currently evaluating the impact of ASU 2025-05 on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, “Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software” (“ASU 2025-06”), which simplifies the capitalization guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. ASU 2025-06 permits an entity to apply the new guidance using a prospective, retrospective or modified transition approach. The Company is currently evaluating the impact from ASU 2025-06 on its consolidated financial statements.

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## 2. REVENUE RECOGNITION

### Disaggregated Revenue

The Company has one major business activity, which is the design, manufacture and sale of solutions for the solar photovoltaic ("PV") industry. Disaggregated revenue by primary geographical market and timing of revenue recognition for the Company's single product line were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Primary geographical markets:				
United States	\$ 349,982	\$ 284,033	\$ 884,550	\$ 632,719
International	60,445	96,840	245,114	314,951
Total	<u>\$ 410,427</u>	<u>\$ 380,873</u>	<u>\$ 1,129,664</u>	<u>\$ 947,670</u>
Timing of revenue recognition:				
Products delivered at a point in time	\$ 383,001	\$ 348,669	\$ 1,034,952	\$ 854,406
Products and services delivered over time	27,426	32,204	94,712	93,264
Total	<u>\$ 410,427</u>	<u>\$ 380,873</u>	<u>\$ 1,129,664</u>	<u>\$ 947,670</u>

### Contract Balances

Accounts receivable, and contract assets and contract liabilities from contracts with customers, were as follows:

	September 30, 2025	December 31, 2024
<i>(In thousands)</i>		
Accounts receivable	\$ 265,513	\$ 223,749
Long-term accounts receivable (Other assets)	15,297	—
Short-term contract assets (Prepaid expenses and other current assets)	34,659	42,001
Long-term contract assets (Other assets)	112,268	110,954
Short-term contract liabilities (Deferred revenues, current)	111,493	237,225
Long-term contract liabilities (Deferred revenues, non-current)	345,710	341,982

The Company receives payments from customers based upon contractual payment terms. Accounts receivable are recorded in an amount that reflects the consideration that is expected to be received in exchange for those goods or services when the right to consideration becomes unconditional.

Contract assets include deferred product costs and commissions associated with the deferred revenue and will be amortized along with the associated revenue. The Company had no asset impairment charges related to contract assets for the nine months ended September 30, 2025.

Significant changes in the balances of contract assets (prepaid expenses and other assets) as of September 30, 2025 were as follows (in thousands):

### Contract Assets

Contract assets, beginning of period	\$ 152,955
Amount recognized	(26,144)
Increased due to billings	20,116
Contract assets, end of period	<u>\$ 146,927</u>

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

Contract liabilities are recorded as deferred revenue on the accompanying condensed consolidated balance sheets and include payments received in advance of performance obligations under the contract and are realized when the associated revenue is recognized under the contract.

Significant changes in contract liabilities (deferred revenue) as of September 30, 2025 were as follows (in thousands):

**Contract Liabilities**

Contract liabilities, beginning of period	\$ 579,207
Revenue recognized	(204,984)
Increased due to billings	82,980
Contract liabilities, end of period	<u>\$ 457,203</u>

**Remaining Performance Obligations**

Estimated revenue expected to be recognized in future periods related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period were as follows:

	<b>September 30, 2025</b>
	<i>(In thousands)</i>
Fiscal year:	
2025 (remaining three months)	\$ 28,936
2026	109,542
2027	101,155
2028	88,202
2029	70,858
Thereafter	58,510
Total	<u>\$ 457,203</u>

**3. OTHER FINANCIAL INFORMATION****Inventory**

Inventory consists of the following:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
	<i>(In thousands)</i>	
Raw materials	\$ 30,827	\$ 38,740
Finished goods	157,825	126,264
Total inventory	<u>\$ 188,652</u>	<u>\$ 165,004</u>

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Accrued Liabilities**

Accrued liabilities consist of the following:

	September 30, 2025	December 31, 2024
	<i>(In thousands)</i>	
Customer rebates and sales incentives	\$ 89,158	\$ 96,324
Liability due to supply agreements	51,802	42,745
Freight	5,806	7,497
Salaries, commissions, incentive compensation and benefits	15,119	11,956
Income tax payable	248	3,540
Operating lease liabilities, current	5,813	5,815
VAT payable	3,666	1,472
Liabilities related to restructuring accruals	2,444	3,262
Other	33,870	24,276
Total accrued liabilities	<u>\$ 207,926</u>	<u>\$ 196,887</u>

**4. GOODWILL AND INTANGIBLE ASSETS**

The Company's goodwill as of September 30, 2025 and December 31, 2024 was as follows:

	September 30, 2025	December 31, 2024
	<i>(In thousands)</i>	
Goodwill, beginning of period	\$ 211,571	\$ 214,562
Currency translation adjustment	2,835	(2,991)
Goodwill, end of period	<u>\$ 214,406</u>	<u>\$ 211,571</u>

The Company's purchased intangible assets as of September 30, 2025 and December 31, 2024 were as follows:

	September 30, 2025			December 31, 2024			
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Impairment	Net
	<i>(In thousands)</i>						
Intangible assets:							
Indefinite-lived intangibles	\$ 286	\$ —	\$ 286	\$ 286	\$ —	\$ —	\$ 286
Intangible assets with finite lives:							
Developed technology	47,683	(40,648)	7,035	51,054	(35,903)	(3,351)	11,800
Customer relationships	51,114	(40,435)	10,679	51,306	(35,804)	(177)	15,325
Trade names	37,700	(28,368)	9,332	37,700	(22,713)	—	14,987
Total purchased intangible assets	<u>\$ 136,783</u>	<u>\$ (109,451)</u>	<u>\$ 27,332</u>	<u>\$ 140,346</u>	<u>\$ (94,420)</u>	<u>\$ (3,528)</u>	<u>\$ 42,398</u>

**ENPHASE ENERGY, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

During the nine months ended September 30, 2025, intangible assets decreased by less than \$0.1 million due to the impact of foreign currency translation.

Amortization expense related to finite-lived intangible assets were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Developed technology	\$ 1,595	\$ 2,100	\$ 4,807	\$ 7,025
Customer relationships	1,568	1,578	4,677	4,721
Trade-names	1,885	1,885	5,655	5,655
Total amortization expense	<u>\$ 5,048</u>	<u>\$ 5,563</u>	<u>\$ 15,139</u>	<u>\$ 17,401</u>

Amortization of developed technology is recorded to cost of revenues, amortization of customer relationships and trade-names are recorded to sales and marketing expense, and amortization of certain customer relationships is recorded as a reduction to revenue.

The expected future amortization expense of intangible assets as of September 30, 2025 is presented below:

	September 30, 2025
	<i>(In thousands)</i>
Fiscal year:	
2025 (remaining three months)	\$ 5,045
2026	17,997
2027	4,004
Total	<u>\$ 27,046</u>

**5. CASH EQUIVALENTS, RESTRICTED CASH AND MARKETABLE SECURITIES**

The cash equivalents, restricted cash and marketable securities consist of the following:

	As of September 30, 2025					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Marketable Securities
	<i>(In thousands)</i>					
Money market funds	\$ 144,482	\$ —	\$ —	\$ 144,482	\$ 144,482	\$ —
Certificates of deposit	24,174	14	(1)	24,187	—	24,187
Commercial paper	40,178	10	(4)	40,184	14,687	25,497
Corporate notes and bonds	399,026	1,610	(41)	400,595	—	400,595
U.S. Treasuries	39,996	—	—	39,996	—	39,996
U.S. Government agency securities	584,438	1,442	(111)	585,769	—	585,769
Total	<u>\$ 1,232,294</u>	<u>\$ 3,076</u>	<u>\$ (157)</u>	<u>\$ 1,235,213</u>	<u>\$ 159,169</u>	<u>\$ 1,076,044</u>

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As of December 31, 2024							
Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Marketable Securities	Restricted Cash	
<i>(In thousands)</i>							
Money market funds	\$ 191,410	\$ —	\$ —	\$ 191,410	\$ 191,410	\$ —	\$ —
Certificates of deposit	125,087	13	(8)	125,092	—	30,092	95,000
Commercial paper	30,681	40	(8)	30,713	—	30,713	—
Corporate notes and bonds	449,612	1,115	(1,157)	449,570	—	449,570	—
U.S. Treasuries	111,606	42	(36)	111,612	—	111,612	—
U.S. Government agency securities	631,389	1,241	(1,137)	631,493	—	631,493	—
<b>Total</b>	<b>\$ 1,539,785</b>	<b>\$ 2,451</b>	<b>\$ (2,346)</b>	<b>\$ 1,539,890</b>	<b>\$ 191,410</b>	<b>\$ 1,253,480</b>	<b>\$ 95,000</b>

The following table summarizes the contractual maturities of the Company's cash equivalents and marketable securities as of September 30, 2025:

	Amortized Cost	Fair Value
<i>(In thousands)</i>		
Due within one year	\$ 813,123	\$ 814,480
Due within one to three years	419,171	420,733
<b>Total</b>	<b>\$ 1,232,294</b>	<b>\$ 1,235,213</b>

All available-for-sale securities have been classified as current, based on management's intent and ability to use the funds in current operations.

## 6. WARRANTY OBLIGATIONS

The Company's warranty obligation activities were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(In thousands)</i>				
Warranty obligations, beginning of period	\$ 206,086	\$ 177,179	\$ 192,889	\$ 189,087
Accruals for warranties issued during period	7,924	7,763	22,842	20,285
Expense (benefit) from changes in estimates	707	4,584	13,937	(8,052)
Settlements	(5,971)	(6,615)	(19,230)	(21,114)
Increase due to accretion expense	3,498	2,649	9,804	8,244
Change in discount rate	—	—	(5,715)	759
Other	(2,103)	(1,328)	(4,386)	(4,977)
Warranty obligations, end of period	210,141	184,232	210,141	184,232
Less: warranty obligations, current	(31,473)	(35,755)	(31,473)	(35,755)
Warranty obligations, non-current	<u>\$ 178,668</u>	<u>\$ 148,477</u>	<u>\$ 178,668</u>	<u>\$ 148,477</u>

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**Changes in Estimates**

In the three months ended September 30, 2025, the Company recorded \$0.7 million in warranty expense from changes in estimates, of which \$7.6 million related to an increase in product replacement costs primarily for estimated additional tariff costs, partially offset by \$6.9 million related to continuing analysis of field performance data and diagnostic root-cause failure analysis for Enphase IQ<sup>®</sup> Battery systems. In the three months ended September 30, 2024, the Company recorded \$4.6 million in warranty expense from changes in estimates, of which \$8.4 million related to the Company proactively addressing certain component defects in a specific population of products that did not meet the Company's high quality standards, \$0.5 million related to increasing the warranty term to 20 years for microinverter units sold in Mexico, Colombia, Panama, Costa Rica and nine Caribbean countries, partially offset by \$4.3 million related to a decrease in product replacement costs for Enphase IQ Battery systems and related accessories as the Company expanded its network of field service technicians in the United States to provide direct homeowner assistance.

In the nine months ended September 30, 2025, the Company recorded \$13.9 million in warranty expense from changes in estimates, of which \$15.3 million related to an increase in product replacement costs primarily for estimated additional tariff costs and \$5.5 million related to continuing analysis of field performance data and diagnostic root-cause failure analysis primarily for prior generation products, partially offset by \$6.9 million related to continuing analysis of field performance data and diagnostic root-cause failure analysis for Enphase IQ Battery systems. In the nine months ended September 30, 2024, the Company recorded \$8.1 million in warranty benefit from changes in estimates, of which \$15.5 million related to a decrease in product replacement costs primarily associated with Enphase IQ Battery systems and related accessories as the Company expanded its network of field service technicians in the United States, Europe and Australia to provide direct homeowner assistance, and \$4.4 million related to continuing analysis of field performance data and diagnostic root-cause failure analysis for early generations of IQ Battery. This benefit was partially offset by \$10.2 million related to the Company proactively addressing certain component defects in a specific population of products that did not meet the Company's high quality standards, \$1.1 million for continuing analysis of field performance data and diagnostic root-cause failure analysis for all other products, as well as \$0.5 million related to increasing the warranty term to 20 years for microinverter units sold in Mexico, Colombia, Panama, Costa Rica and nine Caribbean countries.

**7. FAIR VALUE MEASUREMENTS**

The accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset's or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of such assets or liabilities do not entail a significant degree of judgment.
- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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The following table presents assets and liabilities measured at fair value on a recurring basis using the above input categories:

	September 30, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	<i>(In thousands)</i>					
<b>Assets:</b>						
<i>Cash equivalents, restricted cash and marketable securities:</i>						
Money market funds	\$ 144,482	\$ —	\$ —	\$ 191,410	\$ —	\$ —
Certificates of deposit	—	—	—	95,000	—	—
Commercial paper	—	14,687	—	—	—	—
<i>Marketable securities:</i>						
Certificates of deposit	—	24,187	—	—	30,092	—
Commercial paper	—	25,497	—	—	30,713	—
Corporate notes and bonds	—	400,595	—	—	449,570	—
U.S. Treasuries	—	39,996	—	—	111,612	—
U.S. Government agency securities	—	585,769	—	—	631,493	—
<i>Other assets:</i>						
Investments in debt securities	—	6,300	52,519	—	—	64,834
Investment in tax equity fund	—	—	3,058	—	—	—
<b>Total assets measured at fair value</b>	<b>\$ 144,482</b>	<b>\$ 1,097,031</b>	<b>\$ 55,577</b>	<b>\$ 286,410</b>	<b>\$ 1,253,480</b>	<b>\$ 64,834</b>
<b>Liabilities:</b>						
<i>Warranty obligations:</i>						
Current	\$ —	\$ —	\$ 24,133	\$ —	\$ —	\$ 27,173
Non-current	—	—	162,946	—	—	143,743
<b>Total warranty obligations measured at fair value</b>	<b>—</b>	<b>—</b>	<b>\$ 187,079</b>	<b>—</b>	<b>—</b>	<b>\$ 170,916</b>
<b>Total liabilities measured at fair value</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 187,079</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 170,916</b>

**Notes due 2028 and Notes due 2026**

The Company carries the Notes due 2028 (as defined in [Note 9](#), “Debt”) and Notes due 2026 (as defined in [Note 9](#), “Debt”) at face value less unamortized debt issuance costs on its condensed consolidated balance sheets. As of September 30, 2025, the fair value of the Notes due 2028 and Notes due 2026 was \$494.5 million and \$617.8 million, respectively. The fair value as of September 30, 2025 was determined based on the closing trading price per \$100 principal amount as of the last day of trading for the period. The Company considers the fair value of the Notes due 2028 and Notes due 2026 to be a Level 2 measurement as they are not actively traded.

**Investments in debt securities**

In September 2025, the Company invested \$6.3 million in cash to purchase convertible notes with an aggregate principal amount of \$7.0 million issued by Complete Solaria, Inc. (“Complete Solaria”). The Company elected the fair value option for this investment. Accordingly, the convertible notes are measured at fair value on a recurring basis, with changes in fair value recognized in “Other expense, net” in the Company’s consolidated statement of operations. At initial recognition, the fair value of the notes approximated the purchase price. Subsequent changes in fair value, including those attributable to changes in credit risk and the embedded conversion feature, will be reflected in the Company’s condensed consolidated statements of operations. Interest income is accrued and recognized based on the stated coupon rate.

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Investments in debt securities is recorded in "Other assets" on the accompanying condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024. The changes in the balance in investments in debt securities during the period were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Balance at beginning of period	\$ 55,693	\$ 78,866	\$ 64,834	\$ 79,855
Investment	6,300	—	6,300	—
Fair value adjustments included in other expense, net	(3,174)	(741)	(12,315)	(1,730)
Impairment	—	(16,988)	—	(16,988)
Balance at end of period	<u>\$ 58,819</u>	<u>\$ 61,137</u>	<u>\$ 58,819</u>	<u>\$ 61,137</u>

*Investment in tax equity fund*

In January 2025, June 2025 and September 2025, the Company made an investment in a tax equity fund contributing \$6.9 million, \$1.4 million and \$1.4 million, respectively. The Company has elected to report its investment at fair value, which is equal to the present value of the remaining future cash flows expected to be received from the investment. The investment is included in "Other assets" on the accompanying condensed consolidated balance sheet as of September 30, 2025.

As of September 30, 2025, the fair value of the Company's investment in tax equity fund was \$3.1 million, representing its proportionate share of the tax equity fund's net assets. As of September 30, 2025, the Company recognized a deferred tax asset of \$6.2 million related to the difference between the initial investment amounts and its fair value. Additionally, the Company recognized an expense of \$0.5 million for both the three and nine months ended September 30, 2025, respectively, included in "Other expense, net" in the condensed consolidated statements of operations.

*Issuance of Loan Receivables*

The loan receivables represent financing arrangements provided to certain direct and indirect customers. These loan receivables have contractual maturities ranging from one to three years and are recorded on amortized cost basis. Interest income is accrued and recognized based on the stated coupon rate, included in "Other expense, net" in the condensed consolidated statements of operations. The Company's short-term and long-term loan receivables were as follows:

	September 30, 2025
	<i>(In thousands)</i>
Current	\$ 32,034
Non-current	16,466
Loan receivables	<u>\$ 48,500</u>

There was no activity in allowance for credit losses during the three and nine months ended September 30, 2025.

*Fair Value Option for Warranty Obligations Related to Products Sold Since January 1, 2014*

The Company estimates the fair value of warranty obligations by calculating the warranty obligations in the same manner as for sales prior to January 1, 2014 and applying an expected present value technique to that result. The expected present value technique, an income approach, converts future amounts into a single current discounted amount. In addition to the key estimates of return rates and replacement costs, the Company used certain Level 3 inputs, which are unobservable and significant to the overall fair value measurement. Such additional assumptions are based on the Company's credit-adjusted risk-free rate ("discount rate") and compensation comprised of a profit element and risk premium required of a market participant to assume the obligation.

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The following table provides information regarding changes in nonfinancial liabilities related to the Company's warranty obligations measured at fair value on a recurring basis using significant unobservable inputs designated as Level 3 for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Balance at beginning of period	\$ 182,179	\$ 150,193	\$ 170,916	\$ 161,793
Accruals for warranties issued during period	7,918	7,752	22,814	20,251
Changes in estimates	554	2,161	8,430	(12,307)
Settlements	(4,965)	(4,707)	(14,783)	(17,043)
Increase due to accretion expense	3,498	2,649	9,804	8,244
Change in discount rate	—	—	(5,715)	759
Other	(2,105)	(1,328)	(4,387)	(4,977)
Balance at end of period	<u>\$ 187,079</u>	<u>\$ 156,720</u>	<u>\$ 187,079</u>	<u>\$ 156,720</u>

*Quantitative and Qualitative Information about Level 3 Fair Value Measurements*

As of September 30, 2025 and December 31, 2024, the significant unobservable inputs used in the fair value measurement of the Company's liabilities designated as Level 3 were as follows:

Item Measured at Fair Value	Valuation Technique	Description of Significant Unobservable Input	Percent Used (Weighted Average)	
			September 30, 2025	December 31, 2024
Warranty obligations for products sold since January 1, 2014	Discounted cash flows	Profit element and risk premium	17.5%	16.8%
		Credit-adjusted risk-free rate	7.7%	7.2%

*Sensitivity of Level 3 Inputs - Warranty Obligations*

Each of the significant unobservable inputs is independent of the other. The profit element and risk premium are estimated based on the requirements of a third-party participant willing to assume the Company's warranty obligations. The discount rate is determined by reference to the Company's own credit standing at the fair value measurement date, which increased in the nine months ended September 30, 2025 due to the increase in the risk free rate and market spreads, contributing to the \$5.7 million change in warranty benefit captured in "Change in discount rate" in the table above. Under the expected present value technique, increasing the profit element and risk premium input by 100 basis points would result in a \$1.4 million increase to the liability. Decreasing the profit element and risk premium by 100 basis points would result in a \$1.4 million reduction to the liability. Increasing the discount rate by 100 basis points would result in a \$12.6 million decrease to the liability. Decreasing the discount rate by 100 basis points would result in a \$14.2 million increase to the liability.

**8. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES**

**2024 Restructuring Plan**

In the fourth quarter of 2024, the Company implemented a restructuring plan (the "2024 Restructuring Plan") designed to better align its workforce and cost structure with the Company's business needs, strategic priorities and ongoing commitment to profitable growth, while increasing operational efficiencies and reducing operating cost. The Company plans to complete its restructuring activities under the 2024 Restructuring Plan in the fourth quarter of 2025.

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The following table presents the details of the Company's restructuring and asset impairment charges under the 2024 Restructuring Plan for the three and nine months ended September 30, 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Employee severance and benefits	\$ 586	\$ —	\$ 4,936	\$ —
Contract termination charges	701	—	1,270	—
Asset impairment	—	—	1,565	—
Total restructuring and asset impairment charges	<u>\$ 1,287</u>	<u>\$ —</u>	<u>\$ 7,771</u>	<u>\$ —</u>

The following table provides information regarding changes in the Company's accrued restructuring balances under the 2024 Restructuring Plan for the periods indicated:

	Employee Severance and Benefits	Contract Termination Charges	Asset Impairment	Total
	<i>(In thousands)</i>			
Balance as of December 31, 2024	\$ 2,220	\$ 766	\$ —	\$ 2,986
Charges	4,936	1,270	1,565	7,771
Cash payments and receipts, net	(5,930)	(230)	—	(6,160)
Non-cash settlement and other	(588)	—	(1,565)	(2,153)
Balance as of September 30, 2025	<u>\$ 638</u>	<u>\$ 1,806</u>	<u>\$ —</u>	<u>\$ 2,444</u>

### 2023 Restructuring Plan

In the fourth quarter of 2023, the Company implemented a restructuring plan (the "2023 Restructuring Plan") designed to increase operational efficiencies and execution, reduce operating costs, and better align the Company's workforce and cost structure with current market conditions, and the Company's business needs, strategic priorities and ongoing commitment to profitable growth. The Company completed its restructuring activities under the 2023 Restructuring Plan in the fourth quarter of 2024 and substantially all of the remaining liabilities as of December 31, 2024, were settled during the nine months ended September 30, 2025.

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**9. DEBT**

The following table provides information regarding the Company's debt:

	September 30, 2025	December 31, 2024
<i>(In thousands)</i>		
Convertible notes		
Notes due 2028	\$ 575,000	\$ 575,000
Less: unamortized debt issuance costs	(3,133)	(4,102)
Carrying amount of Notes due 2028	571,867	570,898
Notes due 2026	632,500	632,500
Less: unamortized debt issuance costs	(819)	(2,309)
Carrying amount of Notes due 2026	631,681	630,191
Notes due 2025	—	102,168
Less: unamortized debt discount	—	(803)
Less: unamortized debt issuance costs	—	(74)
Carrying amount of Notes due 2025	—	101,291
Total carrying amount of debt	1,203,548	1,302,380
Less: debt, current	(631,681)	(101,291)
Debt, non-current	\$ 571,867	\$ 1,201,089

The following tables present the total amount of interest cost recognized in the consolidated statement of operations relating to the Company's notes:

	Three Months Ended September 30,				
	2025		2024		
	Notes due 2028	Notes due 2026	Notes due 2028	Notes due 2026	Notes due 2025
<i>(In thousands)</i>					
Contractual interest expense	\$ —	\$ —	\$ —	\$ —	\$ 64
Amortization of debt discount	—	—	—	—	1,222
Amortization of debt issuance costs	326	502	327	502	122
Total interest cost recognized	\$ 326	\$ 502	\$ 327	\$ 502	\$ 1,408

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	Nine Months Ended September 30,					
	2025			2024		
	Notes due 2028	Notes due 2026	Notes due 2025	Notes due 2028	Notes due 2026	Notes due 2025
	<i>(In thousands)</i>					
Contractual interest expense	\$ —	\$ —	\$ 43	\$ —	\$ —	\$ 192
Amortization of debt discount	—	—	803	—	—	3,604
Amortization of debt issuance costs	969	1,489	75	979	1,507	371
Total interest cost recognized	<u>\$ 969</u>	<u>\$ 1,489</u>	<u>\$ 921</u>	<u>\$ 979</u>	<u>\$ 1,507</u>	<u>\$ 4,167</u>

**Convertible Senior Notes due 2028**

On March 1, 2021, the Company issued \$575.0 million aggregate principal amount of its 0.0% convertible senior notes due 2028 (the "Notes due 2028"). The Notes due 2028 will not bear regular interest, and the principal amount of the Notes due 2028 will not accrete. The Notes due 2028 are general unsecured obligations and are governed by an indenture between the Company and U.S. Bank National Association, as trustee. The Notes due 2028 will mature on March 1, 2028, unless earlier repurchased by the Company or converted at the option of the holders. The Company received approximately \$566.4 million in net proceeds, after deducting the initial purchasers' discount, from the issuance of the Notes due 2028.

The initial conversion rate for the Notes due 2028 is 3.5104 shares of common stock per \$1,000 principal amount of the Notes due 2028 (which represents an initial conversion price of approximately \$284.87 per share). Upon conversion, the Company will settle conversions of the Notes due 2028 through payment or delivery, as the case may be, of cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election.

The Company may redeem for cash all or any portion of the Notes due 2028, at the Company's election, on or after September 6, 2024, if the last reported sale price of the Company's common stock has been greater than or equal to 130% of the conversion price then in effect for the Notes due 2028 (*i.e.*, \$370.33, which is 130% of the current conversion price for the Notes due 2028) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. The redemption price will equal 100% of the principal amount of the Notes due 2028 to be redeemed, plus accrued and unpaid special interest, if any to, but excluding, the relevant redemption date. No sinking fund is provided for the Notes due 2028.

The Notes due 2028 may be converted on any day prior to the close of business on the business day immediately preceding September 1, 2027, in multiples of \$1,000 principal amount, at the option of the holder only under any of the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the Notes due 2028 on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "Measurement Period") in which the "trading price" (as defined in the relevant indenture) per \$1,000 principal amount of notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate for the Notes due 2028 on each such trading day; (3) if the Company calls any or all of the Notes due 2028 for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On and after September 1, 2027 until the close of business on the second scheduled trading day immediately preceding the maturity date of March 1, 2028, holders of the Notes due 2028 may convert their notes at any time, regardless of the foregoing circumstances. Upon the occurrence of a fundamental change (as defined in the relevant indenture), holders may require the Company to repurchase all or a portion of their Notes due 2028 for cash at a price equal to

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100% of the principal amount of the notes to be repurchased plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

As of September 30, 2025, the sales price of the Company's common stock was not greater than or equal to \$370.33 (130% of the notes conversion price) for at least 20 trading days (whether consecutive or not) during a period of 30 consecutive trading days preceding the quarter-ended September 30, 2025. As a result, the Notes due 2028 are not convertible at the holders' option. Accordingly, the Company classified the net carrying amount of the Notes due 2028 of \$571.9 million as Debt, non-current on the condensed consolidated balance sheet as of September 30, 2025. As of September 30, 2025, the unamortized deferred issuance cost for the Notes due 2028 was \$3.1 million on the condensed consolidated balance sheet.

**Notes due 2028 Hedge and Warrant Transactions**

In connection with the offering of the Notes due 2028, the Company entered into privately-negotiated convertible note hedge transactions ("Notes due 2028 Hedge") pursuant to which the Company has the option to purchase a total of approximately 2.0 million shares of its common stock (subject to anti-dilution adjustments), which is the same number of shares initially issuable upon conversion of the Notes due 2028, at a price of \$284.87 per share. The total cost of the convertible note hedge transactions was approximately \$161.6 million. The convertible note hedge transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the Notes due 2028 and/or offset any cash payments the Company is required to make in excess of the principal amount of converted notes, as the case may be.

Additionally, the Company separately entered into privately-negotiated warrant transactions (the "2028 Warrants") whereby the Company sold warrants to acquire approximately 2.0 million shares of the Company's common stock (subject to anti-dilution adjustments) at an initial strike price of \$397.91 per share. The Company received aggregate proceeds of approximately \$123.4 million from the sale of the 2028 Warrants. If the market value per share of the Company's common stock, as measured under the 2028 Warrants, exceeds the strike price of the 2028 Warrants, the 2028 Warrants will have a dilutive effect on the Company's earnings per share, unless the Company elects, subject to certain conditions, to settle the 2028 Warrants in cash. Taken together, the purchase of the Notes due 2028 Hedge and the sale of the 2028 Warrants are intended to reduce potential dilution from the conversion of the Notes due 2028 and to effectively increase the overall conversion price from \$284.87 to \$397.91 per share. The 2028 Warrants are only exercisable on the applicable expiration dates in accordance with the Notes due 2028 Hedge. Subject to the other terms of the 2028 Warrants, the first expiration date applicable to the Notes due 2028 Hedge is June 1, 2028, and the final expiration date applicable to the Notes due 2028 Hedge is July 27, 2028.

Given that the transactions meet certain accounting criteria, the Notes due 2028 Hedge and the 2028 Warrants transactions were recorded in stockholders' equity, and they were not accounted for as derivatives and are not remeasured each reporting period.

**Convertible Senior Notes due 2026**

On March 1, 2021, the Company issued \$575.0 million aggregate principal amount of 0.0% convertible senior notes due 2026 (the "Notes due 2026"). In addition, on March 12, 2021, the Company issued an additional \$57.5 million aggregate principal amount of the Notes due 2026 pursuant to the initial purchasers' full exercise of the over-allotment option for additional Notes due 2026. The Notes due 2026 will not bear regular interest, and the principal amount of the Notes due 2026 will not accrete. The Notes due 2026 are general unsecured obligations and are governed by an indenture between the Company and U.S. Bank National Association, as trustee. The Notes due 2026 will mature on March 1, 2026, unless repurchased earlier by the Company or converted at the option of the holders. The Company received approximately \$623.0 million in net proceeds, after deducting the initial purchasers' discount, from the issuance of the Notes due 2026.

The initial conversion rate for the Notes due 2026 is 3.2523 shares of common stock per \$1,000 principal amount of the Notes due 2026 (which represents an initial conversion price of approximately \$307.47 per share). Upon conversion, the Company will settle conversions of Notes due 2026 through payment or delivery, as the case

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may be, of cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election.

The Company may redeem for cash all or any portion of the Notes due 2026, at the Company's election, on or after September 6, 2023, if the last reported sale price of the Company's common stock has been greater than or equal to 130% of the conversion price then in effect for the Notes due 2026 (*i.e.*, \$399.71, which is 130% of the current conversion price for the Notes due 2026) for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. The redemption price will equal 100% of the principal amount of the Notes due 2026 to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the relevant redemption date for the Notes due 2026. The redemption price will be increased as described in the relevant indentures by a number of additional shares of the Company in connection with such optional redemption by the Company. No sinking fund is provided for the Notes due 2026.

The Notes due 2026 may be converted on any day prior to the close of business on the business day immediately preceding September 1, 2025, in multiples of \$1,000 principal amount, at the option of the holder only under any of the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the Notes due 2026 on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" (as defined in the relevant indenture) per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate for Notes due 2026 on each such trading day; (3) if the Company calls any or all of the Notes due 2026 for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On and after September 1, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date of March 1, 2026, holders of the Notes due 2026 may convert their notes at any time, regardless of the foregoing circumstances. Upon the occurrence of a fundamental change (as defined in the relevant indenture), holders may require the Company to repurchase all or a portion of their Notes due 2026 for cash at a price equal to 100% of the principal amount of the notes to be repurchased plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The Notes due 2026 are convertible at the option of the holder any time from September 1, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of March 1, 2026. Further, as the Notes due 2026 mature in less than a year, accordingly, the Company has classified the net carrying amount of the Notes due 2026 of \$631.7 million as Debt, current on the condensed consolidated balance sheet as of September 30, 2025. As of September 30, 2025, the unamortized deferred issuance cost for the Notes due 2026 was \$0.8 million on the condensed consolidated balance sheet.

#### **Notes due 2026 Hedge and Warrant Transactions**

In connection with the offering of the Notes due 2026 (including in connection with the issuance of additional Notes due 2026 upon the initial purchasers' exercise of their over-allotment option), the Company entered into privately-negotiated convertible note hedge transactions (the "Notes due 2026 Hedge") pursuant to which the Company has the option to purchase a total of approximately 2.1 million shares of its common stock (subject to anti-dilution adjustments), which is the same number of shares initially issuable upon conversion of the Notes due 2026, at a price of \$307.47 per share, which is the initial conversion price of the Notes due 2026. The total cost of the Notes due 2026 Hedge was approximately \$124.6 million. The Notes due 2026 Hedge are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the Notes due 2026 and/or offset any cash payments the Company is required to make in excess of the principal amount of converted notes, as the case may be.

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Additionally, the Company separately entered into privately-negotiated warrant transactions, including in connection with the issuance of additional Notes due 2026 upon the initial purchasers' exercise of their over-allotment option (the "2026 Warrants"), whereby the Company sold warrants to acquire approximately 2.1 million shares of the Company's common stock (subject to anti-dilution adjustments) at an initial strike price of \$397.91 per share. The Company received aggregate proceeds of approximately \$97.4 million from the sale of the 2026 Warrants. If the market value per share of the Company's common stock, as measured under the 2026 Warrants, exceeds the strike price of the 2026 Warrants, the 2026 Warrants will have a dilutive effect on the Company's earnings per share, unless the Company elects, subject to certain conditions, to settle the 2026 Warrants in cash. Taken together, the purchase of the Notes due 2026 Hedge and the sale of the 2026 Warrants are intended to reduce potential dilution from the conversion of the Notes due 2026 and to effectively increase the overall conversion price from \$307.47 to \$397.91 per share. The 2026 Warrants are only exercisable on the applicable expiration dates in accordance with the 2026 Warrants. Subject to the other terms of the 2026 Warrants, the first expiration date applicable to the Warrants is June 1, 2026, and the final expiration date applicable to the 2026 Warrants is July 27, 2026.

Given that the transactions meet certain accounting criteria, the Notes due 2026 Hedge and the 2026 Warrants transactions were recorded in stockholders' equity, and they were not accounted for as derivatives and are not remeasured each reporting period.

#### **Convertible Senior Notes due 2025**

The Company settled all of its outstanding 0.25% convertible senior notes due 2025 (the "Notes due 2025") on March 1, 2025 (the "maturity date"). As part of the settlement, the Company paid \$102.2 million in cash towards principal amount of the Notes due 2025 and no shares were issued in connection with the settlement as the conversion value was less than the principal amount of the Notes due 2025. Following the settlement, there were no Notes due 2025 outstanding as of September 30, 2025.

#### **Notes due 2025 Hedge and Warrant Transactions**

In connection with the offering of the Notes due 2025, the Company entered into privately-negotiated convertible note hedge transactions (the "Notes due 2025 Hedge") to reduce potential dilution to the Company's common stock upon any conversion of the Notes due 2025 and/or offset any cash payments the Company is required to make in excess of the principal amount of converted notes, as the case may be. The Notes due 2025 Hedge expired on March 1, 2025, upon maturity of Notes due 2025 as the strike price was higher than the market price.

Additionally, the Company separately entered into privately-negotiated warrant transactions in connection with the offering of the Notes due 2025 whereby the Company sold the 2025 Warrants to acquire approximately 3.9 million shares of the Company's common stock (subject to anti-dilution adjustments) at an initial strike price of \$106.94 per share. None of the 2025 Warrants were exercised and all expired during the three months ended September 30, 2025.

### **10. COMMITMENTS AND CONTINGENCIES**

#### **Operating Leases**

The Company leases office facilities under noncancellable operating leases that expire on various dates through 2034, some of which may include options to extend the leases for up to 12 years.

The components of lease expense are presented as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Operating lease costs	\$ 2,623	\$ 2,845	\$ 9,546	\$ 8,167

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The components of right of use assets and lease liabilities are presented as follows:

	September 30, 2025	December 31, 2024
	<i>(In thousands, except years and percentage data)</i>	
<b>Operating leases:</b>		
Operating lease, right of use asset, net (Other assets)	\$ 24,028	\$ 24,617
Operating lease liabilities, current (Accrued liabilities)	\$ 5,813	\$ 5,815
Operating lease liabilities, non-current (Other liabilities)	24,262	23,044
Total operating lease liabilities	<u>\$ 30,075</u>	<u>\$ 28,859</u>
<b>Supplemental lease information:</b>		
Weighted average remaining lease term	6.2 years	5.9 years
Weighted average discount rate	6.6%	6.7%

Supplemental cash flow and other information related to operating leases were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>				
Operating cash flows from operating leases	\$ 2,193	\$ 2,015	\$ 6,510	\$ 5,619
<b>Non-cash investing activities:</b>				
Lease liabilities arising from obtaining right-of-use assets	\$ —	\$ 10,337	\$ 7,260	\$ 12,687

Undiscounted cash flows of operating lease liabilities as of September 30, 2025 were as follows:

	<b>Lease Amounts</b>
	<i>(In thousands)</i>
<b>Year:</b>	
2025 (remaining three months)	\$ 1,758
2026	7,773
2027	5,450
2028	4,506
2029	4,451
Thereafter	<u>13,168</u>
Total lease payments	37,106
Less: imputed lease interest	<u>(7,031)</u>
Total lease liabilities	<u>\$ 30,075</u>

### Purchase Obligations

The Company has contractual obligations related to component inventory that its contract manufacturers procure on its behalf in accordance with its production forecast as well as other inventory related purchase commitments. As of September 30, 2025, these purchase obligations totaled approximately \$155.0 million.

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**Litigation**

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully resolved. An accrual for a loss contingency or loss recovery is recognized when it is probable and the amount of loss or recovery can be reasonably estimated. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts above management's expectations, the Company's business, results of operations, financial position and cash flows for that reporting period could be materially adversely affected. As of September 30, 2025, in the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss, or a material loss greater than a recorded accrual, concerning loss contingencies for asserted legal and other claims.

**11. STOCKHOLDERS' EQUITY**

In July 2023, the board of directors authorized a share repurchase program (the "2023 Repurchase Program") pursuant to which the Company was authorized to repurchase up to \$1.0 billion of the Company's common stock. The Company may repurchase shares of common stock from time to time through solicited or unsolicited transactions in the open market, in privately negotiated transactions or pursuant to a Rule 10b5-1 plan.

During the three months ended September 30, 2025 there were no repurchases of common stock. During the three months ended September 30, 2024, the Company repurchased and subsequently retired 434,947 shares of common stock from the open market at an average cost of \$114.48 per share for a total of \$49.8 million.

During the nine months ended September 30, 2025 and 2024, the Company repurchased and subsequently retired 2,297,053 and 1,659,578 shares, respectively, of common stock from the open market at an average cost of \$56.58 and \$115.51 per share, respectively, for a total of \$130.0 million and \$191.7 million, respectively.

As of September 30, 2025, \$268.7 million remains available for repurchase of shares under the 2023 Repurchase Program.

**12. STOCK-BASED COMPENSATION****Stock-based Compensation Expense**

Stock-based compensation expense for all stock-based awards, which includes shares purchased under the Company's employee stock purchase plan ("ESPP"), restricted stock units ("RSUs") and performance stock units ("PSUs"), expected to vest is measured at fair value on the date of grant and recognized ratably over the requisite service period.

The following table summarizes the components of total stock-based compensation expense included in the condensed consolidated statements of operations for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
Cost of revenues	\$ 4,105	\$ 2,948	\$ 12,655	\$ 10,860
Research and development	20,488	19,790	62,616	64,550
Sales and marketing	14,493	14,237	47,546	49,199
General and administrative	12,383	8,965	37,593	34,921
Restructuring	—	—	588	—
Total	<u>\$ 51,469</u>	<u>\$ 45,940</u>	<u>\$ 160,998</u>	<u>\$ 159,530</u>

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The following table summarizes the various types of stock-based compensation expense for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	<i>(In thousands)</i>			
RSUs and PSUs	\$ 50,138	\$ 44,727	\$ 156,980	\$ 154,834
ESPP	1,331	1,213	4,018	4,696
Total	<u>\$ 51,469</u>	<u>\$ 45,940</u>	<u>\$ 160,998</u>	<u>\$ 159,530</u>

As of September 30, 2025, there was approximately \$263.8 million of total unrecognized stock-based compensation expense related to unvested equity awards, which are expected to be recognized over a weighted-average period of 2.2 years.

### Equity Awards Activity

#### Stock Options

No stock options were granted during the three and nine months ended September 30, 2025 and 2024. Stock option activity during the period, as well as stock options outstanding as of September 30, 2025, were immaterial.

#### Restricted Stock Units

The following table summarizes RSU activity:

	Number of Shares Outstanding	Weighted- Average Fair Value per Share at Grant Date	Aggregate Intrinsic Value <sup>(1)</sup>
	<i>(In thousands)</i>		<i>(In thousands)</i>
Outstanding at December 31, 2024	2,283	\$ 139.27	
Granted	843	59.23	
Vested	(704)	154.69	\$ 36,610
Canceled	(295)	131.70	
Outstanding at September 30, 2025	<u>2,127</u>	\$ 103.49	\$ 75,260
Expected to vest at September 30, 2025	<u>2,127</u>	\$ 103.49	\$ 75,260

- (1) The intrinsic value of RSUs vested is based upon the value of the Company's stock when vested. The intrinsic value of RSUs outstanding and expected to vest as of September 30, 2025 is based on the closing price of the last trading day during the period ended September 30, 2025. The Company's stock fair value used in this computation was \$35.39 per share.

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**Performance Stock Units**

The following summarizes PSU activity:

	Number of Shares Outstanding	Weighted- Average Fair Value per Share at Grant Date	Aggregate Intrinsic Value <sup>(1)</sup>
	<i>(In thousands)</i>		<i>(In thousands)</i>
Outstanding at December 31, 2024	899	\$ 154.67	
Granted	1,128	77.71	
Vested	(175)	110.20	\$ 10,017
Canceled	(220)	119.53	
Outstanding at September 30, 2025	<u>1,632</u>	\$ 110.98	\$ 57,758
Expected to vest at September 30, 2025	<u>1,632</u>	\$ 110.98	\$ 57,758

(1) The intrinsic value of PSUs vested is based upon the value of the Company's stock when vested. The intrinsic value of PSUs outstanding and expected to vest as of September 30, 2025 is based on the closing price of the last trading day during the period ended September 30, 2025. The Company's stock fair value used in this computation was \$35.39 per share.

**13. INCOME TAXES**

For the three months ended September 30, 2025 and 2024, the Company's income tax provision totaled \$10.4 million and \$5.0 million, respectively, on income before income taxes of \$77.0 million and \$50.7 million, respectively. For the nine months ended September 30, 2025 and 2024, the Company's income tax provision totaled \$32.7 million and \$10.0 million, respectively, on income before income taxes of \$166.1 million and \$50.5 million, respectively.

For the three and nine months ended September 30, 2025, the income tax provision was calculated using the annualized effective tax rate method and was primarily due to tax expense in U.S. and foreign jurisdictions that are profitable, tax expense from equity compensation shortfalls, and prior year true up adjustments.

For the three and nine months ended September 30, 2024, the income tax provision was calculated using the annualized effective tax rate method and was primarily due to tax expense in U.S. and foreign jurisdictions that are profitable and tax expense from equity compensation shortfalls, partially offset by a discrete tax benefit from the impairment of an investment in a private company.

For the three and nine months ended September 30, 2025 and 2024, in accordance with FASB guidance for interim reporting of income tax, the Company has computed its provision for income taxes based on a projected annual effective tax rate while excluding loss jurisdictions, which cannot be benefited.

In December 2021, the Organization for Economic Co-operation and Development Inclusive Framework on Base Erosion Profit Shifting released Model Global Anti-Base Erosion rules ("Model Rules") under Pillar Two. The Model Rules set forth the "common approach" for a Global Minimum Tax at 15 percent for multinational enterprises with a turnover of more than 750 million euros. The Company does not expect adoption of Pillar Two rules to have a significant impact on its consolidated financial statements during fiscal year 2025.

In July 2025, the One Big Beautiful Bill Act (the "OBBB") was enacted into law, extending key provisions of 2017 Tax Act while scaling back clean energy tax incentives of Inflation Reduction Act of 2022. The OBBB brought back accelerated depreciation for property acquired and placed in service after January 19, 2025, and restored expensing of domestic research expenditures for years beginning after December 31, 2024. Additionally, the bill also amended international tax provisions on global intangible low-tax income, foreign derived intangible income, and base erosion and anti-abuse tax.

Among the significant changes to the clean energy provisions are those related to the repeal of the Section 25D residential solar incentive tax credit starting after December 31, 2025, and the Section 48E tax credit after December 31, 2027, if construction is not started within 12 months of the enactment. The OBBB expanded the new

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Foreign Entity of Concern requirements for the Section 45X tax credit to deny credits from projects owned or controlled by certain foreign entities or use components from or make payments to these foreign entities.

On October 1, 2025, the Governor of California signed Senate Bill 302 ("SB 302") into law. SB 302 provides a gross income exclusion for taxpayers that either elect to receive direct payments from the Internal Revenue Service or receive payment from transfer of certain federal clean energy tax credits beginning tax years on or after January 1, 2026, and before January 1, 2031. The Company is currently evaluating the impacts of SB 302 on its condensed consolidated financial statements.

**14. NET INCOME PER SHARE**

Basic net income per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share is computed in a similar manner, but it also includes the effect of potential common shares outstanding during the period, when dilutive.

The following table presents the computation of basic and diluted net income per share for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(In thousands, except per share data)</i>				
<b>Numerator:</b>				
Net income	\$ 66,638	\$ 45,762	\$ 133,420	\$ 40,498
Notes due 2028 and Notes due 2026 financing costs, net	243	618	732	—
Adjusted net income	<u>\$ 66,881</u>	<u>\$ 46,380</u>	<u>\$ 134,152</u>	<u>\$ 40,498</u>
<b>Denominator:</b>				
Shares used in basic per share amounts:				
Weighted average common shares outstanding	<u>130,797</u>	<u>135,329</u>	<u>131,228</u>	<u>135,621</u>
Shares used in diluted per share amounts:				
Weighted average common shares outstanding used for basic calculation	130,797	135,329	131,228	135,621
Effect of dilutive securities:				
Employee stock-based awards	180	456	193	528
2025 Warrants	—	54	—	87
Notes due 2026	—	2,057	—	—
Notes due 2028	2,018	2,018	2,018	—
Weighted average common shares outstanding for diluted calculation	<u>132,995</u>	<u>139,914</u>	<u>133,439</u>	<u>136,236</u>
<b>Basic and diluted net income per share</b>				
Net income per share, basic	<u>\$ 0.51</u>	<u>\$ 0.34</u>	<u>\$ 1.02</u>	<u>\$ 0.30</u>
Net income per share, diluted	<u>\$ 0.50</u>	<u>\$ 0.33</u>	<u>\$ 1.01</u>	<u>\$ 0.30</u>

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Diluted earnings per share for the three and nine months ended September 30, 2025 includes the dilutive effect of potentially dilutive common shares by application of the treasury stock method for stock options, RSUs, PSUs, ESPP, and includes potentially dilutive common shares by application of the if-converted method for the Notes due 2028. Diluted earnings per share for the three and nine months ended September 30, 2024 includes the dilutive effect of potentially dilutive common shares by application of the treasury stock method for stock options, RSUs, PSUs, ESPP, the 2025 Warrants, and includes potentially dilutive common shares by application of the if-converted method for the Notes due 2025, Notes due 2026 and Notes due 2028. To the extent these potential common shares are antidilutive, they are excluded from the calculation of diluted net income per share.

The Company under the relevant sections of the indenture, irrevocably may elect to settle principal in cash and any excess in cash or shares of the Company's common stock for the Notes due 2028. If and when the Company makes such election, there will be no adjustment to the net income and the Company will use the average share price for the period to determine the potential number of shares to be issued based upon assumed conversion to be included in the diluted share count.

The Company's Notes due 2026 are convertible at any time from September 1, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of March 1, 2026. Upon conversion, the Notes due 2026 will be settled in combination of cash and shares of Common Stock, whereby the principal amount will settle in cash, and any excess conversion value will be settled in shares of the Company's common stock. As a result of this settlement method, no adjustment to net income was required for the three and nine months ending September 30, 2025, and the Company utilized the average share to determine the potential number of shares issuable upon conversion and be included in the diluted share count.

The following outstanding shares of common stock equivalents were excluded from the calculation of the diluted net income per share attributable to common stockholders because their effect would have been antidilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Employee stock-based awards	3,177	1,330	3,337	1,396
Notes due 2025	—	1,253	693	1,253
Warrants 2025	1,213	—	742	—
Notes due 2026	14,968	—	10,959	2,057
2026 Warrants	18,584	5,269	13,537	5,065
Notes due 2028	—	—	—	2,018
2028 Warrants	18,235	5,170	13,283	4,970
Total	<u>56,177</u>	<u>13,022</u>	<u>42,551</u>	<u>16,759</u>

## 15. SEGMENT INFORMATION

The Company's chief operating decision maker is the Chief Executive Officer (the "CEO"). The Company has one business activity, which entails the design, development, manufacture and sale of solutions for the solar PV industry. There are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level. Accordingly, management has determined that the Company has a single operating and reportable segment. The primary measure of segment profit or loss is consolidated net income as presented below and is used by the CEO for the purpose of evaluating segment performance and allocation of budget to support business expansion, new product development and operational efficiencies.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(In thousands)			
Net revenues	\$ 410,427	\$ 380,873	\$ 1,129,664	\$ 947,670
Less:				
Other cost of revenues <sup>(1)</sup>	250,964	233,006	699,117	567,550
Income-based government grants	(67,627)	(46,552)	(182,298)	(89,498)
Incremental cost for manufacturing in the United States <sup>(2)</sup>	25,151	11,396	60,452	22,228
Stock-based compensation expense	51,469	45,940	160,998	159,530
Acquisition related amortization	4,487	5,006	13,383	15,712
Other restructuring and asset impairment charges <sup>(3)</sup>	1,287	677	7,183	3,755
Other research and development <sup>(4)</sup>	26,778	28,053	80,245	86,375
Other sales and marketing <sup>(5)</sup>	31,044	32,332	91,921	95,527
Other general and administrative <sup>(6)</sup>	20,715	21,227	63,575	64,003
Income from operations	66,159	49,788	135,088	22,488
Total other income, net	10,860	955	31,029	27,972
Income from income taxes	77,019	50,743	166,117	50,460
Income tax provision	(10,381)	(4,981)	(32,697)	(9,962)
Net Income	\$ 66,638	\$ 45,762	\$ 133,420	\$ 40,498

- (1) Represents consolidated cost of revenue, excluding stock-based compensation, acquisition related amortization, income-based government grants and incremental costs for manufacturing in the United States.
- (2) Represents the incremental manufacturing cost incurred in the United States relative to manufacturing in India. This is calculated based on the difference in product cost for manufacturing the product in the United States as compared to India for the same or similar products. It also includes the portion of the income-based government grants earned that the Company remits to its contract manufacturers.
- (3) Represents consolidated restructuring and asset impairment charges, excluding stock-based compensation.
- (4) Represents consolidated research and development, excluding stock-based compensation.
- (5) Represents consolidated sales and marketing, excluding stock-based compensation and acquisition related amortization.
- (6) Represents consolidated general and administrative, excluding stock-based compensation.

## 16. RELATED PARTY

In September 2025, the Company invested \$6.3 million in cash to purchase convertible notes with an aggregate principal amount of \$7.0 million issued by Complete Solaria. The CEO of Complete Solaria also serves as a member of the Company's Board of Directors, and therefore this transaction constitutes a related party transaction. The notes bear an interest rate of 7% per annum and mature on July 1, 2029. The initial conversion rate is 467.8363 shares of Complete Solaria common stock per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$2.14 per share). The terms of the transaction were reviewed and approved by the Company's Audit Committee and were determined to be on an arm's-length basis. See Note 7. "Fair Value Measurements" for additional information related to this purchase.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

*The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations and involves risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential," "aim" or "continue" or the negative of these terms or other comparable terminology. Such statements, include but are not limited to statements regarding: our expectations as to future financial performance, including expenses, liquidity sources and cash requirements; the capabilities, advantages, features, and performance of our technology and products; timing of new product releases, and the anticipated market adoption of our current and future products; our expectations regarding demand for our products; our business strategies, including anticipated trends and operating conditions; growth of and development in markets we target, and our expansion into new and existing markets; our performance in operations, including factors affecting our supply chain; our product quality and customer service; our expectations regarding the macroeconomic environment, geopolitical developments, including the effects of tariffs, which may impact our business operations, financial performance and the markets in which we, our suppliers, manufacturers and installers operate; our expectations regarding potential growth through engagement in the third-party ownership ("TPO") segment; and the importance of government incentives for solar products, including the impact of recent changes in the tax laws, rules and regulations. You should be aware that the forward-looking statements contained in this report are based on our current views and assumptions, and are subject to known and unknown risks, uncertainties and other factors that may cause actual events or results to differ materially. For a discussion identifying some of the important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see below, those discussed in the section entitled "Risk Factors" herein and those included in our Annual Report on Form 10-K for the year ended December 31, 2024 filed on February 10, 2025 (the "Form 10-K"). Unless the context requires otherwise, references in this report to "Enphase," "we," "us" and "our" refer to Enphase Energy, Inc. and its consolidated subsidiaries.*

### Business Overview

We are a global energy technology company. We deliver smart, easy-to-use solutions that manage solar generation, storage and communication on one platform. Our intelligent microinverters work with virtually every solar panel made, and when paired with our smart technology, result in one of the industry's best-performing clean energy systems. As of September 30, 2025, we have shipped approximately 84.8 million microinverters, and more than 5.0 million Enphase residential and commercial systems have been deployed in over 160 countries.

The Enphase<sup>®</sup> Energy System, powered by IQ<sup>®</sup> Microinverters and IQ<sup>®</sup> Batteries, our current generation integrated solar, storage and energy management offering, enables self-consumption and delivers our core value proposition of yielding more energy, simplifying design and installation, and improving system uptime and reliability. The IQ family of microinverters, like all of our previous microinverters, is fully compliant with NEC 2014 and 2017 rapid shutdown requirements. Unlike string inverters, this capability is built-in, with no additional equipment necessary.

The Enphase Energy System brings a high technology, networked approach to solar generation plus energy storage, by leveraging our design expertise across power electronics, semiconductors and cloud-based software technologies. Our integrated approach to energy solutions maximizes a home's energy potential while providing advanced monitoring and remote maintenance capabilities. The Enphase Energy System with IQ uses a single technology platform for seamless management of the whole solution, enabling rapid commissioning with the Enphase<sup>®</sup> Installer App and consumption monitoring with IQ<sup>®</sup> Gateway with IQ<sup>®</sup> Combiner+, Enphase<sup>®</sup> App, a cloud-based energy management platform, and our IQ Battery. System owners can use the Enphase App to monitor their home's solar generation, energy storage and consumption from any web-enabled device. Unlike some of our competitors, who utilize a traditional inverter, or offer separate components of solutions, we have built-in system redundancy in both photovoltaic generation and energy storage, eliminating the risk that comes with a single point of failure. Further, the nature of our cloud-based, monitored system allows for remote firmware and software updates, enabling cost-effective remote maintenance and ongoing utility compliance.

We sell primarily to solar distributors who combine our products with others, including solar module products and racking systems, and resell to installers in each target region. In addition to our solar distributors, we sell directly to select large installers, original equipment manufacturers (“OEMs”) and strategic partners. Our OEM customers include solar module manufacturers who integrate our microinverters with their solar module products and resell to both distributors and installers. Strategic partners include providers of solar financing solutions. We also sell certain products and services to homeowners primarily in support of our warranty services and legacy product upgrade programs, via our online store.

### Events Affecting our Business and Operations

As we have a growing global footprint, we are subject to risk and exposure from the evolving macroeconomic environment, including the effects of increased global inflationary pressures, tariffs and interest rates, fluctuations in foreign currency exchange rates, potential economic slowdowns or recessions, geopolitical pressures and potential regulatory changes, including the unknown impacts of current and future trade regulations. We continuously monitor the direct and indirect impacts of these circumstances on our business and financial results.

*One Big Beautiful Bill Act of 2025.* In July 2025, the One Big Beautiful Bill Act of 2025 (the “OBBB”) was enacted, introducing material changes to clean energy tax credit programs that are significant to our business and may impact our financial condition, results of operations and future prospects.

The OBBB scales back the Investment Tax Credit (the “ITC”) available under Section 25D of the Internal Revenue Code (the “Code”) for residential solar and storage systems purchased through cash or loans. Under the new law, the Section 25D credit will expire on December 31, 2025. In addition, the OBBB imposes new timing requirements for eligibility under Section 48E of the Code, which governs ITCs for leased solar and storage systems. Specifically, solar-only projects that do not commence construction within 12 months of the OBBB’s enactment must be placed in service by December 31, 2027 in order to remain eligible for the credit. Energy storage projects are not subject to this placed-in-service deadline; however, the ITC for storage systems will begin to phase down in 2034 — decreasing to 75% in 2034, 50% in 2035 and phasing out entirely by 2036.

The OBBB also amends the domestic content bonus credit rules for Section 48E projects. Projects commencing construction after June 16, 2025 must meet a 45% domestic cost threshold, up from 40%.

Additionally, the OBBB introduces new compliance requirements under the Foreign Entity of Concern (“FEOC”) provisions for both Section 48E and the Advanced Manufacturing Production Tax Credit (“AMPTC”) under Section 45X. These provisions establish an escalating threshold of non-FEOC content that must be met by solar and storage projects beginning construction in 2026 and by manufactured components produced beginning in 2026.

On July 7, 2025, the President issued an Executive Order directing the Secretary of the Treasury to issue updated guidance within 45 days on the “beginning of construction” requirements applicable to Section 48E projects. The Executive Order also requires the Secretary to implement the FEOC restrictions set forth in the OBBB.

These legislative and regulatory developments may negatively impact our eligibility for certain tax credits, the attractiveness of our offerings to solar and storage system lease providers, and the overall demand for our products. If we are unable to meet the revised domestic content or FEOC requirements, our ability to qualify for these incentives could be impaired, which may adversely affect our revenue, gross margins, business operations and competitive position.

*Trade Tariff Uncertainties.* The impact of new or existing tariff, trade restrictions or retaliatory actions on us, the solar industry and our customers continue to create uncertainty and impact on our business operations. We have relocated a significant portion of our contract manufacturing to the United States while continuing to utilize contract manufacturing in China and India. However, certain critical components for our products are still sourced from outside the United States.

For example, lithium iron phosphate (“LFP”) battery cells used in our energy storage systems are still supplied exclusively by two vendors located in China. While we are actively exploring alternative suppliers outside of China, the global supply chain for LFP battery cells remains heavily concentrated in China, and identifying qualified suppliers with the necessary expertise and capacity remains challenging.

An escalation in trade tensions or the implementation of broader tariffs, trade restrictions or retaliatory measures on our products or components originating from countries outside the United States could adversely impact our ability to source necessary components, manufacture products at competitive cost, or sell our products

at prices customers are willing to pay. Any such developments could materially and adversely affect our business operations, results of operations and cash flows.

**Safe Harbor Agreements.** During the three and nine months ended September 30, 2025, we entered into multiple safe harbor agreements with customers, including solar and battery financing companies that offer TPO arrangements to homeowners, such as leases and power purchase agreements. These agreements reflect our increasing engagement in the TPO segment, which we expect to be an important growth channel for U.S. residential solar and battery adoption following the scheduled expiration of the ITC available under Section 25D of the Code on December 31, 2025. The timing and structure of these safe harbor transactions have resulted in higher variability in our quarterly revenue recognition and overall financial performance.

**Demand for Products.** The prolonged softness in demand has continued to adversely impact certain distributors and installers, contributing to reduced liquidity, bankruptcies and business closures across the channel. These disruptions have negatively affected our revenue and profitability and resulted in higher allowances for credit losses. In addition, uncertainty related to potential changes in legislation, including from the OBBB, which eliminates or reduces existing tax credits for clean energy programs, as well as evolving U.S. trade and tariff policies, may further contribute to market volatility and adversely impact customer demand for our products, pricing and our financial performance.

## Products

The Enphase Energy System, powered by IQ Microinverters, IQ Batteries and other products and services, is an integrated solar, storage and energy management offering that enables self-consumption and delivers our core value proposition of yielding more energy, simplifying design and installation, and improving system uptime and reliability.

**IQ Microinverters.** We ship IQ8™ series microinverters into 58 countries worldwide. We are also shipping IQ8 Microinverters with peak output power of 480 W AC for the residential and small-commercial market in North America, and grid-tied applications in South Africa, Mexico, Brazil, India, Thailand, the Philippines, France, Spain, Switzerland, Poland, Columbia, Panama, Costa Rica, Vietnam, Malaysia, Australia and 13 Caribbean countries. Our IQ8 Microinverters are designed to maximize energy production and can manage a continuous direct current (“DC”) of 14 amperes, supporting higher powered solar modules through increased energy harvesting.

Our new IQ8 Microinverter, the IQ8P-3P™, which enables a peak output power of up to 480 W, supporting small three-phase commercial applications and newer, high-powered solar panels, is shipping into North America for customers in the small commercial solar market.

We now ship our IQ8HC™ Microinverters supplied from contract manufacturing facilities in the United States with higher domestic content than previous models when paired with other U.S.-made solar equipment that could qualify for the domestic content bonus tax credit under the Inflation Reduction Act of 2022 (the “IRA”).

We began accepting pre-orders for our new IQ9N-3P™ Commercial Microinverter in September 2025. This is the first microinverter powered by advanced gallium nitride technology and designed for three-phase 480Y/277 V (wye) grid configurations, without using external transformers. The IQ9N-3P Commercial Microinverter helps simplify design complexity, lowers installation and balance of system costs, and improves system efficiency for 480 V commercial projects.

In 2025, we released a software update that enables homeowners with existing legacy IQ7™ Microinverter-based systems to expand their solar capacity with IQ8 Microinverters. This software facilitates seamless interoperability between legacy and current system architectures and is available in North America, Europe, Australia, South Africa, Philippines and other key markets.

**IQ Batteries.** Our Enphase IQ Battery storage systems, with usable and scalable capacity of 10.1 kWh and 3.4 kWh for the United States, and 10.5 kWh and 3.5 kWh for Europe and other international countries, are based on our Ensemble OS™ energy system, which powers our grid-independent microinverter-based storage systems. We currently ship our Enphase IQ Battery storage systems to customers in the United States, Puerto Rico, Canada, Mexico, Australia, New Zealand, Belgium, Germany, the United Kingdom, Italy, Austria, France, the Netherlands, Luxembourg, Finland, Switzerland, Spain, Portugal, Sweden, Denmark and Greece. Enphase IQ Batteries in Europe can be installed with both single-phase and three-phase third-party solar energy inverters, enabling homeowners to upgrade their existing home solar systems with a residential battery storage solution that reduces costs while providing increased self-reliance.

Our IQ Battery 5P is modular with 5 kWh capacity and provides a peak output power of 384 W. Our IQ Battery 5P is available for customers in Australia, New Zealand, the United States, Puerto Rico, Mexico, Canada, the United Kingdom, Italy, France, the Netherlands, Luxembourg, Belgium, Romania and India. We currently ship our IQ Battery 5P with FlexPhase, an all-in-one AC-coupled system that delivers reliable backup power and supports both single-phase and three-phase applications, to customers in Germany, Austria, Switzerland, Luxembourg, Poland, Spain, Portugal, France, the Netherlands, Belgium, Sweden, Denmark, Greece, Croatia, Slovenia, Slovakia, Latvia, Lithuania, Estonia, Romania, Australia, New Zealand and India.

We started shipping our fourth-generation Enphase Energy System, featuring the IQ® Battery 10C, IQ® Meter Collar and the IQ® Combiner 6C into the United States in June 2025. The IQ Battery 10C is designed to be 30% more energy-dense, occupy 60% less wall space, and cost less than previous models. The IQ Meter Collar simplifies whole-home backup by providing microgrid interconnection device functionality, while the IQ Combiner 6C further streamlines installation by consolidating interconnection equipment into one enclosure. Together, these components are designed to simplify the entire backup installation process and enhance reliability. We announced in August 2025 the initial shipments of our IQ Battery 10C, supplied from our contract manufacturing facilities in the United States, delivering additional value in growing TPO market.

*IQ® Balcony Solar System.* We launched our IQ Balcony Solar System in Germany and Belgium in May 2025. This system is designed for plug-and-play installation and enables apartment residents and homeowners with limited roof space to generate solar energy from balconies, patios and small outdoor areas. Our IQ Balcony Solar System includes Enphase IQ8HC Microinverters, IQ® Balcony Gateway, and other components.

*IQ® Energy Management.* We introduced IQ Energy Management in France in May 2025. This solution integrates with Enphase solar and battery systems to enable smart management of variable electricity rates. It also supports integration with select third-party electric vehicle (“EV”) chargers, heat pumps, and resistive electric water heaters, providing homeowners with enhanced control over energy consumption and costs. We also recently introduced the expansion of IQ Energy Management capabilities to include select electric water heaters in Belgium, the Netherlands and Switzerland.

*Electric Vehicle Chargers.* Our EV chargers are compatible with most EVs sold in North America. Customers are able to purchase Enphase-branded EV chargers, which support both J1772 and North American Charging Standard connectors with a charging power range between 32 amperes and 64 amperes.

Our smart IQ® EV Chargers sold in the United States and Canada are Wi-Fi-equipped and include smart control and monitoring capabilities. Our IQ EV Charger is designed to seamlessly integrate into our solar and battery systems to help homeowners maximize electricity cost savings by charging directly from solar energy.

Our most advanced residential charger to date, the IQ EV Charger 2 supports up to 22 kW of three-phase charging and can operate either as a standalone charger or fully integrated with our IQ Microinverters and IQ Batteries. We ship IQ EV Charger 2 into 14 countries in Europe and recently expanded across Europe to now include Greece, Romania, Ireland and Poland. In June 2025, we started shipping IQ EV Charger 2 to Australia and New Zealand. We also opened pre-orders in the United States for the IQ EV Charger 2 in September 2025.

The new CS-100 EV Charger, our most powerful EV charger to date providing up to 19.2 kW of continuous power, is available for customers with commercial fleet EVs in the United States.

We announced a new IQ® Bidirectional EV Charger architecture in September 2025, featuring vehicle-to-home and vehicle-to-grid capability. The charger connects to the DC port of the EV and lets homeowners charge their EV, power their home seamlessly during outages, and share energy with the grid – all managed through the Enphase App.

## Results of Operations

### Net Revenues

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
	<i>(In thousands, except percentages)</i>							
Net revenues	\$ 410,427	\$ 380,873	\$ 29,554	8 %	\$ 1,129,664	\$ 947,670	\$ 181,994	19 %

#### Three months ended September 30, 2025 and 2024

Net revenues increased by \$29.6 million, or 8%, in the three months ended September 30, 2025, as compared to the same period in 2024, driven primarily by a 2% increase in microinverter units sold and 13% increase in IQ Batteries Megawatt-hours (“MWh”) shipped. During the three months ended September 30, 2025, we sold approximately 1.8 million microinverter units and shipped 195.0 MWh of IQ Batteries, as compared to approximately 1.7 million microinverter units and 172.9 MWh of IQ Batteries shipped in the three months ended September 30, 2024.

Net revenues in the United States were \$350.0 million in the three months ended September 30, 2025, as compared to \$284.0 million in the same period in 2024, an increase of \$66.0 million, or 23%, primarily driven by \$70.9 million of microinverter shipments in the three months ended September 30, 2025 that are associated with safe harbor transactions with customers.

Net revenues from international geographical markets were \$60.4 million in the three months ended September 30, 2025, as compared to \$96.8 million in the same period in 2024, a decrease of \$36.4 million, or 38%, primarily driven by continued softening in demand from customers in Europe, which was impacted by the overall slower economic growth in Europe in addition to changes in government policies and lower utility rates.

#### Nine months ended September 30, 2025 and 2024

Net revenues increased by \$182.0 million, or 19%, in the nine months ended September 30, 2025, as compared to the same period in 2024, driven primarily by a 7% increase in microinverter units sold and 51% increase in IQ Batteries MWh shipped. During the nine months ended September 30, 2025, we sold approximately 4.8 million microinverter units and shipped 556.0 MWh of IQ Batteries, as compared to approximately 4.5 million microinverter units and 368.6 MWh of IQ Batteries shipped in the three months ended September 30, 2024.

Net revenues in the United States were \$884.6 million in the nine months ended September 30, 2025, as compared to \$632.7 million in the same period in 2024, an increase of \$251.9 million, or 40%, primarily driven by \$110.3 million of microinverter shipments in the nine months ended September 30, 2025 that are associated with orders that were prepaid in December 2024 for products to be delivered in 2025 and \$70.9 million of microinverter shipments that are associated with safe harbor transactions with customers.

Net revenues from international geographical markets were \$245.1 million in the nine months ended September 30, 2025, as compared to \$315.0 million in the same period in 2024, a decrease of \$69.9 million, or 22%, primarily driven by continued softening in demand from customers in Europe, which was impacted by the overall slower economic growth in Europe in addition to changes in government policies and lower utility rates.

### Cost of Revenues and Gross Margin

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
	<i>(In thousands, except percentages)</i>							
Cost of revenues	\$ 214,188	\$ 202,702	\$ 11,486	6 %	\$ 594,691	\$ 516,825	\$ 77,866	15 %
Gross profit	196,239	178,171	18,068	10 %	534,973	430,845	104,128	24 %
Gross margin	47.8 %	46.8 %			47.4 %	45.5 %		

*Three months ended September 30, 2025 and 2024*

Cost of revenues increased by \$11.5 million, or 6%, for the three months ended September 30, 2025, as compared to the same period in 2024. This increase was primarily driven by a higher volume of microinverter units sold, increased MWh of IQ Batteries shipped and higher tariffs. This increase also included \$25.1 million of incremental costs for manufacturing in the United States during the three months ended September 30, 2025, as compared to \$11.4 million for the same period in 2024. This increase in cost of revenues was partially offset by benefits recognized from tax credits under the AMPTC for U.S. manufactured microinverters and IQ Batteries MW shipped to customers. The AMPTC benefits recognized were \$67.6 million for the three months ended September 30, 2025, as compared to \$46.6 million for the same period in 2024, resulting in a net IRA benefit of \$42.5 million and \$35.2 million, respectively.

Gross margin increased by 1.0 percentage point in the three months ended September 30, 2025, as compared to the same period in 2024. The increase was primarily due to recognition of a 10.3 percentage point net IRA benefit in the three months ended September 30, 2025, as compared to a 9.2 percentage point net IRA benefit in the same period in 2024, due to a higher proportion of sales from U.S. manufactured microinverters and IQ Battery MWh shipped, partially offset by product mix and increased tariff costs.

*Nine months ended September 30, 2025 and 2024*

Cost of revenues increased by \$77.9 million, or 15%, for the nine months ended September 30, 2025, as compared to the same period in 2024. This increase was primarily driven by a higher volume of microinverter units sold, increased MWh of IQ Batteries shipped and higher tariffs. This increase also included \$60.5 million of incremental costs for manufacturing in the United States during the nine months ended September 30, 2025, as compared to \$22.2 million for the same period in 2024. This increase in cost of revenues was partially offset by benefits recognized from tax credits under the AMPTC for U.S. manufactured microinverters and IQ Batteries MWh shipped to customers. The AMPTC benefits recognized were \$182.3 million for the nine months ended September 30, 2025, as compared to \$89.5 million for the same period in 2024, resulting in a net IRA benefit of \$121.8 million and \$67.3 million, respectively.

Gross margin increased by 1.9 percentage points in the nine months ended September 30, 2025, as compared to the same period in 2024. The increase was primarily due to recognition of a 10.8 percentage point net IRA benefit in the nine months ended September 30, 2025, as compared to a 7.1 percentage point net IRA benefit in the same period in 2024, due to a higher proportion of sales from U.S. manufactured microinverters and IQ Battery MWh shipped, partially offset by product mix and increased tariff costs.

**Research and Development**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
	<i>(In thousands, except percentages)</i>							
Research and development	\$ 47,266	\$ 47,843	\$ (577)	(1)%	\$ 142,861	\$ 150,925	\$ (8,064)	(5)%
Percentage of net revenues	12 %	13 %			13 %	16 %		

*Three months ended September 30, 2025 and 2024*

Research and development expense decreased by \$0.6 million, or 1%, in the three months ended September 30, 2025, as compared to the same period in 2024. The decrease was primarily due to actions in connection with the restructuring initiatives implemented in 2024 that lowered equipment, supplies and professional services costs by \$1.3 million, partially offset by \$0.7 million in higher personnel-related expenses due to bonus program and stock-based compensation.

*Nine months ended September 30, 2025 and 2024*

Research and development expense decreased by \$8.1 million, or 5%, in the nine months ended September 30, 2025, as compared to the same period in 2024. The decrease was primarily due to actions in connection with the restructuring initiatives implemented in 2024 that lowered personnel-related expenses due to a reduction in headcount by \$5.0 million and lowered equipment, supplies and professional services costs by \$3.1 million. The amount of research and development expenses may fluctuate from period to period due to the differing levels and stages of development activity for our products.

**Sales and Marketing**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except percentages)</i>								
Sales and marketing	\$ 48,429	\$ 49,671	\$ (1,242)	(3)%	\$ 148,085	\$ 154,753	\$ (6,668)	(4)%
Percentage of net revenues	12 %	13 %			13 %	16 %		

**Three months ended September 30, 2025 and 2024**

Sales and marketing expense decreased by \$1.2 million, or 3%, in the three months ended September 30, 2025, as compared to the same period in 2024. A decrease of \$1.5 million was primarily due to our network of field service technicians providing warranty services as well as serving the growing Enphase Care and third-party upgrade program for the IQ Gateway. The decrease was also from actions in connection with the restructuring initiatives implemented in 2024 that lowered professional services, equipment and advertising costs by \$1.3 million, partially offset by \$1.6 million in higher personnel-related expenses due to our commission and bonus program.

**Nine months ended September 30, 2025 and 2024**

Sales and marketing expense decreased by \$6.7 million, or 4%, in the nine months ended September 30, 2025, as compared to the same period in 2024. A decrease of \$2.4 million was primarily due to our network of field service technicians providing warranty services as well as serving the growing Enphase Care and third-party upgrade program for the IQ Gateway. The decrease was also from actions in connection with the restructuring initiatives implemented in 2024 that lowered professional services, equipment and advertising costs by \$4.3 million.

**General and Administrative**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except percentages)</i>								
General and administrative	\$ 33,098	\$ 30,192	\$ 2,906	10 %	\$ 101,168	\$ 98,924	\$ 2,244	2 %
Percentage of net revenues	8 %	8 %			9 %	10 %		

**Three months ended September 30, 2025 and 2024**

General and administrative expense increased by \$2.9 million, or 10%, in the three months ended September 30, 2025, as compared to the same period in 2024. The increase was primarily due to \$3.9 million in higher personnel-related expenses due to bonus program and stock-based compensation, partially offset by actions in connection with the restructuring initiatives implemented in 2024 that lowered professional services costs by \$1.0 million.

**Nine months ended September 30, 2025 and 2024**

General and administrative expense increased by \$2.2 million, or 2%, in the nine months ended September 30, 2025, as compared to the same period in 2024. The increase was primarily due to \$2.3 million increase in higher personnel-related expenses due to bonus program and stock-based compensation, partially offset by actions in connection with the restructuring initiatives implemented in 2024 that lowered professional services costs by \$0.1 million.

**Restructuring and Asset Impairment Charges**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except percentages)</i>								
Restructuring and asset impairment charges	\$ 1,287	\$ 677	\$ 610	100 %	\$ 7,771	\$ 3,755	\$ 4,016	107 %
Percentage of net revenues	0.3 %	0.2 %			0.7 %	0.4 %		

**Three months ended September 30, 2025 and 2024**

Restructuring and asset impairment charges were incurred in connection with restructuring initiatives implemented in 2023 and 2024 to increase operational efficiencies, reduce operating costs, and to better align our workforce and cost structure with current market conditions, our business needs, and strategic priorities. Restructuring charges of \$1.3 million in the three months ended September 30, 2025, primarily consisted of \$0.7 million of contract termination charges and \$0.6 million of employee-related expenses. Restructuring charges of \$0.7 million in the three months ended September 30, 2024, primarily consisted of \$0.6 million of asset impairment charges and \$0.1 million of one-time termination benefits and other employee-related expenses.

*Nine months ended September 30, 2025 and 2024*

Restructuring and asset impairment charges of \$7.8 million in the nine months ended September 30, 2025, primarily consisted of \$4.9 million of employee related expenses, \$1.4 million of asset impairment charges and \$1.5 million of contract termination charges. Restructuring and asset impairment charges of \$3.8 million in the nine months ended September 30, 2024, primarily consisted of \$1.6 million of contract termination charges, \$1.2 million of employee severance, one-time benefits and other employee-related expenses, and \$1.0 million of asset impairment charges.

**Other Income, Net**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except percentages)</i>								
Interest income	\$ 15,429	\$ 19,977	\$ (4,548)	(23)%	\$ 47,372	\$ 58,889	\$ (11,517)	(20)%
Interest expense	(830)	(2,237)	1,407	(63)%	(3,692)	(6,653)	2,961	(45)%
Other expense, net	(3,739)	(16,785)	13,046	(78)%	(12,651)	(24,264)	11,613	(48)%
Total other income, net	\$ 10,860	\$ 955	\$ 9,905	1,037 %	\$ 31,029	\$ 27,972	\$ 3,057	11 %

*Three months ended September 30, 2025 and 2024*

Interest income of \$15.4 million decreased in the three months ended September 30, 2025, as compared to \$20.0 million in the three months ended September 30, 2024, primarily due to lower average cash, cash equivalents and marketable securities, and lower interest rates.

Interest expense of \$0.8 million in the three months ended September 30, 2025, primarily included \$0.8 million for the amortization of debt issuance costs with our 0.0% convertible senior notes due 2026 (the "Notes due 2026") and our 0.0% convertible senior notes due 2028 (the "Notes due 2028"). Interest expense of \$2.2 million in the three months ended September 30, 2024, primarily included \$2.2 million for the coupon interest, debt discount amortization with our 0.25% convertible senior notes due 2025 (the "Notes due 2025"), and amortization of debt issuance costs with the Notes due 2025, Notes due 2026 and Notes due 2028.

Other expense, net, of \$3.7 million in the three months ended September 30, 2025, primarily consisted of \$3.2 million non-cash expense related to change in the fair value of debt securities and \$0.5 million change in the fair value of our tax equity fund investment. Other expense, net, of \$16.8 million in the three months ended September 30, 2024, primarily related to a \$17.0 million impairment of investment in a private company and a \$0.5 million net loss due to foreign currency denominated monetary assets and liabilities, partially offset by \$0.6 million non-cash net gain related to change in the fair value of debt securities and \$0.1 million in realized gain on investments.

*Nine months ended September 30, 2025 and 2024*

Interest income of \$47.4 million decreased in the nine months ended September 30, 2025, as compared to \$58.9 million in the three months ended September 30, 2024, primarily due to lower average cash, cash equivalents and marketable securities, and lower interest rates.

Interest expense of \$3.7 million in the nine months ended September 30, 2025, primarily included \$3.7 million for the coupon interest, debt discount amortization with the Notes due 2025, and amortization of debt issuance costs with the Notes due 2025, Notes due 2026 and Notes due 2028, and other interest. Interest expense of \$6.7 million in the nine months ended September 30, 2024, primarily included \$6.7 million for the coupon interest, debt discount amortization with the Notes due 2025, and amortization of debt issuance costs with the Notes due 2025, Notes due 2026 and Notes due 2028.

Other expense, net, of \$12.7 million in the nine months ended September 30, 2025, primarily consisted of \$12.3 million non-cash expense related to change in the fair value of debt securities and \$0.5 million change in the fair value of our tax equity fund investment, partially offset by \$0.1 million net gain due to foreign currency denominated monetary assets and liabilities. Other expense, net, of \$24.3 million in the nine months ended September 30, 2024, primarily related to \$23.0 million impairment of investments in private companies, \$1.1 million net loss due to foreign currency denominated monetary assets and liabilities, and \$0.3 million non-cash net loss related to change in the fair value of debt securities, partially offset by \$0.1 million in realized gain on investments.

**Income Tax Provision**

	Three Months Ended September 30,		Change in		Nine Months Ended September 30,		Change in	
	2025	2024	\$	%	2025	2024	\$	%
<i>(In thousands, except percentages)</i>								
Income tax provision	\$ (10,381)	\$ (4,981)	\$ (5,400)	108 %	\$ (32,697)	\$ (9,962)	\$ (22,735)	228 %

*Three months ended September 30, 2025 and 2024*

The income tax provision was \$10.4 million in the three months ended September 30, 2025, as compared to \$5.0 million in the same period in 2024. The increase was primarily due to higher projected tax expense as our operations in U.S. and foreign jurisdictions were more profitable in 2025, and an increase in tax expense from equity compensation shortfalls in 2025, as compared to the same period in 2024. The 2025 income tax provision also excludes a discrete tax benefit recognized in 2024 related to the impairment of an investment in a private company.

*Nine months ended September 30, 2025 and 2024*

The income tax provision was \$32.7 million in the nine months ended September 30, 2025, as compared to \$10.0 million in the same period in 2024. The increase was primarily due to higher projected tax expense as our operations in U.S. and foreign jurisdictions were more profitable in 2025, an increase in tax expense from equity compensation shortfalls in 2025, and prior year true up adjustments in 2025, as compared to the same period in 2024. The 2025 income tax provision also excludes a discrete tax benefit recognized in 2024 related to the impairment of an investment in a private company.

**Liquidity and Capital Resources**

**Sources of Liquidity**

As of September 30, 2025, we had \$1.2 billion in net working capital, including cash, cash equivalents and marketable securities of approximately \$1.5 billion, of which approximately \$1.3 billion were held in the United States. Our cash, cash equivalents and marketable securities primarily consist of U.S. Government agency securities and treasuries, money market mutual funds, corporate notes and bonds, commercial paper and certificate of deposit, and both interest-bearing and non-interest-bearing deposits, with the remainder held in various foreign subsidiaries. We consider amounts held outside the United States to be accessible and have provided for the estimated withholding tax liability on the repatriation of our foreign earnings.

	Nine Months Ended September 30,		Change in	
	2025	2024	\$	%
<i>(In thousands, except percentages)</i>				
Cash, cash equivalents and marketable securities	\$ 1,477,924	\$ 1,766,624	\$ (288,700)	(16)%
Total Debt	\$ 1,203,548	\$ 1,300,192	\$ (96,644)	(7)%

Our cash, cash equivalents and marketable securities decreased by \$288.7 million from September 30, 2024 to September 30, 2025, primarily due to repurchases of common stock pursuant to our share repurchase program, payout of the Notes due 2025, investments in private companies, issuance of loan receivables and payments of withholding taxes related to net share settlement of equity awards, partially offset by cash generated from operations.

Total carrying amount of debt decreased by \$96.6 million from September 30, 2024 to September 30, 2025, primarily due to the payout of the Notes due 2025, partially offset by accretion of issuance costs.

We expect our principal short-term cash requirements (over the next 12 months) to include working capital, strategic investments, acquisitions, repurchases of common stock and payments of withholding taxes for net share settlement of employee equity awards, payments on our outstanding debt, and purchases of property and equipment. We plan to fund any cash requirements for the next 12 months from our existing cash, cash equivalents and marketable securities on hand, and cash generated from operations.

For the long-term period (beyond 12 months), we plan to continue growing cash flows from operations to support our business operations and strategic investment plans. We regularly evaluate our liquidity position, debt obligations and anticipated cash needs. As part of this ongoing assessment, we may pursue additional financing through the issuance of equity or the debt financing, as necessary, to support our operational and investment needs.

We anticipate that access to the debt market will be more constrained compared to prior periods due to elevated interest rates and recent policy changes to solar tax incentives following the enactment of the OBBB. Our ability to secure debt or any other additional financing that we may choose to, or need to, obtain will depend on, various factors including our development efforts, business plans, operating performance and prevailing capital market conditions.

**Repurchase of Common Stock.** In July 2023, the board of directors authorized a share repurchase program (the “2023 Repurchase Program”) pursuant to which we were authorized to repurchase up to \$1.0 billion of our common stock. The repurchases could be funded from available working capital and marketable securities, and could be executed from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans. The 2023 Repurchase Program may be discontinued or amended at any time and expires on July 26, 2026. As of September 30, 2025, we had approximately \$268.7 million remaining for repurchase of shares under the 2023 Repurchase Program. For more information on the 2023 Repurchase Program, refer to [Note 11](#). “Stockholders’ Equity,” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Convertible Notes.** As of September 30, 2025, our aggregate principal convertible notes obligations were \$1,207.5 million, which primarily consisted of the Notes due 2026 of \$632.5 million and the Notes due 2028 of \$575.0 million. Upon conversion of the Notes due 2026 and Notes due 2028, we expect to pay cash equal to the aggregate principal amount of the Notes of such series to be converted, and, at our election, will pay or deliver cash and/or shares of our common stock for the amount of our conversion obligation in excess of the aggregate principal amount of the Notes of such series. Holders of the Notes due 2026 may now convert their notes at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of March 1, 2026. These conversions will be settled in a combination settlement method with the principal value settled in cash and the remaining value in shares of our common stock. For more information on our convertible notes, refer to [Note 9](#). “Debt,” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Cash Flows.** The following table summarizes our cash flows for the periods presented:

	Nine Months Ended September 30,	
	2025	2024
	<i>(In thousands)</i>	
Net cash provided by operating activities	\$ 88,961	\$ 346,401
Net cash provided by (used in) investing activities	83,280	(122,374)
Net cash used in financing activities	(243,409)	(257,537)
Effect of exchange rate changes on cash and cash equivalents	8,932	1,087
Net decrease in cash and cash equivalents	<u>\$ (62,236)</u>	<u>\$ (32,423)</u>

### *Cash Flows from Operating Activities*

Cash flows from operating activities consisted of our net income adjusted for certain non-cash reconciling items, such as stock-based compensation expense, asset impairment, non-cash interest expense, change in the fair value of debt securities, deferred income taxes, depreciation and amortization, amortization (accretion) of premium (discount) on marketable securities, provision for credit losses, and changes in our operating assets and liabilities. Net cash provided by operating activities decreased by \$257.4 million for the nine months ended September 30, 2025, as compared to the same period in 2024, primarily driven by \$110.3 million of microinverter shipments in the nine months ended September 30, 2025 that are associated with orders that were prepaid in December 2024 for products delivered in the first half of 2025, as well as extended payment terms related to certain safe harbor shipments in the three months ended September 30, 2025.

### *Cash Flows from Investing Activities*

For the nine months ended September 30, 2025, net cash provided by investing activities of \$83.3 million was primarily from the maturities of \$178.8 million of marketable securities, net of purchases, partially offset by \$48.5 million issuance of loan receivables to private companies, \$30.9 million used in purchases of test and assembly equipment for U.S. manufacturing related facility improvements and information technology enhancements, including capitalized costs related to internal-use software, \$9.8 million used in an investment in a tax equity fund and \$6.3 million used in an investment in a debt security.

For the nine months ended September 30, 2024, net cash used in investing activities of \$122.4 million was primarily from the purchase of \$96.9 million of marketable securities, net of maturities, and \$25.5 million used in purchases of test and assembly equipment for U.S. manufacturing, related facility improvements, and information technology enhancements, including capitalized costs related to internal-use software.

### *Cash Flows from Financing Activities*

For the nine months ended September 30, 2025, net cash used in financing activities of approximately \$243.4 million was primarily from payment of \$130.0 million used to repurchase our common stock under the 2023 Repurchase Program, \$102.2 million towards the settlement of the Notes due 2025, and payment of \$16.6 million in employee withholding taxes related to net share settlement of employee equity awards, partially offset by \$5.4 million of net proceeds from purchases under our employee stock purchase plan.

For the nine months ended September 30, 2024, net cash used in financing activities of approximately \$257.5 million was primarily from \$191.7 million used to repurchase our common stock under the 2023 Repurchase Program, payment of \$73.8 million in employee withholding taxes related to net share settlement of equity awards, and less than \$0.1 million from the partial settlement of the Notes due 2025, partially offset by \$8.0 million net proceeds from employee stock option exercises and purchases under our employee stock purchase plan.

### **Contractual Obligations**

Our contractual obligations primarily consist of the Notes due 2028 and Notes due 2026, obligations under operating leases and inventory component purchases. As of September 30, 2025, there have been no material changes from our disclosure in the Form 10-K, except that (i) we settled all of our outstanding Notes due 2025 for \$102.2 million in cash and (ii) the Notes due 2026 mature in less than a year and are now classified as Debt, current on the condensed consolidated balance sheet as of September 30, 2025. For more information on our future minimum operating leases and inventory component purchase obligations as of September 30, 2025, refer to [Note 10](#), "Commitments and Contingencies - Purchase Obligations" and for more information on our notes and other related debt, refer to [Note 9](#), "Debt" of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

## **Critical Accounting Policies**

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). In connection with the preparation of our condensed consolidated financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our condensed consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We consider an accounting policy to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the condensed consolidated financial statements. There have been no changes to our critical accounting policies as described in the Form 10-K.

## **Adoption of New and Recently Issued Accounting Pronouncements**

For a discussion of adoption of new accounting pronouncements, refer to [Note 1](#), “Description of Business and Basis of Presentation - Summary of Significant Accounting Policies” of the notes to condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in our market risk compared to the disclosures in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in the Form 10-K. Also see the section entitled “Risk Factors” in Part I, Item 1A in the Form 10-K.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), includes, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of September 30, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

### **Changes in Internal Control**

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we might be subject to various legal proceedings relating to claims arising out of our operations. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against us in a reporting period for amounts above management's expectations, our business, results of operations, financial position and cash flows for that reporting period could be materially adversely affected. Except as described in this Item 1, we are not currently involved in any material legal proceedings, the ultimate disposition of which could have a material adverse effect on our operations, financial condition or cash flows.

#### Securities Class Action Lawsuits

On July 15, 2024, a putative class action complaint was filed against us, our chief executive officer and our chief financial officer (collectively, the "Initial Defendants") in the United States District Court for the Northern District of California, captioned *Hayes v. Enphase Energy, Inc.*, Case No. 3:24-cv-04249 (the "Securities Class Action"), purportedly on behalf of a class of individuals who purchased or otherwise acquired our common stock between December 12, 2022 and April 25, 2023. The Securities Class Action alleges that Initial Defendants made false and/or misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The complaint seeks unspecified monetary damages and other relief.

On or about July 29, 2024, six additional stockholders filed motions to be appointed lead plaintiff and have their selection of counsel appointed as lead counsel in the Securities Class Action. The Court held a hearing on the lead plaintiff motions on September 5, 2024, and appointed Lon D. Praytor as lead plaintiff on March 31, 2025. On April 17, 2025, movant Andrey Ponomarchuk filed a motion for reconsideration of the Court's order appointing Praytor as lead plaintiff. Lead plaintiff Praytor filed an amended complaint on May 21, 2025, alleging violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by Enphase and our chief executive officer, purported only on behalf of a class of individuals who purchased or otherwise acquired our common stock between February 7, 2023 and April 25, 2023 and removing our chief financial officer as a defendant (the remaining defendants referred hereto as "Defendants"). Defendants filed a motion to dismiss on July 2, 2025. Lead Plaintiff's filed his opposition on August 15, 2025, and Defendants' filed their reply on September 15, 2025. A hearing is currently scheduled for November 6, 2025.

On December 13, 2024, another putative class action complaint was filed naming us, our chief executive officer and our chief products officer (collectively, "Defendants II") in the United States District Court for the Northern District of California, captioned *Trustees of the Welfare and Pension Funds of Local 464A v. Enphase Energy, Inc.*, Case No. 4:24-cv-09038 (the "Pension Fund Action"), purportedly on behalf of a class of individuals who purchased or otherwise acquired our common stock between April 25, 2023 and October 22, 2024. The Pension Fund Action alleges that Defendants II made false and/or misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The complaint seeks unspecified monetary damages and other relief.

On or about February 11, 2025, several additional stockholders moved to be appointed lead plaintiff in the Pension Fund Action and have their selection of counsel appointed as lead counsel. On August 20, 2025, the Court appointed HANSAINVEST Hanseatische Investment-GMBH as lead plaintiff. Lead plaintiff filed its amended complaint on October 20, 2025. Defendants' motion to dismiss will be due on December 12, 2025, lead plaintiff's opposition will be due on February 10, 2026, and Defendants' reply will be due March 27, 2026. The hearing date has not yet been determined. We dispute the allegations in each of the above-referenced lawsuits and intend to defend the matters vigorously.

#### Shareholder Derivative Lawsuits

On July 16, 2024, a shareholder derivative lawsuit was filed purportedly on our behalf against the Initial Defendants, our non-employee directors and us (as nominal defendant) in the United States District Court for the Northern District of California, captioned *Ibarra v. Kothandaraman, et al.*, Case No. 3:24-cv-04278 (the "Ibarra Action"). The Ibarra Action asserts claims for breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, and contribution under Sections 10(b) and 21D of the Exchange Act based on the purported dissemination of substantially the same allegedly false and misleading statements asserted in the Securities Class Action. The Ibarra Action is seeking unspecified damages and other relief, including reforms and improvements to our corporate governance and internal procedures.

On September 5, 2024, another shareholder derivative lawsuit was filed purportedly on our behalf against the Initial Defendants, our non-employee directors and us (as nominal defendant) in the United States District Court for the Northern District of California, captioned *Isaac v. Kothandaraman, et al.*, Case No. 4:24-cv-06257 (the "Isaac Action"), containing substantially the same allegations as those in the Ibarra Action. On September 20, 2024, the Court consolidated the Isaac and Ibarra Actions for all purposes into one action under the title *In re Enphase Energy, Inc. Stockholder Derivative Litigation* (the "Derivative Action").

On October 11, 2024, the Court granted the parties' stipulation to stay the Derivative Action until all motions to dismiss the Securities Class Action are decided.

On December 31, 2024, a shareholder derivative lawsuit was filed purportedly on our behalf against Defendants II, our non-employee directors and us (as nominal defendant) in the United States District Court for the Northern District of California, captioned *Hirani v. Kothandaraman, et al.*, Case No. 4:24-cv-09532 (the "Hirani Action"). The Hirani Action asserts claims for breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, and contribution under Sections 10(b) and 21D of the Exchange Act based on the purported dissemination of substantially the same allegedly false and misleading statements asserted in the Pension Fund Action. The Hirani Action is seeking unspecified damages and other relief, including reforms and improvements to our corporate governance and internal procedures.

On January 17, 2025, another shareholder derivative lawsuit was filed purportedly on our behalf against Defendants II, our non-employee directors and us (as nominal defendant) in the United States District Court for the Northern District of California, captioned *Hanowski v. Kothandaraman, et al.*, Case No. 4:25-cv-000652 (the "Hanowski Action"). The Hanowski Action asserts claims substantially similar to those asserted in the Hirani Action, also based on the same allegedly false and misleading statements asserted in the Pension Fund Action. The Hanowski Action is seeking unspecified damages and other relief, including reforms and improvements to our corporate governance and internal procedures.

On January 31, 2025, the plaintiffs in the Hirani and Hanowski Actions filed a motion to relate their actions to the Pension Fund Action, which the Court approved on February 18, 2025. On March 7, 2025, the Court granted the parties' stipulation to consolidate the Hirani and Hanowski Actions for all purposes into one action under the title *In re Enphase Energy, Inc. 2025 Shareholder Derivative Litigation* (the "Derivative II Action"). On May 8, 2025, the Court stayed the Derivative II Action pending resolution of all motion(s) to dismiss in the Pension Fund Action.

We dispute the allegations in each of the above-referenced lawsuits and intend to defend the matters vigorously.

The pending lawsuits and any other related lawsuits are subject to inherent uncertainties, and the actual defense and disposition costs will depend upon many unknown factors. We could be forced to expend significant resources in the defense of the pending lawsuits and any additional lawsuits, and we may not prevail. In addition, we may incur substantial legal fees and costs in connection with such lawsuits.

#### **Item 1A. Risk Factors**

Investing in our securities involves a high degree of risk. Before investing in our securities, you should consider carefully the information contained in this Quarterly Report on Form 10-Q and in the Form 10-K, including the risk factors identified in Part I, Item 1A, "Risk Factors" thereof. This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" in "Management's Discussion and Analysis of Financial Conditions and Results of Operations" above. Our actual results could differ materially from those contained in the forward-looking statements. Any of the risks discussed in the Form 10-K, in other reports we file with the Securities and Exchange Commission, and other risks we have not anticipated or discussed, could have a material adverse impact on our business, financial condition or results of operations. Except as set forth below, there has been no material change to our risk factors from those disclosed in Part I, Item 1A, "Risk Factors" in the Form 10-K.

#### ***The reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications could reduce demand for solar PV systems and harm our business.***

The market for on-grid applications, where solar power, on a standalone basis or paired with energy storage systems, is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the availability and size of government-issued subsidies and economic incentives that vary by geographic market. Because our customers' sales of solar power are typically into the on-grid market,

the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity may negatively affect the competitiveness of rooftop solar electricity relative to centralized sources of electricity (including from conventional thermal or utility-scale renewable generation) and could harm or halt the growth of the solar electricity industry and our business.

National, state and local government bodies in many countries, including the United States, have provided incentives in the form of feed-in tariffs (“FiTs”), Net Energy Metering (“NEM”) tariffs and related policies, rebates, tax credits, tax incentives and others to system owners, distributors, system integrators and manufacturers of solar PV systems and battery energy storage systems to bolster the cost competitiveness of solar electricity in on-grid applications relative to the cost of utility power, and to reduce dependency on other forms of energy. Many of these government incentives expire, phase out over time, have limited funding allocations, that require renewal by the applicable jurisdictional authority, or are being changed by governments due to changing market circumstances or changes to national, state or local energy policy.

In July 2025, the OBBB was enacted, introducing material changes to clean energy tax credit programs that are significant to our business and may impact our financial condition, results of operations and future prospects. The OBBB scales back the ITC available under Section 25D of the Code for residential solar and storage systems purchased through cash or loans. Under the new law, the Section 25D credit will expire on December 31, 2025. In addition, the OBBB imposes new timing requirements for eligibility under Section 48E of the Code, which governs ITCs for leased solar and storage systems. Specifically, solar-only projects that do not commence construction within 12 months of the OBBB’s enactment must be placed in service by December 31, 2027 in order to remain eligible for the credit. Energy storage projects are not subject to this placed-in-service deadline; however, the ITC for storage systems will begin to phase down in 2034 — decreasing to 75% in 2034, 50% in 2035 and phasing out entirely by 2036.

The OBBB also amends the domestic content bonus credit rules for Section 48E projects. Projects commencing construction after June 16, 2025 must meet a 45% domestic content threshold, up from 40%. The OBBB also introduces new compliance requirements under the FEOC provisions for both Section 48E and the AMPTC under Section 45X. These provisions establish an escalating threshold of non-FEOC content that must be met by solar and storage projects beginning construction in 2026 and by manufactured components produced beginning in 2026. On July 7, 2025, the President issued an Executive Order directing the Secretary of the Treasury to issue updated guidance within 45 days on the “beginning of construction” requirements applicable to Section 48E projects. The Executive Order also requires the Secretary to implement the FEOC restrictions set forth in the OBBB. These legislative and regulatory developments may negatively impact our eligibility for certain tax credits, the attractiveness of our offerings to solar and storage system lease providers, and the overall demand for our products. If we are unable to meet the revised domestic content or FEOC requirements, our ability to qualify for these incentives could be impaired, which may adversely affect our revenue, gross margins, business operations and competitive position.

In addition, several European countries, including Germany, Belgium, Austria and the Netherlands, have adopted reductions in or ended their NEM or FiT programs. Certain countries have proposed or enacted higher grid fees or taxes levied on renewable energy. These and related developments have significantly impacted the solar industry in Europe and may adversely affect the future demand for solar energy solutions in Europe, which could adversely impact our results of operations.

Among other government-established incentives, NEM and related policies have supported the growth of on-grid rooftop solar products, and changes to such policies may reduce demand for electricity from our solar service offerings. NEM is a tariffed utility rate program that permits a consumer to sell the excess solar energy that the consumer’s solar panels produce to the electric utility company at a predetermined price. The most basic type of NEM tariff pays consumers the retail rate for electricity that their solar panels export to the grid, less certain “non-bypassable” fees paid by the consumer. However, certain states have sought to move away from retail rate NEM crediting for compensating excess solar generation. For example, in December 2022, the California Public Utilities Commission (“CPUC”) adopted a “NEM 3.0” policy, also known as the Net Billing Tariff, that unbundles export compensation from retail rates and instead bases it on a tool called the Avoided Cost Calculator (“ACC”), which estimates the utility costs that are avoided by exports from distributed generation for each hour of the year. The CPUC did seek to ease the transition for the solar market by adopting small “adders” to the hourly ACC export values for the first several years of the tariff. Nevertheless, these ACC-based export compensation values are significantly lower than retail rates for most hours of the year and may therefore increase payback periods, and thereby reduce demand, for solar-only systems. Similarly, in November 2023, the CPUC adopted changes to its

“Virtual NEM” and “NEM Aggregation” programs that prohibit multi-meter commercial or agricultural property owners from netting solar energy generated at or adjacent to those properties against import charges recorded on the meters at the property, except for residential account holders in a multi-family residential property. These types of modifications to NEM policies have impacted and could further harm our business, both in California, where we have derived a significant portion of historical revenues in the United States, and in other state and national jurisdictions, if pursued there.

Reductions in, or eliminations or expirations of, governmental incentives (including the elimination of the ITC available under Section 25D of the Code at the end of 2025) or NEM policies in regions where we focus our sales efforts could result in decreased demand for and lower revenue from solar PV systems, which would adversely affect sales of our products. In addition, our ability to successfully penetrate new geographic markets may depend on new countries adopting and maintaining tax credits, tax incentives, NEM policies, or other programs to promote solar electricity and storage, to the extent such incentives or programs are not currently in place. Furthermore, electric utility companies may establish rate structures or interconnection requirements that could be harmful to the solar industry and adversely affect our sales.

***Changes in current laws or regulations or the imposition of new laws or regulations, or new interpretations thereof, in the solar energy sector, by federal or state agencies in the United States or foreign jurisdictions could impair our ability to compete and could materially harm our business, financial condition and results of operations.***

There has been, and will continue to be, regulatory uncertainty in the clean energy sector generally and the solar energy sector in particular. Changes in current laws or regulations, or the imposition of new laws and regulations in the United States and around the world, could materially and adversely affect our business, financial condition and results of operations. In addition, any changes to the laws and implementing regulations affecting the clean energy sector may create delays in the introduction of new products, prevent our customers from deploying our products or, in some cases, require us to redesign our products.

For example, the recently enacted OBBB scales back the use of the ITC for residential solar, tightens domestic content rules and imposes new deadlines for projects to qualify for the ITC. Such actions could result in a decrease in demand for our technology offerings in the United States and other geographical markets, which would harm our business, financial condition and results of operations.

***Changes in the United States trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenue, results of operations or cash flows.***

The United States has recently imposed significant new tariffs on nearly all products and components imported into the United States and could propose additional tariffs or increases to those already in place. A subset of our products is sourced from China and India, and certain components necessary to manufacture our products in the United States, including our microinverters, batteries and related accessories, are imported from China, India, Taiwan, Vietnam and Japan, among other countries. It is unknown whether and to what extent these tariffs will remain in place or if other new laws or regulations will be adopted. Due to broad uncertainty regarding the timing, content and extent of any regulatory changes in the United States or abroad, we cannot predict the impact, if any, that these changes could have to our business, financial condition and results of operations.

It is unknown what effect any such new tariffs or retaliatory actions will have on the solar industry and our customers. We have moved a significant portion of our contract manufacturing to the United States, while retaining limited contract manufacturing in China and India. However, certain components necessary for our products are still required to be imported from outside the United States. Our LFP battery cells for our storage products are supplied solely via our two suppliers in China. Although we are in the process of searching for other vendors outside of China for future supplies, the expertise and industry for the LFP battery cell is primarily in China, and it will require significant effort to identify qualified suppliers with the right expertise to develop our battery cells. The resulting environment of retaliatory trade or other practices or additional trade restrictions or barriers, if implemented on a broader range of products or components from outside the United States, could harm our ability to obtain necessary product components or to sell our products at prices customers are willing to pay, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

Further, if the price of solar power systems in the United States increases, as well as the cost of manufacturing our products in the United States, the use of solar power systems could become less economically feasible and could reduce our gross margins or reduce the demand of solar power systems manufactured and sold, which in turn may decrease demand for our products. Additionally, existing or future tariffs may negatively affect key

partners, suppliers and manufacturers. Such outcomes could adversely affect the amount or timing of our revenue, results of operations or cash flows, and continuing uncertainty could cause sales volatility, price fluctuations or supply shortages or cause our customers to advance or delay their purchase of our products. It is difficult to predict what further trade-related actions the U.S. and other governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions. As additional new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or if affected countries take retaliatory trade actions, such changes could have a material adverse effect on our business, financial condition, results of operations or cash flows.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Stock Repurchase Program

In July 2023, our board of directors authorized the 2023 Repurchase Program pursuant to which we may repurchase up to an aggregate of \$1.0 billion of our common stock. As of September 30, 2025, we have approximately \$268.7 million remaining for repurchase of shares under the 2023 Repurchase Program. Purchases may be completed from time to time in the open market or privately negotiated transactions, including through Rule 10b5-1 plans. The 2023 Repurchase Program may be discontinued or amended at any time and expires on July 26, 2026.

The following table provides information about our repurchases of our common stock during the three months ended September 30, 2025 (in thousands, except per share amounts):

Period Ended	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
July 2025	—	—	—	\$ 268,680
August 2025	—	—	—	\$ 268,680
September 2025	—	—	—	\$ 268,680
<b>Total</b>	—	—	—	

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

### Rule 10b5-1 Trading Plans

Set forth below is certain information regarding Rule 10b5-1 trading plans adopted by our directors and officers (as defined in Rule 16-a-1(f)) under the Exchange Act) during the third quarter of 2025. The adoption of this trading plan occurred during an open insider trading window and is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

Name	Title	Date Plan was Adopted	Expiration Date	Total Amount of Common Stock to be Sold Under the Plan
Mandy Yang	Executive Vice President and Chief Financial Officer	September 2, 2025	January 2, 2026	6,000 shares

## Item 6. Exhibits

A list of exhibits filed with this report or incorporated herein by reference is found in the Exhibit Index below.

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Enphase Energy, Inc.	8-K	001-35480	3.1	4/6/2012	
3.2	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Enphase Energy, Inc.	10-Q	001-35480	3.1	8/9/2017	
3.3	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Enphase Energy, Inc.	10-Q	001-35480	2.1	8/6/2018	
3.4	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Enphase Energy, Inc.	8-K	001-35480	3.1	5/27/2020	
3.5	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Enphase Energy, Inc.	S-8	333-256290	4.5	5/19/2021	
3.6	Amended and Restated Bylaws of Enphase Energy, Inc.	8-K	001-35480	3.1	4/8/2022	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101).					X

\* The certifications attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act, and shall not be deemed “filed” by Enphase Energy, Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: October 28, 2025

**Enphase Energy, Inc.**

By: /s/ Mandy Yang

Mandy Yang  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)  
(Duly Authorized Officer)

**CERTIFICATION**

I, Badrinarayanan Kothandaraman, certify that:

1. I have reviewed this Form 10-Q of Enphase Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2025

/s/ BADRINARAYANAN KOTHANDARAMAN

Badrinarayanan Kothandaraman  
President and Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION

I, Mandy Yang, certify that:

1. I have reviewed this Form 10-Q of Enphase Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2025

/s/ MANDY YANG

Mandy Yang

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Badrinarayanan Kothandaraman, President and Chief Executive Officer of Enphase Energy, Inc. (the "Company"), and Mandy Yang, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2025

October 28, 2025

/s/ BADRINARAYANAN KOTHANDARAMAN

\_\_\_\_\_  
Badrinarayanan Kothandaraman  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ MANDY YANG

\_\_\_\_\_  
Mandy Yang  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, has been provided to Enphase Energy, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.