

Supplemental Operating Performance Information

October 25, 2022

Enphase Q3'22 Supplemental Information

All \$ figures in millions, except per share; other metrics specified below

Operating Metrics & Revenue Detail						Financial Outlook	
Metric	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	
Microinverter System Shipments	2,600	3,034	2,839	3,349	4,343	GAAP	
Microinverter System Shipments	Units, k	913	1,082	1,029	1,213	Revenue	\$680 - \$720
Enphase Storage System Shipments	MW (DC)	65.4	100.2	120.4	132.4	Storage Shipments (MWh)	125 - 140
Revenue	\$ 351.5	\$ 412.7	\$ 441.3	\$ 530.2	\$ 634.7	Gross Margin	39.0% - 42.0%
						Operating Expenses	\$152.0 - \$156.0
Revenue by Geography							
United States	\$ 267.6	\$ 338.9	\$ 369.5	\$ 422.6	\$ 451.8	Non-GAAP	
International	\$ 83.9	\$ 73.8	\$ 71.8	\$ 107.6	\$ 182.9	Revenue	\$680 - \$720
						Storage Shipments (MWh)	125 - 140
						Gross Margin	40.0% - 43.0%
						Operating Expenses	\$87.0 - \$91.0
Supplementary Income Statement Information							
	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22		
Gross Profit (GAAP)	\$ 140.4	\$ 163.3	\$ 177.0	\$ 219.0	\$ 267.9		
Stock-based compensation	2.9	2.4	2.5	3.1	3.2		
Acquisition related expenses and amortization	-	0.2	1.3	1.5	1.4		
Gross Profit (Non-GAAP)	\$ 143.3	\$ 165.9	\$ 180.8	\$ 223.6	\$ 272.5		
Gross Margin (GAAP)	39.9%	39.6%	40.1%	41.3%	42.2%		
Stock-based compensation	0.9%	0.6%	0.6%	0.6%	0.5%		
Acquisition related amortization	0.0%	0.0%	0.3%	0.3%	0.2%		
Gross Margin (Non-GAAP)	40.8%	40.2%	41.0%	42.2%	42.9%		
Income from Operations (GAAP)	\$ 37.4	\$ 57.7	\$ 61.8	\$ 94.0	\$ 135.4		
Stock-based compensation	46.9	37.2	47.8	53.1	52.3		
Acquisition related expenses and amortization	1.6	2.8	4.9	5.3	5.6		
Restructuring and asset impairment charges	-	-	-	-	0.6		
Income from Operations (Non-GAAP)	\$ 85.9	\$ 97.7	\$ 114.5	\$ 152.4	\$ 193.9		
Income from Operations (Non-GAAP) Margin	24.4%	23.7%	25.9%	28.7%	30.5%		
Income Tax Benefit (Provision) (GAAP)	\$ (3.9)	\$ 2.0	\$ (5.6)	\$ (15.2)	\$ (19.4)		
Non-GAAP income tax adjustment	1.4	(2.4)	3.2	12.5	0.1		
Income Tax Benefit (Provision) (Non-GAAP)	\$ (2.5)	\$ (0.4)	\$ (2.4)	\$ (2.7)	\$ (19.3)		
Net Income (GAAP)	\$ 21.8	\$ 52.6	\$ 51.8	\$ 77.0	\$ 114.8		
Stock-based compensation	46.9	37.2	47.8	53.1	52.3		
Acquisition related expenses and amortization	1.6	2.8	4.9	5.3	5.6		
Restructuring and asset impairment charges	-	-	-	-	0.6		
Non-cash interest expense	12.5	12.5	2.0	2.0	2.1		
Loss on partial settlement of convertible notes	-	0.1	-	-	-		
Non-GAAP income tax adjustment	1.4	(2.4)	3.2	12.5	0.1		
Net Income (Non-GAAP)	\$ 84.2	\$ 102.8	\$ 109.7	\$ 149.9	\$ 175.5		
Basic Shares Outstanding (GAAP)	000s	134,721	134,920	134,327	135,196	135,633	
RSU/PSU/Options		4,379	4,221	3,661	3,042	3,344	
2023 Convert		900	900	900	900	900	
2024 Convert + Call Spread		90	65	-	-	-	
2025 Convert + Call Spread		1,130	1,374	1,654	512	2,010	
2026 Convert		-	-	2,057	2,057	2,057	
2028 Convert		-	-	2,018	2,018	2,018	
Diluted shares Outstanding (GAAP)	000s	141,220	141,480	144,617	143,725	145,962	
Weighted Average Basic Shares Outstanding (GAAP)	000s	134,721	134,920	134,327	135,196	135,633	
RSU/PSU/Options		4,379	4,221	3,661	3,042	3,344	
2023 Convert		900	900	900	900	900	
2024 Convert + Warrants		90	65	-	-	-	
2025 Convert + Warrants		1,130	1,374	1,654	512	2,010	
2026 Convert		-	-	2,057	2,057	2,057	
2028 Convert		-	-	2,018	2,018	2,018	
Elimination of 2024, 2025, 2026, and 2028 Convert Shares covered by hedges		(704)	(800)	(5,328)	(4,075)	(5,328)	
Weighted Average Diluted shares Outstanding (Non-GAAP)	000s	140,516	140,680	139,289	139,650	140,634	
Net Income per Share, Diluted (GAAP)	\$	0.15	\$ 0.37	\$ 0.37	\$ 0.54	\$ 0.80	
Net Income per Share, Diluted (Non-GAAP)	\$	0.60	\$ 0.73	\$ 0.79	\$ 1.07	\$ 1.25	
Supplementary Balance Sheet Information							
	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22		
Cash, cash equivalents and marketable securities	\$ 1,394.1	\$ 1,016.7	\$ 1,063.5	\$ 1,247.8	\$ 1,417.3		
Debt (GAAP) *	\$ 1,026.3	\$ 1,037.6	\$ 1,284.2	\$ 1,286.2	\$ 1,288.3		
Add: Debt discount and issuance costs *	289.7	277.1	30.5	28.5	26.4		
Debt (Non-GAAP)	\$ 1,316.0	\$ 1,314.7	\$ 1,314.7	\$ 1,314.7	\$ 1,314.7		
Supplementary Cash Flow Information							
	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22		
Cash flow from Operations (GAAP)	\$ 113.4	\$ 97.2	\$ 102.4	\$ 200.7	\$ 188.0		
Add: Repayment of convertible notes due 2024 and 2025 attributable to debt discount	-	0.1	-	-	-		
Less: Purchases of property and equipment	(12.7)	(13.2)	(12.3)	(8.7)	(8.9)		
Free Cash Flow (Non-GAAP)	\$ 100.7	\$ 84.1	\$ 90.1	\$ 192.0	\$ 179.1		

*In Q1'22, the Debt (GAAP) balance increased and debt discounts and issuance costs decreased as a result of the adoption of ASU 2020-06 on January 1, 2022.

This supplemental information contains forward-looking statements, including statements related to Enphase Energy's expectations as to revenue, storage shipments, gross margin, and operating expenses for the fourth quarter of 2022. These forward-looking statements are based on Enphase Energy's current expectations and inherently involve significant risks and uncertainties. Enphase Energy's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of certain risks and uncertainties including those risks described in more detail in Enphase Energy's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other documents filed with the SEC from time to time and available on the SEC's website at www.sec.gov. Enphase Energy undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations, except as required by law.