



20 *Years*
of empowering
energy independence

CEO Letter to Shareholders 2025



Use of forward-looking statements

This document contains forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements concerning our future financial performance; our business strategies, including our operations and anticipated trends and developments in markets in which we operate and in the markets in which we plan to expand; our expectations as to the impact and evolving current geopolitical issues and macroeconomic trends; the anticipated release, shipment, and market adoption of Enphase's new products and technologies; expectations regarding the expected impact of tax credit expirations, tariff structures, and incentive programs; expectations regarding the TPO market; our ability to provide reliable hardware, domestic content and FEOC-compliant offerings; the capabilities, performance and benefits of our technology and products, including future products, features and services; the ability to optimize and customize products, monitoring and management; our performance in operations, including manufacturing, product capacity, training, and customer service; and statements concerning manufacturing strategies and potential for market growth. These statements are based upon current expectations that involve risks and uncertainties. Any statements that are not of historical fact, may be forward-looking statements. Words used such as "anticipates," "believes," "continues," "designed," "estimates," "expects," "goal," "intends," "likely," "may," "ongoing," "plans," "projects," "pursuing," "seeks," "should," "will," "would" and similar expressions are intended to identify forward looking statements, although not all forward-looking statements contain these words. All forward-looking statements are based on our current assumptions, expectations and beliefs, and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Therefore, you should not place undue reliance on our forward-looking statements. A detailed discussion of risk factors that affect our business is included in the filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available on the Enphase website, or on the SEC website. All forward-looking statements in this document are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

Industry Information

Information regarding market and industry statistics in this document is based on information available to us that we believe is accurate. It is generally based on publications that are not produced for purposes of economic analysis.

Non-GAAP Financial Metrics

- We have presented certain non-GAAP financial measures in this document. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either exclude or include amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP). Reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure can be found in the accompanying tables to this document. Non-GAAP financial measures presented by us include non-GAAP gross profit, gross margin, operating expenses, income from operations, net income, net income per share (basic and diluted) and free cash flow.
- These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. In addition, these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. We use these non-GAAP financial measures to analyze our operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. We believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business.
- As presented in the "Reconciliation of Non-GAAP Financial Measures" page, each of the non-GAAP financial measures excludes one or more of the following items for purposes of calculating non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance:

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CEO Letter to Shareholders 2025

- Stock-based compensation expense. We exclude stock-based compensation expense from our non-GAAP measures primarily because they are non-cash in nature. Moreover, the impact of this expense is significantly affected by our stock price at the time of an award over which management has limited to no control.
- Tariff refunds. This item represents approved tariff refunds, and interest income earned on those refunds, by the U.S. Customs and Border Protection that qualify for the tariff exclusion on Chinese imported microinverter products that fit the dimensions and weight limits within a Section 301 Tariff exclusion under U.S. note 20(ss)(40) to subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States. Approved refunds relate to tariffs previously paid from September 24, 2018 to March 31, 2020 and are excluded from the non-GAAP measures as the refunds are non-recurring in nature for tariff costs incurred in the past and are not reflective of our ongoing financial performance.
- Acquisition related expenses and amortization. This item represents expenses incurred related to our business acquisitions, which are non-recurring in nature, and amortization of acquired intangible assets, which is a non-cash expense. Acquisition related expenses and amortization of acquired intangible assets are not reflective of our ongoing financial performance.
- Restructuring and asset impairment charges. We exclude restructuring and asset impairment charges due to the nature of the expenses being unusual and arising outside the ordinary course of continuing operations. These costs primarily consist of fees paid for cash-based severance costs, accelerated stock-based compensation expense and asset write-downs of property and equipment and acquired intangible assets, and other contract termination costs resulting from restructuring initiatives.
- Non-cash interest expense. This item consists primarily of amortization of debt issuance costs and accretion of debt discount because these expenses do not represent a cash outflow for us except in the period the financing was secured and such amortization expense is not reflective of our ongoing financial performance.
- Loss on partial settlement of Notes due 2024. This item is reflected in other income (expense), net and represents the difference between the carrying value and the fair value of the settled convertible notes, which is non-cash in nature and is not reflective of our ongoing financial performance.
- Change in fair value of derivatives. This item is reflected in other income (expense), net and represents changes in fair value of the conversion option in the convertible notes due 2025, as well as the convertible note hedge and warrant transactions, which is non-cash in nature and is not reflective of our ongoing financial performance.
- Non-GAAP income tax adjustment. This item represents the amount adjusted to our GAAP tax provision or benefit to present the non-GAAP tax amount based on cash tax expense and reserves for periods prior to 2023. Effective January 1, 2023, we updated our methodology of computing the non-GAAP income tax adjustment from reporting cash tax expense and reserves to the projected non-GAAP annualized effective tax rate as we utilized most of our net operating loss and tax credit carryforwards in the year ended December 31, 2022, and became a significant cash taxpayer in the United States. Going forward, we will exclude the income tax effects of GAAP adjustments such as stock-based compensation, amortization of purchased intangibles, and other non-recurring items that are not reflective of our ongoing financial performance.
- Non-GAAP net income per share, diluted. We exclude the dilutive effect of in-the-money portion of convertible senior notes as they are covered by convertible note hedge transactions that reduce potential dilution to our common stock upon conversion of the Notes due 2025, Notes due 2026 and Notes due 2028, and includes the dilutive effect of employee's stock-based awards and the dilutive effect of warrants. We believe these adjustments provide useful supplemental information to the ongoing financial performance.
- Free cash flow. This item represents net cash flows from operating activities plus deemed repayment of convertible notes attributable to debt discount reported in operating activities less purchases of property and equipment.



The 4th-Generation Enphase Energy System helps simplify backup installation



Badri Kothandaraman
President and CEO

“The one big idea behind Enphase is becoming clearer every year: we are building the operating system for distributed energy. Solar, batteries, electric vehicle (EV) charging, load control, software, financing, and grid services are no longer separate conversations.”

Dear fellow shareholders,

2025 was not an easy year for the solar industry. The policy landscape changed, financing models shifted, Europe remained soft, and many market participants were reminded of an old business truth: growth that depends on perfect weather is not durable growth.

At Enphase, we do not run the company for sunny weather. We run it so the business can endure cloudy weather, keep investing, and then be ready for when the sun returns. This means protecting gross margins, keeping the balance sheet strong, serving customers and installers well, and refusing volume that does not create long-term value.

The one big idea behind Enphase is becoming clearer every year: we are building the operating system for distributed energy. Solar, batteries, electric vehicle (EV) charging, load control, software, financing, and virtual power plants (VPPs) are no longer separate conversations. They are one system, behind the meter, that is increasingly managed by intelligence, rather than by hardware alone.

Our results in 2025 reflected both the difficulty of the market and the durability of our company. Revenue increased 10.7% to \$1.47 billion, compared with 2024. We shipped 6.4 million microinverters and 706.1 MWh of IQ® Batteries. We maintained a 48.2% non-GAAP gross margin,¹ generated approximately \$95.9 million of free cash flow, and ended the year with approximately \$1.51 billion in cash, cash equivalents, and marketable securities. We also repurchased approximately 2.3 million shares for \$130.0 million.

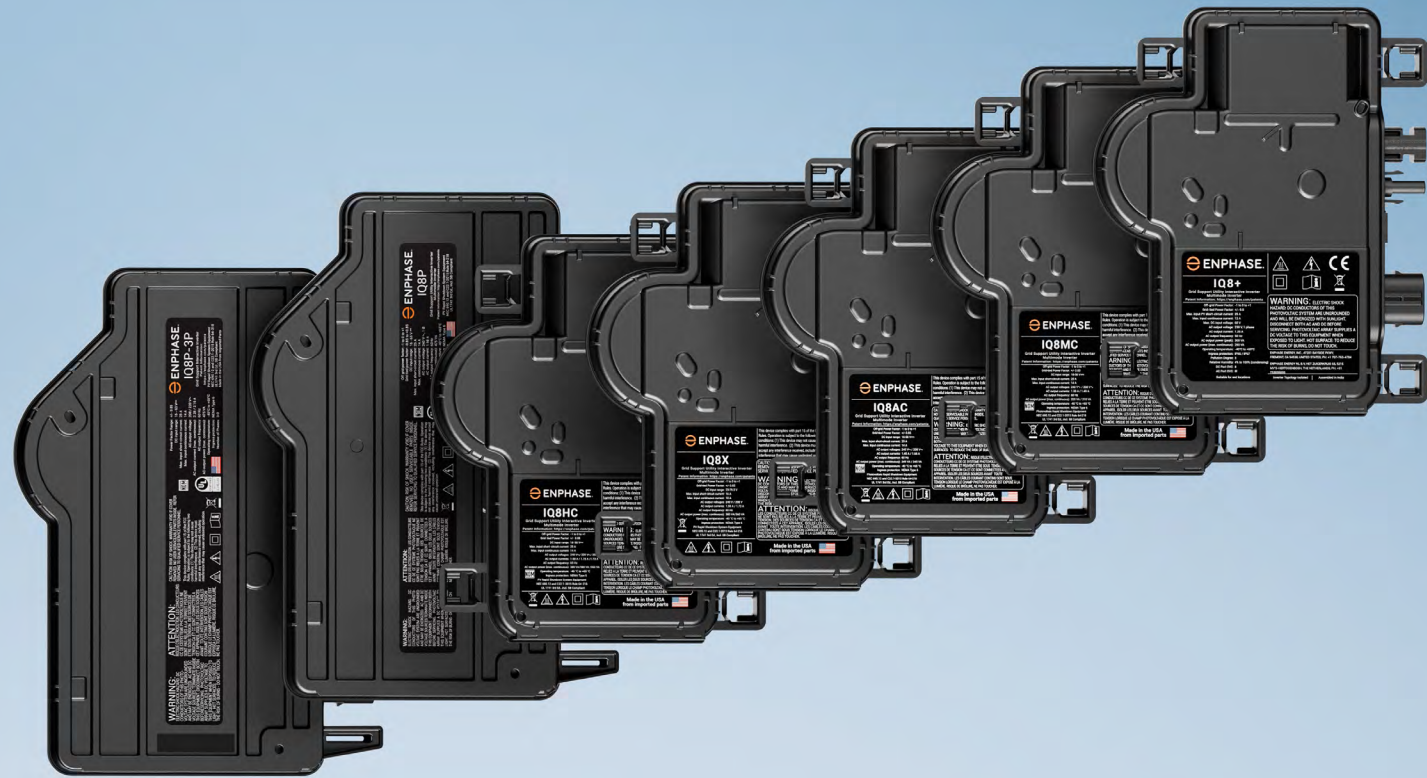
These are not victory-lap numbers. In a year when the policies for our largest market fundamentally changed and demand in Europe weakened, Enphase remained profitable, liquid, and focused. It is the result of years of product, manufacturing, customer, and capital discipline.

The central question for our shareholders is simple: can Enphase turn a large installed base, trusted technology, custom power electronics, domestic manufacturing, software intelligence, and deep installer relationships into a compounding energy platform? I believe the answer is yes. The work is highly detailed and demanding, spanning engineering, service operations, cost reduction initiatives, software quality, installer training, supplier qualification, and disciplined capital allocation. But this is exactly the kind of work that creates enduring value.

In this letter, I will discuss what happened in 2025, what we learned, why I believe Enphase can win, and how we intend to create value for customers, installers, partners, employees, and shareholders in 2026 and beyond.

¹Please reference Appendix for GAAP to Non-GAAP reconciliation.

Our 2025 performance



IQ8 Series Microinverters deliver up to 480 W peak AC power

Our 2025 performance

Staying Disciplined in a Transition Year

The headline for 2025 is straightforward: we grew revenue, preserved strong gross margins, generated cash, and kept our financial flexibility in a market that remained uneven.

Measure	2025	Why it matters
Revenue	\$1.47 billion	+10.7% vs. 2024
Microinverters shipped	6.4 million	58 countries for IQ8™ Series
IQ Batteries shipped	706.1 MWh	+35.5% vs. 2024
Non-GAAP gross margin ¹	48.2%	48.9% in 2024
Free cash flow	\$95.9 million	Positive through transition
Cash, cash equivalents, and marketable securities	\$1.51 billion	Strong financial flexibility
Share repurchases	2.3 million shares	\$130.0 million at \$56.58 average price
Customer service NPS	78	Consistent with 2024

Revenue increased 10.7% to \$1.47 billion, compared with \$1.33 billion in 2024. Microinverter shipments were roughly stable at 6.4 million units, while IQ Battery shipments increased to 706.1 MWh from 521.0 MWh in 2024. The battery shipment result matters because the industry is moving from solar-only economics to solar-plus-storage economics. In more markets, the value of a system will come not only from producing electricity, but from deciding when to use it, store it, sell it, or share it with the grid.

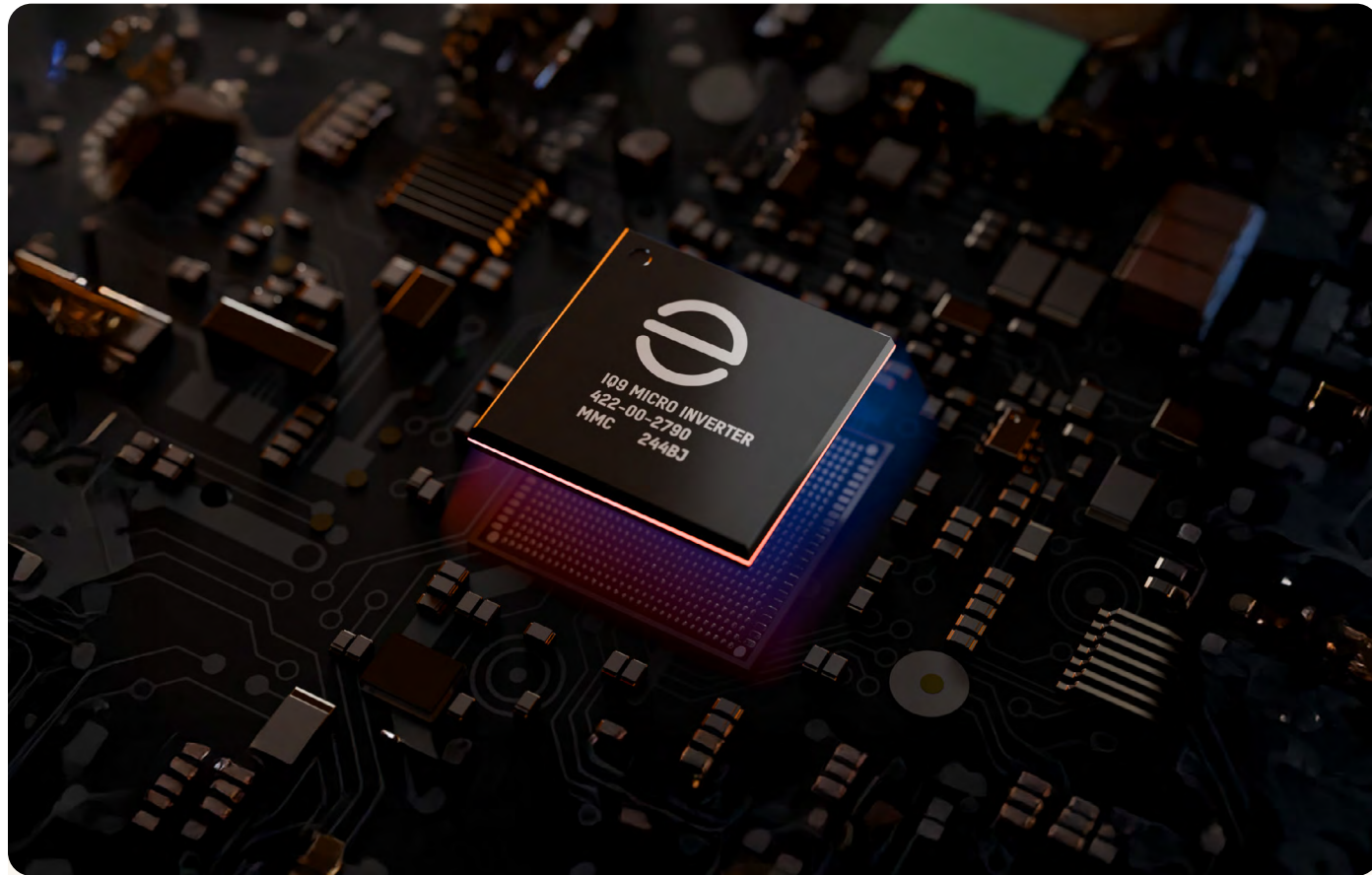
¹Please reference Appendix for GAAP to Non-GAAP reconciliation.

Our non-GAAP gross margin was 48.2%, compared with 48.9% in 2024. We are proud of this result. Gross margins are not an accounting trophy — they are evidence of customer value, manufacturing discipline, product quality, and operating control. They also give us the means to keep investing through the cycle.

“Gross margins are not an accounting trophy — they are evidence of customer value, manufacturing discipline, product quality, and operating control.”

Free cash flow was approximately \$95.9 million. We also generated approximately \$228.0 million of net production tax credit (PTC) receivable. We ended the year with approximately \$1.51 billion in cash, cash equivalents, and marketable securities. In our business, a strong balance sheet is not decoration. It lets us support partners, fund product development, manage policy changes, and make decisions from strength rather than fear.

During 2025, we repurchased 2,297,053 shares at an average price of \$56.58, for a total of \$130.0 million. We view repurchases as one capital allocation tool, to be used only when they complement other uses of cash. When we can buy our shares at prices that we believe are attractive, while also funding innovation and maintaining balance sheet strength, repurchases can increase long-term value per share. We will continue to be disciplined and opportunistic.



Proprietary ASIC used in IQ9 Microinverters

In 2025, we achieved a 48% gross margin, 21% operating expense, and 27% operating income, all calculated as a percentage of revenue on a non-GAAP basis. Our GAAP net income for 2025 amounted to \$172.1 million, resulting in diluted earnings per share of \$1.29. Our non-GAAP net income totalled \$389.8 million,¹ resulting in diluted earnings per share of \$2.96.

Here is a summary of our financial performance for 2025 compared to 2024, with 2020 financials provided for a comprehensive five-year overview. All dollar amounts are presented in thousands, except for per share data and percentages:

	GAAP		
	2025	2024	2020
Revenue	\$ 1,472,985	\$ 1,330,383	\$ 774,425
Gross Margin	46.6 %	47.3 %	44.7 %
Operating Expense	35.9 %	41.5 %	20.6 %
Operating Income	\$ 157,526	\$ 77,292	\$ 186,439
Net Income	\$ 172,133	\$ 102,658	\$ 133,995
Basic EPS	\$ 1.31	\$ 0.76	\$ 1.07
Diluted EPS	\$ 1.29	\$ 0.75	\$ 0.95
Cash, cash equivalents, restricted cash and marketable securities	\$ 1,512,854	\$ 1,717,596	\$ 679,379
Net cash provided by operating activities	\$ 136,540	\$ 513,693	\$ 216,334

	Non-GAAP ¹		
	2025	2024	2020
Revenue	\$ 1,472,985	\$ 1,330,383	\$ 774,425
Gross Margin	48.2 %	48.9 %	40.1 %
Operating Expense	21.4 %	24.7 %	15.3 %
Operating Income	\$ 396,024	\$ 321,919	\$ 192,504
Net Income	\$ 389,840	\$ 321,044	\$ 188,526
Basic EPS	\$ 2.97	\$ 2.37	\$ 1.50
Diluted EPS	\$ 2.96	\$ 2.37	\$ 1.37
Cash, cash equivalents, restricted cash and marketable securities	\$ 1,512,854	\$ 1,717,596	\$ 679,379
Free Cash Flow	\$ 95,901	\$ 480,089	\$ 198,908

¹Please reference Appendix for GAAP to Non-GAAP reconciliation.

Markets And Policy

The United States and Europe Told Different Stories

The United States and Europe told two different stories in 2025.

In the United States, revenue increased 27% from 2024 revenue. Channel inventory returned to normal levels, and adoption of NEM 3.0 in California continued to improve. By year-end, NEM 3.0 represented approximately 73% of our installs in California. This is an important signal that customers and installers are learning how to sell and design systems in the new economic framework.

At the same time, U.S. policy changed materially. The One Big Beautiful Bill Act passed by the U.S. Congress in July 2025 changed federal tax policy for residential solar, storage, and third-party ownership (TPO). The expiration of the Residential Clean Energy Credit under Section 25D of the Internal Revenue Code (Section 25D) at the end of 2025 changed demand timing and financing behavior. Leases, power purchase agreements (PPAs) and battery storage may remain eligible under revised Section 48E rules, subject to ownership, placed-in-service timing, domestic-content, Foreign Entity of Concern (FEOC), and other requirements. The practical effect is that TPO is becoming more important, and products will increasingly be judged by long-term performance, domestic-content eligibility, reliability, service economics, and the ability to support simpler financing structures.

This suits Enphase. In a TPO world, the buyer is often a sophisticated owner of long-lived energy assets. Such owners care about failure rates, service cost, monitoring, software, safe harbor support, domestic content, FEOC compliance, operations and maintenance (O&M) capability, and the confidence that the manufacturer will be around for the life of the asset. These are areas where we intend to win.

Our revenue mix also shifted. In 2025, 81% of revenue came from the United States and 19% from international markets, compared with 70% and 30% in 2024. We want a more balanced global business over time, but we will not force that balance by chasing weak demand at poor economics.

Europe's situation was more difficult than that of the United States in 2025. Our revenue decreased 35% from 2024, primarily because demand softened as utility rates declined from earlier highs, economic growth slowed, and policy direction varied by country. We are not satisfied with this result, but we are not confused by it. Cyclical weakness does not invalidate the long-term need for self-consumption, storage, resilience, and energy management.

“We want a more balanced global business over time, but we will not force that balance by chasing weak demand at poor economics.”

“In the Netherlands, rising solar export penalties and the planned phaseout of net metering by the end of 2026 are making batteries more valuable.”

In the Netherlands, rising solar export penalties and the planned phase-out of net metering by the end of 2026 are making batteries more valuable. With approximately 475,000 Enphase residential solar systems installed in the country, we estimate a battery opportunity of roughly \$2 billion. We are pursuing this opportunity through targeted homeowner outreach, direct marketing, installer engagement, and partnerships with retail energy providers offering compelling VPP economics.

France remains a key long-term market. Solar penetration is still low, our brand is strong, and reductions in feed-in tariffs are shifting economics toward self-consumption. With approximately 400,000 Enphase residential solar systems installed in France, the retrofit opportunity is more modest than in the Netherlands today, but battery adoption should improve as customer contracts evolve, utility rates rise, dynamic tariffs expand, and financing models such as battery leasing develop.



IQ Battery 5P that is VPP ready with PowerMatch

Australia is also a meaningful battery growth market. It has a mature rooftopsolar base, attractive battery incentives, and customers who increasingly value self-consumption, backup, and VPP participation. In 2025, we launched the [IQ® Battery 5P™ with FlexPhase](#) in Australia, giving installers a scalable AC-coupled battery that supports both single-phase and three-phase homes and can be configured for local grid requirements. Our modular architecture fits the market well because it lets homeowners start with the capacity they need and add more over time.

Why It Matters

Putting the Customer First

A shareholder letter can easily become a list of products and percentages. But the reason Enphase matters is much simpler. When the grid goes down, a family wants its lights, refrigerator, Wi-Fi, and medical equipment to keep working. When utility prices rise, a homeowner wants more control. When installers show up at a job site, they want equipment that works the first time, software that saves time, and a manufacturer that answers the phone when something goes wrong.



Enphase Care covers it all — service, labor, and panel support

This is the human test for Enphase. A microinverter is not just a power converter. A battery is not just a box on the wall. A charger is not just a cable in the garage. Together, these products can give a customer a different relationship with energy: more independence, more resilience, and more economic participation. If we keep that customer reality at the center, the strategy stays grounded.

Compatibility By Design

An Operating Principle

We are talking about compatibility now because Enphase is no longer selling isolated products into isolated homes. We now serve a large installed base across many countries, and many of those customers will want to add batteries, expand solar, charge an EV, participate in VPP programs, or use new software capabilities years after the original installation. If we want that installed base to become a compounding asset, customers must believe that their Enphase system can grow with them.

This is why compatibility matters. Customers do not wake up excited about product generations. They wake up wanting outcomes: backup when the grid goes down, a battery when export rates change, more solar when the family grows, EV charging when they buy a new vehicle, and a system that keeps getting better rather than quietly becoming a dead end.

When compatibility is missing, the problem is not only technical friction — it is trust friction. A customer who hears “you cannot add that” may also hear “you bought too early.” This is not the experience we want to create. An Enphase system should feel like a platform customers can grow into, rather than be bound by its limitations.

Compatibility does not mean every existing system can instantly support every new capability. Energy systems are safety-critical infrastructures. Grid codes evolve, safety boundaries are real, and backup touches critical home behaviors. But a value-driven company does not stop at “not possible.” It builds safe migration paths, coexistence modes, adapters where appropriate, and clear, honest guidance. It treats the installed base as a responsibility, not an inconvenience.

We have already shown that this is possible. In 2025, we enabled homeowners with existing IQ7™ microinverter-based systems to expand solar capacity with IQ8 Microinverters on the same branch circuit. This work required disciplined engineering and respect for the customers who had already trusted us. It was what compatibility looks like in practice.

“We now serve a large installed base across many countries, and many of those customers will want to add batteries, expand solar, charge an EV, participate in grid programs, or use new software capabilities years after the original installation.”

“Our job is to make the installer more successful. If we do that consistently, we will earn more than revenue; we will earn preference.”

Going forward, we believe compatibility should be treated as a design principle and operating habit across Enphase. “Customer first” is a tenet that guides us on whom we serve. Integrity defines how we behave. Our innovation pulls the future forward. Our quality earns trust. Teamwork makes complex systems possible. Compatibility makes sure we do not cut the past loose while we build for the future. We believe the best innovation lets customers feel confident that they bought into the right company, not merely the right product at one point in time.

Plain Lessons

What 2025 Taught Us

The first lesson is that policies can accelerate or delay demand, but they do not repeal the customer need. People still want lower electricity bills, backup power, resilience, and more control. Businesses still want predictable energy costs. Utilities still need flexible capacity. Policies may change the route – but they do not eliminate the destination.

The second lesson is that financing becomes part of the product when policy changes. The expiration of Section 25D did not make solar and storage less useful – it made the path to adoption more complicated. Prepaid leases, TPO structures, safe harbor support, and domestic content eligibility are not side issues. They are part of how the industry can restore customer economics and help installers keep selling good systems.

The third lesson is that the best installer relationships are earned in hard markets. When demand slows, installers do not need slogans. They need reliable products, fast service, better software, training, financing options, and a partner who helps them reduce costs. Our job is to make the installer more successful. If we do that consistently, we will earn more than revenue; we will earn preference and loyalty.

The fourth lesson is that complexity rewards integrated and compatible platforms. A homeowner today may need solar, storage, EV charging, backup, load control, dynamic tariff optimization, and VPP participation. If these pieces come from separate vendors and separate apps, we believe the



IQ Battery 5P with IQ8HC and IQ8P-3P Microinverters

system becomes hard to sell, hard to install, and hard to service. If product generations cannot coexist, the customer feels stranded. Enphase is built for the opposite: distributed hardware, coordinated by software, designed with upgrade paths, and presented to the customer as one simple energy system.

The fifth lesson is that focus matters more when the market is noisy. We cannot pursue every product, every country, every channel, and every adjacent opportunity with equal intensity. A good strategy is partially a list of what we will do, and partially a list of what we will not do yet. In 2025, the market reminded us that focus is not a lack of ambition. It is how ambition survives contact with reality.

Finally, the sixth lesson is that balance sheet strength is a competitive weapon. In cyclical industries, liquidity gives management the ability to keep investing when others retreat. It lets us support safe harbor, fund manufacturing transitions, improve products, support partners, and repurchase shares when appropriate. We intend to keep that weapon sharp.

Supply Chain and Manufacturing

Making Complexity a Competitive Advantage

Tariffs and sourcing rules became more complicated in 2025. Our response was not to complain about complexity, but to reduce our exposure to it.

Our microinverters and accessories saw minimal tariff impact, primarily because of the supply chain diversification work our team had already done. Batteries were more affected because we sourced cell packs from China. By the end of 2025, we had qualified non-China cell packs and were preparing to scale them into battery production during the first half of 2026. This matters because non-China cells reduce FEOC exposure, while U.S. battery manufacturing and qualifying U.S.-made content can support domestic-content eligibility where the applicable requirements are met.

Our manufacturing footprint includes locations in China, India, South Carolina, and Texas. In 2025, we shipped approximately 5.46 million microinverters from U.S. manufacturing facilities that we booked for advanced manufacturing PTCs under Section 45X of the Internal Revenue Code. We also shipped 209.6 MWh of IQ Batteries from our Texas manufacturing facility.

“Our microinverters and accessories saw minimal tariff impact, primarily because of the supply chain diversification work our team had already done.”

By the end of the year, our U.S. facilities were shipping a broad set of microinverters and batteries for residential, commercial, and storage customers. The product names matter less than the capability — domestic manufacturing is becoming a commercial advantage where customers need domestic-content eligibility, tariff resilience, and a supply partner with scale.

This is especially important for lease, PPA, and commercial asset owners seeking the domestic-content investment tax credit adder and compliance with increasingly stringent FEOC rules. Policy details change, but the direction is clear: customers want bankable products, domestic supply options, and documentation they can rely on. We intend to make that easier for them.



IQ Microinverters in production at our Flex contract manufacturing facility in South Carolina

Products And Platform

From Products to Platform

A product company can become trapped by its own product list. We try to avoid that. The important point is not that Enphase sells microinverters, batteries, EV chargers, software, and energy management devices. The important point is that these products increasingly share one architecture, one control layer, one installer experience, and one customer relationship.

Microinverters

By the end of 2025, our **IQ8 Series Microinverters** were shipping into 58 countries. IQ8 remains the foundation of our residential and small commercial platform, supporting higher-powered solar modules with up to 14 amps of continuous DC current and peak AC output up to 480 W in certain variants. We also released software that allows homeowners with existing IQ7-based systems to expand solar capacity with IQ8 Microinverters in North America, Europe, Australia, India, and other key markets. This is installed-base stewardship in practice: useful, practical, and valuable to both customers and installers.

In December 2025, we began shipping the **IQ9N-3P™ Commercial Microinverter** in North America. It is our first microinverter powered by gallium nitride (GaN) technology and is designed for three-phase 480Y/277 V (wye) grid configurations without external transformers. IQ9N-3P strengthens our commercial offering by simplifying design, lowering balance-of-system costs, and improving efficiency for 480 V commercial projects. More broadly, GaN bi-directional switch (BDS) technology gives us a path toward faster switching, better thermal performance, lower cost, and higher reliability in the AC power-conversion stages of future Enphase platforms.

“Fewer boxes, simpler wiring, and faster installation are how hardware innovation becomes customer value.”

Batteries and energy management

Storage continued to gain importance in 2025. We shipped IQ Batteries across the United States, Puerto Rico, Canada, Mexico, Australia, New Zealand, and a broad set of European markets. We also expanded IQ® Battery 5P™ with FlexPhase into additional countries, supporting both single-phase and three-phase homes.

In the United States, we began shipping our **4th-generation Enphase® Energy System**, including the IQ® Battery 10C, IQ® Meter Collar, and IQ® Combiner 6C. The IQ Battery 10C is designed to be approximately 30% more energy-dense, occupy 62% less wall space, and reduce installation costs compared with previous models. The IQ Meter Collar simplifies whole-home backup, and by the end of 2025 it had been approved by 52 U.S. utilities. These changes are not cosmetic. Fewer boxes, simpler wiring, and faster installation are how hardware innovation becomes customer value.

In 2025, we also launched **PowerMatch™**, a software-enabled technology that dynamically matches IQ Battery output to real-time home demand. By activating only the microinverters in the battery needed at a given load, PowerMatch reduces losses and can improve usable battery performance by up to 40%. We believe this is a good example of how our architecture creates value after installation, not just at the point of sale.

In Europe, we introduced IQ® Balcony Solar in Germany and Belgium, giving apartment residents and homeowners with limited roof space a practical way to participate in solar. We also introduced in 2025 the IQ® Energy Router family in Germany, Austria, Switzerland, France, Belgium, and the Netherlands to coordinate solar, batteries, selected third-party EV chargers, heat pumps, and water heaters using AI-based forecasting and optimization. We expanded support for selected electric water heaters in France, Belgium, the Netherlands, and Switzerland.



GaN-based IQ9N-3P and IQ9S-3P Microinverters redefine commercial solar performance



The IQ EV Charger 2 is designed to work with Enphase solar and battery systems or as a powerful standalone charger.

We also continued offering **IQ® PowerPack 1500** in the United States and Canada. It is a smaller product, but it fits the same philosophy — customers value resilience at many scales, from whole-home backup to portable power for essential electronics during outages.

By the end of 2025, we were actively engaged in more than 55 VPP programs worldwide. Our view is simple: a battery should do more than sit on the wall waiting for an outage. It should help the homeowner save money, support the grid, and earn when market rules allow it. Each additional connected battery, EV charger, or controllable load increases the value of the platform.

EV charging

EVs are changing home energy. A household with an EV consumes more electricity and has a large battery sitting in the driveway. Over time, that battery can become a home backup asset and a grid asset.

In 2025, the **IQ® EV Charger 2** was shipping into 18 countries across Europe, Australia, New Zealand, the United States, and Canada. It supports up to 22 kW

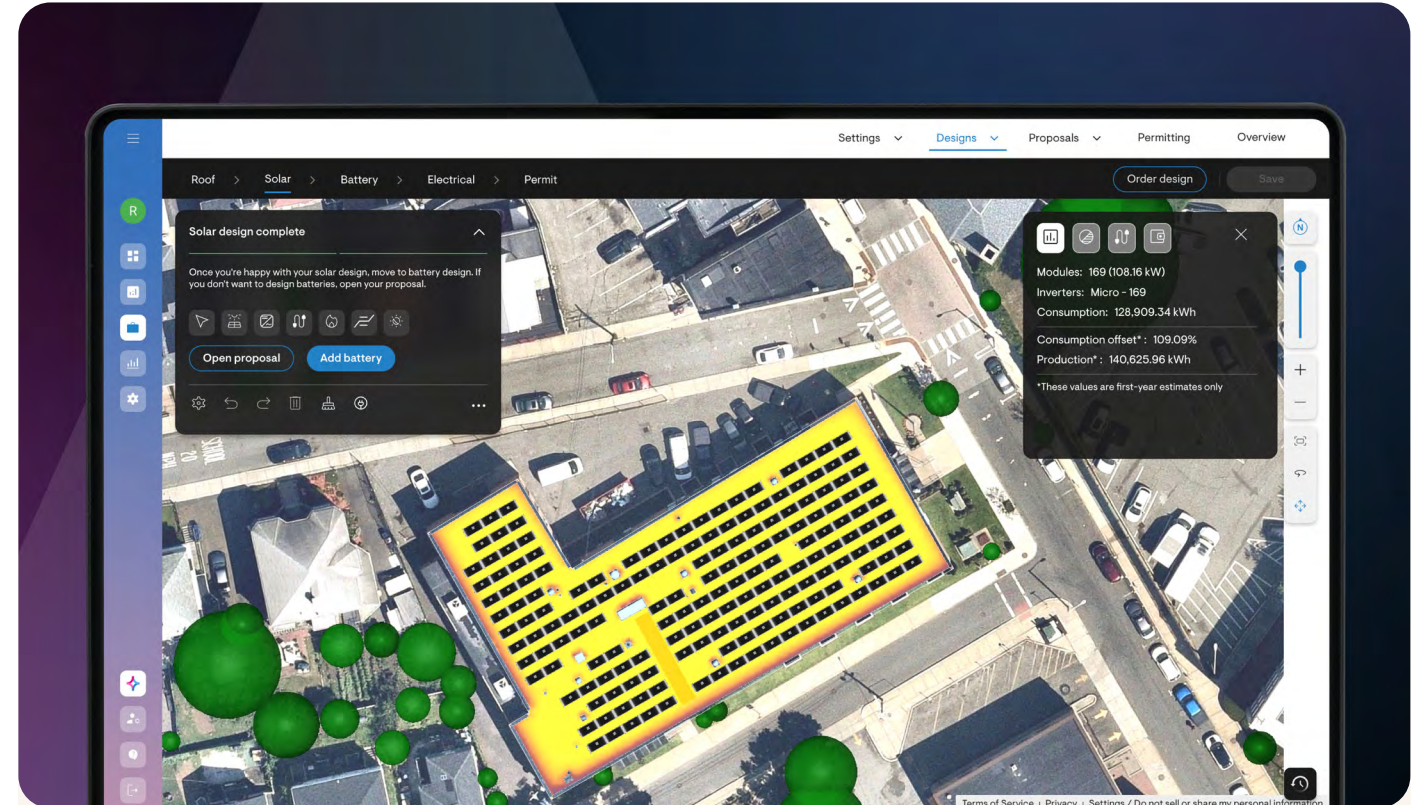
“Our view is simple: a battery should do more than sit on the wall waiting for an outage.”

of three-phase charging and can operate as a standalone charger or as part of the Enphase Energy System. In the United States, our CS-100 EV Charger, providing up to 19.2 kW of continuous power, is available for commercial fleet customers.

We also made strong progress on our DC-based **IQ® Bidirectional EV Charger**, designed to enable vehicle-to-home (V2H) and vehicle-to-grid (V2G) capabilities through the Enphase® App. In 2025, we demonstrated the platform at multiple CharIN interoperability events in the United States and Europe and continued discussions with multiple automotive OEMs. We are taking a disciplined approach because interoperability, safety, reliability, and certification matter more than being first to make a noisy claim.

Installer software and soft costs

Solargraf™ remains an important part of our installer platform. In 2025, we improved the software across design, proposal, permitting, TPO integrations, tariff modeling, dealership management, and commercial and industrial applications. Soft costs such as permitting, customer acquisition, and installation labor are a large share of system cost in many markets. We believe reducing these costs is one of the most practical ways we can help installers remain profitable and help customers receive better economics.



Solargraf design tool for a commercial building

Financing is also part of installer enablement. We are working with TPO partners on safe harbor, tax equity support, domestic content and FEOC-compliant offerings, Enphase Care O&M services, and integrated Solargraf workflows. The goal is simple: reduce friction so more good installers can offer compelling solar-plus-storage economics to more homeowners.

Prepaid leases should be an important part of this work in 2026, including Propel, a prepaid lease program offered through our TPO partner. The idea is simple. After the loss of Section 25D, many homeowners still want the economics of solar and storage without a large monthly lease payment. Under Propel, the TPO initially owns the system, the homeowner prepays the lease obligation with cash or financing, and, where the structure satisfies applicable requirements, the TPO may claim the Section 48E tax credit and share that value with the homeowner through a lower effective cost. When structured well, this can help restore part of the value that was lost when Section 25D expired, while also giving homeowners a path to own the system after five years.

Enphase does not need to become the financing company for this model to matter. Our role is to make the system bankable and easy to deliver: reliable hardware, domestic content and FEOC-compliant offerings, Enphase Care, Solargraf, safe harbor support, and partnerships with financing and distribution providers. Programs such as Propel are designed to bring TPO economics to a wider base of installers, including smaller and mid-sized companies that cannot build a finance platform on their own.

Customer Experience and Quality

Trust Earned Slowly

Customer trust is built slowly and lost quickly. Our worldwide customer service NPS remained at 78 in 2025, consistent with 2024. We are pleased with this level, but we are not done. We need to improve commissioning times, reduce friction in setup, strengthen software release discipline, and make service faster and more predictive.

We continued investing in AI and machine learning to improve support, service, and system management. By the end of 2025, we began piloting an AI assistant inside the Enphase App to help customers understand their systems, answer common questions, and manage energy more intuitively. We also laid the groundwork for an installer-focused assistant to simplify fleet management, highlight upgrade opportunities, reduce troubleshooting time, and make service more proactive. The objective is not to replace judgment. It is to make good judgment faster, better informed, and easier to deploy at scale.

“Our role is to make the system bankable and easy to deliver: reliable hardware, domestic content and FEOC-compliant offerings, Enphase Care, Solargraf, safe harbor support, and partnerships with financing and distribution providers.”

Quality remains the bedrock of everything we design and build. For microinverters, our manufacturing target is fewer than 500 defective parts per million, equivalent to an annualized failure rate below 0.05%. We apply the same quality mindset to IQ Batteries and other Enphase components. Reliability is not only a technical metric – it is a business model. Lower failure rates reduce service cost, improve customer satisfaction, support TPO economics, and strengthen the brand.

Compatibility belongs in this same trust family. A reliable product keeps working. A compatible platform keeps growing. Both tell the customer the same thing – Enphase respects the investment you already made.

Installer training is part of quality. Enphase University now provides more than 330 certification and qualification courses in 29 native languages. During 2025, more than 46,000 installers were trained through monthly live webinars, more than 57,000 individuals held storage certifications globally, representing 23,000 storage-trained companies, and 109,000 users were active on the Enphase University platform. By year-end, our Enphase Installer Network included approximately 1,964 installers worldwide.



Installer training at our mobile training van on location in Raleigh, North Carolina

We supported this training through regional training centers, including Fremont, California and Eschborn, Germany locations, three mobile training vans in the United States, and a growing on-demand video library. Training may sound ordinary. It is not. In a distributed energy market, installation quality is product quality in the eyes of the customer.

Why Enphase Can Win

The Advantages That Compound

We believe Enphase has several advantages that become more valuable as the energy system becomes more complex.

First, we have a large installed base. At the end of 2025, more than 5.1 million Enphase-powered systems were deployed in over 160 countries. This base gives us customer relationships, system data, upgrade opportunities, and a practical path to attach batteries, EV chargers, software, services, and VPP participation over time. It also gives AI something valuable to learn from: real operating data from real homes and businesses, interpreted with care, privacy, cybersecurity, and engineering discipline.

Second, we have reliability data at scale. In energy, trust is not built by presentation slides; it is built by products that keep working year after year on roofs, walls, garages, schools, small businesses, and homes. Our quality standards and field data are assets that new entrants cannot buy quickly.

Third, we design differentiated power electronics. Our custom application-specific integrated circuits (ASICs), microinverter architecture, GaN work, battery controls, and software-defined grid capabilities are not isolated inventions. They are reusable building blocks. Each generation should make the next product faster to develop, easier to manufacture, and more valuable to customers.

Fourth, we are making compatibility a design principle. This matters because our installed base is only a compounding asset if customers can expand, upgrade, and adapt without feeling stranded. Compatibility is one of the ways a platform earns the right to last.

“In energy, trust is not built by presentation slides; it is built by products that keep working year after year on roofs, walls, garages, schools, small businesses, and homes.”

Fifth, we have installer trust. Installers are the practical missionaries of distributed energy. If we help them sell faster, install cleaner, reduce callbacks, expand existing systems, and earn better economics, they will choose Enphase not only because of technology, but because we make their business stronger.

Finally, we have a strong balance sheet and a disciplined operating culture. In a cyclical industry, we believe this matters enormously. Weak companies are forced to react. Strong companies can choose. We intend to keep choosing carefully.

Capital Allocation

Owner Thinking

We think about capital allocation in a simple order, always with a strong balance sheet as the guardrail. First, we fund the product, software, quality, manufacturing, and customer experience investments required to strengthen our business. We believe this is the highest return use of capital when we can turn engineering discipline into better products, lower service cost, stronger installer preference, and a larger installed base.

Second, we look for acquisitions that can enhance long-term value. We are not interested in buying revenue for its own sake or adding complexity because a market sounds attractive. A good acquisition should strengthen our platform, improve the customer or installer experience, add capabilities we can scale, or reduce time to market in an area where Enphase has a right to win. If we cannot explain the value creation in plain English, we should not do it.

Third, we consider repurchasing shares when they trade below our conservative estimate of intrinsic value and when doing so does not weaken the company. A repurchase only creates value if the price is right. Buying back stock at an attractive discount increases each remaining shareholder's ownership of the business. Buying it back at the wrong price only moves cash from the company to selling shareholders. We will continue to try to be patient, rational, and opportunistic.

“We believe this is the highest return use of capital when we can turn engineering discipline into better products, lower service cost, stronger installer preference, and a larger installed base.”

Discipline

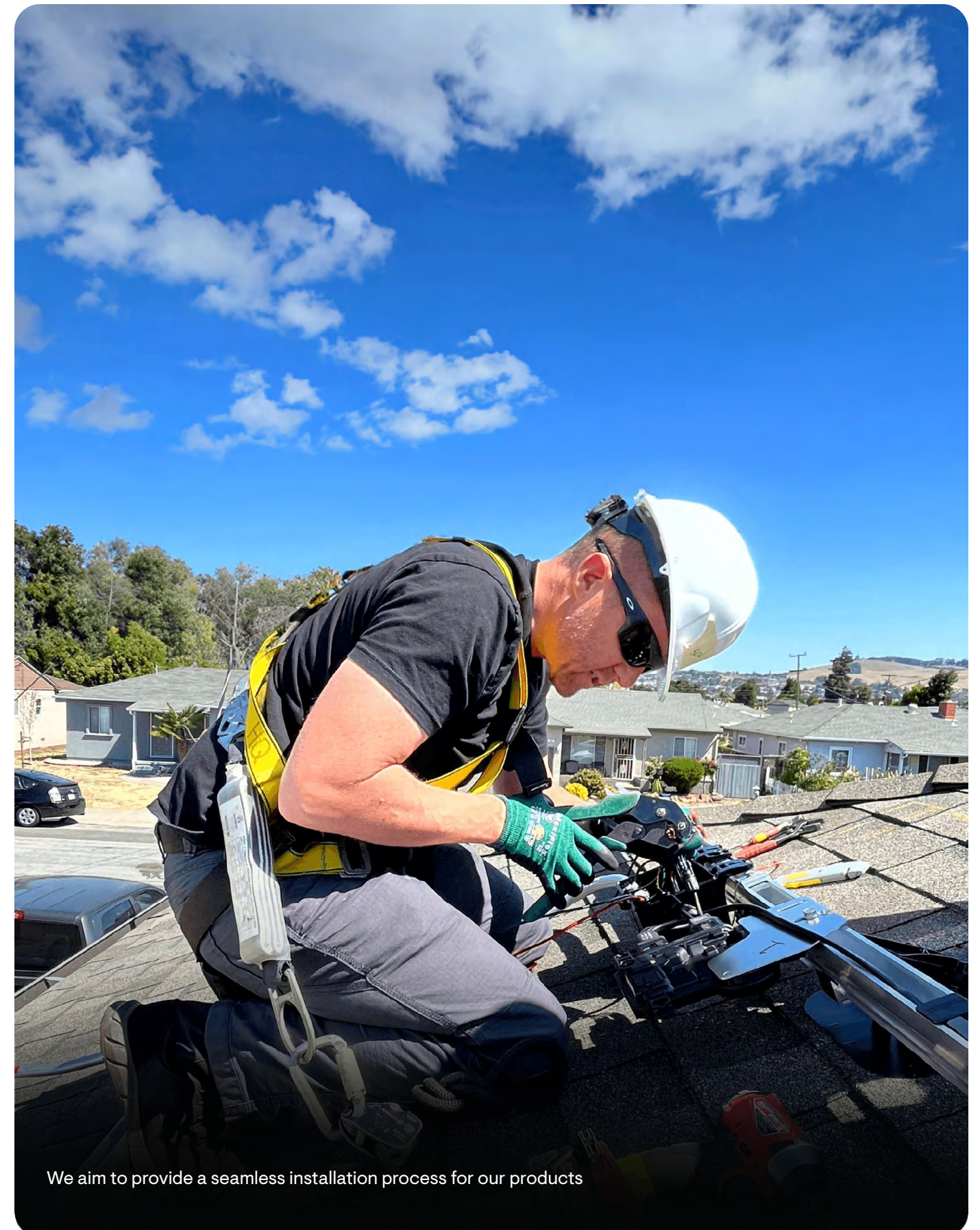
What We Will Not Do

Just as important as what we will do is what we will not do.

We will not chase unprofitable volume to make a quarter look better. We will not sacrifice quality for speed. We will not ship progress that strands customers. We will not build products that create complexity for installers and call it innovation. We will not let policy noise dictate our strategy. We will not confuse a large market with a good business unless we can see a path to durable customer value and attractive returns.

This restraint may occasionally make us look less aggressive than others, which is fine. We would rather be consistently useful to customers and consistently rational with capital than temporarily exciting. The market for distributed energy will be large enough for disciplined companies to do very well.

“We would rather be consistently useful to customers and consistently rational with capital than temporarily exciting.”



We aim to provide a seamless installation process for our products

Our strategic focus



Upcoming 5th-Generation Battery with a stackable and scalable architecture

“We must help customers make power, store power, use power, charge vehicles, control loads, ride through outages, participate in VPP programs, and respond to tariffs and grid conditions, all without making the system feel too complex.”

Strategic Focus

Where the Company Is Going

The energy system is being rebuilt from the edge inward. Homes are no longer passive endpoints on a one-way grid. They are producing electricity, storing it, charging vehicles, managing flexible loads, and participating in grid programs. Commercial buildings, factories, schools, carports, and small businesses are moving in the same direction. At the same time, AI data centers are creating a new class of high-power demand that requires faster, more intelligent power conversion. This is a large change, and we believe it favors companies that can combine power electronics, software, data, manufacturing, and customer trust.

Our strategy is to become the intelligent energy platform behind the meter and, over time, at selected points of the grid edge. This strategy seems simple, but it carries a lot of work. We must help customers make power, store power, use power, charge vehicles, control loads, ride through outages, participate in VPP programs, and respond to tariffs and grid conditions, all without making the system feel too complex. The customer should experience simplicity. The complexity should live inside Enphase.

This strategy did not begin in 2025. It began in 2006, when Enphase was founded on the belief that distributed, AC-coupled architectures would prove more reliable, safer, and more scalable than centralized alternatives. That original architectural choice still matters. It gave us a system where intelligence is distributed across many small power converters rather than concentrated in one large box. It also forced us to become very good at custom silicon, embedded software, grid control, manufacturing quality, and fleet monitoring.

The core technical asset is our power-conversion platform. Our custom ASICs allow microinverters and batteries to convert energy efficiently, safely, and intelligently. The IQ8 Microinverter established the software-defined architecture for a world where energy flows in more than one direction. Sunlight Backup showed what becomes possible when solar, storage, power conversion, and system orchestration are designed together rather than bolted together afterward. IQ8 also gave installers a flexible family of products across residential and small commercial use cases, with support for higher-power modules and module-level control.



IQ9 Microinverter powered by GaN technology

“The best battery platform will not be judged only by what it stores on day one, but by how useful, flexible, and valuable it becomes over time.”

The IQ9™ Microinverter is the next step in this platform evolution. It brings GaN-based power conversion into our commercial microinverter family and shows how a reusable technology building block can move across applications over time. We do not view IQ9 as a single product launch. We view it as a bridge into the next generation of Enphase power conversion.

This next generation is built around two foundational technologies. The first is GaN BDS. In this context, bidirectional describes a semiconductor switch that can block voltage of either polarity inside an AC power-conversion stage; it is not a reference to charging and discharging a battery. Used in the right architecture, GaN BDS can reduce losses, improve thermal performance, increase power density, and lower cost. The second is our fifth-generation control ASIC, codenamed Kestrel. Kestrel is being designed to support modern security, functional safety, high availability, and native three-phase power conversion. In plain English, it gives us a common control foundation that can serve residential, commercial, bidirectional EV charging, next-generation batteries, and selected higher-power applications without forcing each product team to reinvent the core.

This shared platform matters strategically. The best companies get stronger when they reuse what they have learned. If each new product requires a new architecture, a company grows more complicated as it grows larger. We are trying to do the opposite. We want each new product to extend the value of the platform: common silicon, common software patterns, common manufacturing disciplines, common installer tools, common monitoring, compatibility across generations, and a common customer experience. That is how innovation compounds instead of fragmenting.

Storage is central to this strategy. The IQ Battery 10C and the 4th-generation Enphase Energy System show what matters: higher energy density, less wall space, fewer boxes, simpler backup, better load control, and more software value after installation. PowerMatch points in the same direction. The best battery platform will not be judged only by what it stores on day one, but by how useful, flexible, and valuable it becomes over time.

The fifth-generation battery platform is the next important step. Its purpose is simple: make storage easier to buy, easier to install, easier to service, and useful in more places. The basic building block is designed as a 5 kWh LFP battery module using 100Ah prismatic cells, stackable up to 30 kWh in a column, with substantially higher energy density than our fourth-generation 10 kWh system, built-in heating for cold-weather operation, wired controls, and field-serviceable design. We expect it to be compatible across IQ® Microinverters, the 4th-generation Enphase Energy System, and prior-generation Enphase batteries. That is the point: a good battery platform

“Each additional battery, EV charger, or controllable load connected to the Enphase platform increases not only the homeowner value proposition, but also the capacity we can help make available to the grid.”

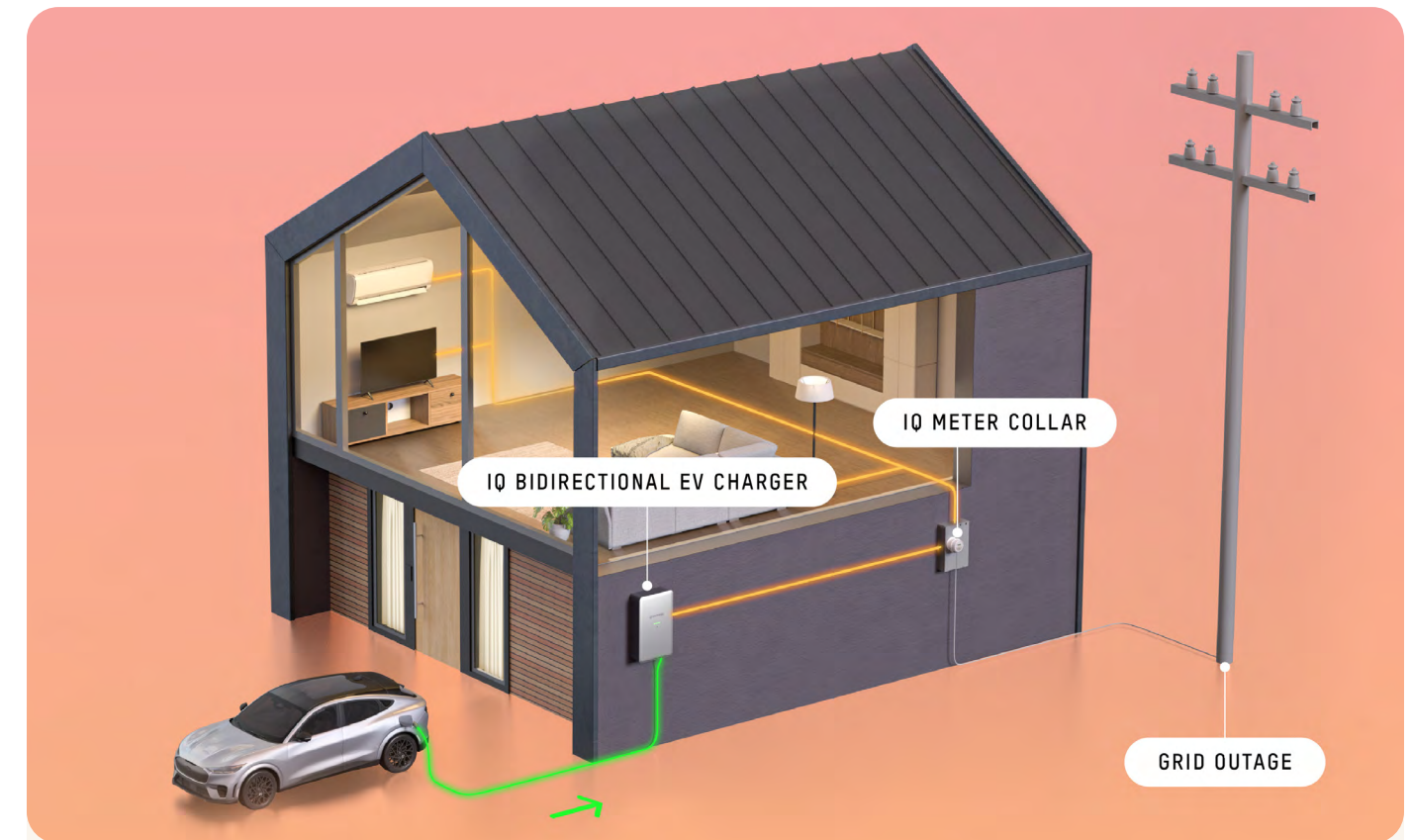
should not force every customer into a custom project. It should give installers a repeatable system, customers a clear upgrade path, and asset owners confidence that the product can perform for many years.

Our Home Energy Management System (HEMS) is where the platform becomes more than hardware. HEMS is the control plane behind the meter. It coordinates solar generation, battery charging and discharging, EV charging, heat pumps, electric water heaters, load control, backup needs, and tariff optimization. AI makes this control plane more valuable because the best decision changes by hour, weather, tariff, battery state, customer preference, and grid signal. In Europe and Australia, dynamic tariffs make this increasingly important. In California, NEM 3.0 makes export timing and self-consumption more important. Over time, software that understands the whole site can create more value than software that controls one device at a time.

VPPs are the grid-facing extension of HEMS. A utility does not really want to manage thousands of individual batteries, thermostats, EV chargers, and water heaters one device at a time. It wants reliable capacity, predictable response, and customer comfort preserved. AI can help forecast available capacity, predict customer behavior, dispatch assets more intelligently, and detect when a device or site is not performing as expected. Enphase can coordinate the site as a system, then aggregate many sites into a flexible grid resource. By the end of 2025, we were actively engaged in more than 55 VPP programs worldwide. Each additional battery, EV charger, or controllable load connected to the Enphase platform increases not only the homeowner value proposition, but also the capacity we can help make available to the grid.

The EV is the next major distributed energy asset. Most EV charging happens at home, and each EV adds meaningful electricity demand. Over time, the vehicle battery can also support backup and grid services. Our IQ EV Charger 2 gives us a smart charging platform today. Our IQ Bidirectional DC Charger is intended to bring V2H and V2G capability into the Enphase Energy System, with an 11-kW design, fine-grained current control, support for major charging interfaces, and integration with HEMS, metering, and grid-service workflows. We are targeting late 2026 availability, subject to validation and partner readiness. This is not a side project. Mobility and home energy are converging, and we intend Enphase to be one of the companies that makes that convergence useful and simple for customers.

The installed base is one of our most important strategic assets. Since inception, Enphase had shipped approximately 86.4 million microinverters,



The Bi-Directional EV Charger enables EVs to provide power to a home during an outage

with more than 5.1 million Enphase-powered systems installed in over 160 countries at the end of 2025. Those systems have helped avoid an estimated 92 million metric tons of carbon emissions.¹ More importantly from a shareholder perspective, that installed base gives us a growing foundation for batteries, EV charging, software, services, upgrades, VPP participation, and recurring customer relationships. A large installed base by itself is not enough; we must serve it well. If we do, it can become a compounding advantage.

Our strategy also extends beyond the home. Small commercial sites need many of the same things homeowners need: safety, reliability, modularity, monitoring, easier installation, and better economics. The IQ8P-3P™ and IQ9N-3P commercial microinverters are steps into this market. We believe storage is the next logical extension because many small businesses, schools, farms, retail sites, and community buildings face demand charges, outage costs, three-phase power, roof space constraints, and a high premium on predictable service.

¹Approximate values as of December 31, 2025. CO₂e calculations based on 137 TWh of clean energy production under the [U.S. Environmental Protection Agency \(U.S. EPA\) Greenhouse Gas \(GHG\) Equivalencies Calculator](#).

“Our first small commercial battery is intended to pair with our commercial microinverters and software so these customers can add storage without turning every site into a custom engineering project.”



Upcoming IQ Vault 80 is our first small commercial battery

Our first small commercial battery is intended to pair with our commercial microinverters and software so these customers can add storage without turning every site into a custom engineering project. The base configuration is an 80 kWh outdoor LFP cabinet using 314Ah cells, with integrated inverters, five 16 kWh modules, 480V/277 V output, and the ability to scale to roughly 2 MWh. The use cases are practical: backup, peak shaving, time-of-use optimization, self-consumption, grid services, and VPP participation. The details matter because commercial customers buy outcomes, not boxes: field serviceability, module-level safety features, outdoor protection, FEOC planning, domestic-content support where requirements are met, and compatibility with Enphase commercial microinverters and selected third-party three-phase PV inverters. In commercial markets, downtime has a direct economic cost, so serviceability and reliability are not accessories. They are the products.

We are also developing an important option in higher-power applications: the IQ[®] Solid-State Transformer (IQ[®] SST). The first target market is next-generation AI data center infrastructure, where power density, DC architectures, transformer lead times, and fast control response are becoming critical constraints. Our current plan is to demonstrate full systems in late 2026, initiate customer pilots in 2027, and begin volume shipments in 2028, subject to technical validation, customer qualification, supply chain readiness, and market conditions.

We believe the technical backdrop is important. AI compute rack power densities are moving toward DC architectures, including industry approaches such as 800 VDC and +/-400 VDC. Conventional medium-voltage transformer lead times can be long, and data center space is extremely valuable. Our IQ SST concept is intended to use modular power conversion to provide fast response, redundancy, and more flexible placement of energy storage and power electronics. Our design goals include rack-level redundancy, high availability, and serviceability, because data center customers ultimately buy uptime, not technology for its own sake.



IQ SST is being developed as a distributed solid-state transformer platform purpose-built for AI data centers

“This is the strategic picture: Enphase is moving from products to platform, from hardware to hardware-plus-software, from individual devices to coordinated sites, and from passive backup to active grid participation.”

I use the word “option” deliberately. IQ SST is not a promise that a new market will be easy, nor is it a departure from who we are. It is an application of capabilities Enphase already understands: modular power conversion, custom silicon, digital control, high-volume manufacturing, reliability engineering, and grid interaction. If those capabilities solve a painful customer problem at attractive economics, we believe IQ SST can become a meaningful long-term opportunity. If the evidence says otherwise, we will stay disciplined.

AI is becoming part of how we operate and how our products create value. We do not view AI as a separate product category to decorate the story. We view it as a capability that can make the Enphase platform easier to use, easier to install, easier to service, and more valuable after installation. In customer support, we believe AI can answer questions faster, guide troubleshooting, detect recurring issues, and make service more proactive. For installers, it can simplify fleet management, identify upgrade opportunities, reduce truck rolls, and help newer technicians benefit from the experience embedded in millions of systems. In energy management, AI can improve forecasting, optimize battery and EV charging, respond to dynamic tariffs, and support VPP dispatch. We will deploy AI where it improves speed, quality, and customer value, while keeping human judgment, product safety, cybersecurity, and trust at the center.

This is the strategic picture: Enphase is moving from products to platform, from hardware to hardware-plus-software, from individual devices to coordinated sites, and from passive backup to active grid participation. We will pursue this with discipline. Large markets can tempt companies to overreach. We will apply Enphase strengths where they matter, prove performance with customers, and scale only when the economics and reliability are right.

“The progress we made in 2025 was the result of thousands of careful decisions made by people who care deeply about the customer and the craft.”

Accountability

Progress Against Last Year’s Priorities

Last year, I said our priorities for 2025 were to put the customer first, introduce differentiated products globally, and maintain operational excellence. We made progress on all three, though not every result was where we wanted it to be.

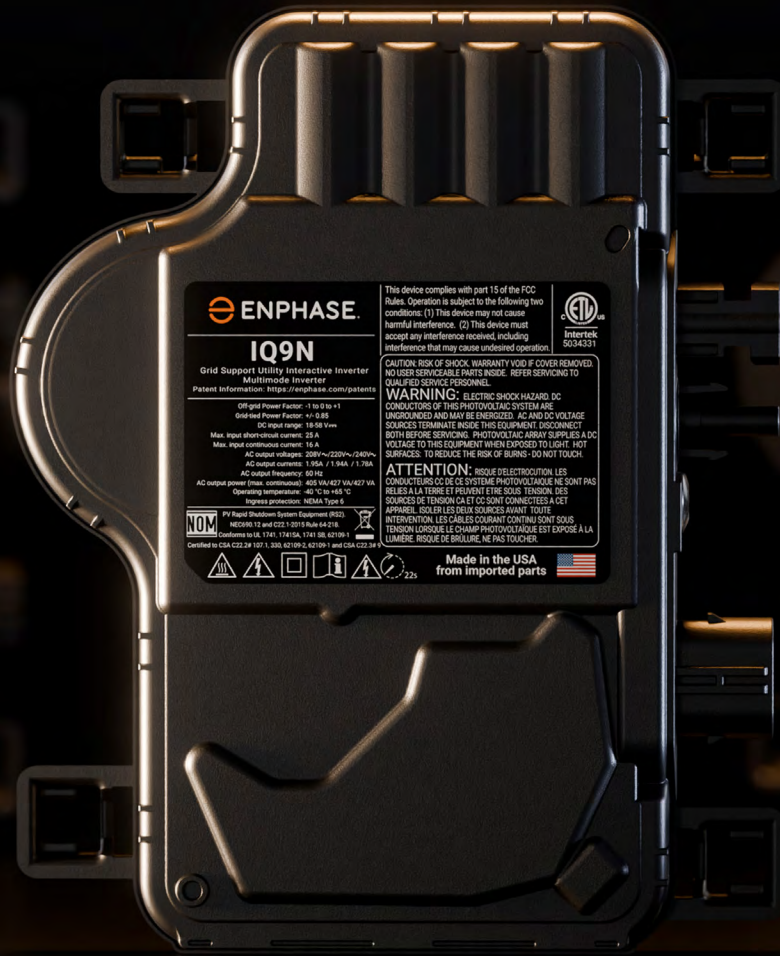
On customer experience, we maintained an NPS of 78 and continued improving support through better data, automation, and early AI tools. We also know the next leg of improvement must come from reducing commissioning friction, improving software cadence, and making system setup more predictable. A great customer experience is not a project; it is a habit.

On differentiated products, 2025 was a strong year. We launched the 4th-generation Enphase Energy System in the United States, including the IQ Battery 10C, IQ Meter Collar, and IQ Combiner 6C; began shipping IQ9N-3P Commercial Microinverters; expanded IQ Battery 5P with FlexPhase and IQ EV Charger 2; introduced IQ Balcony Solar in Europe; and advanced our IQ Bidirectional EV Charger prototype through interoperability events. These products are different chapters of the same story: more capability, less complexity.

On operational excellence, we emphasized sell-through, monitored installer activity, avoided channel imbalance, maintained supply-chain resilience through tariff volatility, scaled U.S. manufacturing, and ended the year with a strong balance sheet. Operational excellence rarely produces applause, but it produces staying power.

As of December 31, 2025, Enphase had 2,872 employees. I am grateful for their focus. The progress we made in 2025 was the result of thousands of careful decisions made by people who care deeply about the customer and the craft.

Our 2026 priorities



IQ9N Microinverter is our first microinverter powered by GaN technology

The Work Ahead

2026 Priorities

For 2026, we are focused on three priorities. They are simple to say and demanding to execute: serve the customer better than anyone, build the right products, and maintain operational rigor while helping the channel adapt to the new financing reality. AI will be an important tool across all three. Used well, it can make the company faster without making it careless, more scalable without making it impersonal, and more intelligent without forgetting the customer.

Serve the customer better than anyone

We will measure ourselves by practical outcomes: faster and more predictable commissioning, fewer software-driven errors, stronger outage performance, better long-term battery health monitoring, more proactive service, more compatibility paths for the installed base, and a dependable cadence of software updates. We will use cloud connectivity, data, and AI to monitor the installed base more intelligently and resolve more issues before they become customer problems. In 2026, that means expanding customer and installer assistants, improving guided troubleshooting, predicting failures earlier, surfacing upgrade opportunities responsibly, and reducing the time between a customer problem and a useful answer.

Build the right products

We will continue investing in ninth-generation microinverters, the fifth-generation battery platform, our first small commercial battery, the DC IQ Bidirectional EV Charger, IQ SST, and the software that ties these assets together. The product work is concrete: a denser and more compatible residential battery architecture, an 80 kWh commercial battery building block, an 11 kW bidirectional DC charger for V2H and V2G, and software that makes these assets act like one system. AI is part of that product work. It should help forecast solar production and home consumption, optimize battery and EV charging, respond to tariffs and grid signals, support VPP dispatch, and make the Enphase App feel more like a trusted energy advisor than a dashboard. We will keep expanding battery retrofit programs where market rules make self-consumption more valuable and broaden access to prepaid leases and other TPO financing structures with our partners. The test for each product and program is not whether it sounds advanced. The test is whether it makes the system easier to sell, install, operate, service, finance, and monetize.

“We will continue investing in ninth-generation microinverters, the fifth-generation battery platform, our first small commercial battery, the DC IQ Bidirectional EV Charger, IQ SST, and the software that ties these assets together.”



Noel Franganz Villa Community in Kerala, India

Maintain operational rigor

We will stay focused on sell-through rather than sell-in, installer count, product cost reduction, operating expense discipline, margin health, inventory management, supplier diversification, and cash generation. We will also use AI internally where it improves execution: demand sensing, service analytics, quality pattern detection, documentation, software testing, and faster decision support for our teams. We will monitor policy developments in the United States and Europe and adjust quickly. The company that stays fit in difficult markets has more choices when markets improve.

Enphase U.S. Manufacturing

Advancing the country's clean energy economy

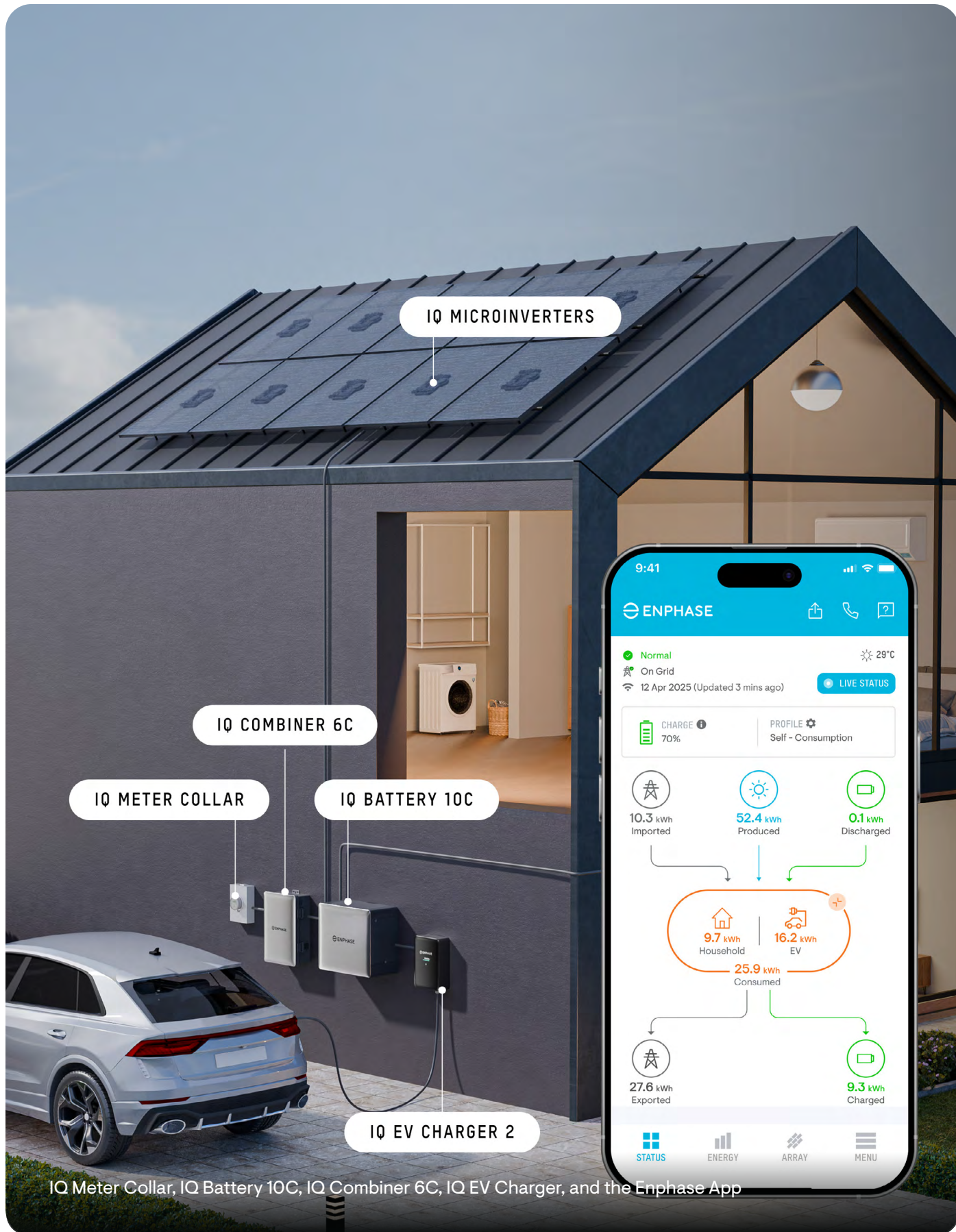


LINE 2

WAVE 3

LINE 3





IQ Meter Collar, IQ Battery 10C, IQ Combiner 6C, IQ EV Charger, and the Enphase App

Final Thoughts

Built for the Long Run

2025 tested the solar industry, but it also clarified the opportunity. Solar alone is no longer the whole story. The future is solar-plus-storage, EV charging, load control, software, financing, and VPP participation. In the United States, the loss of Section 25D makes financing innovation more important, not less. Customers want energy that is cleaner, more reliable, more affordable, and easier to manage. Utilities need flexible capacity. Installers need tools that reduce friction and soft costs. Asset owners need products that perform for decades.

Enphase sits at the intersection of these needs. We have a large installed base, a trusted brand, a strong balance sheet, domestic manufacturing capability, a global installer network, differentiated power electronics, and a software platform that becomes more valuable as homes and businesses become more electric.

We are not building Enphase for the next policy cycle. We are building it for the next generation of energy: distributed, intelligent, resilient, and increasingly controlled by software. That future will not arrive in a straight line. Few important futures do. But the direction is clear, and our job is to keep compounding the advantages that matter.

We will make mistakes. Every company does. But we will try to make them small, learn from them quickly, and keep our focus on the fundamentals: customer first, integrity, innovation, teamwork, quality, financial discipline, and a commitment to building compatibility into what we make. That is how durable companies are built.

I want to thank our employees for their focus and resilience, our customers and installers for their trust, our partners for their collaboration, and our shareholders for their continued support. The work ahead is demanding. The opportunity is worthy. And Enphase is built for the long run.

To be continued,

Badri Kothandaraman
President and CEO
May 20, 2026

Appendix

Enphase Energy, Inc. reconciliation of GAAP financial measures to non-GAAP financial measures

In thousands, except per share data and percentages	Year ended		
	2025	2024	2020
Gross profit (GAAP)	\$ 687,004	\$ 629,138	\$ 345,981
Stock-based compensation	17,178	14,538	3,759
Tariff refunds			(38,940)
Acquisition related amortization	6,359	7,469	
Gross profit (Non-GAAP)	\$ 710,541	\$ 651,145	\$ 310,800
Gross margin (GAAP)	46.6 %	47.3 %	44.7 %
Stock-based compensation	1.2%	1.0%	0.5%
Tariff refunds	- %	- %	(5.1)%
Acquisition related amortization	0.4%	0.6%	- %
Gross margin (Non-GAAP)	48.2 %	48.9 %	40.1 %
Operating expenses (GAAP)	\$ 529,478	\$ 551,846	\$ 159,542
Stock-based compensation	(196,323)	(196,554)	(38,744)
Acquisition related expenses and amortization	(11,507)	(12,911)	(2,502)
Restructuring and asset impairment charges	(7,131)	(13,154)	
Operating expenses (Non-GAAP)	\$ 314,517	\$ 329,227	\$ 118,296
Operating expense % of revenue	21.4 %	24.7 %	15.3 %
Income from operations (GAAP)	\$ 157,526	\$ 77,292	\$ 186,439
Stock-based compensation	213,502	211,093	42,503
Acquisition related expenses and amortization	17,866	20,380	2,502
Tariff refunds			(38,940)
Restructuring and asset impairment charges	7,131	13,154	
Income from operations (Non-GAAP)	\$ 396,024	\$ 321,919	\$ 192,504
Net income (GAAP)	\$ 172,133	\$ 102,658	\$ 133,995
Stock-based compensation	213,502	211,093	42,503
Tariff refunds			(39,567)
Acquisition related expenses and amortization	17,866	20,380	2,502
Restructuring and asset impairment charges	7,131	13,154	
Non-cash interest expense	4,164	8,650	18,825
Loss on partial settlement of Notes due 2024			3,037
Change in fair value of derivatives			44,348
Non-GAAP income tax adjustment	(24,955)	(34,891)	(17,117)
Net income (Non-GAAP)	\$ 389,840	\$ 321,044	\$ 188,526

Enphase Energy, Inc. reconciliation of GAAP financial measures to non-GAAP financial measures (continued)

In thousands, except per share data and percentages	Year ended		
	2025	2024	2020
Net income per share, basic (GAAP)	\$ 1.31	\$ 0.76	\$ 1.07
Stock-based compensation	1.63	1.56	0.34
Tariff refunds			(0.32)
Acquisition related expenses and amortization	0.14	0.15	0.02
Restructuring and asset impairment charges	0.05	0.10	
Non-cash interest expense	0.03	0.06	0.15
Loss on partial settlement of Notes due 2024			0.03
Change in fair value of derivatives			0.35
Non-GAAP income tax adjustment	(0.19)	(0.26)	(0.14)
Net income per share, basic (Non-GAAP)	\$ 2.97	\$ 2.37	\$ 1.50
Shares used in per share calculation, basic and diluted (GAAP and Non-GAAP)	131,162	135,167	125,561
Net income per share, diluted (GAAP)	\$ 1.29	\$ 0.75	\$ 0.95
Stock-based compensation	1.62	1.56	0.31
Tariff refunds			(0.28)
Acquisition related expenses and amortization	0.14	0.15	0.02
Restructuring and asset impairment charges	0.05	0.10	
Non-cash interest expense	0.04	0.06	0.14
Loss on partial settlement of Notes due 2024			0.02
Change in fair value of derivatives			0.33
Non-GAAP income tax adjustment	(0.18)	(0.26)	(0.12)
Net income per share, diluted (Non-GAAP)	\$ 2.96	\$ 2.37	\$ 1.37
Shares used in per share calculation (GAAP)	134,886	140,004	141,918
Shares used in per share calculation (Non-GAAP)	131,515	135,641	137,469
Net cash provided by operating activities (GAAP)	\$ 136,540	\$ 513,693	\$ 216,334
Purchases of property and equipment	(40,639)	(33,604)	(20,558)
Deemed repayment of convertible notes due 2024 attributable to accreted debt discount			3,132

¹ Calculation of non-GAAP diluted net income per share for the year ended December 31, 2020 excludes convertible notes due 2023 interest expense, net of tax of \$0.1 million from non-GAAP net income.



IQ Balcony Solar harnesses solar energy from panels for balconies, patios, and small outdoor areas



Enphase Energy, Inc.

Corporate headquarters
47281 Bayside Parkway
Fremont, CA 94538
www.enphase.com
707-774-7000

Investor relations
investor.enphase.com
ir@enphaseenergy.com

Transfer agent and registrar
Equiniti Trust Company, LLC ("EQ")
28 Liberty Street, Floor 53
New York, NY 10005

Independent registered public accounting firm
Deloitte & Touche LLP

Stock exchange listing
Enphase Energy, Inc. common stock trades on the NASDAQ Global Market under the symbol ENPH Financial and investor information is available on the company's investor relations website at investor.enphase.com

