

# Investor Presentation

May 2020



Your Energy • Your Choice • Always On



# Safe Harbor

## Use of Forward-Looking Statements

This presentation 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 financial performance and guidance, including revenues, gross margin, operating results, expenses and costs; 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; the anticipated market adoption of Enphase's energy management system; the capabilities and performance of our technology and products, including product scalability, the ability to operate without a grid, the ability to optimize and customize products, load disaggregation, monitoring, and management, and reduction in installation, logistics and supply chain times; the capacity and availability of our products; our expectations as to the impact of the COVID-19 pandemic; our performance in operations, including product quality, safety, reliability, cost management, and customer service 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 at <http://investor.enphase.com/sec.cfm>, or on the SEC website at [www.sec.gov](http://www.sec.gov). All forward-looking statements in this presentation 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 presentation 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

- The Company has presented certain non-GAAP financial measures in this presentation. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes 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 of America, or GAAP. Reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure can be found in the Appendix to this presentation. Non-GAAP financial measures presented by the Company include non-GAAP gross margin, operating expenses, income (loss) from operations, net income (loss) and adjusted 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 the Company's 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. The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. Enphase believes that these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.
- As presented in the "Reconciliation of Non-GAAP Financial Measures" table in the Appendix to this presentation, 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 the Company's current operating performance and a comparison to its past operating performance:
  - Stock-based compensation expense. The Company excludes stock-based compensation expense from its non-GAAP measures primarily because they are non-cash in nature. Moreover, the impact of this expense is significantly affected by the Company's stock price at the time of an award over which management has limited to no control.
  - Restructuring and asset impairment charges. The Company excludes restructuring charges due to the nature of the expenses being unplanned and arising outside the ordinary course of continuing operations. These costs primarily consist of fees paid for restructuring-related management consulting services, cash-based severance costs related to workforce reduction actions, asset write-downs of property and equipment and lease loss reserves, and other contract termination costs resulting from restructuring initiatives.
  - Reserve for non-recurring legal matter. This item represents a charge taken for the potential settlement cost related to a dispute with a vendor. This item is excluded as it relates to a specific matter and is not reflective of the Company's ongoing financial performance.
  - Acquisition related expenses and amortization. This item represents expenses incurred related to the Company's acquisition of SunPower's microinverter business, 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 the Company's ongoing financial performance.
  - Non-recurring debt prepayment fees and non-cash interest. This item consists primarily of amortization of debt issuance costs, accretion of debt discount and non-recurring debt settlement costs, because these expenses does not represent a cash outflow for the Company except in the period the financing was secured or when the financing was settled, and such amortization expense or settlement of debt costs is not reflective of the Company's ongoing financial performance.
  - Adjusted free cash flow. This item represents cash flows from operating activities excluding payments for the acquisition reported in operating activities less purchases of property and equipment. The Company believes the adjusted free cash flow is the best measure of how much cash the business generates after accounting for capital expenditures.

# Enphase



Founded In **2006**,  
Total # of Employees: **635**,  
as of March 31, 2020



**#2 Residential Inverter**  
Market Share In US



Headquarters:  
**Fremont, California** With  
Offices Globally



**Over 1.1 million** Systems in  
over **130 Countries**,  
As of March 31, 2020



Our Customers Are  
**Installers, Homeowners**  
And **Module Partners**



2019 Revenue:  
**\$624.3 Million**,  
**1983 MW** DC Shipped



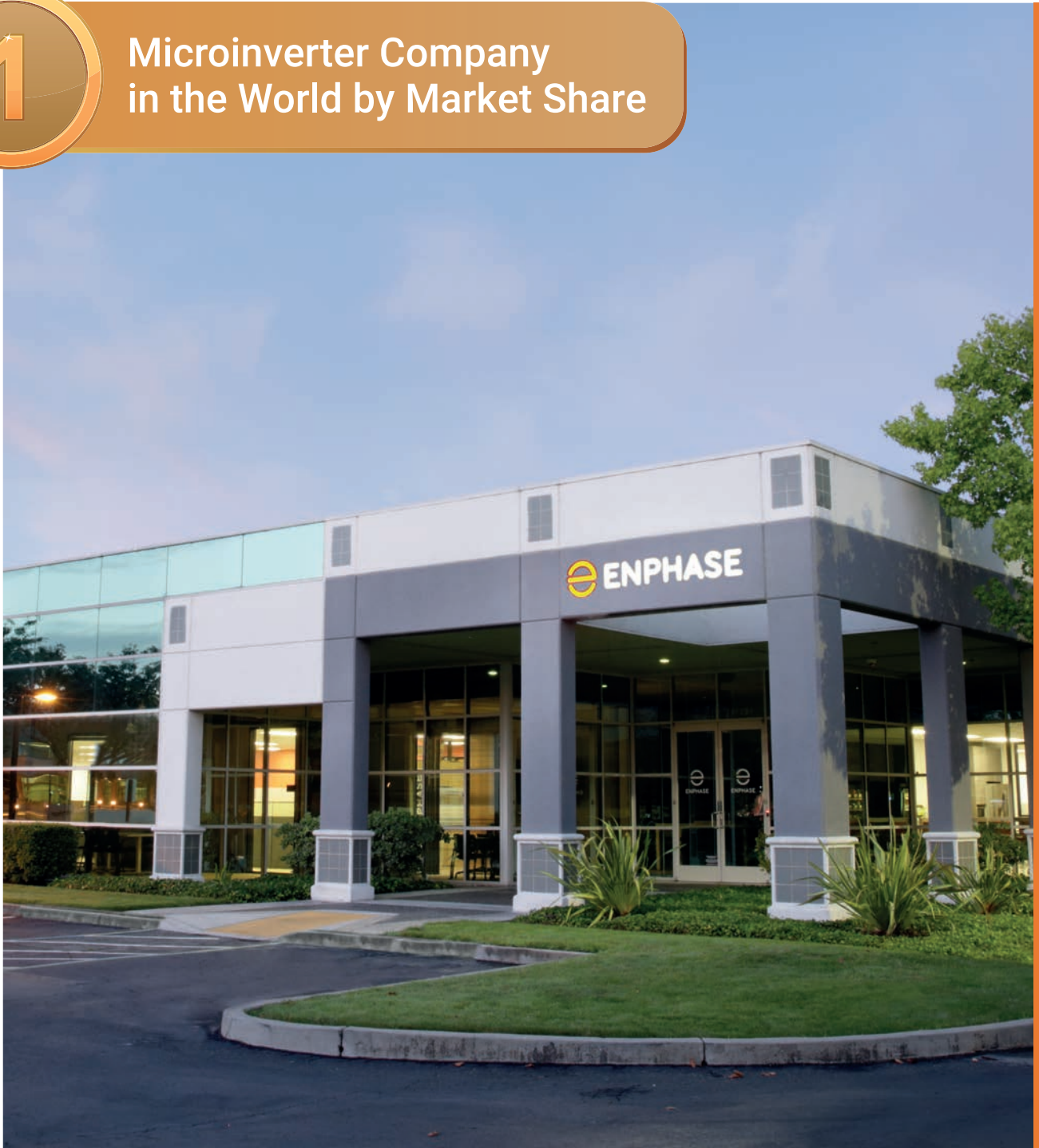
**27+ Million Microinverters**  
Shipped To Date,  
Representing 7+ Gigawatts



Shipped More Than  
**36 MWh** of Energy  
Storage Systems



**Microinverter Company**  
in the World by Market Share



# Management Has Deep Semiconductor And Solar Expertise



## Badri Kothandaraman President and CEO

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- Former COO At Enphase, Exec VP At Cypress Semiconductor For Memory And IoT Products
- B.Tech From IIT Madras And Masters In Materials Science From U.C. Berkeley
- Attended The Stanford Executive Program And Holds 8 US Patents



## Eric Branderiz Chief Financial Officer

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- 20+ Years Of Semiconductor, Energy And Solar Industry Finance And Operations Experience
- Former Tesla VP, Corporate Controller, And Chief Accounting Officer
- Former SVP, And Chief Accounting Officer At Sunpower & Spansion
- CPA, Bachelor's Degree in Business Commerce With Accounting Concentration From Univ Of Alberta



## Raghu Belur Chief Products Officer

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- Co-founder Of Enphase
- Developed High-speed Optical Communication Technology For Cerent (Acquired By Cisco)
- Master's Degree In EE From Texas A&M And MBA From Berkeley's Haas School Of Business



## David Ranhoff Chief Commercial Officer

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- Seasoned Executive In Solar And Semiconductor Manufacturing
- Key Leadership Roles In Solar At GCL-Poly Solar, SunEdison And Solaicx
- Former CEO Of Credence Systems, A Semiconductor Equipment Manufacturer
- BSEE From Northeastern University And Attended The Stanford Executive Program



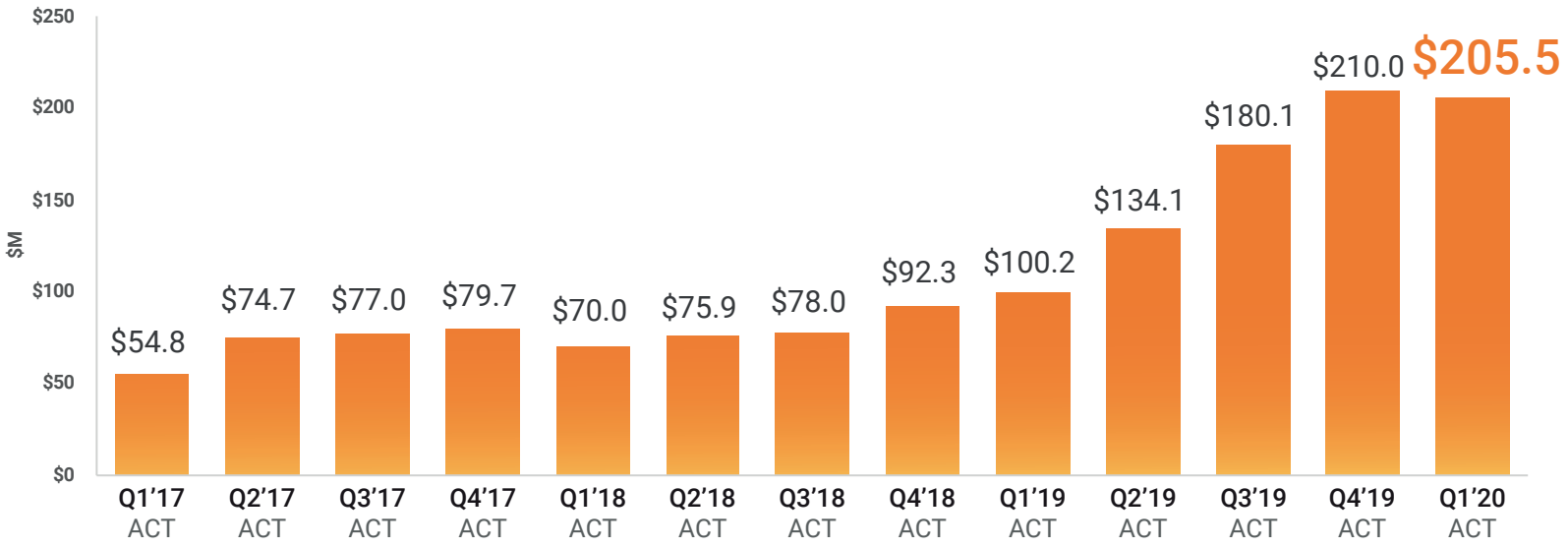
## Jeff McNeil Chief Operating Officer

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- Seasoned Executive In Semiconductor And Disk Drive Industry With 35 Years Experience
- SVP Operations At Cypress, Transformed Supply Chain Management
- Led A Precedent Setting FCC Certification For At-a-distance Wireless Power At Energous
- BS Chemical Eng. From San Jose State University

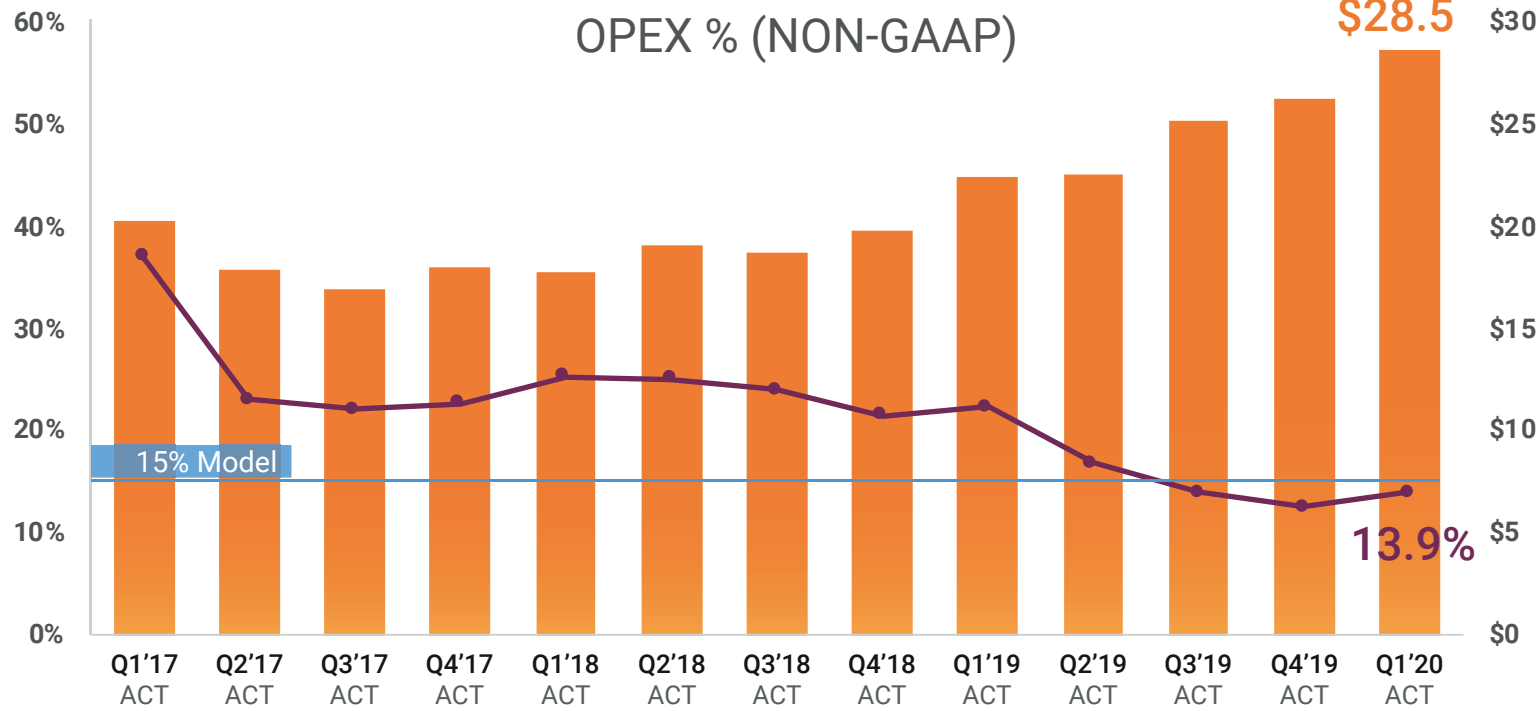
# Financial Snapshot

REVENUE (\$M)



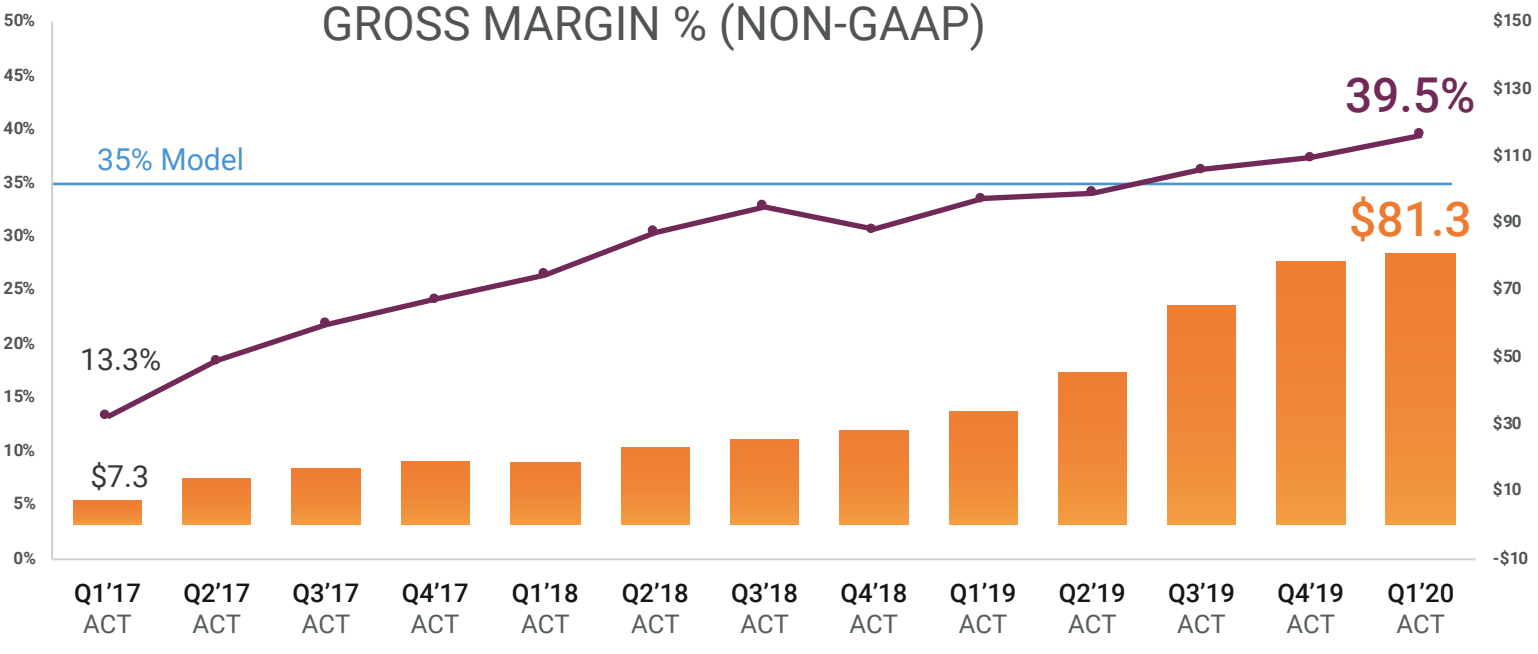
Q1'17 To Q1'20 Exited Low GM Accounts Focus on Profitable Growth

OPEX % (NON-GAAP)



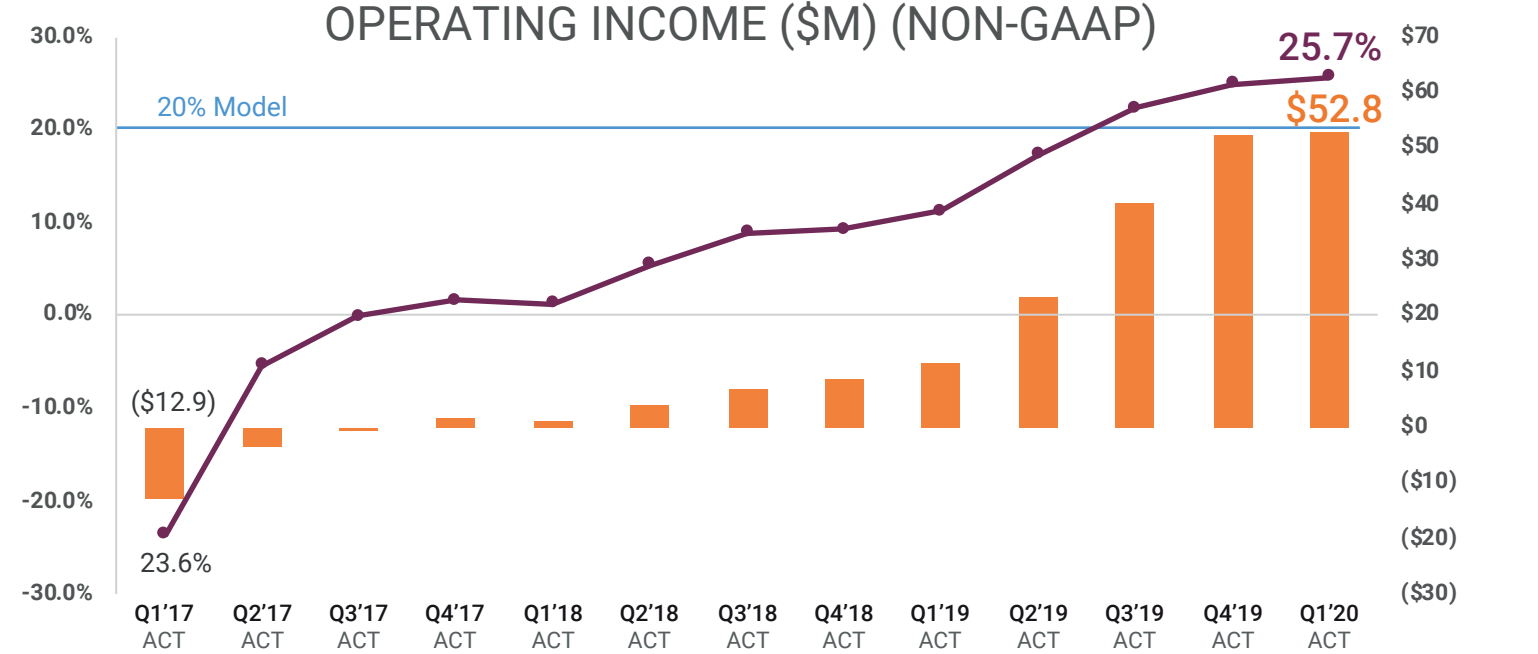
Q1'17 To Q1'20 Beat 15% of Revenue Target with 14% in Q1'20

GROSS MARGIN % (NON-GAAP)



Q1'17 To Q1'20 Pricing, Costs, New Products Are Driving Gross Margin Increase

OPERATING INCOME (\$M) (NON-GAAP)



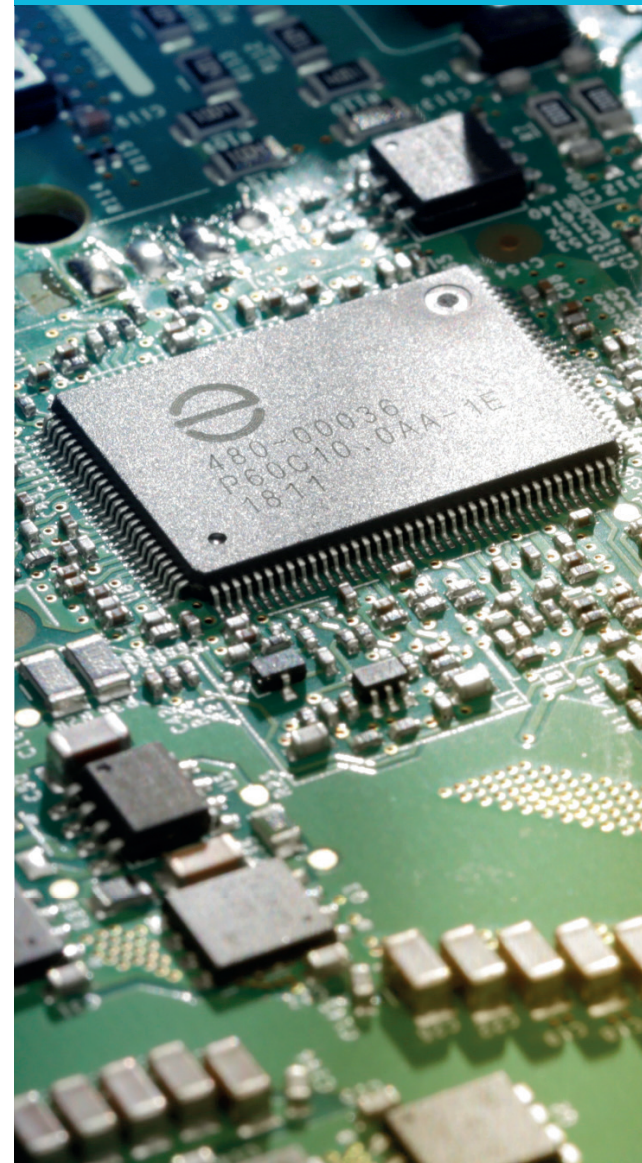
Q1'17 To Q1'20 Surpassed 20% of Revenue Target with 26% in Q1'20

All numbers reflected are on Non-GAAP Basis, refer to Appendix for reconciliation to the most comparable GAAP measure.



# Our Core Differentiation

## Semiconductor



**Predictive Control**

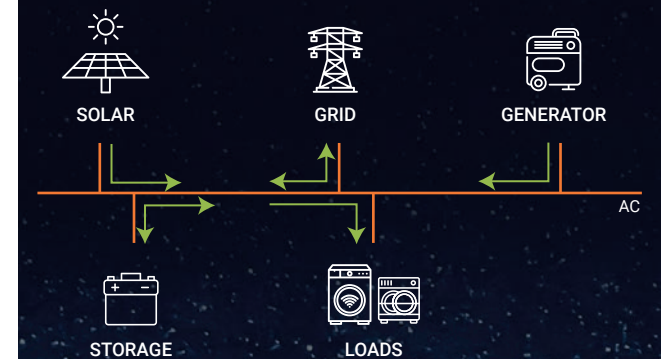
## Software



**Software-Defined Architecture**

## Ensemble™

### Energy Management Technology

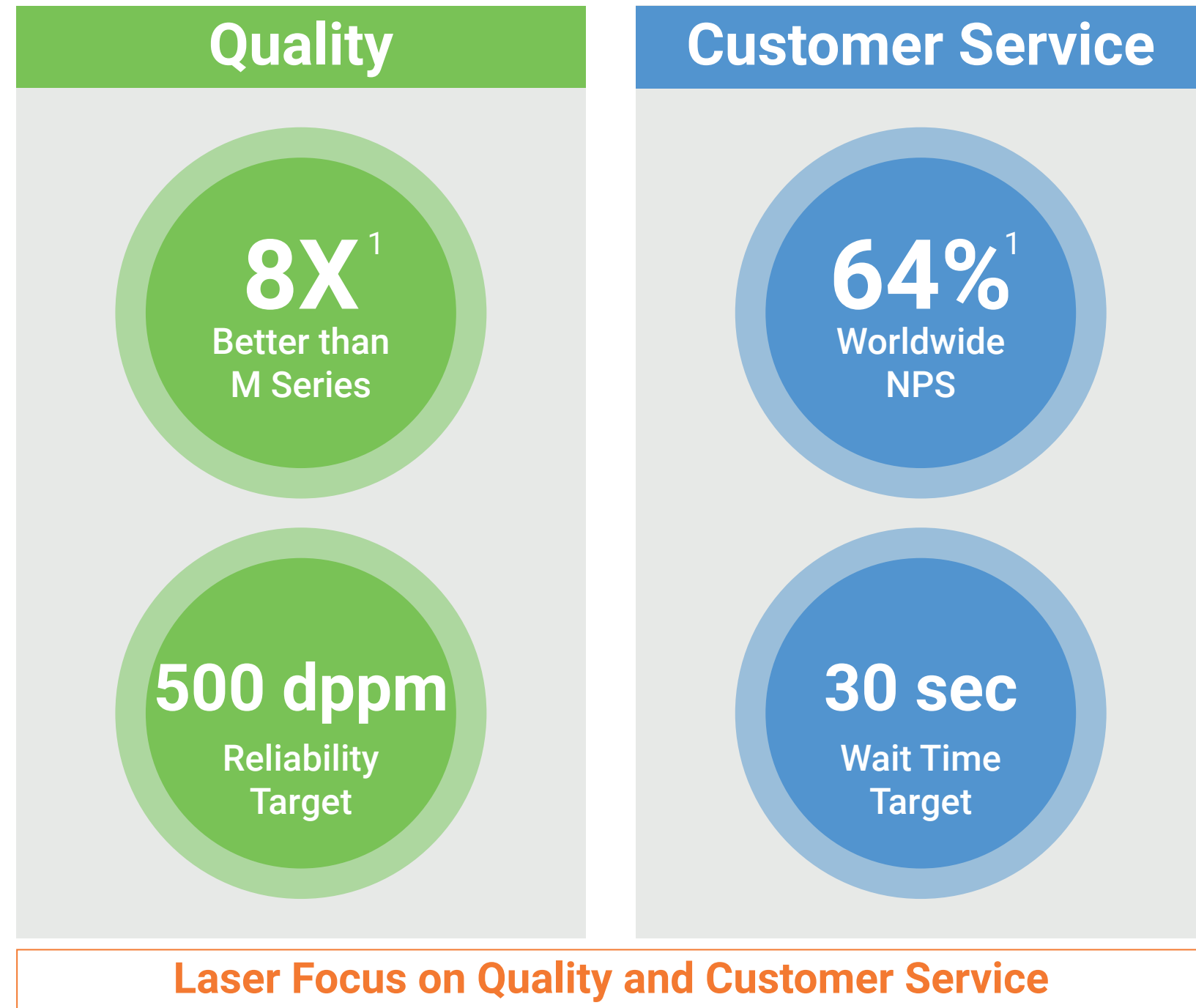


**Home Energy Management**



# Operational Excellence

Customer Experience

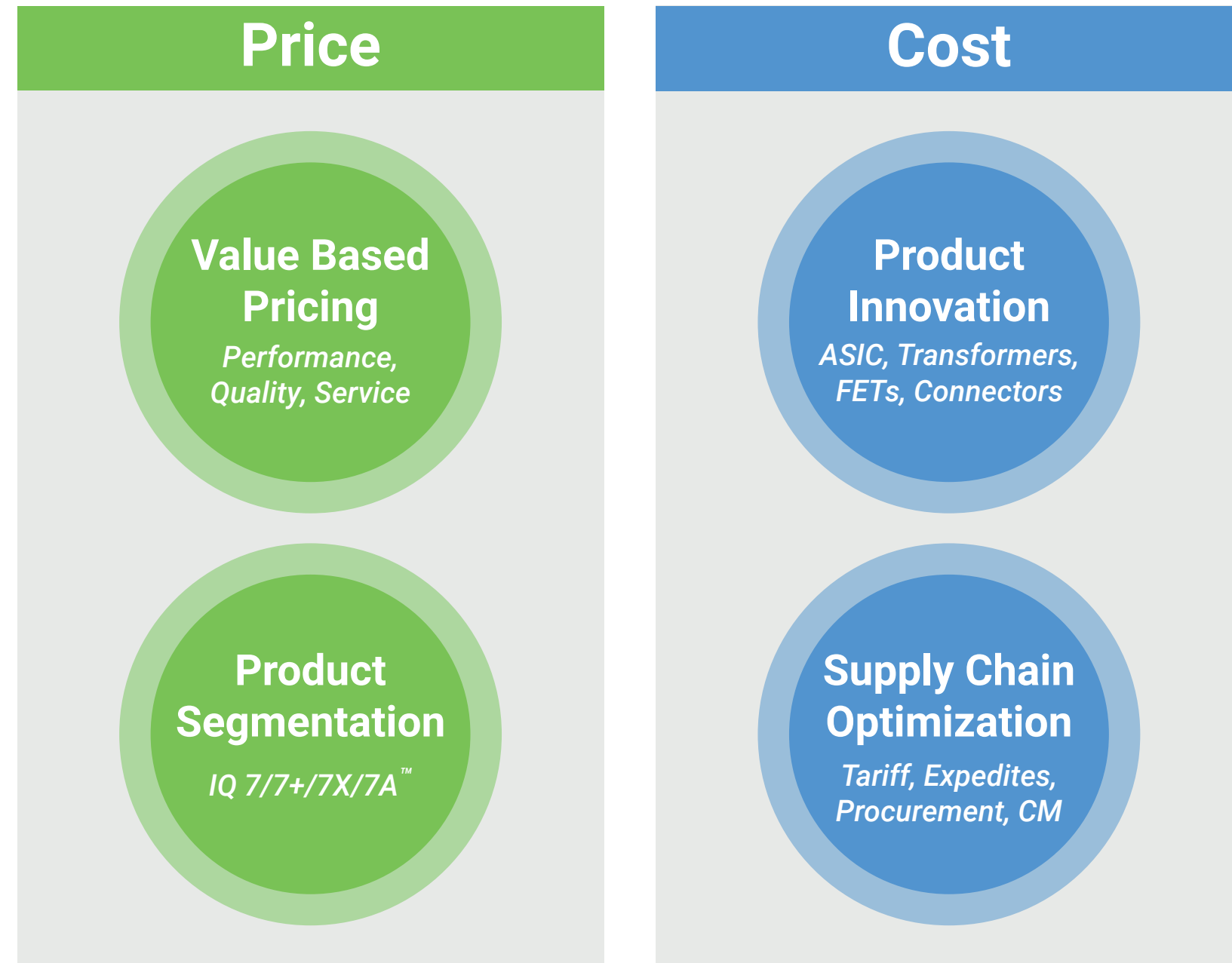


<sup>1</sup>8X refers to actual results of IQ 7™ Microinverters as of Q1'20, NPS refers to Net Promoter Score is as of Q1'20



# Operational Excellence

Gross Margin Management



**Product Innovation, Maximizing Value, Multi-sourcing**

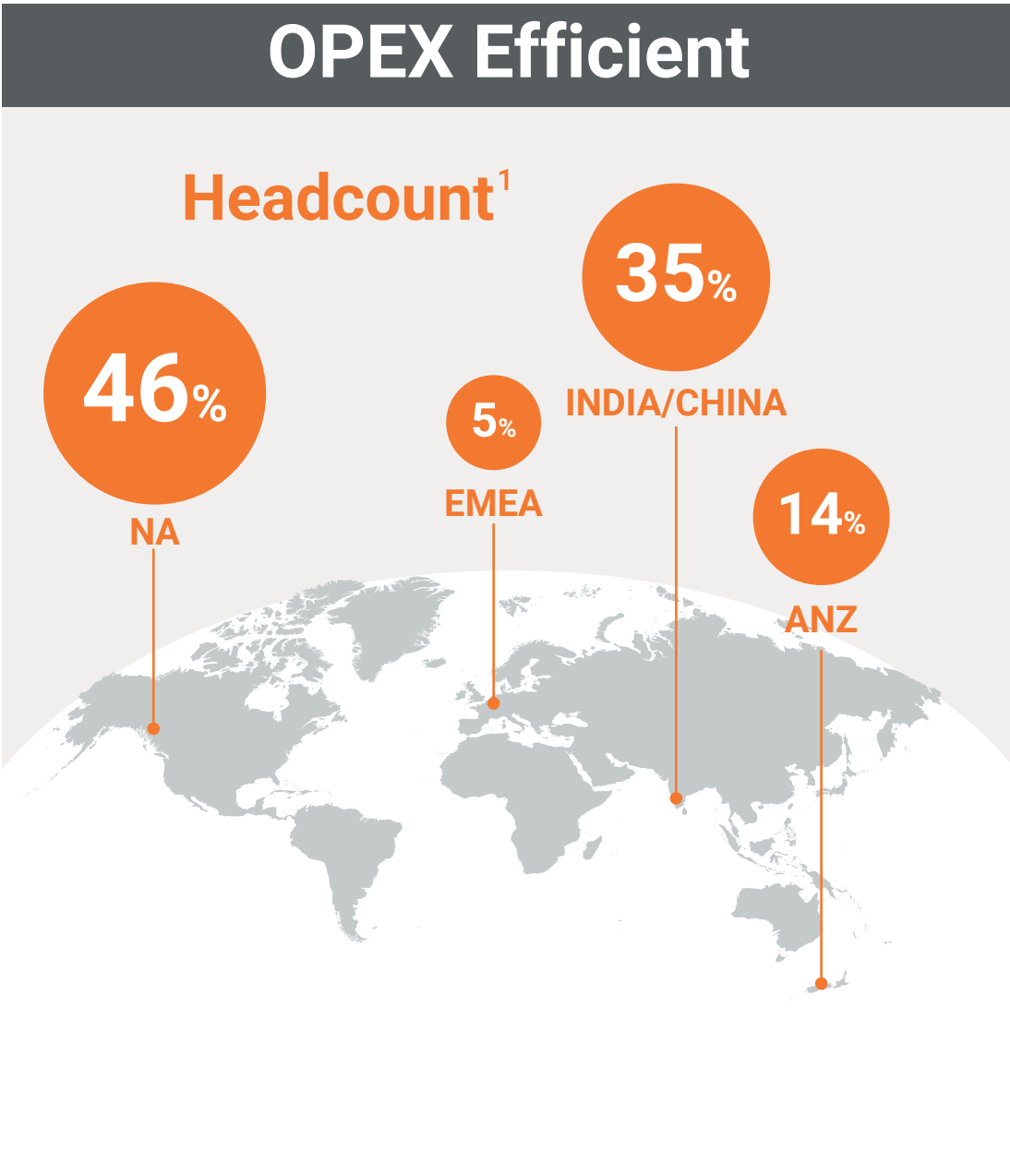


# Scalable Business Model



### CAPEX Lite

No Big Factories

A photograph of a large industrial factory with multiple smokestacks emitting white smoke into a blue sky with clouds. The foreground shows a pile of dark material, possibly coal or scrap metal.

**Capacity<sup>2</sup> of 3.5M Microinverters<sup>3</sup> and 120MWh Storage Per Quarter in Q4'20**

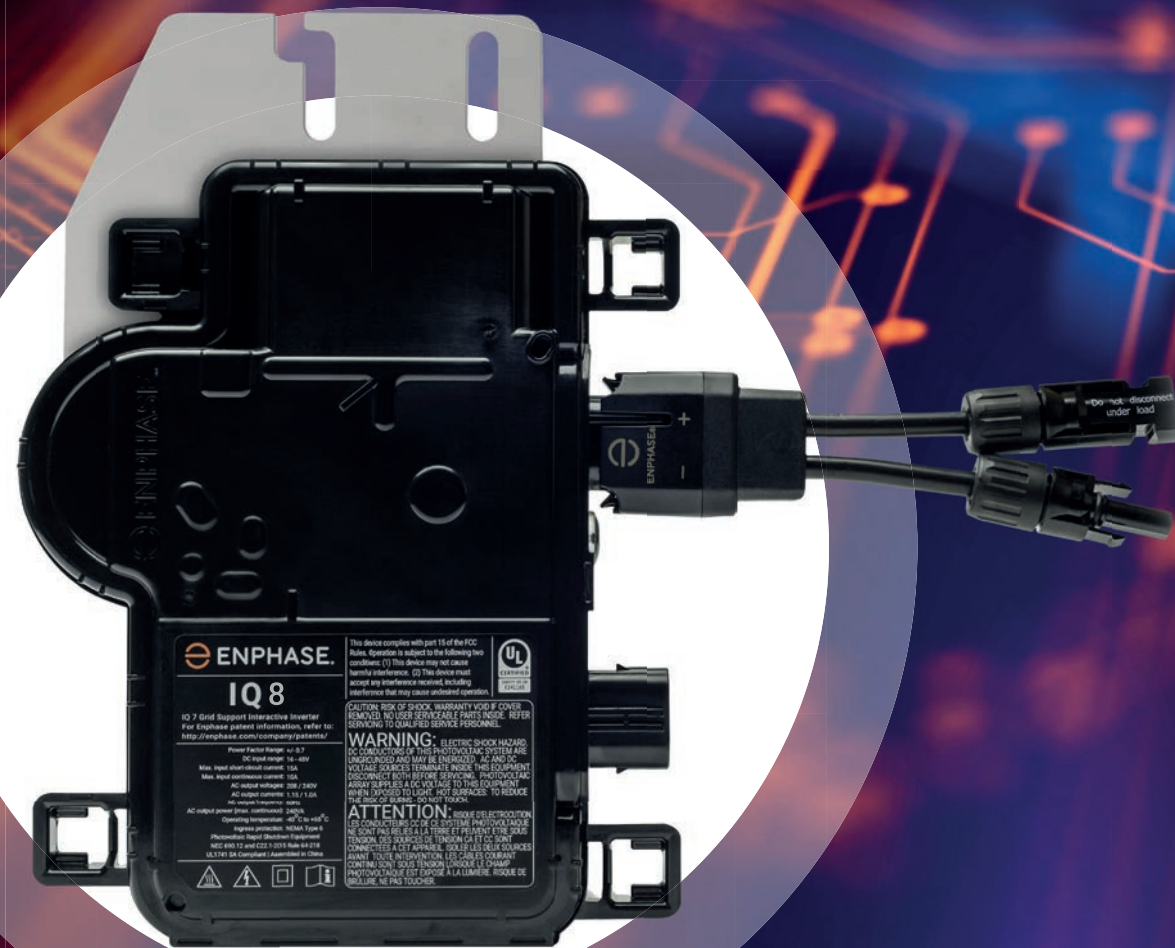
<sup>1</sup> Percentage of worldwide headcount as of Q1'20  
<sup>2</sup> Estimated CAPEX spending \$25M for 2020 doubles capacity  
<sup>3</sup> Ramping Flex-Mexico capacity from 500K to 1M Microinverters per quarter from Q4'19 to Q4'20

# Our Strategy

We are transforming from a solar microinverter systems company  
to a home energy management systems company



# The Power of Semiconductors, Software and Ensemble™



## High Quality

Higher Efficiency, Fewer Components  
IoT System, Over-the-air Upgrades

## Safety

No High Voltage DC  
Lithium Iron Phosphate Chemistry

## Flexibility

Modular Design  
AC Market Place

## Exceptional Value

Grid Independence  
AC Module

## Supply Chain Efficiency

One Hardware Platform  
Configurable SKUs

## Low Cost

Resonant Architecture, Power Scaling  
Semiconductor Integration

## Great Customer Experience

One-stop-shop

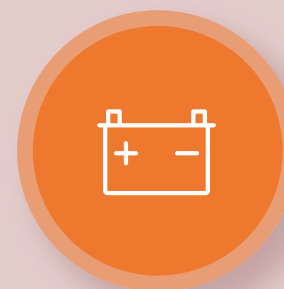


# New Vectors of Profitable Growth

Increasing SAM from \$3.3B in 2019 to \$12.5B in 2022



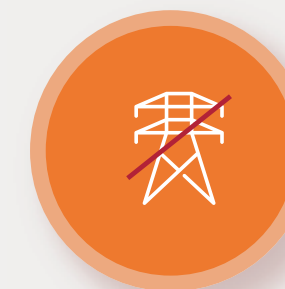
**Residential  
Solar**



**Residential  
Storage**



**Small Commercial  
Solar**



**Offgrid  
Solar & Storage**



# Residential Solar



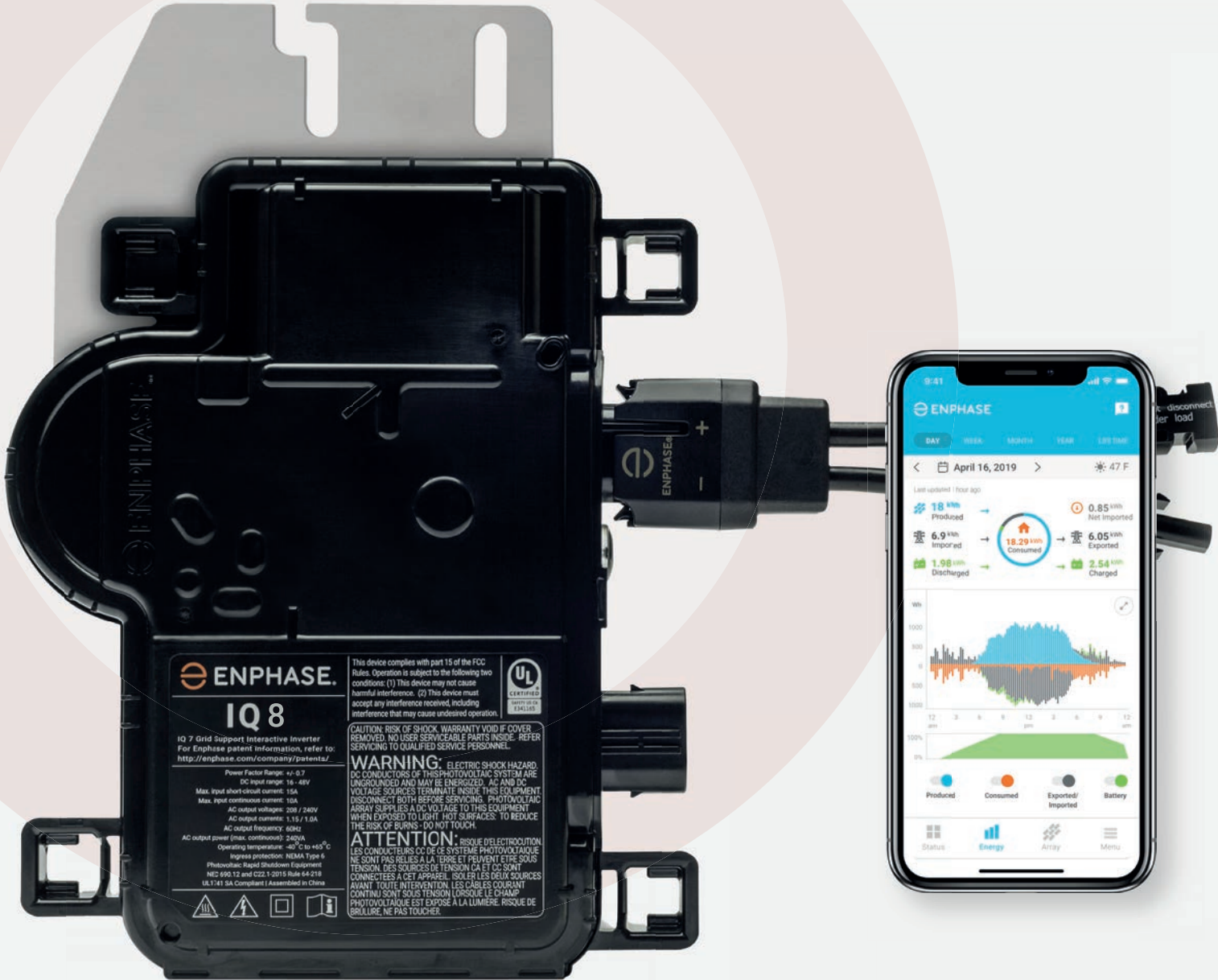
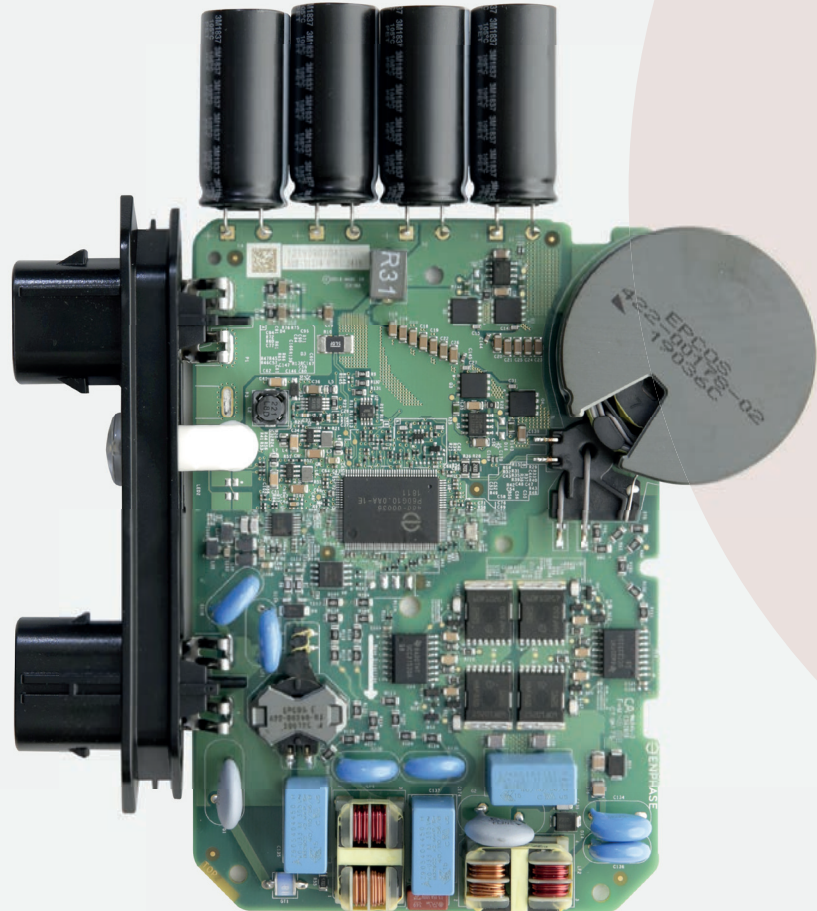
**\$2.5B**  
2019 SAM<sup>1</sup>

**\$4B**  
2022 SAM<sup>1</sup>

**Introduce Ensemble™, Enter New Regions, Focus on Tier 3/4 Installers**

<sup>1</sup>Source: GTM/Wood Mackenzie Research (US PV Market Forecast) 2019, IHS Research (IHS EMEA Report 2019), SunWiz Research 2019, ENPH Estimates 2022 SAM of 16GW: NA/LATAM 4.4GW, EMEA 4GW, Japan 3GW, APAC 4.6GW

# IQ 8™ Residential Microinverter

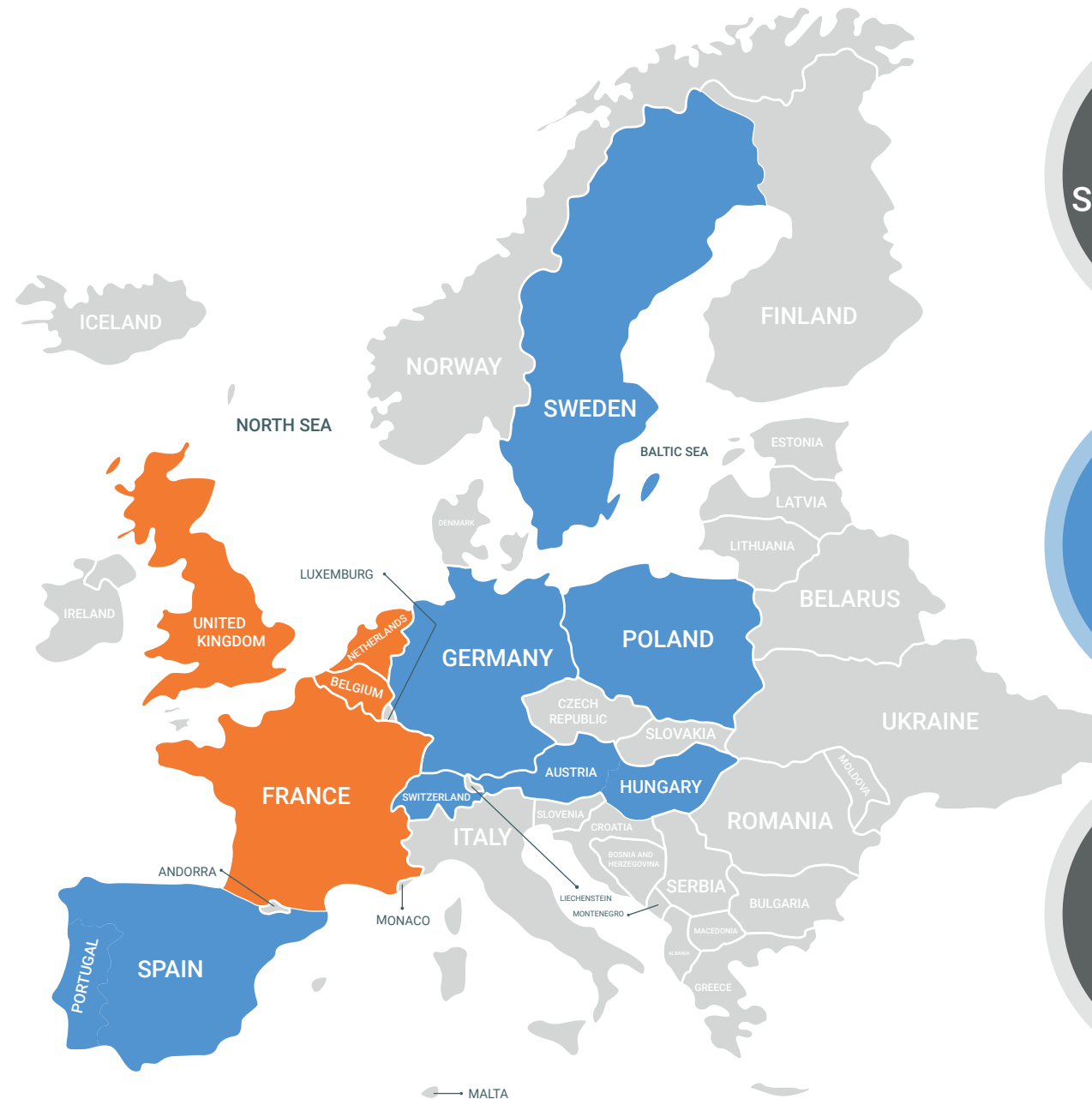


**World's First Grid Forming Microinverter System**



# Europe Growth Plan

Target To Grow Revenue 2X in 2020



**Triple**  
Sales Headcount  
by Year End

**Transfer**  
Top Talent to  
Europe

**Enter**  
8 Countries  
in 2020

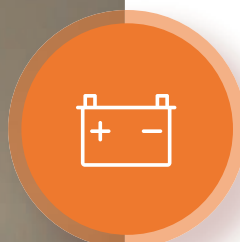
**Focus**  
Small Systems  
Social Housing  
Roofing

**Grow**  
Small and  
Medium  
Installer Base

**Market**  
To Homeowners  
and Increase  
Awareness

**Great Product-Market Fit, Time To Execute**

- Existing Markets
- New Markets 2020
- Future Markets



# Residential Storage

**\$500M**  
2019 SAM<sup>1</sup>

New Installs  
**\$2B**  
2022 SAM<sup>1</sup>

Enphase Installed Base  
**\$1B**  
2022 SAM<sup>2</sup>

**One-stop-shop, Reliable, Scalable, Simple, Safe**

<sup>1</sup>Source: GTM/Wood Mackenzie Research (Global Energy Storage Outlook 2019), IHS Research (IHS EMEA Report 2019), ENPH Estimates  
2022 SAM of 3.6GWh: NA/LATAM 1.6GWh, EMEA 1GWh, APAC 900MWh

<sup>2</sup>ENPH assumption: Retrofit opportunity of ~ 1.5M Enphase homes over 10 years



# Encharge™ Storage System

Available In Two Configurations



10.1kWh



3.4kWh

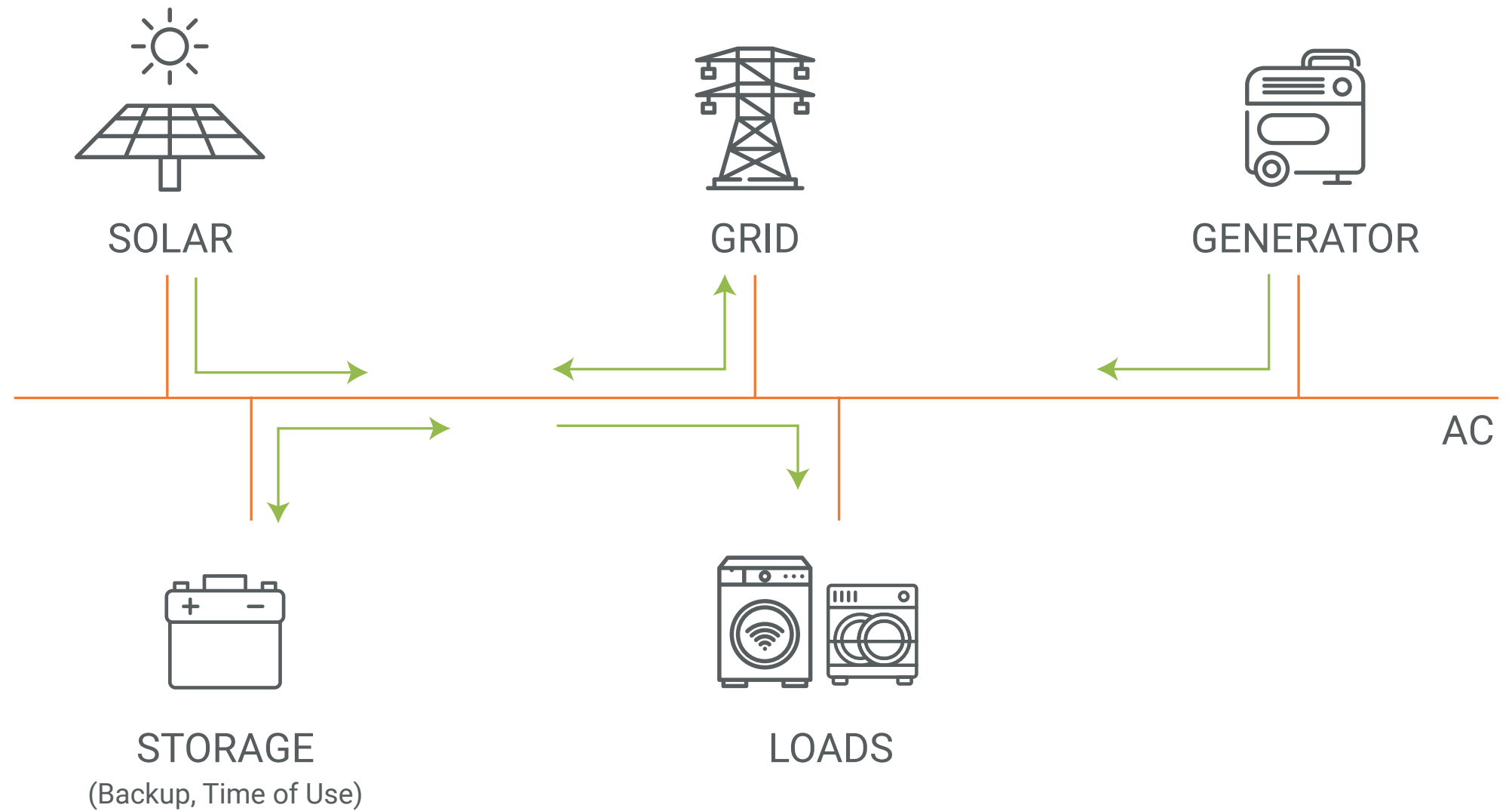


**One-stop-shop, Reliable, Scalable, Simple, Safe**



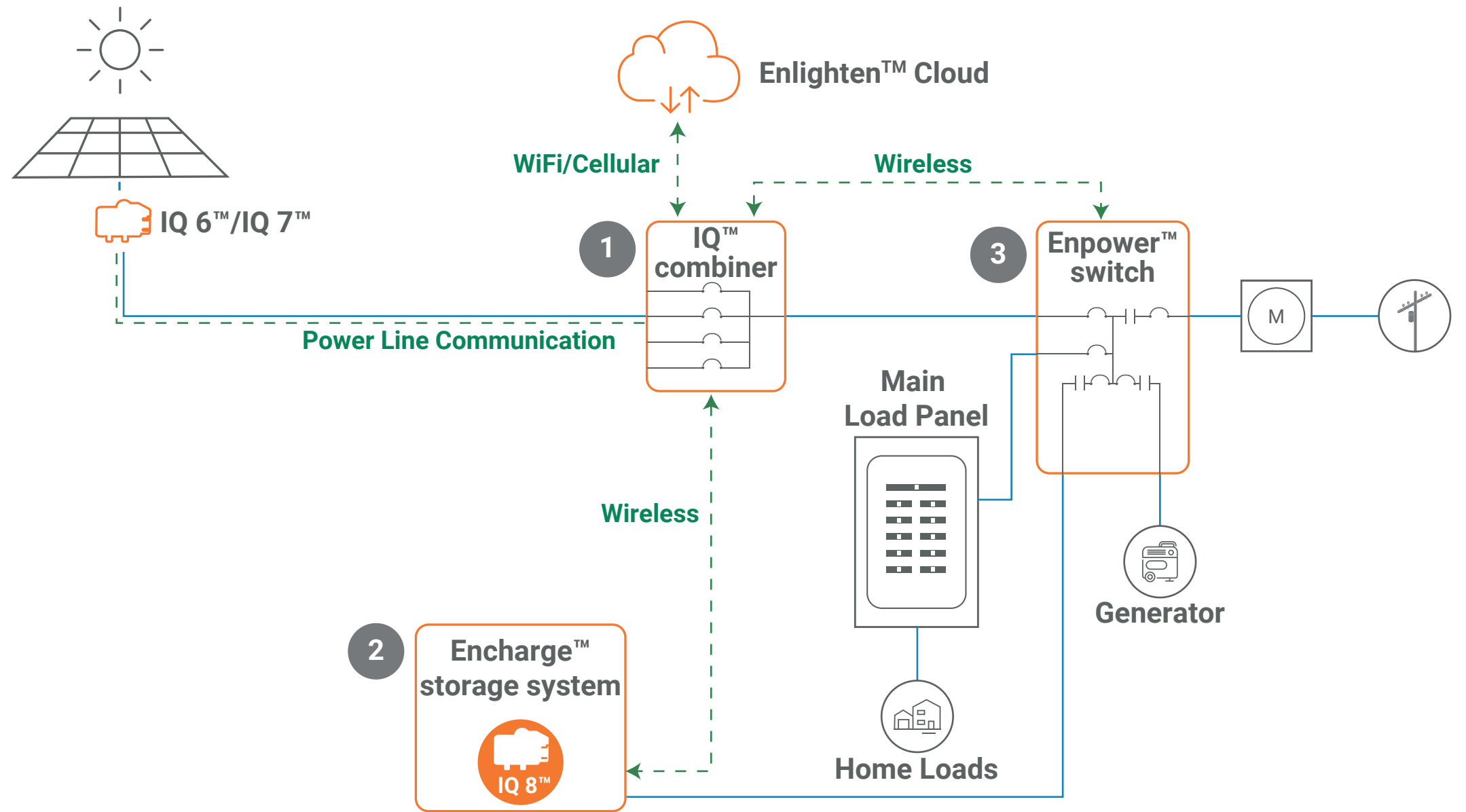
# Ensemble™ Energy Management Technology

Automatically manages energy resources in your home such as solar, storage, grid, loads and generator



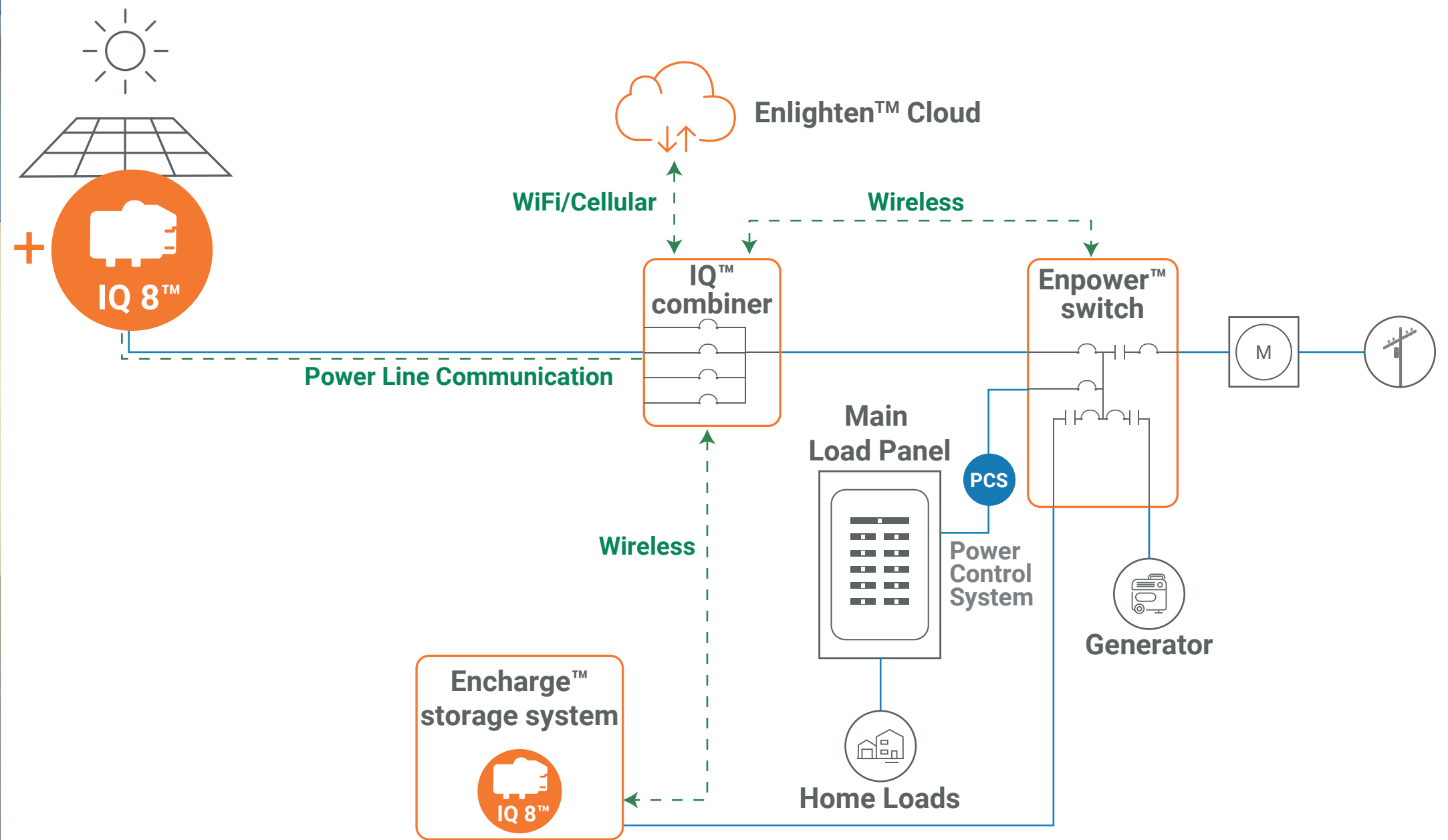


# On the Cusp of Ensemble™ 1.0



**Encharge™ Storage System Makes The System Always-On™**

# Gearing up for Ensemble™ 2.0



**Addition of IQ 8™ Grid-Independent Solar Significantly Improves Performance**



# Small Commercial Solar



**\$1.5B**  
2022 SAM<sup>1</sup>

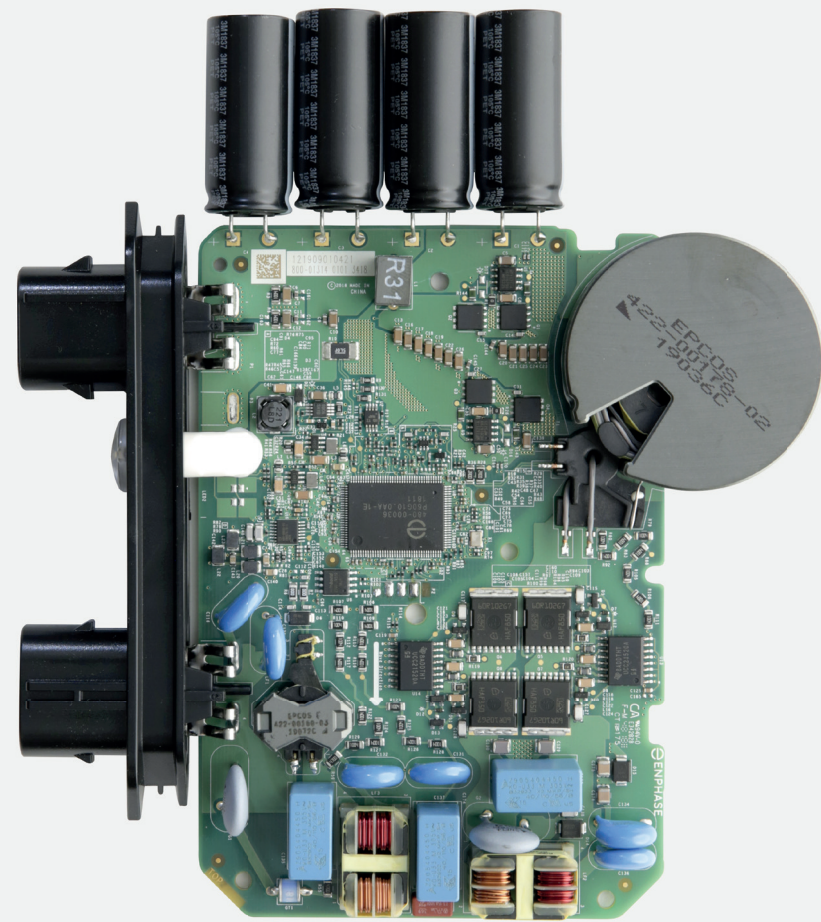
**\$300M**  
2019 SAM<sup>1</sup>

**Reliable, Rapid Shutdown Compliant, World Class Cost**

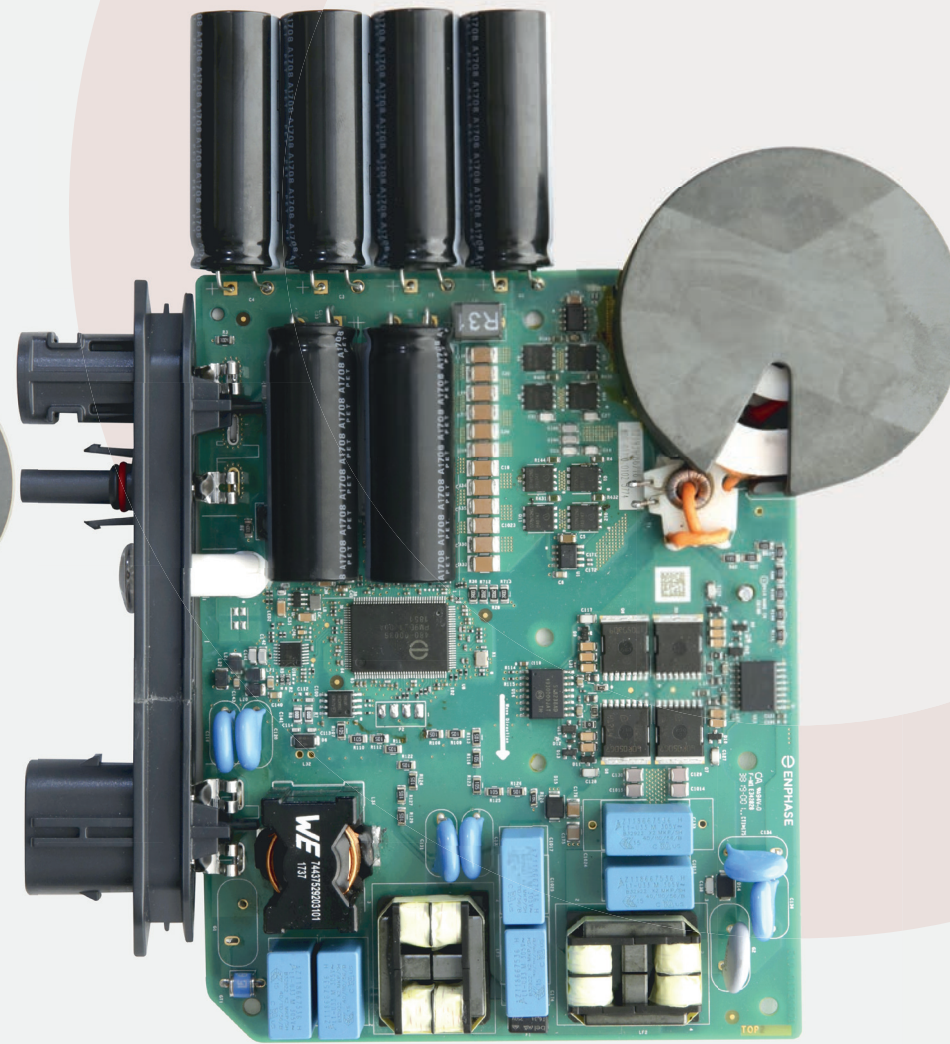
Source:<sup>1</sup>GTM/Wood Mackenzie Research (US State DG Market Prospector) 2019, IHS Research (IHS EMEA Report 2019), ENPH Estimates  
2022 SAM of 11GW: NA/LATAM 4.2GW, EMEA 3GW, APAC 3.8GW

# IQ 8D™ Commercial Microinverter

One 640W<sub>AC</sub> Microinverter Supports Two 400W<sub>DC</sub> Panels



IQ 8™



IQ 8D™



50%  
Greater  
Power  
Density<sup>1</sup>

500 dppm  
Reliability  
Target

97.5%  
Efficiency



<sup>1</sup> Power Density in W/cm<sup>3</sup> compared to IQ 8™



# Offgrid Solar and Storage

Focus on Indian Market

Providing Farmers  
Reliable Source of Energy

Solar Water Pump

**\$2B**

2022 SAM<sup>1</sup>

Reducing  
Energy Poverty

Standalone System

**\$1.5B**

2022 SAM<sup>2</sup>

Mitigating  
Extreme Heat

Air Cooler

**\$0.5B**

2022 SAM<sup>3</sup>



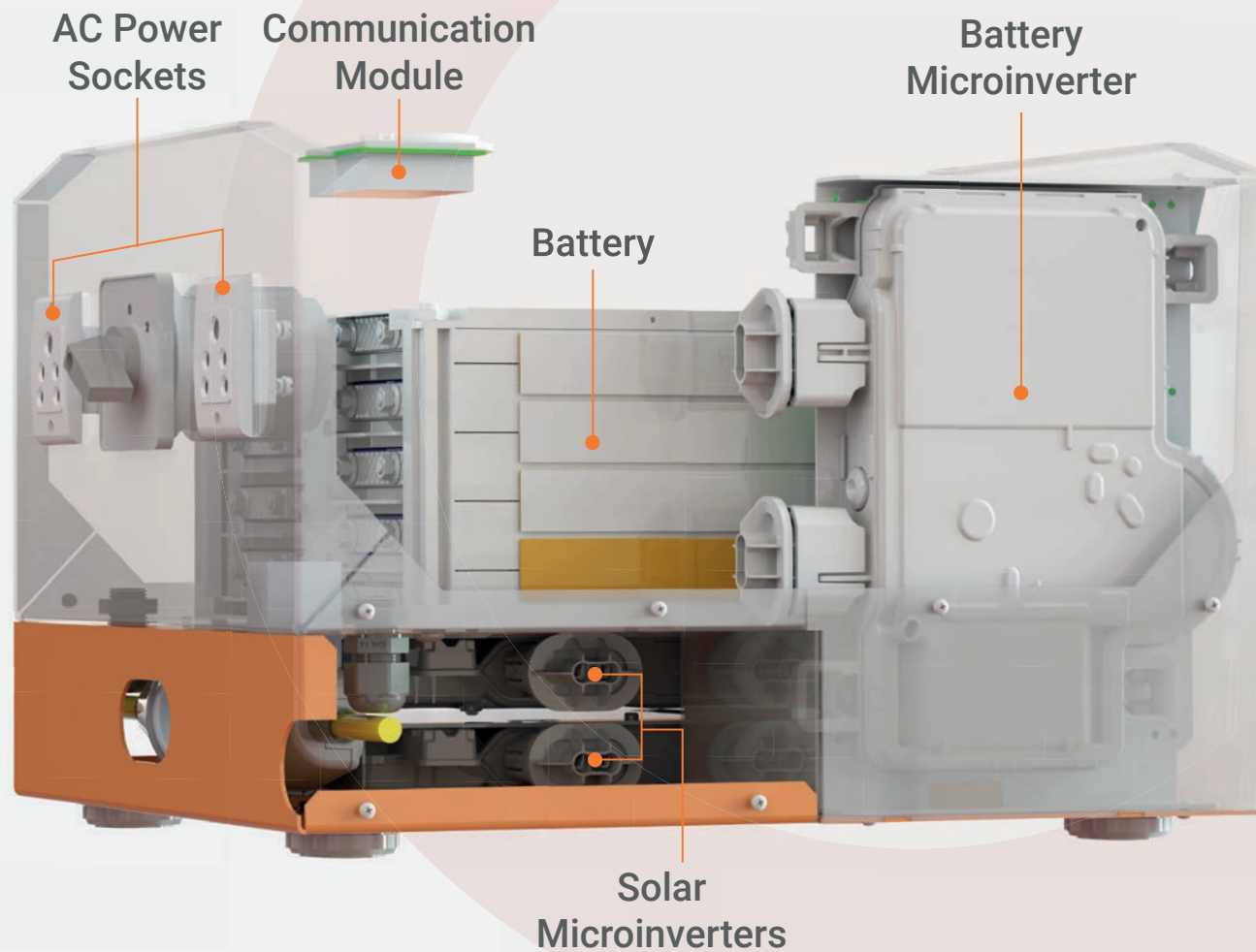
Source: MNRE, Govt. of India; CEEW India; India Census Data 2011; Symphony Annual Report 2019; ENPH Estimates

<sup>1</sup> Installed base of ~30M pumps in 2022. ENPH assumption: Convert 10% of installed base to solar per year for 0.5 - 3HP pumps

<sup>2</sup> Total number of homes per 2011 census data is ~123M. ENPH assumption: Convert 3% of installed base to solar and storage every year

<sup>3</sup> Installed base of ~20M air coolers in 2022. ENPH assumption: Convert 10% of installed base to solar every year

# Offgrid Solar and Storage Ensemble-In-A-Box™



2  
Solar Panel  
Inputs

Smart Phone  
Connectivity

1.2kWh  
LFP<sup>1</sup>  
Battery

AC Power  
Sockets

Supports Multiple Applications for the Indian Market

<sup>1</sup> Lithium Iron Phosphate





# Recap

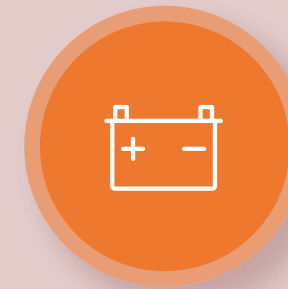
Increasing SAM from \$3.3B in 2019 to \$12.5B in 2022



Residential  
Solar

**IQ 8™**

**\$4B<sup>1</sup>**



Residential  
Storage

**Encharge™**

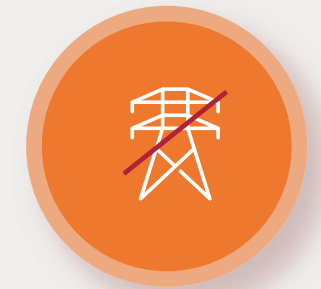
**\$3B<sup>1</sup>**



Small Commercial  
Solar

**IQ 8D™**

**\$1.5B<sup>1</sup>**



Offgrid  
Solar & Storage

**Ensemble  
In-A-Box™**

**\$4B<sup>1</sup>**

<sup>1</sup>All the numbers refer to 2022 SAM

# Baseline Financial Model

**35%**

Gross  
Margin

**Pricing Management**

**New Products**

**Cost Reductions**

**15%**

Operating  
Expenses<sup>1</sup>

**Executive Leadership in the U.S.**

**Core teams in India & New Zealand**

**No Compromise on Innovation**

**20%**

Operating  
Income<sup>1</sup>

**Sustainable Profitability**

**Strong Cash Generating Model**

# Revenue Growth Framework



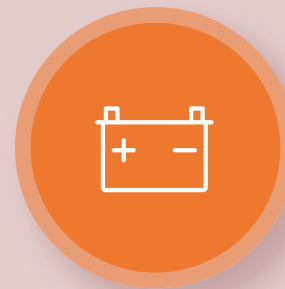
## Residential Solar

\$2K<sup>1</sup> revenue per home now

17% SAM CAGR to 2022

IQ 8™ brings added value

Continue share gain in NA, Grow Europe, Enter Japan



## Residential Storage

Adds Over \$8K revenue<sup>2</sup> per home

~5% ENPH attach<sup>3</sup> on new homes in US by Q4'20

\$80M retrofit revenue for every 1% of ENPH installed base



## Small Commercial Solar

\$1.5B SAM in 2022

2020 Product launch

Targeting similar market share as residential by 2022



## Offgrid Solar & Storage

Blue Ocean Opportunity

2020 Product launch

<sup>1</sup>ENPH Assumption: ASP of \$100 per Microinverter system and 20 Microinverters per home

<sup>2</sup>ENPH Assumption: \$8K for 10KWh of Storage and Smart Switch

<sup>3</sup>ENPH Estimate

# Appendix



# Enphase Microinverter Versus Traditional String Inverter

## Enphase Solar Energy System

Distributed Architecture

Semiconductor Integration

**Enphase Microinverter**  
*Converts DC to AC at Each Panel*



Proprietary Networking Technology

**Enphase Envoy™ Gateway**  
*Collects Performance Data*



Cloud-Based Energy Management

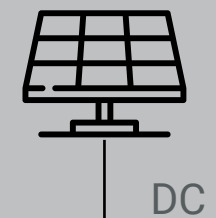
**Enphase Enlighten™ Platform**  
*Analytics Ensure Maximum Production*



## Traditional Solar Energy System

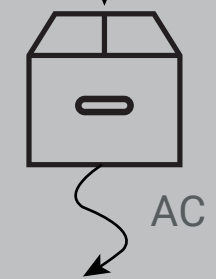
### Solar Panels

Contain photovoltaic (PV) cells which convert sunlight into direct current (DC)



### String Inverter

Converts the DC generated by the solar panels into alternating current (AC)



# Enphase Financials - GAAP Basis

P&L - GAAP (\$ in MUSD)	Q1'17 ACT	Q2'17 ACT	Q3'17 ACT	Q4'17 ACT	FY17 ACT	Q1'18 ACT	Q2'18 ACT	Q3'18 ACT	Q4'18 ACT	FY18 ACT	Q1'19 ACT	Q2'19 ACT	Q3'19 ACT	Q4'19 ACT	FY19 ACT	Q1'20 ACT
<b>Revenues</b>	\$ 54.8	\$ 74.7	\$ 77.0	\$ 79.7	\$ 286.2	\$ 70.0	\$ 75.9	\$ 78.0	\$ 92.3	\$ 316.2	\$ 100.2	\$ 134.1	\$ 180.1	\$ 210.0	\$ 624.3	\$ 205.5
<b>Cost of good sold</b>	(47.7)	(61.2)	(60.6)	(60.7)	(230.1)	(51.7)	(53.2)	(52.7)	(64.1)	(221.7)	(66.8)	(88.8)	(115.4)	(132.2)	(403.1)	(124.9)
<b>Gross profit</b>	7.1	13.5	16.5	19.0	56.0	18.3	22.7	25.3	28.2	94.4	33.3	45.3	64.7	77.9	221.2	80.7
<b>Gross Margin %</b>	12.9%	18.1%	21.4%	23.8%	19.6%	26.2%	29.9%	32.4%	30.5%	29.9%	33.3%	33.8%	35.9%	37.1%	35.4%	39.2%
<b>Operating expenses</b>	(29.1)	(22.8)	(22.4)	(21.1)	(95.4)	(20.8)	(23.3)	(25.6)	(23.2)	(92.8)	(26.2)	(27.9)	(31.0)	(33.4)	(118.5)	(36.0)
<i>% of Revenue</i>	53%	31%	29%	27%	33%	30%	31%	33%	25%	29%	26%	21%	17%	16%	19%	17%
<b>Operating income</b>	(22.1)	(9.2)	(5.9)	(2.1)	(39.4)	(2.5)	(0.6)	(0.4)	5.0	1.6	7.1	17.4	33.7	44.4	102.7	44.7
<i>% of Revenue</i>	-40%	-12%	-8%	-3%	-14%	-4%	-1%	0%	5%	1%	7%	13%	19%	21%	16%	22%
<b>Cash Flows from Operations (GAAP)</b>	(24.5)	0.2	(2.2)	(1.9)	(28.4)	3.4	4.1	6.8	1.9	16.1	17.1	14.8	5.0	102.3	139.1	39.2
<b>Cash (GAAP)</b>	30.0	31.0	28.9	29.1	29.1	53.3	58.5	116.2	106.2	106.2	78.1	206.0	203.0	296.1	296.1	593.8

\* Amounts may not total due to rounding

# Enphase Financials - Non-GAAP

P&L - Non GAAP (\$ in MUSD)	Q1'17	Q2'17	Q3'17	Q4'17	FY17	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19	Q4'19	FY19	Q1'20
	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT	ACT
<b>Revenues</b>	\$ 54.8	\$ 74.7	\$ 77.0	\$ 79.7	\$ 286.2	\$ 70.0	\$ 75.9	\$ 78.0	\$ 92.3	\$ 316.2	\$ 100.2	\$ 134.1	\$ 180.1	\$ 210.0	\$ 624.3	\$ 205.5
<b>Cost of good sold</b>	(47.5)	(60.9)	(60.2)	(60.4)	(229.0)	(51.5)	(52.8)	(52.4)	(64.0)	(220.6)	(66.6)	(88.4)	(114.9)	(131.6)	(401.4)	(124.3)
<b>Gross profit</b>	7.3	13.8	16.8	19.3	57.1	18.5	23.1	25.6	28.3	95.5	33.6	45.7	65.2	78.4	222.9	81.3
<b>Gross Margin %</b>	13.3%	18.4%	21.8%	24.2%	20.0%	26.5%	30.5%	32.8%	30.7%	30.2%	33.5%	34.1%	36.2%	37.3%	35.7%	39.5%
<b>Operating expenses</b>	(20.2)	(17.8)	(16.9)	(18.0)	(72.8)	(17.7)	(19.0)	(18.6)	(19.7)	(75.0)	(22.3)	(22.5)	(25.0)	(26.1)	(95.9)	(28.5)
<i>% of Revenue</i>	37%	24%	22%	23%	25%	25%	25%	24%	21%	24%	22%	17%	14%	12%	15%	14%
<b>Operating income</b>	(12.9)	(4.0)	(0.1)	1.3	(15.7)	0.9	4.1	7.0	8.6	20.5	11.3	23.2	40.2	52.3	127.0	52.8
<i>% of Revenue</i>	-24%	-5%	0%	2%	-5%	1%	5%	9%	9%	6%	11%	17%	22%	25%	20%	26%
<b>Adj Free Cash Flow</b>	(28.0)	0.1	(2.3)	(2.4)	(32.6)	2.3	3.6	11.9	4.1	22.0	16.4	12.3	0.8	94.8	124.3	35.9
<b>Cash (GAAP)</b>	30.0	31.0	28.9	29.1	29.1	53.3	58.5	116.2	106.2	106.2	78.1	206.0	203.0	296.1	296.1	593.8

All numbers except for those as noted above are on a Non-GAAP Basis, refer to Appendix for reconciliation to the most comparable GAAP measure.

\* Amounts may not total due to rounding

# Enphase Financials – GAAP To Non-GAAP Reconciliation

<i>\$ in millions (*)</i>	Q1'17	Q2'17	Q3'17	Q4'17	FY17	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19	Q4'19	FY19	Q1'20
<b>Gross profit (GAAP)</b>	\$ 7.0	\$13.5	\$16.5	\$19.0	\$ 56.0	\$18.3	\$22.7	\$25.3	\$28.2	\$ 94.4	\$33.4	\$45.3	\$64.7	\$ 77.9	\$221.2	\$ 80.7
Stock-based compensation	0.2	0.2	0.3	0.3	1.1	0.2	0.4	0.3	0.1	1.1	0.2	0.4	0.5	0.5	1.7	0.6
<b>Gross profit (Non-GAAP)</b>	<b>\$ 7.3</b>	<b>\$13.8</b>	<b>\$16.8</b>	<b>\$19.3</b>	<b>\$ 57.1</b>	<b>\$18.5</b>	<b>\$23.1</b>	<b>\$25.6</b>	<b>\$28.3</b>	<b>\$ 95.5</b>	<b>\$33.6</b>	<b>\$45.7</b>	<b>\$65.2</b>	<b>\$ 78.4</b>	<b>\$222.9</b>	<b>\$ 81.3</b>
<b>Gross margin (GAAP)</b>	12.9%	18.1%	21.4%	23.8%	19.6%	26.2%	29.9%	32.4%	30.5%	29.9%	33.3%	33.8%	35.9%	37.1%	35.4%	39.2%
Stock-based compensation	0.4%	0.3%	0.4%	0.4%	0.4%	0.3%	0.6%	0.4%	0.2%	0.3%	0.2%	0.3%	0.3%	0.2%	0.3%	0.3%
<b>Gross margin (Non-GAAP)</b>	<b>13.3%</b>	<b>18.4%</b>	<b>21.8%</b>	<b>24.2%</b>	<b>20.0%</b>	<b>26.5%</b>	<b>30.5%</b>	<b>32.8%</b>	<b>30.7%</b>	<b>30.2%</b>	<b>33.5%</b>	<b>34.1%</b>	<b>36.2%</b>	<b>37.3%</b>	<b>35.7%</b>	<b>39.5%</b>
<b>Operating expenses (GAAP)</b>	\$ 29.1	\$22.8	\$22.4	\$21.1	\$ 95.4	\$20.8	\$23.3	\$25.6	\$23.2	\$ 92.8	\$26.2	\$27.9	\$31.0	\$ 33.4	\$118.5	\$ 36.0
Stock-based compensation	(1.7)	(1.4)	(1.4)	(1.2)	(5.7)	(1.4)	(3.9)	(3.7)	(1.4)	(10.4)	(3.0)	(4.2)	(5.0)	(5.6)	(17.8)	(6.9)
Restructuring and asset impairment charges	(7.2)	(3.6)	(4.1)	(2.0)	(16.9)	-	-	(2.6)	(1.5)	(4.1)	(0.4)	(0.7)	(0.5)	(1.1)	(2.6)	-
Reserve for non-recurring legal matter	-	-	-	-	-	(1.8)	-	-	-	(1.8)	-	-	-	-	-	-
Acquisition related expenses and amortization	-	-	-	-	-	-	(0.4)	(0.7)	(0.5)	(1.6)	(0.5)	(0.5)	(0.5)	(0.6)	(2.2)	(0.6)
<b>Operating expenses (Non-GAAP)</b>	<b>\$ 20.2</b>	<b>\$17.8</b>	<b>\$16.9</b>	<b>\$18.0</b>	<b>\$ 72.8</b>	<b>\$17.7</b>	<b>\$19.0</b>	<b>\$18.6</b>	<b>\$19.7</b>	<b>\$ 75.0</b>	<b>22.3</b>	<b>22.5</b>	<b>25.0</b>	<b>26.1</b>	<b>\$ 95.9</b>	<b>28.5</b>
<b>Income (loss) from operations (GAAP)</b>	\$(22.1)	\$(9.2)	\$(5.9)	\$(2.1)	\$(39.4)	\$(2.5)	\$(0.6)	\$(0.4)	\$ 5.0	\$ 1.6	\$ 7.1	\$17.4	\$33.7	\$ 44.4	\$102.7	\$ 44.7
Stock-based compensation	1.9	1.6	1.7	1.4	6.7	1.6	4.3	4.1	1.5	11.4	3.3	4.6	5.5	6.2	19.4	7.5
Restructuring and asset impairment charges	7.2	3.6	4.1	2.0	16.9	-	-	2.6	1.5	4.1	0.4	0.7	0.5	1.1	2.6	-
Reserve for non-recurring legal matter	-	-	-	-	-	1.8	-	-	-	1.8	-	-	-	-	-	-
Acquisition related expenses and amortization	-	-	-	-	-	-	0.4	0.7	0.5	1.6	0.5	0.5	0.5	0.6	2.2	0.6
<b>Income (loss) from operations (Non-GAAP)</b>	<b>\$(12.9)</b>	<b>\$(4.0)</b>	<b>\$(0.1)</b>	<b>\$ 1.3</b>	<b>\$(15.7)</b>	<b>\$ 0.9</b>	<b>\$ 4.1</b>	<b>\$ 7.0</b>	<b>\$ 8.6</b>	<b>\$ 20.5</b>	<b>11.3</b>	<b>23.2</b>	<b>40.2</b>	<b>52.3</b>	<b>\$127.0</b>	<b>52.8</b>
<b>Cash flows from operating activities</b>	\$(24.5)	\$ 0.2	\$(2.2)	\$(1.9)	\$(28.4)	\$ 3.4	\$ 4.1	\$ 6.8	\$ 1.9	\$ 16.1	\$17.1	\$14.8	\$ 5.0	\$102.3	\$139.1	\$ 39.2
Payments for acquisition reported in cash flows from operating activities	-	-	-	-	-	-	-	6.0	4.0	10.0	-	-	-	-	-	-
Purchases of property and equipment	(3.5)	(0.0)	(0.1)	(0.5)	(4.1)	(1.0)	(0.4)	(0.9)	(1.8)	(4.2)	(0.7)	(2.5)	(4.2)	(7.4)	(14.8)	(3.4)
<b>Adjusted free cash flow</b>	<b>\$(28.0)</b>	<b>\$ 0.1</b>	<b>\$(2.3)</b>	<b>\$(2.4)</b>	<b>\$(32.6)</b>	<b>\$ 2.3</b>	<b>\$ 3.6</b>	<b>\$11.9</b>	<b>\$ 4.1</b>	<b>\$ 22.0</b>	<b>\$16.4</b>	<b>\$12.3</b>	<b>\$ 0.8</b>	<b>\$ 94.9</b>	<b>\$124.3</b>	<b>\$ 35.8</b>

\* Amounts may not total due to rounding





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