



# **ENPHASE ENERGY, INC.**

## **FY 2025**

# **Earnings Report Update**

**PREPARED BY:  
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Enphase Energy, a global energy technology company based in Fremont California, is the world's leading supplier of microinverter-based solar and battery systems that enable people to harness the sun to make, use, save, and sell their own power, and control it all with a smart mobile app. The company revolutionized the solar industry with its microinverter-based technology and builds all-in-one solar, battery, and software solutions. Enphase has shipped approximately 86.4 million microinverters, and more than 5.1 million Enphase-based systems have been deployed in over 160 countries.

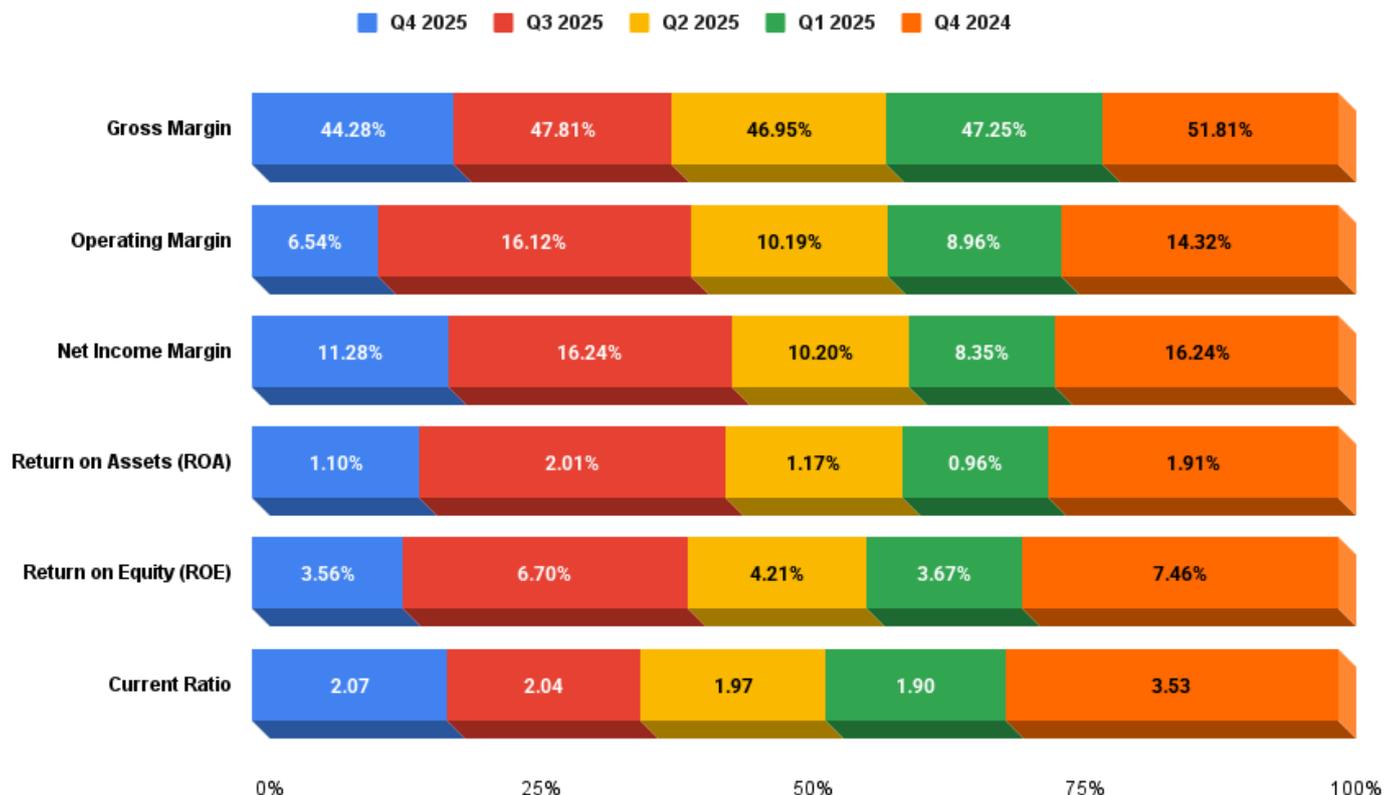
## GUIDANCE

Enphase Energy projects Q1 2026 revenue between \$270.0 million to \$300.0 million.

## Expectation Analysis

USD (\$)	Q4 2025	ESTIMATE	BEAT/MISS
REVENUE	343.00B	340.00B	0.90%
EBITDA	100.00B	91.20	9.40%
EBIT	22.40B	11.40B	96.20%
EPS (adjusted)	0.71	0.58	21.40%

## Margin and Efficiency Analysis



Revenue/Profitability Summary			
Thousand USD(\$), except EPS	FY 2025	Q4 2025	YOY
Revenue	1,472,985.00	343,321.00	10.72%
Gross profit	687,004.00	152,031.00	9.20%
Operating Income	157,526.00	22,438.00	103.81%
Income before tax	204,814.00	38,697.00	70.45%
Net Income	172,133.00	38,713.00	67.68%
EPS	1.29	0.29	72.00%
Cost/Expenses Summary			
Thousand USD(\$)	FY 2025	Q4 2025	YOY
Research and development	189,075.00	46,214.00	-6.08%
Sales and marketing	197,505.00	49,420.00	-4.38%
General and administrative	135,767.00	34,599.00	3.78%
Restructuring and asset impairment charges	7,131.00	(640.00)	-45.79%
Income tax provision (benefit)	32,681.00	(16.00)	86.74%
Cash Flow Summary			
Thousand USD(\$)	FY 2025	Q4 2025	YOY
Net cash from operations	136,540.00	47,579.00	-73.42%
Net cash from investing	106,792.00	23,512.00	-16.74%
Net cash from financing	-241,624.00	1,785.00	47.50%
Closing cash balance	474,318.00	474,318.00	2.20%
Key Items of Financial Position Summary			
Thousand USD(\$)	30th Dec. 2025	QOQ	YOY
Current assets	2,606,860.00	8.99%	12.02%
Non-current assets	902,932.00	-2.77%	-2.13%
Total assets	3,509,792.00	5.70%	8.00%
Current liabilities	1,262,150.00	7.77%	91.21%
Non-current liabilities	1,160,619.00	0.55%	-33.93%
Total liabilities	2,422,769.00	4.18%	0.25%
Total equities	1,087,023.00	9.25%	30.49%

# Performance Highlights

- Enphase Energy delivered solid full-year top-line expansion in FY2025, with revenue rising 10.7% year-on-year to \$1.47 billion from \$1.33 billion in FY2024, driven primarily by higher microinverter shipments, increased battery system adoption, and safe-harbor agreements that supported installation volumes despite uneven regional demand. However, Q4 2025 performance moderated sequentially, with revenue declining due to lower safe-harbor revenue recognition and softer European demand.
- Gross profitability remained resilient but compressed modestly, as the FY2025 GAAP gross margin eased to 46.6% from 47.3% in FY2024, while the non-GAAP margin declined to 48.2% from 48.8%. The contraction was primarily driven by tariff impacts, which reduced Q4 non-GAAP margins by approximately 5.1 percentage points, alongside regional pricing pressures in Europe.
- Operating income improved materially on a full-year basis, with GAAP operating income rising 103.8% year-on-year to \$157.5 million from \$77.3 million. This expansion was driven by revenue growth combined with a 4.1% reduction in GAAP operating expenses, reflecting disciplined cost control and efficiency gains across research, marketing, and administrative functions.
- Net earnings momentum strengthened markedly in FY2025, with GAAP net income rising 67.7% to \$172.1 million from \$102.7 million in FY2024, driven by stronger operating leverage, lower restructuring charges, and reduced relative financing costs, signaling improved earnings quality and more efficient bottom-line conversion.
- Cash flow generation remained robust, although it moderated relative to the prior year. FY2025 operating cash flow declined 73.4% year-on-year to \$136.5 million from \$513.7 million, largely due to working-capital movements, particularly higher inventory and prepaid asset build-ups. Nonetheless, the company maintained positive free cash flow of \$95.9 million, supporting liquidity resilience.
- Balance sheet strength improved moderately, with total assets rising 8.0% year-on-year to \$3.51 billion, driven by increases in cash balances, inventories, and prepaid assets. Stockholders' equity expanded 30.5% to \$1.09 billion, reflecting retained earnings growth and enhanced capital buffers against cyclical demand volatility.
- Product shipment metrics highlighted operational momentum, as the company shipped approximately 1.55 million microinverters and 150.1 MWh of IQ Batteries in Q4 2025. Domestic manufacturing expansion in Texas and South Carolina supported eligibility for production tax credits and domestic content incentives, strengthening competitive positioning in U.S. solar installations.

## Concerns Raised

- A key area of concern is margin compression stemming from tariff impacts and regional pricing pressures, as Q4 non-GAAP gross margin declined 310 basis points quarter-on-quarter. Sustained trade-related costs or additional regulatory levies could continue to weigh on profitability despite operational efficiencies.
- European market softness presents another structural risk, with regional revenue declining approximately 29% quarter-on-quarter in Q4 due to weakening demand conditions. Continued macroeconomic uncertainty, coupled with policy shifts in renewable subsidies, may prolong subdued installation activity across the region.
- Working-capital expansion also warrants attention, particularly the significant increase in inventory and prepaid expenses, which contributed to a sharp year-on-year decline in operating cash flow.
- Revenue variability linked to safe-harbor agreements and policy-driven tax incentives introduces earnings volatility. As these revenue streams are timing-dependent and influenced by regulatory deadlines, fluctuations in incentive structures or delays in project execution could lead to uneven quarterly performance and reduced forecasting visibility.

### OUR INSIGHT

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Enphase Energy's FY2025 performance demonstrates resilient revenue growth, improved operating income, and stronger earnings quality, despite sequential Q4 moderation and mild margin compression from tariffs and European market softness. Product innovation, domestic manufacturing incentives, and the expansion of installer networks reinforce durable competitive positioning and enhance long-term demand visibility. Investment prospects remain constructive, supported by balance-sheet strength and ecosystem expansion. However, investors should closely monitor gross margin trends, working-capital build-ups, regional demand volatility, and policy-linked revenue timing risks, which could introduce variability into near-term performance.

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