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Enphase Energy

Enphase Energy (Nasdaq: ENPH) sells home solar microinverters, batteries and EV chargers through distributors, not to homeowners directly, and the profit leans on a U.S. manufacturing tax credit. FY2025 (year ended Dec 31, 2025) revenue was \$1.47B (+11%): U.S. \$1,188.7M (+27%), international \$284.3M (−28%). It sold about 6.4 million microinverters (−2%) and shipped 706.1 MWh of IQ Batteries (+36%). Gross profit was \$687.0M (46.6% margin), and \$238.7M of the 2025 cost of revenue was offset by the Advanced Manufacturing Production Tax Credit (AMPTC, the Section 45X credit, 16.2 points of margin). Operating income was \$157.5M and net income \$172.1M, so without that credit the year would likely have been an operating loss (INFERENCE). One customer was about 39% of revenue. In H1 2026 the U.S. residential tax credit (Section 25D) expired and revenue fell 20% to \$574.8M (Q2 \$291.9M, −20%); Q2 gross margin was 60.0% only because of \$45.4M of one-time tariff refunds, and Enphase paid off its \$632.5M 2026 convertible notes in cash in March 2026, leaving \$937.7M of cash and securities and \$575.0M of 2028 notes.

BUSINESS MODEL CANVAS

Enphase Energy

Research date: Oct 11, 2026

Evidence-backed · sources in companion brief

KEY PARTNERS

- **Contract manufacturers** — Flex, Salcomp Manufacturing India and Sunwoda assemble and test some microinverters, batteries, chargers and gateways (FACT).
- **Solar distributors** — the main buyers; they bundle Enphase with panels and racking and resell to installers (FACT).
- **TPO and finance partners** — lease and PPA providers; safe harbor agreements in 2025 (FACT).
- **Solar-module makers (OEMs)** — integrate microinverters into their panels (FACT).
- **Battery-cell suppliers** — LFP cells exclusively from two vendors in China (FACT).

KEY ACTIVITIES

- **Design** — power electronics, semiconductors, networking and cloud software (FACT).
- **Build** — in-house Arlington, Texas plant plus Flex; U.S. lines in South Carolina and Texas; about 5 million microinverters per quarter of combined U.S. capacity (FACT).
- **Sell** — mostly through distributors, plus an online store and marketplaces (FACT).
- **Support** — 24/7 installer and homeowner support; NPS 78% in 2025 (FACT).
- **Monetize credits** — sell AMPTC to third parties (FACT: \$235.0M of 2025 credits sold at 93% of face value in March 2026).

KEY RESOURCES

- **Installed base** — 86.4M microinverters shipped; 5.1M+ systems, 160+ countries (FACT).
- **Patents** — about 400 granted and 200 pending (FACT).
- **People** — 2,872 employees; 1,743 in India, 717 in the U.S. (FACT).
- **Cash and securities** — \$1.51B (Dec 2025); \$937.7M (Jun 2026) (FACT).
- **U.S. plants** — South Carolina and Texas lines with higher domestic content (FACT).

VALUE PROPOSITIONS

- **Panel-level power conversion** — works with virtually every solar panel (FACT).
- **One platform** — solar, battery, load control and EV charging managed in one app (FACT).
- **Backup and storage** — IQ Battery 5P and 10C, plus off-grid configurations (FACT).
- **Safer, simpler installs** — no high-voltage DC string wiring (FACT, company claim).
- **Grid services** — participates in virtual power plant programs in the U.S., Canada and Europe (FACT).

CUSTOMER RELATIONSHIPS

- **Installers** — Installer App, Solargraf design and proposal software, and lead appointments (FACT).
- **Homeowners** — Enphase App monitoring and 24/7 support (FACT).
- **Care plan** — optional service plan with remote diagnostics and covered on-site labor (FACT).
- **Online store** — mostly for warranty and upgrade products (FACT).
- **Customer satisfaction** — NPS 78% in 2025 and 2024, 76% in 2023 (FACT).

CHANNELS

- **Distributors** — primary route to market (FACT).
- **Large installers and OEMs** — sold directly (FACT).
- **TPO finance providers** — strategic partners buying for leased systems (FACT).
- **Online store and marketplaces** — sales to homeowners, mainly for warranty and upgrade items (FACT).
- **Concentration** — one customer about 39% of 2025 revenue (18% in 2024); not

CUSTOMER SEGMENTS

- **U.S. residential installers** — the core buyers, via distributors (FACT).
- **TPO and lease providers** — own systems and can claim the Section 48E credit (FACT).
- **Europe and rest of world** — \$284.3M in 2025, down 28% (FACT).
- **Small commercial buyers** — IQ commercial microinverters and CS-100 fleet charger (FACT).
- **Homeowners** — buy via installers; some via the online store (FACT).

COST STRUCTURE

- **Cost of revenue** — \$786.0M in FY2025, net of \$238.7M AMPTC (FACT).
- R&D \$189.1M, S&M \$197.5M, G&A \$135.8M (FACT).
- **Warranty obligations** — \$214.0M at Dec 31, 2025 (INFERENCE sum); \$203.2M at Jun 30, 2026 (FACT).
- **Tariffs** — higher tariff costs in 2025; \$45.4M IEEPA refunds in Q2 2026 (FACT).
- **Capex** — \$40.6M in 2025; \$34.3M in H1 2026 (FACT).

REVENUE STREAMS

- **Microinverters** — about 6.4M units in 2025 (−2%); about 3.0M in H1 2026 (FACT).
- **IQ Batteries** — 706.1 MWh in 2025 (+36%); 216.9 MWh in H1 2026 (−40%) (FACT).
- **Services over time** — \$123.0M in 2025 (FACT).
- **Manufacturing credit** — AMPTC \$238.7M reduced 2025 cost of revenue (FACT).
- **Safe harbor** — \$91.2M of 2025 U.S. microinverter revenue; \$118.8M in H1 2026 (FACT).