

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): December 18, 2023**

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**ENPHASE ENERGY, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of Incorporation)

**001-35480**

(Commission File No.)

**20-4645388**

(IRS Employer Identification No.)

**47281 Bayside Parkway**

**Fremont, CA 94538**

(Address of principal executive offices, including zip code)

**(877) 797-4743**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.00001 par value per share</b>	<b>ENPH</b>	<b>Nasdaq Global Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 7.01. Regulation FD Disclosure.**

On December 18, 2023, Enphase Energy, Inc. (the "Company" or "Enphase") published a Message from the CEO to Enphase Employees on its website about the implementation of a restructuring plan (the "Plan") designed to increase operational efficiencies and execution, reduce operating costs, and better align its workforce and cost structure with current market conditions, and the Company's business needs, strategic priorities and ongoing commitment to profitable growth. A copy of this Message from the CEO is attached as Exhibit 99.1 to this report. Information on the Company's website is not, and will not be deemed, a part of this report or incorporated into this or any other filings that the Company makes with the Securities and Exchange Commission.

As part of the Plan, the Company will be reducing its global workforce by approximately 10%, including contractors and employees. In addition, the Company will be streamlining its operations by ceasing operations at its contract manufacturing locations in Timisoara, Romania and Wisconsin, United States, and resizing its other contract manufacturing sites. The Company will focus on manufacturing microinverters in the United States with its two existing contract manufacturing partners in South Carolina and Texas. Manufacturing equipment currently located in Timisoara, Romania and Wisconsin, United States will be redeployed for use at these two other facilities in the United States. Once these other U.S. sites have fully ramped production, the Company expects to have a global capacity of approximately 7.25 million microinverter units per quarter, of which approximately 5 million units of capacity will be in the United States.

The Company estimates that it will incur approximately \$16 million to \$18 million in restructuring and asset impairment charges, of which approximately \$7 million will be cash expenditures. Approximately \$15 million of the charges are expected to be incurred in the fourth quarter of 2023. The estimated impact of charges related to the Plan is not expected to be material to the Company's financial results or overall financial condition.

The actions associated with employee restructuring under the Plan are expected to be substantially complete within the first half of 2024, subject to local laws and consultation requirements. The actions associated with the manufacturing restructuring under the Plan are also expected to be substantially complete within the first half of 2024.

The financial outlook for the fourth quarter of 2023 furnished in the Company's third quarter of 2023 earnings release filed with its Current Report on Form 8-K on October 26, 2023 remains unchanged except for GAAP operating expenses, which are expected to increase by approximately \$15 million of restructuring and asset impairment charges in connection with the Plan.

The Company expects to reduce its non-GAAP operating expenses to be in the range of \$75 million to \$80 million a quarter in 2024 when these restructuring actions are substantially complete within the first half of 2024.

The information in Item 7.01 of this Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and shall not be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings, except as shall be expressly set forth by specific reference in such a filing.

### **Non-GAAP Financial Measures**

The Company reports its financial results in accordance with GAAP; however, the Company presents forward-looking non-GAAP operating expenses in this Current Report on Form 8-K. Non-GAAP financial measures are financial measures that are derived from the condensed consolidated financial statements, but that are not presented 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. The Company 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. Investors should consider these non-GAAP financial measures in addition to, and not as a substitute for, its financial measures prepared in accordance with GAAP.

With respect to non-GAAP operating expenses, the Company is not able to provide a reconciliation of forward-looking measures where the quantification of certain excluded items reflected in the measures cannot be calculated or predicted at this time without unreasonable efforts. In these cases, the reconciling information that is unavailable includes a forward-looking range of financial performance measures beyond its control, such as stock-based compensation. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could have a potentially unpredictable and potentially significant impact on its future GAAP operating expenses. Forward-looking non-GAAP financial measures may vary materially from the corresponding GAAP financial measures.

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## Forward-looking Statements

This Form 8-K contains forward-looking statements, including, but not limited to, statements related to the expected costs associated with the Plan; the Company's plans to streamline its operations, focusing on U.S. manufacturing and its expected global capacity; its expectations about the increase to GAAP operating expenses in the fourth quarter of 2023; and its expectations about non-GAAP operating expense level in 2024. These forward-looking statements are based on the Company's current expectations and inherently involve significant risks and uncertainties. The Company's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts and related key initiatives, in addition to other risks described in more detail in its most recently filed Annual Report on Form 10-K and other documents on file with the SEC from time to time and available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Company undertakes no duty or obligation to update any forward-looking statements contained in this Form 8-K as a result of new information, future events or changes in its expectations.

## Item 9.01. Financial Statements and Exhibits.

### (d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Message from the CEO to Enphase Employees dated December 18, 2023</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

By: December 18, 2023

ENPHASE ENERGY, INC.

By: /s/ Mandy Yang

Mandy Yang

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

December 18, 2023

To all employees:

I am writing to share details about difficult changes that we are making in our company to address the challenging macroeconomic environment while continuing to invest in our strategic priorities. Over the last few months, we have made significant efforts to reduce our operating costs, but we have more work to do to right-size our operations and become leaner and more efficient.

We have decided to reduce our global workforce by approximately 10%, impacting approximately 350 contractors and employees, streamlining our operations by ceasing contract manufacturing operations in two locations—Timisoara, Romania and Wisconsin, United States—and resizing other contract manufacturing sites. In addition, we will continue our hiring and travel freeze through 2024 and cut discretionary spending on several other fronts.

I take full accountability for these decisions and how we got here. I understand this is difficult for all of us, especially when it impacts our valued colleagues and friends who are departing. We will treat our departing colleagues with the utmost respect and empathy, provide them with severance packages, engage in consultation where required, and support them with their transitions. I want to express my personal appreciation for the meaningful contributions they have made, and I wish them all the best in their future endeavors.

### **The history**

When I joined the company in April and became CEO in September 2017, we faced significant challenges to the company's existence. With the strong and disciplined management team we put together, we created a financial operating model of 35-15-20 (GM-OpEx-OpInc as a percentage of revenue on a non-GAAP basis) and worked meticulously to implement actions to develop a historic turnaround for the company.

Over the last 12 months, the solar market has seen a lot of turbulence worldwide. In the United States, high interest rates have caused a significant drop in consumer demand, while California's NEM 3.0 transition continues to create further uncertainty. We saw tremendous growth in Europe until the middle of 2023, when demand slowed, and interest rates led to high inventory levels.

These challenges have caused our topline revenue to decrease. In response, we must right-size the company and get our non-GAAP operating expenses to be within a range of \$75 million to \$80 million per quarter in 2024. We expect these changes to allow us to get our non-GAAP operating expenses closer to our financial operating model.

During this challenging phase, we must return to our basics, and become leaner and more efficient. Our overall strategy is still the same—to make best-in-class home energy systems, continue to innovate on new technology, and deliver high quality products and a superior customer experience.

### **The changes**

We looked at several other areas to cut our spending and increase our efficiency before making the tough decision to reduce headcount. Keeping our singular focus on delivering high-quality home energy systems, we decided to consolidate our product and engineering operations across business units for efficiency and strategic alignment.

Our worldwide microinverter contract manufacturing operations currently have a combined capacity of approximately 10 million units per quarter. We are planning to reduce that capacity to approximately 7.25 million units per quarter to be closer aligned to the expected demand. To that end, we are ceasing operations at our contract manufacturing locations in Timisoara, Romania and Wisconsin, United States,

and resizing our other contract manufacturing sites. We will focus on manufacturing microinverters in the United States with our two existing contract manufacturing partners in South Carolina and Texas, and the manufacturing equipment currently located in Timisoara and Wisconsin will be redeployed to these two facilities. Once these two facilities have fully ramped production, approximately 5 million of the 7.25 million units of capacity will be in the United States.

We are looking to cut expenses further by consolidating facilities across our worldwide sites to reduce our real-estate footprint, minimizing capital purchases, and, with limited exceptions, extending the hiring and travel freeze through 2024. We are also incorporating tighter profitability criteria in our employee cash bonus program. While we do not expect to give salary increases in 2024 (with limited exceptions), we will maintain the promotion process, and we expect to award annual stock grants to employees earlier in the year than in prior years.

All of these actions together will result in a one-time restructuring and asset impairment charges of approximately \$16 million to \$18 million for the company.

### **Implementation**

We have notified all affected employees with the exception of some unique cases, are working to provide relevant information to them as quickly as possible, and will do what we can to support them through this transition.

In the United States,

- We will pay employees until the last working day, generally January 5, 2024, with exceptions to support business or individual needs (the “notification period”). Employees may receive pay in lieu if their last working day is prior to the expiration of the notification period;
- We will offer severance packages to our employees that will include cash and vesting of certain restricted stock units (RSU);
- We will continue to provide health-care benefits for participating employees until the end of the month of the last working day, and employees may elect to continue coverage (at their own expense) under COBRA thereafter; and
- We will allow employees to use company time to seek their next opportunity during the notification period.

In countries outside the United States, we will support employees and follow separate processes in line with local practices and employment laws.

We are reducing spending in every department by reducing headcount, non-people related expenditures, or both. The layoff is not a reflection of employee performance but is a necessary, undesirable action.

### **Our way forward**

It is a tough moment for all of us. Some of our talented colleagues and friends are leaving us. They have helped us build one of the most innovative solar companies in the world. Together, we have made huge advancements towards advancing a sustainable future for all. I thank those of you who are departing for your service to Enphase and wish you well in continuing to do great work at other places.

For those staying, I understand there is worry and uncertainty about the future. What does 2024 have in store for us? Our focus in the first half of 2024 will be on clearing the excess inventory in the channel worldwide. However, we see that there is greater confidence in the U.S. Federal Reserve cutting the interest rate next year, and we hope this leads to growth in the back half of the year.

Our strategy remains unchanged, and our purpose and values are clear. We will continue to focus on delivering the best-in-class home energy systems around the world. Let's continue to innovate, uphold the

highest quality, and provide excellent customer experience. I am confident that we will come out of this downturn stronger and more resilient than before.

/s/ Badri Kothandaraman

Badri Kothandaraman  
President and CEO  
Enphase Energy, Inc.

*This letter contains forward-looking statements, including, but not limited to, statements related to the expected costs and actions associated with the restructuring activities; the company's plans to streamline its operations, focusing on U.S. manufacturing and its expected global capacity; demand expectations in 2024; the company's expectations about the decrease to non-GAAP operating expenses in 2024; and the company's confidence in the Federal Reserve cutting interest rates. These forward-looking statements are based on the company's current expectations and inherently involve significant risks and uncertainties. The company's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts and related key initiatives, in addition to other risks described in more detail in its most recently filed Annual Report on Form 10-K and other documents on file with the SEC from time to time and available on the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, please note that the date of this letter is December 18, 2023, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. We undertake no obligation to update these statements as a result of new information or future events.*