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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

Individually and on Behalf of All )  
Others Similarly Situated, )  
Plaintiff, )  
v. )  
ENPHASE ENERGY, INC., BADRINARAYANAN )  
KOTHANDARAMAN and MANDY YANG, )  
Defendants. )

Case No.:  
**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**  
**CLASS ACTION**  
Demand for Jury Trial

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1 Plaintiff (“Plaintiff”), individually and on behalf of all other persons similarly  
2 situated, by his undersigned attorneys, alleges in this Complaint for violations of the federal securities  
3 laws (the “Complaint”) the following based upon knowledge with respect to his own acts, and upon  
4 facts obtained through an investigation conducted by his counsel, which included, *inter alia*, review and  
5 analysis of: (a) relevant filings made by Enphase Energy, Inc. (“Enphase” or the “Company”) with the  
6 United States Securities and Exchange Commission (the “SEC”); (b) Enphase’s public documents,  
7 conference calls, press releases, and stock chart; (c) securities analysts’ reports and advisories  
8 concerning the Company; and (d) information readily obtainable on the internet.

9 Plaintiff believes that further substantial evidentiary support will exist for the allegations set  
10 forth herein after a reasonable opportunity for discovery. Most of the facts supporting the allegations  
11 contained herein are known only to the defendants or are exclusively within their control.

#### 12 **NATURE OF THE ACTION**

13 1. This is a federal securities class action on behalf of all persons or entities who purchased  
14 or otherwise acquired Enphase securities between December 12, 2022 and April 25, 2023, inclusive (the  
15 “Class Period”) seeking to recover damages caused by Defendants’ violations of the federal securities  
16 laws (the “Class”).

17 2. Defendant Enphase is an energy technology company that designs, develops,  
18 manufactures, and sells solar micro-inverters, battery energy storage and electric vehicle (EV) charging  
19 stations in the United States and internationally. Enphase sells its solutions to solar distributors and  
20 directly to large installers, original equipment manufacturers, strategic partners, and homeowners.  
21 Enphase customers often take loans out to purchase the Company’s products.

22 3. During the Class Period, Defendants made material misrepresentations and omissions of  
23 material fact about Enphase’s business to the market; namely, Defendants failed to disclose that battery  
24 shipments were slowing, the Company was suffering from a lower transition rate in California and a  
25 slower output of inverters, and Defendants trumpeted Enphase’s Arizona and Florida’s microinverter  
26 deployments when they were being harmed by rising interest rates.

1 4. The truth was revealed on April 25, 2023. On that date, the market learned that Enphase’s  
2 battery shipments were slowing, the Company was suffering from a lower transition rate in California  
3 and a slower output of inverters, and rising interest rates in Florida and Arizona markets were adversely  
4 affecting Enphase’s business.

5 5. After this news, Enphase’s stock price plummeted from a closing market price of \$220.60  
6 per share on April 25, 2023 to \$163.83 per share on April 26, 2023 – a decline of nearly 26% in a single  
7 day.

#### 8 JURISDICTION AND VENUE

9 6. Plaintiff brings this action on behalf of himself and other similarly situated investors  
10 to recover losses sustained in connection with Defendants’ fraud.

11 7. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the  
12 Securities and Exchange Act of 1934 (“Exchange Act”) (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule  
13 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

14 8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.  
15 §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

16 9. Venue is proper in this District pursuant to §27 of the Exchange Act and 28 U.S.C.  
17 §1391(b), as Defendant Enphase is headquartered in this District and a significant portion of its  
18 business, actions, and the subsequent damages to Plaintiff and the Class, took place within this District.

19 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,  
20 Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,  
21 including but not limited to, the United States mail, interstate telephone communications and the  
22 facilities of the national securities exchange.

#### 23 THE PARTIES

24 11. Plaintiff purchased Enphase securities at artificially inflated prices during the Class Period  
25 and was damaged upon the revelation of the Defendants’ fraud. Plaintiff’s certification evidencing  
26 his transactions in Enphase is attached hereto.

1 12. Enphase Energy Inc. is a Delaware corporation with its principal executive offices located  
2 at 47281 Bayside Parkway, Fremont, California 94538. During the Class Period, the Company’s  
3 securities traded on the NASDAQ Stock Market (the “NASDAQ”) under the symbol “ENPH.”

4 13. Defendant Badrinarayanan Kothandaraman (“Kothandaraman”) was, at all relevant  
5 times, the Chief Executive Officer, President and Director of Enphase.

6 14. Defendant Mandy Yang (“Yang”) was, at all relevant times, the Chief Financial Officer  
7 and Vice President of Enphase.

8 15. Defendants Kothandaraman and Yang are sometimes referred to herein as the  
9 “Individual Defendants.” Enphase together with the Individual Defendants are referred to herein as the  
10 “Defendants.”

11 16. The Individual Defendants, because of their positions with the Company, possessed  
12 the power and authority to control the contents of Enphase’s reports to the SEC, press releases, and  
13 presentations to securities analysts, money and portfolio managers, and institutional investors, *i.e.*, the  
14 market. Each Individual Defendant was provided with copies of the Company’s reports and press releases  
15 alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and  
16 opportunity to prevent their issuance or cause them to be corrected. Because of their positions and  
17 access to material non-public information available to them, each of these Individual Defendants knew  
18 that the adverse facts specified herein had not been disclosed to, and were being concealed from, the  
19 public, and that the positive representations which were being made were then materially false and/or  
20 misleading. The Individual Defendants are liable for the false statements pleaded herein, as those  
21 statements were each “group-published” information, the result of the collective actions of the  
22 Individual Defendants.

23 **SUBSTANTIVE ALLEGATIONS**

24 17. Enphase is an energy technology company that designs, develops, manufactures, and  
25 sells solar micro-inverters, battery energy storage and EV charging stations in the United States and  
26 internationally. The Company also provides microinverter units and related accessories. The  
27  
28

1 Company sells its solutions to solar distributors and directly to large installers, original equipment  
2 manufacturers, strategic partners, and homeowners.

### 3 DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS

4 18. On December 12, 2022, the first day of the Class Period, Enphase announced that it was  
5 expanding its microinverter business in Florida:

6 FREMONT, Calif., Dec. 12, 2022 (GLOBE NEWSWIRE) -- Enphase  
7 Energy, Inc. (NASDAQ: ENPH), a global energy technology company and  
8 the world's leading supplier of microinverter-based solar and battery  
9 systems, ***announced today that installers of Enphase® products in  
Florida have seen growing deployments of Enphase Energy Systems™  
powered by IQ8™ Microinverters.***

10 ***Residential solar deployments in Florida have grown substantially over  
the last several years and are expected to reach more than 500 MW by the  
11 end of 2022, according to the most recent U.S. Solar Market Insight report  
from Wood Mackenzie and the Solar Energy Industries Association.  
12 Additionally, deployments of residential battery capacity in Florida are  
expected to grow more than four-fold by the end of 2026, according to the  
13 most recent U.S. Energy Storage Monitor report from the Energy Storage  
Association and Wood Mackenzie.***

14 “Enphase’s IQ8 Microinverters are unlocking more energy independence  
15 for our customers than ever before,” said Matt Selby, president at Unicity  
Solar. ***“We’re excited to grow our business by offering Enphase’s  
16 industry-leading products and services to homeowners across Florida.”***  
17 [...]

18 Emphasis added.

19 19. The bolded and italicized statements were materially false and misleading when made  
20 because Defendants omitted to disclose that higher interest rates were already adversely affecting the  
21 Company – particularly in Florida.

22 20. On January 5, 2023, the Company again trumpeted its increased microinverter  
23 deployments – this time for Arizona:

24 FREMONT, Calif., Jan. 05, 2023 (GLOBE NEWSWIRE) -- Enphase  
25 Energy, Inc. (NASDAQ: ENPH), a global energy technology company and  
26 the world’s leading supplier of microinverter-based solar and battery  
27 systems, announced today that ***installers of Enphase® products in Arizona  
have seen growing deployments of Enphase Energy Systems™ powered  
28 by IQ8™ Microinverters.***

1 *According to the U.S. Solar Market Insight report from Wood Mackenzie*  
2 *and the Solar Energy Industries Association, residential solar*  
3 *deployments in Arizona have been growing year-over-year and are*  
4 *forecasted to reach 206 MW in 2023, representing a 20 percent increase*  
5 *over the previous year. Additionally, residential battery deployments in*  
6 *Arizona are expected to nearly quadruple by the end of 2026, according*  
7 *to the most recent U.S. Energy Storage Monitor report from the Energy*  
8 *Storage Association and Wood Mackenzie.*

9 “Arizona homeowners and businesses are increasingly turning to solar  
10 power to keep their electricity bills under control as power prices continue  
11 to rise,” said Chad Waits, owner at Net Zero Solar, an Enphase Platinum  
12 level installer. “With a shared passion for clean energy, quality, value, and  
13 customer service, we’re proud to partner with Enphase to offer the IQ8-  
14 powered Enphase Energy System to our customers.”

15 “We believe that our customers are the center of our universe and that is  
16 why we are proud to provide them with access to the industry-leading IQ8  
17 microinverters from Enphase,” said Caleb Antonucci, chief executive  
18 officer at Our World Energy, an Enphase Gold level installer. “This cutting-  
19 edge technology helps Arizona homeowners gain access to clean energy, so  
20 they can feel good about doing their part to make the world a better, greener  
21 place. We are committed to helping Arizona homeowners harness the  
22 power of clean energy and make the most of their unique needs.” [...]

23 Emphasis added.

24 21. The bolded and italicized statements were materially false and misleading when made  
25 because Defendants omitted to disclose that interest higher rates were already adversely affecting the  
26 Company, including in Arizona.

27 22. On February 7, 2023, Enphase issued a press release announcing its fourth quarter and  
28 full-year 2022 financial results, as well as Enphase’s first quarter financial outlook for 2023, which  
provided, in pertinent part:

*IQ8 Microinverters constituted approximately 55% of all our*  
*microinverter shipments during the fourth quarter of 2022.* We introduced  
IQ8 Microinverters in France and the Netherlands in the fourth quarter of  
2022, marking the first expansion into international markets for the product  
since its successful launch in North America in late 2021.

*Our IQ Battery shipments were 122.1 megawatt hours in the fourth quarter*  
*of 2022, compared to 133.6 megawatt hours in the third quarter of 2022.*  
*We made significant software upgrades to continue improving the*

1 *installer and homeowner experience and brought commissioning times*  
2 *down. We shipped IQ Batteries to North America, Germany, and Belgium*  
3 *during the fourth quarter of 2022. We now have approximately 2,300*  
4 *installers worldwide that are certified to install our IQ Batteries.*

5 We are adding additional manufacturing capacity in the United States due  
6 to the strong global demand for our products as well as the incentives  
7 related to the Inflation Reduction Act (IRA). We plan to begin domestic  
8 manufacturing in the second quarter of 2023 with a new contract  
9 manufacturing partner and in the second half of 2023 with our two existing  
10 contract manufacturing partners.

11 We began manufacturing Enphase-branded electric vehicle (EV) chargers  
12 at our contract manufacturing facility in Mexico, helping us to increase  
13 capacity and reduce costs. We expect to introduce IQ smart EV chargers  
14 to customers in the United States in the first half of 2023. They will provide  
15 connectivity and control, enabling use cases like green charging and  
16 allowing homeowners visibility into the operation of their Enphase solar-  
17 plus-storage-plus-EV system through the Enphase® App.

18 We continued to make progress on our installer platform. We made  
19 updates to Solargraf<sup>SM</sup> software during the fourth quarter of 2022,  
20 incorporating battery design and proposal, document management,  
21 consumption modeling, and several other improvements requested by our  
22 installer partners. In addition, we made significant strides in automating the  
23 creation of permit plan sets with Solargraf software. We now have more  
24 than 1,000 installers using the software.

25 Emphasis added.

26 23. The bolded and italicized statements were materially false and misleading when made  
27 because they omitted to disclose that Enphase's battery shipments were slowing, the Company was  
28 suffering from a lower transition rate in California and a slower output of inverters, and the rising interest  
rates in Florida and Arizona markets were adversely affecting Enphase's business.

29 24. On the same day, Defendants held an earnings call that included Defendants  
30 Kothandaraman and Yang on behalf of Enphase. During the call, the Individual Defendants provided  
31 analysts with detailed information concerning the Company's continued ramp in higher-margin IQ8  
32 microinverters, launch of its gen-3 battery technology, increased expansion into new markets and the  
33 start-up of U.S. manufacturing lines. Defendants Kothandaraman and Yang commented on Enphase's  
34 achievement of delivering record quarterly revenue for 1Q 2023 despite seasonality and the challenging  
35 macro environment:



1 [Defendant Kothandaraman]:

2 Let's talk about microinverter manufacturing. Our overall supply  
3 environment remains quite stable in general. There are issues that crop up  
4 from time to time. Our teams are staying on top of them. Our quarterly  
5 capacity was 5 million microinverters exiting Q4. We are on track to begin  
6 manufacturing at Flex Romania starting this quarter, enabling us to service  
7 Europe better. This will enable a total quarterly capacity of 6 million  
8 microinverters exiting Q1. We are going to increase this capacity even more  
9 with U.S. manufacturing.

10 Let's cover that now. As we discussed last quarter, we are pleased that the  
11 IRA will help bring back high-tech manufacturing to the U.S. and  
12 stimulate the economy through the creation of jobs. We are excited to  
13 service the U.S. customers better with local manufacturing. We plan  
14 to begin U.S. manufacturing of our microinverters in the second  
15 quarter of 2023 with a new contract manufacturing partner and in the  
16 second half of 2023 with our 2 existing contract manufacturing partners.  
17 We plan to open 6 manufacturing lines by the end of this year adding a  
18 quarterly capacity of 4.5 million microinverters, bringing our total  
19 quarterly capacity to more than 10 million microinverters as we exit 2023.

20 ...

21 ***Let's cover the regions. Our U.S. and international revenue mix for Q4  
22 was 71% and 29%, respectively. In the U.S., our revenue increased 15%  
23 sequentially and 59% year-on-year. We had record quarterly revenue,  
24 record quarterly sell-through for our microinverters and record quarterly  
25 installer count in the fourth quarter. Our microinverter channel inventory  
26 was quite healthy at the end of the fourth quarter, while our storage  
27 channel inventory was a little elevated.***

28 ...

29 ***We have a strong team in place and are quite bullish about 2023. We  
30 expect to introduce IQ batteries and IQ8 microinverters into many  
31 more countries in Europe as we progress through the year. Our value  
32 proposition is our differentiated home energy management systems,  
33 combined with high quality and great customer experience.***

34 Emphasis added.

35 25. The bolded and italicized statements were materially false and misleading when made  
36 because they omitted to disclose that Enphase battery shipments were slowing, the Company was suffering  
37 from a lower transition rate in California and a slower output of inverters, and the rising interest rates in  
38 Florida and Arizona markets were adversely affecting Enphase's business.

39 26. Defendant Kothandaraman also highlighted Enphase's opportunities for the upcoming  
40 fiscal year 2023:

1 We manage for the long term. The basic thesis ongoing solar and storage  
2 remains intact, aided by a few factors: first, the utility rates which are rising  
3 in many states across the U.S.; second, the 30% ITC tax credit, which has  
4 been extended for 10 years with the IRA; and third, the desire for energy  
5 independence and tackling climate change.

6 At Enphase, we will continue to make best-in-class home energy systems  
7 with a laser focus on product innovation, quality and customer experience.  
8 Let's switch to talking about battery. We shipped 122-megawatt hours of  
9 IQ batteries in Q4. We have now certified approximately 2,300 installers  
10 worldwide since the introduction of IQ batteries into North America,  
11 Germany and Belgium. Our installers in North America experienced a  
12 median commissioning time of 91 minutes exiting Q4 compared to 118  
13 in Q3. We made significant software changes to improve  
14 communication, big transitions and commissioning time, and I'm quite  
15 happy with the performance of the team.

16 *As a result, we saw slightly higher sell-through of our batteries in Q4  
17 versus Q3. We've also got a number of feedback from the installers  
18 about the fact of improved performance in terms of commissioning. We  
19 plan to ship 100- to 120-megawatt hours of IQ batteries in Q1. We also  
20 expect to start ramping our third generation IQ battery in North America  
21 and Australia in the second quarter. This battery has got 5-kilowatt hour  
22 modularity, 2x the power compared to our existing battery and 30-minute  
23 commissioning time in addition to being easier to install and service. We  
24 expect the higher charge discharge rate as well as the 5-kilowatt hour  
25 modularity to be uniquely beneficial to the homeowners under the  
26 upcoming NEM 3.0 tariff in California.*

27 With the significant changes we are making to our IQ batteries, we are  
28 confident that storage installations will become as efficient as  
microinverters. And as a result, the profitability for installers should get  
better. We expect our battery business to perform well in the second half of  
the year, both due to our third-generation battery as well as NEM 3 adoption  
in California.

...

29 *In summary, we are quite pleased with our performance. As a  
30 reminder, our strategy is to build best-in-class home energy systems and  
31 deliver them to homeowners through our installer and distributor  
32 partners, enabled by the installer platform. We have many new products  
33 that are coming out in 2023, that will increase our served available market  
34 and positively contribute to the top line.*

35 *We look forward to introducing IQ8 microinverters worldwide,  
36 introducing IQ batteries into more countries in Europe, launching our  
37 third-generation battery in North America and Australia as well as  
38 introducing our highest power 480-watt IQ8P microinverter for both  
39 the U.S. small commercial and emerging residential markets. We're  
40 also excited about the upcoming Solargraf functionality, especially the  
41 NEM 3.0 functionality. And finally, the work we are doing to bring both  
42 smart EV chargers as well as bidirectional EV charging capabilities to  
43 the market.*

1 Emphasis added.

2 27. The bolded and italicized statements were materially false and misleading when made  
3 because they omitted to disclose that Enphase battery shipments were slowing, the Company was suffering  
4 from a lower transition rate in California and a slower output of inverters, and the rising interest rates in  
5 Florida and Arizona markets were adversely affecting Enphase's business.

6 28. Also during the call, Defendant Kothandaraman was specifically asked about the NEM  
7 3.0 system's effect on Enphase's solar products:

8 <Q: Brian K. Lee -Goldman Sachs Group, Inc.- Analyst> ... ***First question***  
9 ***I had was just around NEM 3.0. I think there's different implications***  
10 ***of that policy uncertainty near term and medium term from what we're***  
11 ***hearing.*** So maybe just wanted to get your thoughts near term, some views  
12 out there that maybe there's a pull forward on demand in California. Would  
13 be curious what you're seeing with respect to that? And then kind of in the  
14 medium term, we're hearing the industry is still maybe trying to figure out  
15 how to navigate this. So curious how you specifically are thinking about  
16 the second half of 2023 in the U.S.? Are you kind of base case in California  
17 to be down significantly?

18 And then how do you see yourself navigating that, if that's the case? Are you  
19 driving more product to other states, focusing more in Europe? Just curious  
20 just how you'd be thinking about planning into that period of higher policy  
21 uncertainty in the back half?

22 <A: Badrinarayanan Kothandaraman > ***Yes. On NEM 3, we aren't really***  
23 ***seeing any pull forward right now. But in talks with few installers in***  
24 ***California, both big and small, like what I said, the originations are up***  
25 ***strongly. They are all quite optimistic. And maybe we will see something***  
26 ***soon that's why I talked about an optimistic Q2. But so far, we haven't***  
27 ***seen any pull forward demand yet.***

28 ***Now on talking about NEM 3.0 in general. NEM 3.0 is going to be***  
29 ***incredibly positive for us.*** Because NEM 3.0, I mean, just so everybody  
30 gets it, I'll talk about NEM 3.0, the features of NEM 3.0. Basically, the -  
31 - previously, the import and export rates were the same. So therefore,  
32 when you exported electrons with the solar system didn't really matter. As  
33 long as you exported, it got directly subtracted from what you import. That's  
34 why it's called net metering, and that was net metering 2.0. With NEM 3.0,  
35 it matters when you export these electrons. So you have 24 hours a day,  
36 365 days a year. So basically, 8,760 data points, and there is an export rate  
37 for each of those data points. Each of those hours, there is an export rate.  
38 And -- but what it works out to be is if you are interested in a pure solar  
39 system, your payback dropped understandably from, let's say, 5 years, it  
40 increases actually to something like 7 or 7.5 years with the pure solar  
41 system.

42 ...

1 *I'm not sure whether California will go in that direction. Time will tell*  
2 *because, we do have some color. We do have resilience issues as well. But*  
3 *I'm sure markets will evolve a little in that direction, too. So bottom*  
4 *line, we are incredibly optimistic. We got the right batteries for it with*  
5 *the third-generation battery. We got the modularity, which I think will*  
6 *start becoming popular.* Grid-tied may become popular, but we'll be ready  
7 to do either grid tied or off grid, on grid with backup. The things that are  
8 looking, we like NEM 3.0. Of course, we didn't like the fact the step down  
9 happened right away. But I think in the long term, it's an okay decision.

6 Emphasis added.

7 29. The bolded and italicized statements were materially false and misleading when made  
8 because they omitted to disclose that the Company was suffering from a lower transition rate in California  
9 and a slower output of inverters.

#### 10 **THE TRUTH IS REVEALED**

11 30. On April 25, 2023, Enphase issued a press release announcing its first quarter results  
12 and weak revenue outlook for the second quarter of 2023. Also on April 25, 2023, Enphase hosted an  
13 earnings call that included Defendants Kothandaraman and Yang. During the call, the Individual  
14 Defendants revealed the problems that had plagued the Company since the start of the Class Period:

15 In the U.S., our revenue decreased 9% sequentially due to seasonality  
16 and macroeconomic conditions and increased 28% year-on-year. The sell-  
17 through of our microinverters in Q1 decreased 21% sequentially compared  
18 to Q4, worse than the typical seasonality of 15%. Our microinverter channel  
19 inventory at the end of Q1 was relatively normal, while the storage  
20 channel inventory was a little elevated.

19 ...

20 As I said earlier on this call, our sell-through of microinverters in the U.S.  
21 was 21% lesser in Q1 compared to Q4. Our sell-through in California was  
22 only 9% lesser than Q4. There was some impact due to the weather in  
23 early Q1, but the NEM 2.0 rush in Q1 more than compensated for it.

24 California installers took advantage of the NEM 2.0 rush and have built  
25 up a solar backlog for the next 3 to 4 months. We believe the installers  
26 aren't expanding their crews to accelerate installation, they're laser  
27 focused on their cash flow due to the high interest rate environment and are  
28 looking clarity – for – yes, clarity on the NEM 3.0 demand.

25 Sell-through of our batteries in California was 23% lesser in Q1 compared  
26 to Q4 as installers focused mainly on solar. We expect this trend to  
27 continue for the next 3 to 4 months. After that, we see NEM 3.0 as a net  
28 positive for California and expect strong demand to resume for solar plus

1 storage. Let's cover the rest of the U.S. The sell-through of microinverters  
2 in non-California states was 25% lesser in Q1 compared to Q4.

3 We observed that the sell-through was even lower in states with low utility  
4 rates, such as Texas, Florida and Arizona. In these states, the economics of  
5 loan financing has worsened due to rising interest rates. The sell-through  
6 performance in the Northeast U.S. was a little better. Coming to IQ  
7 batteries, the sell-through in non-California states was 28% lesser in Q1  
8 compared to Q4.

9 31. After Enphase's April 24, 2023 press release and conference call, Enphase's stock price  
10 fell from a closing market price of \$220.60 per share on April 25, 2023 to close at only \$163.83 per share  
11 on April 26, 2023 – a decline of nearly 26% in the span of just a single day.

12 32. Analysts immediately took Enphase to task for the surprising bad news. An April 26,  
13 2023 Guggenheim report stated that “strength in European markets and California NEM 2.0 pull-  
14 forward demand failed to compensate for weakness elsewhere in the US.... Excluding California, we  
15 think it's possible that the rest of the YS does not see growth in Q2. This illustrates the extent to which  
16 more expensive financing and lower utility power prices in some markets, notably Texas and Florida,  
17 are impacting demand.”

18 33. Wells Fargo lowered its price target for Enphase's stock and stated that the Company's  
19 “revenue outlook for the next 1-2 Qs is uncertain due to NEM 3.0, higher interest rates & elevated  
20 storage inventories.”

## 21 **LOSS CAUSATION**

22 34. During the Class Period, as detailed herein, Defendants made materially false and  
23 misleading statements and engaged in a scheme to deceive the market and a course of conduct that  
24 artificially inflated the price of Enphase's securities and operated as a fraud or deceit on Class Period  
25 purchasers of Enphase's securities by materially misleading the investing public. Later, when  
26 Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the  
27 price of Enphase's securities materially declined, as the prior artificial inflation came out of the price  
28 over time. As a result of their purchases of Enphase's securities during the Class Period, Plaintiff and  
other members of the Class suffered economic loss, *i.e.*, damages under federal securities laws.



- 1 • Whether statements made by Defendants were materially false and misleading;
- 2 • Whether Defendants omitted material facts necessary to make the statements made, in light
- 3 of the circumstances under which they were made, not misleading;
- 4 • Whether Defendants caused Enphase to issue false and misleading filings during the Class
- 5 Period;
- 6 • Whether the price of Enphase securities was artificially inflated during the Class Period;
- 7 • Whether members of the Class have sustained damages and, if so, what is the proper measure
- 8 of damages.

9 41. A class action is superior to all other available methods for the fair and efficient  
10 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
11 damages suffered by individual Class members may be relatively small, the expense and burden of  
12 individual litigation make it impossible for members of the Class to individually redress the wrongs  
13 done to them. There will be no difficulty in the management of this action as a class action.

#### 14 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

15  
16 42. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-  
17 the market- doctrine in that:

- 18 • Enphase securities met the requirements for listing, and were actively traded on the
- 19 NASDAQ, an efficient market;
- 20 • As a public issuer, Enphase filed periodic public reports;
- 21 • Enphase regularly communicated with public investors via established market
- 22 communication mechanisms, including through the regular dissemination of press releases
- 23 via major newswire services and through other wide-ranging public disclosures, such as
- 24 communications with the financial press and other similar reporting services; and
- 25 • Enphase was followed by a number of securities analysts employed by major brokerage firms
- 26 who wrote reports that were widely distributed and publicly available.

1 43. Based on the foregoing, the market for Enphase securities promptly digested current  
2 information regarding Enphase from all publicly available sources and reflected such information in the  
3 prices of the securities, and Plaintiff and members of the Class are entitled to a presumption of reliance  
4 upon the integrity of the market.

5 44. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of  
6 reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*,  
7 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in  
8 violation of a duty to disclose such information as detailed above.

9 **NO SAFE HARBOR**

10 45. The statutory safe harbor provided for forward-looking statements under certain  
11 circumstances does not apply to any of the material misrepresentations and omissions alleged in this  
12 Complaint.

13 46. To the extent certain of the statements alleged to be misleading or inaccurate may be  
14 characterized as forward looking, they were not identified as “forward-looking statements” when made  
15 and there were no meaningful cautionary statements identifying important factors that could cause actual  
16 results to differ materially from those in the purportedly forward-looking statements.

17 47. Defendants are also liable for any false or misleading “forward-looking  
18 statements” pleaded because, at the time each “forward-looking statement” was made, the speaker knew  
19 the “forward-looking statement” was false or misleading and the “forward-looking statement”  
20 was authorized and/or approved by an executive officer of Enphase who knew that the “forward-looking  
21 statement” was false. Alternatively, none of the historic or present-tense statements made by  
22 Defendants were assumptions underlying or relating to any plan, projection, or statement of future  
23 economic performance, as they were not stated to be such assumptions underlying or relating to any  
24 projection or statement of future economic performance when made, nor were any of the projections or  
25 forecasts made by the defendants expressly related to or stated to be dependent on those historic or  
26 present-tense statements when made.



**COUNT I**  
**AGAINST ALL DEFENDANTS FOR VIOLATIONS OF**  
**SECTION 10(B) AND RULE 10b-5 PROMULGATED THEREUNDER**

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3 48. Plaintiff repeats and realleges each and every allegation contained above as if fully set  
4 forth herein.

5 49. During the Class Period, Defendants carried out a plan, scheme and course of conduct  
6 which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including  
7 Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the  
8 Class to purchase Enphase securities at artificially inflated prices. In furtherance of this unlawful  
9 scheme, plan and course of conduct, Defendants took the actions set forth herein.

10 50. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue  
11 statements of material fact and/or omitted to state material facts necessary to make the statements not  
12 misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and  
13 deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market  
14 prices for Enphase securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All  
15 Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or  
16 as controlling persons as alleged below.

17 51. Defendants, individually and in concert, directly and indirectly, by the use, means or  
18 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous  
19 course of conduct to conceal adverse material information about Enphase's financial well-being and  
20 prospects, as specified herein.

21 52. Defendants employed devices, schemes and artifices to defraud, while in possession of  
22 material adverse non-public information and engaged in acts, practices, and a course of conduct as  
23 alleged herein in an effort to assure investors of Enphase's value and performance and continued  
24 substantial growth, which included the making of, or the participation in the making of, untrue  
25 statements of material facts and/or omitting to state material facts necessary in order to make the  
26 statements made about Enphase and its business operations and future prospects in light of the  
27 circumstances under which they were made, not misleading, as set forth more particularly herein, and  
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1 engaged in transactions, practices and a course of business which operated as a fraud and deceit upon  
2 the purchasers of the Company's securities during the Class Period.

3 53. Each of the Individual Defendants' primary liability and controlling person liability  
4 arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors  
5 at the Company during the Class Period and members of the Company's management team or had  
6 control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior  
7 officer and/or director of the Company, was privy to and participated in the creation, development and  
8 reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these  
9 defendants enjoyed significant personal contact and familiarity with the other defendants and was  
10 advised of, and had access to, other members of the Company's management team, internal reports and  
11 other data and information about the Company's finances, operations, and sales at all relevant times;  
12 and (iv) each of these defendants was aware of the Company's dissemination of information to the  
13 investing public which they knew and/or recklessly disregarded was materially false and misleading.

14 54. Defendants had actual knowledge of the misrepresentations and/or omissions of material  
15 facts set forth herein. Thus, Defendants' material misrepresentations and/or omissions were done  
16 knowingly to conceal material problems with Enphase's business and financial results from the investing  
17 public and supporting the artificially inflated price of its securities.

18 55. As a result of the dissemination of the materially false and/or misleading information  
19 and/or failure to disclose material facts, as set forth above, the market price of Enphase securities was  
20 artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's  
21 securities were artificially inflated, and relying directly or indirectly on the false and misleading  
22 statements made by Defendants, or upon the integrity of the market in which the securities trade, and/or  
23 in the absence of material adverse information that was known to or recklessly disregarded by  
24 Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and  
25 the other members of the Class acquired Enphase securities during the Class Period at artificially high  
26 prices and were damaged thereby.

1           56.     At the time of said misrepresentations and/or omissions, Plaintiff and other members of  
2 the Class were ignorant of their falsity and believed them to be true. Had Plaintiff and the other members  
3 of the Class and the marketplace known the truth regarding the problems that Enphase was experiencing,  
4 which were not disclosed by Defendants, Plaintiff and other members of the Class would not have  
5 purchased or otherwise acquired their Enphase securities, or, if they had acquired such securities during  
6 the Class Period, they would not have done so at the artificially inflated prices which they paid.

7           57.     By virtue of the foregoing, the Defendants named in this Count violated Section 10(b) of  
8 the Exchange Act and Rule 10b-5 promulgated thereunder. As a direct and proximate result of  
9 Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in  
10 connection with their respective purchases and sales of the Company's securities during the Class  
11 Period.

12                                   **COUNT II**  
13                                   **AGAINST INDIVIDUAL DEFENDANTS**  
14                                   **FOR VIOLATIONS OF SECTION 20(a) OF THE EXCHANGE ACT**

15           58.     Plaintiff repeats and realleges each and every allegation contained above as if fully set  
16 forth herein.

17           59.     The Individual Defendants acted as controlling persons of Enphase within the meaning  
18 of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their  
19 ownership and contractual rights, participation in, and/or awareness of the Company's operations and  
20 intimate knowledge of the false financial statements filed by the Company with the SEC and  
21 disseminated to the investing public, Individual Defendants had the power to influence and control and  
22 did influence and control, directly or indirectly, the decision-making of the Company, including the  
23 content and dissemination of the various statements which Plaintiff contend are false and misleading.  
24 The Individual Defendants were provided with or had unlimited access to copies of the Company's  
25 reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to  
26 and/or shortly after these statements were issued and had the ability to prevent the issuance of the  
27 statements or cause the statements to be corrected.  
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1           60.     In particular, Individual Defendants had direct and supervisory involvement in the day-  
2 to-day operations of the Company and, therefore, had the power to control or influence the particular  
3 transactions giving rise to the securities violations as alleged herein, and exercised the same. The  
4 Individual Defendants, on the basis of stock ownership and Board control, had significant access to  
5 information and control over Enphase.

6           61.     As set forth above, Defendants each violated Section 10(b) and Rule 10b-5 by their acts  
7 and omissions as alleged in this Complaint. By virtue of their position as controlling persons, The  
8 Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and  
9 proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered  
10 damages in connection with their purchases of the Company's securities during the Class Period.

11                                   **PRAYER FOR RELIEF**

12           WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- 13 (A)     Determining that this action is a proper class action and certifying Plaintiff as class  
14 representative under Rule 23 of the Federal Rules of Civil Procedure;
- 15 (B)     Awarding damages in favor of Plaintiff and the other Class members against all Defendants,  
16 jointly and severally, for all damages sustained as a result of Defendants' violations of the Securities  
17 Exchange Act of 1934, in an amount to be proven at trial, including interest thereon;
- 18 (C)     Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action,  
19 including counsel fees and expert fees; and
- 20 (D)     Such other and further relief as the Court may deem just and proper.

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**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

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