



**Q2 2021 Earnings Call  
August 5, 2021  
Transcript**

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**Presenters**

Patrick Jobin -- Senior Vice President of Finance and Investor Relations  
Lynn Michelle Jurich -- Co-Founder, Chief Executive Officer & Director  
Mary Powell -- Incoming Chief Executive Officer  
Edward Fenster -- Co-Founder & Executive Chairman of the Board  
Tom VonReichbauer -- Chief Financial Officer

**Q&A Participants**

Stephen Byrd -- Morgan Stanley  
Brian Lee -- Goldman Sachs  
James West -- Evercore ISI  
Joseph Osha -- Guggenheim  
Mark Strouse -- JP Morgan  
Moses Sutton -- Barclays  
Julien Smith -- Bank of America  
Maheep Mandloi -- Credit Suisse  
Kashy Harrison -- Piper Sandler  
Tristan Richardson -- Truist  
Colin Rusch -- Oppenheimer  
Philip Shen -- Roth Capital Partners  
Sophie Karp -- KeyBanc

**Operator**

Greetings. Welcome to the Sunrun Second Quarter 2021 Earnings Call. At this time all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. Please note, this conference is being recorded.  
I will now turn the call over to your host, Patrick Jobin. Please go ahead.

**Patrick Jobin**

Thank you, Stacy (PH). Before we begin, please note that certain remarks we will make on this call constitute forward-looking statements. Although we believe these statements reflect our best judgment based on factors currently known to us, actual results may differ materially and adversely.

Please refer to the company's filings with the SEC for a more inclusive discussion of risks and other factors that may cause our actual results to differ from projections made in any forward-looking statements. Please also note that these statements are being made as of today, and we disclaim any obligation to update or revise them.

On the call today are Lynn Jurich, Sunrun's Co-Founder and current CEO; Mary Powell, Sunrun's incoming CEO and current Board member; Ed Fenster, Sunrun's Co-Founder and Executive Chairman; and Tom



VonReichbauer, Sunrun's CFO. Following the prepared remarks, we will conduct a question-and-answer session. We ask that you limit yourself to just one question so we can take as many questions from participants as the schedule time allows.

And now let me turn the call over to Lynn.

**Lynn Michelle Jurich**

Thanks, Patrick, and good afternoon, everyone. Before we turn to our results and outlook, I'd like to take a moment to discuss the leadership news we announced today. After nearly a decade as CEO of Sunrun, I have decided to make the transition to Executive Co-Chair of the Board. Following a thorough process, I'm excited that Mary Powell, a visionary leader in the energy sector and distinguished member of our Board, will be appointed CEO on August 31st.

Adding Mary to the team brings more firepower to achieve our mission and climate goals and given the company's strong foundation and momentum, I believe now is the optimal and natural time to make this transition. I'm thrilled to hand the role over to Mary and confident that she is the right leader.

Mary has a proven track record of driving operational excellence and innovation for customers and shareholders. Her experience running the utility Green Mountain Power for over 10 years makes her an ideal leader for Sunrun's next chapter of growth, as we help this country build a reliable and clean grid with electrified and network households. In addition, Mary has a deep understanding of Sunrun's people, business and strategy, having served as a member of our Board for the last three years. I've gotten to know Mary well and was a driving force to recruit her to Sunrun. I can personally attest to our passion for people, the planet and for the company's success.

And with that, I'll hand it over to Mary to introduce herself. Mary?

**Mary Powell**

Thank you, Lynn. It is such a pleasure to have the opportunity to speak with all of you today and share why I am so excited to lead this company. I've been in the energy industry for over two decades, and I know the landscape well. Sunrun has always stood out as an innovator and the future of the electric grid. It's clear the team cares deeply about transforming the lives of customers by providing a more resilient and affordable energy experience. My appreciation for Sunrun has grown tremendously, seeing firsthand Sunrun's leadership to advance the clean energy revolution, while delivering on our value creation objectives.

With the increasing and devastating effects of extreme weather from climate change and an electric grid system well over 100 years old, I believe Sunrun's mission of creating a planet run by the sun is more critical today than ever before. I have enjoyed overseeing and contributing to Sunrun's strategy as a director over the last few years, and I'm eager to build out on this great work. Sunrun has an incredibly strong foundation in place, and I have full confidence in our ability to capitalize on the significant opportunities ahead.

As I step into the CEO role in the coming weeks, I look forward to partnering very much with Lynn, Ed and the entire talented Sunrun team to continue to execute the company's strategic initiatives and drive long-term sustainable value for all of our stakeholders.

With that, Lynn, back to you.

**Lynn Michelle Jurich**

Thanks, Mary. As Executive Co-Chair, I'll be working closely with Ed, Mary and the senior management team. Together, the three of us will focus our respective strengths and talents on where we can make the most impact. I will continue to support Sunrun's strategic initiatives with the freedom to explore and design future scalable solutions for solving the climate crisis. I am more energized than ever for this next chapter.

Now to our quarterly results. Our positive momentum has continued into the second quarter. Customer orders are accelerating, and we delivered record installation volumes. Orders increased more than 25% quarter-over-quarter and installations increased more than 10% from the first quarter and over 50% from



last year. We are hiring quickly to meet the accelerating demand while executing on the integration with Vivint Solar and navigating a particularly dynamic supply chain environment. Despite these external factors, we are delivering strong unit margins, increasing our cash balance, and growing our stream of recurring cashflows. We are increasing our full year growth guidance to 30% year-over-year.

More importantly, during the quarter, the dire need for our service offering has been made even more apparent. Extreme weather caused by climate change has resulted in record-setting wildfire season, more power outages, accelerating the cost of utility power and increased pollution. The need to address the climate crisis continues to mount, and Sunrun is positioned to help transition our country away from carbon emitting fuels to power homes and cars and reduce the need for expensive and vulnerable centralized infrastructure. We ended Q2 with nearly 600,000 customers, reflecting 19% year-over-year growth.

Our installation volumes included records in our new homes business, our channel partner business and our direct business. We also set records again with the highest battery installations, more than doubling year-over-year in the second quarter. We continue to advance our lead on batteries and virtual power plants to bring clean and resilient energy into more communities. More than 23,000 families are benefiting from our solar and battery systems to power through blackouts.

On a daily basis, these batteries optimize when power is purchased or supplied to the grid, helping manage energy constraints during peak times. Battery attachment rates increased again from last quarter and are at record levels across the business. We network these batteries together to form virtual power plants, providing incremental recurring revenue and offering an enhanced customer value proposition. This further differentiates Sunrun from companies that lack the scale, network density and technical capabilities to serve this market. We continue to expect more than 100% growth in battery installations this year, even as we work through the supply constraints.

As more manufacturers expand battery offerings, we do expect cost to improve further, allowing us to meet pent-up demand and accelerate adoption even faster. Sunrun is actively exploring ways to help consumers and the grid manage the transition to electric vehicles. We know the country must make the switch to EVs to further reduce carbon, and we believe Sunrun will be a key enabler of this transition. Homes with EVs consume approximately double the amount of electricity. Home solar and batteries are needed to meet this increased strain on the electric system, and Sunrun is a leading provider of these services, given our expertise managing and installing at home energy infrastructure and our national footprint. Electric vehicles create positive flywheel effects. Homes need larger solar systems to support the increased electricity consumption.

These large systems come at high incremental margins since the cost to increase the size is relatively low. And EVs can be integrated into a comprehensive home energy management system to maximize the economic benefits and resiliency for families. These compounding benefits will accelerate the transition to a distributed grid with home solar batteries and EVs even faster than most realize. To this end, in May, we announced the partnership with Ford to be the preferred installer for Ford's Charge Station Pro and intelligent backup power system. This debuts with the all-electric F-150 Lightning. Under the partnership, we co-developed Ford's home integration system, including the bidirectional inverter, which enables the F-150 Lightning to serve as a reliable home backup energy source, by powering the home during an outage event.

Through this partnership, customers will also be provided with the opportunity to install a solar and battery system on their home, enabling them to power their households with clean, affordable energy and charge the truck with the power of the sun. Ford sells one million F-150s each year. In just the first three weeks since it was announced, they received more than 100,000 reservations. We will be excited to share more in the coming quarters. Mary will be excited to share more in the coming quarters.

This year is on track to be the best in the company's history, and I'm confident Sunrun is well positioned going forward, especially with Mary at the helm. Our broad omnichannel go-to-market strategy has enabled us to reach a scale that is two times our nearest competitors and allows us to further differentiate and enhance the value we bring to our partners. We have built a business that offers consumers a strong value proposition, addresses climate change and generates strong financial returns.



Before I turn the call over to Ed and Tom, I'd like to thank our employees and partners for their contributions to our success, and for being such an important part of my life. Over to you, Ed.

**Edward Fenster**

Thanks, Lynn. First, I want to share my excitement that Mary is joining us full time. Her passion for our customers, her intuition for people matters and her focus on operational efficiency has made her a driving force for years on our Board of Directors. I can't wait for Sunrun to get all her time going forward. Lynn and I have been a team for 14 years. I'm pleased she is going to be joining me as Co-Executive Chair, where her contributions to Sunrun will continue. I know I was invigorated by the opportunities provided by my transition from CEO to Executive Chairman, completed about seven years ago now. And I'm sure Lynn will feel similarly. Now moving into the details.

Turning to slide eight, we have concluded our capital structure reveal. We have decided principally to pursue a strategy that will drive near-term cash generation using nonrecourse debt. Under this strategy, we expect to achieve cash proceeds equal to 95% to 100% of contracted subscriber value, measured at a 5% discount rate or about \$30,000 to \$31,500 dollars per subscriber based on Q2 subscriber values.

Because this strategy employs debt that we can ultimately call and refinance, we'll be maintaining full ability to upsell additional products and retaining refinancing upside for our common shareholders. Upfront cash proceeds of 95% to 100% of contracted subscriber value is well in excess of our fully burdened cost. And so, we do not need to execute equity or equity-linked financings to fund our strong ongoing growth. While our capital costs have been steadily falling since inception, in the last year we've seen an acceleration in these improvements, which have been most pronounced in our nonrecourse subordinated debt costs.

Today, this market is pricing 175 to 350 basis points below where we've placed comparable loans over the last several years. We largely credit our continued asset performance, scale and consistently strong collections, including through COVID and the 2009 financial crisis, with discontinued capital cost decline. While our large scale affords us access to the lowest cost capital in the industry, the same large ticket sizes that afford us this advantage also make our free cashflow generation a little lumpy. We have developed a backlog of transactions to close, and we expect to be busy clearing this transaction for the balance of the year, and into 2022.

Over the near term, cashflow generation may also be nonlinear due to investments in working capital. However, under this financing strategy, over several quarters and especially next year, the cashflow generation of the business should be substantial. We may also selectively employ structures that grow our recurring cashflows from our asset base while pursuing this strategy of generating upfront cash. Normalized for increases in working capital, we expect to see steady quarterly gains in net earning assets.

As we head into next year, we'll update the market on our cashflow targets and capital allocation strategy to maximize shareholder returns. We continue to maintain a robust project finance runway. As of August 5th, closed transactions and executed term sheets provide us expected tax equity and project debt capacity to fund over 430 megawatts for subscribers beyond what was deployed through the second quarter.

And with that, I'll turn the call over to Tom.

**Tom VonReichbauer**

Thanks, Ed. The strong momentum we saw in the first quarter has continued further into 2021. Our team again delivered an exceptional quarter with strong year-over-year and sequential volume growth. We're proud of what the team accomplished, especially as we meet the significant ongoing demands of integrating Vivint Solar into our operations, and as we navigate a dynamic supply chain environment.

Turning first to volumes. In the second quarter, customer additions were approximately 26,100, including approximately 21,900 subscriber additions. Solar energy capacity installed was 186 megawatts in the second quarter of 2021, a 11% increase from the first quarter of this year and a 53% increase from the second quarter of last year, pro forma to include Vivint Solar. Our network solar energy capacity was 4.2



gigawatts at the end of Q2, an increase of 19% compared to the prior year. We ended Q2 with approximately 600,000 customers and nearly 521,000 subscribers. Our subscribers generate significant recurring revenue with most under 20 or 25-year contracts for the clean energy we provide.

At the end of Q2, our annual recurring revenue, or ARR, stood at \$747 million dollars with an average contract life remaining of 17 years, representing well over \$10 billion dollars in revenue visibility just from existing customers. In Q2, subscriber value was approximately \$34,500 and creation cost was approximately \$28,900, delivering a net subscriber value of approximately \$5,600. Pro forma for growth timing effects on cost recognition, it would be approximately \$8,000.

Total value generated, which is the net subscriber value multiplied by the number of subscriber additions in the period, was \$122 million dollars in the second quarter. On a pro forma basis for the adjustment related to accelerating growth, total value generated would be approximately \$176 million dollars. As we noted in our outlook during last quarter's call, net subscriber margins were sequentially lower in Q2, owing to our accelerating growth trends and synergy realization timing.

While our subscriber values were down slightly quarter-over-quarter due to changes in ITC mix, and our G&A and Platform Services saw solid sequential improvements, the accelerating growth in our business creates a near-term drag on installation and sales and marketing costs. Creation costs are calculated as total in-period costs, including OpEx and CapEx, divided by recognized volumes.

As our growth rates accelerate, we incur more costs upfront such as sales and marketing costs, along with in-construction systems prior to recognizing the volume in future periods. If we were to normalize sales cost by the growth in customer orders and exclude costs associated with systems that are not complete, reported net subscriber margins would be approximately \$2,400 higher or approximately \$8,000 in Q2.

Turning now to gross and net earning assets on our balance sheet. Gross earning assets were \$8.6 billion dollars at the end of the second quarter. Gross earning assets is the measure of cashflows we expect to receive from customers over time, net of distributions to tax equity partners, and partnership flip structures, project equity financing partners and operating, and maintenance expenses discounted at a 5% unlevered WACC. Net earning assets were \$4.5 billion dollars at the end of the second quarter, an increase of over \$233 million dollars from the first quarter.

Net earning assets is gross earning assets plus cash, less all debt. We ended the first quarter with \$858 million in total cash, an increase of \$44 million dollars from the prior quarter. Turning now to our outlook. The continued acceleration in sales activities, the integration of Vivint Solar and investments in customer experience and differentiation set us up for a strong second half. We are increasing our growth outlook for 2021. We forecast solar energy capacity installed growth to be 30% for the full year, an increase from the prior guidance range of 25% to 30%.

Total value generated is now expected to be in a range of \$700 million to \$750 million for the full year, which has been revised to include the effects of accelerating growth, and to a lesser extent, the dynamic supply chain environment.

This range includes the drag highlighted earlier and does not reflect the pro forma adjustment of \$54 million dollars for Q2 2021. We forecast net subscriber values will be significantly higher in the second half of the year than Q2 as the gap between sales activities and installation activities normalizes, and as we realize more synergies from the Vivint Solar acquisition. We continue to estimate cost synergies derived from the acquisition of Vivint Solar to be approximately \$120 million dollars in run rate synergies exiting this year.

While we are still very focused on integration in the near term, we expect to see strong sequential quarterly growth in solar energy capacity installed in Q3, with growth of approximately 15% sequentially from Q2. The mandate for a modern energy infrastructure with consumers at the center continues to grow, and we believe our products and capabilities have positioned us well to respond to the opportunity in the quarters and years ahead.

With that, let's open the line for questions, please.

## QUESTION AND ANSWER

### Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press start two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Your first question comes from Stephen Byrd with Morgan Stanley.

### Stephen Byrd

Hi. Good afternoon. Congratulations on the management changes.

### Lynn Michelle Jurich

Thank you.

### Stephen Byrd

You have a deep bench, it's somewhat nice to see these changes. Lynn, looking forward to working with your new role. But I wanted to talk about the timing of the sort of growth adjustment that you're making. As you continue to grow and get larger, how should we think about what that number may look like, conceptually? I've been trying to kind of think about how that will look, given that you have an incredibly high growth rate, how might that sort of trend over time?

### Tom VonReichbauer

Yes. So the effect of growth on margins in this quarter, we viewed as largely onetime here. We expect some level of this, as we continue to grow, it will take several quarters for this to reverse out. But in any period where our sales growth and installation growth diverge as much as we saw this quarter, there's going to be more of a misalignment between costs and volumes in period. Obviously, we're still at a \$700 million to \$750 million dollar range in total value generated for the full year, which at the 30% growth rate now shows strong unit margins in the second half and exiting the year, in particular, as synergies are realized fully.

### Stephen Byrd

Understood. And you gave a lot of very good commentary on your financing outlook. And it looks like the debt markets are very, very receptive to your asset class to the value you're creating. Could you just maybe talk a little bit more about what that opportunity might mean in terms of just some of your legacy debt that is more expensive, that you kind of talked about that, the magnitude of the differential between some of your older debt and where the market is today? Could you just talk a little bit more about what that might mean, in terms of financing activity going toward refinancing activity and just how you think about tapping into that over time?

### Edward Fenster

Sure. It's a great question. So definitely, you're correct. With the asset performance and collections data that we've continued to print, our capital costs continue to decline. And so, the credit facilities that we would close today against newly placed in service assets are cheaper and higher in advance than those that we historically placed. It is also the case that a good chunk of our debt when we place it is subject to lender call protection for three to five years, some transactions as much as five to seven, or eight years. And so we won't be able to recap the entire balance sheet in one fell swoop over the next 12 months. But certainly, over the coming years, as we begin to refinance our existing transactions, there is a significant unlock available there, as the capital becomes less expensive.

### Stephen Byrd

That's very clear. And then last for me, just on storage. Obviously, it sounds like customer demand continues to be strong. Could you just talk longer-term about actual availability of equipment, ability to source the level of storage that you and your customers would like to have over time?

### Lynn Michelle Jurich



Yes. It's a huge tailwind in the business for us, because I do think that this opportunity will unlock over the next year, over the next 18 months. I mean, what you're seeing right now is still phenomenal growth with doubling of the battery install, but we are even--that's not with a wholehearted sales efforts, right? Like there's still some restraint here. So we do expect a number of suppliers to be coming in early next year, with much bigger volumes. And that will have a twofold benefit, really.

The first benefit is that, obviously, we'll be able to just have the consistent and reliable supply that the market demands, but it should also put pricing pressure still on the battery. So you're seeing right now, we're delivering these strong margins, but still, the cost of the batteries have not declined with the cost of the inputs. So I think you're going to also see that additional benefit that the value proposition is going to get stronger. So as we've said in the past, in many markets now, the vast majority of customers are choosing to add a battery. In Bay Area, it's almost 100%.

And I think as some of the changes in California, around rates and things there will be even more encouragement for batteries. In Texas, we went with the storms, we went from a minority to a majority adding the battery. So I think it could happen quite quickly, that the majority of solar is paired with the batteries. And I believe the supply chain will get there. It will take a few more quarters, but I believe the supply chain will get there.

**Stephen Byrd**

That is really helpful. Thank you very much.

**Lynn Michelle Jurich**

Thank you.

**Operator**

Next question, Brian Lee with Goldman Sachs.

**Brian Lee**

Hey, everyone. Thanks for taking the questions. And obviously, congratulations, Lynn, on the transition here, and it's been great to see you grow the company here from the pre-IPO days. So kudos to you and the team here.

**Tom VonReichbauer**

Thanks, Bryan.

**Brian Lee**

I guess first question I had was just kind of a clarification. Tom, you mentioned--if I do the math, the total value generated for 2021 based on the guidance is going to be \$7,500 to \$8,000 per customer for the year. That would imply a further downtick in the second half. You said it should be up substantially from the second quarter. So are we talking up from the pro forma levels? Or are you talking about being above \$8,000 per subscriber, throughout the balance of the second half? Just want to make sure I have that metric correct.

**Tom VonReichbauer**

Yes. So the range you got to there is directionally right, as you assume something on system size and lease mix that gets you in sort of that, yes, \$7,500 to \$8,000 range. We were obviously around \$8,200 in Q1, the \$5,500 level here in Q2. This is all on a non-pro forma basis. So not at the \$8,000 level in Q2. So I think the math you might be doing there is thinking, okay, we had \$8,200 in Q1 and \$8,000 in Q2. Therefore, it would be lower in the second half. If you use the non-pro forma number for Q2, it will show it trending higher sequentially throughout the year.

**Brian Lee**

Okay. Fair enough. So on a reported basis, that's helpful. And then I guess just a follow-up to that on some of the cost factors here that you're talking about being pulled forward. When I look at the creation cost in the quarter, it seemed like installation, which you did talk to a bit here, the installation costs were the major driver of the cost uptick from 1Q. Can you maybe break that down a bit more? Are you seeing higher



supply chain costs? Is it installation labor being more expensive? I know you've talked about a pull forward, so it's a timing issue, but are you seeing kind of impacts across different parts of the installation costs? Maybe you could break that down a bit more for us? Thanks, guys.

**Tom VonReichbauer**

Yes. So the main factor here that really relates to growth as you see it in installation cost is all of the costs that we begin to incur as we start building systems that aren't yet recognized and completed. And the easiest place for investors to see that is in the footnotes, looking at construction in progress. You can see that, that balance grew \$72 million dollars quarter-over-quarter. There's some level of that, that we would expect through growth. There's obviously a much larger growth in that amount relative to our installed volume growth than one would expect.

And that's sort of all of these systems that we began work on but haven't yet reached the full milestone for completion. So we take a pretty strong definition on what completes the system, solar, inverters, batteries, electrical work, everything being done. And so, that's the main place where you can see that growing. So not necessarily underlying cost changes that drove that, but really the onetime effects of accelerating growth in the period.

**Brian Lee**

Okay. Fair enough. Thanks a lot, guys. Appreciate it.

**Lynn Michelle Jurich**

Thanks, Brian.

**Operator**

Next question, James West, with Evercore ISI. Please go ahead.

**James West**

Hey. Good afternoon, everybody. My congratulations to Lynn and Mary as well.

**Lynn Michelle Jurich**

Thank you.

**James West**

So in the release, you guys talked about something that really caught our eye a couple of weeks ago, and that's that zero emission Home Act, where we're electrifying a lot of the parts of our home and there's going to be some rebates potential for that. I know that increases your TAM, and we're obviously pretty well versed in what EVs would do to that. But what--do you have any idea how much of an increase something like this would have for your TAM?

**Lynn Michelle Jurich**

Yes. Absolutely. And I'll just have to also offer, I mean these additional opportunities are some of the things that I'm really excited to be even more aggressively helping the company on.

**James West**

Right.

**Lynn Michelle Jurich**

I just feel that, like we said, we got to go faster on climate. And I think the government is starting to realize that, and so are some of these more aggressive programs they're putting in place. And for those that don't know what James is referring to, this would be rebates for customers to get electric appliances to switch over, things like upgrade their electric panel and switch over things like their HVAC and things. So if you look at just the additional electricity needs to--if you fully convert some of these like key machines in the house, namely the HVAC, which would be the biggest one, as well as cooking, washer and dryer, things like that, again, you're going to get that incremental system size benefit.





So it's not quite as large as the EV, but I think you can probably find some external third-party research on this, but it probably like ticks up the energy usage by--the electricity usage by 30-ish additional kind of percent there. And I think the more--but again, the more important piece of all this stuff is, I always go back to everybody wants our products. They save money, they're better, with a better service. It's just why do I do it now? It's like there's an urgency issue.

And I feel like that's what starting to really propel this business is there's now a whole new set of urgency around, "I do need that battery for resilience. Oh, there is a rebate available here that I can take advantage of for these devices--with these EV mandates that are coming out." I mean that's just an incredible unlock for this business as well, when you look at the stats that EV owners, 40% of them, I think, are installing solar right now. So I think it's really what's changing in the business is the technology is improving and getting cheaper, but it's this, "Okay, now is the time to do it." It's this urgency drive that I think will create a lot of value to come.

**James West**

That's great color, Lynn. A follow-up for me on Solar app. I know you guys were early champions of the app, and it's been deployed in some areas. Are we out of the development phase and the testing phase? Is this now a live app, that should get some of these soft costs out of the system?

**Lynn Michelle Jurich**

It is, yes. In fact, it is a live app, and we're in process of adding storage to it as well, I think. So I think that's the more complete picture here. We're really encouraged by the Department of Energy's focus on this. There's money directed to it, in California, there's \$20 million of funds directed to helping encourage AHJs to switch over to the solar app. So it does have to be a little bit of a bottoms-up AHJ by AHJ with a little bit of this top-down encouragement and pressure. So we do believe that it will have a very big impact, but there'll be a learning curve.

And I think it'll--it's not going to be--it's only going to be a single-digit percentage of our AHJs through the end of this year that will be on the app. But again, I think it's one of these things that can really snowball once people get confident that it works, and they see their neighboring cities adopting it and there's a financial incentive for them to do it. So it is one of the easiest unlocks for value for this business. Our estimates are that it will save between--you can save multiple thousands of dollars per project. Again, this is also one of the things that I want to work on more in my new capacity is helping institute some of these programs.

**James West**

Alright. Thanks, Lynn.

**Lynn Michelle Jurich**

Thanks.

**Operator**

Next question, Joseph Osha with JMP Securities.

**Joseph Osha**

Hi there. Congratulations, Lynn. It's Guggenheim (PH) now, by the way. And Lynn, I know you're really going to miss doing non-deal road shows with sell-side analysts. We'll miss you.

**Lynn Michelle Jurich**

I love--I always enjoy being with you for sure.

**Tom VonReichbauer**

That was a contentious negotiating point on the...

**Joseph Osha**

Well, I'm sure Mary, you don't know what you're in for. But anyway, congratulations.

**Lynn Michelle Jurich**

Alright. Thank you, duly noted.

**Joseph Osha**

Two questions. Ed, just on Page eight, looking at this upfront cash realization, we've seen this dynamic where pre-and post-flip assets tend to price pretty differently. Do you think that is going to continue to be the case so we're going to get kind of deal one and then post flip refi (PH)? Or does that maybe evolve over time?

**Edward Fenster**

Great question, Joe. And I think the answer is that for now, we're going to continue to see that effect play out. I think the key difference in the marketplace today, between post-flip assets and pre-flip assets is actually a little bit less related to the fact that they're post-flip assets and more related to the fact that they've been aged out five or six years. The ratings agencies still take these Draconian-sizing cases where they assume these ridiculous mass defaults every five years, people renegotiating your contracts, stuff that's never happened in 14 years of operating data.

**Joseph Osha**

Yes.

**Edward Fenster**

And so once you've gotten that first five-year haircut behind you, magically, the senior debt advance rate goes up significantly, just because lo and behold, the Ratings Agency stress case didn't materialize. And so for that reason, I think we'll continue to see these post-flip transactions where you're effectively substituting subordinated debt for very significantly cheaper senior debt, which lowers your capital cost, and increases the proceeds from the financing.

**Joseph Osha**

Yes, that makes sense. Thank you. And then just the second question. I mean there's been a lot of chatter about tax equity investor IRRs, and whether they're kind of, in this world, inappropriately high. And I'm just wondering when--as you look out to your tax equity partners and sort of think about your conversations with them, what are your thoughts about your cost of tax equity, and how that might evolve?

**Edward Fenster**

I think all the capital we face is inappropriately expensive.

**Joseph Osha**

Oh, really?

**Edward Fenster**

No, but to seriously answer your question, tax equity has this unusual dynamic, where the tax equity investor really needs to realize an inflationary pre-tax rate of return to fit into the Safe Harbors for the IRS Safe Harbors for the structure. And so their pre-tax returns are commonly in the 1% to 2% range because of the depreciation benefit that can cause the after-tax returns to be like 8% to 10%, which does feel extremely high. But it's really a regulatory construct that drives that. And the pre-tax capital cost still is similarly priced, or maybe a little cheaper than senior debt. So as we and our common shareholders experience it, it's actually still quite cheap capital.

**Joseph Osha**

Okay. Thank you.

**Operator**

Your next question, Mark Strouse with JPMorgan.

**Mark Strouse**

Yes. Thank you for taking our questions and I'll add my congrats to Lynn and Mary as well. Just in light of President Biden's targets that he laid out yesterday regarding electric vehicles this decade, you've touched



on the partnership with Ford. Can you just remind us, I mean is that exclusive to the Lightning F-150? Or are there potential to expand within Ford? And, can you just talk about any discussions that you might be having with other auto OEMs to expand this in the future?

**Lynn Michelle Jurich**

Thanks, yes, we're pretty excited about that mandate and the partnership with Ford. So yes, the current partnership with Ford is just with the F-150 Lightning. But you can imagine that we're-- the company with the nationwide footprint are able to navigate some of these trickier things around your electric upgrades and upgrading your electric service when you adopt the car, making that easy for people.

And also, one of the things we're excited about with Ford is we codevelop the bidirectional inverter, and that's the piece of the equipment that enables the truck to be the backup power for the house. And so, that's also a piece that we're pretty excited about our contributions and able to be able to provide that service. So this will be a segment of ours that we will aggressively pursue, and Ford is the first partner we're pretty excited about.

I think the other thing that we--the other thing it unlocks in a lot of ways as well is I think it gives you an opportunity to also build out a little more of an e-commerce experience as well because it's going to help also enable--there's going to be a buying flow for that person to reserve the car. Do they want to upgrade the charger? Do they want the bidirectional inverter? Do they want the solar? So there will be a really strong online experience. And I think as we build out those capabilities, we'll be well positioned to be the partner for all the auto OEMs.

**Mark Strouse**

Okay. Great. I will take the rest offline. Thank you, Lynn.

**Operator**

Next question, Moses Sutton, with Barclays.

**Moses Sutton**

Tom (PH), congrats on the leadership change, and thanks for taking our questions. First on the cash generation, the capitalization strategy, it's quite clear, sort of back to basics. Are ABS issuances still going to play the leading crucial role? Or are you looking at other debt strategies to new forms of subordinate debt financing and so on?

**Tom VonReichbauer**

Great question. I expect we'll be a very significant issuer of ABS debt. We've always kept our toe in the water in many different markets. Pricing can change over time, and there are other markets developing. Even people who are now interested in unitranche (PH), they'll do the senior and the subordinated at a blended cost of capital. So I think it's just--what we're seeing is just a vast deepening of the market kind of from all directions. But yes, I do think we'll be the significant ABS issuer as part of that overall strategy.

**Moses Sutton**

Got it. And are we going to start seeing the ABS issuances measured against a 5% calculated ADS AB? It's interesting that you're saying 95% to 100% off 5% discounted, not 6%. That seems to be an incremental positive. How do you get there?

**Tom VonReichbauer**

Yes. I mean just as the capital cost gets lower, what used to be interest expense becomes principal amortization, and so the advance rate goes up, and people are increasingly more confident as we always have been about the performance of the assets over a long period of time and the collection performance as well. We obviously don't set the ratings agency cases. You could still benchmark it against the 6% capital cost, and you might start seeing things like advanced rates over 100. So it's kind of a theoretical construct. But definitely, the capital cost on a weighted average basis for our assets, particularly on the contracted side, are now well below 5%. So we continue to think that's the correct number.

**Moses Sutton**



Right. That's very helpful. And then shifting to the sales and installation growth, timing sort of decoupling, can you give an increase in customer install lead times? Is it pushing visibility further out, or is that not really the right way to think about it? And is California proving an outsized role in the growth here? Or is it more broad-based across geographies?

**Lynn Michelle Jurich**

Great question. So I think the--on California, and then you'll have to remind me of your first question again, because it's been a whirlwind of a day. But on California, it's not. It's pretty broad-based. So I wouldn't say that there's any specific geo that's driving that. Was your first question cycle times? Yes. Okay.

**Moses Sutton**

Yeah.

**Lynn Michelle Jurich**

No, yes. So it does give us more visibility certainly into Q3, and Q4. And I think we're doing a nice job catching up. So you can see the quarter-over-quarter guidance at 15% quarter-over-quarter for installs, versus 11% this quarter. So that is accelerating. We do think that they're still very much in a healthy spot and we'll exit the year in a healthy spot, but it does give us more credibility around the--confidence around the back half.

**Moses Sutton**

Great. Great. And last one, have you started using any other battery vendor, other than Tesla and LG or still not yet?

**Lynn Michelle Jurich**

I think no, those are our primary vendors. We're constantly evaluating new ones, and I know you guys all know how to find that data, ultimately.

**Moses Sutton**

Great. We will take the rest offline. Thank you.

**Lynn Michelle Jurich**

Okay.

**Operator**

Next question, Julien Smith, Bank of America. Please go ahead.

**Julien Smith**

Hey. Good afternoon, everyone. Congratulations, very excited to work with you and see where you take the business. Lynn, likewise, excited.

**Lynn Michelle Jurich**

Thank you.

**Julien Smith**

And finally (INAUDIBLE) two, congrats and way to go here. So all around, a lot of developments on your side, here. Wow.

**Lynn Michelle Jurich**

Thank you.

**Edward Fenster**

Congratulations on your engagement, Julien.

**Julien Smith**

Go for it. Thank you I appreciate that. Maybe just to kick it off here, I mean what's your expectation on when and what exactly you're going to provide in terms of the cashflow update? Obviously, your peer here

provided a multiyear view on so-called corporate cash. What's your sense as far as what you guys would come up with, in terms of sort of additional disclosure?

**Edward Fenster**

Great question, Julien. I think what we're hoping to roll out on this call was a view of the proceeds side. That's the \$30,000 to \$31,500 per unit, which as we term our contracts out in the financial markets, we expect we can realize. I think over the course of the coming quarters, as we start talking about next year, we'll be in a good position to roll out more information about cashflow generation, what we'll do with the cash. We don't want to steal Mary's thunder. So stay tuned, and hopefully, this is a good interim update, and we can get more prescriptive on it shortly.

**Julien Smith**

Great. I mean, you may have just boxed me out of my next question in part. But I mean, my point is, because if you look at what that 95% to 100% does through the course of this model, and you've kind of alluded to it, I mean, that's a pretty sizable uptick in available cash, if you can lever up at the project level to that extent. I mean, can you give us any sort of order of magnitude on how to think about it? I mean, the models are pretty clear in what that would deliver and it's pretty sizable. And then, maybe the key point here is, how do we think about what you're actually going to do with this cash, right? I mean let's put repurchases and such aside, I mean strategically, and this is a Mary (PH) question, it's like what exactly do you want to do differently, if that's a fair question here.

**Edward Fenster**

Yes. Great question. So first, to acknowledge your comment, which is correct, yes. If you compare that amount of upfront proceeds to our fully burdened cost, it does--at our scale, you do get a quite significant cashflow result. Obviously, we do also have working capital investments like the investments in CIP that we made this quarter. Potentially for the near-term over in inventory as well, and often to achieve these sorts of advance rates, we have to package things up so they might sit on our balance sheet for nine months. So working through all of that and building the plan for next year, and working it through with the new enlarged team, I think we'll be in a better position to provide that additional layer, which is a critical layer in the coming quarter, too.

**Julien Smith**

Got it. So if I'm hearing you right, it sounds like it may be somewhat lumpy. But clearly, nonetheless, the underlying trend is substantively greater cashflow than previously anticipated at the corporate level?

**Edward Fenster**

Well, I leave anticipation to you, but we do think it's significant. We're excited about it.

**Julien Smith**

Got it. Excellent. Well, best of luck to you, all. Speak soon.

**Edward Fenster**

Thanks, Julien.

**Lynn Michelle Jurich**

Thanks, Julien.

**Mary Powell**

Thanks.

**Operator**

Next question, Maheep Mandloi, with Credit Suisse.

**Maheep Mandloi**

Hey. Good afternoon and congratulations, Lynn and Mary. Look forward to working with you guys.

**Mary Powell**

Thank you.

**Maheep Mandloi**

Maybe just one question on the higher costs in Q2. I just maybe wanted to understand how much of that is related to in-house costs and versus your investments in your channel partners? And maybe a follow-up to that, just how do we think about competition for channel partners over here, especially given all these labor shortages we're seeing out there in the market?

**Tom VonReichbauer**

Yes. So on the Q2 margins, I mean as Lynn noted earlier, we saw record growth in a lot of parts of our business. We saw great growth in channel and direct. And so, there are elements there in the CIP growth that flow through both of them. Obviously, some of the growth in sales and marketing expenses, just given the way those are recorded, is purely reflective of our direct business, given all of the channel partner payments show up in installation. But definitely growth in both. I think on the general partner--

**Lynn Michelle Jurich**

--Yes. On the channel partner side, I think we believe we're continuing to take share there. And as we mentioned, record growth. I think people see that we're differentiated around our brand, the financial products we bring people, the sales and platform experience, the operational experience to help take care of the customers. And so, that business is thriving and growing, and we feel very well positioned there.

**Maheep Mandloi**

Got it. And maybe just a second question here from me. The EV opportunity with Ford or potentially other OEMs out there in a way, is also kind of adding another channel partner for you guys. But apart from that, like how should we think about the immediate revenue opportunity like either selling the EV chargers or bidirectional inverters or anything else upfront to these Ford customers, over the next few years?

**Lynn Michelle Jurich**

Yes, I think we'll be--I think Ford is still working on their specific launch plans. So I think we'll be in touch on that in future quarters. But again, we expect that it is quite margin accretive, particularly around the solar, given that these are larger systems. It's a bigger ticket item. So we're excited about what that can do to our customer values.

**Maheep Mandloi**

Alright. That is it for me. Thank you.

**Lynn Michelle Jurich**

Thanks.

**Operator**

Next question, Kashy Harrison with Piper Sandler.

**Kashy Harrison**

Good afternoon. Thank you for taking my questions and congrats, to both Lynn and Mary. So my question, excuse me, is guidance related. Tom, taking your 15% quarter over growth rate into Q3 implies 213 megawatts, full year guidance is 30%. So that implies, call it, 217, entering Q4. Wondering if that's conservatism on your end, or if there's another reason why the growth would be flattening into Q4.

And then if you could just help us think through the long-term implications of the hirings on the growth rate entering 2022, just relative to the historical 15 medium-term--15% medium-term growth rate you've talked about in the past? And that's it for me. Thank you.

**Tom VonReichbauer**

Yes. So first, we were excited to increase our outlook for the year up to 30% for the full year, reflecting the growth we've seen more recently. Q3, Q4 often have a level of seasonality in there. As we get deeper in the year, we're dealing with things like weather and sitting crews and having to navigate a few of those. So right now, the view that we're confident in is the 30% increase, which, yes, your numbers you backed into

there are spot on. Often, we'll see some shift between those quarters. I also think the dynamic supply chain environment and just keeping our eye on that, it's been an area we've had to manage very closely over the last couple of quarters.

Want to make sure that we continue to have good visibility there. And so, happy with the full year outlook. I think as we head into next year, our goal is going to be to continue to gain share and grow it at above market rates and cement our leadership position. And so, as Ed mentioned earlier, in subsequent calls, we'll get a little deeper on some of the operational elements of the outlook for that period of time. But we definitely expect to use our brand, our technology, our omnichannel presence to reach more customers, and take share over the medium term.

## **Operator**

Our next question comes from Tristan Richardson with Truist.

## **Tristan Richardson**

Hey. Good evening, guys. Just a quick one for me on the new home business. Some interesting stats you talked about on market share and growth there. And just now as that business is seeing a lot more scale for you, can you talk about how or if it affects the mix at all, either just on the creation side, creation cost side, given perhaps some efficiencies in master planning, but also average system sizes difference, etc. Just maybe as that continues to outpace the overall growth of the business, how it might affect things from a mix perspective?

## **Lynn Michelle Jurich**

Yeah, it has grown really nicely, and we've gone from a pretty limited share there because we weren't focused on it, to a pretty significant share very quickly, which I think again underscores our reputation. It's still a small enough business unit that it's not going to move the needle on any of the overall numbers. I think last I looked, the market size of that was something around 100 megawatts or something sort of annually.

And so, again, you look at the scale we're sort of operating in the overall business, that even sort of even a healthy market share there isn't going to completely move the needle or make a big difference in sort of the unit level economics. So the thing we're really excited about around that mandate is what it does is, more of this creates comfort with solar, more normalization that you get a house, you put solar in it. That's where I think consumers will be very quickly. So we feel like that's the bigger strategic benefit from that mandate, versus what it does from a financial performance as part of the overall picture.

## **Tristan Richardson**

Appreciate it. Thank you, guys very much.

## **Operator**

Next question, Colin Rusch with Oppenheimer.

## **Colin Rusch**

Thanks so much. Can you talk a little bit about the progress you've made in terms of upselling the existing customer base into energy storage or EV charging and how that's impacting your overall cycle time with the sales process?

## **Lynn Michelle Jurich**

Yes, we really haven't even scratched the surface around that. So that's all forward opportunity for us, given the supply shortage in the batteries, and the fact that it's much more economical for people to pair the solar and the storage at the same time right now with where the technology is and where the hardware is, we've really been focusing on that market. The next cycle of batteries that are coming out will be really attractive for those retrofit opportunities. So that will be another upside for us going forward. But as of right now, we have not had big contribution from upselling or additional sales to people, but I think that will definitely come.

## **Colin Rusch**

Thanks so much. And then, the follow-up is really--and it may be early on this, but are there discussions around being able to capture any value for avoided cost of infrastructure or additional capacity that utilities would have to build out or grid operators would have to build out to service some of these communities? I'm not sure that's something you guys can actually monetize other than through the services market or directly with customers.

**Tom VonReichbauer**

That's a great question. I mean obviously, there's a lot of value-add that we can provide there. And depending on the market and the partner, there are different methods to do that and different counterparties with whom we can do that. I think part of what we're hoping to do in the virtual power panel business over the coming years is to really demonstrate that we're just a low-cost provider for doing this sort of stuff, and that it's a lot cheaper to install storage than it is to underground power lines out to the middle of nowhere.

And ultimately, this whole exercise of creating a reliable grid is so expensive, that just bearing inefficient--rubber stamping inefficient solutions just can't be the way forward anymore. So I'm optimistic that it will take a little bit of time, but I'm optimistic we'll play a really significant role there.

**Lynn Michelle Jurich**

And I would just offer, this is one of the reasons why we're so confident Mary is the leader for the next phase of the company. I mean, she pioneered the first virtual power plant in her utility, in 2015. And so, she brings real credibility around, and she lowered her bills for her customer. So she brings real credibility around. This is not a rooftop versus utility scale. This is, "Hey, we need way more clean power on the system and distributed is the fastest and most efficient way to do it. So let's take advantage of it."

**Colin Rusch**

Great. Thanks so much you guys.

**Lynn Michelle Jurich**

Thanks.

**Operator**

Next question, Philip Shen with Ross Capital Partners.

**Philip Shen**

Hi, everyone. Thanks for taking my questions. As it relates to your channel partners in Q1, you grew them by 20%. I think Q2, you're up 15% over Q1. What kind of pace do you expect in Q3? And how long do you think this pace of share gain and with the network partners can continue?

**Lynn Michelle Jurich**

Yes. We are really pleased with the growth, but we also don't forecast channel by channel. I mean, what we really look at is how do we get market share in geography, what are the most attractive path to market to reach the most consumers, and sometimes that can be direct and sometimes that can be channel. As I always say, not all channel partners are created equal in terms of the quality, the reputation. And so, we're really pleased with the share gains. I think we believe we're going to continue to take overall share, and I think we're the most attractive partner for the really high-quality channel partners.

**Philip Shen**

Great. Thanks, Lynn. And then, in terms of your financing strategy, Ed, you gave us some perspective there, and it seems like you're focused on nonrecourse debt. One of your peers is out there with a green bond. So I was wondering if you might be able to comment on your views of recourse debt options, and green bonds specifically, would you ever tap into them? If so, what kind of timing could we see?

**Edward Fenster**

Good question, Phil. I mean, every bond we issue is a green bond given the nature of our business. And I think that's been relatively understood by the financial markets for years. I think that we're obviously in the business of delivering the lowest overall capital cost that we can for our common shareholders. And given



the work that we did this year, we think over the foreseeable future, the right way to achieve that goal is through nonrecourse financing.

Does that mean that we might not--might we have a diversity of financing structures and consider other things over time? Sure. And might there be benefits to being a rated credit over a period of time? Yes. But I think that our overall general strategy is set, and we tend to lean very heavily into that strategy, once we've established it as our core strategy.

**Philip Shen**

Great. Okay. Thank you both. I will pass it on.

**Operator**

Next question is Sophie Karp with KeyBanc.

**Sophie Karp**

Hi. Good afternoon. Thank you for squeezing me in, and congratulations to Mary and Lynn on the transition. Exciting stuff right there. So a lot has been discussed, so I will keep it short. Maybe if you guys could give us some update on the grid service opportunities in terms of dollar amounts, and what you're seeing there? I know you guys talked about something like \$75 million in expected revenue from opportunities awarded or in late-stage last time. And so, has this number changed? Are you seeing any acceleration of those opportunities?

**Lynn Michelle Jurich**

Yes. So absolutely. I think as we mentioned, the 12 programs that we have announced cover about 10% of our geographies, our kind of beachhead there, but the pipeline would be more like 50%. So yes, we absolutely see continued interest that these are oftentimes pretty slow-moving counterparties, as you might imagine. And so, these are some advantages that will play out over the next couple of years is that we've been in these discussions for the past two and three years because that's unfortunately how long they take, which again is why our assets are so important because we're solving the climate crisis right now, and quickly.

We're also not super aggressive on immediate programs, again, because of the battery supply issue, but I think that will ease and you'll again, see this to be a big differentiator for us. You will not see a revenue line associated with this, that we break out anytime soon. I think again, we've said that we believe it will add about \$2,000-ish in incremental margin to our customers, but at this stage of the maturity of it. It's still a vast minority of our projects that will have that.

**Sophie Karp**

Got it, guys. And then maybe conceptually, also, so you clearly moving forward with the various initiatives, the charges, the partnership with Ford, etc. You're selling batteries, you're selling solar. Does it make sense for you to kind of move more toward the ESS space and have maybe try to capture more of a customer--the share of customer wallet and comes to these services.

**Lynn Michelle Jurich**

That's core to our strategy. I think we are the dominate market share leader--yes, in residential ESS, and I see no reason why we wouldn't sustain that position and really accelerate the whole growth of it. So, absolutely core to us, and something we believe will be a competitive advantage.

**Sophie Karp**

Any particular products that could be added to the suite that are worth mentioning? Or is it too early to say it now?

**Lynn Michelle Jurich**

Yes, we believe that if we are--energy creates 90% of emissions and 42% of those are in the home, and there are some key big devices in the home that create those carbon emissions. The heating and ventilation, the water heater, the cooking and others. And so, if we're going--as a society, we have to replace those fossil-burning machines with electric machines powered by renewables.



We absolutely see that it's our role in the industry, to affect that change in households and make it easy for people to fully switch it over electric to network those and make them into assets for the grid, and that's very much the vision. And many of those initiatives are some of the things that get me really excited too, for how I can help support the company. And Mary, again, was an early pioneer in that vision. So I do expect that, that's a key part of the company's future.

**Sophie Karp**

Thank you. That's all for me. I will pass it on.

**Lynn Michelle Jurich**

Great.

**CONCLUSION**

**Operator**

Thank you. We have concluded the time for the question-and-answer session. I will now turn the floor over to Lynn for closing remarks.

**Lynn Michelle Jurich**

Well, thanks, everybody. This is my 25th earnings call. It's pretty--it's a good one to finish as CEO. But as I said, not going anywhere and really excited for Mary to lead this next chapter. So stay tuned, and we'll talk to you guys after the call.

**Operator**

This concludes today's teleconference. You may disconnect your lines at this time and thank you for your participation.

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**Forward Looking Statements**

*This communication contains forward-looking statements related to Sunrun (the "Company") within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements related to: the impact of COVID-19 on the Company and its business and operations; the Company's leadership team; the Company's financial and operating guidance and expectations; the Company's business plan, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the Company's momentum in the company's business strategies, expectations regarding market share, customer value proposition, market penetration, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the growth of the solar industry; the Company's ability to manage supply chains and workforce; factors outside of the Company's control such as macroeconomic trends, public health emergencies, natural disasters, and the impacts of climate change; the legislative and regulatory environment of the solar industry; expectations regarding the Company's storage and energy services businesses, the Company's acquisition of Vivint Solar (including cost synergies), the Company's partnership with Ford, anticipated emissions reductions due to utilization of the Company's solar systems, and expectations regarding the growth of home electrification, electric vehicles, virtual power plants, and distributed energy resources. These statements are not guarantees of future performance; they reflect the Company's current views with respect to future events and are based on assumptions and estimates and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. The risks and uncertainties that could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements include: the impact of COVID-19 on the Company and its business and operations; the successful integration of Vivint Solar; the Company's leadership team and ability to retract and retain key employees; the availability of additional financing on acceptable terms; changes in the retail prices of traditional utility generated electricity; worldwide economic conditions, including slow or negative growth rates in global and domestic economies and weakened consumer confidence and spending; changes in policies and regulations including net*



*metering and interconnection limits or caps; the availability of rebates, tax credits and other incentives; the availability of solar panels, batteries, and other components and raw materials; the Company's ability to attract and retain the Company's relationships with third parties, including the Company's solar partners; the Company's continued ability to manage costs associated with solar service offerings; the Company's business plan and the Company's ability to effectively manage the Company's growth and labor constraints; the Company's ability to meet the covenants in the Company's investment funds and debt facilities; factors impacting the solar industry generally, and such other risks and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission from time to time. All forward-looking statements used herein are based on information available to us as of the date hereof, and we assume no obligation to update publicly these forward-looking statements for any reason, except as required by law.*