



# Q4 2021 Financial Results

February 17, 2022

# Safe Harbor & 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 Company’s leadership team and talent development; the Company’s financial and operating guidance and expectations; the Company’s business plan, trajectory and expectations in 2022 and beyond, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the ongoing, anticipated, or potential impacts of the COVID-19 pandemic and its variants; the Company’s momentum in the company’s business strategies, expectations regarding market share, total addressable market, 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 suppliers, inventory, and workforce; supply chains and regulatory impacts affecting supply chains; 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 and the potential impacts of proposed, amended, and newly adopted legislation and regulation on the solar industry and our business; expectations regarding the Company’s storage and energy services businesses, the Company’s acquisition of Vivint Solar (including cost synergies), anticipated emissions reductions due to utilization of the Company’s solar systems; the Company’s ability to derive value from the anticipated benefits of partnerships, new technologies, and pilot programs; 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 and its variants on the Company’s operations; the Company’s continued ability to manage costs and compete effectively; the availability of additional financing on acceptable terms; worldwide economic conditions, including slow or negative growth rates; rising interest rates; changes in policies and regulations, including net metering and interconnection limits or caps and licensing restrictions; the Company’s ability to attract and retain the Company’s solar partners; supply chain risks and associated costs; the successful integration of Vivint Solar; realizing the anticipated benefits of past or future investments, strategic transactions, or acquisitions, and integrating those acquisitions; the Company’s leadership team and ability to retract and retain key employees; changes in the retail prices of traditional utility generated electricity; the availability of rebates, tax credits and other incentives; the availability of solar panels, batteries, and other components and raw materials; 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.



sunrun

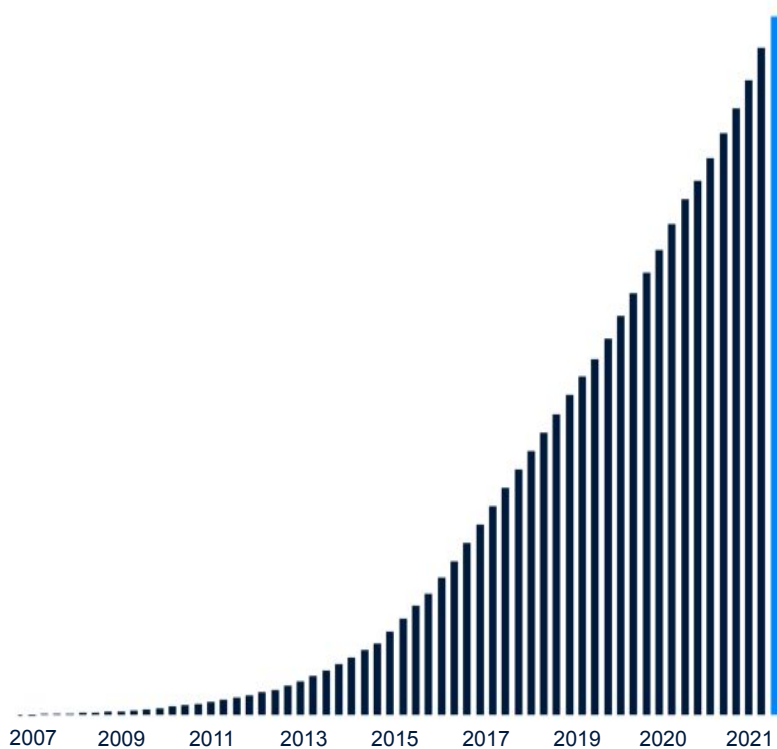


The time for  
solar is now.



# Sunrun is Growing its Base of Customers

660,000+ Customers  
20% year-over-year growth



Customer counts through 12/31/2021. Customer figures are rounded and historical figures give pro forma effect to our acquisition of Vivint Solar from 2012 to 2019 and includes Vivint Solar in 2020. 2007-2011 reflects legacy Sunrun standalone because Vivint Solar was founded in October 2011. See Appendix for glossary of terms and accompanying notes.



# Sunrun is Building a Base of Customers with Recurring Revenue and Multi-Decade Relationships



29,870

CUSTOMER ADDITIONS IN Q4

+27% YEAR-OVER-YEAR

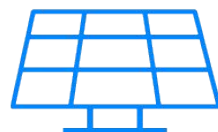
219.7 MEGAWATTS SOLAR ENERGY  
CAPACITY INSTALLED IN Q4

660,311

CUSTOMERS

+20% YEAR-OVER-YEAR

NETWORKED SOLAR ENERGY  
CAPACITY OF 4,677 MEGAWATTS



\$36,962

SUBSCRIBER VALUE  
IN Q4

\$29,898

CREATION COST  
IN Q4

\$7,064

NET SUBSCRIBER VALUE IN Q4



\$156 Million

TOTAL VALUE GENERATED  
IN Q4

\$4.6 Billion

NET EARNING ASSETS  
INCLUDING \$850 MILLION OF CASH  
AS OF 12/31/2021

\$851 Million

ANNUAL RECURRING REVENUE  
FROM SUBSCRIBERS  
AS OF 12/31/2021

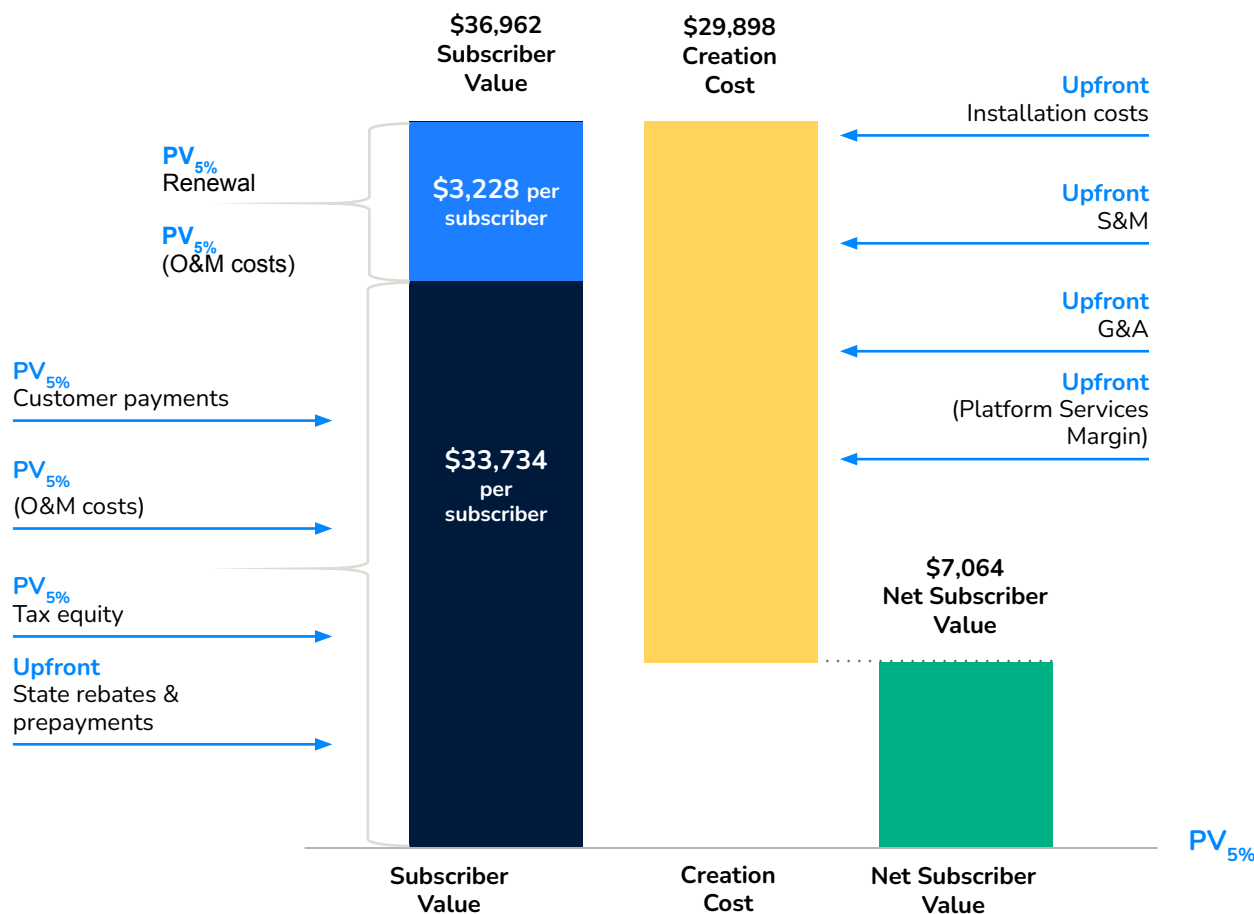
17.4 Years

AVERAGE CONTRACT  
LIFE REMAINING  
AS OF 12/31/2021

# Total Value Generated of \$156 million in Q4

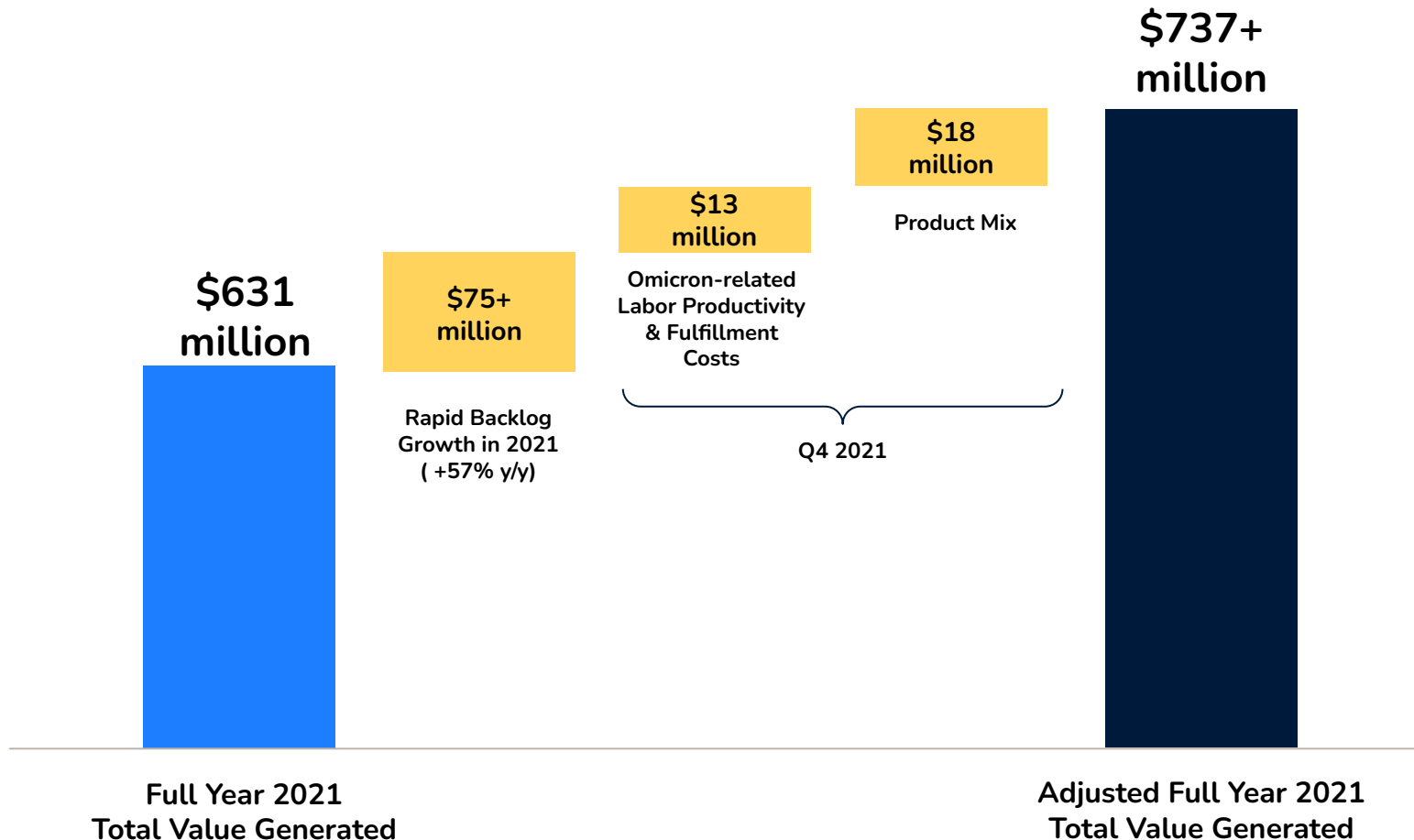
22,017 Subscriber Additions with Net Subscriber Value of \$7,064

Negatively impacted by rapid backlog growth, Omicron-related labor productivity & fulfillment costs and adverse product mix in Q4, totalling more than \$107 million for full-year 2021



Q4 average subscriber system size was 7.4 KWs.

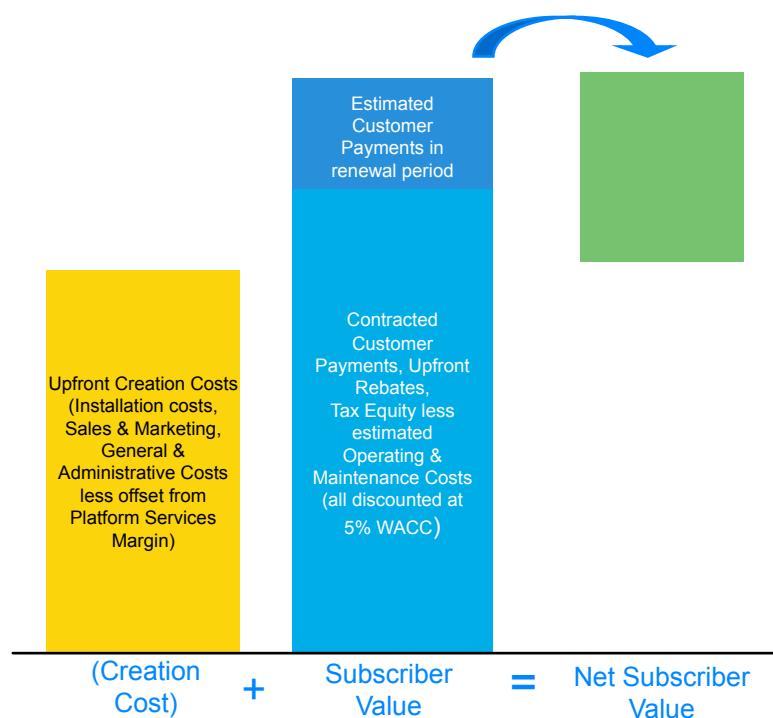
# Total Value Generated Impacted by Rapid Backlog Growth, Omicron and Product Mix-related Headwinds



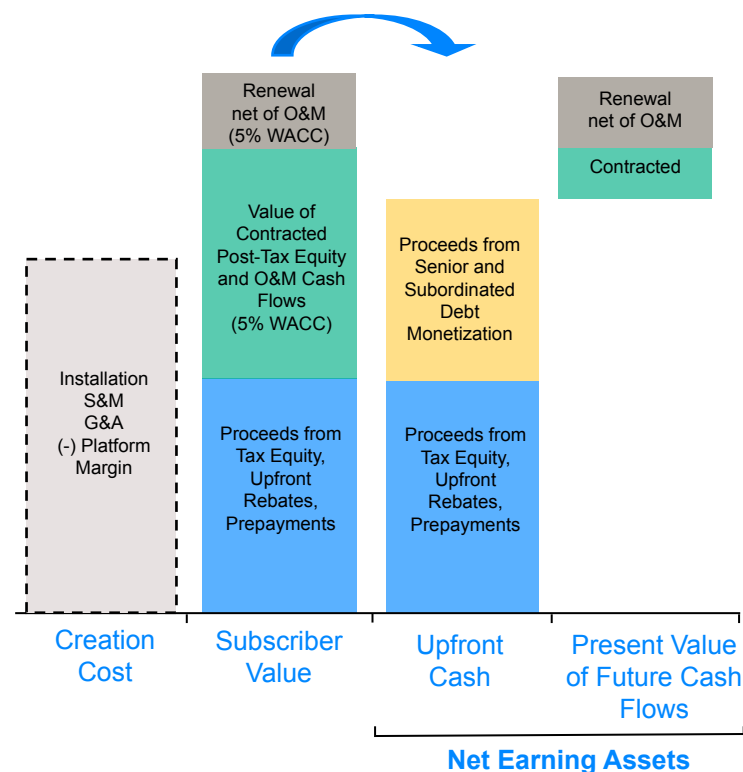
# Strong unit margins allow us to grow, generate cash and increase our base of recurring cash flows

## Strong Unlevered Unit-level Economics:

Subscribers have significant value with 20-30 years of expected cash flows

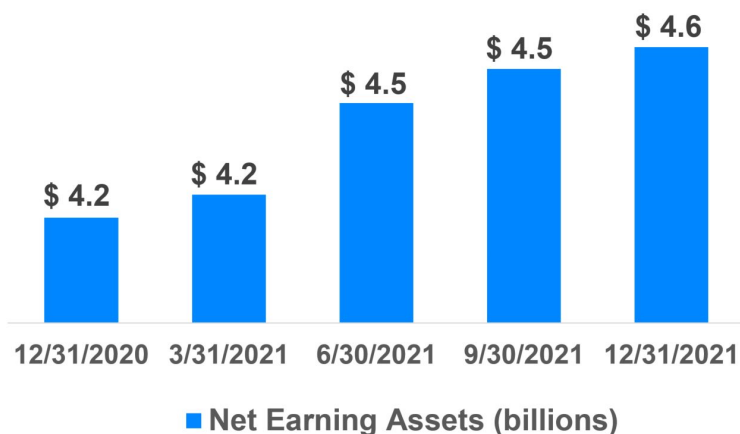


We can raise 95-100% of **Contracted Subscriber Value** in upfront funding, exceeding **Creation Costs**, allowing us to grow our cash balance while continuing to build our long-term stream of recurring cash flows





# Net Earning Assets at \$4.6 Billion



- We have \$9.7 billion in Gross Earning Assets, which is our measure of the present value of cash flows from customers over time.
- Projected cash flow from customers plus cash, less total debt and pass-through obligations represents \$4.6 billion in present value, which we call Net Earning Assets.
- Metrics reflect a 5% discount rate and Net Earning Assets includes both recourse and non-recourse debt and total cash.

(\$ in millions)	4Q20	1Q21	2Q21	3Q21	4Q21
Gross Earning Assets Contracted Period	\$5,234	\$5,488	\$5,797	\$6,229	\$6,639
Gross Earning Assets Renewal Period	\$2,539	\$2,633	\$2,815	\$2,929	\$3,033
<b>Gross Earning Assets</b>	<b>\$7,773</b>	<b>\$8,122</b>	<b>\$8,613</b>	<b>\$9,158</b>	<b>\$9,672</b>
(-) Recourse Debt & Convertible Senior Notes	(\$231)	(\$569)	(\$607)	(\$599)	(\$602)
(-) Non-Recourse Debt	(\$4,565)	(\$4,705)	(\$5,003)	(\$5,537)	(\$5,901)
(-) Pass-through financing obligation	(\$340)	(\$339)	(\$337)	(\$324)	(\$321)
(+) Pro-forma debt adj. for safe harboring facility	\$23	\$40	\$36	\$4	\$3
(+) Pro-forma debt adj. for debt within project equity funds	\$800	\$865	\$901	\$904	\$901
(+) Total cash	\$708	\$813	\$858	\$941	\$850
<b>Net Earning Assets</b>	<b>\$4,168</b>	<b>\$4,227</b>	<b>\$4,460</b>	<b>\$4,547</b>	<b>\$4,602</b>

# Outlook

**20%+ GROWTH**

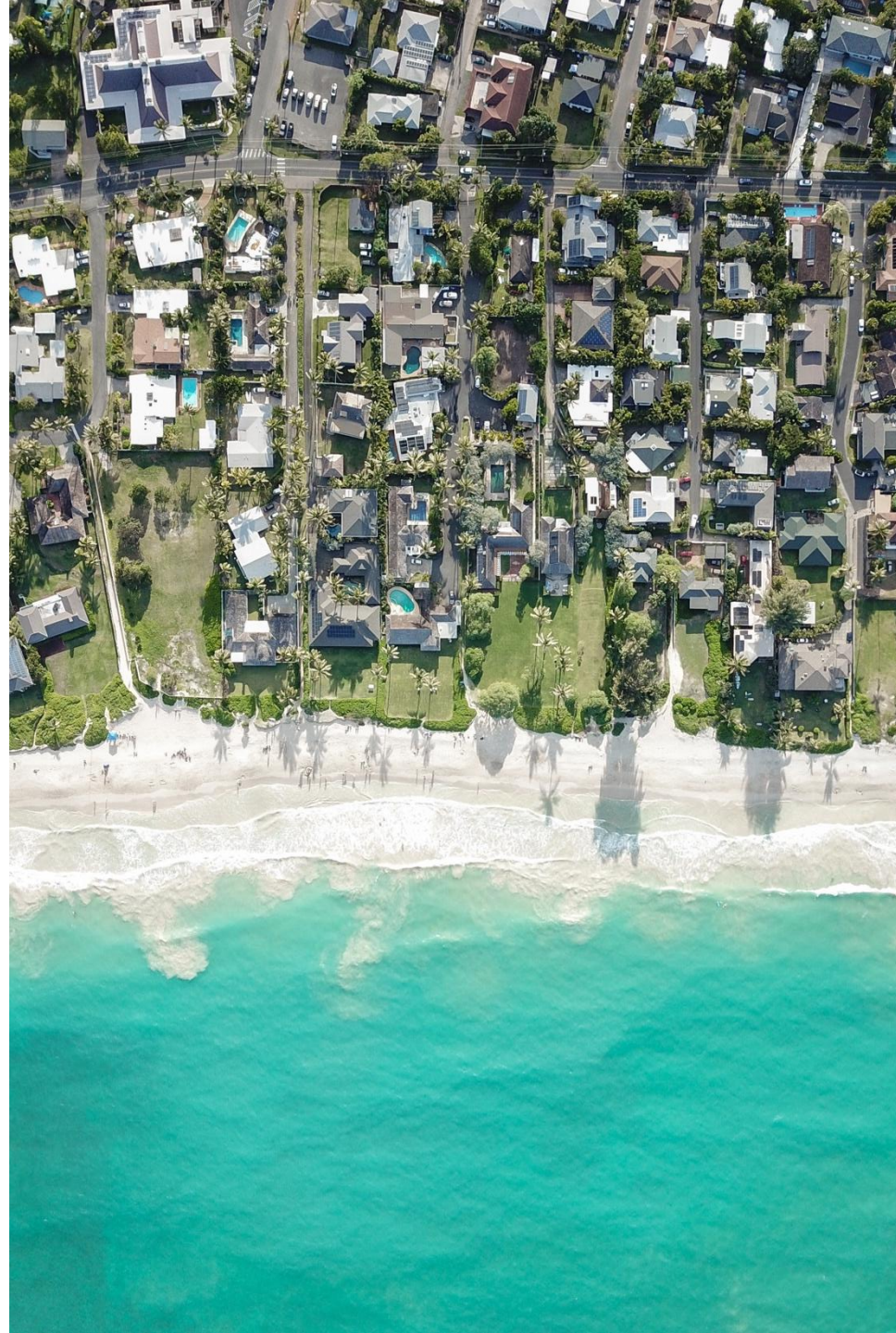
**IN SOLAR ENERGY CAPACITY INSTALLED  
FOR FULL YEAR 2022**

**TOTAL VALUE GENERATED**

**IS EXPECTED TO GROW FASTER THAN  
SOLAR ENERGY CAPACITY INSTALLED FOR  
FULL YEAR 2022**

**SOLAR ENERGY CAPACITY INSTALLED**

**ESTIMATED TO BE IN A RANGE OF 195 TO  
200 MW IN Q1**



# Appendix

# Gross Earning Asset Sensitivities

\$ in millions, as of December 31, 2021

Gross Earning Assets Contracted Period					
<u>Default rate</u>	Discount rate				
	3%	4%	5%	6%	7%
5%	\$ 7,691	\$ 7,030	\$ 6,453	\$ 5,948	\$ 5,504
0%	\$ 7,925	\$ 7,238	\$ 6,639	\$ 6,115	\$ 5,654

Gross Earning Assets Renewal Period					
<u>Purchase or Renewal rate</u>	Discount rate				
	3%	4%	5%	6%	7%
80%	\$ 3,933	\$ 3,212	\$ 2,633	\$ 2,166	\$ 1,788
90%	\$ 4,531	\$ 3,700	\$ 3,033	\$ 2,496	\$ 2,061
100%	\$ 5,128	\$ 4,188	\$ 3,434	\$ 2,825	\$ 2,333

Gross Earning Assets					
<u>Purchase or Renewal rate</u>	Discount rate				
	3%	4%	5%	6%	7%
80%	\$ 11,859	\$ 10,450	\$ 9,271	\$ 8,280	\$ 7,442
90%	\$ 12,456	\$ 10,938	\$ 9,672	\$ 8,610	\$ 7,715
100%	\$ 13,053	\$ 11,426	\$ 10,073	\$ 8,940	\$ 7,988



# Glossary

**Deployments** represent solar energy systems, whether sold directly to customers or subject to executed Customer Agreements (i) for which we have confirmation that the systems are installed on the roof, subject to final inspection, (ii) in the case of certain system installations by our partners, for which we have accrued at least 80% of the expected project cost (inclusive of acquisitions of installed systems), or (iii) for multi-family and any other systems that have reached our internal milestone signaling construction can commence following design completion, measured on the percentage of the system that has been completed based on expected system cost.

**Customer Agreements** refer to, collectively, solar power purchase agreements and solar leases.

**Subscriber Additions** represent the number of Deployments in the period that are subject to executed Customer Agreements.

**Customer Additions** represent the number of Deployments in the period.

**Solar Energy Capacity Installed** represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period.

**Solar Energy Capacity Installed for Subscribers** represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period that are subject to executed Customer Agreements.

**Creation Cost** represents the sum of certain operating expenses and capital expenditures incurred divided by applicable Customer Additions and Subscriber Additions in the period. Creation Cost is comprised of (i) installation costs, which includes the increase in gross solar energy system assets and the cost of customer agreement revenue, excluding depreciation expense of fixed solar assets, and operating and maintenance expenses associated with existing Subscribers, plus (ii) sales and marketing costs, including increases to the gross capitalized costs to obtain contracts, net of the amortization expense of the costs to obtain contracts, plus (iii) general and administrative costs, and less (iv) the gross profit derived from selling systems to customers under sale agreements and Sunrun's product distribution and lead generation businesses. Creation Cost excludes stock based compensation, amortization of intangibles, and research and development expenses, along with other items the company deems to be non-recurring or extraordinary in nature.

**Subscriber Value** represents the per subscriber value of upfront and future cash flows (discounted at 5%) from Subscriber Additions in the period, including expected payments from customers as set forth in Customer Agreements, net proceeds from tax equity finance partners, payments from utility incentive and state rebate programs, contracted net grid service program cash flows, projected future cash flows from solar energy renewable energy credit sales, less estimated operating and maintenance costs to service the systems and replace equipment, consistent with estimates by independent engineers, over the initial term of the Customer Agreements and estimated renewal period. For Customer Agreements with 25 year initial contract terms, a 5 year renewal period is assumed. For a 20 year initial contract term, a 10 year renewal period is assumed. In all instances, we assume a 30-year customer relationship, although the customer may renew for additional years, or purchase the system.

**Net Subscriber Value** represents Subscriber Value less Creation Cost.

**Total Value Generated** represents Net Subscriber Value multiplied by Subscriber Additions.

**Customers** represent the cumulative number of Deployments, from the company's inception through the measurement date.

**Subscribers** represent the cumulative number of Customer Agreements for systems that have been recognized as Deployments through the measurement date.

**Networked Solar Energy Capacity** represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company's inception through the measurement date.

**Networked Solar Energy Capacity for Subscribers** represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company's inception through the measurement date, that have been subject to executed Customer Agreements.

**Gross Earning Assets** is calculated as Gross Earning Assets Contracted Period plus Gross Earning Assets Renewal Period.

**Gross Earning Assets Contracted Period** represents the present value of the remaining net cash flows (discounted at 5%) during the initial term of our Customer Agreements as of the measurement date. It is calculated as the present value of cash flows (discounted at 5%) that we would receive from Subscribers in future periods as set forth in Customer Agreements, after deducting expected operating and maintenance costs, equipment replacements costs, distributions to tax equity partners in consolidated joint venture partnership flip structures, and distributions to project equity investors. We include cash flows we expect to receive in future periods from state incentive and rebate programs, contracted sales of solar renewable energy credits, and awarded net cash flows from grid service programs with utilities or grid operators.

**Gross Earning Assets Renewal Period** is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term but before the 30th anniversary of the system's activation (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for Subscribers as of the measurement date. We calculate the Gross Earning Assets Renewal Period amount at the expiration of the initial contract term assuming either a system purchase or a renewal, forecasting only a 30-year customer relationship (although the customer may renew for additional years, or purchase the system), at a contract rate equal to 90% of the customer's contractual rate in effect at the end of the initial contract term. After the initial contract term, our Customer Agreements typically automatically renew on an annual basis and the rate is initially set at up to a 10% discount to then-prevailing utility power prices.

**Net Earning Assets** represents Gross Earning Assets, plus total cash, less adjusted debt and less pass-through financing obligations, as of the same measurement date. Debt is adjusted to exclude a pro-rata share of non-recourse debt associated with funds with project equity structures along with debt associated with the company's ITC safe harboring facility. Because estimated cash distributions to our project equity partners are deducted from Gross Earning Assets, a proportional share of the corresponding project level non-recourse debt is deducted from Net Earning Assets, as such debt would be serviced from cash flows already excluded from Gross Earning Assets.

**Annual Recurring Revenue** represents revenue arising from Customer Agreements over the following twelve months for Subscribers that have met initial revenue recognition criteria as of the measurement date.

**Average Contract Life Remaining** represents the average number of years remaining in the initial term of Customer Agreements for Subscribers that have met revenue recognition criteria as of the measurement date.

**Positive Environmental Impact from Customers** represents the estimated reduction in carbon emissions as a result of energy produced from our Networked Solar Energy Capacity over the trailing twelve months. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency's AVERT tool.

**Positive Expected Lifetime Environmental Impact from Customer Additions** represents the estimated reduction in carbon emissions over thirty years as a result of energy produced from solar energy systems that were recognized as Deployments in the period. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency's AVERT tool.



# SUNRUN

## Sunrun Investor Relations

[investors.sunrun.com](https://investors.sunrun.com)

415-373-5206

[investors@sunrun.com](mailto:investors@sunrun.com)