



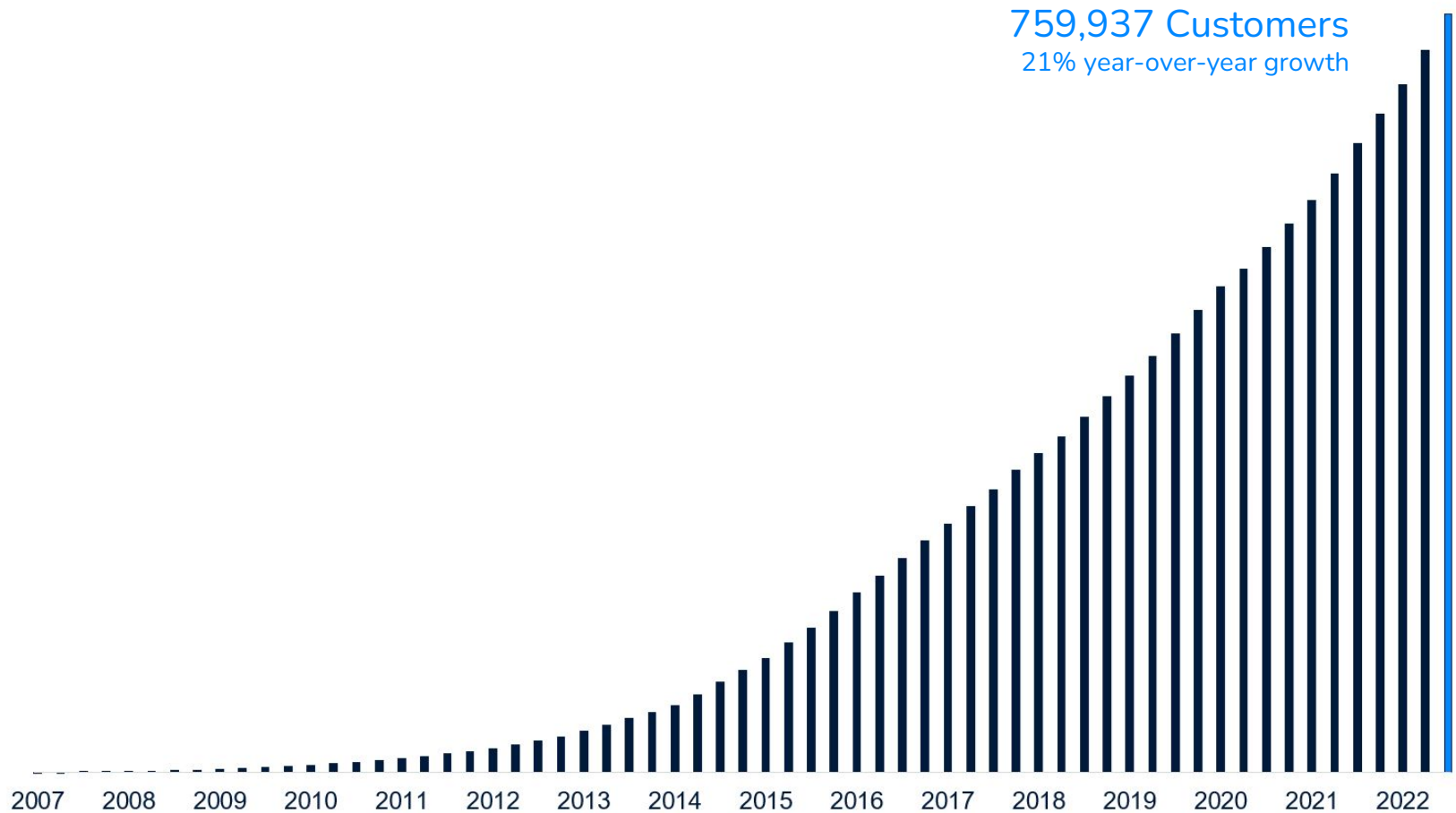
# Q3 2022 Financial Results

November 2, 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 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 Company’s momentum in its 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 derive value from the anticipated benefits of partnerships, new technologies, and pilot programs; anticipated demand, market acceptance, and market adoption of the Company’s offerings, including new products, services, and technologies; expectations regarding the growth of home electrification, electric vehicles, virtual power plants, and distributed energy resources; the Company’s ability to manage suppliers, inventory, and workforce; supply chains and regulatory impacts affecting supply chains; the Company’s leadership team and talent development; 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; the ongoing, anticipated, or potential impacts of the COVID-19 pandemic and its variants; 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; and factors outside of the Company’s control such as macroeconomic trends, public health emergencies, natural disasters, acts of war, terrorism, geopolitical conflict, or armed conflict / invasion, and the impacts of climate change. 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 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; volatile or 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 business partners; supply chain risks and associated costs; the impact of COVID-19 and its variants on the Company’s operations; the successful integration of Vivint Solar; realizing the anticipated benefits of past or future investments, partnerships, strategic transactions, or acquisitions, and integrating those acquisitions; the Company’s leadership team and ability to attract 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 home electrification and 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 is Growing its Base of Customers



Customer counts through 9/30/2022. Customer 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.

# Executing in Q3 while building for scale

## **FASTER: DELIVERING STRONG & SUSTAINABLE GROWTH**

- Grew new installations by 17% y/y to 256 MWs, exceeding midpoint of guidance range; Volumes would have been closer to high-end of range had hurricanes in Puerto Rico and Florida not reduced sales and installation activities late in Q3.
- On track for approximately 25% growth in new Solar Energy Capacity Installed in 2022.

## **BETTER: INNOVATING & DIFFERENTIATING**

- Groundbreaking Puerto Rico 17 MW virtual power plant (VPP) contract approved by Puerto Rico Electric Power Authority board.
- Demonstrated value of network of distributed solar + battery systems, providing more than 1 GWh of energy in California over 8 days to help prevent rolling blackouts during recent heatwave. Provided backup power to thousands of customers in Florida and Puerto Rico during grid outages totalling more than 350,000 hours of backup power.
- Celebrated the unveiling of Lunar Energy, a clean energy technology company that Sunrun invested in to accelerate whole-home electrification. Lunar Energy's first product will be an integrated, next-generation purpose-built combined battery, inverter and VPP software offering.
- Ford partnership continues to deliver strong initial results; approximately 1,000 Ford Charge Station Pro orders thus far (and many thousands of initial conversations) and installations are ramping rapidly; high mix of customers want the additional bidirectional home backup capability.

## **STRONGER: COST EFFICIENCY & EXPANDING MARGINS**

- Grew installation volumes in Sunrun's direct business sequentially at a growth rate 3x headcount additions, as installation crew efficiency increased by nearly 30%.
- Maintained overhead cost discipline, with G&A expenses (excl. SBC) declining 6.4% y/y to an all-time low of approximately \$1,100 per new Customer Addition, a 20% y/y improvement.
- Significantly Improved Net Subscriber Value in Q3 to \$13,259 (+\$5,349 from Q2), exceeding guidance (even excluding Inflation Reduction Act benefit) and increased margin guidance for Q4.
- Ended Q3 with \$5.1 billion in Net Earning Assets, including \$956 million of total cash.

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



35,760

CUSTOMER ADDITIONS IN Q3

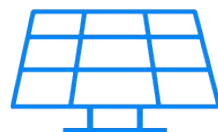
255.8 MEGAWATTS SOLAR ENERGY  
CAPACITY INSTALLED IN Q3  
+17% YEAR-OVER-YEAR

759,937

CUSTOMERS

+21% YEAR-OVER-YEAR

NETWORKED SOLAR ENERGY  
CAPACITY OF 5,392 MEGAWATTS



\$43,446

SUBSCRIBER VALUE  
IN Q3

\$30,187

CREATION COST  
IN Q3

\$13,259

NET SUBSCRIBER VALUE IN Q3

+\$5,349 FROM PRIOR QUARTER



\$338 Million

TOTAL VALUE GENERATED  
IN Q3

\$5.1 Billion

NET EARNING ASSETS  
INCLUDING \$956 MILLION OF CASH  
AS OF 9/30/2022

\$969 Million

ANNUAL RECURRING REVENUE  
FROM SUBSCRIBERS  
AS OF 9/30/2022

17.6 Years

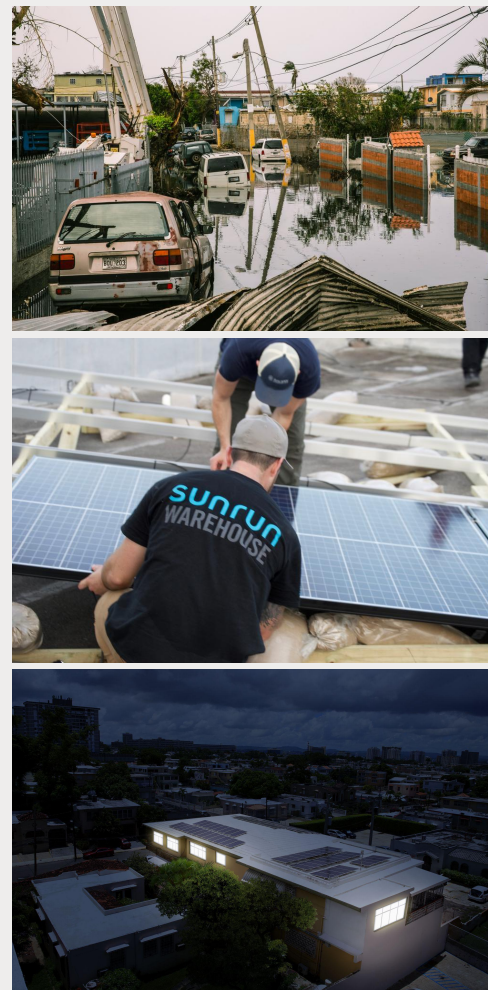
AVERAGE CONTRACT  
LIFE REMAINING  
AS OF 9/30/2022



# Sunrun awarded exclusive contract to build and operate Puerto Rico's first virtual power plant

- Yesterday Sunrun announced it has been exclusively selected by Puerto Rico's electric utility provider to help rebuild and transform the island's energy system through the development of a 17 megawatt VPP, the first distributed large-scale storage program on the island.
- Sunrun's innovative VPP will help harden the island's fragile grid while also lowering energy costs for all grid-connected consumers.
- Sunrun will spend the next year networking together a minimum of 7,000 solar-plus-battery systems to begin energy dispatches in 2024.
- Customers will be compensated over a 10-year period in exchange for strategically sharing their stored solar energy with Puerto Rico's power grid.

*Final contract approval is subject to regulatory sign off by the Puerto Rico Energy Board and the Fiscal Oversight Management Board.*



# Ford & Sunrun partnership progressing well

- Sunrun is now taking orders for the installation of the 80-amp Ford Charge Station Pro and the Home Integration System, along with providing options for solar and battery systems. Approximately 1,000 orders have been placed thus far (and many thousands of initial conversations) and installs are ramping rapidly.
- A large proportion of customers placing orders are opting for the advanced bidirectional power flow and home backup capabilities from the Charge Station Pro along with the Home Integration System. Based on initial numbers, we are seeing over 10% uptake of bundling solar at the same time as the installation of a Home Integration System.
- Earlier this year, Ford announced that they have exceeded 200,000 reservations and also announced plans to nearly double production of the all-electric F-150 Lightning to 150,000 units annually by the end of 2023 due to high customer demand.



# Lunar Energy emerged from stealth mode to accelerate whole home electrification at scale

First product in ecosystem is an integrated home battery, inverter and software system

- **\$300 million in funds raised:** Sunrun co-invested with SK to form Lunar Energy in August 2020. Sunrun has invested \$150 million and owns approximately 37% of Lunar Energy. In addition to being an investor in Lunar Energy, Sunrun has preferential access to the technology.
- **Next-generation offering:** Lunar Energy turns homeowners into active members of the energy economy by giving them the freedom to generate, store and control their own clean energy and share it with their communities. Lunar Energy expects to commercialize a next-generation integrated home battery, inverter and software system with advanced grid services capabilities, in the coming quarters.
- **Advanced VPP capabilities:** Lunar Energy also acquired Moixa while in stealth mode, a leading global software company for distributed energy resources (DER) management, which is already deployed at scale across 35k homes (330MWh of batteries) via ITOCHU in Japan.
- **Experienced team:** Lunar Energy has built a team of nearly 250 employees globally, most of whom are a mix of hardware, firmware and software engineers designing and building energy products in its Mountain View, CA and London, UK offices. Kunal Girotra, CEO & Founder, previously led Tesla's Energy business.



*Lunar Energy's development laboratory*



# Launching exclusive whole-home energy control offering with SPAN in Puerto Rico

- In Q3, Sunrun announced an exclusive agreement with SPAN, making the company's smart home electrical panels available to residents in Puerto Rico. The offering is available exclusively through Sunrun and Sunrun's partners in Puerto Rico, further differentiating our offering.
- Residents will be able to shift home solar and battery power supply to different uses throughout the home during an outage, controlling where and how backup power is used.
- This technology also provides Sunrun with an even more sophisticated ability to control and dispatch energy back to the grid, if called upon by grid operators.
- Sunrun entered Puerto Rico in 2018 and has quickly become one of the island's largest providers of residential solar energy and battery systems.

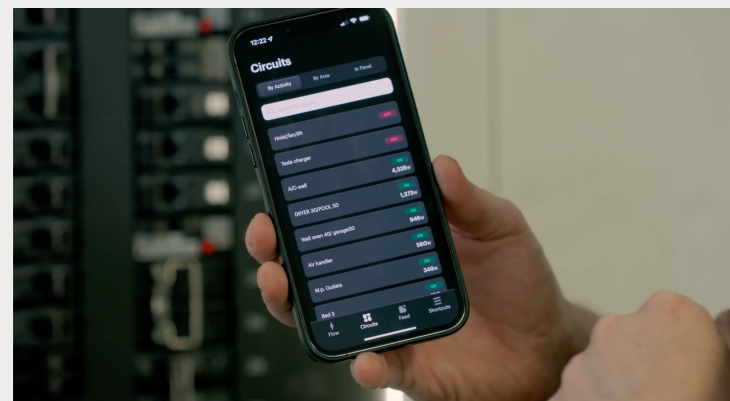


Image source: Obsessed Garage, Matt Moreman

# Providing resiliency to the grid and consumers during extreme weather

## CA Heat Wave



**1+ gigawatt-hours**

of total energy dispatched over 8 days

**650+ megawatt-hours**

of energy dispatched during critical times

**18,000+ batteries**

providing backup and grid services in CA

## Hurricane Fiona



**350,000+ hours**

of aggregate backup power used over 11 days

**100+ hours**

average backup duration per home

**5,000+ batteries**

providing backup power to PR customers

## Hurricane Ian



**3,300+ hours**

of aggregate backup power used over 6 days

**28+ hours**

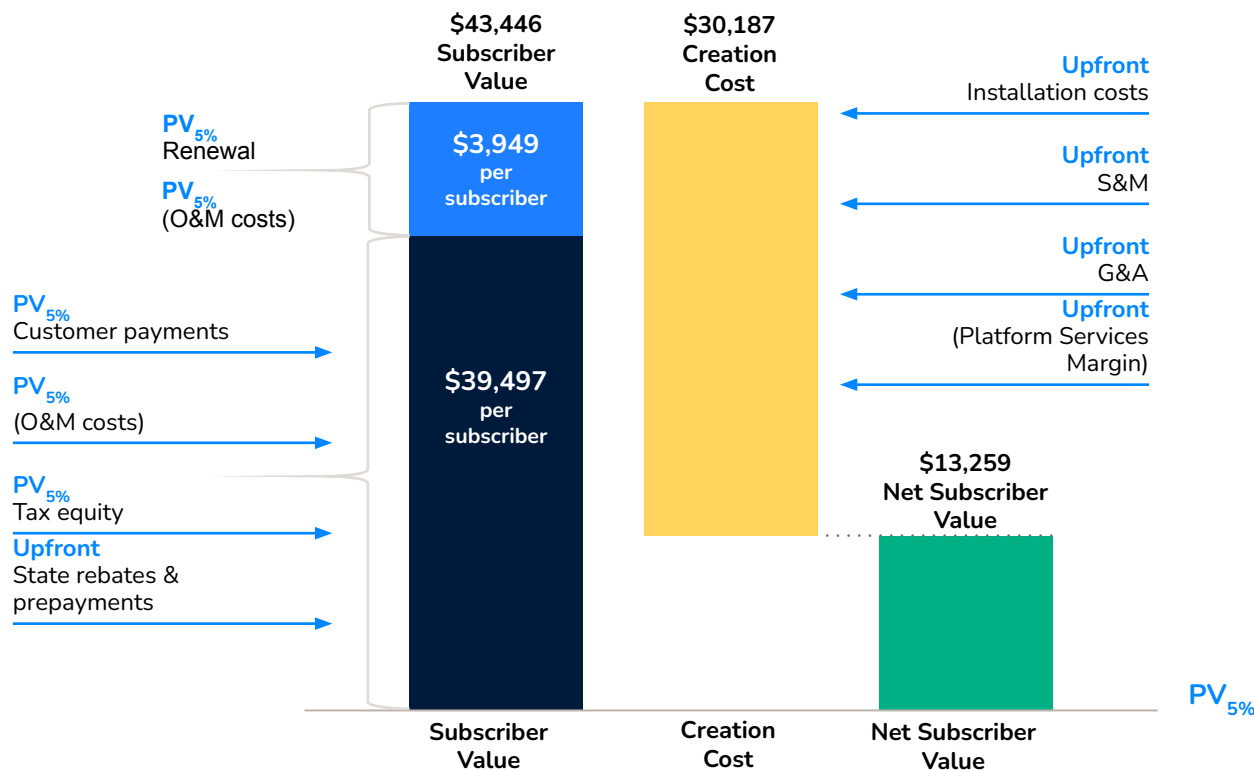
average backup duration per home

**800+ batteries**

providing backup power to FL customers

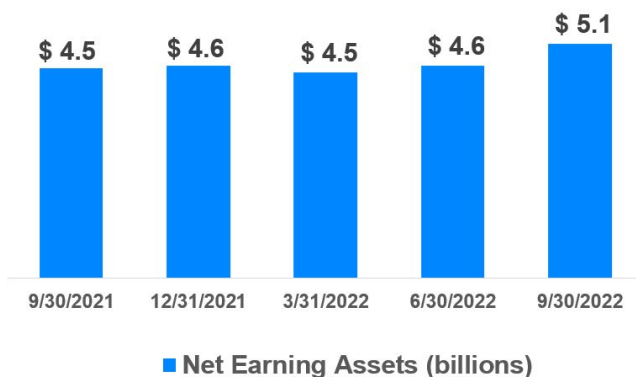
# Total Value Generated of \$338 million in Q3

- 25,468 Subscriber Additions with Net Subscriber Value of \$13,259, a significant improvement from \$7,910 last quarter, as pricing changes from earlier in the year are now largely reflected in installation activities, along with reflecting a higher Investment Tax Credit (ITC).
- The passage of the Inflation Reduction Act increased the ITC available to Sunrun and its partners from 26% to 30%. Excluding the higher ITC benefit to Subscriber Value, Sunrun still significantly exceeded the prior Net Subscriber Value guidance of >\$10,000.



Q3 average subscriber system size was 7.1 KWs.

# Net Earning Assets at \$5.1 Billion



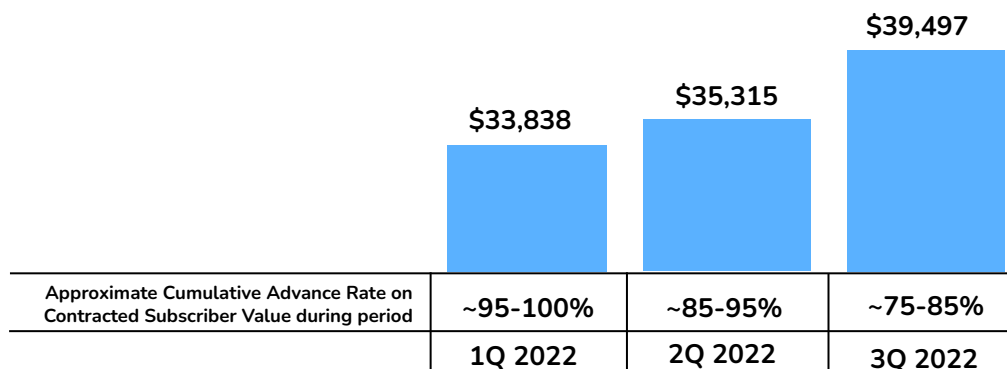
- We have \$11.5 billion in Gross Earning Assets, which is our measure of the present value of cash flows from customers over time.
- Projected cash flow from customers plus cash, less total debt and pass-through obligations represents \$5.1 billion in present value, which we call Net Earning Assets.
- Metrics reflect a 5% discount rate and Net Earning Assets includes both recourse and non-recourse debt and total cash.
- The growing backlog, extended timelines for realizing pricing changes and other working capital items such as inventory growth pressured Net Earning Assets in recent periods.

(\$ in millions)	3Q21	4Q21	1Q22	2Q22	3Q22
Gross Earning Assets Contracted Period	\$6,229	\$6,639	\$7,040	\$7,527	\$8,160
Gross Earning Assets Renewal Period	\$2,929	\$3,033	\$3,116	\$3,236	\$3,359
<b>Gross Earning Assets</b>	<b>\$9,158</b>	<b>\$9,672</b>	<b>\$10,155</b>	<b>\$10,763</b>	<b>\$11,518</b>
(-) Recourse Debt & Convertible Senior Notes	(\$599)	(\$602)	(\$861)	(\$943)	(\$898)
(-) Non-Recourse Debt	(\$5,537)	(\$5,901)	(\$6,278)	(\$6,660)	(\$7,087)
(-) Pass-through financing obligation	(\$324)	(\$321)	(\$319)	(\$316)	(\$308)
(+) Pro-forma debt adj. for safe harboring facility	\$4	\$3	\$1	\$0	\$0
(+) Pro-forma debt adj. for debt within project equity funds	\$904	\$901	\$893	\$892	\$883
(+) Total cash	\$941	\$850	\$863	\$863	\$956
<b>Net Earning Assets</b>	<b>\$4,547</b>	<b>\$4,602</b>	<b>\$4,454</b>	<b>\$4,599</b>	<b>\$5,064</b>

# Adapting to higher interest rate environment

- Sunrun has increased pricing and adjusted go-to-market approaches multiple times throughout 2022 to respond to inflation and higher interest rates.
- Utility rate inflation exceeds 15% across the United States, providing us headroom to increase pricing while still delivering a strong customer value proposition.
- Higher cost of capital has reduced the amount of proceeds Sunrun can obtain upfront against the value of deployed systems, with advance rates declining from ~95-100% of the Contracted Subscriber Value (measured using a 5% WACC) at the beginning of the year to approximately ~75-85% today, offset principally by price increases and the higher 30% Investment Tax Credit.
- Each 1% change in cost of capital results in approximately 4% change in cumulative advance rate.

**Contracted Subscriber Values (as reported using 5% Discount Rate)**



Note: 3Q 2022 reflects an ITC of 30% following the passage of the Inflation Reduction Act; while retroactive to 1/1/2022 and beneficial to Sunrun, prior reported Subscriber Values have not been recast.

- Sunrun does not adjust the discount rate used to calculate Subscriber Value each quarter, to enable ease of comparison across quarters. If capital costs remain elevated heading into 2023, we may adjust the discount rate assumption in our metrics, and update our advance rate range accordingly.
- Existing assets are financed using a combination of fixed-rate debt and floating-rate debt with interest rate swaps to remove the vast majority of interest rate exposure for the financing of existing assets.



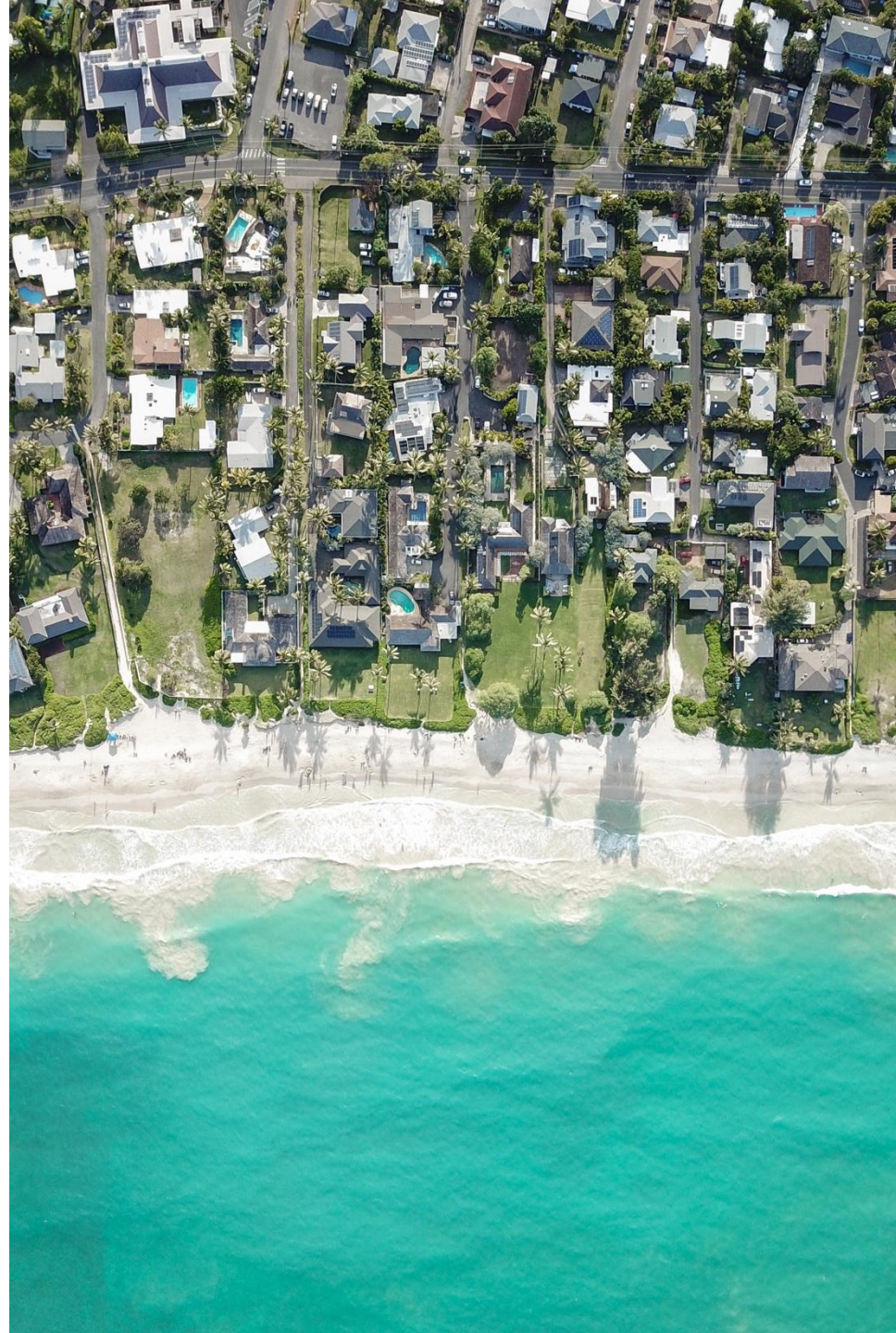
# Outlook

**APPROXIMATELY 25% GROWTH** IN  
SOLAR ENERGY CAPACITY INSTALLED  
FOR THE FULL YEAR 2022

**NET SUBSCRIBER VALUE**  
IS EXPECTED TO **INCREASE**  
**SEQUENTIALLY** IN Q4, AS MEASURED  
USING CONSISTENT DISCOUNT RATE

**TOTAL VALUE GENERATED**  
IS EXPECTED TO BE GREATER THAN  
**\$1 BILLION** FOR FULL YEAR 2022, AN  
INCREASE FROM THE PRIOR GUIDANCE  
OF >\$900 MILLION

*Management expects to provide 2023  
outlook during the Q4 call and may adjust  
the discount rate assumed in Subscriber  
Value based on the increasing interest rate  
environment.*



# Appendix

# Gross Earning Asset Sensitivities

*\$ in millions, as of September 30, 2022*

## Gross Earning Assets Contracted Period

<u>Default rate</u>	<u>Discount rate</u>				
	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
5%	\$ 9,489	\$ 8,653	\$ 7,927	\$ 7,293	\$ 6,738
0%	\$ 9,783	\$ 8,914	\$ 8,160	\$ 7,502	\$ 6,926

## Gross Earning Assets Renewal Period

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
80%	\$ 4,349	\$ 3,555	\$ 2,918	\$ 2,404	\$ 1,988
90%	\$ 5,004	\$ 4,092	\$ 3,359	\$ 2,768	\$ 2,289
100%	\$ 5,660	\$ 4,628	\$ 3,800	\$ 3,132	\$ 2,591

## Gross Earning Assets (in millions)

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
80%	\$ 14,132	\$ 12,469	\$ 11,077	\$ 9,906	\$ 8,914
90%	\$ 14,788	\$ 13,006	\$ 11,518	\$ 10,269	\$ 9,215
100%	\$ 15,443	\$ 13,542	\$ 11,959	\$ 10,633	\$ 9,516



# 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. The gross margin derived from solar energy systems and product sales is included as an offset to Creation Cost since these sales are ancillary to the overall business model and lowers our overall cost of business. The sales, marketing, general and administrative costs in Creation Costs is inclusive of sales, marketing, general and administrative activities related to the entire business, including solar energy system and product sales. As such, by including the gross margin on solar energy system and product sales as a contra cost, the value of all activities of the Company's segment are represented in the Net Subscriber Value.

**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.

**Households Served in Low-Income Multifamily Properties** represent the number of individual rental units served in low-income multi-family properties from shared solar energy systems deployed by Sunrun. Households are counted when the solar energy system has interconnected with the grid, which may differ from Deployment recognition criteria.

**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. The figure is calculated using the most recent published tool from the EPA, using the current-year avoided emission factor for distributed resources on a state by state basis. The environmental impact is estimated based on the system, regardless of whether or not Sunrun continues to own the system or any associated renewable energy credits.

**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. The figure is calculated using the most recent published tool from the EPA, using the current-year avoided emission factor for distributed resources on a state by state basis, leveraging our estimated production figures for such systems, which degrade over time, and is extrapolated for 30 years. The environmental impact is estimated based on the system, regardless of whether or not Sunrun continues to own the system or any associated renewable energy credits.