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Sunrun Sets Record Straight Regarding Deceptive Short-Seller “Report”

SAN FRANCISCO, Aug. 02, 2022 (GLOBE NEWSWIRE) -- Sunrun (Nasdaq: RUN), the nation’s leading provider of residential solar, battery storage and energy services, today sets the record straight in a [detailed response](#) to a deceptive report issued by short-seller Muddy Waters on July 28, 2022.

Sunrun is a respected leader in making solar energy accessible to consumers across the country. With a 15-year track record, including seven years as a publicly traded company, Sunrun stands by its independently audited financial statements, risk disclosures, and information provided to investors, regulators, and taxing authorities. Sunrun is committed to operating with the highest integrity, and utilizes industry-standard financing vehicles.

Muddy Waters attempts to mislead their readers with grossly false and inaccurate assertions in a brazenly self-serving effort to mitigate recent losses in their short position at the expense of Sunrun’s existing investors. We address Muddy Waters’ report in detail on our Investor Relations website, but it’s important to highlight the following two core points:

1. **Tax Matters:** The independent appraisers who value Sunrun solar systems do so consistent with industry best practice and with actual valuation expertise. Muddy Waters acknowledges they haven’t even reviewed a single such Company appraisal.⁽¹⁾ The premise of Muddy Waters’ argument is that claiming tax credits based on fair market value is inappropriate under IRS Section 25D. However, like all companies, Sunrun and its affiliates claim credits under Section 48. Only individuals claim tax credits under Section 25D the rules for which differ greatly from Section 48. Among other uniformed and misleading assertions, they overstate the profit margins embedded in the replacement cost valuation, and they ignore decades of regulatory and tax court precedents which directly contradict their false assertions about tax law.
2. **Customer Values:** Riddled with faulty assumptions, and with no evidentiary support, Muddy Waters has it wrong as it relates to multiple assertions related to our Subscriber Value and Gross Earning Assets metrics. The Company includes conservative renewal value estimates for automatically renewing customer agreements, similar to the realities of any customer subscription business, and conservatively does not include any intangible customer relationship value. The Company also conservatively includes O&M cost estimates of \$22 per kW on average in addition to substantial funds for battery and inverter replacements, exceeding even what Muddy Waters claims would be reasonable.

“Muddy Waters has its ‘facts’ wrong. For over 10 years, our investors, lenders and independent authorities have closely diligenced our tax and valuation procedures, which Muddy Waters incorrectly describes,” said Mary Powell, Sunrun’s CEO and Director. “Sunrun works hard to educate all of our stakeholders, and we appreciate that our investors have spent the time to understand renewable energy financing structures. Since the issuance of

Muddy Waters' report five days ago, Sunrun's stock has increased 27% and outperformed direct residential solar peers, the broader solar sector, and the overall stock market."

For more information on how Muddy Waters got it wrong, see investors.sunrun.com/facts

Footnotes:

(1) Muddy Waters' research note, p.4., where the author states "...we were unable to obtain any RUN system appraisals...."

About Sunrun

Sunrun Inc. (Nasdaq: RUN) is the nation's leading home solar, battery storage, and energy services company. Founded in 2007, Sunrun pioneered home solar service plans to make local clean energy more accessible to everyone for little to no upfront cost. Sunrun's innovative home battery solutions bring families affordable, resilient, and reliable energy. The company can also manage and share stored solar energy from the batteries to provide benefits to households, utilities, and the electric grid while reducing our reliance on polluting energy sources. For more information, please visit www.sunrun.com.

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