

# SUNRUN

## Investor Presentation

March 2024

# 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, expectations, 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 including its ESG efforts, 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 financing activities and expectations to refinance, amend, and/or extend any financing facilities; trends or potential trends within the solar industry, our business, customer base, and market; 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; the Company’s strategy to be a storage-first company; the ability to increase margins based on a shift in product focus; 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 expectations regarding the Company’s storage and energy services businesses and anticipated emissions reductions due to utilization of the Company’s solar systems; and factors outside of the Company’s control such as macroeconomic trends, bank failures, 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 and inflation; volatile or rising interest rates; changes in policies and regulations, including net metering, interconnection limits, and fixed fees, or caps and licensing restrictions and the impact of these changes on the solar industry and our business; the Company’s ability to attract and retain the Company’s business partners; supply chain risks and associated costs; 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. All guidance information contained in this presentation was provided on February 21, 2024 in the 4Q 2023 earnings release. The company assumes no obligation to update such guidance and the guidance is effective only as of February 21, 2024, not the date of this presentation.

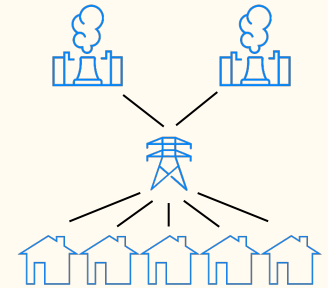
# Sunrun is powering a customer-led revolution to clean, affordable and locally-generated energy.

We are building a more resilient electric grid and doing it at a massive scale and at a rapid pace.



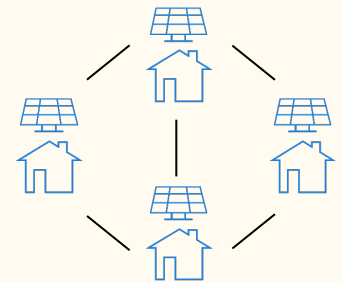
## OLD WAY

Centralized control, single points of failure, expensive, polluting, limited consumer engagement in energy



## NEW WAY

A network of decentralized, decarbonized, democratized, affordable clean energy with consumers



# Sunrun Overview

Sunrun is powering a customer-led revolution to clean, affordable and locally-generated energy, and doing it at massive scale and rapid pace.

Formed in 2007, Sunrun pioneered residential solar energy subscription model. We provide a solar energy service with fixed pricing under 20- or 25-year subscription agreements that generate recurring, contracted revenue for multiple decades. We have sold our solar service in 22 states, DC & Puerto Rico.

Sunrun has a leading customer acquisition platform, customer experience capabilities, and extensive financing experience, all of which drive significant barriers to entry and the opportunity for high incremental returns.

**933,000** Customers

**6.7 Gigawatts** Networked Solar Energy Capacity

**1.3 Gigawatt hours** Networked Storage Capacity

**\$1.3 Billion** Annual Recurring Revenue

## Our Compelling Value Proposition

### VALUE TO CUSTOMERS

- The majority of customers **save 5-45%** in the first year.<sup>(1)</sup> We have delivered more than **\$1 billion** in savings for our customers since 2007.<sup>(2)</sup>
- Storage provides premium power, including backup capabilities to enable customers to power through storms.

### VALUE TO SUNRUN

- Typically 20- or 25-year customer relationship which can be monetized beyond core solar energy product.
- Typically 20- or 25-year value stream is financed upfront to fully cover creation costs and generate cash immediately.

### VALUE TO SOCIETY

- Residential solar and storage is a cost-effective way to modernize the country's infrastructure to make it more resilient, affordable and environmentally sustainable.
- Sunrun's systems have prevented greenhouse-gas (GHG) emissions totaling **14.6 million metric tons of carbon dioxide equivalent (CO2e)**, an amount comparable to eliminating more than 36.6 billion passenger-vehicle miles.<sup>(3)</sup>
- The solar industry employs ~263,000 workers in America and is estimated to be one of the fastest growing segments of the economy.<sup>(4)</sup>

See Appendix for Glossary of Terms. Customers, Network Solar Energy Capacity, Networked Storage Capacity and Annual Recurring Revenue is rounded and as of December 31, 2023.

(1) First year savings is based on 3 months trailing data as of June 30, 2023 for Solar-only. Actual savings may vary by customer.

(2) For all Customers through December 31, 2022.

(3) Based on Sunrun's estimates and United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator as of December 31, 2022. Does not include Vivint Solar.

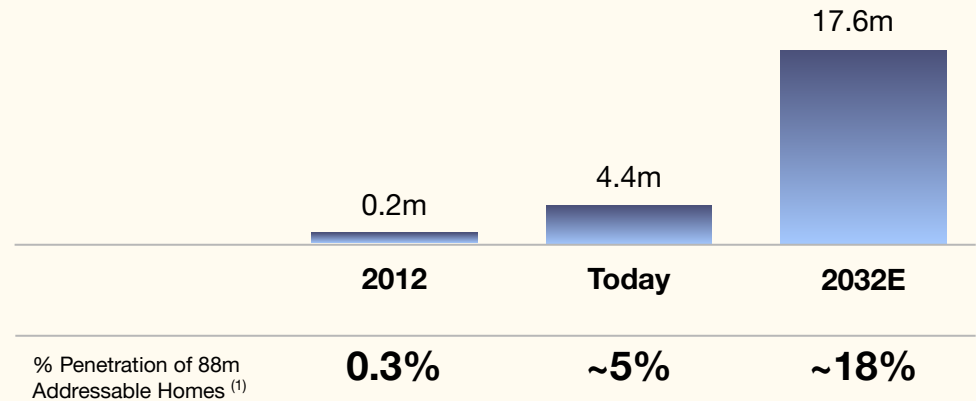
(4) Interstate Renewable Energy Council's (IREC) National Solar Jobs Census 2022.



# Massive & underpenetrated opportunity

Even assuming a 16% average annual industry growth rate for the next 10-years leads to ~18% penetration of U.S. houses. Our strong value proposition supports a much greater number.

## Number of Homes with Solar



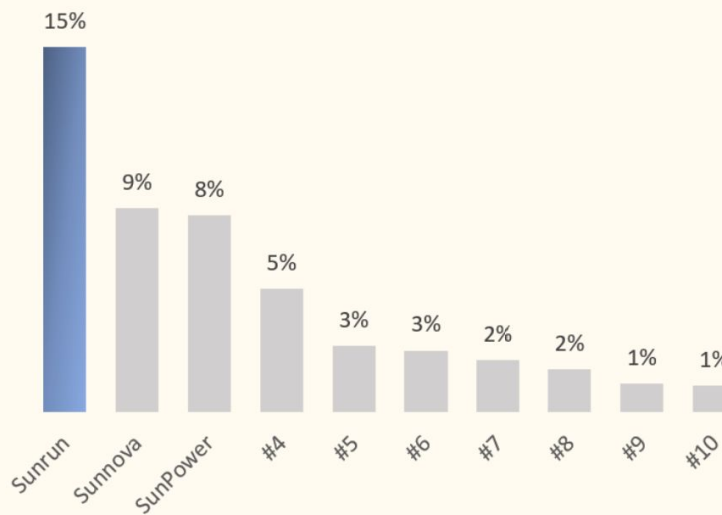
## Much higher penetration proven

In markets where the value proposition was evident first, like Hawaii and California, penetration has reached 31% and 21%, respectively, and growth continues.<sup>(2)</sup>

- (1) Today's housing stock estimate is based on the U.S. Census 2021 American Community Survey by State using occupied single-unit housing using average state occupancy estimates. Number of homes with solar is based on EIA Form 861M Residential PV Customers (through November 2023). Estimated 2032 market penetration assumes housing units grow at 0.7% (Census data). Sunrun internal estimates for 2023 and beyond.
- (2) State penetration data uses EIA Form 861M Residential PV Customers (through November 2023) and housing stock uses the US Census 2021 American Community Survey by State using occupied single-unit housing using average state occupancy estimates.

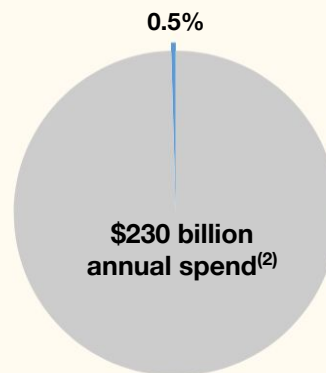
# Sunrun is the #1 residential market leader

Operating scale and strong network effects provide significant competitive advantages



A disciplined strategy and long track record of growth has resulted in a leading market share position<sup>(1)</sup>

With approximately 15% market share across the entire residential solar market, >60% market share<sup>(2)</sup> of subscriptions ('TPO' or solar leases & PPAs)



And yet remains <1% of total U.S. residential electricity market<sup>(3)</sup>

■ Sunrun   ■ US Residential Electricity Sales

(1) Wood Mackenzie Research, Sunrun's Solar Energy Capacity Installed, SunPower's reported Residential MW, as reflected in supplementary metric sheet released concurrent with earnings and Sunnova's reported MW Deployments during the period for Lease, PPA and Loan customers, as reflected in supplemental materials released concurrent with earnings. As of Q3 2023.  
 (2) Wood Mackenzie Research, US residential solar finance update H2 2023.  
 (3) Sunrun's 2022 ending Network of Solar Energy Capacity at 14% utilization for illustrative purposes. 2022 Residential Retail Sales (MWhrs) of Electricity from EIA. Annual spend based on EIA data of sales of electricity to residential customers for 2022.

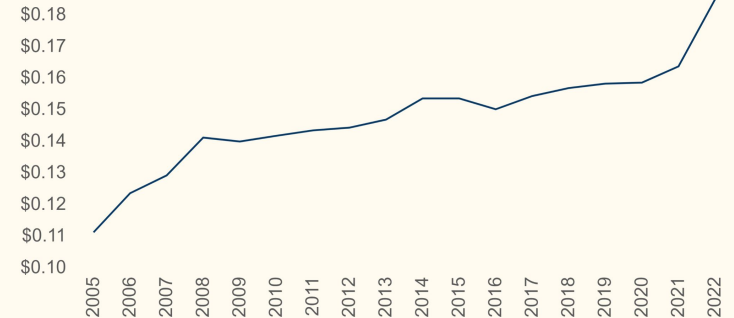
# Utility rates to customers continue to rise, increasing the value we can offer

The cost of electricity has increased 3% per year on average from 2005 through 2022<sup>(1)</sup>

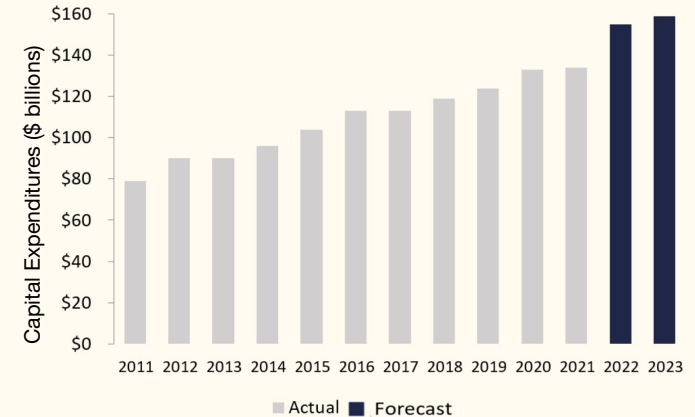
Declining wholesale rates disguise the cost of capex

- In 2022, the major U.S. utilities spent over \$127 billion in capital investments, exceeding depreciation expense by 2.2x<sup>(3)</sup>.
- More than 70% of America's transmission lines and large power transformers are at least 25 years old, and utilities will need to spend an exorbitant \$2.2 trillion on infrastructure upgrades during the next 20 years in order to keep our system up and running. **These costs will ultimately be passed to consumers.**
- The year-over-year inflation rate in electricity services has averaged 11% in 2023<sup>(4)</sup>. In December 2023, CPUC approved PG&E's rate increase of 19.6%<sup>(5)</sup> in California, effective January 1, 2024.
- With the expected capex trends and stagnant demand, even if wholesale prices fall, there could be potential increase in retail rates.<sup>(6)</sup>

**Cost of Utility Energy Has Been Increasing<sup>(1)</sup>**



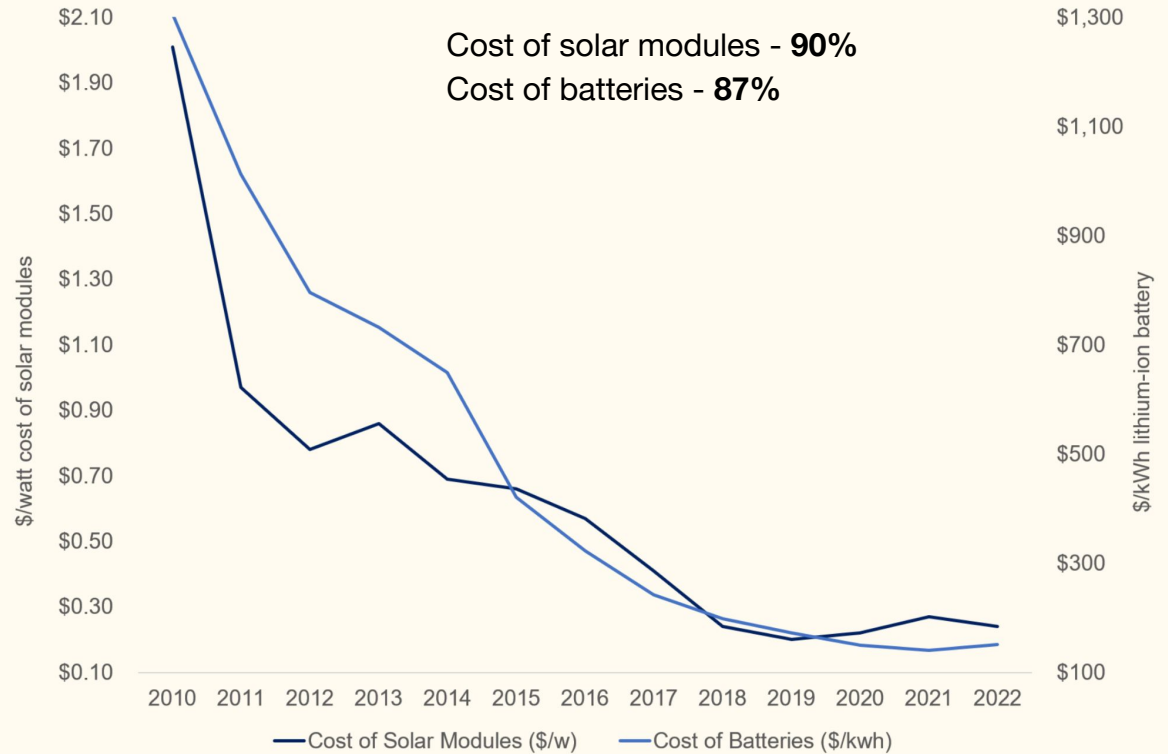
**Utility Spending Accelerates Trend<sup>(2)</sup>**



(1) Energy Information Agency. Average price per KWhr of electricity for the U.S. residential sector. Rate reflects the Compounded Average Growth Rate (CAGR) from 2005 through 2022.  
 (2) Total company functional spending of U.S. Investor-Owned Electric Companies. Source: EEI Industry Capital Expenditures with Functional Detail (September 2022).  
 (3) Factset: Company Reported Capex and Depreciation in 2022.  
 (4) U.S. Bureau of Labor Statistics- as at May, 2023.  
 (5) PG&E General Rate Case (GRC) Application, April 2023  
 (6) Projected retail rates based on historic actual CAGR adjusted for current market conditions and wholesale rates based on 2% inflation.

# Solar and battery costs have declined

The costs of solar modules and batteries have declined significantly over the last ten years and market research predicts that these trends will continue.<sup>(1)(2)</sup>



Market researchers forecast the cost of installed solar panels will continue to decline long-term by 34% while the cost of batteries declines 64% over the next 10 years.<sup>(2)</sup>

(1) Historic solar costs: Data prior to 2020 uses Bloomberg New Energy Finance Survey Multicrystalline Silicon Module Overall Average Spot Price; Starting in 2020, data source is PV Infolink Standard Monocrystalline Silicon Module Price from Bloomberg; Historic battery cost estimates according to Bloomberg New Energy Finance Annual Battery Survey (December 2022).  
 (2) Projected Cost of Panels and Batteries: Bloomberg New Energy Outlook 2019.





# The grid is increasingly unreliable and battery storage is a solution

From devastating wildfires and forced outages in California to hurricanes and major storms across the East Coast, people are facing more outages every year.

---

## Power outages affect millions<sup>(1)</sup>

---



In December 2022, frigid winds from winter storm Elliott knocked out power for more than 1.6 million homes and businesses across 19 states.



In August 2020, a heatwave and unexpected centralized fossil fuel power plant failures crippled California's power grid, leading to rolling blackouts affecting 2 million people.



In August 2020, nearly 14 million people across the East Coast lost power in Hurricane Isaias.



In April 2020, 9.4 million people lost power in North Carolina, South Carolina, Texas and Alabama due to a major storm.



In October 2019, PG&E shut off power to more than 3.4 million people in California to prevent their lines from sparking destructive wildfires.

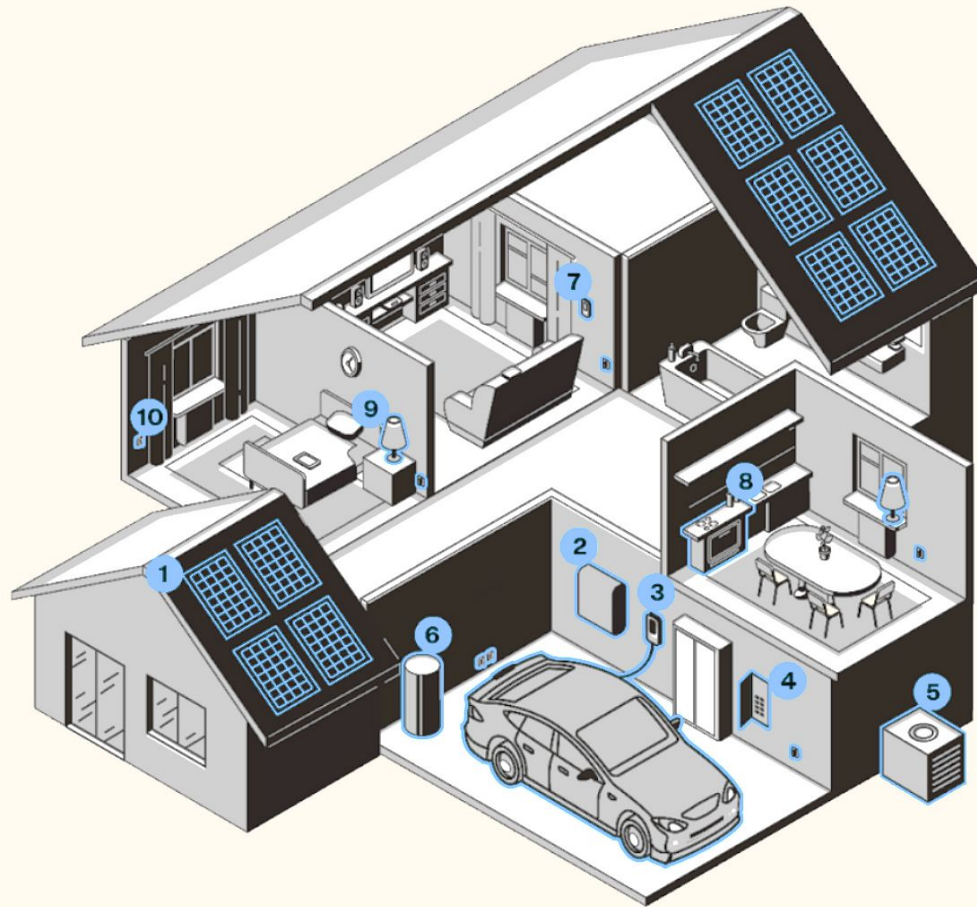
---

Sunrun's backup storage offering is a clean, reliable and long-term solution for blackouts. It can backup critical circuits and recharge when the sun shines, so customers can power through even multi-day power outages.

In many places, customers can get solar and storage for less than or equal to what they pay for electricity today.

(1) Power Outage U.S. Major Events, Bloomberg, August 2020. California Braces for More Blackouts as Heat Wave Persists

# Sunrun is the trusted provider to enable the transition to clean energy



---

## Sunrun's Vision

- Sunrun aims to become the preferred clean energy provider to power customers lives. We will integrate solar, battery storage, electrification and distributed power plant offerings into a smart solution for each home and community.
- Full home electrification enables decarbonization and increases the need for a service provider. More fuel switching results in larger systems, which have high incremental returns to Sunrun.

- 
- 1 Rooftop Solar Power
  - 2 Batteries
  - 3 Electric Vehicle Charger
  - 4 Smart Circuits
  - 5 Heat pump heating & cooling
  - 6 Heat pump water heater
  - 7 Smart thermostat
  - 8 Induction cooktop
  - 9 Smart bulbs
  - 10 Smart plugs



# Electric vehicle adoption increases energy needs & enhances the value of our offering

- 
- Electric vehicle energy needs expected to grow at an 18% CAGR as EVs reach >70% of new vehicle sales.<sup>(1)</sup>
  - More than 80% of EV owners say they would consider installing solar panels at their homes, or already have them.<sup>(2)</sup>
  - 30-40% of people who own EVs have installed rooftop solar<sup>(3)</sup>
  - Most EV owners do more than 80% of their charging at home and need ~3 kW additional solar capacity.<sup>(3)(4)</sup>
  - Over 800k battery electric vehicle sold in 2022, up 65% from 2021.<sup>(5)</sup>

- 
- In May 2021, Sunrun partnered with Ford to serve as the preferred installer of Ford Intelligent Backup Power for the Ford F-150 Lighting. Sunrun is 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 storage systems.
  - Customers will need to equip their home with the 80-amp Ford Charge Station Pro and Home Integration System to unlock bidirectional power flow and future energy management solutions. The Home Integration System—designed and developed together with Ford—can be purchased exclusively through Sunrun.

- 
- (1) Wood Mackenzie “Electrification Impact on North America’s Electricity Demand” report published June 2022
  - (2) Green Car Reports, August 2015. Electric Car Drivers Tell Ford We’ll Never Go Back To Gasoline
  - (3) Clean Technica, December 2019. EV & Rooftop Solar Ownership Report
  - (4) Energy.gov, Batteries Charging And Electric Vehicles
  - (5) Cox Automotive, January 2023. In A Down Market EV Sales Soar To New Record

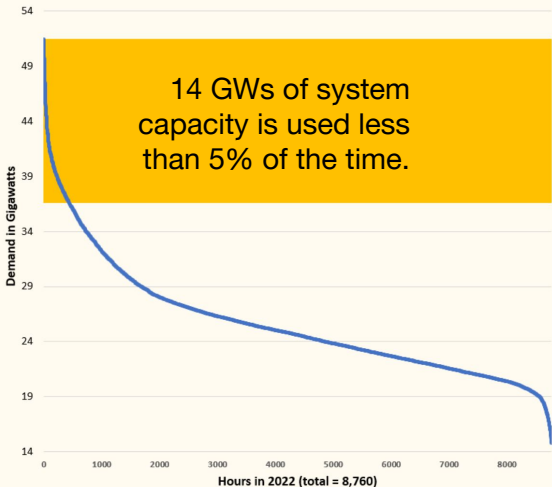
# The Sunrun network can deliver distributed power plants to transition to a decentralized power grid

- Home solar and batteries are more flexible and efficient than traditional centralized infrastructure. Utilities spend more than \$130 billion per year in capital investments and we believe \$13 billion could be replaced by distributed resources.<sup>(2)</sup>
- Sunrun can provide valuable grid services from our fleet of networked solar and storage systems, mitigating the need for utilities to invest in additional infrastructure, driving benefits for all users of the grid, while also providing incremental recurring revenue opportunities for Sunrun and incremental value to our customers for participating in these programs.
- Sunrun has now installed more than 90,000 battery systems representing over 1.3 GWhrs of Networked Storage Capacity.

<b>Distributed Power Plants</b>	Provides clean, cost effective peaking capacity.
<b>Virtual Distribution Capacity</b>	Avoids substation overhauls by dropping excess load when needed locally.
<b>Virtual Transmission Capacity</b>	Provides generation and reliability in congested areas where new transmission lines are difficult to build.

## California Load Duration Curve Highlights Opportunity<sup>(1)</sup>

The traditional energy system is built to accommodate peak capacity, which is reached only a tiny fraction of the year.



See Appendix for Glossary of Terms.

(1) California ISO, Historical EMS Hourly Load for 2022

(2) Utility capex Edison Electric Institute's Wall Street Briefing published April 2023. Rocky Mountain Institute "The Economics of Demand Flexibility" published in August 2015 estimates \$13 billion or more of spend could be met from flexible, distributed resources.



Sunrun's diverse customer acquisition channels drive reach advantages today and investments in brand and customer experience will augment advantages over time.

# Leading customer acquisition capabilities



**Direct to Home**

Experts in consultative engagements



**Affiliate Partners**

Leverage tools and brand to offer leading product solutions to customers



**Direct Marketing**

Best in class direct to consumer



**Strategic Partners**

National brands & retailers such as Lowe's, Costco and Ford deliver broad reach & increased brand awareness



**Referral Network**

933,000 Sunrun Customers today and growing<sup>(1)</sup>

(1) Customers is rounded and is as of December 31, 2023.

# Strong customer value proposition across the U.S.

Customer value propositions include utility bill savings, sustainability, peace of mind along with battery backup power and energy control with our storage product.



## SAVINGS

The majority of customers save 5% to 45% in the first year<sup>(1)</sup>



## SUSTAINABILITY

Protect our planet



## BACKUP

Protection against blackouts



## ENERGY CONTROL

Use your energy when it's most valuable



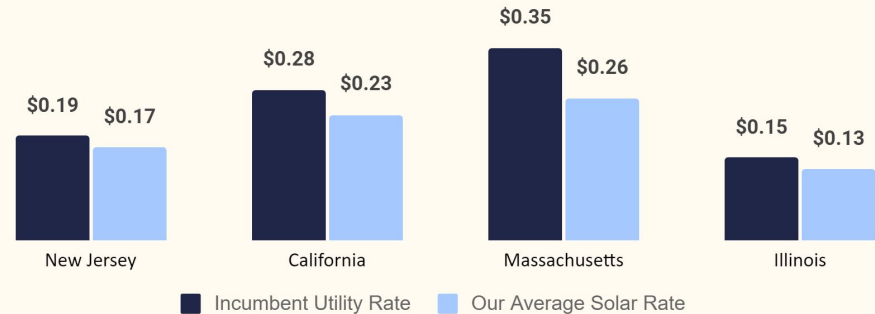
## PEACE OF MIND

World class install & 20- to 25-year no hassle service with predictable pricing

## Typical Sunrun Solar Service Agreement Characteristics<sup>(2)</sup>

- **Price per unit of energy (KWhr):** ~\$0.19
- **Solar System Size:** ~7.5 KWs (~7,500 watts DC)
- **Estimated Annual Solar Production:** ~9,935 KWhrs (~1,332 KWhrs per KW per year)
- **Annual escalator:** average of 2.5% with a range of 0% to 3.5%
- **Contract Duration:** typically 25 years
- Solar Power Purchase Agreement (PPA) or Lease
- Production Guarantee & Warranty
- All Service Included

## Average Savings By Region For Solar Offering<sup>(3)</sup>



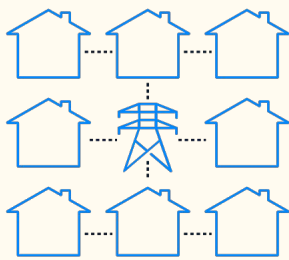
See Appendix for glossary of terms.

(1) First year savings is based on 3 months trailing data as of June 30, 2023 with an average 2.5% escalator for Solar-only. Actual savings may vary by customer.

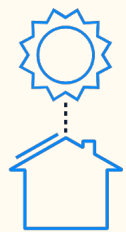
(2) Represents average Lease and PPA customers in 2Q2022, excluding pre-paid leases but includes 0%-3.5% escalator monthly payments, both solar and solar + battery customers. Excludes multi-family systems.

(3) State average pricing per KWhr of electricity shown and represents average prices for installations during 3Q 2023 for Sunrun's solar-only offering. Incumbent utility rates reflect data as of September 2023 from Genability by utility, where available, and are presented on a weighted-average basis.

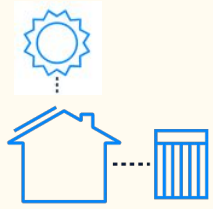
# Increasing customer value proposition and margin opportunity by expanding offering



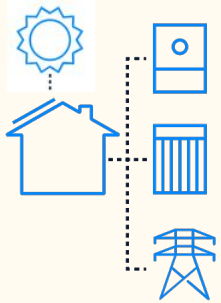
**TRADITIONAL GRID**



**SUNRUN SOLAR SERVICE**



**SUNRUN RECHARGEABLE SOLAR BATTERY SYSTEM**



**SUNRUN ENERGY MANAGEMENT AND DISTRIBUTED POWER PLANT**

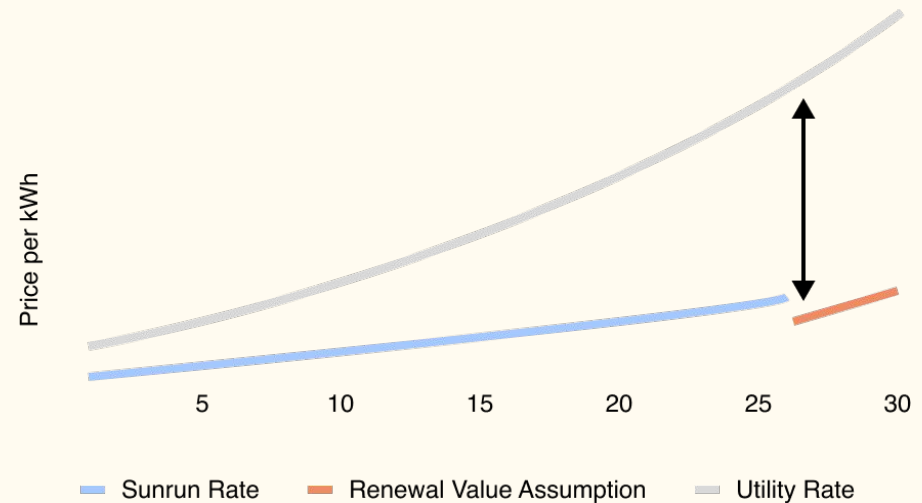
	<b>New Subscribers</b>	<b>Existing Subscribers Upsell Opportunity</b>
<b>Current Net Subscriber Value</b>	~\$13,000+	NA
Grid services to build distributed power plants	+\$2,000 or more	+\$2,000 or more
Larger systems to support whole-home electrification and larger share of energy spend	+ \$\$\$	+ \$\$
Retail energy to provide single-bill offerings and best customer experience	+ \$	+ \$
Battery retrofits to add features to existing customers	NA	+ \$\$
Renewal & repowering opportunities for existing systems	+ \$\$	+ \$\$

**Initial Net Subscriber Values understate the ultimate value creation opportunities**

# Post-contract customer values & renewal assumptions embedded in metrics may be conservative

- **Advantaged compared to competitors:** The marginal cost of delivering energy during the renewal period will likely be lower than a new system (whether installed by us or a competitor). Further, units of electricity do not become obsolete, thus it is unlikely customers will feel compelled to upgrade to the “next version.”
- **No cross-selling / upselling / repowering assumed:** We have not included any other intangible benefits associated with the customer relationship such as expanded systems, batteries, or ancillary services such as electric vehicle charging systems. With increased electrification (including electric vehicles), it is likely consumers will want more electricity, not less, and Sunrun will be in a cost-advantaged position to provide this option.
- **Remaining asset value beyond renewal assumption:** Sunrun assumes only 5-years of renewals following a 25 year contract, or a 30 year total customer relationship, despite our solar assets’ useful lives extending 35 years or more, as determined by independent engineers.
- **Contracts auto-renew at a discount to utility rates, which may escalate much faster:** The renewal portion of our reported metrics assumes that 100% of Subscribers renew at 90% of the contractual PPA rate in effect at the end of the initial contract term. In reality, customer contracts are written to typically automatically renew at a rate equal to 90% of the prevailing utility rate. This means that, assuming utility rates escalate at a faster rate than our typical contract escalators, approximately ~50% of our of customers could actually not renew and Sunrun would still effectively realize the renewal value presented in our reported metric.<sup>(1)</sup>

**Contracts are written to typically renew annually after the initial contract term at 90% of the *prevailing utility rate*. Renewal values in metrics assume customers renew at a discount to the rate *in effect at the end of the initial contract*.**



(1) Assumes starting discount to utility of 20% with a 4% annual escalation of utility prices compared to our portfolio average of 2% for Sunrun customers.



# Early renewal pilot highlights many customers are eager to benefit from ongoing services beyond the initial contract

- Initial pilot targeting several hundred customers is underway and initial results we shared on our 4Q 2023 earnings call demonstrate strong value creation potential beyond our initial contracts
- Results suggest most customers are interested in extending their services
- Sunrun is uniquely positioned for strong lifetime customer value capture

**~75%**

eager to renew or are  
in process of considering proposals

**>10% Increase**

to reported Gross Earning Asset metrics  
for customers who renew  
(and moving half of Renewal GEA to Contracted GEA)

**~25%**

declining to renew today, 5 years before expiration,  
but many considering additional revenue  
opportunities for Sunrun


**Strong Lifetime**

**Customer Engagement**  
uniquely positions Sunrun to benefit from  
additional product & service offerings

- While the initial pilot only targets several hundred customers, we are pursuing the pilot to learn how customers prefer to interact with us and to help optimize sales strategies, systems and processes to tackle these opportunities at scale in the years ahead.

**Demonstrating customer renewals and repowerings is expected to provide tailwinds, as senior debt lenders should begin to underwrite to more than just contracted cash flows. Currently, senior debt sizing and ratings are largely based on full amortization within the initial contracted period. In addition, many analysts substantially haircut or disregard the potential value from Sunrun's customer base beyond the initial contract due to a lack of empirical data.**

Note: Renewal pilot data provided on February 21, 2024 in the 4Q 2023 earnings release.

A photograph of a modern, two-story house at night. The interior lights are on, and the windows are glowing with a warm yellow light. The house has a dark exterior and a balcony with a railing. The background shows dark trees.

# Sunrun has invested in Lunar Energy to accelerate home electrification at scale

---

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

---

## 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.

## Sunrun is a key strategic and commercialization partner

In addition to being an investor in Lunar Energy, Sunrun has preferential access to the technology. Lunar Energy will make its offering available in the coming quarters and will serve the entire industry.

Sunrun co-invested with SK Group (and affiliates) to form Lunar Energy in August 2020. Sunrun invested \$75 million (including \$10m of contributed services) in August 2020 and an additional \$75 million in March 2022 and \$5 million in the fourth quarter of 2023.

## Advanced grid service capabilities

Lunar Energy also acquired Moixa while in stealth mode. UK-based Moxia is the leading global software company for distributed energy resources (DER) management and its GridShare™ software is a core component of Lunar Energy's integrated system. GridShare software is already deployed at scale across 35k homes (330MWh of batteries) via ITOCHU in Japan.

## Experienced team

Lunar Energy has built a team of over 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.

*For more information, visit [www.LunarEnergy.com](http://www.LunarEnergy.com)*

# Sunrun is making an impact

Our approach is to benefit all of our stakeholders: our customers, our employees, and the communities in which we operate, as well as our business and financial partners.

## Sunrun's ESG commitments & goals

1. Sunrun is committed to mitigating the impacts of anthropogenic climate change.
2. Sunrun is committed to building a safe, diverse, fair, and equitable workforce.
3. Sunrun is committed to improving energy equity and environmental justice.

In 2022, Sunrun was recognized by Comparably for

- Best Company Happiness
- Best CEOs for Women
- Best CEOs for Diversity
- Best Company for Women
- Best Company for Compensation
- Best Company for Career Growth
- Best Teams HR
- Best Teams Sales

Sunrun committed to and achieved **100% gender pay parity** for its employees in 2018, becoming the first national solar company to do so.

We seek to reduce emissions and the total carbon intensity of our operations; to recycle 100% of our equipment at each of our locations; and to bring solar energy to underserved communities.

Sunrun supported GRID Alternatives, a non-profit serving low-income communities, in installing more than **4,800 home solar systems** over the past few years. These installations are projected to save customers more than \$140 million in energy costs over their lifetimes.

As part of our commitment to being global citizens and doing business legally and ethically, we adopted a robust **Vendor Code of Conduct** on January 1, 2019

Sunrun announced a commitment to develop a minimum of **100 megawatts of solar** on affordable multi-family housing, where 80% of tenants fall below 60% of the area median income, over the next decade in California. This will directly benefit **50,000 families**.

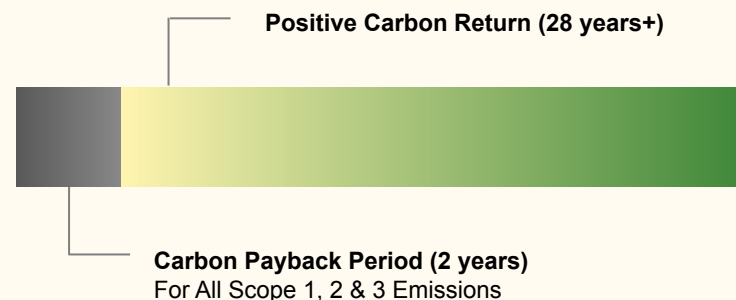
Sunrun's systems have prevented greenhouse gas (GHG) emissions totaling

## 14.6 million metric tons

of carbon dioxide equivalent (CO2e)

## We generate positive carbon returns

Because Sunrun's systems have a lifespan of 30 years or longer, they prevent the release of harmful GHGs for 93% of their lifetime.



## Emissions & carbon intensity

	2021	2022	2021-2022 YoY % Change
<b>Direct Emissions (Scope 1) (Thousand MTCO2e)</b>	38	62	63%
<b>Electricity Indirect Emissions (Scope 2) (Thousand MTCO2e)</b>	3	7	133%
<b>Other Indirect Emissions (Scope 3) (Thousand MTCO2e)</b>	1,191	1,331	12%
<b>Total Emissions For Scopes 1-3 (Thousand MTCO2e)</b>	1,232	1,400	14%
<b>Emissions Intensity per MW (Thousand MTCO2e / MW Deployed)</b>	1.56	1.41	-10%
<b>Emissions Intensity per \$M (Thousand MTCO2e / \$M Revenue)</b>	0.77	0.6	-22%

Please see Sunrun's 2022 Impact Report, available on the company's Investor Relations website for more information, including information on the calculations and statistics referenced above:  
<https://investors.sunrun.com/esg>

# Expanding moat with technology capabilities

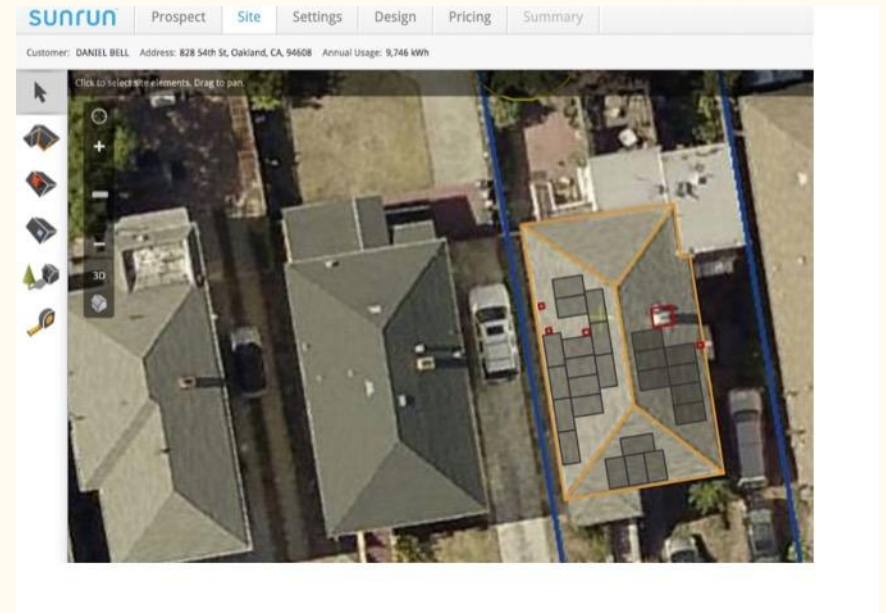
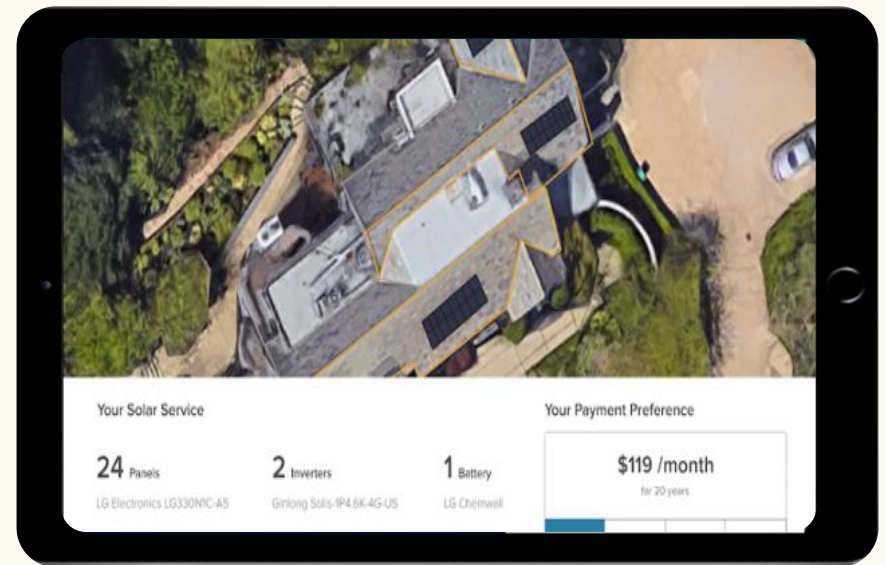
We have invested over \$160 million in R&D<sup>(1)</sup> to usher the change to a distributed energy system while building more entry barriers

## PLATFORM TECHNOLOGY

Sunrun leads the industry with advanced solar system design, monitoring, and customer engagement tools.

Sunrun is investing in advanced energy service capabilities.

Moat increasing with growing customer engagement in energy selection, advanced regulatory constructs (such as time-variable pricing), and energy storage integration.



(1) Cumulative Research and Development Expenses from 2015 through 2023.

# Sunrun is led by seasoned professionals with extensive industry experience



**MARY POWELL**  
Chief Executive Officer



**DANNY ABAJIAN**  
Chief Financial Officer



**PAUL DICKSON**  
Chief Revenue Officer



**JEANNA STEELE**  
Chief Legal Officer &  
Chief People Officer



**CHRIS MCCLELLAN**  
Chief Field Operations Officer



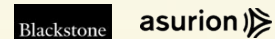
**CHANCE ALLRED**  
Chief Experience Officer



**LYNN JURICH**  
Co-Founder &  
Co-Executive Chair



**EDWARD FENSTER**  
Co-Founder &  
Co-Executive Chair





# Measuring Value Creation

# Nearly two decade operating history delivering consistent growth and value creation



## Systems Perform

Sunrun provides performance guarantee for peace of mind



## Strong Customer Experience

A+ Rating with the Better Business Bureau



## Customers Pay Their Bills

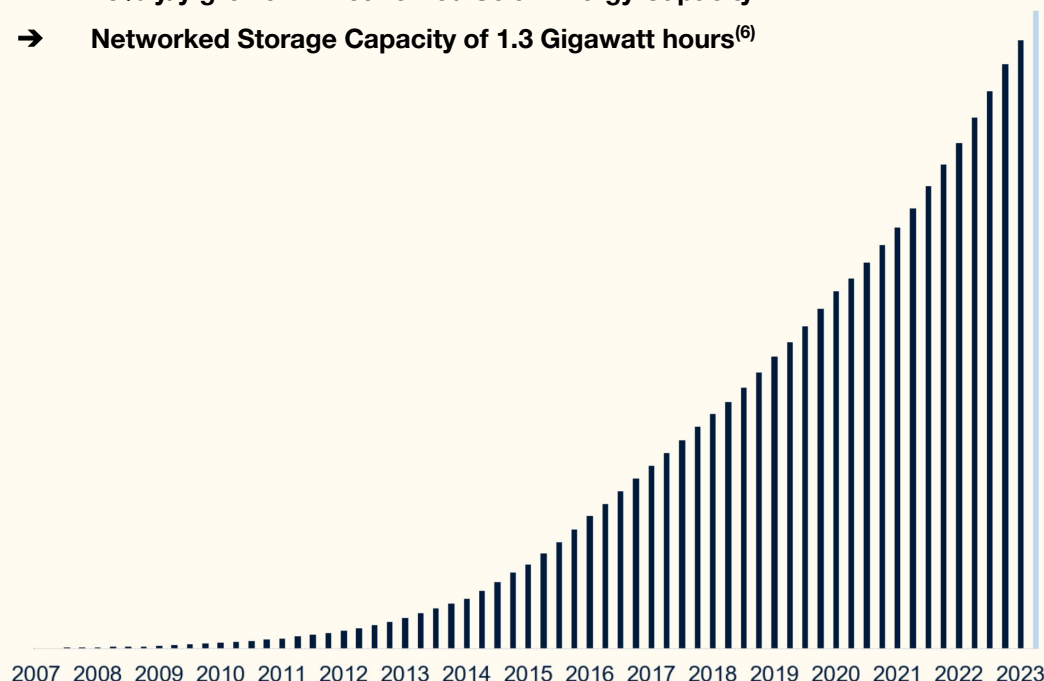
~1% cumulative loss rate on billings<sup>(1)</sup>



## Transferring Service Is Easy

~100% service transfer Net Subscriber Value recovery rate<sup>(2)</sup>

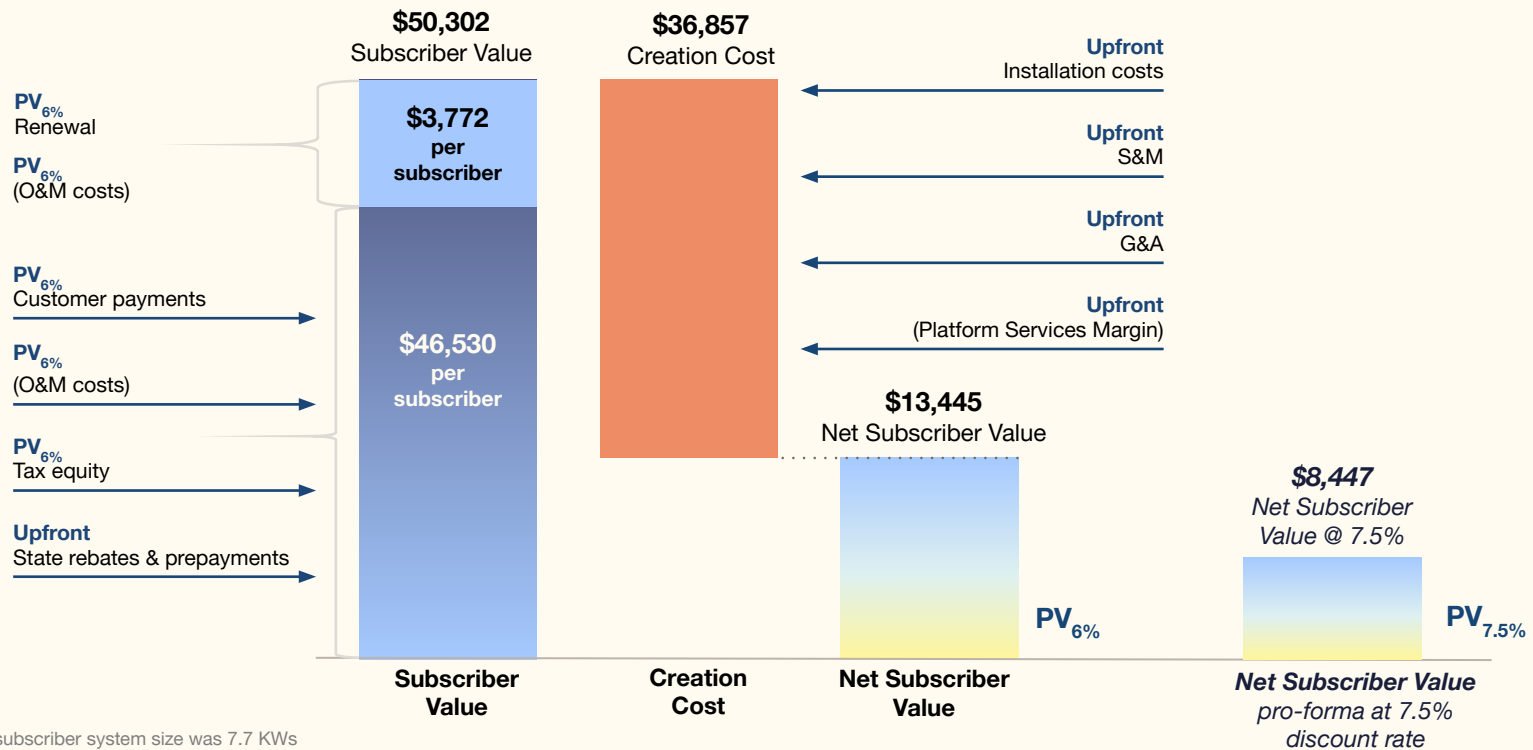
- +933,000 CUSTOMERS<sup>(3)</sup>
- Networked Solar Energy Capacity of 6,689 MWs<sup>(4)</sup>
- 18% y/y growth in Networked Solar Energy Capacity<sup>(5)</sup>
- Networked Storage Capacity of 1.3 Gigawatt hours<sup>(6)</sup>



- (1) Data includes assets originated by Sunrun Inc. and its channel partners through December 31, 2022. Losses include uncollected recurring billings 5 months after invoice date, write downs, and appeasement credits.
- (2) As of December 31, 2022 and excludes Vivint Solar. Recovery percentage is equal to the (i) the sum of (a) the remaining customer agreement cash flows after the service transfer discounted at 6% and (b) prepayments received in connection with the service transfer, divided by (ii) the remaining customer agreement cash flows before the service transfer discounted at 6%. Based on analysis of completed service transfers for monthly customers; Recoveries >100% arise from prepayments.
- (3) Customers is rounded as of December 31, 2023.
- (4) Networked Solar Energy Capacity as of December 31, 2023 and gives 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.
- (5) Represents year over year growth in Networked Solar Energy Capacity from 4Q22 to 4Q23.
- (6) Networked Storage Capacity as of December 31, 2023

# Net Subscriber Value increased to \$13.4k in Q4; additional hardware cost deflation & ITC adder value expected

- 27,000 Subscriber Additions with Net Subscriber Value of \$13,445 using a 6% discount rate, resulting in Total Value Generated of \$363 million in Q4.
- These figures include the benefits from neither the domestic content ITC adder nor current equipment costs. Equipment costs are expected to decline as higher cost materials flow through inventory from prior procurement activities.
- We present metrics using a 6% discount rate to enable ease of comparison across periods, in addition to providing a sensitivity table. We currently see an asset-level cost of capital of approximately 7.5%. Pro-forma for a 7.5% discount rate, Subscriber Value was \$45,304, leading to a Net Subscriber Value of \$8,447 (Contracted-period Net Subscriber Value of \$42,737 and Renewal-period Subscriber Value of \$2,568) and Total Value Generated of \$228 million.

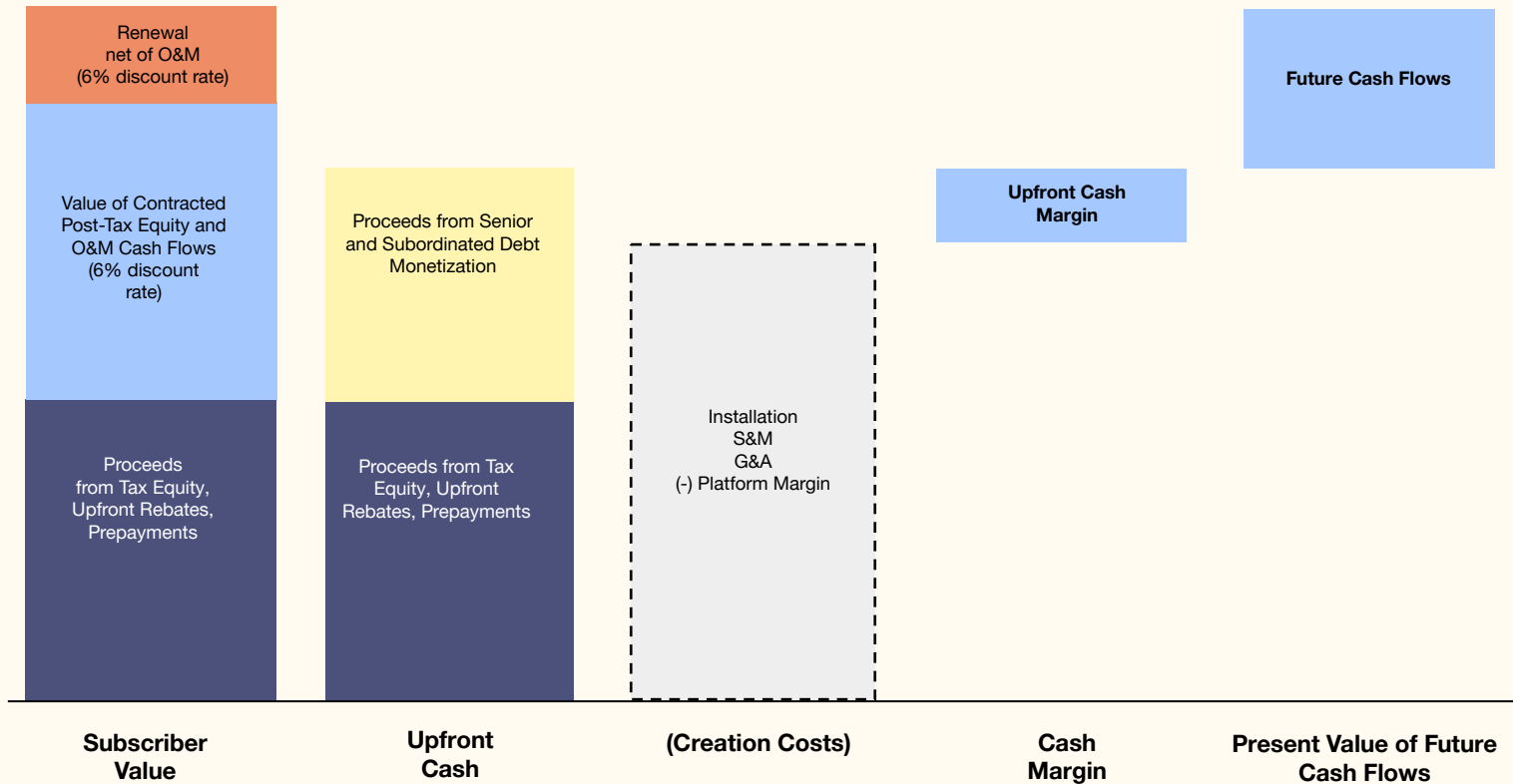


Q4 average subscriber system size was 7.7 KWs  
See Appendix for glossary of terms and accompanying notes.



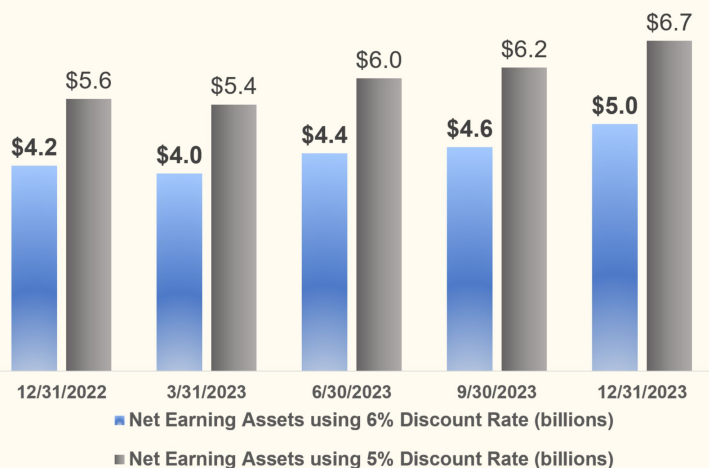
# Strong normalized Net Subscriber Values result in upfront financing proceeds exceeding Creation Costs

We raise non-recourse debt against **Contracted Subscriber Value**, allowing us to convert a significant portion of value to cash upfront while continuing to build our long-term stream of recurring cash flows



See Appendix for glossary of terms.

# Net Earning Assets Increase to \$5.0 Billion



- We have ~\$14.2 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 \$5.0 billion in present value, which we call Net Earning Assets. Net Earning Assets includes both recourse and non-recourse debt and total cash.
- Net Earning Assets excludes other assets, such as Inventory (\$460m as of 4Q23) and a portion of systems currently under construction but not yet recognized as deployed and therefore not yet reflected in Gross Earning Assets.
- Existing assets are financed with fixed-rate debt or floating-rate debt where the vast majority of the base rate exposure is hedged with interest rate swaps. As such, adjusting the discount rate applied to the entire fleet of existing assets with current financing costs applicable to new asset originations is not appropriate. Net derivative assets (total derivative assets less total derivative liabilities) totaled \$72 million at December 31, 2023 for \$4.2 billion in notional amount of interest rate swaps.

(\$ in millions)	4Q22	1Q23	2Q23	3Q23	4Q23
Discount Rate used to calculate Gross Earning Assets	5%	6%	6%	6%	6%
Gross Earning Assets Contracted Period	\$8,879	\$8,584	\$9,437	\$10,064	\$10,802
Gross Earning Assets Renewal Period	\$3,547	\$2,970	\$3,122	\$3,235	\$3,364
<b>Gross Earning Assets</b>	<b>\$12,426</b>	<b>\$11,553</b>	<b>\$12,559</b>	<b>\$13,299</b>	<b>\$14,167</b>
(-) Recourse Debt & Convertible Senior Notes	(\$898)	(\$946)	(\$946)	(\$912)	(\$932)
(-) Non-Recourse Debt	(\$7,501)	(\$7,981)	(\$8,658)	(\$9,326)	(\$9,740)
(-) Pass-through financing obligation	(\$306)	(\$303)	(\$300)	(\$297)	(\$295)
(+) Pro-forma debt adj. for debt within project equity funds <sup>(1)</sup>	\$877	\$868	\$868	\$857	\$852
(+) Total cash	\$953	\$843	\$921	\$952	\$988
<b>Net Earning Assets, as reported</b>	<b>\$5,551</b>	<b>\$4,035</b>	<b>\$4,444</b>	<b>\$4,574</b>	<b>\$5,040</b>
Pro-forma adjustment reflecting 6% discount rate <sup>(2)</sup>	(\$1,355)	na	na	na	na
<b>Net Earning Assets, pro-forma using 6% discount rate</b>	<b>\$4,196</b>	<b>\$4,035</b>	<b>\$4,444</b>	<b>\$4,574</b>	<b>\$5,040</b>

(1) 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. See Appendix for glossary of terms and accompanying notes.

(2) To reflect the higher cost of capital environment, commencing with 1Q23 reporting Sunrun updated the discount rate assumption used to calculate Gross Earning Assets from 5% to 6%.

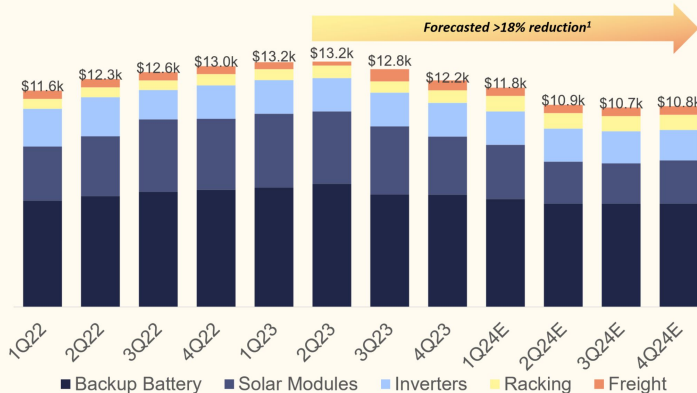
# Strong Net Subscriber Value tailwinds expected from forthcoming ITC adders & hardware cost deflation

## Energy Communities Adder Operationalized and Low-Income Quota Allocation Approvals Flowing; Domestic Content Adder Expected In Coming Quarters

These critical ITC adders will make solar more affordable and accessible to a broader consumer population

<p><b>Energy Communities</b> 10% Additional ITC</p>	<p><b>Operationalized Starting in Q3 2023</b> Approximately 13% of Subscriber mix qualifies today <b>~\$75 to \$100 million annual run rate value</b></p>	<ul style="list-style-type: none"> <li>→ Additional ITC adders are expected to be realized in the coming quarters. Energy Communities was operationalized commencing in Q3. Low-Income adder applications were submitted in Q4 (and continue to be submitted) and many allocations have been obtained. Domestic Content guidance has been obtained, but additional rulemaking processes are expected.</li> <li>→ Each adder could represent an incremental 10% ITC or &gt;\$3k per subscriber, except for the low-income multifamily housing adder, which is 20%.</li> <li>→ ITC adders are only available to commercial taxpayers and thus only benefit the subscription-service model, where Sunrun has &gt;60% market share, as opposed to customer-purchased and loan-financed systems, which are not eligible.</li> <li>→ Direct-to-home sales is well situated to capitalize on this opportunity through geo-targeting for eligible areas.</li> <li>→ Value realization will be shared amongst Sunrun along with customers in the form of enhanced value, market expansion opportunities, and market competitive factors such as impacts on the cost of customer acquisition.</li> </ul>
<p><b>Low-Income</b> 10% Additional ITC (or 20% for Multifamily Housing)</p>	<p><b>Significant Quota Allocation Awards Obtained Already; Application Process Ongoing</b> ~1/4 of current footprint eligible for 10% Adder, but subject to quota-allocation process &amp; regulations <b>~\$50 to \$150+ million annual run rate value</b></p>	
<p><b>Domestic Content</b> 10% Additional ITC</p>	<p><b>Guidance Obtained; Rulemaking Expected in 2024</b> 0% to &gt;50% of Subscription mix possible; discussions active with domestic manufacturers <b>Potential ~\$0 to \$200+ million annual run rate value</b></p>	

## Significant Hardware Cost Reductions Expected to be Realized in Coming Quarters

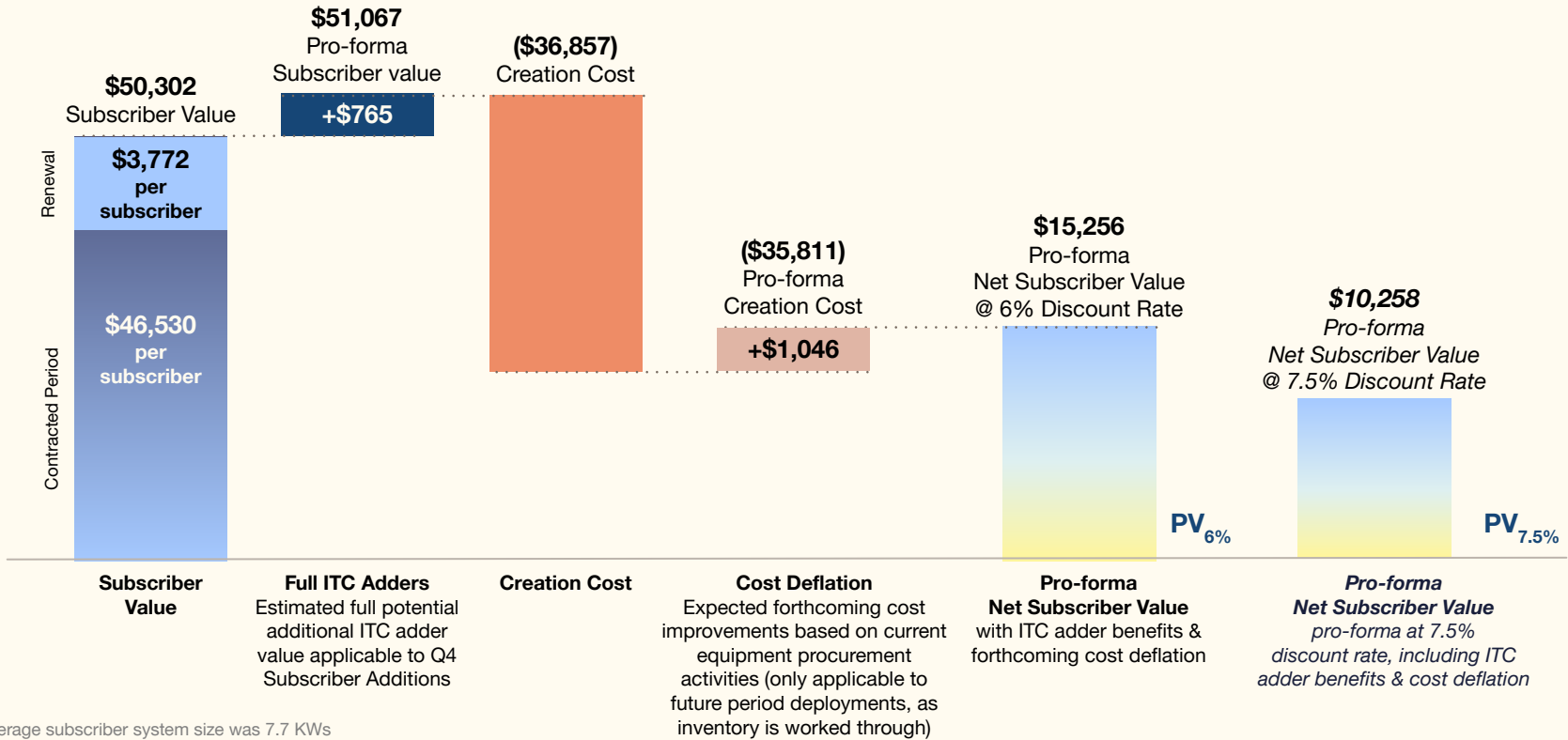


- Equipment & input cost trends are improving across all main categories from modules, batteries and inverters. Current procurement activities for modules and batteries are seeing a greater than 18% price reduction from recent highs.
- For a hypothetical 7.5 KW solar with a single backup battery system, we expect to realize a >18% cost reduction for key hardware over the coming quarters as we work through inventory and new pricing flows through our reported costs. We currently have approximately 100 days or more of supply on hand in our key equipment categories, which we plan to reduce.
- Hardware cost reductions provide margin-expansion opportunities along with increased flexibility to adjust market pricing to optimize sales effectiveness.

(1) Material cost data represents key components of a hypothetical Sunrun-built 7.5 KW system with one backup battery. Forecasted cost reductions are from 2Q23 to 4Q24E.

# Pro-forma Net Subscriber Value of \$15.3k in Q4, inclusive of full potential ITC adder value and equipment cost deflation

- Q4 Subscriber Value includes realization of the Energy Communities 10% ITC adder and the Low-Income 10% ITC adder. We may realize additional value from Subscriber Additions in Q4 that we are eligible for the Low-Income adder (but not yet included in Q4) and the Domestic Content 10% ITC adder, which could add \$765 per Subscriber Addition in Q4, subject to final rules and government application processes and procedures. These critical ITC adders will make solar more affordable and accessible to a broader consumer population.
- Additionally, hardware costs for key items such as modules, inverters and batteries are falling significantly, and are expected to provide an additional tailwind of \$1,046 in future periods. While these cost tailwinds do not benefit Q4 deployments, we have provided the impact of the cost benefits we expect to achieve in future periods as we work through higher-cost inventory.
- Pro-forma for both of these benefits, Net Subscriber Value was \$15,256 in Q4. Pro-forma for an 7.5% discount rate and full ITC adder benefit realization & cost tailwinds, Net Subscriber Value was \$10,258.



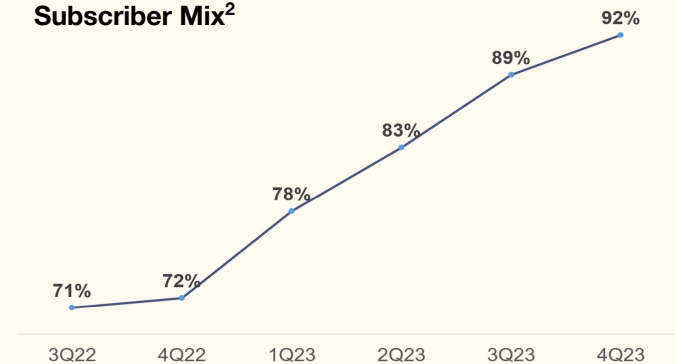
Q4 average subscriber system size was 7.7 KWs  
See Appendix for glossary of terms and accompanying notes.

# Strong Tailwinds From Product Mix

## Subscription Mix Increasing

- Sunrun's Subscription model is advantaged in the market; Sunrun has more than 60% share of the Subscription market.<sup>1</sup>
- Current and forthcoming ITC Adder benefits, which are only available under the Subscription model, should accelerate this trend further in the quarters ahead.
- Sunrun's accessible Subscription model with no upfront costs provides peace of mind in a rising utility and interest rate environment.

Subscriber Mix<sup>2</sup>

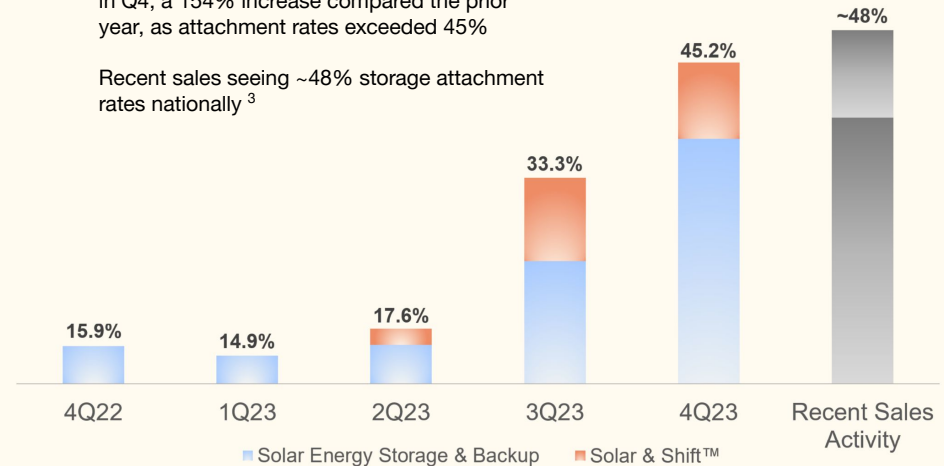


## Storage Attachment Rates Accelerating

- Sunrun has now installed more than 90,000 solar and storage systems representing over 1.3 GWhrs of stored energy capacity. Storage attachment rates are accelerating, reaching 45% in 4Q.
- Storage attachment rates vary significantly by geography, with Hawaii and Puerto Rico at ~100%, California at well above 50% and soon to be 80-90%, and with the rest of the country at ~8% for Q4 installations.
- Storage attachment rates on new sales are at ~48% nationally. In California, attachment rates are exceeding 85% (>60% with *Backup* and ~25% with *Shift*).
- Systems with backup storage are significantly accretive to Net Subscriber Values, adding several thousand dollars.

Over 219 MWhrs of Storage Capacity Installed in Q4, a 154% increase compared the prior year, as attachment rates exceeded 45%

Recent sales seeing ~48% storage attachment rates nationally<sup>3</sup>



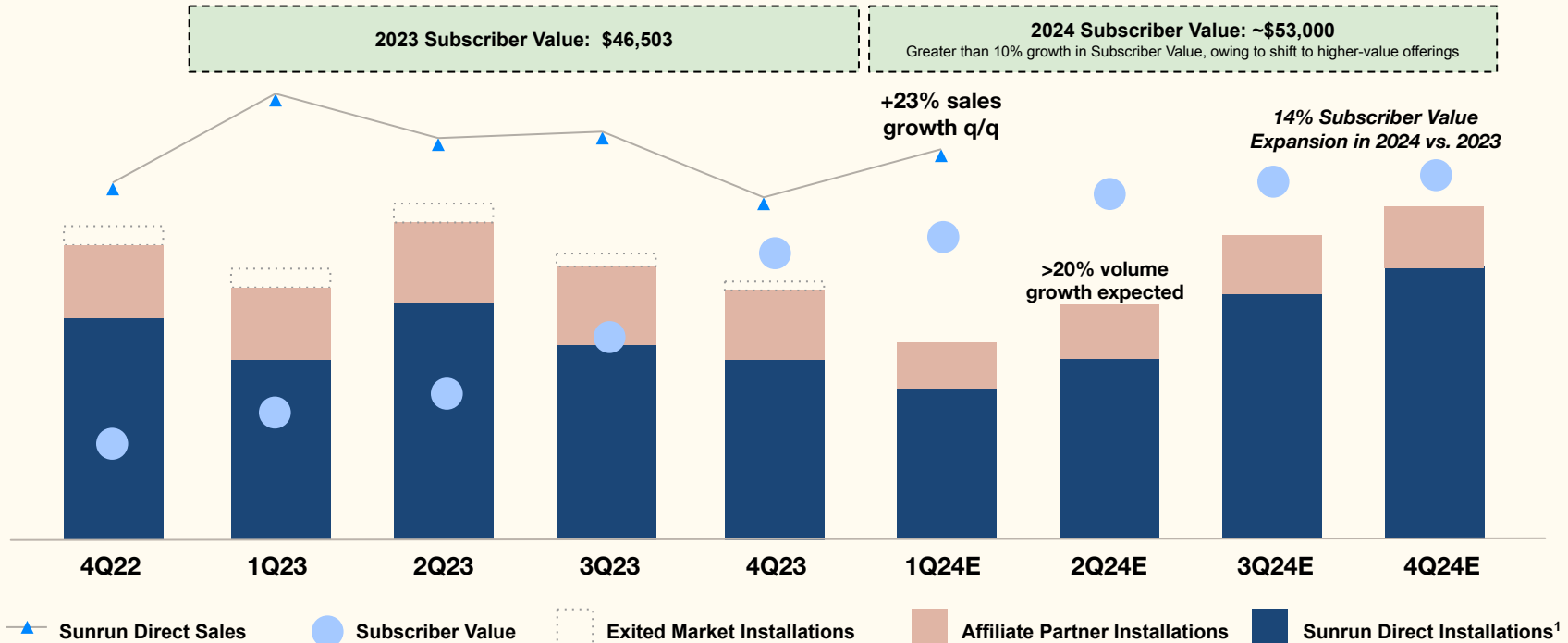
(1) Wood Mackenzie US residential solar finance update H2 2023

(2) Subscriber Mix represents megawatts of Solar Energy Capacity Installed for Subscribers as a percentage of total megawatts of Solar Energy Capacity Installed during the period.

(3) Recent sales includes sales for the period October 1, 2023 through January 31, 2024, based on customers including a battery as a percentage of total new customers.

# Total Value Generated expected to grow by over 15% in 2024 driven by higher Subscriber Values & lower input costs

Installations, which lag sales, now reflect earlier market optimization decisions & margin discipline; installations expected to grow rapidly from 1Q24 levels as sales exceed 23% sequential growth (+40% in California)



**1** Typical Q4 to Q1 declines up to 25% (average of -14% over last 8 years) owing to seasonality, driven by lower sales around holidays in Q4 and weather-related constraints on installation activities in Q1

**2** California pull-in of demand and swift decline after NBT transition; gradually rebounding with higher value storage systems. Affiliate Partners taking more time to transition to new environment.

**3** We remained disciplined in the affiliate partner segment of the market as we opted not to follow aggressive pricing from financing-only providers, instead prioritizing sustainable pricing strategies & partnerships, resulting in declines in less-economic affiliate volume in late 2023 and 1Q24.

**4** We made prudent geographic optimization and market exit decisions (e.g. Arizona) given low utility rates in certain markets that resulted in nonviable margin opportunity given higher interest rates. These are no longer a significant headwind to volumes beyond 1Q24.

**5** Shifting to higher-value storage offerings, with >10% increase in Subscriber Values expected in 2024. This shift has resulted in extended cycle times & transition impacts, but will become tailwinds as attachment rates normalize

**Note: Guidance provided on February 21, 2024 in the 4Q 2023 earnings release. The company assumes no obligation to update such guidance and the guidance is effective only as of February 21, 2024, not the date of this presentation.**

See Appendix for glossary of terms and accompanying notes. Chart depicts approximate volumes and changes.

1Q24 reflects midpoint of guidance and 2Q24 through 4Q24 reflects management's current view on pacing throughout the remainder of the year

(1) Excludes exited & deprioritized markets (Arizona)

# Reiterating Commitment to Drive Meaningful Cash Generation

**Annualized recurring Cash Generation of \$200 to \$500 million by 4Q 2024 with Cash Generation through the period<sup>1</sup>**

## Key Assumptions Underpinning Cash Generation Target:

- **Volume:** New installations grow approximately 15% year-over-year in Q4, consistent with our long-term industry growth rate expectations (no change from prior commentary)
- **Backup Storage Mix:** Increasing backup storage attachment rates on installations to >40% (no change from prior commentary)
- **ITC Adders:** Weighted average ITC of approximately 35% based on probability-weighted realization of ITC adders, fully captured in margin (no change from prior commentary)
- **Utility Prices:** Utility prices assumed to grow at historical spread to consumer price index (no change from prior commentary)
- **Policy:** No material changes to federal and state policy and status-quo utility regulatory regimes (no change from prior commentary)
- **Capital Costs:** Total cost of capital of approximately 7.5% (an improvement from the 7.5% to 8% range communicated last quarter)
- **Tax Equity:** Tax equity cost and transferability economics consistent with current market terms (no change from prior commentary)
- **Supply Chain:** Equipment costs consistent with price levels obtained on current procurement activities (no change from prior commentary)
- **Working Capital:** Working capital managed to approximately 60-80 days of supply (no change from prior commentary)
- **M&A:** Forecast assumes no material M&A or external strategic investments (no change from prior commentary)

**Note: Guidance provided on February 21, 2024 in the 4Q 2023 earnings release. The company assumes no obligation to update such guidance and the guidance is effective only as of February 21, 2024, not the date of this presentation.**

See Appendix for glossary of terms, including Cash Generation.

(1) Cumulative Cash Generation is expected to be positive from 4Q 2023 through 4Q 2024.

# Demonstrated 15+ Year Capital Markets Execution

- We have a strong track record of attracting low-cost capital from diverse sources. Our access to capital markets puts us in a position to offer more advantageous financing options to consumers while creating long-term value for investors.
- We have demonstrated industry-leading execution throughout our history, with the market and rating agencies increasingly recognizing both the high quality of residential solar assets as well as our track record as a sponsor.

## Over \$5.3 billion of Proceeds from Non-Recourse Financing to Fund Growth

*Trailing 12 Months through 12/31/2023*

Proceeds from Equity Issuance	<b>\$0</b>
Proceeds from Recourse Debt & Convertible Debt	<b>\$34 million</b>
Proceeds from Non-Recourse Debt (Non-recourse aggregation warehouse loan facility, asset backed securities, subordinated loans)	<b>\$3,746 million</b>
Proceeds from Tax Equity	<b>\$1,572 million</b>

## Over \$3 billion in Maturities Extended or Capital Arranged Thus Far During Q1

*YTD 2024*

<b>Recourse Working Capital Facility</b> Extended maturity from January 2025 to November 2025 (with provision to extend the maturity to March 2027, subject to certain conditions). We reduced the size from \$600 million to \$447.5 million, with an option to upsize the facility to up to \$477.5 million prior to September 30, 2024.	<b>\$447.5 million</b>
<b>Non-recourse Senior Revolving Warehouse Facility</b> Size increased from \$1.8b (+\$550m) and maturity extended from April 2025 to February 2028	<b>\$2,350 million</b>
<b>Non-Recourse Senior ABS &amp; Subordinated Debt</b>	<b>\$470 million</b>
<b>Tax Equity</b>	<b>\$275 million</b>

### Project finance runway

- Closed transactions and executed term sheets provide us with expected tax equity capacity to fund over 195 megawatts of projects for Subscribers beyond what was deployed through 4Q.
- Sunrun also had \$577 million in unused commitments available in its non-recourse senior revolving warehouse loan at the end of the quarter, pro-forma to reflect the recent expansion and amendment, to fund approximately 211 megawatts of projects for Subscribers.

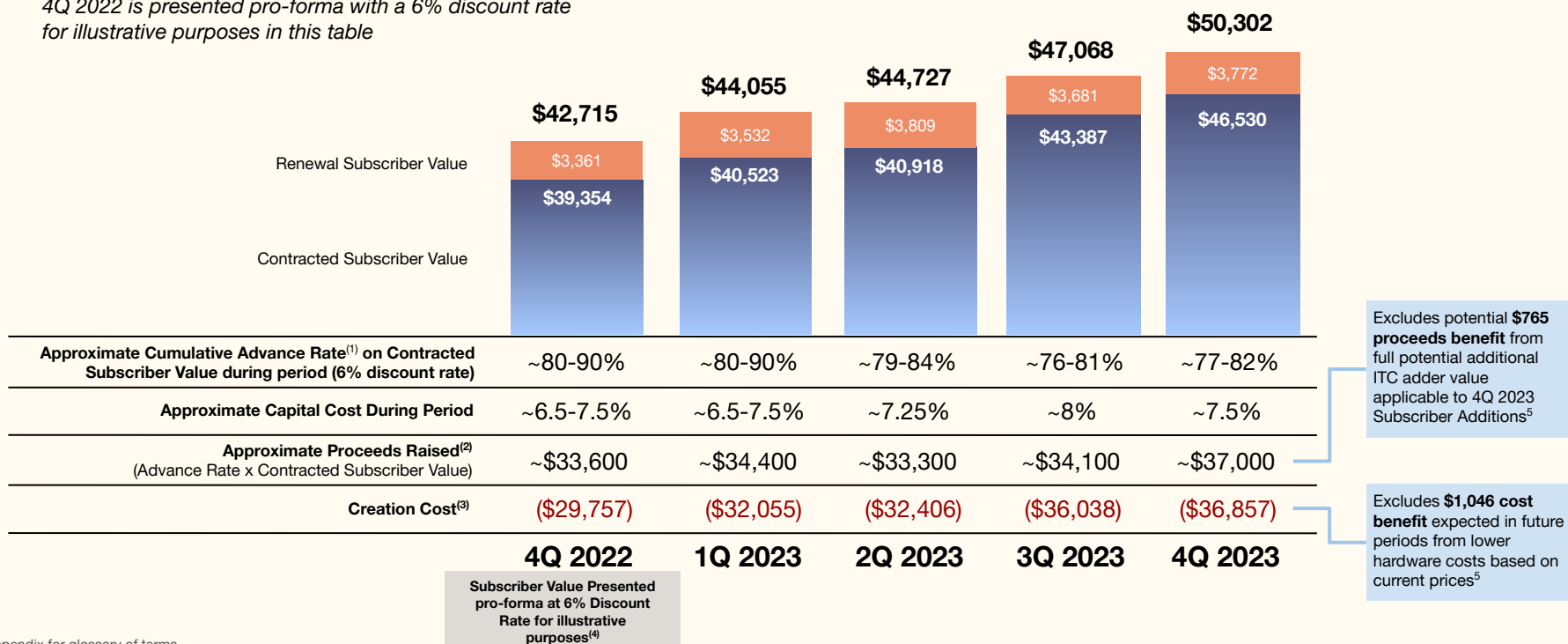


# Adapting to a higher interest rate environment

- Sunrun has increased pricing and adjusted go-to-market approaches multiple times throughout 2022 and into 2023 to respond to inflation and higher interest rates. High utility rate inflation across the United States has provided 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 in recent periods. Current advance rates are estimated to be approximately 77% to 82% as measured against Contracted Subscriber Value calculated using a 6% discount rate.
- Each ~1% change in cost of capital results in ~3% change in cumulative advance rate.

## Subscriber Values

4Q 2022 is presented pro-forma with a 6% discount rate for illustrative purposes in this table



See Appendix for glossary of terms.

(1) Cumulative Advance Rate is the sum of actual and anticipated proceeds from tax equity, state rebates & incentives, customer prepayments and non-recourse debt raised against assets in period divided by Contracted Subscriber Value.

(2) Approximate proceeds raised is presented at the midpoint of presented Cumulative Advance Rate range. Figure presented is rounded.

(3) Note that Creation Cost excludes certain costs, including stock based compensation (SBC) and R&D expenses, and does not reflect traditional working capital items (e.g. inventory, receivables etc).

(4) Periods prior to Q1 2023 have been reported using a 5% discount rate and this table does not constitute a restatement of these metrics.

(5) See slide 27 for additional information on potential benefit from full ITC adder realization applicable to 4Q 2023 Subscriber Additions along with potential future cost reductions based on current hardware prices.

# Outlook



## Full-year 2024:

- **Storage Capacity Installed** is expected to be in a range of **800 to 1,000 Megawatt hours**, representing growth of 40% to 75%
- **Solar Energy Capacity Installed** is expected to be in a range of **-5% to +5%** growth for the full-year 2024
- **Net Subscriber Value** to reach levels during 2024 which exceed the realized amount in 4Q 2023
- **Total Value Generated** is expected to grow by **over 15%** for the Full-Year 2024 driven by higher Subscriber Values and lower input costs
- Reiterating guidance of **Positive Cash Generation** cumulatively from 4Q 2023 through 4Q 2024 and to reach an annualized Cash Generation run-rate of **\$200 million to \$500 million** in Q4 2024<sup>1</sup>

---

## 1Q 2024:

- **Storage Capacity Installed** expected to be in a range of **160 to 170 Megawatt hours**
- **Solar Energy Capacity Installed** is expected to be in a range of **165 to 175 MW**

Note: Guidance provided on February 21, 2024 in the 4Q 2023 earnings release. The company assumes no obligation to update such guidance and the guidance is effective only as of February 21, 2024, not the date of this presentation.



Appendix

# GAAP Income Statement

Consolidated GAAP Income Statement (\$ in millions)	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023	4Q2023	FY2023
<b>Revenue:</b>								
Customer agreements	\$ 433	\$ 725	\$ 872	\$ 225	\$ 274	\$ 290	\$ 288	\$ 1,077
Incentives	52	101	111	21	28	27	34	110
Customer agreements and incentives	484	827	983	246	302	317	322	1,187
Solar energy systems	270	471	914	229	202	135	90	656
Products	168	312	424	114	86	111	105	417
Solar energy systems and product sales	438	783	1,338	343	288	247	195	1,073
<b>Total revenue</b>	<b>922</b>	<b>1,610</b>	<b>2,321</b>	<b>590</b>	<b>590</b>	<b>563</b>	<b>517</b>	<b>2,260</b>
<b>Operating expenses:</b>								
Cost of customer agreements and incentives	386	699	844	237	269	284	288	1,077
Cost of solar energy systems and product sales	358	666	1,179	320	271	234	195	1,020
Sales and marketing	352	623	745	203	195	176	167	741
Research and development	20	23	21	5	5	5	8	22
General and administrative	267	259	189	52	56	48	57	214
Goodwill impairment	-	-	-	-	-	1,158	-	1,158
Amortization of intangible assets	5	5	5	1	1	5	-	7
<b>Total operating expenses</b>	<b>1,387</b>	<b>2,276</b>	<b>2,984</b>	<b>818</b>	<b>796</b>	<b>1,911</b>	<b>714</b>	<b>4,238</b>
<b>Loss from operations</b>	<b>(465)</b>	<b>(666)</b>	<b>(662)</b>	<b>(228)</b>	<b>(206)</b>	<b>(1,347)</b>	<b>(198)</b>	<b>(1,979)</b>
Interest expense, net	231	328	446	143	157	171	182	653
Other expenses (income), net	(8)	(23)	(261)	25	(41)	(78)	158	64
Loss before income taxes	(688)	(971)	(847)	(395)	(322)	(1,441)	(537)	(2,696)
Income tax (benefit) expense	(61)	9	2	(60)	19	30	(2)	(13)
Net loss	(627)	(981)	(850)	(336)	(341)	(1,471)	(535)	(2,683)
Net loss attributable to NCI and non redeemable NCI	(454)	(901)	(1,023)	(95)	(396)	(401)	(185)	(1,078)
<b>Net income (loss) attributable to common stockholder</b>	<b>(173)</b>	<b>(79)</b>	<b>173</b>	<b>(240)</b>	<b>55</b>	<b>(1,069)</b>	<b>(350)</b>	<b>(1,604)</b>
<b>EPS, diluted</b>	<b>\$ (1.24)</b>	<b>\$ (0.39)</b>	<b>\$ 0.80</b>	<b>\$ (1.12)</b>	<b>\$ 0.25</b>	<b>\$ (4.92)</b>	<b>\$ (1.60)</b>	<b>\$ (7.41)</b>
Wt avg basic shares	140	205	211	215	216	217	218	217
Wt avg diluted shares	140	205	219	215	222	217	218	217

Customer Agreements and Incentive Revenue is comprised of ongoing revenue from customers under long-term agreements, amortization of prepaid systems, and incentive revenue. The value of the Investment Tax Credits (ITC) are recognized as Incentive revenue, when monetized using a pass-through financing structure.

The majority of Customer Agreements and Incentives COGS is depreciation (~\$451m total depreciation & amortization in 2022). This also includes operating & maintenance costs and non-capitalized costs associated with installation-related activities.

A large portion of our Sales & Marketing spend is expensed in period, while it relates to customers with ~20 or ~25 years of contracted revenue.

The Loss Attributable to Non-Controlling Interests is primarily driven by our monetization of the Investment Tax Credit (ITC) with our Tax Equity partners with partnership flip structures. Assume a tax investor contributes about ~\$1.8 per watt in cash and then immediately receives back a tax credit worth \$1.3 per watt. After receipt of the tax credit, the investor's remaining non-controlling interest in Sunrun's solar facility is now only \$0.5 per watt, which is repaid over about 6 years through cash distributions and depreciation deductions. Like the elimination of a liability, the reduction in the tax investor's non-controlling interest from ~\$1.8 per watt to ~\$0.5 per watt is income to Sunrun common shareholders. Because Sunrun received this \$1.3 per watt in cash through a partnership, this income is accounted for under GAAP using the hypothetical liquidation at book value (HLBV) method as a "loss attributable to non-controlling interests," rather than revenue.

**Reflected in Sunrun's 2023 GAAP results are two large one-time non-cash charges:**

3Q 2023: \$1.2 billion Goodwill impairment

4Q 2023: \$58.7 million non-cash charge related to Sunrun's investment in Lunar Energy

See Press Release for Non-GAAP reconciliation.

# GAAP Balance Sheet

Consolidated GAAP Balance Sheet (\$ in millions)	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023	4Q2023	FY2023
Cash	\$ 520	\$ 618	\$ 741	\$ 629	\$ 669	\$ 644	\$ 679	\$ 679
Restricted cash (current and long term)	188	233	213	215	252	308	309	309
Accounts receivable	95	146	214	219	215	189	172	172
Inventories	283	507	784	888	792	662	460	460
Prepaid expenses and other current assets	51	45	147	135	155	126	263	263
Solar energy systems, net	8,203	9,460	10,988	11,369	11,937	12,529	13,029	13,029
Property and equipment, net	62	57	67	75	110	128	149	149
Intangible assets, net	18	13	8	6	5	1	-	-
Goodwill	4,280	4,280	4,280	4,280	4,280	3,122	3,122	3,122
Other assets	531	913	1,503	1,559	1,690	1,893	1,799	1,799
<b>Total assets</b>	<b>14,383</b>	<b>16,483</b>	<b>19,269</b>	<b>19,728</b>	<b>20,491</b>	<b>20,027</b>	<b>20,450</b>	<b>20,450</b>
Accounts payable, accrued expenses and other liabilities	533	652	746	727	717	678	730	730
Other current liabilities	29	32	32	31	32	33	35	35
Deferred revenue (current and long-term)	799	874	1,096	1,098	1,142	1,155	1,196	1,196
Deferred grants (current and long-term)	222	215	209	207	204	202	204	204
Finance lease obligation (current and long-term)	24	22	29	34	63	75	91	91
Non-recourse debt (current and long-term)	4,565	5,901	7,501	7,981	8,658	9,326	9,740	9,740
Recourse debt & convertible notes (current and long-term)	231	602	898	946	946	912	932	932
Pass-through financing obligation (current and long-term)	340	321	306	303	300	297	295	295
Other liabilities	269	190	140	170	143	138	191	191
Deferred tax liabilities	82	102	133	63	91	137	123	123
<b>Total liabilities</b>	<b>7,094</b>	<b>8,911</b>	<b>11,090</b>	<b>11,561</b>	<b>12,296</b>	<b>12,953</b>	<b>13,536</b>	<b>13,536</b>
Redeemable noncontrolling interests in subsidiaries	560	595	610	605	610	683	676	676
Stockholders' equity	6,078	6,255	6,708	6,468	6,597	5,611	5,230	5,230
Noncontrolling interests in subsidiaries	651	723	861	1,095	988	780	1,008	1,008
<b>Total liabilities and shareholders' equity</b>	<b>14,383</b>	<b>16,483</b>	<b>19,269</b>	<b>19,728</b>	<b>20,491</b>	<b>20,027</b>	<b>20,450</b>	<b>20,450</b>

Deferred revenue is primarily Customer Prepayments which are recognized over the life of the contract, typically 20 or 25 years (\$873.1 million balance of Payments Received Under Customer Agreements at the end of 2023).

\$9.7 billion of our debt is non-recourse project debt and solely secured by the solar assets (at the end of 2023).

\$295 million of pass-through financing obligations (at the end of 2023) represent obligations to investors who receive the Investment Tax Credit (ITC) and a portion of cash flows from funds predominantly under an inverted lease structure.

Non-controlling interests represent our Tax Equity (under partnership flip structures) and Project Equity investors' interests in our funds.

# GAAP Cash Flow Statement

Consolidated GAAP Statement of Cash Flow (\$ in millions)	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023	4Q2023	FY2023
<i>Operating Activities:</i>								
<b>Net loss</b>	\$ (627)	\$ (981)	\$ (850)	\$ (336)	\$ (341)	\$ (1,471)	\$ (535)	\$ (2,683)
Depreciation and amortization, net of amortization of deferred grants	243	388	451	123	127	139	143	532
Goodwill impairment	-	-	-	-	-	1,158	-	1,158
Deferred income taxes	(61)	10	2	(60)	19	30	(2)	(13)
Stock-based compensation expense	171	211	111	28	28	28	28	112
Bonus liability converted to RSUs	-	-	-	-	-	-	-	-
Interest on pass-through financing obligations	23	21	20	5	5	5	5	20
Reduction in pass-through financing obligations	(39)	(42)	(41)	(10)	(10)	(10)	(10)	(40)
Other noncash losses and expenses	51	61	(131)	58	15	(11)	227	289
Changes in operating assets and liabilities	(79)	(485)	(411)	(249)	(44)	70	28	(195)
<b>Net cash provided by (used in) operating activities</b>	<b>(318)</b>	<b>(817)</b>	<b>(849)</b>	<b>(439)</b>	<b>(202)</b>	<b>(63)</b>	<b>(116)</b>	<b>(821)</b>
<i>Investing activities:</i>								
Payments for the costs of solar energy systems	(967)	(1,678)	(1,993)	(506)	(693)	(737)	(651)	(2,587)
Acquisitions of businesses, net of cash acquired	537	-	-	-	-	-	-	-
Purchases of Equity Method	(65)	-	(75)	-	-	-	(5)	(5)
Purchases of property and equipment	(3)	(9)	(18)	(4)	(8)	(5)	(5)	(21)
<b>Net cash used in investing activities</b>	<b>(498)</b>	<b>(1,686)</b>	<b>(2,086)</b>	<b>(510)</b>	<b>(700)</b>	<b>(741)</b>	<b>(661)</b>	<b>(2,613)</b>
<i>Financing activities:</i>								
Proceeds from grants and state tax credits	6	-	-	4	-	-	-	4
Proceeds from recourse debt	183	1,110	1,165	143	213	295	515	1,166
Repayment of recourse debt	(192)	(758)	(871)	(96)	(184)	(360)	(492)	(1,132)
Repurchase of convertible senior notes	-	-	-	-	-	-	(2)	(2)
Proceeds from non-recourse debt	751	2,187	3,429	515	950	1,724	556	3,746
Repayment of non-recourse debt	(399)	(856)	(1,799)	(51)	(287)	(1,062)	(176)	(1,576)
Payment of debt fees	(14)	(54)	(63)	(1)	(16)	(30)	(0)	(47)
Proceeds from pass-through and other financing obligations	9	10	4	2	2	2	2	9
Repayment of pass-through financing and other obligations	-	(18)	-	-	-	-	-	-
Payment of finance lease obligations	(11)	(12)	(14)	(4)	(6)	(6)	(6)	(23)
Contributions received from NCI and redeemable NCI	818	1,239	1,415	398	360	355	460	1,572
Distributions paid to NCI and redeemable NCI	(111)	(196)	(218)	(64)	(57)	(52)	(52)	(225)
Acquisition of non-controlling interests	(3)	(42)	(43)	(7)	(7)	(32)	-	(46)
Proceeds from exercises of stock options	49	36	33	1	13	0	8	23
Repurchase of common stock	-	-	-	-	-	-	-	-
Proceeds from shares issued in connection with a subscription agreement	75	-	-	-	-	-	-	-
<b>Net cash provided by financing activities</b>	<b>1,161</b>	<b>2,646</b>	<b>3,037</b>	<b>840</b>	<b>980</b>	<b>836</b>	<b>813</b>	<b>3,469</b>
Net change in cash and restricted cash	345	142	103	(110)	78	31	36	35
Cash and restricted cash, beginning of period	363	708	850	953	843	921	952	953
Cash and restricted cash, end of period	708	850	953	843	921	952	988	988

Cash Flow From Operations is negative as 25-30% of our Creation Costs are expensed in the period, while revenue is recognized over 80 periods or more. Additionally, we raise Debt and Project Equity to fund our growth, which covers CFO and CFI.

These investments are the capex for our solar energy systems. Approximately 70-75% of our Creation Costs are capitalized, the rest are expensed in-period on our income statement.

We raise non-recourse project debt on assets, which is serviced by cash flows from contracted customer payments.

Proceeds from pass-through and other financing obligations primarily represents Tax Equity investors in inverted lease structures, where the investor receives the Investment Tax Credit (ITC), certain depreciation attributes, and a share of cash flows. Following adoption of ASC 606 in 2018, proceeds received related to ITC revenues are treated as operating cash flows.

Proceeds from NCI represent investments from (1) Tax Equity investors in partnership flip funds, where they receive the Investment Tax Credit, certain depreciation attributes, and a share of cash flows, along with (2) Project Equity investors such as National Grid, which receive a share of cash flows from the funds. In 2023, proceeds from NCI and proceeds from pass-through and other financial obligations averaged ~\$1.81 per watt.

# Metric Sensitivity Tables

## Gross Earning Assets Contracted Period

\$ in millions, as of December 31, 2023

<u>Default rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
5%	\$ 12,520	\$ 11,439	\$ 10,499	\$ 9,679	\$ 8,959
0%	\$ 12,902	\$ 11,779	\$ 10,802	\$ 9,951	\$ 9,204

## Gross Earning Assets Renewal Period

\$ in millions, as of December 31, 2023

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
80%	\$ 4,320	\$ 3,543	\$ 2,917	\$ 2,412	\$ 2,002
90%	\$ 4,979	\$ 4,084	\$ 3,364	\$ 2,782	\$ 2,310
100%	\$ 5,638	\$ 4,625	\$ 3,811	\$ 3,152	\$ 2,618

## Gross Earning Assets

\$ in millions, as of December 31, 2023

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
80%	\$ 17,223	\$ 15,322	\$ 13,720	\$ 12,363	\$ 11,206
90%	\$ 17,881	\$ 15,863	\$ 14,167	\$ 12,733	\$ 11,514
100%	\$ 18,540	\$ 16,404	\$ 14,613	\$ 13,103	\$ 11,822

## Net Earning Assets

\$ in millions, as of December 31, 2023

	<u>Gross Earning Assets Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
<b>Net Earning Assets</b>	\$ 8,755	\$ 6,736	\$ 5,040	\$ 3,606	\$ 2,388

## Subscriber Value

\$ per Subscriber, for Subscriber Additions in 4Q 2023

	<u>Discount rate</u>			
	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
Subscriber Value Contracted Period	\$ 49,606	\$ 46,530	\$ 43,905	\$ 41,653
Subscriber Value Renewal Period	\$ 4,890	\$ 3,772	\$ 2,917	\$ 2,262
<b>Total Subscriber Value</b>	<b>\$ 54,496</b>	<b>\$ 50,302</b>	<b>\$ 46,822</b>	<b>\$ 43,915</b>

- Net Earning Assets excludes other assets, such as Inventory (\$460m as of 4Q23) and a portion of systems currently under construction but not yet recognized as deployed and therefore not yet reflected in Gross Earning Assets.
- Existing assets are financed with fixed-rate debt or floating-rate debt where the vast majority of the base rate exposure is hedged with interest rate swaps. As such, adjusting the discount rate applied to the entire fleet of existing assets with current financing costs applicable to new asset originations is not appropriate. Net derivative assets (total derivative assets less total derivative liabilities) totaled \$72 million at December 31, 2023 for \$4.2 billion in notional amount of interest rate swaps.

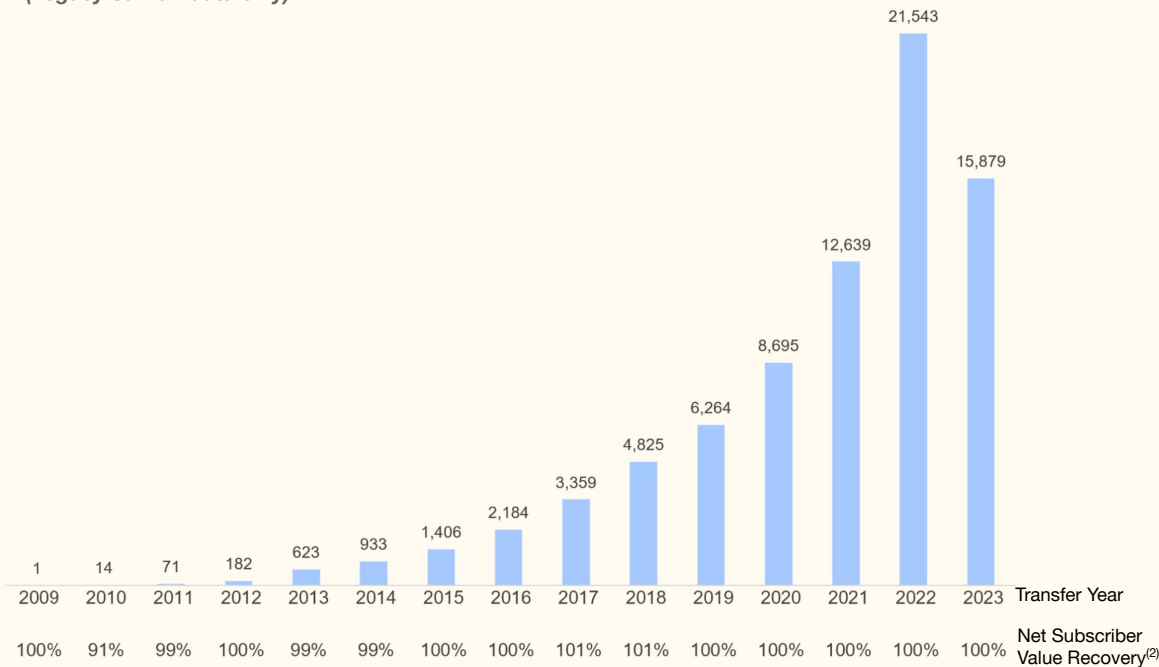
See Appendix for glossary of terms and accompanying notes.

# Strong service transfer performance

When customers move or their service is otherwise transferred to a new homeowner, Sunrun has maintained ~100% of expected contract value

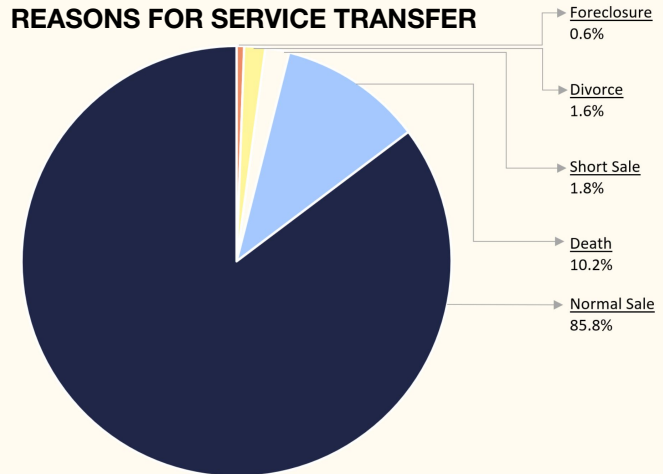
## COMPLETED SERVICE TRANSFERS & NET SUBSCRIBER VALUE RECOVERY BY YEAR

(Legacy Sunrun data only)



Zillow conducted a study in 2019 and found that solar increases the average sales price of a home<sup>(1)</sup>

## REASONS FOR SERVICE TRANSFER



Transfer Reason	Transfers	Net Subscriber Value Recovery <sup>(2)</sup>
Normal Sale	67,008	100.4%
Death	8,489	100.3%
Short Sale	1,405	99.8%
Divorce	1,243	100.1%
Foreclosure	447	94.7%
Bankruptcy	26	82.5%
<b>Total</b>	<b>78,618</b>	<b>100.3%</b>

Data includes transfers related to Vivint Solar systems after 12/31/2021. Prior to this date, Vivint Solar completed an additional 35,553 services transfers with an average NPV recovery rate of 99%.

(1) Zillow April, 2019. Homes With Solar Panels Sell for 4.1% More

(2) Sunrun fleet-wide data as of December 31, 2023 for customer agreements with monthly payments only. The sum of the percentage columns and the balance columns may not equal 100.0% or the total, as applicable, due to rounding. Excludes new home transfers, transfers that occurred prior to PTO and prepaid contracts. Includes completed service transfers with a reduction to the PPA or lease rate, and with a recovery rate less than 100%. Recovery percentage is equal to the (i) the sum of (a) the remaining customer agreement cash flows after the service transfer discounted at 6% and (b) prepayments received in connection with the service transfer, divided by (ii) the remaining customer agreement cash flows before the service transfer discounted at 6%.



# Residential solar market size is massive and underpenetrated today

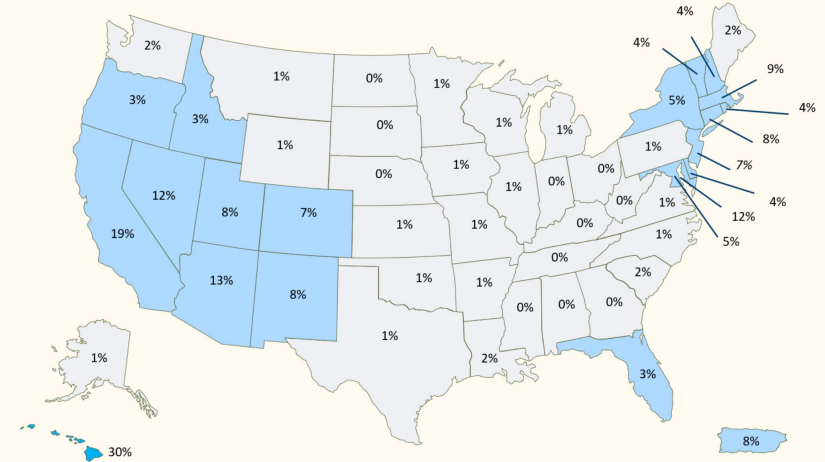
- 88 million U.S. single family homes today <sup>(1)</sup>
- 4.4 million residential solar customers across the industry<sup>(2)</sup>
- 724,000 solar customers added in 2023<sup>(2)</sup>

The penetration rate declines at current levels as ~900k homes are built annually in the U.S.<sup>(3)</sup>

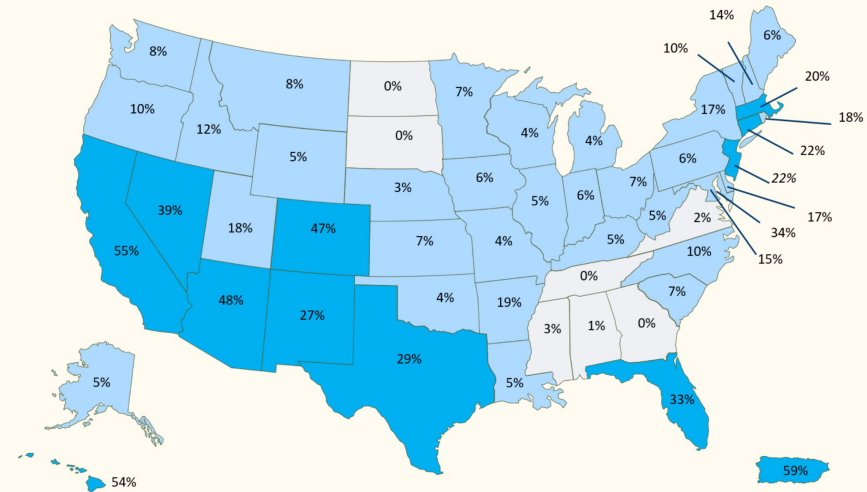
In May 2018, The California Energy Commission passed rules that effectively mandate that new homes have solar panels starting in 2020. California builds approximately 110,000 new homes annually. For context, there were approximately 240,000 new residential solar customers added in California during 2022.<sup>(2)</sup>

(1) Housing stock estimate is based on US Census 2021 American Community Survey Estimates by State using occupied single-unit housing using average state occupancy estimates.  
 (2) EIA Form 861M Residential PV Customers (through November 2023)  
 (3) U.S. Census Bureau 2019 New Residential Construction statistics. 903 thousand new single family home completions in 2019.

Residential Solar is ~5% of the market today



Projected ~18% market penetration in 2032, even after 10 years of ~16% annual industry growth



**MARKET PENETRATION**    ■ <3%    ■ 3%-20%    ■ >20%

# Modeling residential solar key drivers of project cash flows

Sun, utility rates, site specifics, costs

## SUN RESOURCE VARIES

The economics of a system are driven by how much energy the solar system produces (a function of the site conditions and sunshine), how much Sunrun charges for the energy (which is driven by the prevailing utility rates and local incentives which vary significantly across the country), and the cost to build systems, which also varies by location.

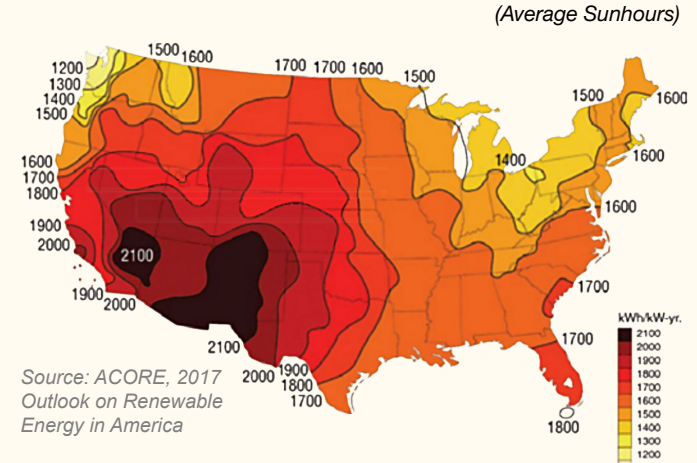
A unit of energy we bill for is called a kilowatt hour, which is 1000 watts of power for 1 hour, abbreviated KWhr. We typically offer Power Purchase Agreements (PPAs) or Leases which stipulate the effective rate we charge per KWhr of energy the solar system produces.

The amount of energy a solar system produces varies by how much sunshine the area receives, the angle of the panels on the roof, and any nearby obstructions which may cause shading. The productivity of a system is measured in Capacity Utilization Factor (%) or colloquially as “Sunhours per year”, both of which measure the amount of time a system is fully productive, on average, throughout a year. We present these utilization metrics in terms of Alternating Current (AC), which is the type of power homeowners consume and already considers the transition of the energy from Direct Current (DC) to AC through an inverter.

The unlevered returns we generate are a function of (1) the PPA price, which is typically initially set at a discount to prevailing utility power prices, (2) the upfront cost to construct the system, including module, inverter, racking, installation labor, permitting and sales expense, which can vary by region, (3) the amount of energy the system produces, which is a function of the geographic location and associated sunshine, along with site-specific factors such as roof angles and nearby shading.

For example, a 7 kilowatts sized system (7,000 watts of capacity) could produce about 10,500 KWhrs in Northern California, based on Sunhours of ~1,500/yr (a Capacity Utilization Factor of 17%).

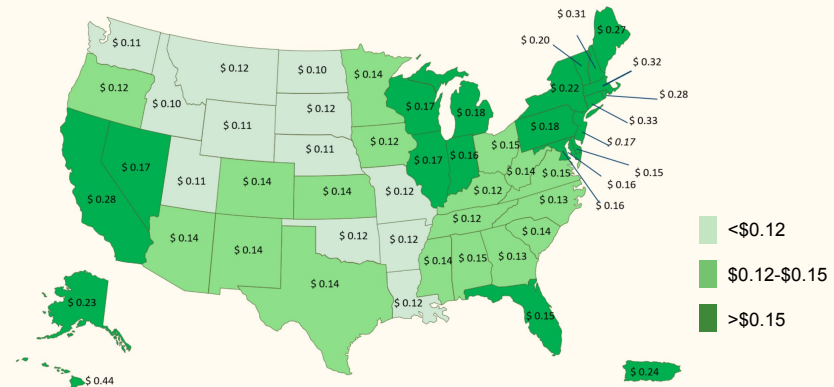
Name	Value	Units	Calculation / Notes
Solar System Size	7.0	Kilowatts (KW,dc)	Typical size of system
Sunhours	1,500	Hours/year	Based on Sunshine
Year 1 System Production	10,500	KWhrs,ac	Size X Sunhours
Capacity Utilization Factor	17%	%	Sunhours per year / (365 X 24)
PPA Price	\$0.20	\$ per KWhr	Typical PPA price in region
Year 1 Revenue	\$2,100	\$	PPA price X Production



## INCUMBENT POWER PRICES VARY

Price per KWhr, State Average Price Presented

Note: Rates also vary within the same state by utility and customer tariff



Source: Energy Information Agency Form 861M, 2023 YTD Average Price of Residential Electricity (data through May 2023).

# 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.

**Storage Capacity Installed** represents the aggregate megawatt hour capacity of storage systems that were recognized as Deployments in the period.

**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 6%) 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.

**Networked Storage Capacity** represents the aggregate megawatt hour capacity of our storage systems that have been recognized as Deployments, from the company's inception through the measurement date.

**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 6%) 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 6%) 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.

# Glossary (continued)

**Cash Generation** is calculated using the change in our unrestricted cash balance from our consolidated balance sheet, less net proceeds (or plus net repayments) from all recourse debt (inclusive of convertible debt), and less any primary equity issuances or net proceeds derived from employee stock award activity (or plus any stock buybacks or dividends paid to common stockholders) as presented on the Company's consolidated statement of cash flows. The Company expects to continue to raise tax equity and asset-level non-recourse debt to fund growth, and as such, these sources of cash are included in the definition of Cash Generation. Cash Generation also excludes long-term asset or business divestitures and equity investments in external non-consolidated businesses (or less dividends or distributions received in connection with such equity investments).

**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.

**Total Cash** represents the total of the restricted cash balance and unrestricted cash balance from our consolidated balance sheet.



SUNRUN

## Investor Relations

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

415-373-5206

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