



**3Q 2025 Earnings Call
November 6, 2025
Prepared Remarks**

OPERATOR INSTRUCTIONS

Good afternoon and welcome to Sunrun's third quarter earnings conference call. Please note that this call is being recorded and that one hour has been allocated for the call, including the Q&A session. To join the Q&A session after prepared remarks, please press star 1 at any time. We ask participants to limit themselves to one question and one follow-up question. I will now turn the call over to Patrick Jobin, Sunrun's Investor Relations Officer.

PATRICK JOBIN

Thank you operator.

Before we begin, please note that certain remarks we will make on this call constitute forward-looking statements. Although we believe these statements reflect our best judgment based on factors currently known to us, actual results may differ materially and adversely. Please refer to the Company's filings with the SEC for a more inclusive discussion of risks and other factors that may cause our actual results to differ from projections made in any forward-looking statements. Please also note these statements are being made as of today, and we disclaim any obligation to update or revise them.

Please note, during this earnings call, we may refer to certain non-GAAP measures, including Cash Generation and Aggregate Creation Costs, which are not measures prepared in accordance with U.S. GAAP. The non-GAAP measures are being presented because we believe that they provide investors with a means of evaluating and understanding how the company's management evaluates the company's operating performance. Reconciliation of these measures can be found in our earnings press release and other investor materials available on the company's investor relations website. These non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to, financial measures prepared in accordance with U.S. GAAP.

On the call today are Mary Powell, Sunrun's CEO, Danny Abajian, Sunrun's CFO, and Paul Dickson, Sunrun's President and Chief Revenue Officer.

A presentation is available on Sunrun's investor relations website, along with supplemental materials. An audio replay of today's call, along with a copy of today's prepared remarks and transcript including Q&A will be posted to Sunrun's investor relations website shortly after the call.

And now let me turn the call over to Mary.

MARY POWELL

Thank you Patrick.

And thank you all for joining us today.

Our strategic focus on providing Americans a way to achieve energy independence is yielding strong results. We are generating cash while growing our customer base. We are continuing to lead the industry with superior energy offerings for homeowners, allowing them to power through grid outages and protect their households from rising energy costs. As demand is growing at the most rapid rate since World War 2, fueled in large part by AI computing demand, we are also building critical energy infrastructure the country needs.

We generated \$1.6 billion in top-line Aggregate Subscriber Value, at the top-end of our guidance range, growing 10% year-over-year. Contracted Net Value Creation was \$279 million, growing 35%



year-over-year. We generated strong profitability through our market-leading position in storage offerings while also driving significant cost efficiencies and performance improvements across the business.

We reported a solid Upfront Net Subscriber Value of over \$3,500, a 5 point margin improvement compared to the prior year and representing a 7% margin on Contracted Subscriber Value. In the quarter we generated \$108 million in cash, our sixth consecutive quarter of positive Cash Generation. Given the timing of transactions, we exceeded the high-end of our cash generation guidance range for the quarter. Over the trailing four quarters, we have generated \$224 million in cash. We are on track to meet our annual Cash Generation guidance, and are reiterating the midpoint of our outlook at \$350 million.

We are producing these strong results by remaining disciplined in how we balance margins and growth, while innovating and expanding all we provide for our customers. This strategy is yielding strong financial results while growing our base of customers – and increasingly valuable energy resources for the grid. To highlight this, in Q3 we delivered higher unit margins and considerably more Cash Generation. This will be amplified in Q4 as we are set to produce even more Cash Generation, and will do so with our unwavering commitment to high-quality installations and customer experience.

Our energy resources are growing rapidly. We have transformed the business to be a provider of independent reliable energy for homeowners, and a formidable Independent Power Producer, now with 3.7 gigawatt hours of dispatchable energy from our fleet of home batteries and over 8.2 gigawatts of solar generation capacity.

As you can see on slide 6 the country needs more power to meet the demands coming from datacenters and AI, as electricity demand is expected to grow by more than 40% over the next 15 years according to a recent study. Our distributed and dispatchable storage and solar resources are contributing to meet this critical energy infrastructure need.

When the generation and storage capabilities of homes are aggregated they collectively create a powerful, flexible utility-scale resource for the energy system. We are not playing small-scale; we are bringing the power of American homes to the grid and building the next generation of power plants.

With over 217,000 storage systems installed, we are now routinely dispatching energy to provide value to the grid – with 17 active programs across the country providing 416 megawatts of power capacity over the last year. Based on these current activities, we are finding that our prior estimate of \$2,000 or more in incremental net present value per participating home is likely conservative. As we continue to scale storage, and provide cost-effective utility-scale energy resources back to the grid, we expect a rapidly growing incremental cash flow stream over the coming years. We expect to have more than 10 gigawatt hours of dispatchable energy online by the end of 2028.

Technology improvements and cost reductions achieved by our storage partners over the last few years have helped accelerate adoption. We continue to leverage the best technologies available and use a diversified set of suppliers to best fit customer needs and meet our price and performance requirements.

Our investment in Lunar Energy has helped push innovation across the storage space. Sunrun began scaling the Lunar storage solution in California in Q4 of last year. The Lunar system's modular whole home backup solution that integrates solar, storage, and load control makes this an attractive offering for customer value creation. Lunar is ramping production and we expect to deploy about ten thousand Lunar systems over the next year or so.

Our base of customers is also growing rapidly, exceeding 1.1 million customers at the end of Q3. Our strategy is to generate strong upfront margins on our customer origination activities, and then to create additional value from the long-term nature of our customer relationships.

Since launching Flex a year ago, our innovative storage and solar product offering, we have seen tremendous traction. Flex has further differentiated Sunrun in the market as it provides unique flexibility for customers to use well-priced energy when they need it. Flex also creates a meaningful source of additional recurring cash flows for Sunrun.



For home energy systems, the solar generation portion has historically been designed to either match a household's current energy usage or be oversized in anticipation of greater future needs — resulting in either unmet needs as energy usage increases or generating solar energy that is paid for, but not used immediately. Flex removes this uncertainty, offering a solution that fits families' needs today and tomorrow. It is a great product that allows customers to pay a minimum monthly amount, and then pay for additional energy only when needed. Customers are clearly loving this product, as we are seeing Net Promoter Scores over 10 points higher.

The take-rate in markets where Flex is offered is already about 40%. Flex is being offered in markets that represent about half of our volume.

As expected, the initial cohort of Flex customers are indeed tapping into the well-priced 'Flex' energy. We've found that two thirds of these customers already consume above their pre-solar baseline. In current markets, the Flex product includes extra storage, providing more value to the customer, incredibly reliable energy, and an even more valuable grid resource, along with more recurring cash flows for Sunrun.

Another area where we are proving how valuable our long-term customer relationships can be for Sunrun and the grid, is by offering storage to our existing solar-only customers.

We have now installed nearly 2,000 storage systems for these customers. This is growing rapidly and we expect this activity to accelerate. We are capturing this opportunity by using high-tech, low-cost routes including our customer app and digital lead channels. We believe this will enable a fantastic value proposition for customers, produce strong expected upfront margins for Sunrun, and serve as an accelerant to growth in our distributed power plant capacity.

Our Cash Generation from new customers is set to grow, and we expect to augment this cash flow with recurring sources from grid service programs, growing Flex adoption, and offering valuable solutions like add-on batteries to existing customers through low-CAC channels.

Celebrate our people

Before handing over to Danny, I want to take a moment to celebrate some of our people who truly embrace energy independence and the desire to connect customers to a more secure way to power their lives. Thank you to our leading direct-to-home sales team in Massachusetts – "Boston Legacy" – as well as a top installation team – the "Boom Crew." It was so fun being with you all this fall and seeing you in action. We're incredibly thankful for your teams' dedication to customer experience, which has resulted in significant successes this year, including record high battery attachment rates in Massachusetts.

Less than a year ago we made a pivot to focus on storage offerings in Massachusetts given the increased value proposition for customers and the grid at large, and the Sunrun team delivered. Our Storage Attachment Rate on sales in Massachusetts went from under 10% at the start of the year to more than 50% today. Importantly, this is an offering that can drive great value for customers, and we are seeing even higher NPS scores across the state.

Mike, Adam and the whole Massachusetts team: Thank you!

I'll now turn the call to Danny for the financial update and outlook.

DANNY ABAJIAN

Thank you, Mary.

Unit-level Economics

Turning first to the unit-level results for the quarter on slide 12. Subscriber Value was approximately \$52,500, an 11% increase compared to the prior year, as we increased our Storage Attachment Rate by 10 percentage points to 70%, grew our Flex deployments, and benefited from a 42% weighted average ITC



level, an increase of 5 percentage points from Q3 of last year. Subscriber Value reflects a 7.3% discount rate this period.

We maintained cost discipline, with Creation Costs increasing only 4% from the prior year – a smaller increase than the 11% growth in Subscriber Value. Creation Costs increased primarily due to higher battery hardware and associated labor costs from the Storage Attachment Rate increase, with 8% higher installation costs on a per Subscriber basis versus the prior year. Providing offset, we lowered customer acquisition costs and overhead by 5% on a per Subscriber basis.

The higher Subscriber Value and lower Creation Costs led to a 38% year-over-year growth in Net Subscriber Value to approximately \$13,200.

Aggregate Gross and Net Value

Turning now to aggregate results on slide 13. These results are the average unit margins multiplied by the number of units.

First on the top-line, Aggregate Subscriber Value was \$1.6 billion in the third quarter, a 10% increase from the prior year. Aggregate Creation Costs were \$1.2 billion, which includes all capex and asset-origination opex including overhead expenses.

Excluding the expected present value from Non-contracted or Upside Cash Flows, our Contracted Net Value Creation was \$279 million, a 35% increase from last year, and about \$1.21 per share. This level of value creation reflects a net margin of approximately 19% of Aggregate Contracted Subscriber Value. Slide 14 breaks down the unit-level economics and aggregate economics on a contracted-only basis, along with the main underlying drivers for the increases.

Upfront Net Margins & Cash Generation

Turning now to slide 15.

The majority of our deployments are Retained Subscribers that we reflect on our consolidated balance sheet. We raise non-recourse capital against the value of the systems related to Retained Subscribers from tax equity, which monetizes the tax credits and a share of cash flows, and asset-backed debt, along with receiving cash from Subscribers opting for pre-paid leases and from governments and utilities under incentive programs. We now also receive proceeds from the sale of a portion of newly deployed systems in a new transaction I will explain later in more detail, and we refer to the related Subscribers as Non-retained or Partially Retained Subscribers.

We estimate these upfront sources of cash, called Aggregate Upfront Proceeds, will be approximately \$1.3 billion for Subscriber Additions in Q3, representing an Advance Rate of approximately 88% of the Aggregate Contracted Subscriber Value.

When we deduct our Aggregate Creation Costs of \$1.2 billion, we are left with an expected Upfront Net Value Creation of approximately \$106 million. This represents our estimate for the expected net cash to Sunrun from Subscriber Additions in the period after raising non-recourse capital and receiving upfront cash from Subscribers and incentive programs, as well receiving proceeds from the sale of Non-retained or Partially Retained Subscribers. This figure excludes any value from our equity position in the assets over time – including potential asset refinancing proceeds and cash flows from other sources such as grid services, repowering or renewals, or upside from Flex electricity consumption above the contracted minimum. Though Upfront Net Value Creation is different from Cash Generation due to working capital and other items, it is a strong indicator of Cash Generation over time.

Actual Realized Proceeds from Retained Subscribers in the quarter were \$1.3 billion, with \$525 million from tax equity, \$659 million from non-recourse debt, and \$90 million from customer prepayments and upfront incentives. Aggregate Upfront Proceeds differ from Proceeds Realized from Retained Subscribers due to the former being an estimate for all Subscriber Additions in the period, and the latter being the proceeds received only against Retained Subscribers Additions that may also have occurred in a different



period. Sunrun also recorded revenue of \$115 million from the sale of Non-Retained or Partially Retained Subscribers, which is not included in the Realized Proceeds figure.

Cash Generation was \$108 million in Q3.

Asset-level Capital Market Update

Turning now to slide 18 for a brief update on our capital markets activities.

Sunrun's industry-leading performance as an originator and servicer of residential storage and solar continues to provide deep access to attractively-priced capital.

As of today, closed transactions and executed term sheets, inclusive of agreements related to Non-Retained or Partially Retained Subscribers, provide us with expected tax equity capacity or equivalent to fund approximately 550 megawatts of projects for Subscribers beyond what was deployed through the third quarter. Thus far in 2025 we have added \$2.8 billion in traditional and hybrid tax equity, and as mentioned earlier, we have recorded revenue of \$115 million from the sale of Non-Retained or Partially Retained Subscribers, resulting in this strong runway.

We also have \$811 million in unused commitments available in our non-recourse senior revolving warehouse loan to fund over 288 megawatts of projects for Retained Subscribers. Our strong debt capital runway has allowed us to be selective in timing term-out transactions.

During the third quarter, we priced three securitizations, raising approximately \$1.4 billion in senior non-recourse debt. The publicly-placed tranche of our most recent \$510 million securitization in September priced at 6.21% yield, reflecting a spread of 240 basis points, in-line with the spread of our prior securitization that priced in July. Year-to-date, Sunrun has raised approximately \$2.8 billion in total non-recourse debt, including \$2.4 billion of senior debt across five securitizations and additional subordinated financings. These transactions were placed across public and private investor groups, including several first-time buyers, demonstrating the strength and expanded diversity of our capital markets access.

In Q3, Sunrun modestly diversified our asset monetization strategy. We complemented our strategy of retaining all newly originated Subscriber assets on our balance sheet with an alternative structure where we sell a portion of newly originated storage and solar assets to an energy infrastructure investor which generates upfront GAAP revenue, while allowing us to maintain ongoing customer relationships and future value opportunities. The net result on our Upfront Net Subscriber Values and ultimate Cash Generation is similar to the capital structures we have utilized historically.

This transaction is a result of increasing interest in the category by strategic energy investors and our strong track record as a high-quality originator, along with our desire to improve our GAAP financial reporting and further diversify our sources of capital to fund growth.

We have made adjustments to certain key operating metrics to reflect this new construct. Given this transaction was introduced in Q3, there are no impacts on any prior periods.

We plan to continue executing both publicly-placed transactions and direct placements in the private credit markets, to expand our tax credit buyer universe with large corporations, and to continue directly selling a portion of our originations.

Parent Recourse Capital & Balance Sheet

On the parent capital side, we continue to pay down recourse debt, paying down another \$17 million during the third quarter, bringing our year-to-date recourse debt repayment to \$66 million. We expect to pay down our recourse debt by more than \$100 million in 2025. Aside from the \$5.5 million outstanding of our 2026 Convertible Notes, we have no recourse debt maturities until March 2027.



Year-to-date, we have also increased our unrestricted cash balance by \$134 million and grown Net Earning Assets by \$1.5 billion.

Over time we will explore further capital allocation options to maximize shareholder value, based on market conditions and our long-term outlook.

Outlook

Turning now to our outlook on slide 20.

We are reiterating our guidance for 2025.

For the full-year, we are reiterating our guidance for Aggregate Subscriber Value to be between \$5.7 and \$6 billion, representing 14% growth at the midpoint. We expect Contracted Net Value Creation to be in a range of \$1 to \$1.3 billion, representing 67% growth at the midpoint.

We are reiterating the midpoint while narrowing the range of our Cash Generation guidance for the year. We expect Cash Generation to be between \$250 to \$450 million.

For the fourth quarter, we expect Aggregate Subscriber Value to be approximately \$1.3 to \$1.6 billion, representing a 5% decline at the midpoint, and Contracted Net Value Creation to be between \$182 and \$482 million, representing 6% growth at the midpoint. We expect Cash Generation to be between \$60 and \$260 million, with the range being driven by finance transaction timing and working capital impacts.

Operator, let's open the line for questions.

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 expectations regarding market share, total addressable market, growth in certain geographies, customer value proposition, market penetration, growth of certain divisions, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the Company's discussion of new products, including Sunrun Flex; the growth of the storage and solar industry; the Company's financing activities and expectations to refinance, amend, and/or extend any financing facilities; trends or potential trends within the storage and 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, including contract renewal and repowering 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 margin-focused, multi-product, customer-oriented company; the ability to increase margins based on a shift in product focus; projections regarding Flex adoption rates and associated revenue; expectations regarding the growth of home electrification, electric vehicles, home-to-grid distributed power plants, and distributed energy resources; the Company's ability to manage suppliers, inventory, and workforce; supply chains and regulatory impacts affecting supply chains including reliance on specific countries for critical components; 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, including federal and state-level solar incentive programs (such as the One Big Beautiful Bill Act and Investment Tax Credit), net metering policies, and utility rate structures; the ongoing expectations regarding the Company's storage and energy services businesses and anticipated emissions reductions due to utilization of the Company's solar energy 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, including restrictions on components and materials sourced from designated foreign entities of concern and our reliance on specific countries for critical components, tariff and trade policy impacts, and raw material availability for solar panels and batteries; 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.