

SUNRUN

3Q 2023 Financial Results

November 1, 2023

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.

Q3 OVERVIEW & STRATEGIC PRIORITIES



Mary Powell
CEO

Executing a customer-first and disciplined, margin-focused strategy to drive cash generation

Our priority is cash generation and a disciplined, customer-first sustainable growth strategy

- In the Affiliate Partner channel, we are not chasing solar-only volume with subpar economics
- In our Direct channel, we intensified cost reduction efforts and enhanced customer experience
- We achieved a ~9%¹ headcount reduction compared to the prior year while improving customer satisfaction scores, despite 131% growth in storage MWh, 1% growth in solar MW

We are rapidly transitioning to lead with storage

- Undergoing significant change management to lead with and install vast amounts of storage
- Storage attachment rates in Q3 nearly doubled compared to Q2 and exceed 33% for new installations

We are focused on enhancing customer value and forging valuable long-term relationships

- Our customer Net Promoter Scores, measured at the time of install, increased nearly 7 points compared to the prior year to approximately 70 points in Q3
- In Q4, we launched our storage retrofit offering for existing customers with strong early results
- We are launching a renewal program to understand how our customers prefer to renew their subscriptions. Renewals, re-powering, and storage retrofit will all demonstrate additional value within our customer base and enhance cash generation

Committed to driving meaningful Cash Generation²

- Durable funding model with \$952 million of cash and no equity needs
- Targeting annualized recurring Cash Generation of \$200 to \$500 million by 4Q 2024

(1) Excludes commission-based Street sales force headcount.

(2) See page 19 for our Cash Generation targets and assumptions underpinning our targets.

Q3 Key Metric Performance

903,270

Customers

+19% y/y

175.6 Megawatt hours

Storage Capacity Installed in Q3

+131% y/y

258.2 Megawatts

Solar Capacity Installed in Q3

+1% y/y

>33% Storage Attachment rate

on new installations, vs. 18% in Q2

33,806

Customer Additions in Q3

-5% y/y

6.5 Gigawatts

Networked Solar Capacity

1.1 Gigawatt hours

Networked Storage Capacity

\$4.6 billion

Net Earning Assets

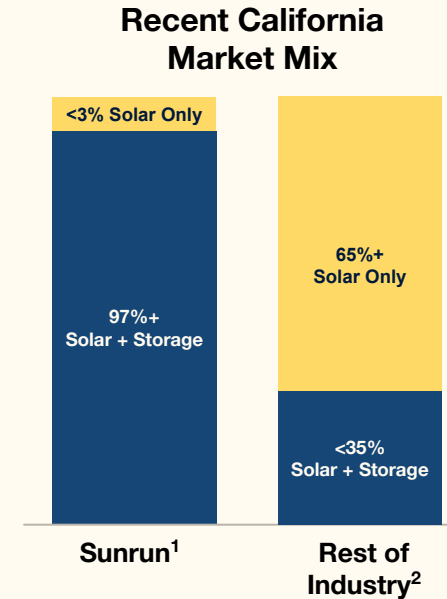
\$1.2 billion

Annual Recurring Revenue

See Appendix for glossary of terms and accompanying notes.

Leading the charge in California with pro-consumer and pro-grid solar & storage offering

- Sunrun is leading with the most pro-consumer offering, with storage attachment rates far exceeding the industry.
- As customer demand rebuilds following the transition to NBT in April, Sunrun is leading the market with the best customer offering. While industry data is lagging, anecdotal information on market trends suggests we are gaining share in California and would expect this to accelerate in periods ahead given our expertise in storage and subscription offerings.
- We believe our Shift and Backup Storage offerings are the best option for consumers, and have the most long-term value for Sunrun and the grid with grid service opportunities.



California Market					
Product Offering	Sunrun Mix ¹	Rest of Industry ²	Cost compared to Utility Power ³	Home Backup During Grid Outages	Grid Services Compatible
Solar Only	<3%	65%+	Similar	NO	NO
Shift Battery	30% - 40%	0 - 5%	10% to 30% less expensive	NO	YES
Backup Storage	>60%	25%-35%	Similar	YES	YES

(1) Sunrun Mix represents Sunrun's direct business sales in Q3 in the three IOU territories that are subject to NBT (PG&E, SCE, and SDG&E).

(2) Rest of Industry represents application data (California Distributed Generation Statistics, available at www.californiadgstats.ca.gov) for applications received in Q3 2023 excluding Sunrun and Sunrun affiliate partner volume.

(3) Cost compared to Utility Power represents first-year for non-subsidized rate customers only. Sunrun provides subsidized rate customers (e.g., CARE customers) with specialized pricing that typically results in a similar cost compared to utility power.

Adjusting 2023 outlook to reflect current environment and maximize long-term value, consistent with disciplined growth strategy

Sunrun is sharpening its focus on Cash Generation and a customer-first sustainable growth strategy. As a result, we are dramatically increasing installations of storage, which provides for increased margins and value creation opportunities over time, but also presents near-term impacts as we dramatically shift operations. These adjustments will deliver the strongest value creation for Sunrun, including delivering meaningful Cash Generation faster than a strategy that only prioritizes volume growth.

1 California market outlook is very strong; rebound in 2023 taking longer than initially forecasted as we focus on the best customer offering and transition to a storage-first company

2 Opting to dramatically increase mix of backup storage, which has impacts during the transition but provides for the greatest value for Sunrun, customers and the grid

3 Disciplined in how we participate through the Affiliate Partner channel, preferring enduring relationships with companies that value our band, platform, storage-first products and sustainable pricing model

4 Taking deliberate go-to-market optimization actions given the interest rate environment, including repositioning geographic mix, sales routes and product mix

We are lowering our 2023 annual growth installation outlook to a range of approximately 2% to 5% growth in Solar Capacity Installed and introducing guidance of a range of approximately 71% to 78% growth in Storage Capacity installed for 2023¹

See Appendix for glossary of terms and accompanying notes.

(1) See slide 19 for our guidance on Solar Capacity Installed and Storage Capacity Installed for 4Q 2023

Outlook reflects our increasing focus on the the best offering for customers, Sunrun and the grid

1 California market outlook is very strong; rebound in 2023 taking longer than initially forecasted as we focus on the best customer offering and transition to a storage-first company

- Strong value proposition of Solar & Shift offering with typical first-year savings of 10-30%; savings should return to prior NEM2 levels as utility rates rise (e.g., PG&E may get approval to increase rates +13% in Jan).
- Sales have increased by almost 15% in Q3 compared to Q2, but as previously discussed, sales and installations remain approximately one third below the prior year following NBT transition (with better performance in our direct business).
- Solar & Shift and Solar Energy Storage & Backup offerings are the best options for customers, and have the most long-term value for Sunrun and the grid with grid service opportunities
- We believe some customers are confused or misled by companies offering solar-only systems, which offers an inferior customer value proposition. We might not be getting as much volume as we thought in California because of this behavior. Our sales teams continue to optimize selling under new policy in California and we are advocating for improved customer protection measures.
- As the long-term owner of assets, we care about the customer value and believe that solar+storage systems are – by far – the best consumer product offering in California.

~4 pts
annual impact to
solar growth

2 Opting to dramatically increase mix of backup storage, which has impacts during the transition but provides for the greatest value for customers, Sunrun and the grid

- We have dramatically increased our mix of installations with backup storage. At the beginning of the year, we anticipated that Shift would outsell backup storage. Now, backup storage systems are outselling Shift. This is a favorable development as systems with backup storage have higher margins, but these systems are more complex to permit and install and therefore carry elongated cycle times between sales and installation.
- We are also working through accelerated change management as our operations teams learn to adjust processes and our sales teams optimize how they communicate the more complicated and nuanced value proposition to customers.

~2 pts
annual impact to
solar growth

Storage growth
guidance of 71%
to 78% in 2023

Outlook reflects deliberate go-to-market discipline and continued optimization, consistent with long-held strategy

3

Disciplined in how we participate through the Affiliate Partner channel, preferring enduring relationships with companies that value our platform and sustainable pricing model

- We are disciplined in how we participate through the Affiliate Partner channel, preferring enduring relationships with companies focused on customer experience, and value our brand, platform, storage-first product suite and sustainable pricing model.
- We see pockets of irrational pricing behavior at current capital costs in the Affiliate Partner segment of the market with several financing-only participants trying to scale with pricing that we consider unsustainable, which can influence short-term sales dealer volume allocations.
- We have reduced our volume expectations through the Affiliate Partner channel in the near-term. We have seen this type of behavior several times in the company's 16 year history and won't chase volumes at economics that do not achieve our required thresholds and which we do not view as sustainable.
- Our direct business, with an integrated sales force and fulfillment capacity, is more insulated from these behaviors from financing-only firms and is a strategic benefit to Sunrun.

~1 pts
annual impact to
solar growth

4

Taking deliberate go-to-market optimization actions given the interest rate environment, including repositioning geographic mix, sales routes and product mix

- We are adjusting our geographic mix, sales channels, and product offerings to adapt to the interest rate environment.
- In the near term, these actions will maximize subscriber values and storage installations, rather than solar megawatt volumes.
- This includes re-positioning our geographic mix, such as exiting our direct business in Arizona earlier in the year, and recent growth in Texas.

~1 pts
annual impact to
solar growth

Celebrating Our People

Top Install Crew in Q3

Based on Performance, Safety
and Customer Experience

Tampa, FL

“Unstoppables” Crew



Top Sales Team in Q3

Based on leading Storage Attachment Rates,
Customer Experience and Sales Productivity

Fresno, CA



FINANCIAL PERFORMANCE & OUTLOOK



Danny Abajian
CFO

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

33,806 Customer Additions in Q3

258.2 Megawatts of Solar Energy Capacity Installed in Q3, +1% year-over-year

175.6 Megawatt hours of Storage Capacity Installed in Q3, +131% year-over-year

903,270 Customers
+19% Year-over-Year

Networked Solar Energy Capacity of 6,462 Megawatts

Networked Storage Capacity of 1,124 Megawatt hours

\$47,068 Subscriber Value in Q3

\$36,038 Creation Cost in Q3

\$11,030 Net Subscriber Value In Q3



\$323 million

Total Value Generated in Q3

\$4.6 Billion

Net Earning Assets
Including \$952 million of cash
as of 9/30/2023

\$1.2 Billion

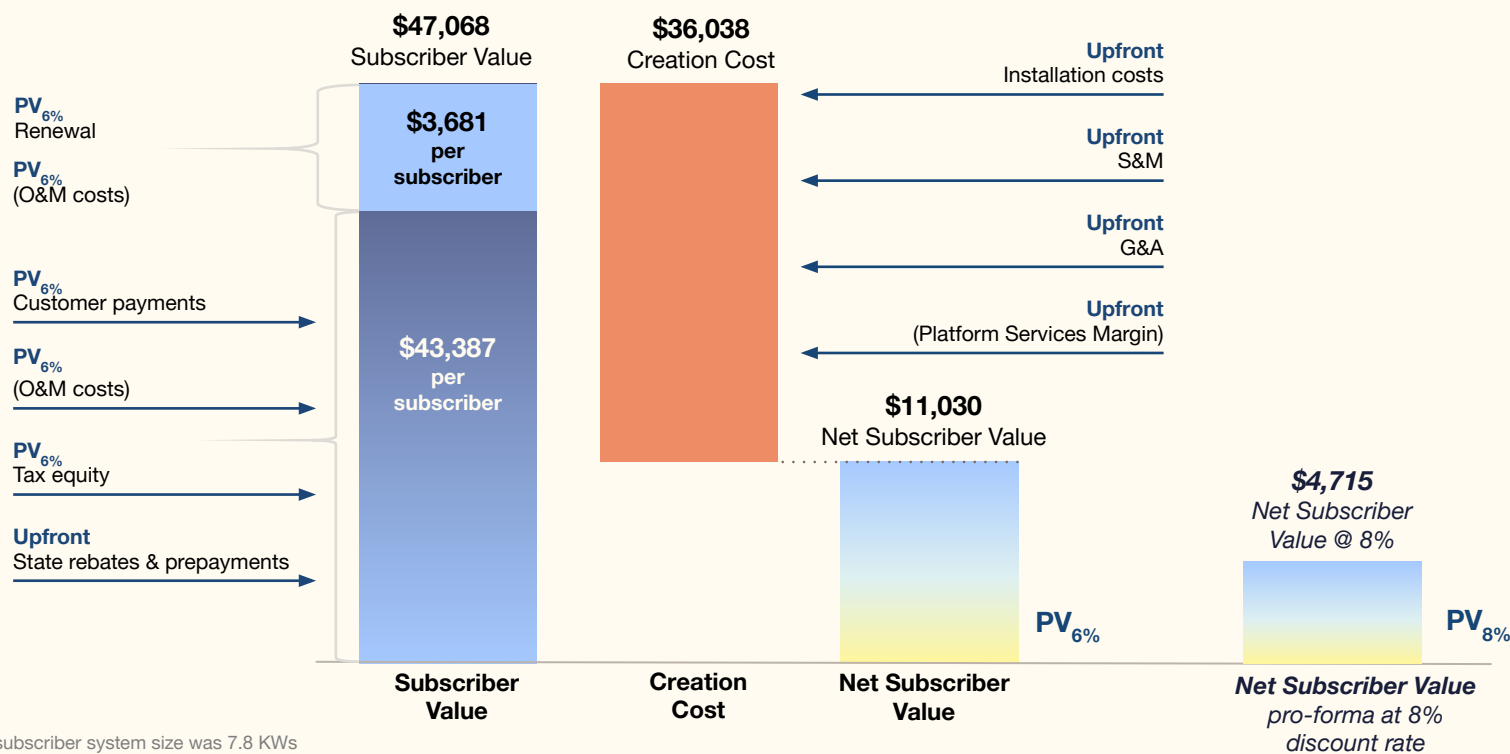
Annual Recurring Revenue
from Subscribers
as of 9/30/2023

17.8 Years

Average Contract
Life Remaining
as of 9/30/2023

Net Subscriber Value of \$11k in Q3, before realization of hardware cost deflation benefits & full potential ITC adders

- 29,303 Subscriber Additions with Net Subscriber Value of \$11,030 using a 6% discount rate, resulting in Total Value Generated of \$323 million in Q3.
- These figures do not include the benefits from additional ITC adders and reflect the elevated equipment costs as it flows 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 slightly below 8%. Pro-forma for a 8% discount rate, Subscriber Value was \$40,753, leading to a Net Subscriber Value of \$4,715 (Contracted-period Net Subscriber Subscriber Value of \$2,502 and Renewal-period Subscriber Value of \$2,213) and Total Value Generated of \$138 million.



Q3 average subscriber system size was 7.8 KWs
See Appendix for glossary of terms and accompanying notes.

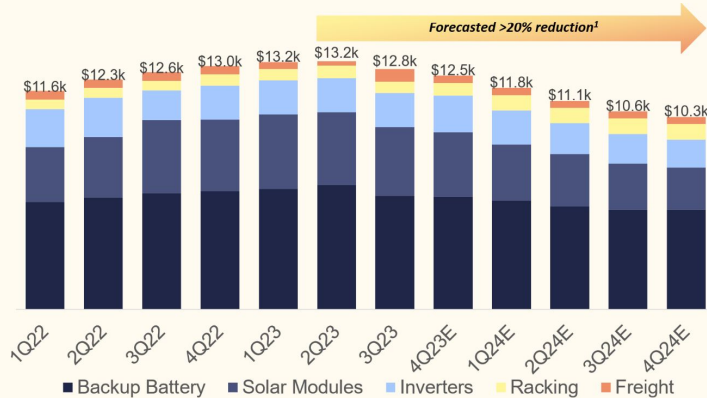
Strong Net Subscriber Value tailwinds expected from forthcoming ITC adders & hardware cost deflation

Energy Communities Adder Operationalized; Low-Income and Domestic Content Adders Expected In Coming Quarters

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

<p>Energy Communities 10% Additional ITC</p>	<p>Operationalized Starting in Q3 Approximately 13% of Subscriber mix qualifies today ~\$75 to \$100 million annual run rate value</p>	<ul style="list-style-type: none"> → Additional ITC adders are expected to be realized in the coming quarters. Energy Communities was operationalized commencing in Q3. The first Low-Income adder application window has opened and awards are expected in late Q4 or early 2024. Domestic Content guidance has been obtained, but additional rulemaking processes are expected. → Each adder could represent an incremental 10% ITC or >\$3k per subscriber, except for the low-income multifamily housing adder, which is 20%. → ITC adders are only available to commercial taxpayers and thus only benefit the subscription-service model, where Sunrun has >60% market share, as opposed to customer-purchased and loan-financed systems, which are not eligible. → Direct-to-home sales is well situated to capitalize on this opportunity through geo-targeting for eligible areas. → 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.
<p>Low-Income 10% Additional ITC (or 20% for Multifamily Housing)</p>	<p>Application Process Underway, Awards Expected Soon ~1/4 of current footprint eligible for 10% Adder, but subject to quota-allocation process & regulations Potential ~\$50 to \$150+ million annual run rate value</p>	
<p>Domestic Content 10% Additional ITC</p>	<p>Guidance Obtained; Rulemaking Expected in 2024 0% to >50% of Subscription mix possible; discussions active with domestic manufacturers Potential ~\$0 to \$200+ million annual run rate value</p>	

Significant Hardware Cost Reductions Expected to be Realized in Coming Quarters

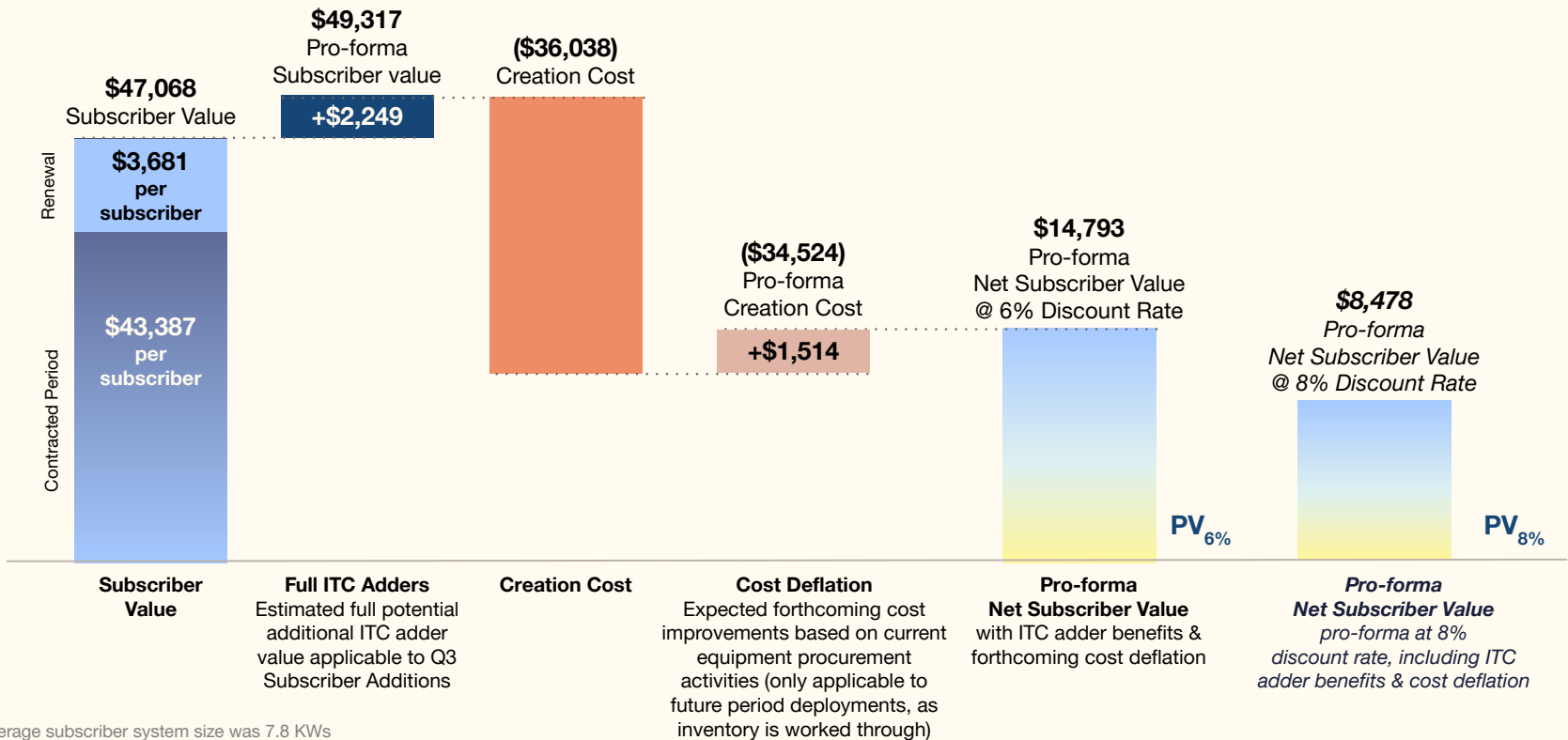


- Equipment & input cost trends are improving across all categories from modules, batteries, inverters and freight. Current procurement activities for modules and batteries are seeing a greater than 20% price reduction from recent highs.
- For a hypothetical 7.5 KW solar with a single backup battery system, we expect to realize a >20% 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 >100 days 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 \$14.8k in Q3, inclusive of full potential ITC adder value and equipment cost deflation

- Q3 Subscriber Value includes realization of the Energy Communities 10% ITC adder (approx 13% mix qualified). We expect to realize additional value from Subscriber Additions in Q3 that we anticipate will be eligible for the additional ITC adders, which could add \$2,249 per Subscriber Addition in Q3, 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 \$1,514 in future periods. While these cost tailwinds do not benefit Q3 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 \$14,793 in Q3. Pro-forma for an 8% discount rate and full ITC adder benefit realization & cost tailwinds, Net Subscriber Value was \$8,478.



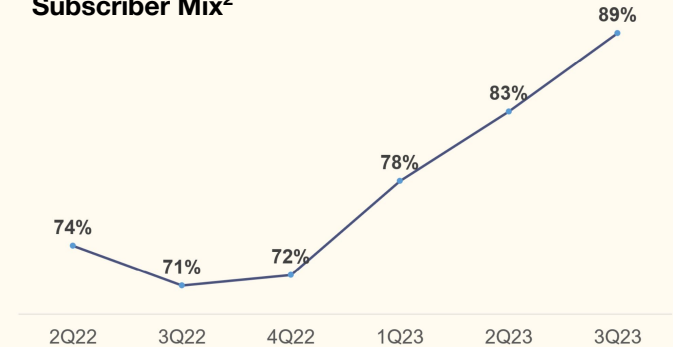
Q3 average subscriber system size was 7.8 KWs
See Appendix for glossary of terms and accompanying notes.

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.¹
- 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 Mix²

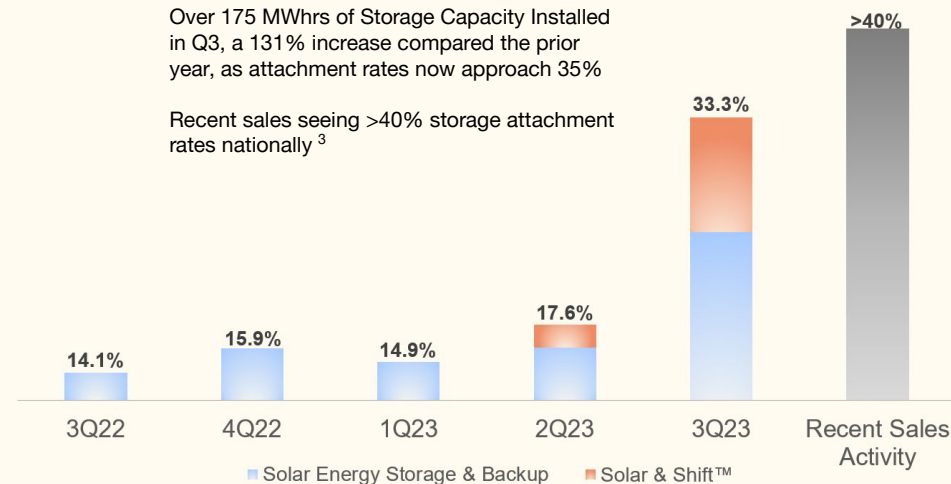


Storage Attachment Rates Accelerating

- Sunrun has now installed more than 76,000 solar and storage systems representing over 1.1 GWhrs of stored energy capacity. Storage attachment rates are accelerating, reaching 33% in 3Q.
- Storage attachment rates vary significantly by geography, with Hawaii and Puerto Rico at ~100%, California at ~44% and with the rest of the country at ~4% for Q3 installations.
- Storage attachment rates on new sales are above 40% nationally. In California, attachment rates are exceeding 85% (>50% for *Solar Energy Storage & Backup* and ~35% for *Solar & Shift*).
- Systems with backup storage are significantly accretive to Net Subscriber Values, adding several thousand dollars.

Over 175 MWhrs of Storage Capacity Installed in Q3, a 131% increase compared the prior year, as attachment rates now approach 35%

Recent sales seeing >40% storage attachment rates nationally³

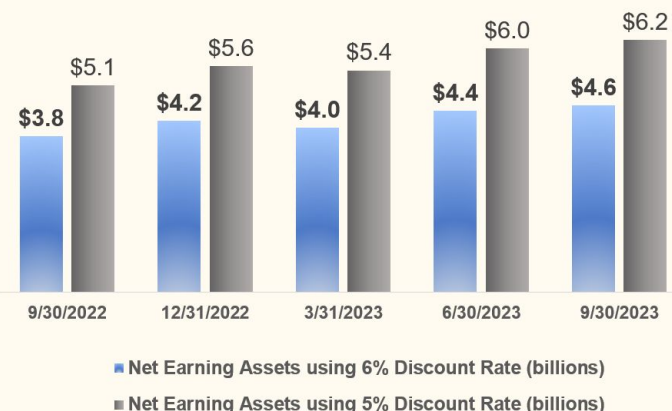


(1) Wood Mackenzie US residential solar finance update H2 2023

(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 July 1 through October 23, 2023, based on customer count including a battery as a percentage of total customer count.

Net Earning Assets Increases to \$4.6 Billion



- We have \$13.3 billion in Gross Earning Assets, which is our measure of the present value of cash flows from customers over time.
- Projected cash flow from customers plus cash, less total debt and pass-through obligations represents \$4.6 billion in present value, which we call Net Earning Assets. Net Earning Assets includes both recourse and non-recourse debt and total cash.
- Net Earning Assets excludes other assets, such as Inventory (\$662m as of 3Q23) 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 \$259 million at September 30, 2023 for \$3.6 billion in notional amount of interest rate swaps.

(\$ in millions)	3Q22	4Q22	1Q23	2Q23	3Q23
Discount Rate used to calculate Gross Earning Assets	5%	5%	6%	6%	6%
Gross Earning Assets Contracted Period	\$8,160	\$8,879	\$8,584	\$9,437	\$10,064
Gross Earning Assets Renewal Period	\$3,359	\$3,547	\$2,970	\$3,122	\$3,235
Gross Earning Assets	\$11,518	\$12,426	\$11,553	\$12,559	\$13,299
(-) Recourse Debt & Convertible Senior Notes	(\$898)	(\$898)	(\$946)	(\$946)	(\$912)
(-) Non-Recourse Debt	(\$7,087)	(\$7,501)	(\$7,981)	(\$8,658)	(\$9,326)
(-) Pass-through financing obligation	(\$308)	(\$306)	(\$303)	(\$300)	(\$297)
(+) Pro-forma debt adj. for debt within project equity funds ⁽¹⁾	\$883	\$877	\$868	\$868	\$857
(+) Total cash	\$956	\$953	\$843	\$921	\$952
Net Earning Assets, as reported	\$5,064	\$5,551	\$4,035	\$4,444	\$4,574
Pro-forma adjustment reflecting 6% discount rate ⁽²⁾	(\$1,249)	(\$1,355)	na	na	na
Net Earning Assets, pro-forma using 6% discount rate	\$3,815	\$4,196	\$4,035	\$4,444	\$4,574

(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.

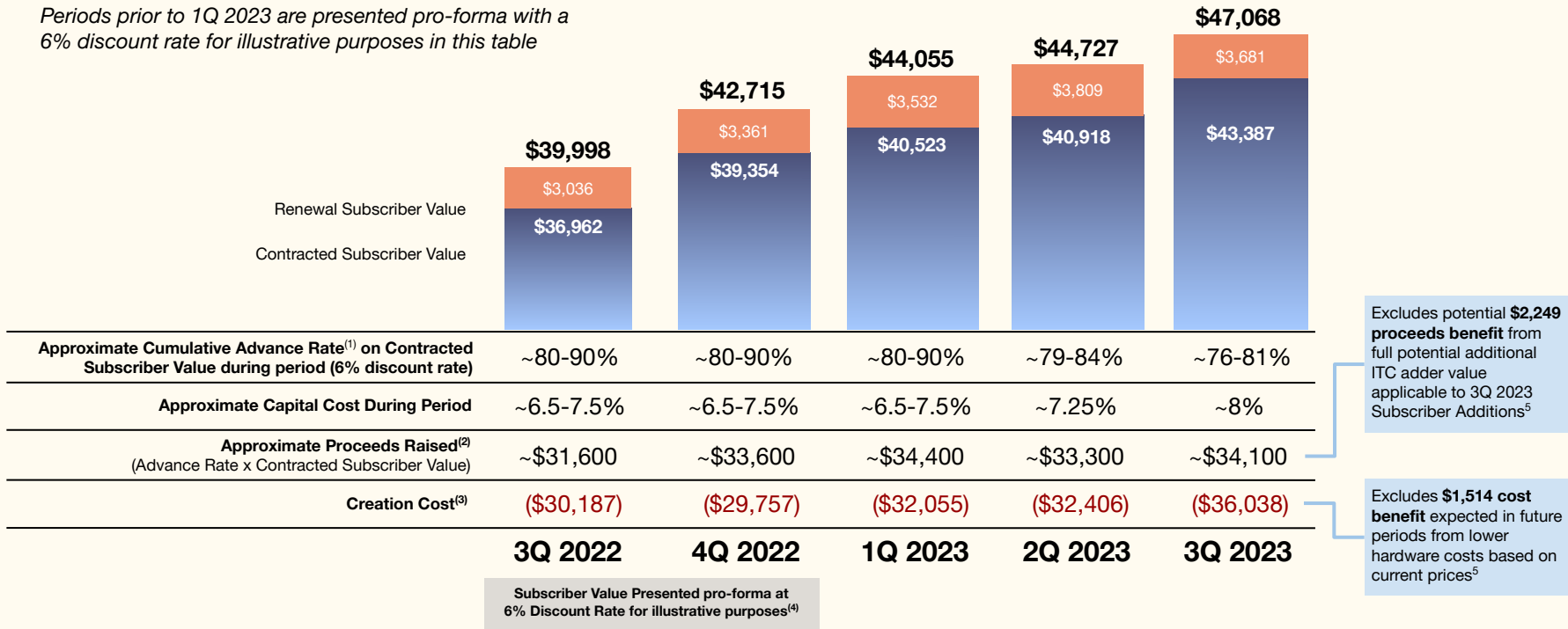
(2) To reflect the higher cost of capital environment, commencing with 1Q23 reporting Sunrun updated the discount rate assumption used to calculate Gross Earning Assets from 5% to 6%.

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 76% to 81% as measured against Contracted Subscriber Value calculated using a 6% discount rate.
- Each ~1% change in cost of capital results in ~4% change in cumulative advance rate.

Subscriber Values

Periods prior to 1Q 2023 are 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 14 for additional information on potential benefit from full ITC adder realization applicable to 3Q 2023 Subscriber Additions along with potential future cost reductions based on current hardware prices.

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 \$5.7 billion of Proceeds from Non-Recourse Financing to Fund Growth

	Trailing 12 Months through 9/30/2023
Proceeds from Equity Issuance	\$0
Proceeds from Recourse Debt & Convertible Debt	\$11 million
Proceeds from Non-Recourse Debt (Non-recourse aggregation warehouse loan facility, asset backed securities, subordinated loans)	\$4,237 million
Proceeds from Tax Equity	\$1,514 million

Robust project finance runway

- Closed transactions and executed term sheets provide us with expected tax equity capacity to fund over 235 megawatts of projects for Subscribers beyond what was deployed through 3Q.
- Sunrun also had \$555 million in unused commitments available in its \$1.8 billion non-recourse senior revolving warehouse loan at the end of the quarter to fund approximately 195 megawatts of projects for Subscribers.

Outlook



Given our strategy to be a storage-first company to extend our differentiation and increase customer value, in addition to launching battery retrofit offerings, we are introducing guidance for Storage Capacity Installed.

STORAGE CAPACITY INSTALLED EXPECTED TO BE IN A RANGE OF 180 TO 200 MEGAWATT HOURS IN Q4.

This represents approximately 71% to 78% growth in Storage Capacity Installed for the full-year 2023.

SOLAR ENERGY CAPACITY INSTALLED EXPECTED TO BE IN A RANGE OF 220 TO 245 MW IN Q4.

This represents approximately 2% to 5% growth in Solar Energy Capacity installed for the full-year 2023, compared to our prior guidance of 10% to 15% growth.

NET SUBSCRIBER VALUE IS EXPECTED TO BE STABLE IN Q4.

Fixed cost absorption pressures offset many benefits from higher storage mix in Q4. An increasing mix of storage, meaningful hardware cost deflation tailwinds and forthcoming ITC adder value is expected to provide material uplift to our Net Subscriber Values in 2024.

Reiterating Commitment to Drive Meaningful Cash Generation

- While the current interest rate environment will delay realization of achieving the high-end of our targets compared to our prior timing expectations, we are working hard to ensure an optimized footprint and product mix, along with strong cost discipline, to drive Cash Generation.¹

**Annualized recurring Cash Generation of \$200 to \$500 million
by 4Q 2024 with Cash Generation through the period²**

Key Assumptions Underpinning Cash Generation Target:

- **Volume:** New installations grow approximately 15%, 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%
(increased from >30% communicated last quarter)
- **ITC Adders:** Weighted average ITC of approximately 35% based on probability-weighted realization of ITC adders, fully captured in margin
(increased from 34% target communicated last quarter)
- **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 in the 7.5% to 8% range
(an increase from the 7% to 7.5% 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; equipment costs have improved slightly over the last quarter)
- **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)

(1) See Appendix for glossary of terms, including Cash Generation.

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



Appendix

Metric Sensitivity Tables

Gross Earning Assets Contracted Period					
<i>\$ in millions, as of September 30, 2023</i>					
	Discount rate				
Default rate	4%	5%	6%	7%	8%
5%	\$ 11,689	\$ 10,666	\$ 9,778	\$ 9,002	\$ 8,323
0%	\$ 12,051	\$ 10,988	\$ 10,064	\$ 9,259	\$ 8,554

Gross Earning Assets Renewal Period					
<i>\$ in millions, as of September 30, 2023</i>					
	Discount rate				
Purchase or Renewal rate	4%	5%	6%	7%	8%
80%	\$ 4,158	\$ 3,409	\$ 2,807	\$ 2,320	\$ 1,925
90%	\$ 4,791	\$ 3,929	\$ 3,235	\$ 2,675	\$ 2,220
100%	\$ 5,423	\$ 4,448	\$ 3,663	\$ 3,029	\$ 2,515

Gross Earning Assets					
<i>\$ in millions, as of September 30, 2023</i>					
	Discount rate				
Purchase or Renewal rate	4%	5%	6%	7%	8%
80%	\$ 16,210	\$ 14,397	\$ 12,871	\$ 11,579	\$ 10,479
90%	\$ 16,842	\$ 14,916	\$ 13,299	\$ 11,934	\$ 10,774
100%	\$ 17,474	\$ 15,436	\$ 13,728	\$ 12,289	\$ 11,069

Net Earning Assets					
<i>\$ in millions, as of September 30, 2023</i>					
	Gross Earning Assets Discount rate				
	4%	5%	6%	7%	8%
Net Earning Assets	\$ 8,116	\$ 6,191	\$ 4,574	\$ 3,208	\$ 2,049

Subscriber Value					
<i>\$ per Subscriber, for Subscriber Additions in 3Q 2023</i>					
	Discount rate				
	5%	6%	7%	8%	
Subscriber Value Contracted Period	\$ 46,444	\$ 43,387	\$ 40,777	\$ 38,540	
Subscriber Value Renewal Period	\$ 4,766	\$ 3,681	\$ 2,851	\$ 2,213	
Total Subscriber Value	\$ 51,210	\$ 47,068	\$ 43,628	\$ 40,753	

- Net Earning Assets excludes other assets, such as Inventory (\$662m as of 3Q23) 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 \$259 million at September 30, 2023 for \$3.6 billion in notional amount of interest rate swaps.

See Appendix for glossary of terms and accompanying notes.

GAAP Income Statement

Consolidated GAAP Income Statement (\$ in millions)	FY2019	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023
Revenue:							
Customer agreements	\$ 345	\$ 433	\$ 725	\$ 872	\$ 225	\$ 274	\$ 290
Incentives	42	52	101	111	21	28	27
Customer agreements and incentives	388	484	827	983	246	302	317
Solar energy systems	283	270	471	914	229	202	135
Products	187	168	312	424	114	86	111
Solar energy systems and product sales	471	438	783	1,338	343	288	247
Total revenue	859	922	1,610	2,321	590	590	563
Operating expenses:							
Cost of customer agreements and incentives	280	386	699	844	237	269	284
Cost of solar energy systems and product sales	365	358	666	1,179	320	271	234
Sales and marketing	275	352	623	745	203	195	176
Research and development	24	20	23	21	5	5	5
General and administrative	125	267	259	189	52	56	48
Goodwill impairment	-	-	-	-	-	-	1,158
Amortization of intangible assets	5	5	5	5	1	1	5
Total operating expenses	1,074	1,387	2,276	2,984	818	796	1,911
Loss from operations	(216)	(465)	(666)	(662)	(228)	(206)	(1,347)
Interest expense, net	174	231	328	446	143	157	171
Other expenses (income), net	9	(8)	(23)	(261)	25	(41)	(78)
Loss before income taxes	(399)	(688)	(971)	(847)	(395)	(322)	(1,441)
Income tax (benefit) expense	(8)	(61)	9	2	(60)	19	30
Net loss	(391)	(627)	(981)	(850)	(336)	(341)	(1,471)
Net loss attributable to NCI and non redeemable NCI	(417)	(454)	(901)	(1,023)	(95)	(396)	(401)
Net income (loss) attributable to common stockholders	26	(173)	(79)	173	(240)	55	(1,069)
EPS, diluted	\$ 0.21	\$ (1.24)	\$ (0.39)	\$ 0.80	\$ (1.12)	\$ 0.25	\$ (4.92)
Wt avg basic shares	116	140	205	211	215	216	217
Wt avg diluted shares	124	140	205	219	215	222	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.

See Appendix for glossary of terms.

GAAP Balance Sheet

Consolidated GAAP Balance Sheet (\$ in millions)	FY2019	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023
Cash	\$ 270	\$ 520	\$ 618	\$ 741	\$ 629	\$ 669	\$ 644
Restricted cash (current and long term)	94	188	233	213	215	252	308
Accounts receivable	78	95	146	214	219	215	189
Inventories	261	283	507	784	888	792	662
Prepaid expenses and other current assets	32	51	45	147	135	155	126
Solar energy systems, net	4,493	8,203	9,460	10,988	11,369	11,937	12,529
Property and equipment, net	57	62	57	67	75	110	128
Intangible assets, net	20	18	13	8	6	5	1
Goodwill	95	4,280	4,280	4,280	4,280	4,280	3,122
Other assets	304	531	913	1,503	1,559	1,690	1,893
Total assets	5,806	14,383	16,483	19,269	19,728	20,491	20,027
Accounts payable, accrued expenses and other liabilities	372	533	652	746	727	717	678
Other current liabilities	16	29	32	32	31	32	33
Deferred revenue (current and long-term)	729	799	874	1,096	1,098	1,142	1,155
Deferred grants (current and long-term)	227	222	215	209	207	204	202
Finance lease obligation (current and long-term)	23	24	22	29	34	63	75
Non-recourse debt (current and long-term)	2,015	4,565	5,901	7,501	7,981	8,658	9,326
Recourse debt & convertible notes (current and long-term)	239	231	602	898	946	946	912
Pass-through financing obligation (current and long-term)	339	340	321	306	303	300	297
Other liabilities	141	269	190	140	170	143	138
Deferred tax liabilities	66	82	102	133	63	91	137
Total liabilities	4,168	7,094	8,911	11,090	11,561	12,296	12,953
Redeemable noncontrolling interests in subsidiaries	307	560	595	610	605	610	683
Stockholders' equity	965	6,078	6,255	6,708	6,468	6,597	5,611
Noncontrolling interests in subsidiaries	367	651	723	861	1,095	988	780
Total liabilities and shareholders' equity	5,806	14,383	16,483	19,269	19,728	20,491	20,027

Deferred revenue is primarily Customer Prepayments which are recognized over the life of the contract, typically 20 or 25 years (\$819.3 million balance of Payments Received Under Customer Agreements at the end of 2022).

\$7.5 billion of our debt is non-recourse project debt and solely secured by the solar assets (at the end of 2022).

\$306 million of pass-through financing obligations (at the end of 2022) 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)	FY2019	FY2020	FY2021	FY2022	1Q2023	2Q2023	3Q2023
<i>Operating Activities:</i>							
Net loss	\$ (391)	\$ (627)	\$ (981)	\$ (850)	\$ (336)	\$ (341)	\$ (1,471)
Depreciation and amortization, net of amortization of deferred	187	243	388	451	123	127	139
Goodwill impairment	-	-	-	-	-	-	1,158
Deferred income taxes	(8)	(61)	10	2	(60)	19	30
Stock-based compensation expense	26	171	211	111	28	28	28
Bonus liability converted to RSUs	-	-	-	-	-	-	-
Interest on pass-through financing obligations	24	23	21	20	5	5	5
Reduction in pass-through financing obligations	(39)	(39)	(42)	(41)	(10)	(10)	(10)
Other noncash losses and expenses	26	51	61	(131)	58	15	(11)
Changes in operating assets and liabilities	(30)	(79)	(485)	(411)	(249)	(44)	70
Net cash provided by (used in) operating activities	(204)	(318)	(817)	(849)	(439)	(202)	(63)
<i>Investing activities:</i>							
Payments for the costs of solar energy systems	(815)	(967)	(1,678)	(1,993)	(506)	(693)	(737)
Acquisitions of businesses, net of cash acquired	(3)	537	-	-	-	-	-
Purchases of Equity Method	-	(65)	-	(75)	-	-	-
Purchases of property and equipment	(25)	(3)	(9)	(18)	(4)	(8)	(5)
Net cash used in investing activities	(843)	(498)	(1,686)	(2,086)	(510)	(700)	(741)
<i>Financing activities:</i>							
Proceeds from grants and state tax credits	2	6	-	-	4	-	-
Proceeds from recourse debt	185	183	1,110	1,165	143	213	295
Repayment of recourse debt	(193)	(192)	(758)	(871)	(96)	(184)	(360)
Proceeds from non-recourse debt	1,182	751	2,187	3,429	515	950	1,724
Repayment of non-recourse debt	(671)	(399)	(856)	(1,799)	(51)	(287)	(1,062)
Payment of debt fees	(29)	(14)	(54)	(63)	(1)	(16)	(30)
Proceeds from pass-through and other financing obligations	9	9	10	4	2	2	2
Repayment of pass-through financing and other obligations	(8)	-	(18)	-	-	-	-
Payment of finance lease obligations	(14)	(11)	(12)	(14)	(4)	(6)	(6)
Contributions received from NCI and redeemable NCI	712	818	1,239	1,415	398	360	355
Distributions paid to NCI and redeemable NCI	(77)	(111)	(196)	(218)	(64)	(57)	(52)
Acquisition of non-controlling interests	(5)	(3)	(42)	(43)	(7)	(7)	(32)
Proceeds from exercises of stock options	16	49	36	33	1	13	0
Repurchase of common stock	(5)	-	-	-	-	-	-
Proceeds from shares issued in connection with a subscript	-	75	-	-	-	-	-
Net cash provided by financing activities	1,107	1,161	2,646	3,037	840	980	836
Net change in cash and restricted cash	59	345	142	103	(110)	78	31
Cash and restricted cash, beginning of period	304	363	708	850	953	843	921
Cash and restricted cash, end of period	363	708	850	953	843	921	952
Cash paid for interest	99	120	225	300	94	105	114
Cash paid for taxes	-	-	-	-	-	-	-

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 2022, proceeds from NCI and proceeds from pass-through and other financial obligations averaged ~\$1.98 per watt.

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.



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