NRG Energy, Inc.

Second Quarter 2024 Earnings Presentation

August 8, 2024

Safe Harbor

Forward-Looking Statements

In addition to historical information, the information presented in this presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as "may," "should," "could," "objective," "projection," "forecast," "goal," "guidance," "outlook," "expect," "intend," "seek," "plan," "think," "anticipate," "estimate," "predict," "target," "potential" or "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the Company's future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, general economic conditions, hazards customary in the power industry, weather conditions and extreme weather events, competition in wholesale power, gas and smart home markets, the volatility of energy and fuel prices, failure of customers or counterparties to perform under contracts, changes in the wholesale power and gas markets, changes in government or market regulations, the condition of capital markets generally and NRG's ability to access capital markets, NRG's ability to execute its supply strategy, risks related to data privacy, cyberterrorism and inadequate cybersecurity, the loss of data, unanticipated outages at NRG's generation facilities, NRG's ability to achieve its net debt targets, adverse results in current and future litigation, complaints, product liability claims and/or adverse publicity, failure to identify, execute or successfully implement acquisitions or asset sales, risks of the smart home and security industry, including risks of and publicity surrounding the sales, subscriber origination and retention process, the impact of changes in consumer spending patterns, consumer preferences, geopolitical tensions, demographic trends, supply chain disruptions, NRG's ability to implement value enhancing improvements to plant operations and companywide processes, NRG's ability to achieve or maintain investment grade credit metrics, NRG's ability to proceed with projects under development or the inability to complete the construction of such projects on schedule or within budget, the inability to maintain or create successful partnering relationships, NRG's ability to operate its business efficiently, NRG's ability to retain customers, the ability to successfully integrate businesses of acquired companies, including Vivint Smart Home, NRG's ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, NRG's ability to execute its capital allocation plan. Achieving investment grade credit metrics is not an indication of or guarantee that the Company will receive investment grade credit ratings. Debt and share repurchases may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow before growth investments guidance are estimates as of August 08, 2024. These estimates are based on assumptions NRG believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG's future results included in NRG's filings with the Securities and Exchange Commission at www.sec.gov. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in NRG's most recent Annual Report on Form 10-K, and in subsequent SEC filings. NRG's forward-looking statements speak only as of the date of this communication or as of the date they are made.

Agenda

Business Review

Dr. Larry Coben
Chair and President & CEO

Financial Review

Bruce Chung
CFO

Closing Remarks

Dr. Larry Coben
Chair and President & CEO

Q&A

Management

Strategic Positioning

The Largest Energy and Smart Home Platform, Delivering on Customers' Growing and Evolving Needs

Positioned for Growth
Customers are demanding more of our products, personalized experiences, and innovative offerings reflecting macro trends

Unique Platform
Largest power, natural gas and smart home ecosystem create the necessary capabilities to stabilize and grow earnings

Significant Recurring Excess Cash Flow
Committed to return substantial capital to shareholders while achieving growth and balance sheet objectives; 15-20% FCFbG per share growth rate target

3 Key Messages

Second Quarter Results Exceeded Expectations; Reaffirming 2024 Financial Guidance

Advancing Consumer Strategy Positioned to Capitalize on Tightening Supply / Demand Trends

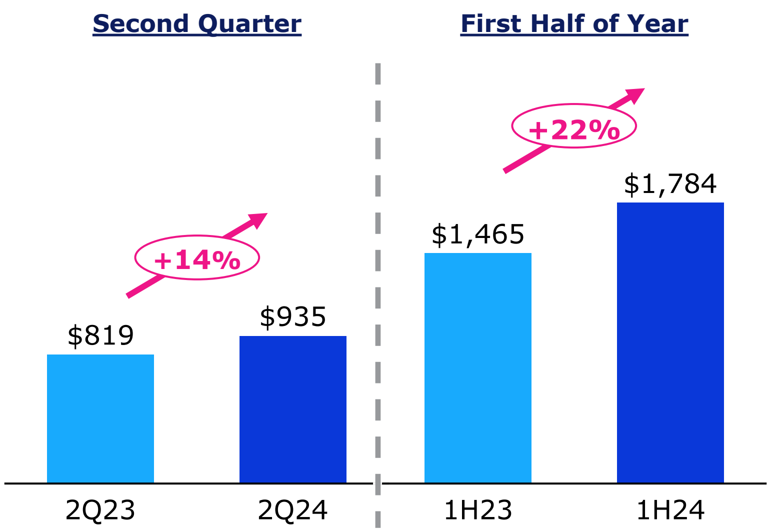
Executing Disciplined Capital Allocation; Returning Significant Capital to Shareholders

Business Highlights & Results

($ millions)

Year-over-Year Results

Adjusted EBITDA



Trending Towards Upper End

Reaffirming 2024 Financial Guidance
$3,300-3,550 MM Adjusted EBITDA
$1,825-2,075 MM FCFbG

Q2 Highlights

Financial and Operational Results

- Top decile safety performance
- Home Energy subscribers +8%, Smart Home +5% YoY
- Announcing Airtron monetization for $500 MM
- Published 14th annual Sustainability Report

2023-2025 Investor Day Growth Plan

- $300 MM organic growth, on track
- $250 MM cost reductions, on track
- 15-20% FCFbG per share CAGR, on track

Growth Enhanced by Tightening Supply/Demand

Advancing:

- Site Portfolio: 21 sites / 21k acres
- VPP / smart energy management
- Power & natural gas sales
- Supply strategy resilience & margin capture

Disciplined Capital Allocation

- $825 MM ’24 repurchase program, $176 MM completed[1]
- $500 MM ’24 liability management program, 65% completed

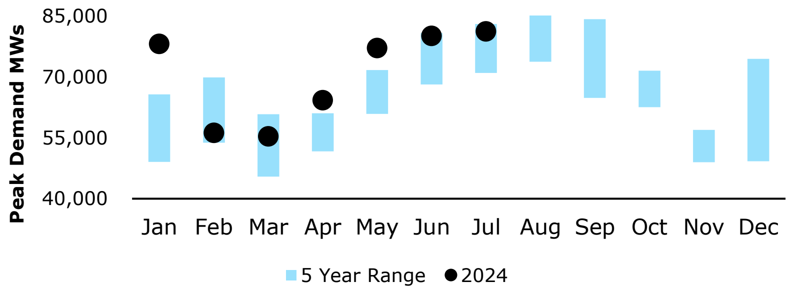
Robust First Half Growth through Strong Execution; Reaffirming 2024 Guidance Ranges

[1] Through July 31, 2024

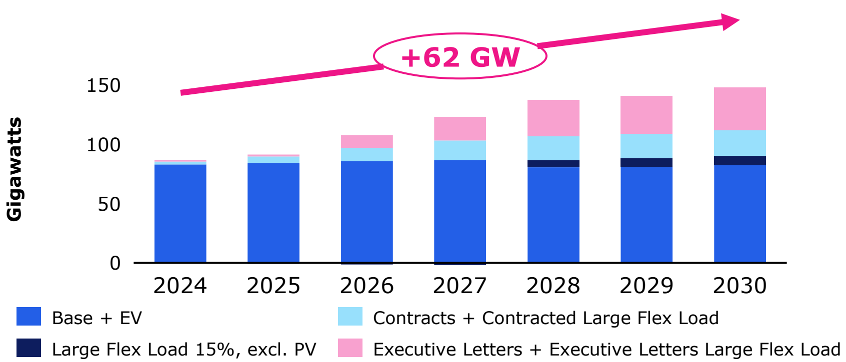
Summer Review & Outlook

Texas Continues to Realize Load Growth

Hit New Record Peaks in 3 of the First 7 Months of 2024



Rising ERCOT Summer Peak Forecast[1]



Advancing Development Projects

Strengthening Texas Supply Portfolio

Brownfield Site	Applied
Cedar Bayou 5 *689 MW - Combined Cycle*	✓
TH Wharton *415 MW - Simple Cycle*	✓
Greens Bayou 6 *443 MW - Simple Cycle*	✓

Next Step
PUCT expected to choose projects that proceed to due diligence phase for Aug 29 meeting

Maximizing Site Value: 21 Sites/21k Acres

Attribute	# of Sites
Water Availability	21 Sites
Fiber Access	21 Sites
Grid Access	21 Sites

Energy Platform Benefited from Diversified Supply Strategy & Strong Market Fundamentals

[1] ERCOT 2024 Long-Term Load Forecast with HB5066 Impacts Presentation (June 2024)

Financial Review

2Q24 Financial Update

($ millions)

	Three Months Ended		Six Months Ended	
	6/30/24	6/30/23	6/30/24	6/30/23
Texas	$452	$504	$671	$758
East/West/Services/Other[1]	282	98	689	417
Vivint Smart Home[2]	201	217	424	290
Adjusted EBITDA	**$935**	**$819**	**$1,784**	**$1,465**
Free Cash Flow before Growth Investments ("FCFbG")	**$663**	**$425**	**$623**	**$628**

2Q24 Highlights

$935 MM Adjusted EBITDA: Exceeds prior year results by $116 MM

- Strong results in East and West include power and natural gas margin expansion and increase in customer counts
- Texas had higher customer counts, favorable impact from weather, and favorable hedging activity; offset by 2023 asset sales and comprehensive planned outages to ensure reliable summer operations
- Vivint Smart Home grew subscriber count by 5% and service margins by 4% year over year; offset by guided increases in amortization of fulfillment expenses[3]

$663 MM FCFbG: Exceeds prior year results by $238 MM

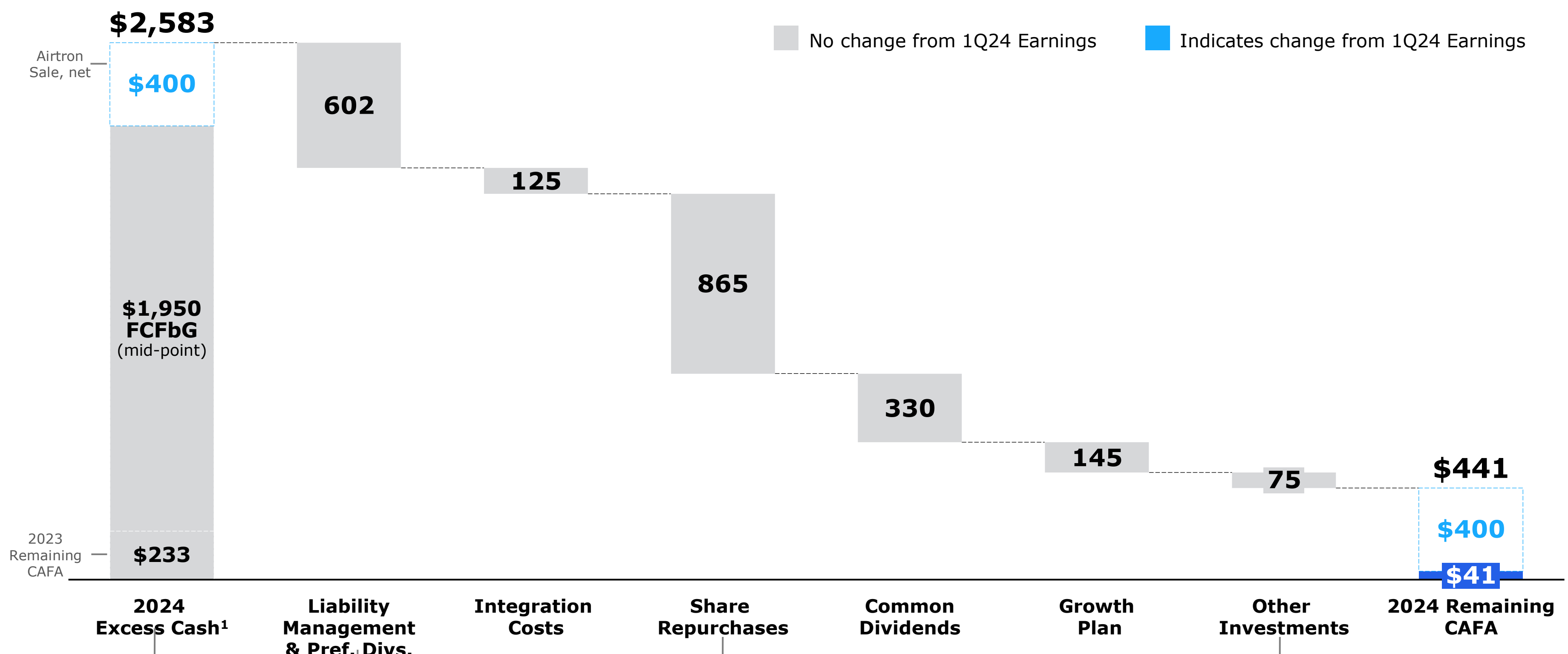
- FCFbG results higher compared to prior year driven by higher Adjusted EBITDA and favorable working capital

Reaffirming 2024 Guidance Ranges; Trending Toward Upper End of Guidance;
Adjusted EBITDA $3,300-3,550 MM and FCFbG $1,825-2,075 MM

[1] Includes Corporate segment; [2] Vivint Smart Home acquired in March 2023; [3] Capitalized contract costs began accumulating post acquisition and will continue to accumulate as new customers are acquired, leading to an expected increase in amortizations costs over time

2024 Capital Allocation

($ millions)



Airtron Sale, net

Proceeds	500
Taxes, Other	(100)

Liability Management	500
Preferred Dividends	67
Finance Fees/Other	35

Share Repurchases	825
Other Related Activities[2]	40

Small Books	40
Other	35

Reaffirming 2024 Capital Allocation

[1] Excludes $750 MM Minimum Cash reserved for liquidity purposes; [2] Other Related Activities includes: 1% ‘Federal Excise Tax’ on share repurchases executed in prior year (~$10 MM) and shares repurchased in lieu of tax withholdings where the company in lieu of issuing shares related to certain stock-based compensation settles employee tax obligations in cash (~$30 MM)

Closing Remarks

2024 Priorities

- ☐ **Deliver Financial, Operational, Safety, and ESG Objectives – On Track**

- ☐ **Deliver on Cost Initiatives – On Track**
  - ☐ $250 MM 2023-2025 program: $68 MM incremental in 2024 ($105 MM ’23-24)

- ☐ **Optimize and Grow from Core**
  - ☐ $300 MM 2023-2025 growth plan: incremental $99 MM in 2024 ($200 MM ’23-24)
  - ☐ Optimize maintenance spend to maintain cycle-appropriate In-the-Money Fleet Availability
  - ☐ Increase renewable and dispatchable supply
    - ☑ PPA Strategy: 1.9 GW renewable pipeline, fully in-service
    - ☐ Development: 1.5 GW dispatchable ERCOT capacity, shovel-ready
    - ☐ Virtual Power Plant (VPP) energy management
  - ☐ Portfolio / business / real estate / site optimizations

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- ☐ **Disciplined Capital Allocation Plan**
  - ☐ $500 MM Liability Management – to achieve target investment grade metrics in 2025
  - ☐ $825 MM share repurchases ($2 Bn ’23-24 of $2.7 Bn authorization)
  - ☑ 7-9% annual dividend growth – grew 8% to $1.63/share (5th consecutive annual increase)

Appendix

Committed to Sustainability

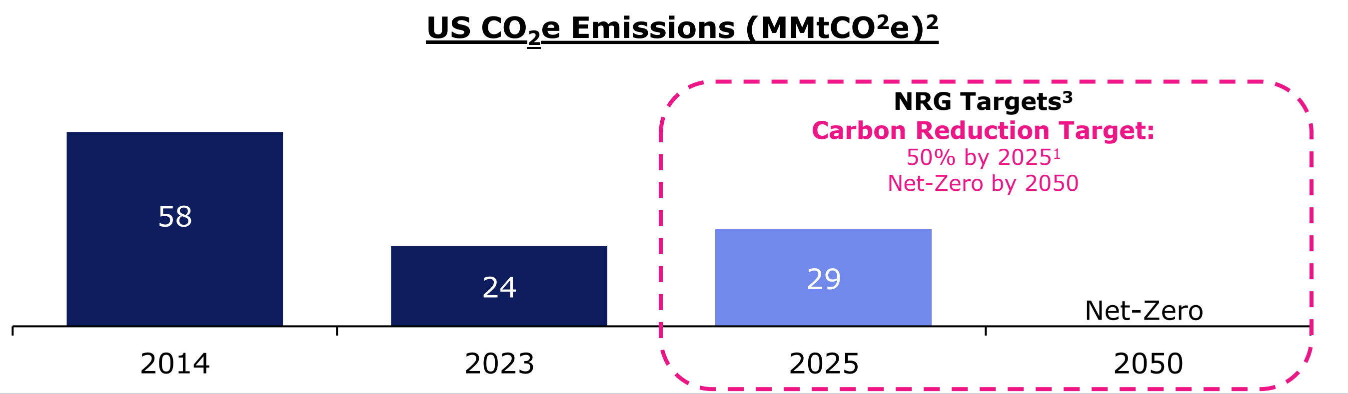
Progress Highlights[1]

58%
Reduction in CO_2e emissions (2023)

71%
Reduction in SO_2 emissions

59%
Reduction in NO_x emissions

71%
Reduction in water withdrawal



2023 Sustainability Report Published August 2, 2024

Social & Governance Leadership:

- 54% gender and ethnic Board of Directors diversity
- Independent Board: 92%
- Consistent top decile safety performance
- 31,100 employee volunteer hours by NRG employees
- Diversity, Equity, and Inclusion – one of the company's five core values

Environmental Leadership:

- A- score on both 2023 CDP Climate Change and Water Security reports
- 1st power company to report per SASB standards; 7th year reporting
- 1st company in North America – in any sector – to issue a sustainability-linked bond
- 14 years of sustainability reporting

[1] From 2014 base year; [2] Data as of 12/31/2023; [3] NRG's goals includes scope 1, 2, and 3 employee business travel

Texas Development Portfolio
Evaluating Viability of Projects

Power Market Review – Texas

- Texas has approved legislation to incentivize new dispatchable generation resources
- NRG well positioned having previously initiated development work on multiple brownfield opportunities
- Proposed projects are shovel-ready to meet the supply needs of our Texas retail business

Potential Benefits from Texas Legislation

- Low-interest rate (3%) loans from the Texas Energy Fund – SB2627
- Completion Bonus Grants of $80-120k per MW based on COD - Senate Bill 93
- Property tax abatements with local school districts - House Bill 5

	Cedar Bayou 5	TH Wharton	Greens Bayou 6
Type	Combined Cycle	Simple Cycle	Simple Cycle
Capacity (MW)	689	415	443
Heat Rate (Btu/kWh)	6,500	10,500	9,200
Technology	Mitsubishi M501JAC	Siemens SGT6-5000F	GE 7HA.03
Target COD[1]	Late 2027	Mid 2026	Mid 2028

Loan applications submitted to the Texas Energy Fund for all three development projects

[1] Target commercial operation dates assume Texas Energy Fund loan proceeds will be available in 2024

Advancing Site Value Opportunities

Sites Available for Development

Location*	Sites	Acreage
Texas	6	~17,000
East/West	15	~4,000
Total	**21**	**~21,000**

**Portfolio comprised of current and retired power plant sites*

Notable Attributes

Attribute	# of Sites
Water Availability	21 Sites
Fiber Access	21 Sites
Grid Access	21 Sites

Value Creation Opportunities

- Joint Venture – Generation with Co-location
- Land Lease – Generation with Co-location
- Land Lease – New Large Load with Long-Term PPA
- Energy Management and / or Sustainability Management

NRG Sites

Other Sites

Dedicated Team Established to Maximize Existing Site Value

Mature Risk Strategy
Managing Through-Cycle Stability

1 Forecast & Price

- Proprietary forecasting program models expected load and variability
- Data analytics form actionable insights into macro and micro usage patterns and trends
- Pricing model reflects insights from customer data/usage

2 Retail Sale & Hedge

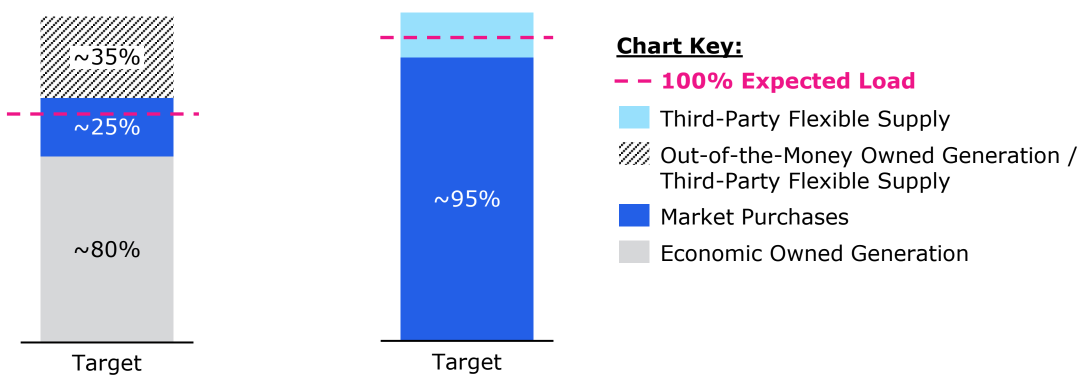
- Fully hedge priced load to firm gross margin
- Partially hedge expected future unpriced load (month-to-month) to mitigate bill shock
- Unique products require tailored hedging solutions to flex with usage variability

3 Optimize

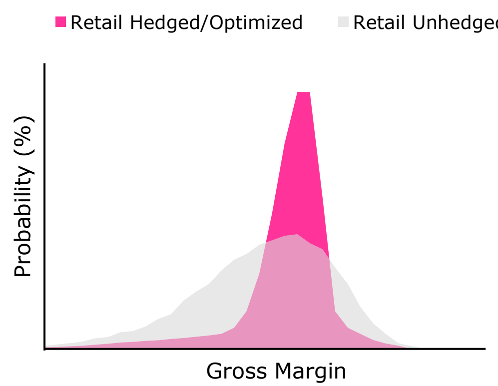
- Enhance hedge profile to incorporate additional data (i.e. weather)
- Optimize hedge profile to reflect commercial market intelligence to achieve enhanced returns and lower supply costs

Home
(On-Peak, Texas & East)

Business (C&I)
(On-Peak, Texas & East)



Stabilize & Enhance Gross Margin



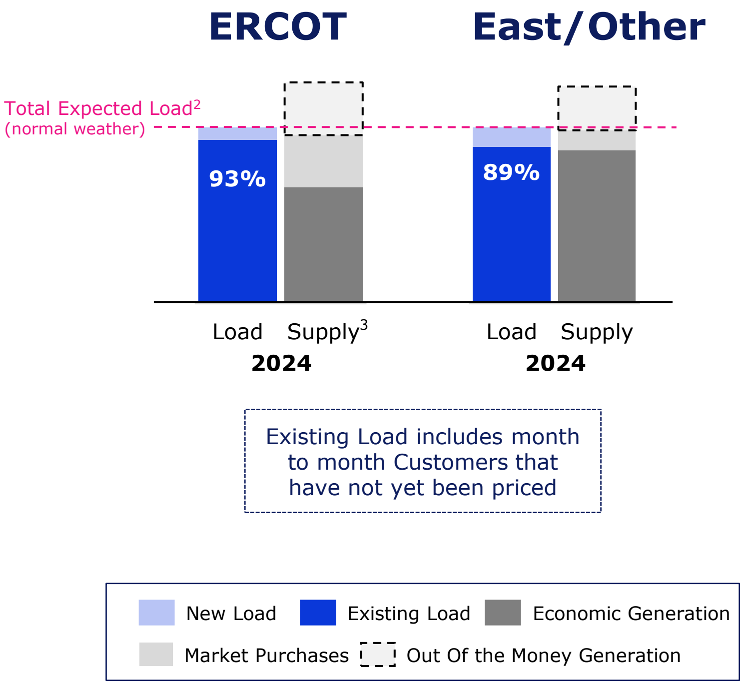
At Signing, Day 0: Hedge to Expected Load

Day 1 thru Delivery Day: Optimize

Home Integrated Retail Supply Procurement

Net Home Position[1]

(Avg. On-Peak MWh)



Existing Load includes month to month Customers that have not yet been priced

Supply Position Highlights

- ✓ Balance net generation and market purchases against priced load
- ✓ Manage current financial exposure while planning for physical delivery
- ✓ Maintain flexibility to adjust portfolio as priced load volumes increase
- ✓ Commercial & industrial load hedged with market purchases at execution

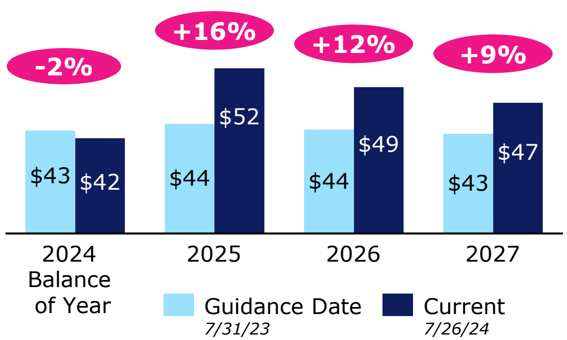
[1] Portfolio positions as June 28, 2024, inclusive of energy-only component; [2] Total Expected Load is a forecast of total fixed price load at delivery; [3] Existing load is signed contracts and expected renewals with pricing flexibility

Texas Generation Sensitivity

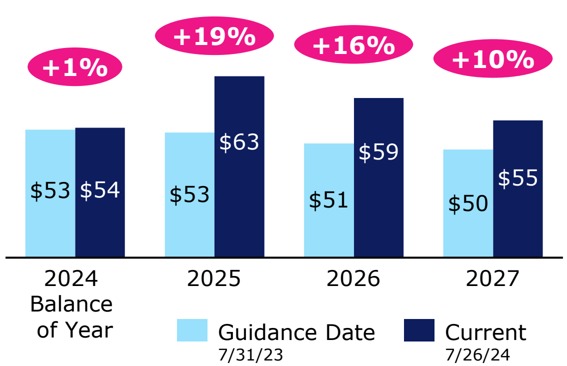
Significant Upside Opportunity in Rising Price Environment

Forward Curves Do Not Reflect Demand Outlook

Texas Around-the-Clock



Texas On-Peak



Illustrative Mark-to-Market for Texas Generation-Only Portfolio

	Year 1 (Full Year)	Year 2 (Full Year)	Year 3 (Full Year)	Open (Full Year)
2024 Texas Base Gross Margin	$1,550 MM			$1,550
% Hedge (as of 6/30/24)	95-100%	~50%	<25%	0%
ATC Power Price in '24 Guidance	$45/MWh			$45/MWh
Implied GM @ Below ATC Price				
$40/MWh	$1,530	$1,460	$1,420	$1,380
$44/MWh	$1,540	$1,530	$1,520	$1,510
2024 Base Guidance - $45/MWh	$1,550	$1,550	$1,550	$1,550
$46/MWh	$1,570	$1,590	$1,590	$1,600
$50/MWh	$1,610	$1,680	$1,720	$1,760
$55/MWh	$1,680	$1,820	$1,900	$1,970
$65/MWh	$1,900	$2,180	$2,330	$2,480
$75/MWh	$2,110	$2,540	$2,760	$2,990
$95/MWh	$2,700	$3,410	$3,780	$4,160

Base Earnings Assumptions:

- 2024 Texas Base Generation Margin $1,550 MM (see 2024 guidance, slide 22)
- Current Fleet: 30 TWh Economic / 35 TWh Uneconomic
- Power Prices: Around-the-Clock Blend of Houston and North
- Natural Gas Price: $3.75 / MMBtu
- Weather-Normal, among other simplifying assumptions

Corporate Credit Profile

($ millions)

	2024 Guidance
Corporate Debt[1]	**$10,940**
$500 MM Liability Management Program	(243)
Minimum Cash Balance	(750)
Corporate Net Debt	**9,947**
Adjusted EBITDA (midpoint)	**$3,425**
Amortization of Customer Fulfillment Costs and Other[2]	130
Corporate Adjusted EBITDA	**3,555**
Net Debt to Corporate Adjusted EBITDA Ratio	**~2.80x**

	Investment Grade Metrics
Net Debt / Adjusted EBITDA	**2.50 – 2.75x**
Adjusted CFO/ Net Debt	**27.5 – 32.5%**

Expected 2024 Sources & Uses

Sources	
2024 Liability Management	$500
New NRG Term Loan B	$875
Uses	
2024 Maturity	($600)
Convert Partial Principal Paydown	($343)
Convert In-the-Money Premium	($257)
Debt Reduction, To be Executed in 2H	($175)
Total	
Effective Debt Paydown	($243)
Convert In-the-Money Premium	($257)
Total 2024 Liability Management	**($500)**

Target Investment Grade Metrics by Year-End 2025

[1] Balance at 12/31/2023; [2] Non-cash amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, is the Income Statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service

Debt Maturity Schedule
Balance as of 06/30/24

($ millions)

Recourse Debt	Principal
6.625% Senior Notes, due 2027	$375
5.75% Senior Notes, due 2028	$821
5.25% Senior Notes, due 2029	$733
3.375% Senior Notes, due 2029	$500
3.625% Senior Notes, due 2031	$1,030
3.875% Senior Notes, due 2032	$480
2.75% Convertible Senior Notes, due 2048[1]	$232
2.00% Senior Secured First Lien Notes, due 2025	$500
2.45% Senior Secured First Lien Notes, due 2027	$900
4.45% Senior Secured First Lien Notes, due 2029	$500
7.00% Senior Secured First Lien Notes, due 2033	$740
Senior Secured Term Loan B, due 2031	$873
Tax-Exempt Bonds	$466
Recourse Debt	**$8,150[2]**

Non-Recourse Debt	Principal
6.75% Vivint Senior Secured Notes, due 2027	$600
5.75% Vivint Senior Notes, due 2029	$800
Vivint Senior Secured Term Loan B, due 2028	$1,313
Non-recourse Debt	**$2,713**

NRG Energy, Inc. Credit Rating

S&P	Moody's	Fitch
BB Positive	**Ba1 Stable**	**BB+ Stable**

<u>Key Actions Taken During Q2</u>

- Fully redeemed $600 MM 3.75% 2024 Senior Secured Notes
- Fully hedged the remaining $232 MM 2.75% Convertible Senior Notes
  - Locked-in conversion premium of $257 MM payment due in 2025

Uniform Maturity Schedule with No Near-Term Maturity Walls

[1] Notes will become convertible upon certain events including, among others, during the 6-month periods following 12/1/2024 or if the stock exceeds 130% of the conversion price for at least 20 of 30 consecutive trading days; As of the ex-dividend date of August 1, 2024, the Convertible Senior Notes were convertible at a price of $41.11, which is equivalent to a conversion rate of approximately 24.322 shares of common stock per $1,000 principal amount; see Q2 10Q Note 7 – Long-term Debt and Finance Leases; [2] Does not include $21 MM Finance Leases and Revolving Credit Facility of $0 MM as of 6/30/2024

Energy Modeling Aid

Applying 2024 Metrics

	2024E Texas	2024E East/West/ Other (EWO[2])
Operational Statistics		
Retail Energy Sales[1]:		
Home Power Expected Load (TWh)	~40	~17
Business Power Expected Load (TWh)	~40	~60
Total Power Expected Load (TWh)	**~80**	**~77**
Total Natural Gas Expected Sales (MDths)	**0**	**~1,900**
Generation Statistics:		
Expected Owned Economic Generation Sales (TWh)	~30	~10
Expected Owned Uneconomic Generation Open (TWh)[1]	~35	~20
Financial Summary		
Economic Gross Margin ($ MM)	$3,385-3,505	$2,265-2,345
OPEX / Other ($ MM)	~$1,720	~$1,455
Adj EBITDA ($ MM)	**$1,665-1,785**	**$810-890**
Economic Gross Margin Mix		
Retail Energy	~55%	~85%
Generation	~45%	~15%

Additional Commentary-Power

Home Load served primarily by owned generation and supplemented with third-party hedges

Business (C&I) Load served exclusively by third-party hedges: Load 60% fixed priced / 40% indexed

Uneconomic generation provides near-term insurance and long-term optimization opportunities

[1] Weather normalized volumes; [2] Includes Services

Energy KPIs and Modeling Data
Quarterly KPIs

Home & Business

Operational KPIs[1]	2Q24		2Q23	
	Texas	**EWO[2]**	**Texas**	**EWO[2]**
Home Power Load (TWh)	11	4	10	3
Business Power Load (TWh)	10	15	10	14
Total Power Load (TWh)	**21**	**19**	**20**	**17**
Total Natural Gas Sales (MDths)	**--**	**395**	**--**	**413**
Total Owned Generation (TWh)	**5**	**2**	**8**	**2**

Financial Summary ($ MM)				
	Texas	**EWO**	**Texas**	**EWO**
Economic Gross Margin ($MM)	$910	$620	$928	$441
OpEx / Other ($MM)	($458)	($338)	($424)	($343)
Adj EBITDA ($MM)	**$452**	**$282**	**$501**	**$98**

Economic Gross Margin Mix	Texas	EWO	Texas	EWO
Retail	55%	85%	53%	89%
Generation	45%	15%	47%	11%

[1] Volumes not weather normalized; [2] EWO: East/West/Other; includes Services

Smart Home KPIs and Modeling Data
Quarterly KPIs

Key Metrics[1]	2Q24	2Q23	Change
Portfolio			
Subscribers (MM)[2]	2.11	2.00	+5%
Customer Lifetime (years)[2]	~9	~9	--
Retention (%)[3]	89.2%	89.0%	+20 bps
Bad Debt as % of revenue	~2%	~2%	--
Per Subscriber			
Monthly Rec. Revenue per Subscriber	$73.52	$72.01	+2%
Monthly Rec. Service Revenue per Subscriber	$48.98	$47.52	+3%
Monthly Rec. Net Service Cost per Subscriber	$8.67	$8.83	-2%
Monthly Rec. Service Margin per Subscriber	$40.31	$38.69	+4%
Gross Acquisition Cost per New Subscriber[3]	$2,608	$2,448	+7%
Net Acquisition Cost per New Subscriber[3]	$902	$753	+20%
Product Interactions per Day	~16	~16	--

Optimized Pricing in Key Sales Channel Drives ~$400 Improvement in Customer Lifetime Value

- Updated pricing generates increased Monthly Recurring Service Revenue per Subscriber while keeping the customer's total monthly payment the same
- Estimated financial impacts per new subscriber across blended Smart Home business:
  - $5 increase in Monthly Recurring Service Margin per Subscriber
  - $200 increase in Net Acquisition Cost per New Subscriber (including decrease in point-of-sale revenue and finance fee savings)
  - No change to best-in-class 9-year customer life or 2-year payback

[1] See slide 35 for Smart Home performance metric definitions; [2] As of the period ended June 30; [3] Last twelve months as of period end

Growth & Cost Initiative Scorecard

($ millions)

Scorecard

As of 12/31/2023	2023 Realized	2023 Target	2024 Target	2025 Run-Rate
Growth Plan:				
FCFbG Growth *(recurring)*	$101	$75 *Orig. $30*	$200	$300
Cost-to-Achieve *(one-time)*	$129	$105	$145	$475 *Cumulative*
Cost Initiatives[1]:				
FCFbG Growth *(recurring)*	$37	$35	$105	$250
Cost-to-Achieve[2] *(one-time)*	$48	$50	$125	$258 *Cumulative*
Total Recurring FCFbG Growth	**$138**	**$110**	**$305**	**$550** ***'25 Run-Rate***

Reaffirming Full Plan Targets

[1] Includes $100 MM Vivint Smart Home cost program and $150 MM NRG cost program; see slide 16 of June 2023 Investor Day presentation for details; [2] CTA is cash based and excludes $20MM in equity comp, commissions, and depreciation

Appendix: Reg. G Schedules

($ millions)

Appendix Table A-1: 2024 Guidance

The following table summarizes the calculation of Adjusted EBITDA providing a reconciliation to Net Income

	2024 Guidance
Net Income[1]	**$750 - $1,000**
Interest expense, net	640
Income tax	345
Depreciation and amortization	1,075
ARO expense	25
Amortization of customer acquisition costs[2]	215
Stock-based compensation[3]	100
Acquisition and divestiture integration and transaction costs	55
Other[4]	95
Adjusted EBITDA	**$3,300 - $3,550**

[1] For purposes of guidance, fair value adjustments related to derivatives are assumed to be zero; [2] Amortization of customer acquisition costs is the income statement recognition of capitalized costs related to commissions and other costs related to securing new customers. NRG amortization of customer acquisition costs, excluding Vivint, is expected to be $135 MM in 2024 and Vivint is expected to be $80 MM in 2024; [3] NRG stock-based compensation, excluding Vivint, is expected to be $40 MM and Vivint is expected to be $60 MM in 2024;
[4] Includes adjustments for sale of assets, adjustments to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates, deactivation costs, other non-recurring expenses, and does not include the adjustment for Loss on debt extinguishment which was $260 MM as of June 30, 2024

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($ millions)

Appendix Table A-2: 2024 Guidance

The following table summarizes the calculation of FCFbG providing a reconciliation to Cash provided by operating activities

	2024 Guidance
Adjusted EBITDA	**$3,300 - $3,550**
Interest payments, net	(600)
Income tax	(160)
Net deferred revenue[1]	190
Amortization of customer fulfillment costs[2]	130
Gross capitalized contract costs[3]	(830)
Working capital/other assets and liabilities[4]	(205)
Cash provided by operating activities[5]	**$1,825 - $2,075**
Acquisition and other costs[4]	124
Adjusted Cash provided by operating activities	**$1,949 - $2,199**
Maintenance capital expenditures, net[6]	(240) - (260)
Environmental capital expenditures	(20) - (30)
Cost of acquisition	145
Free Cash Flow before Growth Investments (FCFbG)	**$1,825 - $2,075**

[1] The cash impact of net deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, are the income statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation, and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit [4] Working capital/other assets and liabilities includes payments for Acquisition and divestiture integration and transition costs, which is adjusted in Acquisition and other costs; [5] Excludes fair value adjustments related to derivatives and changes in collateral deposits in support of risk management activities; [6] Includes W.A. Parish Unit 8 expected insurance recoveries related to property, plant and equipment

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($ millions)

Appendix Table A-3: Three months ended 6/30/24 and 6/30/23 Adjusted EBITDA Reconciliation by Operating Segment

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation from Net Income:

	Three Months ended 6/30/24						Three Months ended 6/30/23					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim	Total	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim	Total
Net Income/(Loss)	**$ 966**	**$ 447**	**$ 2**	**$ (29)**	**$ (648)**	**$ 738**	**$ 785**	**$ (101)**	**$ (129)**	**$ (23)**	**$ (224)**	**$ 308**
Plus:												
Interest expense, net	1	2	9	49	86	147	3	(4)	6	28	104	137
Income tax	-	-	(6)	(2)	322	314	-	1	1	-	87	89
Loss on debt extinguishment	-	-	-	-	202	202	-	-	-	-	-	-
Depreciation and amortization	63	22	46	144	10	285	73	30	23	180	9	315
ARO expense	3	(4)	-	-	-	(1)	2	(2)	(1)	-	-	(1)
Contract and emission credit amortization, net	2	(14)	2	-	-	(10)	3	(16)	3	-	-	(10)
EBITDA	**1,035**	**453**	**53**	**162**	**(28)**	**1,675**	**866**	**(92)**	**(97)**	**185**	**(24)**	**838**
Stock-based compensation[1]	7	3	1	16	-	27	5	2	1	18	-	26
Amortization of customer acquisition costs[2]	15	17	2	12	-	46	12	11	1	4	-	28
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	1	-	-	1	-	-	4	-	-	4
Acquisition and divestiture integration and transaction costs[3]	-	-	-	2	6	8	-	-	-	7	16	23
Cost to achieve	-	-	-	-	8	8	-	-	-	-	-	-
Deactivation costs	-	4	1	-	-	5	-	6	3	-	-	9
(Gain) on sale of assets	-	-	-	-	-	-	-	(3)	-	-	-	(3)
Other and non-recurring charges	-	-	11	9	5	25	(45)	1	(2)	3	1	(42)
Impairments	-	-	15	-	-	15	-	-	-	-	-	-
Mark-to-market (MtM) (gain)/loss on economic hedges	(605)	(268)	(2)	-	-	(875)	(334)	152	118	-	-	(64)
Adjusted EBITDA	**$ 452**	**$ 209**	**$ 82**	**$ 201**	**$ (9)**	**$ 935**	**$ 504**	**$ 77**	**$ 28**	**$ 217**	**$ (7)**	**$ 819**

[1] 2023 excludes stock-based compensation of $3 MM reflected in acquisition and divestiture integration and transaction costs; [2] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the income statement recognition of capitalized costs related to commissions and other costs related to securing the new customer; [3] 2023 includes stock-based compensation of $3 MM

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($ millions)

Appendix Table A-4: Six months ended 6/30/24 and 6/30/23 Adjusted EBITDA Reconciliation by Operating Segment

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation from Net Income:

	Six Months ended 6/30/24						Six Months ended 6/30/23					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim	Total	Texas	East	West/ Services/ Other	Vivint Smart Home[1]	Corp/Elim	Total
Net Income/(Loss)	**$ 1,315**	**$ 1,028**	**$ (58)**	**$ (22)**	**$ (1,014)**	**$ 1,249**	**$ 1,069**	**$ (1,503)**	**$ (433)**	**$ (62)**	**$ (98)**	**$ (1,027)**
Plus:												
Interest expense, net	1	2	14	87	177	281	3	(10)	12	54	210	269
Income tax	-	(1)	(21)	-	520	498	-	1	(46)	-	(202)	(247)
Loss on debt extinguishment	-	-	-	-	260	260	-	-	-	-	-	-
Depreciation and amortization	130	45	70	288	20	553	148	60	47	232	18	505
ARO expense	4	(1)	-	-	-	3	4	1	-	-	-	5
Contract and emission credit amortization, net	2	58	3	-	-	63	4	99	6	-	-	109
EBITDA	**1,452**	**1,131**	**8**	**353**	**(37)**	**2,907**	**1,228**	**(1,352)**	**(414)**	**224**	**(72)**	**(386)**
Stock-based compensation[2]	14	7	2	31	-	54	11	4	2	22	-	39
Amortization of customer acquisition costs[3]	30	33	3	27	-	93	26	22	2	4	-	54
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	1	-	-	1	-	-	8	-	-	8
Acquisition and divestiture integration and transaction costs[4]	-	-	-	8	10	18	-	-	-	37	58	95
Cost to achieve[5]	-	-	-	-	17	17	-	-	-	-	-	-
Deactivation costs	-	9	2	-	-	11	-	10	6	-	-	16
Loss/(gain) on sale of assets	4	-	-	-	-	4	-	(202)	-	-	-	(202)
Other and non-recurring charges	1	(1)	12	5	(6)	11	(44)	2	-	3	-	(39)
Impairments	-	-	15	-	-	15	-	-	-	-	-	-
Mark-to-market (MtM) (gain)/loss on economic hedges	(830)	(619)	102	-	-	(1,347)	(463)	1,907	436	-	-	1,880
Adjusted EBITDA	**$ 671**	**$ 560**	**$ 145**	**$ 424**	**$ (16)**	**$ 1,784**	**$ 758**	**$ 391**	**$ 40**	**$ 290**	**$ (14)**	**$ 1,465**

[1] Vivint Smart Home acquired in March 2023; [2] 2024 excludes stock-based compensation of $2 MM reflected in cost to achieve and $1 MM reflected in acquisition and divestiture integration and transaction costs; 2023 excludes stock-based compensation of $23 MM reflected in acquisition and divestiture integration and transaction costs; [3] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the income statement recognition of capitalized costs related to commissions and other costs related to securing the new customer; [4] 2024 includes stock-based compensation of $1 MM; 2023 includes stock-based compensation of $23 MM; [5] 2024 includes stock-based compensation of $2 MM

($ millions)

Appendix Table A-5: Three months ended 6/30/24 and 6/30/23 Free Cash Flow before Growth

The following table summarizes the calculation of FCFbG and provides a reconciliation to Cash provided/(used) by operating activities

	Three Months Ended 6/30/24	Three Months Ended 6/30/23
Adjusted EBITDA	**$ 935**	**$ 819**
Interest payments, net	(84)	(114)
Income tax	(98)	(36)
Net deferred revenue[1]	115	121
Amortization of customer fulfillment costs[2]	27	6
Gross capitalized contract costs[3]	(270)	(302)
Collateral/working capital/other assets and liabilities	431	76
Cash provided by operating activities	**1,056**	**570**
Net payments from settlement of acquired derivatives that include financing elements	(20)	(18)
Acquisition and divestiture integration and transaction costs[4]	18	19
Proceeds from sale of land	8	-
Encina site improvement	-	4
Adjustment for change in collateral	(371)	(57)
Nuclear decommissioning trust liability	-	(17)
Effect of exchange rate changes on cash and cash equivalents	2	-
Adjusted Cash provided by operating activities	**693**	**501**
Maintenance capital expenditures, net[5]	(71)	(113)
Environmental capital expenditures	(6)	-
Cost of acquisition	47	37
Free Cash Flow before Growth Investments (FCFbG)	**$ 663**	**$ 425**

[1] The cash impact of Net deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment sales and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, are the income statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation, and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit; [4] Three months ended 6/30/24 includes $10 MM Cost to achieve payments; three months ended 6/30/23 excludes $3 MM non-cash stock-based compensation; [5] Three months ended 6/30/23 includes W.A. Parish Unit 8 insurance recoveries related to property, plant and equipment of $50 MM

($ millions)

Appendix Table A-6: Six months ended 6/30/24 and 6/30/23 Free Cash Flow before Growth

The following table summarizes the calculation of FCFbG and provides a reconciliation to Cash provided/(used) by operating activities

	Six Months Ended 6/30/24	Six Months Ended 6/30/23
Adjusted EBITDA	**$ 1,784**	**$ 1,465**
Interest payments, net	(275)	(205)
Income tax	(106)	(32)
Net deferred revenue[1]	51	119
Amortization of customer fulfillment costs[2]	48	6
Gross capitalized contract costs[3]	(439)	(357)
Collateral/working capital/other assets and liabilities	260	(2,024)
Cash provided by/(used by) operating activities	**1,323**	**(1,028)**
Net (payments)/receipts from settlement of acquired derivatives that include financing elements	(12)	318
Acquisition and divestiture integration and transaction costs[4]	35	75
Astoria fees	-	3
Proceeds from sale of land	8	-
Encina site improvement	-	7
Adjustment for change in collateral	(660)	1,355
Nuclear decommissioning trust liability	-	(5)
Effect of exchange rate changes on cash and cash equivalents	-	3
Adjusted Cash provided by operating activities	**694**	**728**
Maintenance capital expenditures, net[5]	(123)	(154)
Environmental capital expenditures	(8)	-
Cost of acquisition	60	54
Free Cash Flow before Growth Investments (FCFbG)	**623**	**$ 628**

[1] The cash impact of Net deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment sales and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, are the income statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation, and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit; [4] Six months ended 6/30/24 includes $19 MM Cost to achieve payments and excludes $2 MM non-cash stock-based compensation; six months ended 6/30/23 excludes $20 MM non-cash stock-based compensation; [5] Six months ended 6/30/24 includes W.A. Parish Unit 8 insurance recoveries related to property, plant and equipment of $3 MM; six months ended 6/30/23 includes W.A. Parish Unit 8 and Limestone Unit 1 insurance recoveries related to property, plant and equipment of $121 MM

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EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that NRG's future results will be unaffected by unusual or non-recurring items.

EBITDA represents net income before interest expense (including loss on debt extinguishment), income taxes, depreciation and amortization, asset retirement obligation expenses, contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of NRG's business. NRG compensates for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the statements of cash flow included in the financial statements that are a part of this presentation.

Adjusted EBITDA is presented as a further supplemental measure of operating performance. As NRG defines it, Adjusted EBITDA represents EBITDA excluding the impact of stock-based compensation, amortization of customer acquisition costs (primarily amortized commissions), impairment losses, deactivation costs, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from forward position of economic hedges, adjustments to exclude the Adjusted EBITDA related to the non-controlling interest, gains or losses on the repurchase, modification or extinguishment of debt, the impact of restructuring and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this presentation.

Management believes Adjusted EBITDA is useful to investors and other users of NRG's financial statements in evaluating its operating performance because it provides an additional tool to compare business performance across companies and across periods and adjusts for items that we do not consider indicative of NRG's future operating performance. This measure is widely used by debt-holders to analyze operating performance and debt service capacity and by equity investors to measure our operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations, and for evaluating actual results against such expectations, and in communications with NRG's Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.

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Adjusted Cash provided by operating activities is a non-GAAP measure NRG provides to show Cash provided/(used) by operating activities with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger, integration, related restructuring costs, changes in the nuclear decommissioning trust liability, and the impact of extraordinary, unusual or non-recurring items. The Company provides the reader with this alternative view of Cash provided/(used) by operating activities because the cash settlement of these derivative contracts materially impact operating revenues and cost of sales, while GAAP requires NRG to treat them as if there was a financing activity associated with the contracts as of the acquisition dates. The Company adds back merger, integration related restructuring costs as they are one time and unique in nature and do not reflect ongoing Cash Flows from Operating Activities and they are fully disclosed to investors. The company excludes changes in the nuclear decommissioning trust liability as these amounts are offset by changes in the decommissioning fund shown in Cash Flows from Investing Activities.

Free Cash Flow before Growth Investments is Adjusted Cash provided by operating activities less maintenance and environmental capital expenditures, net of funding and insurance recoveries related to property, plant and equipment, dividends from preferred instruments treated as debt by ratings agencies, and distributions to non-controlling interests and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on Free Cash Flow before Growth Investments as a measure of cash available for discretionary expenditures.

Free Cash Flow before Growth Investments is utilized by Management in making decisions regarding the allocation of capital. Free Cash Flow before Growth Investments is presented because the Company believes it is a useful tool for assessing the financial performance in the current period. In addition, NRG’s peers evaluate cash available for allocation in a similar manner and accordingly, it is a meaningful indicator for investors to benchmark NRG's performance against its peers. Free Cash Flow before Growth Investments is a performance measure and is not intended to represent Net Income/(Loss), Cash provided/(used) by operating activities (the most directly comparable U.S. GAAP measure), or liquidity and is not necessarily comparable to similarly titled measures reported by other companies.

Smart Home Performance Metrics
Definitions

- ***New Subscribers*** is the aggregate number of new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by the transfer of a service contract from one subscriber to another.
- ***Average Monthly Subscribers*** is the ending subscriber count each month of the period divided by the number of months in the period.
- ***Monthly Recurring Revenue per Subscriber*** is the average monthly recurring smart home and security revenue recognized during the period divided by Average Monthly Subscribers during the same period. This excludes revenues that are non-recurring which are recognized at the time of sale.
- ***Monthly Recurring Service Revenue per Subscriber*** is the recurring monthly service billings for smart home and security subscribers divided by Average Monthly Subscribers for the same period.
- ***Monthly Recurring Net Service Cost per Subscriber*** is the average monthly service costs incurred during the period (both in-period and capitalized), including monitoring, customer service, field service, equipment, and other service support costs less total non-recurring smart home services billings for the period net of associated financing fees (estimated), divided by Average Monthly Subscribers for the same period.
- ***Monthly Recurring Service Margin per Subscriber*** is Monthly Recurring Service Revenue per Subscriber for the period less Monthly Recurring Net Service Cost per Subscriber for the same period.
- ***Net Subscriber Acquisition Costs per New Subscriber*** is the net cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that same period. These costs include commissions, equipment, installation, marketing, sales support, allocations (general and administrative), and financing fees (estimated); less proceeds related to equipment sales and install fees. Excludes costs and proceeds associated with contract modifications.
- ***Gross Subscriber Acquisition Costs per New Subscriber*** is Net Subscriber Acquisition Costs per New Subscriber plus proceeds related to equipment sales and install fees. Excludes costs and proceeds associated with contract modifications.
- ***Average Customer Payment – New Customers*** is the total equipment and installation proceeds from new subscribers divided by 60 months (average contract term length) plus the average recurring monthly service billings per new subscriber.