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NRG Energy Inc.

Second Quarter 2023 Earnings Presentation

August 08, 2023

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, including increasing interest rates and rising inflation, 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 market operations 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 retail customers, the ability to successfully integrate businesses of acquired companies, including Direct Energy and 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, cash provided by operating activities and free cash flow before growth investments guidance are estimates as of August 08, 2023. 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

Mauricio Gutierrez
President & CEO

Financial Review

Bruce Chung
EVP & CFO

Closing Remarks

Mauricio Gutierrez
President & CEO

Q&A

Management

Key Messages

Strong Q2 Results & Reaffirming 2023 Financial Guidance Ranges

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Smart Home Integration On Track with Early Wins

Executing on Strategic Plan to Deliver Compelling Shareholder Returns

Business Highlights & Results

Q2 Business Highlights

Financial and Operational Results

- Top decile safety performance
- Q2 Adjusted EBITDA of $819 MM
- Published 13th annual Sustainability Update

Execute Integration Objectives

- Direct Energy - $300 MM run-rate (2023) on track
- Cost Initiatives - $250 MM run-rate (2025) on track

Optimize and Grow from Core

- $300 MM Growth (2025) on track; increasing 2023 target to $60 MM
- STP sale expected to close by year-end

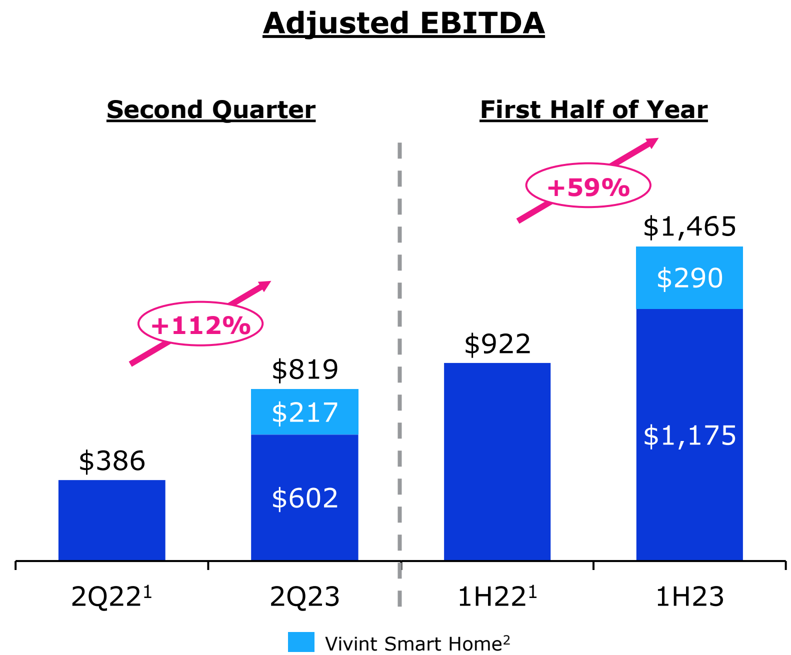
Disciplined Capital Allocation

- $2.7 Bn Share repurchase authorization; $50 MM completed in July
- $2.55 Bn Debt reduction plan; $200 MM completed

☑ **Investor Day 2023**

($ millions)

Year-over-Year Results



Reaffirming 2023 Financial Guidance[3]

$3,010 - $3,250 MM Adjusted EBITDA

$1,620 - $1,860 MM FCFbG

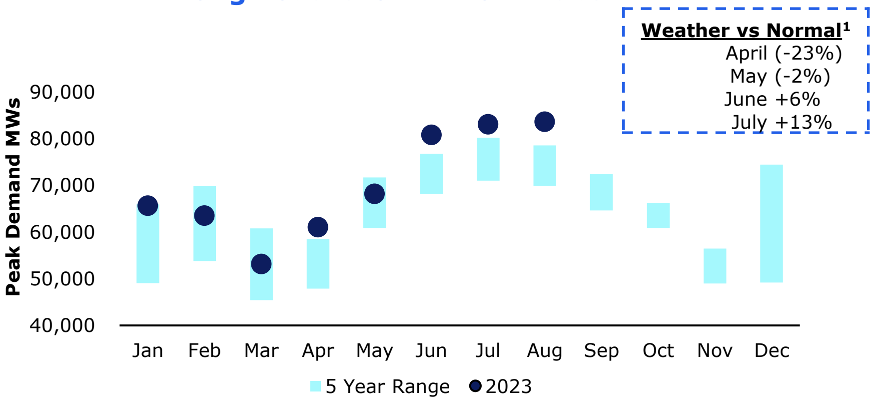
Strong First Half Results; Reaffirming 2023 Guidance Ranges

[1] Reflects EBITDA Harmonization; [2] Vivint Smart Home transaction closed March 10, 2023; [3] Includes Vivint Smart Home 2023 guidance (10 months contribution) and harmonization of Adjusted EBITDA as a result of acquisition

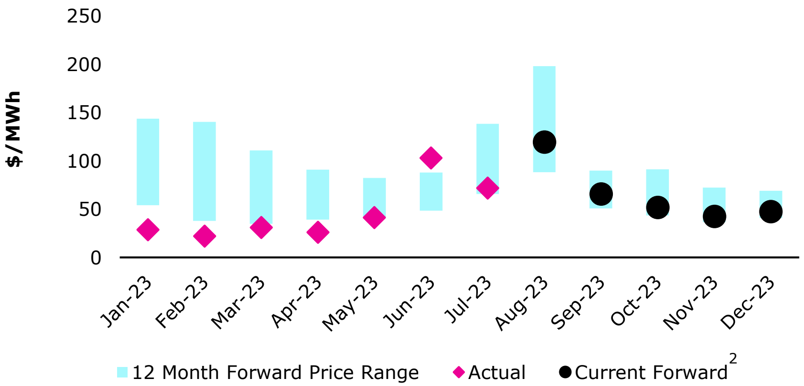
Energy Business Performance

ERCOT Experienced Multiple Record Peak Load Events

Strong Load Growth Continues in Texas..



...Pricing Muted by Grid Performance



Integrated Portfolio Strategy Supports Predictable Earnings

- **Strong Platform Performance through Q2**
  - Strong retail demand: ERCOT surpassed record peak demand 15 days
  - Moderate market pricing: healthy grid conditions with sufficient supply
  - Solid integrated platform performance: strong customer count & plant availability
- **Well-Positioned for Summer & Balance of Year**
  - Expanded Spring maintenance outages to improve year-round reliability
  - Supply portfolio constructed to enhance optionality across prices and volumes
  - WA Parish Unit 8 targeted return to service late August; diversified supply strategy provides flexibility
- **Improving Reliability through Market Design**
  - Adopted Performance Credit Mechanism (PCM) with cap to incentivize dispatchable generation
  - Low interest loan and completion bonus program subject to November vote

Energy Platform Benefited from Diversified Supply Strategy & Strong Market Fundamentals

[1] Total weather demand compared to 10-year average in Texas; [2] As of 8/1/2023

Integration & Growth Update

Integration Progress

Growth Plan

- $300 MM FCFbG by 2025, on-track; increased 2023 target to $60 MM
- 100k organic customer growth in Q2
- Early pilots showing conversion rates ~6% on qualified leads; improved with DIY system to ~10%
- Vivint Home Protection Plan launched April 2023, 120k plans sold[1]

Cost Initiatives

- $250 MM FCFbG by 2025, on-track
- Integrated corporate organization and determined end-state platforms

Scorecard

($ millions)

As of 6/30/2023	YTD Realized	% Achieved	2023 Target	2025 Run-Rate
Growth Plan:				
FCFbG Growth *(recurring)*	$23	38%	$60[2] *from $30*	$300
Cost-to-Achieve *(one-time)*	$54	60%	$90	$535 *Cumulative*
Cost Initiatives[3]:				
FCFbG Growth *(recurring)*	$11	31%	$35	$250
Cost-to-Achieve *(one-time)*	$45	38%	$118	$258 *Cumulative*
Total Recurring FCFbG Growth	**$34**	**36%**	**$95**	**$550** ***'25 Run-Rate***

Early Initiatives Yielding Strong Results; Integration Workstreams On Track

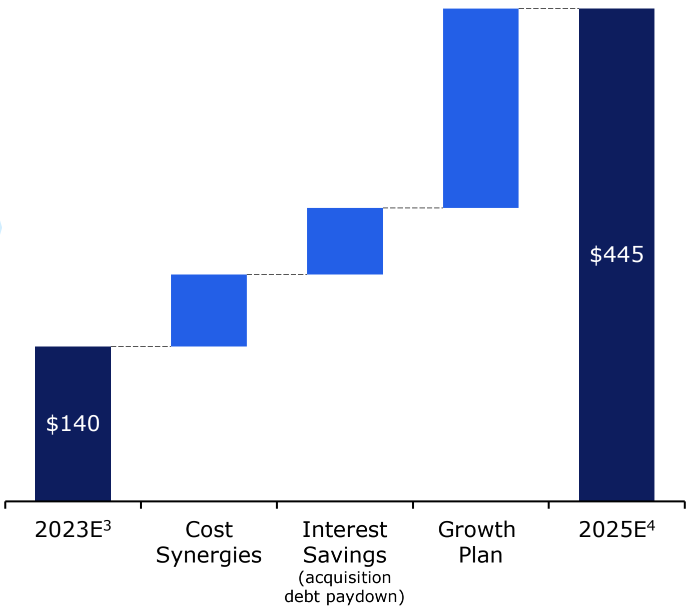
[1] As of 8/1/2023; [2] Annualized $80 MM; [3] Includes $100 MM Vivint Smart Home cost program and $150 MM Wholesale & Retail cost program; see slide 16 of June 22 Investor Day presentation for details

Smart Home Performance Metrics – 2Q23

Key Metrics[1]	2Q22	2Q23	Change
Subscribers (MM)	1.9	2.0	+7%
Monthly Recurring Revenue per Subscriber	$68.04	$72.01	+6%
Monthly Recurring Service Margin per Subscriber	$35.61	$38.69	+9%
Net Subscriber Acquisition Cost per New Subscriber[2]	$661	$753	+14%
Bad Debt as % of revenue	~2%	~2%	--
Retention (%)	89%	89%	--
Customer Lifetime (years)	9	9	--
Product Interactions per Day	12	16	+33%

Pro Forma Smart Home FCFbG

($ millions)



3x Growth

Strong Quarterly Performance; ~3x Increase in FCFbG by 2025

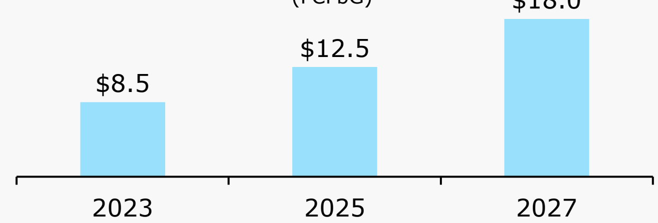
[1] See slide 31 for Smart Home performance metric definitions; [2] Last twelve months as of period end; [3] Pro forma 12-month contribution; See slide 10 of 1Q23 earnings presentation for details; [4] 2023 FCFbG pro forma for cost savings, acquisition debt paydown interest savings and growth plan

Strategic Plan

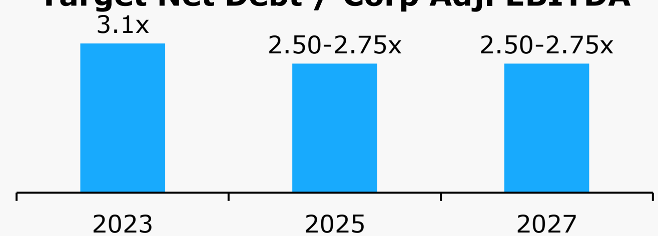
1	**Optimize Integrated Energy Model** *Optimize our integrated energy model to provide stable retail margins*	• Portfolio Optimization: ~$2 Bn asset sale proceeds from Astoria & South Texas Project • Enhanced diversified supply strategy to mitigate single point of failure risk; 1.9 GW Renewable PPAs • 1.5 GW dispatchable capacity in various stages of development • $550 MM[1] cost savings by 2025
2	**Grow Energy and Home Services** *Build on core retail energy and expand further into the home*	• Vivint Smart Home acquisition positions platform in attractive and growing smart home market • Smart Home platform strengthens core retail energy business (tenure and margin opportunity) • $300 MM FCFbG growth by 2025
3	**Increase Return of Capital** *Clear and transparent capital allocation principles*	• Revised capital allocation framework to return 80% of capital to shareholders (after deleveraging) • Achieve investment grade credit metrics by 2025, 2.50-2.75x Net Debt/Corp Adj. EBITDA • $2.7 Bn authorized share repurchase program through 2025; $8.3 Bn cumulative excess cash thru 2027

Defined Path to Success

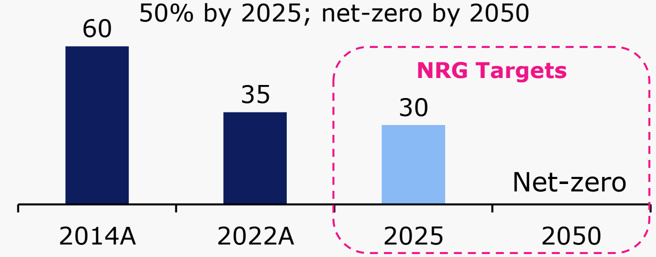
Target Per Share Growth[2]
(FCFbG)



Target Net Debt / Corp Adj. EBITDA



Target Carbon Reduction[3]
50% by 2025; net-zero by 2050



Investor Day Highlights Significant Shareholder Value Creation & Capital Return

[1] Includes $300 MM Direct Energy synergies to be achieved by year-end 2023 [2] See slide 55 of June 22, 2023 Investor Day presentation for details; [3] See slide 18 for details

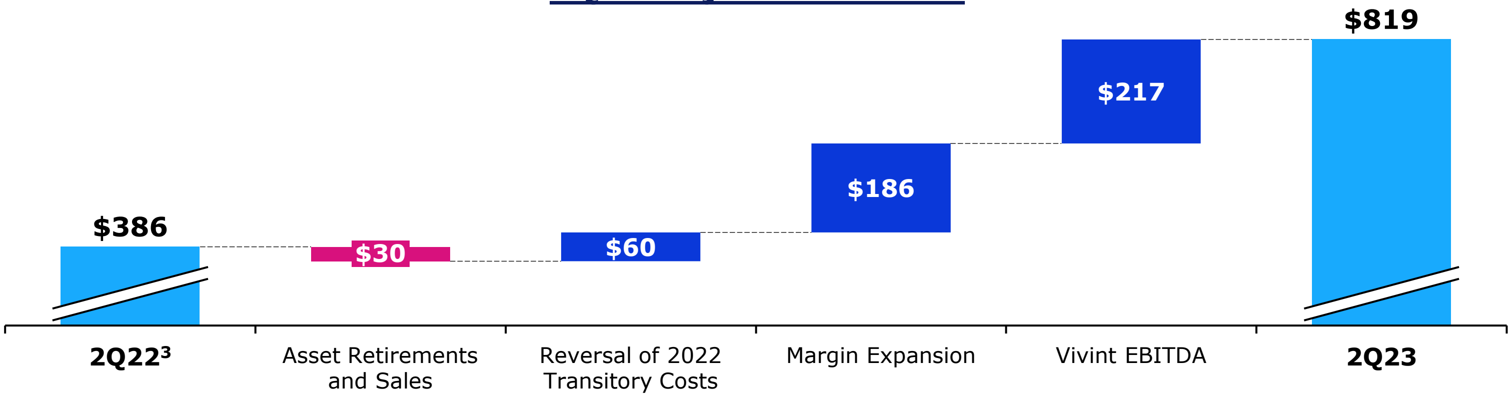
Financial Review

2Q23 Financial Update

($ millions)

	Three Months Ended		Six Months Ended		Reaffirming 2023 Guidance
	6/30/23	6/30/22	6/30/23	6/30/22	
Texas	$504	$263	$758	$474	$1,730–$1,880
East/West/Services/Other[1]	98	123	417	448	660–710
Vivint Smart Home[2]	217	-	290	-	620–660
Adjusted EBITDA[3]	**$819**	**$386**	**$1,465**	**$922**	**$3,010–$3,250**
Free Cash Flow before Growth Investments (“FCFbG”)	**$425**	**$97**	**$628**	**$336**	**$1,620–$1,860**

2Q23 Adjusted EBITDA

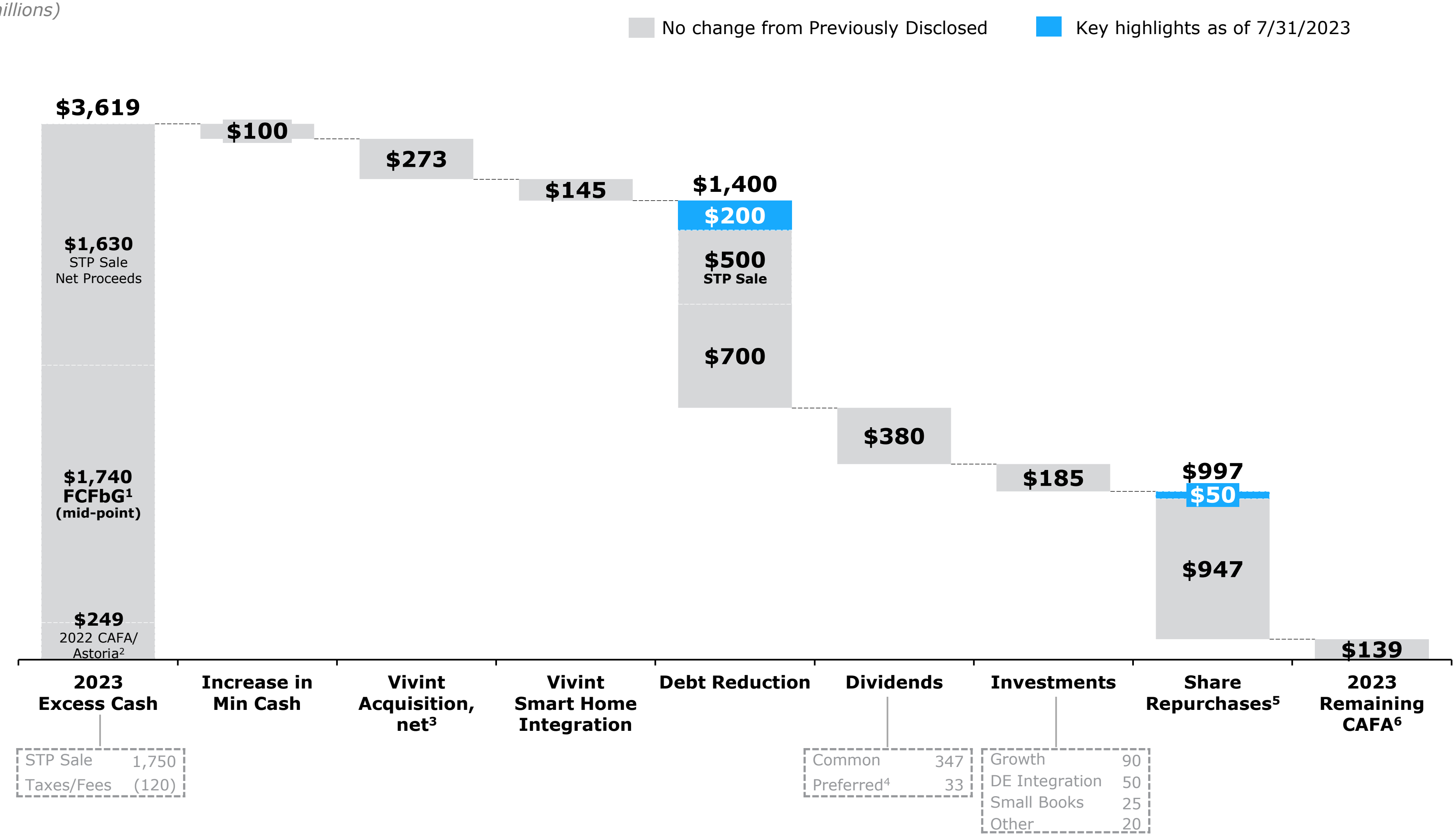


Strong Second Quarter 2023 Results and Reaffirming Guidance

[1] Includes Corporate segment; [2] Vivint Smart Home acquired in March 2023; [3] Reported results include EBITDA harmonization completed in 1Q23

2023 Capital Allocation

($ millions)



[1] Shows 10 month impact from Vivint acquisition; including mid-point FCFbG estimates for NRG standalone of $1,620 MM and Vivint of $120 MM; [2] Astoria net proceeds $209 MM and 2022 remaining CAFA $40 MM; [3] Net of Vivint cash on hand, excludes $18 MM paid in 2022; [4] Partial year preferred dividends due to timing; [5] $2.7 Bn Share repurchase authorization to be executed through 2025; [6] Net of $175 MM remaining 2022 W/C uplift, see 4Q22 earnings presentation for details

Corporate Credit Profile

($ millions)

	2023 Guidance
Corporate Debt[1]	**$12,470**
Debt Reduction (incl. $500 MM associated with leverage-neutral STP sale)	(1,400)
Minimum Cash Balance	(750)
Corporate Net Debt	**10,320**
Adjusted EBITDA	**$3,130**
Amortization of customer fulfillment costs[2]	35
Other Adjustments[3]	175
Corporate Adjusted EBITDA	**3,340**
Net Debt to Corporate Adjusted EBITDA Ratio	**~3.10x**

	Investment Grade Metrics
Net Debt / Adjusted EBITDA	**2.50 – 2.75x**
Adjusted CFO/ Net Debt	**27.5 – 32.5%**
(Adjusted CFO + Interest) / Interest	**5.5 – 6.5x**

Target Investment Grade Metrics by Year-End 2025

[1] NRG Balance at 12/31/2022 of $8.1 billion plus debt related to the Vivint acquisition as of 3/10/23 of $4.37 billion; [2] 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; [3] Includes non-cash expenses (e.g. nuclear amortization, bad debt expense) and non-cash equity earnings that are included in Adjusted EBITDA

Closing Remarks

2023 Priorities

- ☐ **Deliver Financial, Operational and ESG Objectives**

- ☐ **Execute Integration Objectives – FCFbG Synergies**
  - ☐ Direct Energy Synergies: $41 MM 2023 ($300 MM 2023 run-rate) – On Track
  - ☐ Cost Initiatives: $35 MM 2023 ($250 MM by 2025) – On Track

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- ☐ **Optimize and Grow from Core**
  - ☑ Close Vivint acquisition – March 2023
  - ☐ Growth Plan: $60 MM 2023 ($300 MM by 2025) – On Track
  - ☐ Enhance transparency through financial and operational disclosures
  - ☐ Increase renewable and dispatchable supply
    - ☑ PPA Strategy: 1.9 GW renewable pipeline, 1.1 GW in-service
    - ☐ Development: 1.5 GW dispatchable capacity (evaluating; in various stages of development)
  - ☐ Portfolio / real-estate optimization: Astoria executed 1Q; STP Sale - On Track

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- ☐ **Execute Disciplined Capital Allocation Plan**
  - ☐ Execute debt reduction plan - $1.4 Bn in 2023; $2.55 Bn by 2025
  - ☐ Execute share repurchase authorization - $1.0 Bn in 2023; $2.7 Bn by 2025

- ☑ **Investor Day 2023: 5-Year Strategic Roadmap**

Appendix

Smart Home KPIs and Modeling Data

Key Metrics	**2Q22**	**2Q23**	**Change**
Portfolio			
Subscribers (MM)	1.9	2.0	**+7%**
Customer Lifetime (years)	9	9	**--**
Retention (%)	89%	89%	**--**
Bad Debt as % of revenue	~2%	~2%	**--**
Per Subscriber[1]			
Monthly Recurring Revenue per Subscriber	$68.04	$72.01	**+6%**
Monthly Recurring Service Revenue per Subscriber	$46.97	$47.52	**+1%**
Monthly Recurring Net Service Cost per Subscriber	$11.36	$8.83	**(-22%)**
Monthly Recurring Service Margin per Subscriber	$35.61	$38.69	**+9%**
Gross Subscriber Acquisition Cost per New Subscriber[2]	$2,303	$2,448	**+6%**
Net Subscriber Acquisition Cost per New Subscriber[2]	$661	$753	**+14%**
Product Interactions per Day	12	16	**+33%**

[1] See slide 31 for Smart Home performance metric definitions; [2] Last twelve months as of period end

Committed to Sustainability

NRG Sustainability Framework

Sustainable Business

Sustainable Suppliers

Sustainable Customers

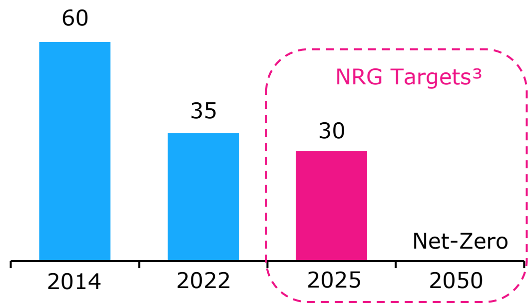
Sustainable Operations

Sustainable Workplace

Environmental Leadership[1]

U.S. CO_2e Emissions ($MMtCO_2e^2$)

Carbon Reduction Target: 50% by 2025; net-zero by 2050



IFRS Sustainability Alliance

SASB STANDARDS Now part of IFRS Foundation

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SCIENCE BASED TARGETS

CDP DISCLOSER 2022

- ☑ Goals certified as 1.5 degrees Celsius-aligned by Science Based Targets initiative[3]
- ☑ Climate Leadership Hall of Fame Inductee
- ☑ *Newsweek*'s Most Responsible Companies
- ☑ Green Sustainability Award
- ☑ 13th year of sustainability reporting

Social Leadership

- ☑ Diversity, Equity, and Inclusion one of the company's five core values
- ☑ Published several years of Equal Employment Opportunity (EEO-1) reports in 2022
- ☑ Made "Embracing Diversity & Inclusion" training available to all employees, including executives, with over 94% participation
- ☑ Best-ever safety performance in 2022[4]
- ☑ 115% increase in employee volunteer hours through positiveNRG

Governance Leadership

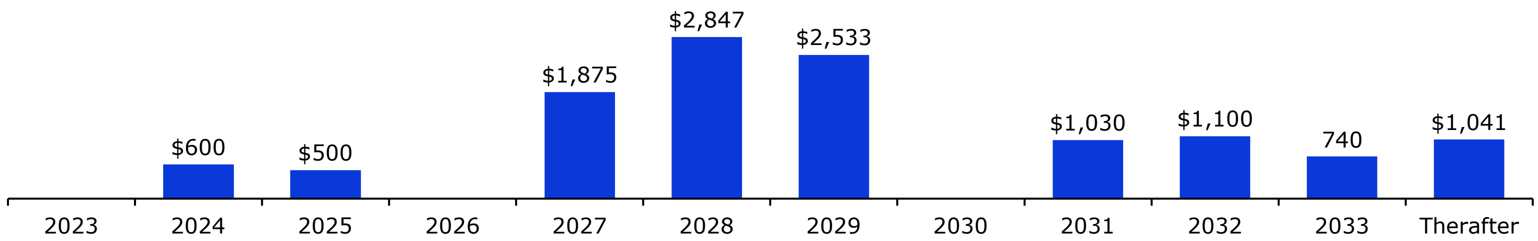
70% Board Diversity

- ☑ Four women and three ethnically diverse board members
- ☑ Champion of Board Diversity award, Forum of Executive Women
- ☑ ESG Integration Award: Board Oversight of ESG
- ☑ Independent board: 90%[5]

[1] Data as of 12/31/2022; [2] Millions of metric tons of carbon dioxide equivalent; [3] NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO_2e emissions by 50% by 2025, from the current 2014 base year, and achieve net-zero emissions by 2050. NRG received validation of these goals from SBTi in March 2021, based on NRG's business in 2020, prior to its acquisition of Direct Energy and prior to SBTi's release in October 2021 of its current Corporate Net Zero Standard. Following the acquisition, the magnitude of NRG's Scope 3 emissions changed. The Company is currently in the process of quantifying its Scope 3 emissions; [4] Total recordable incident rate of 0.27 (industry top decile is 0.34); [5] All Directors except CEO

Debt Maturity Schedule
Balance as of 06/30/2023

($ 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	$1,100
2.75% Convertible Senior Notes, due 2048[1]	$575
3.75% Senior Secured First Lien Notes, due 2024	$600
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
Revolving Credit Facility, due 2028	$700
Tax-exempt bonds	$466
Recourse Debt	**$9,540[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, due 2028	$1,326
Non-recourse Debt	**$2,726**

NRG Energy, Inc. Credit Rating

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

Uniform Maturity Schedule with No Near-Term Maturity Walls

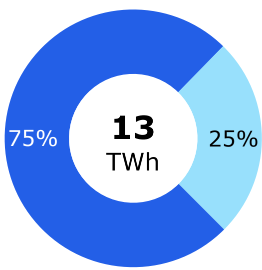
[1] Notes will become convertible during each of the ~6-month periods following December 1, 2024, and December 1, 2047; for updated convertible rate as of 6/30/2023, see page 36 of 2Q23 10Q for Note 9 – Long-term Debt and Finance Leases; [2] Includes cash borrowed under revolving credit facilities; does not include $19 MM Finance Leases

Business Metrics

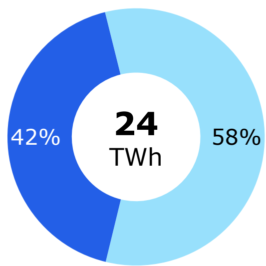
2Q23 Home & Business Volumes

Texas | East / Other

Electric



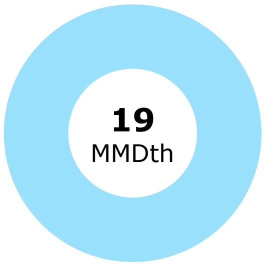
Home / Residential



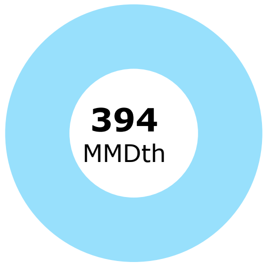
Business / C&I

37 TWh
Electricity

Natural Gas



Home / Residential



Business / C&I

413 MMDth
Natural Gas

Strong Retail Performance – Ending Quarter at 7.5 MM Customers

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

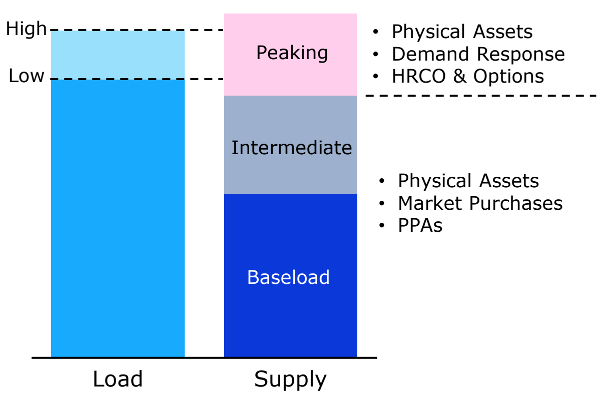
2 Retail Sale & Hedge

- 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

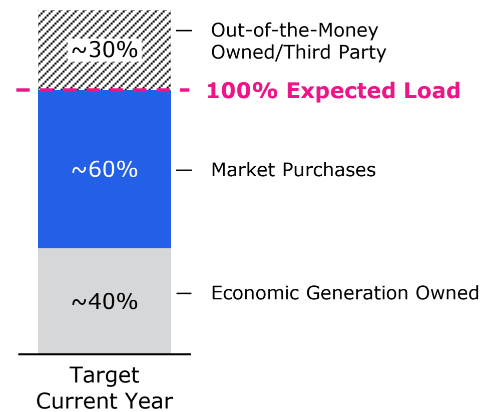
3 Optimize

- Perfect 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

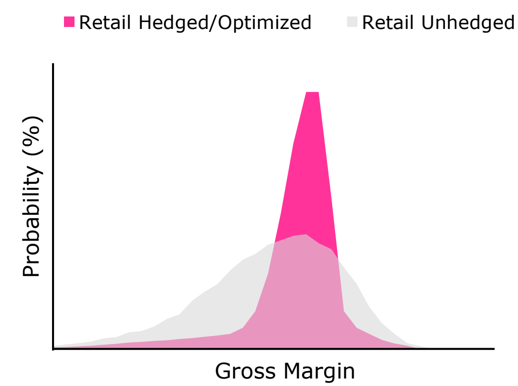
Power Retail



Retail Power Position
(On-Peak, Texas & East)



Stabilize & Enhance Gross Margin



At Signing, Day 0: Hedge to Expected Load

Day 1 thru Delivery Day: Optimize

Appendix: Reg. G Schedules

Reg. G

($ millions)

Appendix Table A-1: 2023 Guidance

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

	2023 Guidance
Net Income[1]	**$805 - $1,045**
Interest expense, net	580
Income tax	310
Depreciation and amortization	1,110
ARO expense	20
Amortization of customer acquisition costs[2]	120
Stock-based compensation[3]	75
Acquisition and divestiture integration and transaction costs	180
Other costs[4]	(190)
Adjusted EBITDA[5]	**$3,010 - $3,250**

[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. Prior to 1Q23, NRG did not exclude these costs in the calculation of Adjusted EBITDA, however, Vivint did. The Adjusted EBITDA calculation excludes the impact of customer acquisition costs for both NRG and Vivint. NRG amortization of customer acquisition costs, excluding Vivint, is expected to be $90 MM and Vivint is expected to be $30 MM

[3] Prior to 1Q23, NRG did not exclude the impact of stock-based compensation in its calculation of Adjusted EBITDA, however, Vivint did. The Adjusted EBITDA calculation excludes the impact of stock-based compensation for both NRG and Vivint. NRG stock-based compensation, excluding Vivint, is expected to be $30 MM and Vivint is expected to be $45 MM

[4] Includes adjustments for sale of assets, adjustments to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates, deactivation costs, and other non-recurring expenses

[5] Prior to 1Q23, Vivint excluded the amortization of customer fulfillment costs (primarily related to the sale and installation of equipment) in its calculation of Adjusted EBITDA. The Adjusted EBITDA calculation does not exclude the impact of customer fulfillment costs. Vivint's customer fulfillment costs are expected to be $35 MM and can be seen on the next slide. The net impact of the harmonization of Adjusted EBITDA is $85 MM

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($ millions)

Appendix Table A-2: 2023 Guidance

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

	2023 Guidance
Adjusted EBITDA	**$3,010 - $3,250**
Interest payments, net	(560)
Income tax	(95)
Net deferred revenue[1]	215
Amortization of customer fulfillment costs[2]	35
Capitalized contract costs[3]	(690)
Working capital / other assets and liabilities[4]	(305)
Cash provided by operating activities	**$1,610 - $1,850**
Acquisition and other costs[4]	210
Adjusted Cash provided by operating activities	**$1,820 - $2,060**
Maintenance capital expenditures, net[5]	(270) - (290)
Environmental capital expenditures	(10) - (15)
Net cash for growth initiatives	90
Free Cash Flow before Growth Investments (FCFbG)	**$1,620 - $1,860**

1 The cash impact of 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, 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

3 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 Includes W.A. Parish Unit 8 and Limestone Unit 1 expected insurance recoveries related to property, plant and equipment

($ millions)

Appendix Table A-3: Three months ended 6/30/23 and 6/30/22 Adjusted EBITDA Reconciliation by Operating Segment
The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income:

	Three Months ended 6/30/23[1]						Three Months ended 6/30/22[1]				
	Texas	East	West/ Services/ Other	Vivint Smart Home[2]	Corp/Elim	Total	Texas	East	West/ Services/ Other	Corp/Elim	Total
Net Income/(Loss)	**$ 785**	**$ (101)**	**$ (129)**	**$ (23)**	**$ (224)**	**$ 308**	**$ 762**	**$ (12)**	**$ 24**	**$ (261)**	**$ 513**
Plus:											
Interest expense, net	3	(4)	6	28	104	137	-	(2)	8	88	94
Income tax	-	1	1	-	87	89	-	(1)	11	142	152
Depreciation and amortization	73	30	23	180	9	315	77	50	22	8	157
ARO expense	2	(2)	(1)	-	-	(1)	3	5	1	-	9
Contract and emission credit amortization, net	3	(16)	3	-	-	(10)	(2)	(25)	5	-	(22)
EBITDA	**866**	**(92)**	**(97)**	**185**	**(24)**	**838**	**840**	**15**	**71**	**(23)**	**903**
Stock-based compensation	5	2	1	18	-	26	4	2	2	-	8
Amortization of customer acquisition costs[3]	12	11	1	4	-	28	12	7	1	-	20
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	4	-	-	4	-	-	17	-	17
Acquisition and divestiture integration and transaction costs[4]	-	-	-	7	16	23	-	-	-	14	14
Deactivation costs	-	6	3	-	-	9	-	5	-	-	5
(Gain)/loss on sale of assets	-	(3)	-	-	-	(3)	12	-	(44)	-	(32)
Other non-recurring charges	(45)	1	(2)	3	1	(42)	1	20	(5)	(1)	15
Impairments	-	-	-	-	-	-	-	155	-	-	155
Mark-to-market for economic hedging activities, net	(334)	152	118	-	-	(64)	(606)	(136)	23	-	(719)
Adjusted EBITDA	**$ 504**	**$ 77**	**$ 28**	**$ 217**	**$ (7)**	**$ 819**	**$ 263**	**$ 68**	**$ 65**	**$ (10)**	**$ 386**

[1] In 2022, Stock-based compensation and Amortization of customer acquisition costs were not excluded from Adjusted EBITDA; this schedule reflects 2022 & 2023 results reflecting the harmonization of Adjusted EBITDA beginning in 1Q23
[2] Vivint Smart Home acquired in March 2023
[3] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the P&L recognition of capitalized costs related to commissions and other costs related to securing the new customer
[4] Three months ended 6/30/2023 includes stock-based compensation of $3 MM

($ millions)

Appendix Table A-4: Six months ended 6/30/23 and 6/30/22 Adjusted EBITDA Reconciliation by Operating Segment
The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income:

	Six Months ended 6/30/23[1]						Six Months ended 6/30/22[1]				
	Texas	East	West/ Services/ Other	Vivint Smart Home[2]	Corp/Elim	Total	Texas	East	West/ Services/ Other	Corp/Elim	Total
Net Income/(Loss)	**$ 1,069**	**$ (1,503)**	**$ (433)**	**$ (62)**	**$ (98)**	**$ (1,027)**	**$ 1,533**	**$ 1,526**	**$ 154**	**$ (964)**	**$ 2,249**
Plus:											
Interest expense, net	3	(10)	12	54	210	269	-	(3)	15	182	194
Income tax	-	1	(46)	-	(202)	(247)	-	(1)	10	714	723
Depreciation and amortization	148	60	47	232	18	505	154	127	43	16	340
ARO Expense	4	1	-	-	-	5	6	7	3	-	16
Contract and emission credit amortization, net	4	99	6	-	-	109	(4)	122	7	-	125
EBITDA	**1,228**	**(1,352)**	**(414)**	**224**	**(72)**	**(386)**	**1,689**	**1,778**	**232**	**(52)**	**3,647**
Stock-based compensation	11	4	2	22	-	39	7	3	4	-	14
Amortization of customer acquisition costs[3]	26	22	2	4	-	54	26	14	1	-	41
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	8	-	-	8	-	-	35	-	35
Acquisition and divestiture integration and transaction costs[4]	-	-	-	37	58	95	-	-	-	24	24
Deactivation costs	-	10	6	-	-	16	-	9	-	-	9
(Gain)/loss on sale of assets	-	(202)	-	-	-	(202)	12	-	(43)	2	(29)
Other non-recurring charges	(44)	2	-	3	-	(39)	(1)	23	(11)	11	22
Impairments	-	-	-	-	-	-	-	155	-	-	155
Mark-to-market for economic hedging activities, net	(463)	1,907	436	-	-	1,880	(1,259)	(1,582)	(155)	-	(2,996)
Adjusted EBITDA	**$ 758**	**$ 391**	**$ 40**	**$ 290**	**$ (14)**	**$ 1,465**	**$ 474**	**$ 400**	**$ 63**	**$ (15)**	**$ 922**

[1] In 2022, Stock-based compensation and Amortization of customer acquisition costs were not excluded from Adjusted EBITDA; this schedule reflects 2022 & 2023 results reflecting the harmonization of Adjusted EBITDA beginning in 1Q23 [2] Vivint Smart Home acquired in March 2023; [3] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the P&L recognition of capitalized costs related to commissions and other costs related to securing the new customer; [4] Six months ended 6/30/23 includes stock-based compensation of $23 MM

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($ millions)

Appendix Table A-5: Three months ended 6/30/23 and 6/30/22 Free Cash Flow before Growth

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

	Three Months Ended 6/30/23	Three Months Ended 6/30/22
Adjusted EBITDA	**$ 819**	**$ 386**
Interest payments, net	(114)	(83)
Income tax	(36)	(54)
Net deferred revenue[1]	121	14
Amortization of customer fulfillment costs[2]	(6)	-
Capitalized contract costs[3]	(243)	(4)
Collateral / working capital / other assets and liabilities	29	1,254
Cash provided by operating activities	**570**	**1,513**
Winter Storm Uri securitization, C&I credits and remaining open receivables	-	(649)
Net receipts from settlement of acquired derivatives that include financing elements	(18)	389
Acquisition and divestiture integration and transaction costs[4]	19	14
Encina site improvement	4	4
GenOn settlement	-	4
Adjustment for change in collateral	(57)	(1,114)
Nuclear decommissioning trust liability	(17)	(3)
Effect of exchange rate changes on cash and cash equivalents	-	(3)
Adjusted Cash provided by operating activities	**501**	**155**
Maintenance capital expenditures, net[5]	(113)	(58)
Net cash for growth initiatives	37	-
Free Cash Flow before Growth Investments (FCFbG)	**$ 425**	**$ 97**

[1] The cash impact of 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, is the P&L 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] Capitalized contract costs represents 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 6/30/23 excludes $4 MM non-cash stock-based compensation; [5] Includes W.A. Parish Unit 8 and Limestone Unit 1 insurance recoveries related to property, plant and equipment

($ millions)

Appendix Table A-6: Six months ended 6/30/23 and 6/30/22 Free Cash Flow before Growth

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

	Six Months Ended 6/30/23	Six Months Ended 6/30/22
Adjusted EBITDA	**$ 1,465**	**$ 922**
Interest payments, net	(205)	(178)
Income tax	(32)	(36)
Net deferred revenue[1]	119	(36)
Amortization of customer fulfillment costs[2]	(6)	-
Capitalized contract costs[3]	(299)	19
Collateral / working capital / other assets and liabilities	(2,070)	2,498
Cash (used)/provided by operating activities	**(1,028)**	**3,189**
Winter Storm Uri securitization, C&I credits and remaining open receivables	-	(624)
Net receipts from settlement of acquired derivatives that include financing elements	318	950
Acquisition and divestiture integration and transaction costs[4]	75	24
Astoria fees	3	-
Encina site improvement	7	9
GenOn settlement	-	4
Adjustment for change in collateral	1,355	(3,121)
Nuclear decommissioning trust liability	(5)	7
Effect of exchange rate changes on cash and cash equivalents	3	-
Adjusted Cash provided by operating activities	**728**	**438**
Maintenance capital expenditures, net[5]	(154)	(101)
Environmental capital expenditures	-	(1)
Net cash for growth initiatives	54	-
Free Cash Flow before Growth Investments (FCFbG)	**$ 628**	**$ 336**

[1] The cash impact of 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, is the P&L 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] Capitalized contract costs represents 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 6/30/23 excludes $20 MM non-cash stock-based compensation; [5] Includes W.A. Parish Unit 8 and Limestone Unit 1 insurance recoveries related to property, plant and equipment

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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.

Reg. G

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 net new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by a transfer of a service contract from one subscriber to another.
- ***Average Monthly Subscribers*** is the ending subscribers each month of the period divided by the number of months in the period.
- ***Monthly Recurring Revenue per Subscriber*** is average smart home and security monthly recurring 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 period and capitalized service costs), 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 cash cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that period. These costs include commissions, equipment, installation, marketing, sales support and other allocations (general and administrative); less upfront payments received from the sale of equipment associated with the initial installation, and installation fees net of associated financing fees (estimated). Excludes costs and upfront proceeds associated with contract modifications.
- ***Gross Subscriber Acquisition Costs per New Subscriber*** is Net Subscriber Acquisition Costs per New Subscriber plus upfront payments received from the sale of equipment associated with the initial installation, and installation fees net of associated financing fees (estimated). Excludes costs and upfront proceeds associated with contract modifications.