Q3 2026 Results

Talen Energy Corporation | November 3, 2026

TALEN ENERGY

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Non-GAAP Financial Measures

We include in this presentation Adjusted EBITDA and Adjusted Free Cash Flow, which we use as measures of our performance and liquidity, and which are not financial measures prepared under U.S. Generally Accepted Accounting Principles ("GAAP"). Non-GAAP financial measures, such as Adjusted EBITDA and Adjusted Free Cash Flow, do not have definitions under GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies or used in our credit facilities, the indentures governing our notes or any of our other debt agreements. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions investors not to place undue reliance on such non-GAAP measures, but to consider them along with their most directly comparable GAAP measures. Adjusted EBITDA and Adjusted Free Cash Flow have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. Please see the Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail. Due to the difficulty in predicting certain components of Adjusted EBITDA and Adjusted Free Cash Flow for the 2028E Outlook with a reasonable degree of certainty, we are unable to reconcile these non-GAAP financial measures to the comparable GAAP measures without unreasonable efforts.

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This presentation includes market data and other information from independent industry publications, as well as surveys and our own research and knowledge of the industry. Some data is also based on management's estimates, which are derived from our review of internal sources, as well as the independent sources described above. Although we believe these sources are reliable, the third-party information contained in this presentation has not been independently investigated, verified or audited and, therefore, we cannot guarantee the accuracy or completeness of such information. As a result, you should be aware that market share, ranking and other similar data set forth in this presentation, and estimates and beliefs based on such data, may not be reliable.

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In addition to the specific factors discussed in the sections entitled "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors" in our periodic reports and other filings with the SEC, the following are among the important factors that could cause actual results to differ materially from forward-looking statements: Talen's or its subsidiaries' levels of indebtedness; the terms and conditions of debt instruments that may restrict Talen's ability to operate its business; operational, price and credit risks in the wholesale and retail electricity markets (including as a result of increases in the supply of electricity generally due to new power or intermittent renewable power generation); the effectiveness of Talen's risk management techniques, including hedging, with respect to electricity and fuel prices, interest rates and counterparty and joint venture partner credit and non-performance risks; methods of accounting and developments in or interpretations of accounting requirements that may impact reported results, including with respect to, but not limited to, hedging activity; Talen's ability to forecast and provide the actual load needed to perform sales contracts; the effects of transmission congestion due to line maintenance outages and the performance of transmission facilities and any changes in the structure and operation of, or the pricing limitations imposed by, the Regional Transmission Organizations and Independent System Operators that operate those facilities; blackouts due to disruptions in neighboring interconnected systems; the impacts of federal, state, local and market legislation, regulation, proceedings and other actions, including but not limited to those related to energy, the environment and tax, the outcomes thereof and the costs of compliance therewith; the impacts of new or revised United States and/or international trade tariffs, treaties, policies, and regulations; the costs of complying with environmental, social and related worker health and safety laws and regulations; the impacts of climate change, including changes in regulation or their enforcement; the availability and cost of emission allowances; the performance of Talen's subsidiaries and affiliates, on which our ability to meet our debt obligations largely depend; the risks inherent with variable rate indebtedness; disruption in or adverse developments of financial markets; acquisition or divestiture activities, including Talen's ability to realize expected synergies and other benefits from such business transactions; Talen's ability to achieve anticipated cost savings; the execution and development of proposed future enterprises, including the ability to permit, develop, construct and operate proposed renewable energy, energy storage and/or data center facilities, realization of assumptions underlying the statements regarding future enterprises, and realization of estimates of valuations of future enterprises; Talen's ability to optimize its competitive power generation operations and the costs associated with any capital expenditures; the leadership transition, the timing, size, completion, and impacts of the capacity monetization, ASR, and remaining SRP; the integration of and anticipated benefits from the recent Cornerstone acquisition and the Freedom and Guernsey acquisitions; significant increases in operation and maintenance expenses, such as health care, and pension costs, including as a result of changes in interest rates; the loss of key personnel, the ability to hire and retain qualified employees, and the possibility of union strikes or work stoppages; war (including supply chain disruptions as a result of war, and including the effects of the Ukraine/Russia and Middle East conflicts, attendant sanctions and related disruptions in oil and natural gas production and the supply of nuclear fuel), armed conflicts or terrorist attacks, including cyber-based attacks; and pandemics, including COVID-19. 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Key Highlights

- **Executing on Core Business**
- **Advantaged Assets in Advantaged Locations – PJM Fundamentals Continue to Improve**
- **Strong Cash Flow Growth Amplified By Disciplined Share Repurchases**
- **Advancing Growth through Talen Flywheel – Multiple Ways to Contract Existing Portfolio**

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.

YTD 2026 Financial and Operational Performance

Key Financial Metrics

$1,516mm
Adjusted EBITDA

$995mm
Adjusted Free Cash Flow

~$1.6B
Liquidity[1]

$9.5B
Net Debt[1]

Key Operational Metrics

0.31
OSHA TRIR[2]

4.3%
Fleet EFOF[3]

~53 TWh
Total Generation

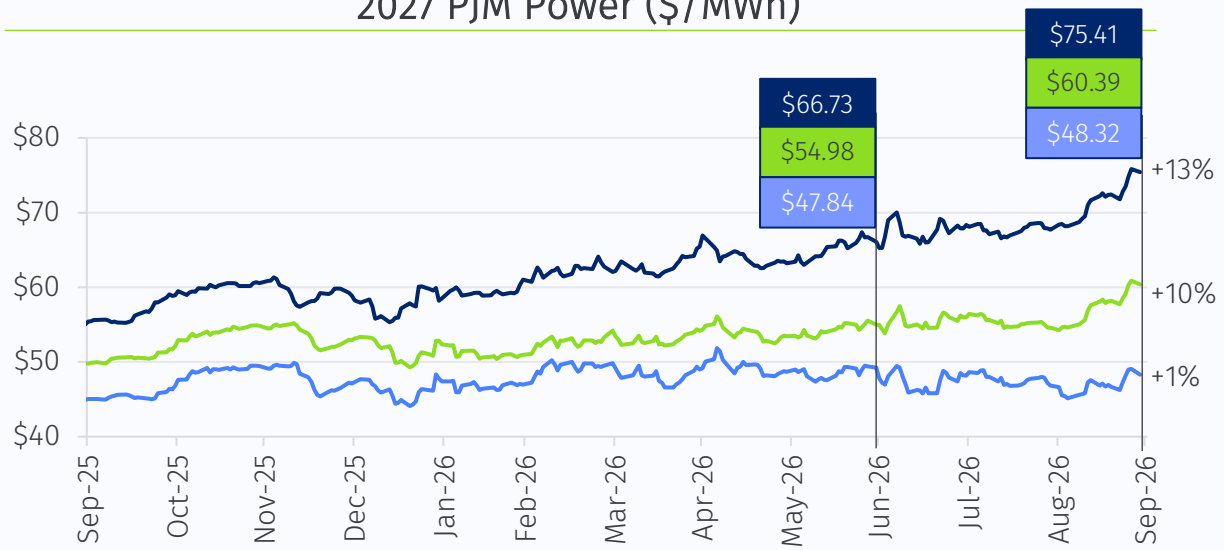
~64%
Capacity Factor[4]

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow. Metrics include contribution from the Cornerstone Acquisition starting on 6/15/2026.

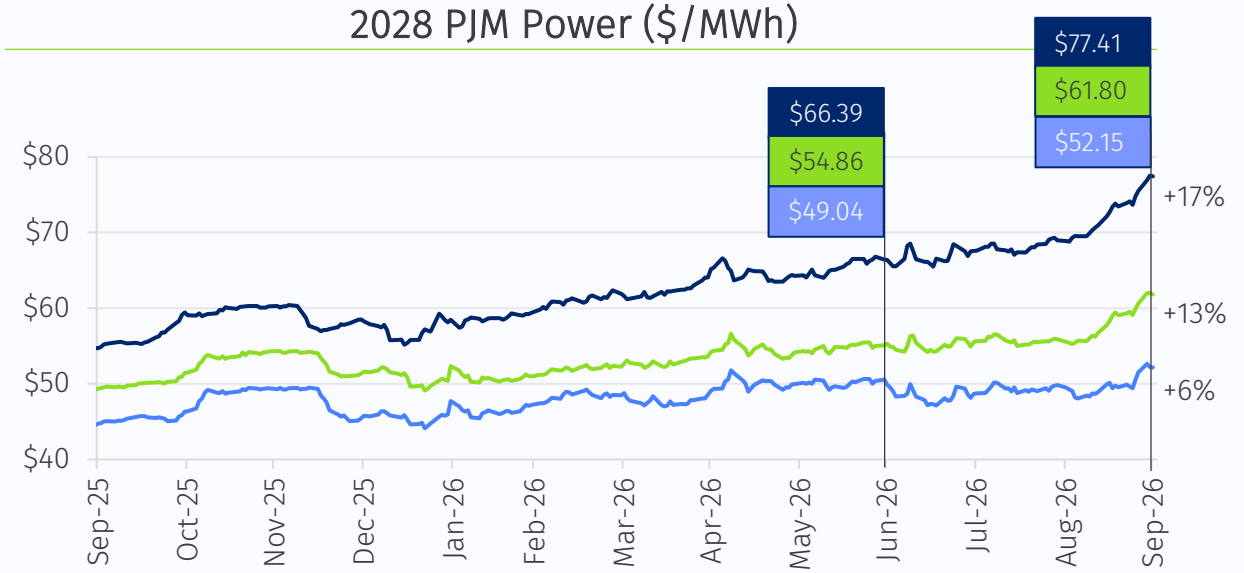
1. See slide 17 for calculation.
2. OSHA Total Recordable Incident Rate ("OSHA TRIR"): The number of recordable incidents x 200,000 / total number of manhours worked. Only includes Talen-operated generation facilities (i.e., excludes Conemaugh).
3. Fleet Equivalent Forced Outage Factor ("Fleet EFOF"): The percentage of a given period in which a generating unit is not available due to forced outages and forced derates. Represents Talen generation facilities, excluding RMR facilities (Brandon Shores and H.A. Wagner).
4. Capacity Factor: The ratio of the electrical energy produced by a generating unit to the energy that could have been produced at continuous full power operation during the same period, excluding RMR facilities (Brandon Shores and H.A. Wagner).

PJM Forward Pricing Continued to Improve in Q3

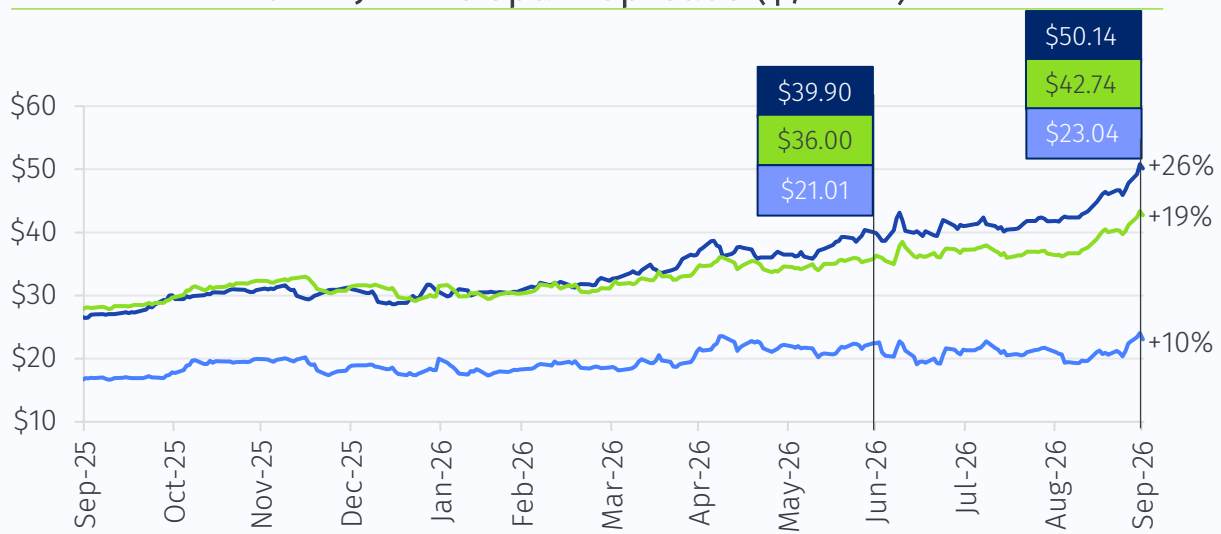
2027 PJM Power ($/MWh)



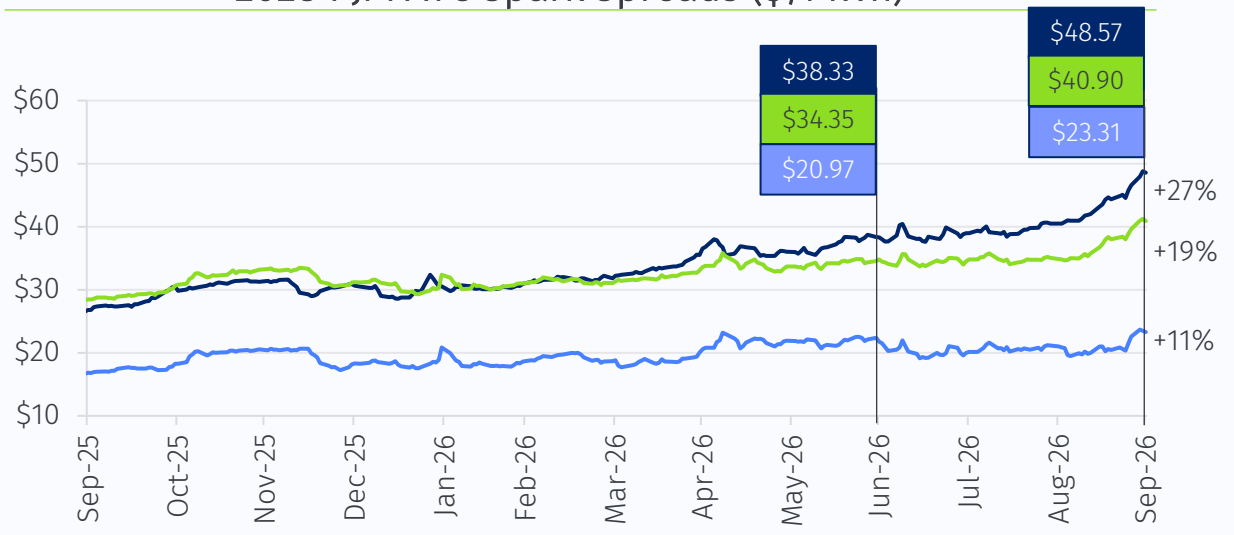
2028 PJM Power ($/MWh)



2027 PJM ATC Spark Spreads ($/MWh)[1]



2028 PJM ATC Spark Spreads ($/MWh)[1]



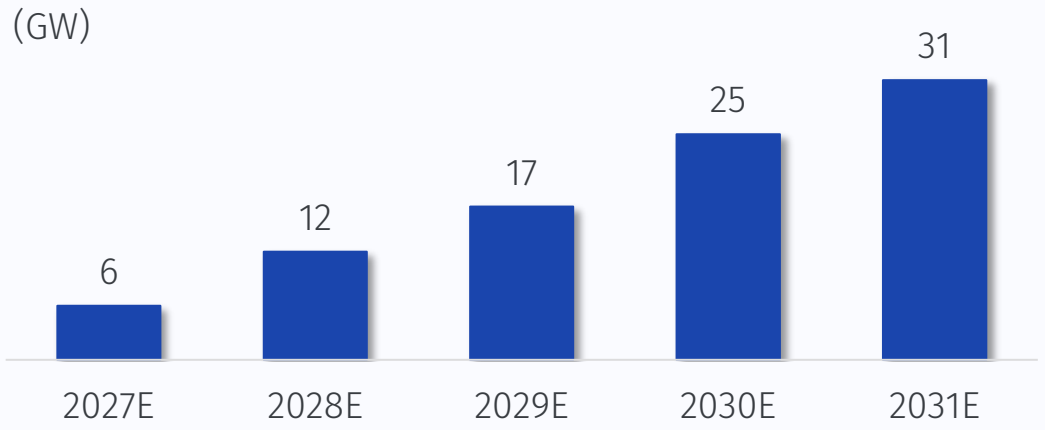
PJM WHUB ADHUB PPL Zone

Note: Percentages calculated between 6/30/2026 and 9/30/2026 prices.

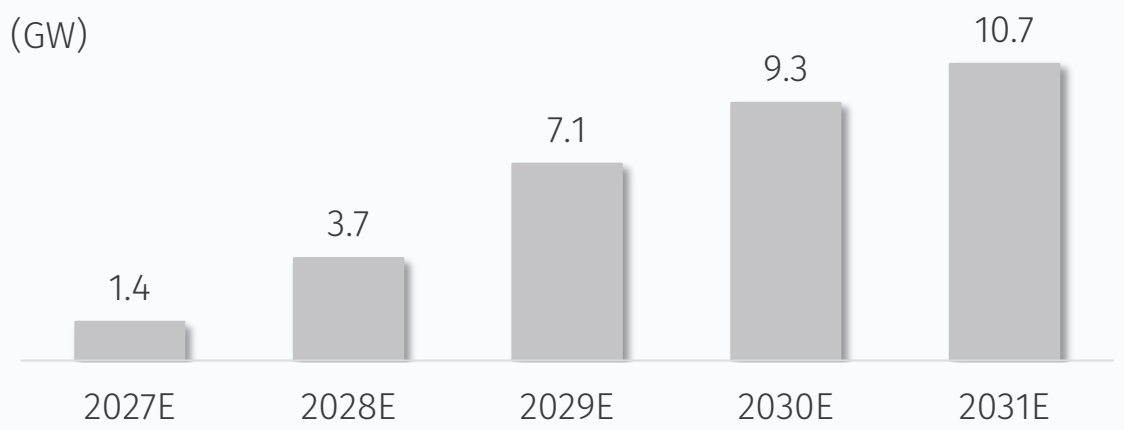
1. PJM WHUB spark spreads computed based on day-ahead West Hub ATC prices and TETCO M3 natural gas prices. PPL Zone spark spreads computed based on day-ahead PJM PPL Zone ATC prices and TETCO M3 natural gas prices. ADHUB sparks spreads computed based on day-ahead PJM ADHUB ATC prices, and TETCO M2 natural gas prices. All spark spreads based on a heat rate of 7 MMBtu/MWh.

PJM Demand Outlook Remains Strong

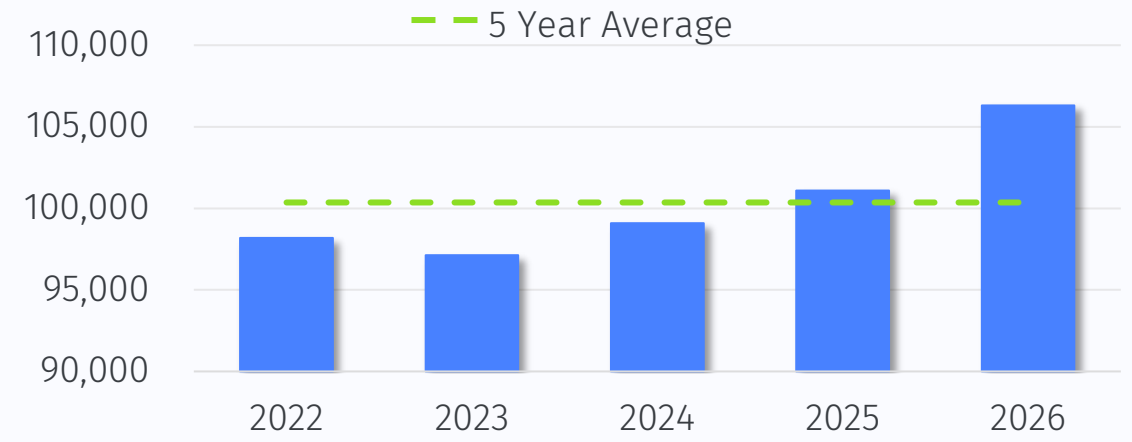
AEP Cumulative Contracted Load Additions in PJM[1]



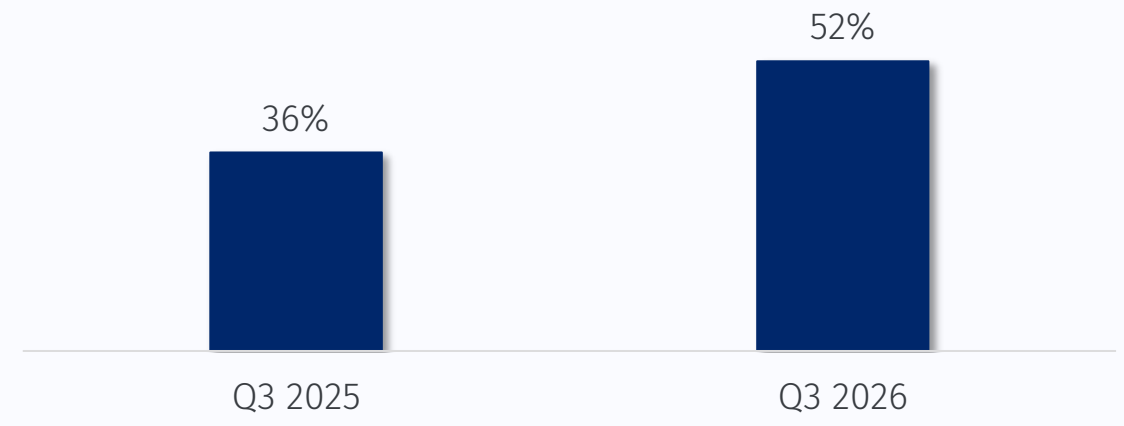
PPL Cumulative Contracted Data Center Additions[2]



Q3 PJM Average Electricity Demand[3]



Talen Intermediate Assets Capacity Factor[4]



1. AEP, "American Electric Power Third Quarter 2026 Earnings," (October 28, 2026). Contracted load is supported by fully executed LOAs and ESAs.
2. PPL, "PPL Corporation 2nd Quarter 2026 Investor Presentation," (August 7, 2026). Contracted load supported by ESAs.
3. PJM Data. Measured in GWs. Not weather normalized.
4. Capacity Factor: The ratio of the electrical energy produced by a generating unit to the energy that could have been produced at continuous full power operation during the same period. Includes Brunner Island, Conemaugh, Darby, Martins Creek, and Montour.

Talen Offers Range of Long-Term Contracting Solutions

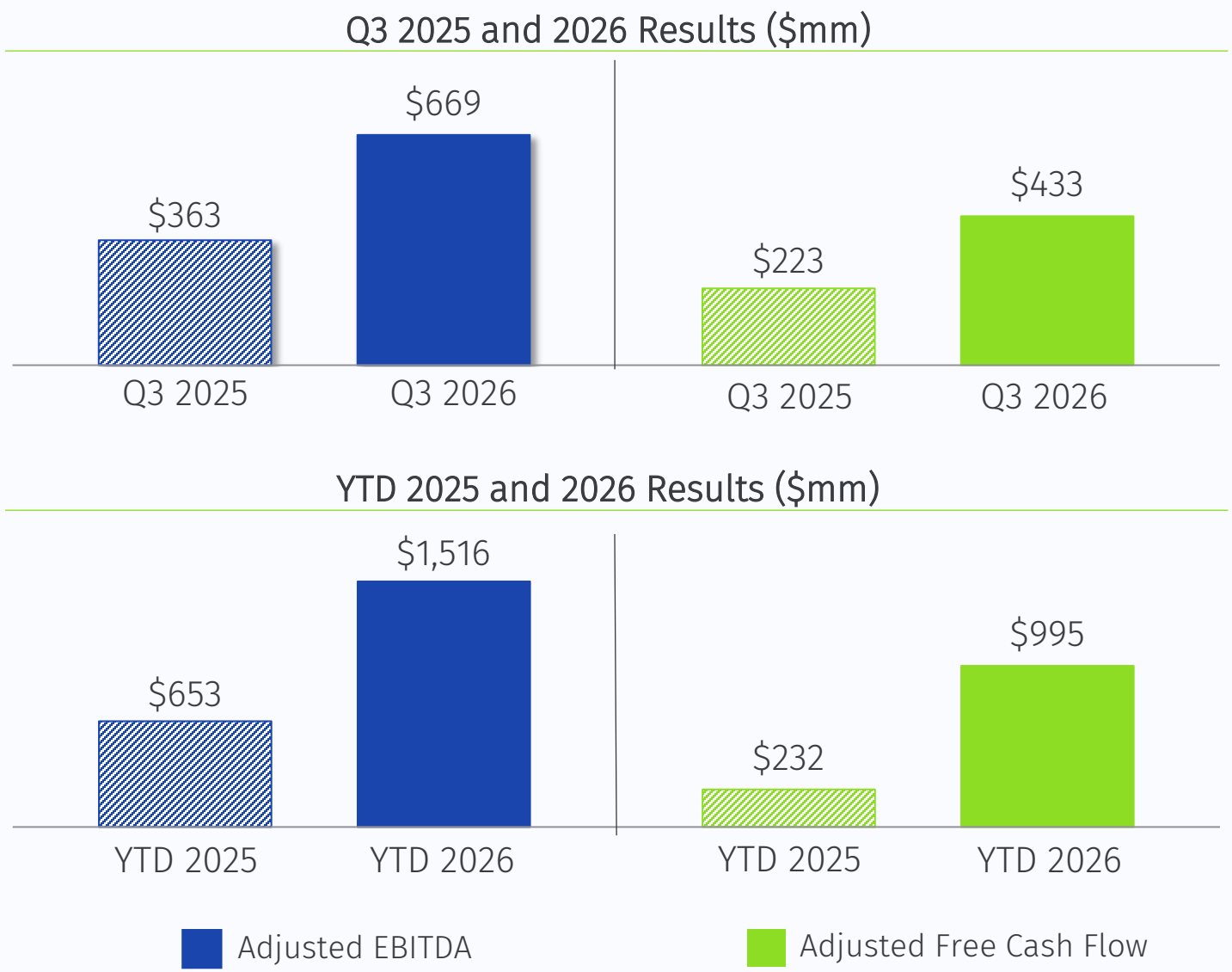
Customer Needs	Benefits	Talen's Advantaged Position
Fixed retail power contracts (energy and/or capacity)	Locks-in price certainty and capacity resource commitments	~6 GW baseload generation portfolio[1]
Data center campus	Provides speed-to-market across GW+ scale campuses	~4 GW across multiple powered land sites with 2028/2029 grid power
New grid capacity resources (additionality)	Addresses ratepayer protection pledges and potential regulatory outcomes	3+ GW new capacity development projects (e.g., uprates, batteries, peakers)
24x7, low-carbon intensity	Maintains long-term ESG goals and commitments	~300 MW carbon-free at Susquehanna (uncontracted), plus battery development pipeline, high-efficiency CCGT portfolio

Talen Offers Customers Desired Solutions That Meet Multiple Needs

Note: Advanced development/powered land sites includes data center sites with utility load commitment and other development milestones; New build capacity includes 2 GW+ backed with interconnection queue positions.

1. Excludes the MWs contracted with AWS.

Q3 and YTD 2026 Financial Results



Key Q3 and YTD Drivers:

- Overall net earnings contribution from Freedom, Guernsey, Lawrenceburg, Waterford, and Darby
- Higher settled power prices, generation volumes, and cleared capacity revenues on existing assets
- Partially offset by realized hedge results
- Higher interest payments associated with acquisition financing

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.

Reaffirming 2026 Guidance and Introducing 2027 Guidance

	2026 Guidance[1]	2027 Guidance
Adjusted EBITDA	$2,050 - $2,200 million	$2,500 - $2,850 million
Adjusted Free Cash Flow	$1,225 - $1,325 million	$1,500 - $1,750 million

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.
1. 2026 Guidance narrowed by $25 million per side.

Attractive Growth Through End of the Decade



Incremental Opportunity Levers Provide FCF/Share Upside

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted Free Cash Flow. Single point adjusted free cash flow per share numbers are estimates and represent midpoint of ranges.

1. Pricing as of 9/30/2026. Assumes 42.9 million shares outstanding for 2026E – 2029E which would reflect completion of the ASR at $343.12 share price as of 10/30/2026.
2. Represents impacts of future share buybacks using ~70% of annual Adjusted Free Cash Flow; assumes $343.12 share price as of 10/30/2026. 2029 yield calculated using mid-point range.
3. CAGR calculated between 2026E original midpoint guidance including Cornerstone of $26.60/share and 2029E Share Buyback Impact midpoint.
4. 2027E - 2029E assume the impact of potential debt repayment with excess annual free cash flow.

Focused on Incremental Value Drivers

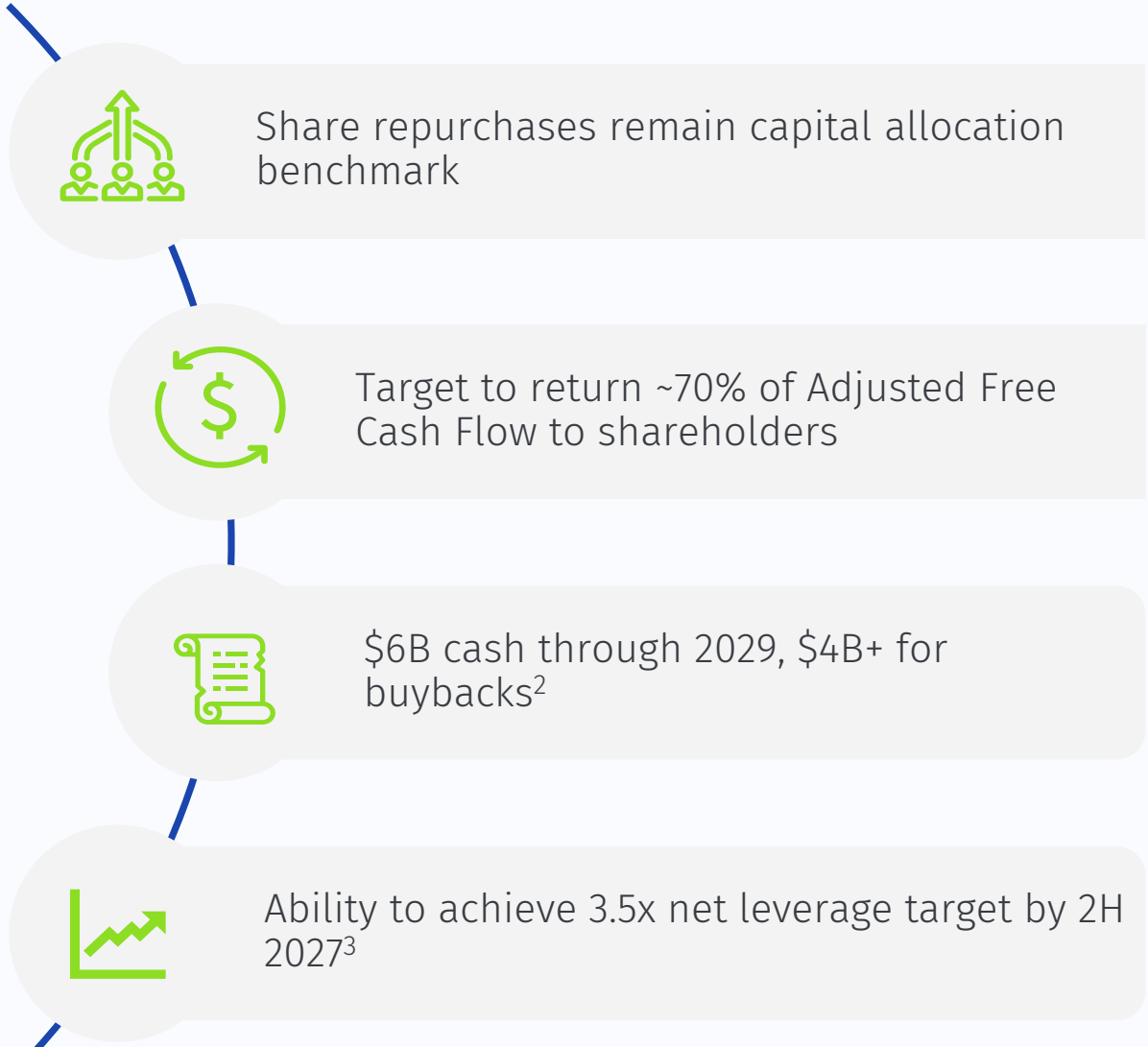
Upside Opportunity Lever	Sensitivity[1]	Adjusted Free Cash Flow Guidance Impact ($/share)
+ Accretive M&A	1 GW M&A Deal[2]	$2 - $3
+ Existing PPA acceleration	1 Year Acceleration of AWS Contract	~$2
+ New data center PPA(s)	1 GW Premium Data Center Deal[3]	$3 - $5
+ Continued spark expansion	$5/MWh Change in Spark Spread[4,5]	~$5
+ Zonal basis normalizes	$5/MWh Change in Zonal Basis[4]	~$5

1. Sensitivities are not intended to be additive.
2. Assuming similar economics as recent M&A transactions.
3. Assuming similar economics as existing AWS contract at full ramp.
4. Pricing as of 9/30/2026.
5. Assumes change in power price and no change in gas price, across portfolio.

Executing on Capital Allocation Strategy

Accelerated Share Repurchases

- Upsized $3.0B SRP through 2028 (including the ASR)
- Announced $1.5B ASR
  - Efficiently funded through capacity monetization that pulls forward cash flows through May 2029
  - Expect to complete by end of Q1 2027
  - ~3.8mm shares retired upfront; additional shares expected to be retired upon completion[1]



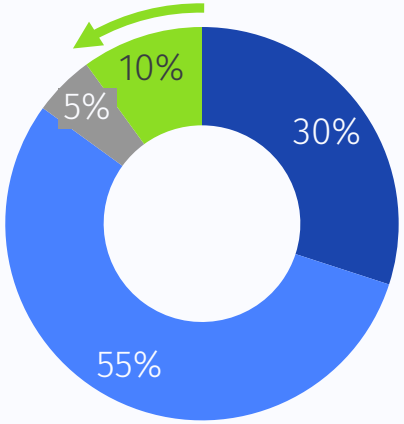
1. To be calculated based on VWAP through duration, less a pre-negotiated discount. Final shares to be trued-up at completion.
2. Includes ASR.
3. Based on next 12 months Adjusted EBITDA.

Progression to Significantly Contracted Portfolio

Gross Margin[1] Mix

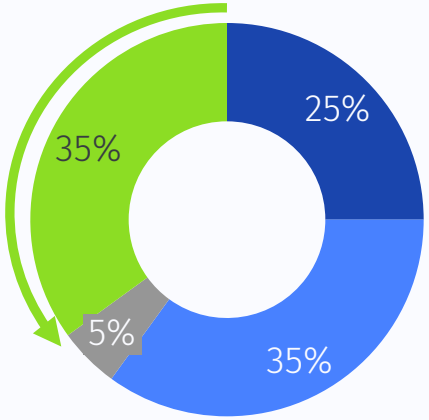
LT Contracted | RMR[2] | PJM Energy | PJM Capacity

2028 Outlook



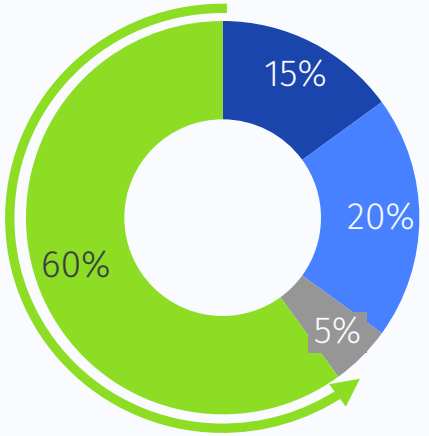
480 MW

Full Contract Ramp[3] (2028-2030)



1,920 MW

Illustrative Portfolio Mix[4] (2030+)



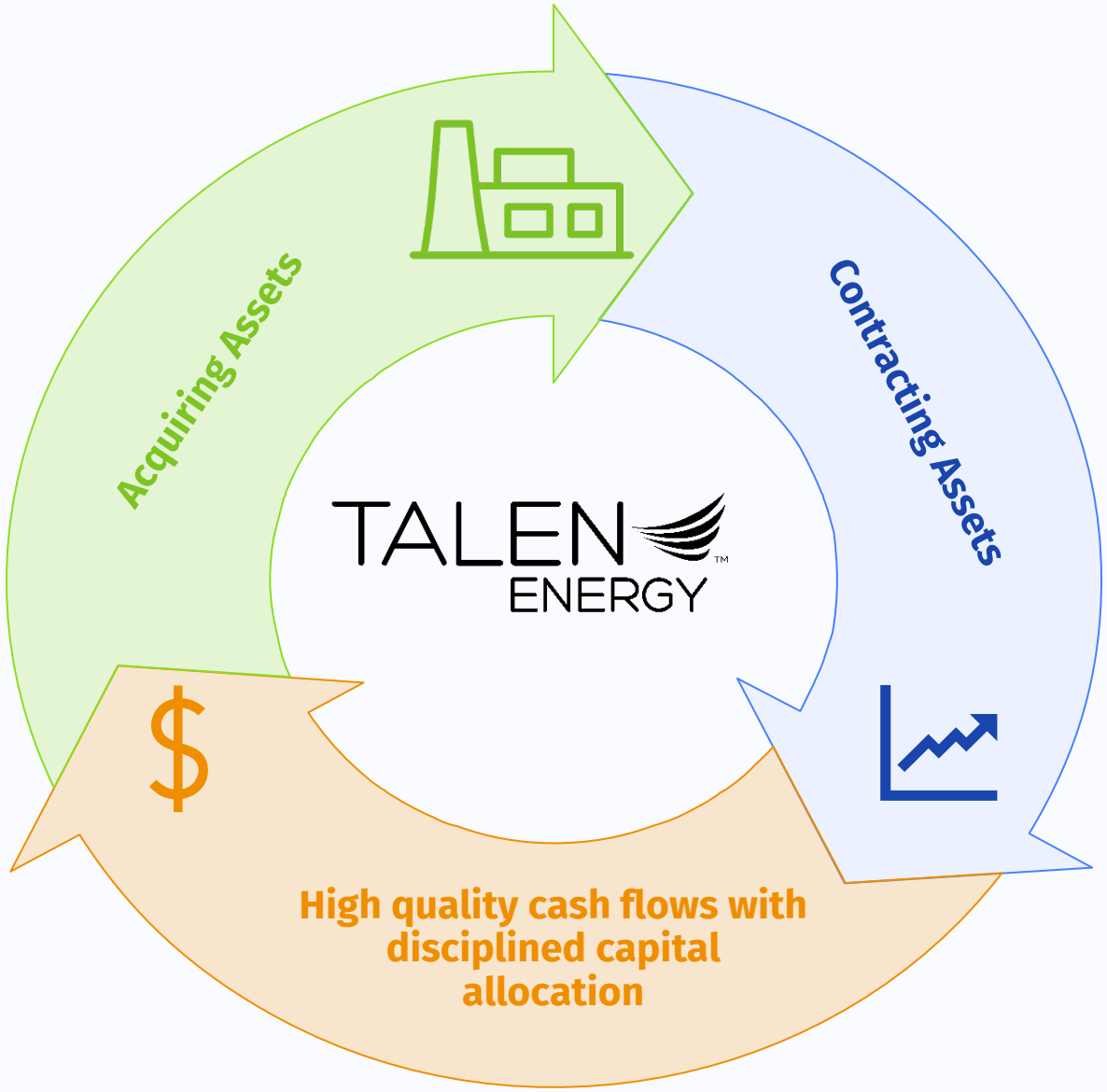
4,000 MW

LT Contract:

- Existing contract at minimum ramp schedule; locked in capacity
- Exposure to widening spark spreads
- Full value of existing contract by 2030; line of sight for contracted capacity into 2030
- Continued exposure to widening spark spreads
- Assumes additional premium contracts with mix of long-term counterparties
- Would significantly reduce reliance on capacity markets beyond 2030

1. Margin is comprised of: (i) capacity revenue, (ii) margin associated with electric generation, (iii) bilateral physical electricity sales, RMR annual fixed-cost payments, and other contracts, and (iv) expected hedge settlements. Margin excludes nuclear fuel amortization. Rounded to nearest 5%.
2. Brandon Shores and H.A. Wagner RMR arrangements extended through 5/31/2031.
3. Based on existing 1.9 GW PPA terms and structure.
4. Assumes additional PPAs with similar terms and structure to existing 1.9 GW PPA.

Executing the Talen Flywheel Strategy



- Strong Growth in Adjusted Free Cash Flow per Share with Meaningful Upside
- Advantaged Assets in Advantaged Locations
- Strong PJM Fundamentals
- Multiple Contracting Opportunities

Appendix

TALEN ENERGY

Generation Portfolio Summary

Asset	State	Primary Fuel Type(s)	Plant Type	Ownership	Owned Capacity (MW)[1]	Commercial Operations Date	Region
Susquehanna[2]	PA	Nuclear	Baseload	90%	2,247	1983 – 1985	PJM-PPL/MAAC
Guernsey	OH	Natural Gas	Baseload	100%	1,792	2023	PJM-AEP/RTO
Martins Creek	PA	Natural Gas	Intermediate	100%	1,704	1975 – 1977	PJM-PPL
Montour	PA	Natural Gas	Intermediate	100%	1,522	1972 – 1973	PJM-PPL
Brunner Island[3, 4]	PA	Coal / Natural Gas	Intermediate	100%	1,431	1961 – 1969	PJM-PPL
Brandon Shores[5]	MD	Coal	RMR	100%	1,273	1984 – 1991	PJM-BGE
Lawrenceburg	IN	Natural Gas	Baseload	100%	1,212	2004	PJM-AEP/RTO
Freedom	PA	Natural Gas	Baseload	100%	1,015	2018	PJM-PPL/MAAC
Waterford	OH	Natural Gas	Baseload	100%	882	2003	PJM-AEP/RTO
H.A. Wagner[5, 6]	MD	Oil	RMR	100%	702	1966 – 1972	PJM-BGE
Lower Mount Bethel	PA	Natural Gas	Baseload	100%	602	2004	PJM-PPL
Darby	OH	Natural Gas / Oil	Intermediate	100%	463	2001	PJM-AEP/RTO
Conemaugh[2, 4]	PA	Coal	Intermediate	22%	385	1970 – 1971	PJM-PN/MAAC
Colstrip Unit 3[2]	MT	Coal	Baseload	30%	222	1984 – 1986	WECC
Talen Total					**15,452**		

1. Generation capacity (summer rating, where applicable) is based on factors, among others, such as operating experience and physical conditions, which may be subject to revision.
2. See Note 7 to the FY 2025 Financial Statements for additional information on jointly owned facilities.
3. Coal-fired electric generation is restricted during the EPA Ozone Season, which is May 1 to September 30 of each year.
4. Coal-fired electric generation is required to cease at Brunner Island by December 31, 2028 and at Conemaugh by December 31, 2034.
5. See Note 9 to the Q3 2026 Financial Statements for additional information on the Brandon Shores and H.A. Wagner RMR arrangements.
6. Includes H.A. Wagner Units 3 and 4.

Hedging Program as of 9/30/2026

Market Price Summary	Balance of 2026[1]	2027	2028
PJM West Hub ATC ($/MWh)	$71.54	$75.41	$77.41
AD Hub ATC ($/MWh)	$60.16	$60.39	$61.80
PPL Zone ATC ($/MWh)	$43.42	$48.32	$52.15
TETCO M2 ($/MMBtu)	$2.16	$2.52	$2.99
TETCO M3 ($/MMBtu)	$2.68	$3.61	$4.12

Total Fleet Hedge Position	Balance of 2026[1]	2027	2028
% Hedged of Expected Generation[2]	~80%	~70%	~35%
Hedge Value vs Market[3]	$(130)mm	$(510)mm	$(185)mm

Total Fleet Power Price Sensitivities[3,4]		Balance of 2026[1]	2027	2028
Margin Impact from Change in Power Price	+$10/MWh	+$25mm	+$215mm	+$415mm
	+$5/MWh	+$10mm	+$110mm	+$205mm
	$(5)/MWh	$(15)mm	$(105)mm	$(200)mm
	$(10)/MWh	$(25)mm	$(210)mm	$(390)mm

1. "Balance of 2026" is October – December 2026.
2. Figures rounded to the nearest 5%.
3. Margin is comprised of: (i) capacity revenue, (ii) margin associated with electric generation, (iii) bilateral physical electricity sales, RMR annual fixed-cost payments, and other contracts, and (iv) expected hedge settlements. Margin excludes nuclear fuel amortization. Figures rounded to the nearest $5mm.
4. Where applicable, natural gas prices are adjusted to maintain consistent heat rate relationships with corresponding power prices. Figures rounded to the nearest $5mm.

Leverage and Liquidity Snapshot

Capitalization Summary *($mm unless otherwise noted)*	October 30, 2026
Unrestricted Cash	$220
Secured Debt	$2,868
Total Debt[1]	**$9,689**
Net Debt[2]	**$9,469**
Credit Metrics	
2026E Adjusted EBITDA Midpoint[3]	$2,125
Total Liquidity[4]	$1,570

Maintaining Balance Sheet Strength

- Talen is committed to long-term net leverage target of <3.5x

Balance Sheet Strength Provides Strategic Flexibility

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA.

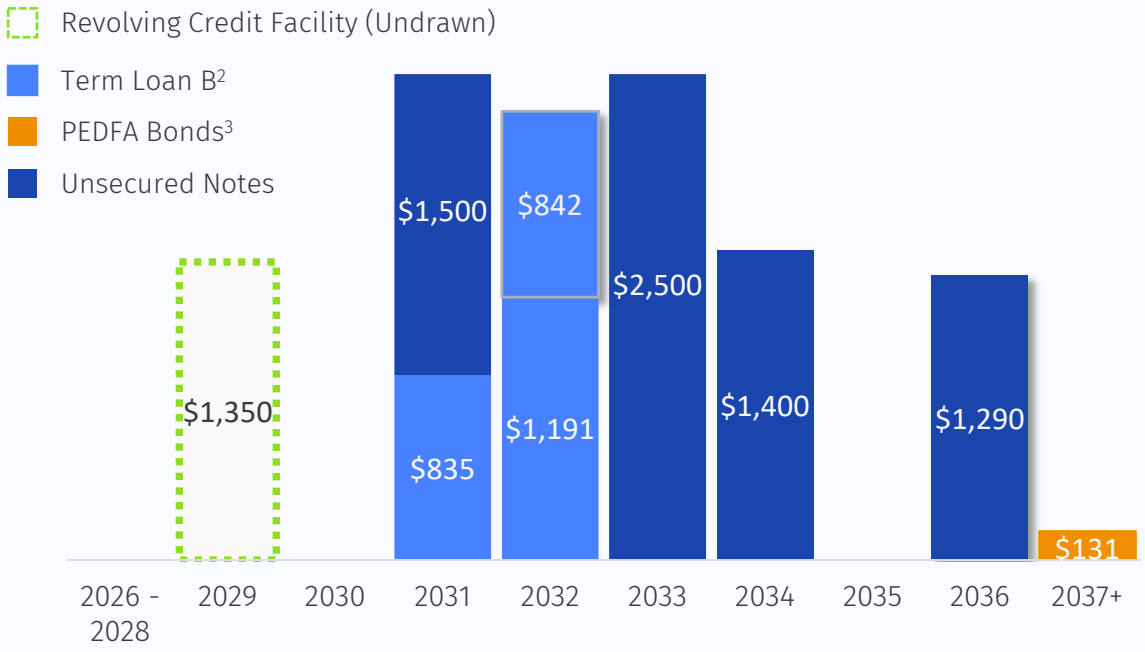
1. Total Debt excludes $1.5B standalone LCF and $1.5B capacity monetization.
2. Calculated as Total Debt less Unrestricted Cash.
3. Only includes contribution from the Cornerstone Acquisition starting on 6/15/2026..
4. Calculated as Unrestricted Cash plus $1.35B RCF availability as of 10/30/2026.

Long-Dated Debt Maturities

Debt Overview[1]

Tranche	Maturity	Principal ($mm)	Interest Rate
RCF	Dec 2029	-	SOFR + 150bps
2031 TLB[2]	Dec 2031	835	SOFR + 175bps
2032 TLB-1[2]	Nov 2032	842	SOFR + 175bps
2032 TLB-2[2]	Nov 2032	1,191	SOFR + 150bps
Secured Debt		**$2,868**	
2031 Unsecured Notes	May 2031	1,500	6.125%
2033 Unsecured Notes	May 2033	2,500	6.375%
2034 Unsecured Notes	Feb 2034	1,400	6.25%
2036 Unsecured Notes	Feb 2036	1,290	6.50%
PEDFA 2009C Bonds[3]	Dec 2037	81	5.25%
PEDFA 2009B Bonds[3]	Dec 2038	50	5.25%
Unsecured Debt		**$6,821**	
Total Debt[4]		**$9,689**	
Other Obligation – Capacity Monetization[5]		$1,500	

Debt Maturity Summary[1,5] ($mm)



Agency	IDR / Secured Debt Rating	Outlook
S&P	BB- / BB+	Stable
Moody's	Ba3 / Baa3	Negative
Fitch[6]	B+ / BB+	Stable

1. As of 10/30/2026.
2. Subject to mandatory 1% annual amortization, not shown in debt maturity summary.
3. Subject to mandatory remarketing in 2027.
4. Total Debt excludes $1.5B standalone LCF and $1.5B capacity monetization.
5. Capacity monetization not included in debt maturity summary. Closed on 10/1/2026. Amortization June 2027 – May 2029.
6. Downgrade on corporate and unsecured ratings by one notch due to the capacity monetization liability.

Appendix
Modeling Assumptions and Supplemental Asset Detail

TALEN ENERGY

Energy Revenue and Energy Margin Projections

	2027E			2028E		
	Generation (TWhs)	Prices ($/MWh)[2]	Energy Revenue ($mm)	Generation (TWhs)	Prices ($/MWh)[2]	Energy Revenue ($mm)
PJM	78.9	$56	$4,445	80.0	$60	$4,765
Other Markets	1.3	$60	$80	1.4	$63	$90
Revenue	**80.3**	**$56**	**$4,525**	**81.4**	**$60**	**$4,855**
Expected Hedge Settlements			$(510)			$(185)
Fuel and Energy Purchases			$(1,760)			$(1,960)
Energy Margin[1]			**$2,255**			**$2,710**

Note: Represents the midpoint of each guidance and outlook range provided. All projections in presentation are net to Talen's ownership interest, unless otherwise noted. Numbers are rounded to the nearest $5mm.

1. Energy margin is comprised of: (i) margin associated with electric generation, (ii) bilateral physical electricity sales, RMR annual fixed-cost payments, and other contracts, and (iii) expected hedge settlements. Margin excludes nuclear fuel amortization. Figures rounded to the nearest $5mm.
2. Expected realized prices incorporate forward prices as of 9/30/2026 and reflect the effect of basis risk and AWS PPA ramp.

PJM Capacity Revenue Projections

Planning Year	2026E/2027E			2027E/2028E			2028E/2029E		
	Volumes (MW)	Prices ($/MWd)	Revenues ($mm)	Volumes (MW)	Prices ($/MWd)	Revenues ($mm)	Volumes (MW)[1]	Prices ($/MWd)	Revenues ($mm)
PJM Capacity Revenue									
MAAC	10,357	$329.17	$1,244	10,437	$333.44	$1,274	10,001	$325.00	$1,186

Fiscal Year	2027E	2028E	2029E
	Revenues ($mm)	Revenues ($mm)	Revenues ($mm)
PJM Capacity Revenue			
Total Capacity Revenue[1]	$1,250	$1,225	$1,220

Note: Volumes include the impact of incremental BRA auctions in 2026E/2027E but reflect only the BRA in 2027E/2028E and 2028E/2029E. Excludes Keystone cleared volumes for 2026E/2027E.

1. Reflects cleared capacity and all other related capacity revenues, including bilateral contracts. All uncleared years are assumed at the $338 cap. Figures rounded to the nearest $5mm.

Modeling Assumptions and Supplemental Asset Detail

	2027E	2028E
O&M Expenses	$725mm	$735mm
G&A / Other	$105mm	$110mm
Nuclear Fuel Capital Expenditures	$135mm	$170mm
Maintenance & Other Capital Expenditures	$235mm	$165mm
Total Capital Expenditures	$370mm	$335mm
Cash Income Taxes as % of Adjusted EBITDA	2%	3%
Pension Contributions	$20mm	$25mm
Asset Retirement Obligations and Environmental Liabilities	$50mm	$60mm
Susquehanna Outage		
Outage Duration	30 – 35 days	30 – 35 days
O&M / Capital Expenditure Cost	$60mm - $65mm	$60mm - $65mm
Projected Capacity Factors		
Susquehanna[1]	~95%	~95%
PJM Baseload Gas Assets[2,3]	~85%	~85%
PJM Other Assets[2,4]	~40%	~40%

Note: Represents the midpoint of each guidance and outlook range provided.

1. Capacity factor based on maximum summer capacity rating.
2. Weighted average capacity factor based on maximum summer capacity rating.
3. Includes Freedom, Guernsey, Lawrenceburg, Lower Mount Bethel, and Waterford.
4. Includes Brunner Island, Darby, Martins Creek, Montour, and Conemaugh.

Reconciliation of Non-GAAP Financial Measures

TALEN ENERGY

Definitions of Non-GAAP Financial Measures

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted Free Cash Flow, which we use as measures of our performance and liquidity, are not financial measures prepared under GAAP. Non-GAAP financial measures do not have definitions under GAAP and may be defined and calculated differently by, and not be comparable to, similarly titled measures used by other companies. Non-GAAP measures are not intended to replace the most comparable GAAP measures as indicators of performance. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Management cautions readers not to place undue reliance on the following non-GAAP financial measures, but to also consider them along with their most directly comparable GAAP financial measures. Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP.

Adjusted EBITDA

We use Adjusted EBITDA to: (i) assist in comparing operating performance and readily view operating trends on a consistent basis from period to period without certain items that may distort financial results;(ii) plan and forecast overall expectations and evaluate actual results against such expectations; (iii) communicate with our Board of Directors, shareholders, creditors, analysts, and the broader financial community concerning our financial performance; (iv) set performance metrics for our annual short-term incentive compensation; and (v) assess compliance with our indebtedness.

Adjusted EBITDA is computed as net income (loss) adjusted, among other things, for certain: (i) nonrecurring charges; (ii) non-recurring gains; (iii) non-cash and other items; (iv) unusual market events; (v) any depreciation, amortization, or accretion; (vi) mark-to-market gains or losses; (vii) gains and losses on the nuclear facility decommissioning trust ("NDT"); (viii) gains and losses on asset sales, dispositions, and asset retirement; (ix) impairments, obsolescence, and net realizable value charges; (x) interest expense; (xi) income taxes; (xii) legal settlements, liquidated damages, and contractual terminations; (xiii) development expenses; (xiv) noncontrolling interests, except where otherwise noted; and (xv) other adjustments. Such adjustments are computed consistently with the provisions of our indebtedness to the extent that they can be derived from the financial records of the business. Pursuant to TES's debt agreements, Cumulus Digital contributes to Adjusted EBITDA beginning in the first quarter 2024, following termination of the Cumulus Digital credit facility and associated cash flow sweep.

Additionally, we believe investors commonly adjust net income (loss) information to eliminate the effect of nonrecurring restructuring expenses and other non-cash charges, which can vary widely from company to company and from period to period and impair comparability. We believe Adjusted EBITDA is useful to investors and other users of our financial statements to evaluate our operating performance because it provides an additional tool to compare business performance across companies and between periods. Adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to such items described above. These adjustments can vary substantially from company to company and period to period depending upon accounting policies, book value of assets, capital structure, and the method by which assets were acquired.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is utilized by our chief operating decision makers to evaluate cash flow activities. Adjusted Free Cash Flow is computed as Adjusted EBITDA reduced by capital expenditures (including nuclear fuel but excluding development, growth, and (or) conversion capital expenditures), cash payments for interest and finance charges, cash payments for income taxes (excluding income taxes paid from the NDT, taxes paid or deductions taken as a result of strategic asset sales, and benefits of the Nuclear PTC utilized to reduce income taxes paid), and pension contributions.

We believe Adjusted Free Cash Flow is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to determine a company's ability to meet future obligations and to compare business performance across companies and across periods. Adjusted Free Cash Flow is widely used by investors to measure a company's levered cash flow without regard to items such as ARO settlements; nonrecurring development, growth and conversion expenditures; and cash proceeds or payments for the sale or purchase of assets, which can vary substantially from company to company and from period to period depending upon accounting methods, book value of assets, capital structure, and the method by which assets were acquired.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: Q3 and YTD (Unaudited)

The reconciliation from "Net Income (Loss)" presented on the Consolidated Statements of Operations to Adjusted EBITDA and Adjusted Free Cash Flow for:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($mm)	2026	2025	2026	2025
Net Income (Loss)	$ 138	$ 207	$ 109	$ 144
Adjustments				
Interest expense and other finance charges	148	67	481	203
Income tax (benefit) expense	57	97	38	70
Depreciation, amortization and accretion[1]	122	61	273	198
Nuclear fuel amortization[1]	27	27	73	71
Unrealized (gain) loss on commodity derivative contracts	190	(36)	555	54
Nuclear decommissioning trust funds (gain) loss, net	(18)	(81)	(130)	(149)
Stock-based and other long-term incentive compensation expense	54	18	127	49
(Gain)loss on asset sales, net	(66)	(25)	(69)	(36)
Non-cash impairments and other charges	1	1	2	11
Acquisition and divestiture activities[2]	2	8	39	12
Operational and other restructuring activities	4	3	11	6
Other	10	16	7	20
Total Adjusted EBITDA	$ 669	$ 363	$ 1,516	$ 653
Capital expenditures, net	(77)	(65)	(200)	(164)
Interest and finance charge payments	(149)	(36)	(303)	(143)
Income taxes	(1)	-	5	(51)
Pension contributions	(9)	(39)	(23)	(63)
Total Adjusted Free Cash Flow	$ 433	$ 223	$ 995	$ 232

1. Includes the periodic amortization of fair value adjustments associated with acquired fuel supply contract liabilities and intangible assets.
2. Includes the non-recurring: (i) advisory fees associated with completed acquisitions and divestitures; (ii) remaining settlements on contracts of divested assets; and (iii) non-recurring finance fees charged to the Consolidated Statement of Operations associated with acquisition financing fee arrangements.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: 2026E and 2027E Guidance

The reconciliation from forecasted "Net Income (Loss)" to Adjusted EBITDA and Adjusted Free Cash Flow for the years ended December 31:

	2026E		2027E	
($mm)	Low	High	Low	High
Net Income (Loss)	$ 960	$ 1,080	$ 1,105	$ 1,405
Adjustments				
Interest expense and other finance charges	460	480	585	615
Income tax (benefit) expense	15	25	50	70
Depreciation, amortization and accretion	515	515	650	650
Nuclear fuel amortization	100	100	110	110
Adjusted EBITDA	$ 2,050	$ 2,200	$ 2,500	$ 2,850
Capital expenditures, net	(325)	(335)	(355)	(385)
Interest and finance charge payments	(460)	(480)	(585)	(615)
Income taxes	(15)	(25)	(50)	(70)
Pension contributions	(25)	(35)	(10)	(30)
Adjusted Free Cash Flow	$ 1,225	$ 1,325	$ 1,500	$ 1,750