

Q4 2025 Results

Talen Energy Corporation | February 26, 2026

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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 Lawrenceburg, Waterford, and Darby assets with a reasonable degree of certainty, we are unable to reconcile these non-GAAP financial measures to the comparable GAAP measures without unreasonable efforts. Figures identified as “pro forma” in this presentation are calculated to give effect only to the adjustments specifically identified and have not been prepared in accordance with Article 11 of Regulation S-X.

Market and Industry Data

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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Statements contained in this presentation concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance, shareholder returns and underlying assumptions, and other statements that are not statements of historical fact are “forward-looking statements,” and should be considered estimates, assumptions or projections. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should,” “could,” “would” “goal,” “predict,” “continue,” “potential” or similar expressions. Any such forward-looking statements reflect various estimates and assumptions. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that they will prove to be correct. 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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 proposed Lawrenceburg, Waterford, and Darby acquisition, including the financing, expected timing and completion (including required regulatory approvals), and anticipated impacts thereof; the integration of and anticipated benefits from the recent 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. Recipients are cautioned to not place undue reliance on such forward-looking statements.

Key Highlights

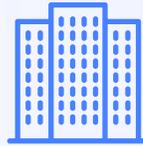
- ✓ Delivered FY \$1,035mm Adjusted EBITDA and \$524mm Adjusted Free Cash Flow
- ✓ Closed Freedom and Guernsey acquisitions
- ✓ Acquiring Lawrenceburg, Waterford and Darby assets (the “Cornerstone Acquisition”), and anticipate closing this summer
- ✓ Continuing to develop the Talen Flywheel pipeline
- ✓ Fleet performed well in periods of high demand
- ✓ Reaffirming 2026 guidance¹

A Look Back at Maximizing Value in 2025



Acquiring and Contracting Assets

- ✓ Expanded Amazon PPA to 1.9 GW, totaling ~\$18B in revenues under 17-year contract¹
- ✓ AWS campus is actively drawing and ramping MW
- ✓ Acquired Freedom and Guernsey plants
- ✓ Acquiring additional highly efficient CCGTs that strengthen and diversify our generation profile



Exercising Balance Sheet Discipline

- ✓ Raised \$1.2B Senior Secured Term Loan B and \$2.7B Senior Unsecured Notes to finance the Freedom and Guernsey acquisitions
- ✓ Ability to achieve net leverage target <3.5x by YE 2026 inclusive of the Cornerstone Acquisition (~\$2.6B debt)



Prioritizing Shareholders

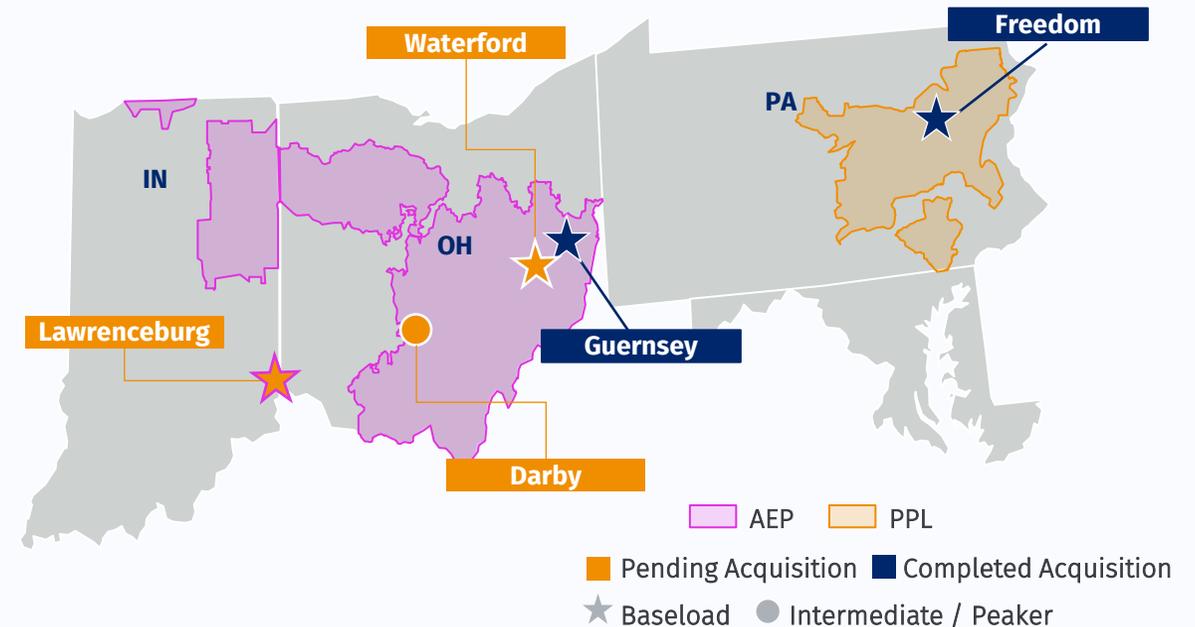
- ✓ Increased Share Repurchase Program (“SRP”) with \$2B remaining through 2028
- ✓ Added to S&P 400 and Russell indices

2026: Continued Execution of the Flywheel

Portfolio Expansion

Key Highlights

- Expanding Talen's footprint in Pennsylvania, Ohio and Indiana
- Diversifies Talen's generation portfolio by both capacity and cash flow contribution with the addition of ~4.8 GW of baseload CCGTs
- >80%¹ baseload generation enhances Talen's large load contracting opportunities in established data center regions
- Generation has reliable access to low-cost Marcellus and Utica natural gas

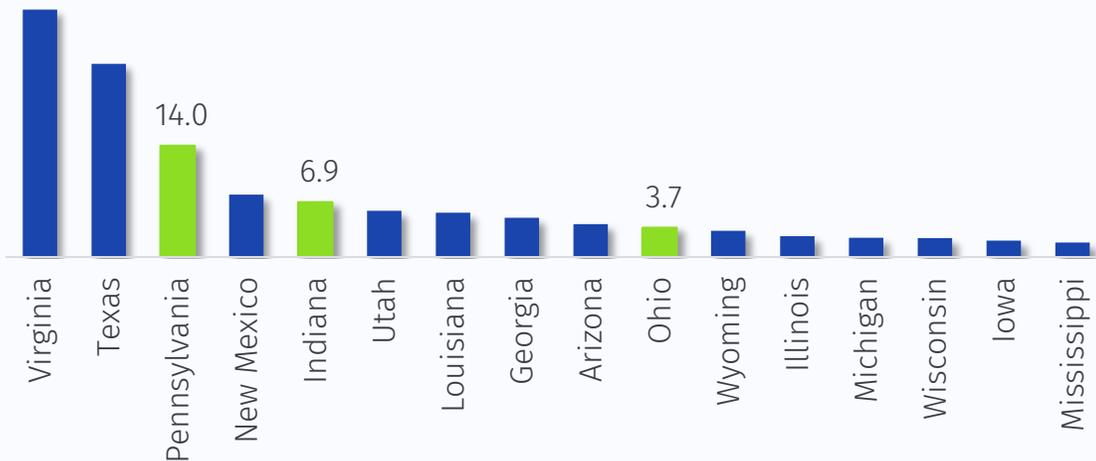


Data Center Growth Across Talen's Expanded Footprint

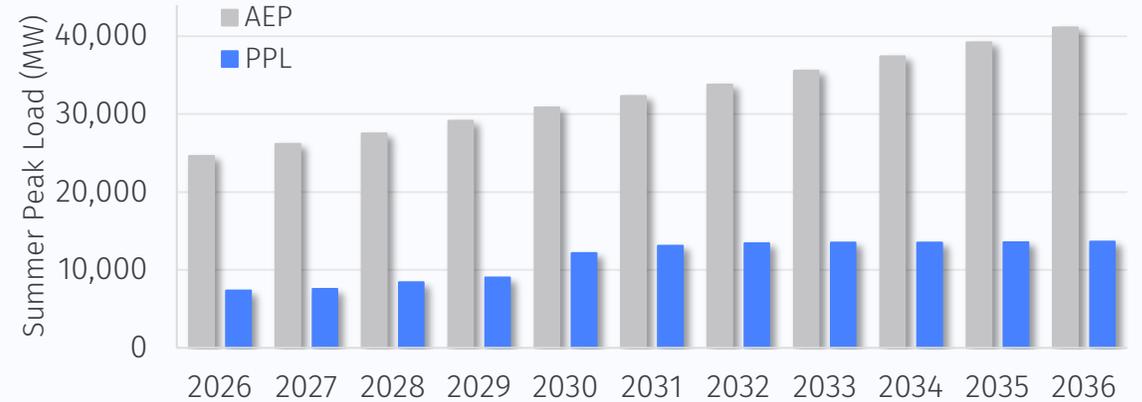
Hyperscaler Capex Forecast¹



Planned Increases in Data Center Capacity (GW)²



AEP and PPL Summer Peak Load Forecast³



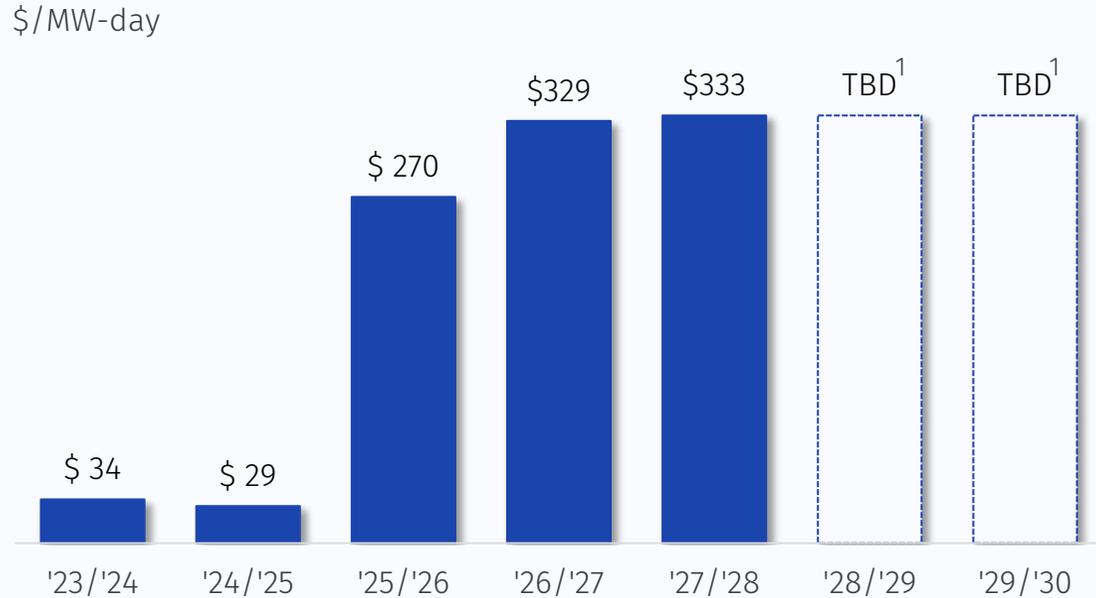
- AEP forecasts 15GW incremental load by 2030 in PJM, ~90% under ESA⁴
- PPL expects 10GW load under ESA by the end of Q1 2026, with 5 GW under construction⁵
- PPL has signed agreements with data centers to bring ~25GW online through 2034⁵

1. Raymond James, "Energy Stat: U.S. Gas Burn Tailwinds Likely as AI/Data Center Demand-Pull Marches Higher - Who Wins?", (February 17, 2026). Includes Amazon, Microsoft, Google, Meta, and Oracle.
 2. Reuters, "Charting the data center development roadmap in key US states" (January 22, 2026). Data center capacity increase through 2036

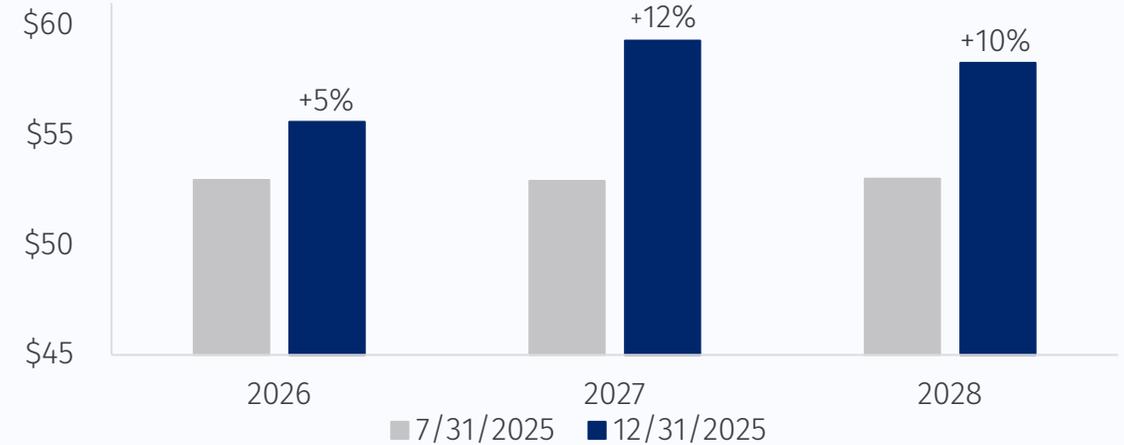
3. PJM Load Forecast Report (January 2026).
 4. AEP, "Fourth Quarter 2025 Earnings Presentation", (February 12, 2026).
 5. PPL, "PPL Corporation 4th Quarter 2025 Investor Update", (February 20, 2026).

PJM Market Fundamentals

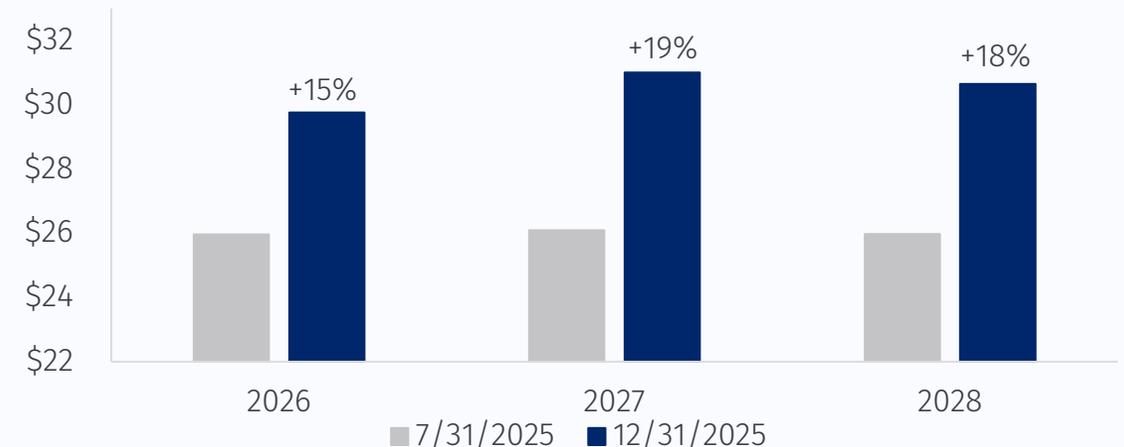
Capacity Auction Results by Planning Year (RTO)



PJM WHUB ATC Power Prices (\$/MWh)



PJM WHUB ATC Spark Spreads (\$/MWh)²



Commercial Strategy in Action

PJM WHUB ATC Spark Spreads (\$/MWh)¹



| Total Fleet % Power Hedged ² | 2026 | 2027 |
|---|------|------|
| 9/30/2025 | ~60% | ~25% |
| 12/31/2025 | ~90% | ~40% |

Hedging Program Supports Cash Flow Stability while Preserving Upside Opportunity

2025 Financial and Operational Performance



Key Financial Metrics

\$1,035mm

Adjusted EBITDA

\$524mm

Adjusted Free Cash Flow

~\$2.1B

Liquidity¹

N/M

Net Debt /
2025 Adjusted EBITDA²



Key Operational Metrics

0.55

OSHA TRIR³

4.7%

Fleet EFOF⁴

~40 TWh

Total Generation

~42%

Carbon-Free Generation⁵

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 November 25, 2025 – December 31, 2025 contribution from Freedom and Guernsey unless otherwise noted.

1. Calculated as ~\$1.2B Unrestricted Cash plus \$900mm RCF availability as of 2/20/2026.

2. Not Meaningful. 2025 Adjusted EBITDA includes Freedom and Guernsey only for the portion of the year noted above.

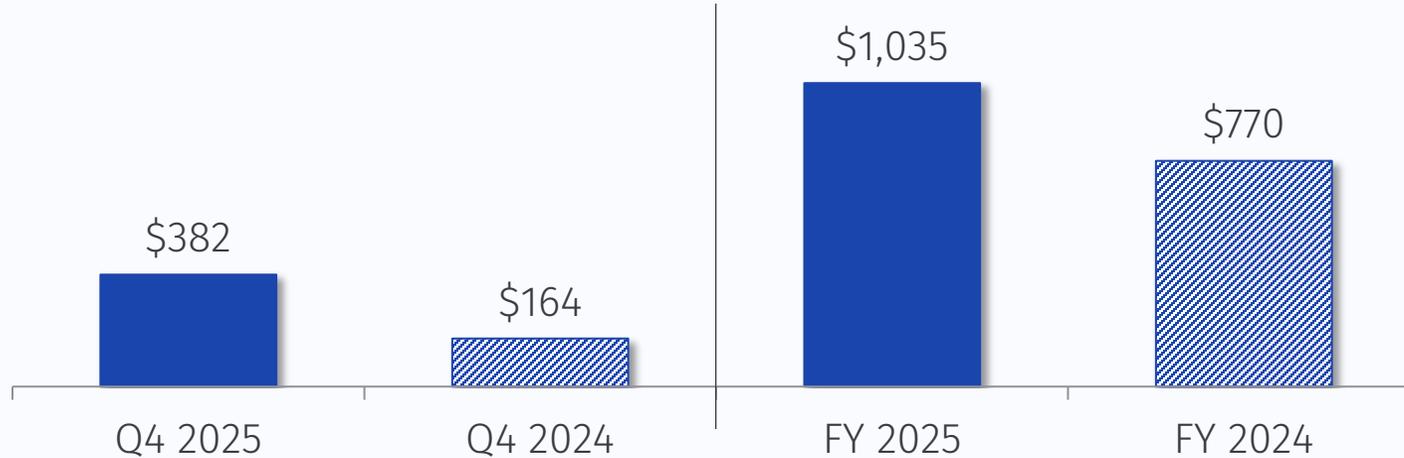
3. OSHA Total Recordable Incident Rate (“OSHA TRIR”): The number of recordable incidents x 200,000 / total number of manhours worked. Only includes Talen-operated generation facilities (i.e., excludes Conemaugh and Keystone). Includes contribution from Freedom and Guernsey in December only.

4. 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 all generation facilities, including our portion of partially-owned facilities. Includes contribution from Freedom and Guernsey in December only.

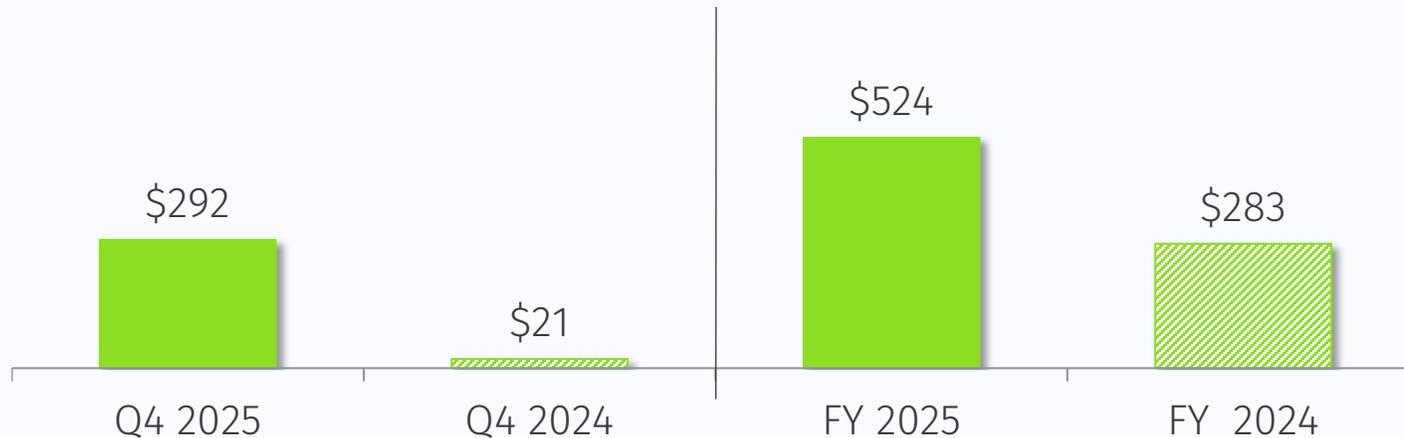
5. Talen’s 90% share of total generation from Susquehanna.

2025 Financial Results

Adjusted EBITDA (\$mm)



Adjusted Free Cash Flow (\$mm)



FY2025 year-over-year results are substantially higher, driven by:

- Higher capacity prices, RMR revenues and AWS PPA ramp
- Higher energy pricing, net of hedges
- Closing Freedom and Guernsey transactions in November 2025
- Offset by key drivers:
 - No PTCs in 2025 due to higher pricing
 - Lost margin opportunity and additional expense from SSES extended outage

Reaffirming 2026 Guidance

2026E¹

Adjusted EBITDA

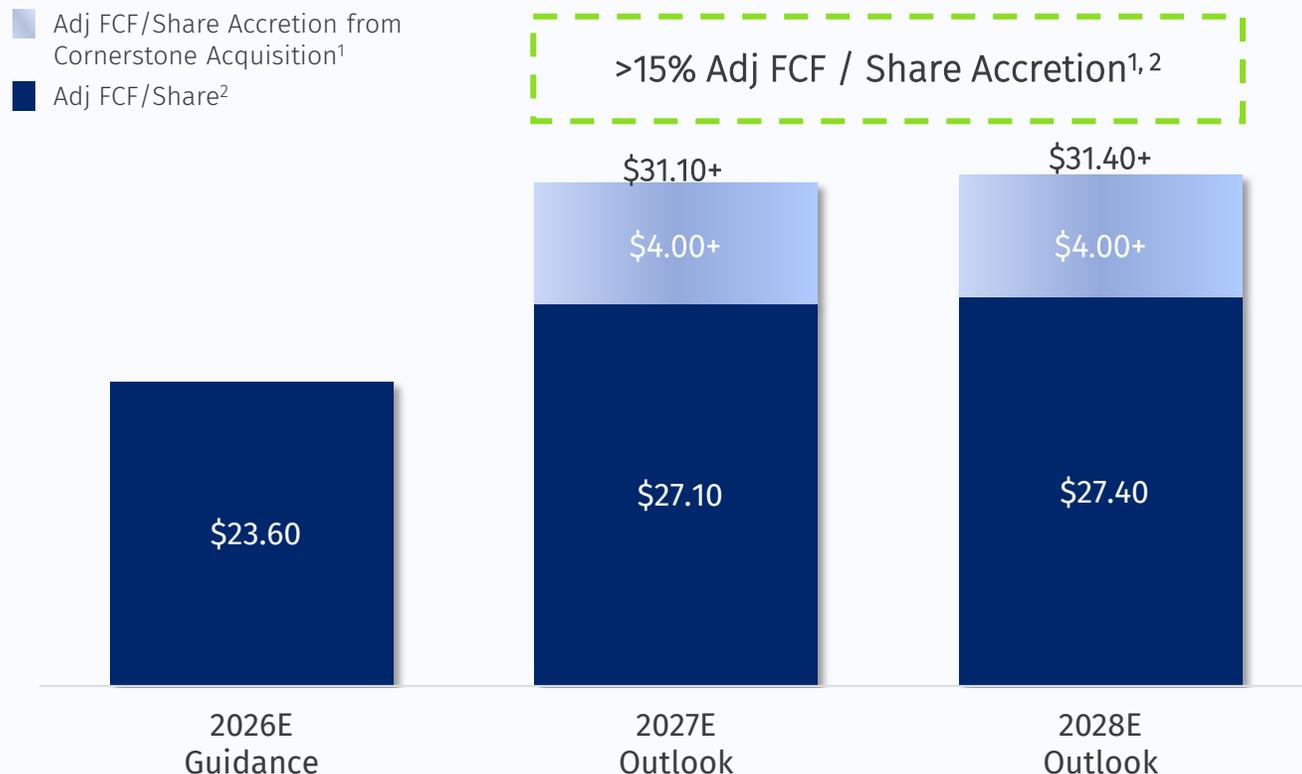
\$1,750 - \$2,050 million

Adjusted Free Cash Flow

\$980 - \$1,180 million

Continued Projected Adjusted Free Cash Flow / Share Growth

Adjusted Free Cash Flow per Share¹



| Potential Upside to 2028 | FCF/share Growth vs '28 |
|---|-------------------------|
| \$2B Share Repurchases ³ | ~10% |
| AWS PPA Accelerated by 480 MWs | ~10% |
| Accretive M&A | ~10 – 20% ✓ |
| New 1 GW Data Center PPA | ~10 – 15% |
| Total Potential Upside⁴ | 40%+ |

Built in Growth Beyond 2028 with Continued AWS Ramp

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted Free Cash Flow. Projected per share amounts rounded to nearest \$0.10.

- Share accretion includes: (i) first full year projected pro forma impact of the Cornerstone Acquisition beginning January 1, 2027, utilizing Talen's September 9, 2025 Investor Update commodity prices of 07/31/25 and (ii) expected effects from the One Big Beautiful Act of 2025.
- 2026E Guidance and 2027E / 2028E Outlooks represent the midpoints from Talen's September 9, 2025 Investor Update. The effect of the Freedom and Guernsey acquisitions illustratively begins on January 1, 2026.
- Approved by Board of Directors on September 8, 2025.
- Potential upsides are not necessarily additive and will vary depending upon order of execution, capitalization of opportunities, and ability to monetize tax benefits as well as other factors.

Modest Leverage and Substantial Liquidity

Capitalization Summary *(\$mm unless otherwise noted)* February 20, 2026

| | |
|---|----------------|
| Unrestricted Cash | \$1,166 |
| Secured Debt | \$4,090 |
| Total Debt¹ | \$6,911 |
| Net Debt² | \$5,745 |
| Credit Metrics | |
| 2026E Adjusted EBITDA Midpoint ³ | \$1,900 |
| Net Debt / 2026E Adjusted EBITDA ⁴ | 3.0x |
| Total Liquidity ⁵ | \$2,066 |

Maintaining Balance Sheet Strength

- Ability to achieve <3.5x net leverage target by YE 2026 inclusive of the Cornerstone Acquisition (~\$2.6B debt)
- Moody's, S&P and Fitch affirmed credit ratings

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 and Adjusted Free Cash Flow.

1. Total Debt excludes \$1.1B standalone LCF.

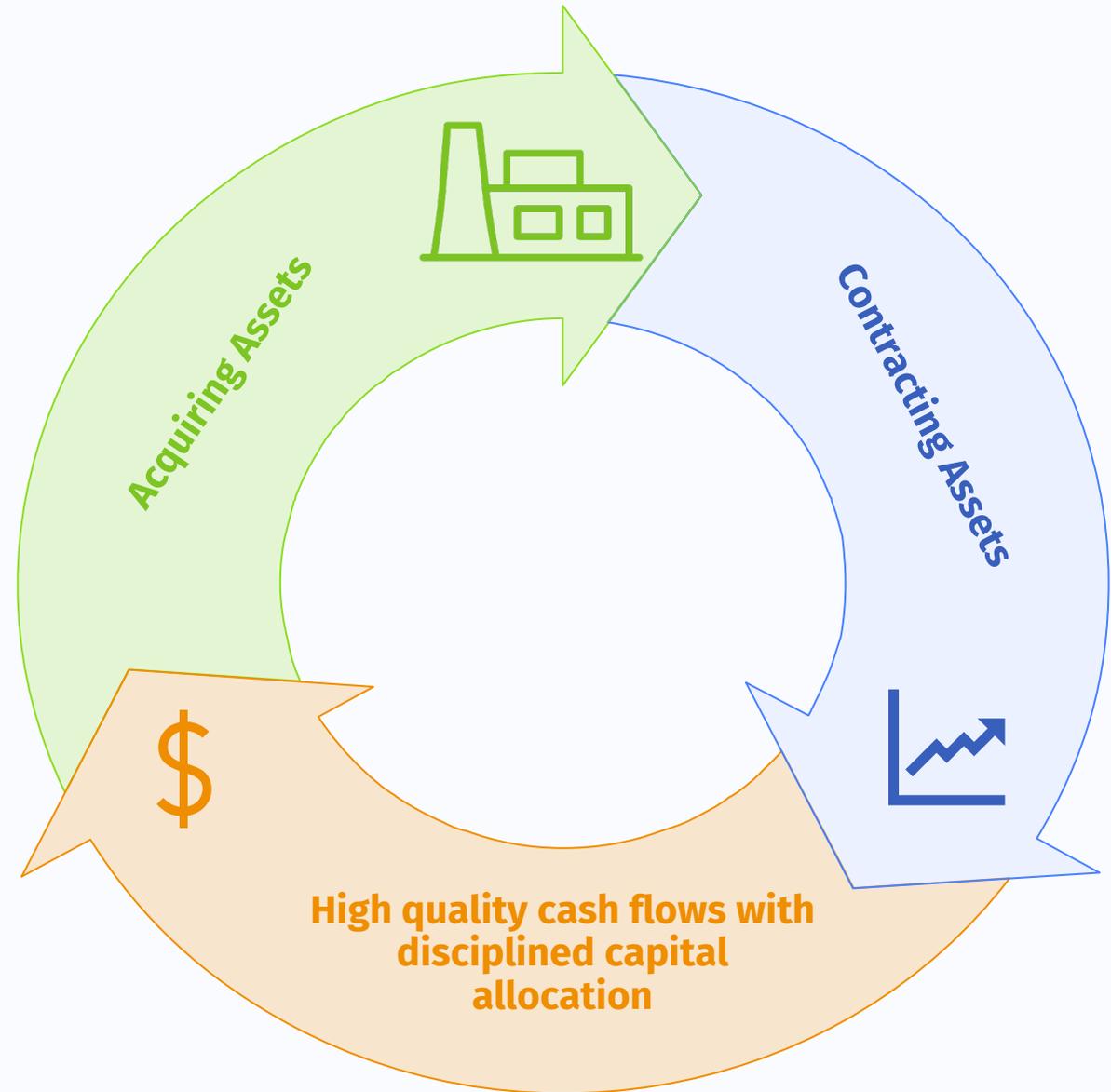
2. Calculated as Total Debt less Unrestricted Cash.

3. Excludes Cornerstone Acquisition.

4. Net debt as of 2/20/2026. Excludes Cornerstone Acquisition, impacts from management shares settled in cash, share repurchases, and deleveraging.

5. Calculated as Unrestricted Cash plus \$900mm RCF availability as of 2/20/2026.

Talen is Powering the Future



Appendix

Pro Forma Generation Portfolio Summary

| Asset | State | Primary Fuel Type(s) | Plant Type | Ownership | Owned Capacity (MW) ¹ | Commercial Operations Date | Region |
|--|-------|----------------------|--------------|-----------|----------------------------------|----------------------------|--------------|
| Talen Assets | | | | | | | |
| Susquehanna ² | PA | Nuclear | Baseload | 90% | 2,245 | 1983 – 1985 | PJM-PPL/MAAC |
| Guernsey | OH | Natural Gas | Baseload | 100% | 1,771 | 2023 | PJM-AEP/RTO |
| Martins Creek | PA | Natural Gas | Peaker | 100% | 1,710 | 1975 – 1977 | PJM-PPL |
| Montour | PA | Natural Gas | Peaker | 100% | 1,505 | 1972 – 1973 | PJM-PPL |
| Brunner Island ^{3, 4} | PA | Coal / Natural Gas | Intermediate | 100% | 1,419 | 1961 – 1969 | PJM-PPL |
| Brandon Shores ⁵ | MD | Coal | RMR | 100% | 1,273 | 1984 – 1991 | PJM-BGE |
| Freedom | PA | Natural Gas | Baseload | 100% | 1,049 | 2018 | PJM-PPL/MAAC |
| H.A. Wagner ^{5, 6} | MD | Oil | RMR | 100% | 702 | 1966 – 1972 | PJM-BGE |
| Lower Mount Bethel | PA | Natural Gas | Baseload | 100% | 607 | 2004 | PJM-PPL |
| Conemaugh ^{2, 4} | PA | Coal | Intermediate | 22% | 392 | 1970 – 1971 | PJM-PN/MAAC |
| Colstrip Unit 3 ² | MT | Coal | Baseload | 30% | 222 | 1984 – 1986 | WECC |
| Keystone ^{2, 4} | PA | Coal | Intermediate | 12% | 213 | 1967 – 1968 | PJM-PN/MAAC |
| Talen Total | | | | | 13,108 | | |
| Pending Acquisition⁷ | | | | | | | |
| Lawrenceburg | IN | Natural Gas | Baseload | 100% | 1,120 | 2004 | PJM-AEP/RTO |
| Waterford | OH | Natural Gas | Baseload | 100% | 875 | 2003 | PJM-AEP/RTO |
| Darby | OH | Natural Gas / Oil | Peaker | 100% | 456 | 2001 | PJM-AEP/RTO |
| Pending Acquisition + Talen Total⁷ | | | | | 15,559 | | |

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 Keystone and Conemaugh by December 31, 2034.

5. See Note 3 to the FY 2025 Financial Statements for additional information on the Brandon Shores and H.A. Wagner RMR arrangements.
6. Includes H.A. Wagner Units 3 and 4.
7. Cornerstone Acquisition pending close.

Hedging Program

| Market Price Summary | 2026 | 2027 |
|---|---------|---------|
| PJM West Hub ATC as of 12/31/2025 (\$/MWh) | \$55.60 | \$59.29 |
| PJM West Hub ATC Spark Spreads ¹ as of 12/31/2025 (\$/MWh) | \$29.76 | \$31.00 |
| TETCO M3 as of 12/31/2025 (\$/MMBtu) | \$3.69 | \$4.04 |

| Total Fleet Hedge Position ^{2,3} | 2026 | 2027 |
|---|----------|----------|
| % Hedged of Expected Generation as of 12/31/2025 ⁴ | ~90% | ~40% |
| Hedge Value vs Market as of 12/31/2025 | \$(20)mm | \$(40)mm |

| Total Fleet Power Price Sensitivities ^{3,5} | | 2026 | 2027 |
|--|------------|-----------|-----------|
| Margin ^{2,3} Impact from Change in Power Price as of 12/31/2025 | +\$10/MWh | +\$105mm | +\$365mm |
| | +\$5/MWh | +\$55mm | +\$185mm |
| | \$(5)/MWh | \$(50)mm | \$(185)mm |
| | \$(10)/MWh | \$(100)mm | \$(365)mm |

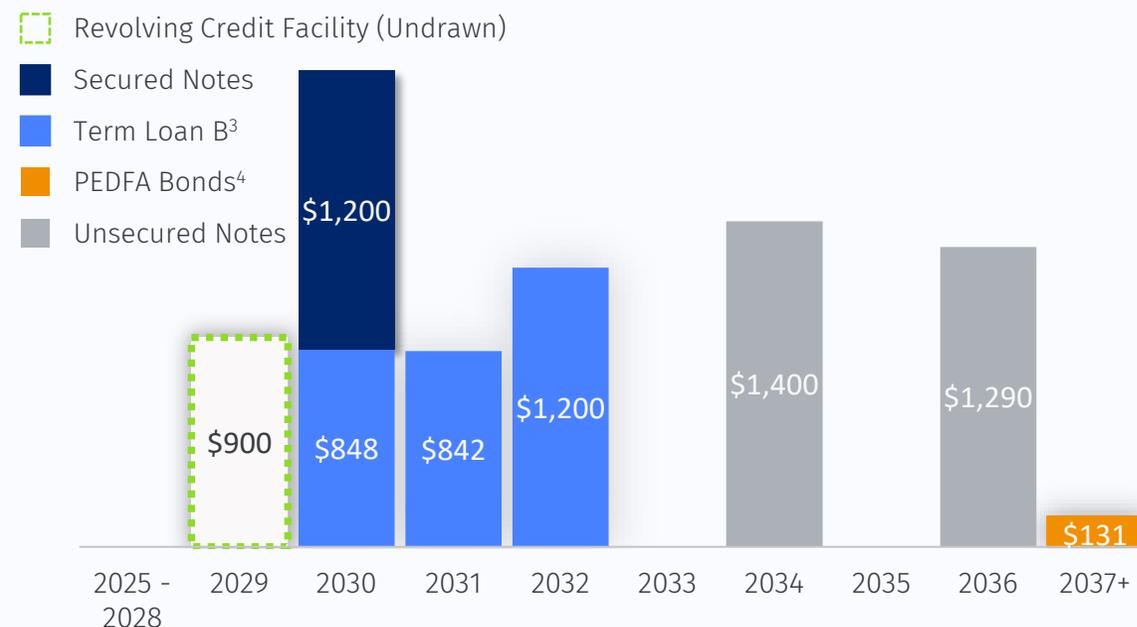
1. Spark spreads are computed based on day-ahead West Hub ATC prices, TETCO M3 natural gas prices, and a heat rate of 7 MMBtu/MWh.
2. Where applicable, natural gas prices are adjusted to maintain consistent heat rate relationships with corresponding power prices. Figures rounded to nearest \$5mm.
3. Excludes impact of the Cornerstone Acquisition.
4. Figures rounded to the nearest 5%.
5. 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, (iv) expected hedge settlements, and (v) Nuclear PTC revenue. Margin excludes nuclear fuel amortization. Figures rounded to the nearest \$5mm.

Long-Dated Debt Maturities

Debt Overview¹

| Tranche | Maturity | Principal (\$mm) | Interest Rate ² |
|--------------------------------|-----------|------------------|----------------------------|
| RCF | Dec 2029 | - | 5.65% |
| 2030 TLB ³ | May 2030 | 848 | 6.15% |
| 2031 TLB ³ | Dec 2031 | 842 | 6.15% |
| 2032 TLB ³ | Nov 2032 | 1,200 | 5.67% |
| Secured Notes | June 2030 | 1,200 | 8.625% |
| Secured Debt | | \$4,090 | |
| 2034 Unsecured Notes | Feb 2034 | 1,400 | 6.25% |
| 2036 Unsecured Notes | Feb 2036 | 1,290 | 6.50% |
| PEDFA 2009B Bonds ⁴ | Dec 2038 | 50 | 5.25% |
| PEDFA 2009C Bonds ⁴ | Dec 2037 | 81 | 5.25% |
| Unsecured Debt | | \$2,821 | |
| Total Debt⁵ | | \$6,911 | |
| Unrestricted Cash | | 1,166 | |
| Net Debt⁶ | | \$5,745 | |

Debt Maturity Summary¹ (\$mm)



| Agency | IDR / Secured Debt Rating | Outlook |
|---------|---------------------------|----------|
| S&P | BB- / BB | Stable |
| Moody's | Ba3 / Ba2 | Negative |
| Fitch | BB- / BB+ | Negative |

1. As of 2/20/2026.
 2. RCF's interest rate is SOFR + 2.0%, 2030 and 2031 TLBs' interest rate is SOFR +2.5%, and 2032 TLB interest rate is SOFR + 2.0%, in each case subject to additional leverage-based step-downs.
 3. Subject to mandatory 1% annual amortization, not shown in graph.

4. Subject to mandatory remarketing in 2027.
 5. Total Debt excludes \$1.1B standalone LCF.
 6. Calculated as Total Debt less Unrestricted Cash.

Reconciliation of Non-GAAP Financial Measures

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 (Unaudited)

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

| (\$mm) | Three Months Ended December 31, | | Year Ended December 31, | | | | | |
|---|---------------------------------|------------|-------------------------|------------|----|----------------|----|------------|
| | 2025 | 2024 | 2025 | 2024 | | | | |
| Net Income (Loss) | \$ | (363) | \$ | 68 | \$ | (219) | \$ | 1,013 |
| Adjustments | | | | | | | | |
| Interest expense and other finance charges | | 99 | | 51 | | 302 | | 238 |
| Income tax (benefit) expense | | (17) | | (94) | | 53 | | 98 |
| Depreciation, amortization and accretion ^(a) | | 68 | | 68 | | 266 | | 281 |
| Nuclear fuel amortization ^(a) | | 26 | | 30 | | 97 | | 123 |
| Unrealized (gain) loss on commodity derivative contracts | | 52 | | (4) | | 106 | | (62) |
| Nuclear decommissioning trust funds (gain) loss, net | | (33) | | (9) | | (182) | | (178) |
| Stock-based and other long-term incentive compensation expense (Note 13) ^(b) | | 486 | | 11 | | 535 | | 54 |
| (Gain) loss on asset sales, net (Note 17) ^(b) | | 2 | | 1 | | (34) | | (884) |
| Non-cash impairments and other charges | | - | | 16 | | 11 | | 24 |
| Legal settlements and litigation costs | | 1 | | 2 | | 6 | | 4 |
| Acquisition and divestiture activities ^(c) | | 53 | | 9 | | 65 | | 62 |
| Operational and other restructuring activities ^(d) | | 15 | | 4 | | 21 | | 9 |
| Noncontrolling interest | | - | | - | | - | | (21) |
| Other | | (7) | | 11 | | 8 | | 9 |
| Total Adjusted EBITDA | \$ | 382 | \$ | 164 | \$ | \$1,035 | \$ | 770 |
| Capital expenditures, net | | (35) | | (42) | | (199) | | (177) |
| Interest and finance charge payments | | (90) | | (91) | | (233) | | (252) |
| Income taxes | | 41 | | (1) | | (10) | | (4) |
| Pension contributions | | (6) | | (9) | | (69) | | (54) |
| Total Adjusted Free Cash Flow | \$ | 292 | \$ | 21 | \$ | 524 | \$ | 283 |

a) Includes the periodic amortization of fair value adjustments associated with acquired executory contracts and intangible assets.

b) See the corresponding Note to the 2025 annual financial statements on Form 10-K for additional information.

c) 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.

d) Non-recurring severance and retention costs and strategic initiative costs.

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

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

| (\$mm) | 2026E ¹ | |
|--|--------------------|-----------------|
| | Low | High |
| Net Income (Loss) | \$ 875 | \$ 1,125 |
| Adjustments | | |
| Interest expense and other finance charges | 460 | 480 |
| Income tax (benefit) expense | 15 | 45 |
| Depreciation, amortization and accretion | 300 | 300 |
| Nuclear fuel amortization | 100 | 100 |
| Adjusted EBITDA | \$ 1,750 | \$ 2,050 |
| Capital expenditures, net | (280) | (300) |
| Interest and finance charge payments | (460) | (480) |
| Income taxes | (15) | (45) |
| Pension contributions | (15) | (45) |
| Adjusted Free Cash Flow | \$ 980 | \$ 1,180 |