Q1 2025 Results

Talen Energy Corporation | May 8, 2025

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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.

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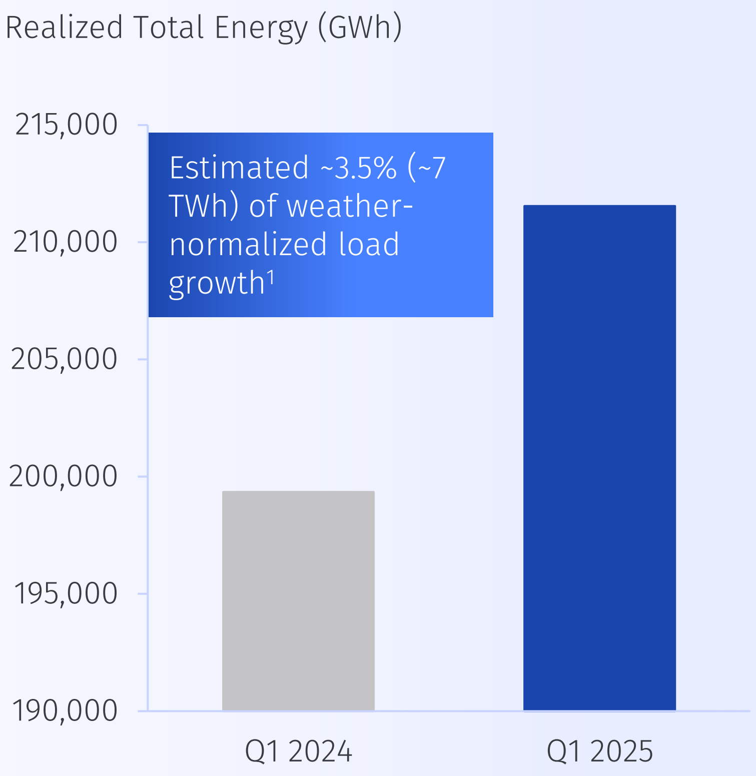
Key Updates

- Q1 2025 performance ahead of internal estimates; $200mm Adjusted EBITDA and $87mm Adjusted Free Cash Flow
- AWS Campus energized and taking power as construction on campus is ongoing
- Share repurchase program ("SRP") continues to be capital allocation focus; repurchased ~$83mm[1] in Q1 with ~$1B remaining
- SSES Unit 2 refueling outage extended for incremental maintenance on non-nuclear island to increase unit efficiency; ~3.5 weeks, ~$20mm of costs; expect payback in ~1.5 years
- Affirming and narrowing 2025 guidance; 2026 outlook unchanged

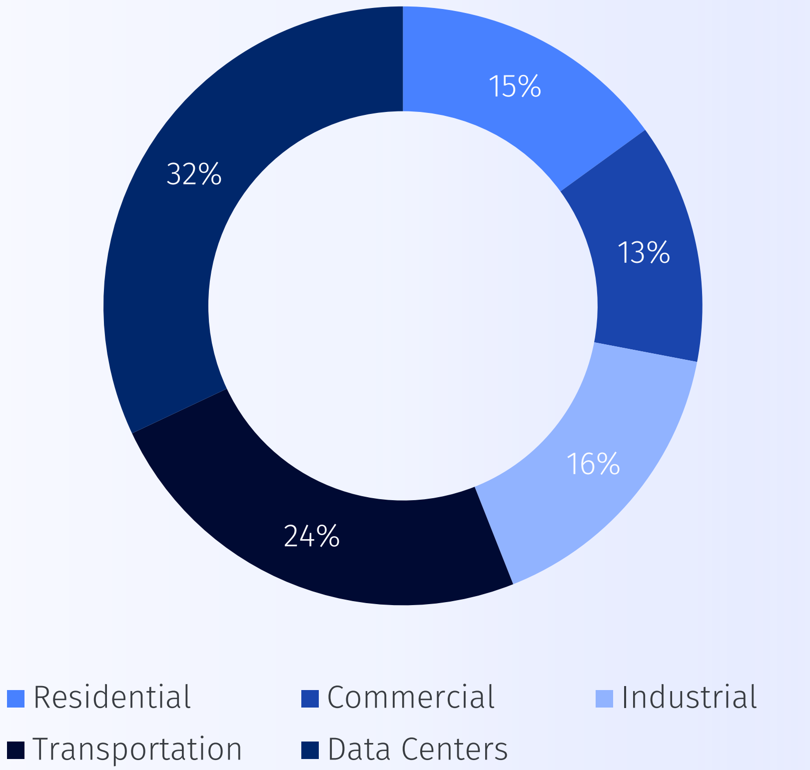
Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA and Adjusted Free Cash Flow.
1. Excludes excise taxes and broker fees.

Power Demand Forecasts Continue to Grow

Q1 PJM Load Growth



US Demand Growth 2023 – 2027 by Sector[2]



- Power demand growth remains solid; PPL zone has 11 GW of advanced stage data center development
- Hyperscalers' capex forecasts remain high and have been raised or reaffirmed

1. Data from PJM; based on internal weather-adjusted data.
2. Source: National Electrical Manufacturers Association (NEMA), "A Reliable Grid for an Electric Future" (April 2025).

Powering Data Centers

AWS

- Campus is electrified; AWS is currently drawing power under the PPA, and construction is progressing on the campus
- Talen continues progressing commercial and regulatory paths to be able to deliver beyond the currently approved 300 MW ISA
- Under the terms of the PPA, AWS to ramp to 120MW in 2025

Solid Q1 Financial and Operational Performance

Key Financial Metrics

$200mm
Adjusted EBITDA

$87mm
Adjusted Free Cash Flow

~$1B
Liquidity[1]

~2.6x
Net Debt / 2025E Adjusted EBITDA[2]

Key Operational Metrics

0.4
OSHA TRIR[3]

1.2%
Fleet EFOF[4]

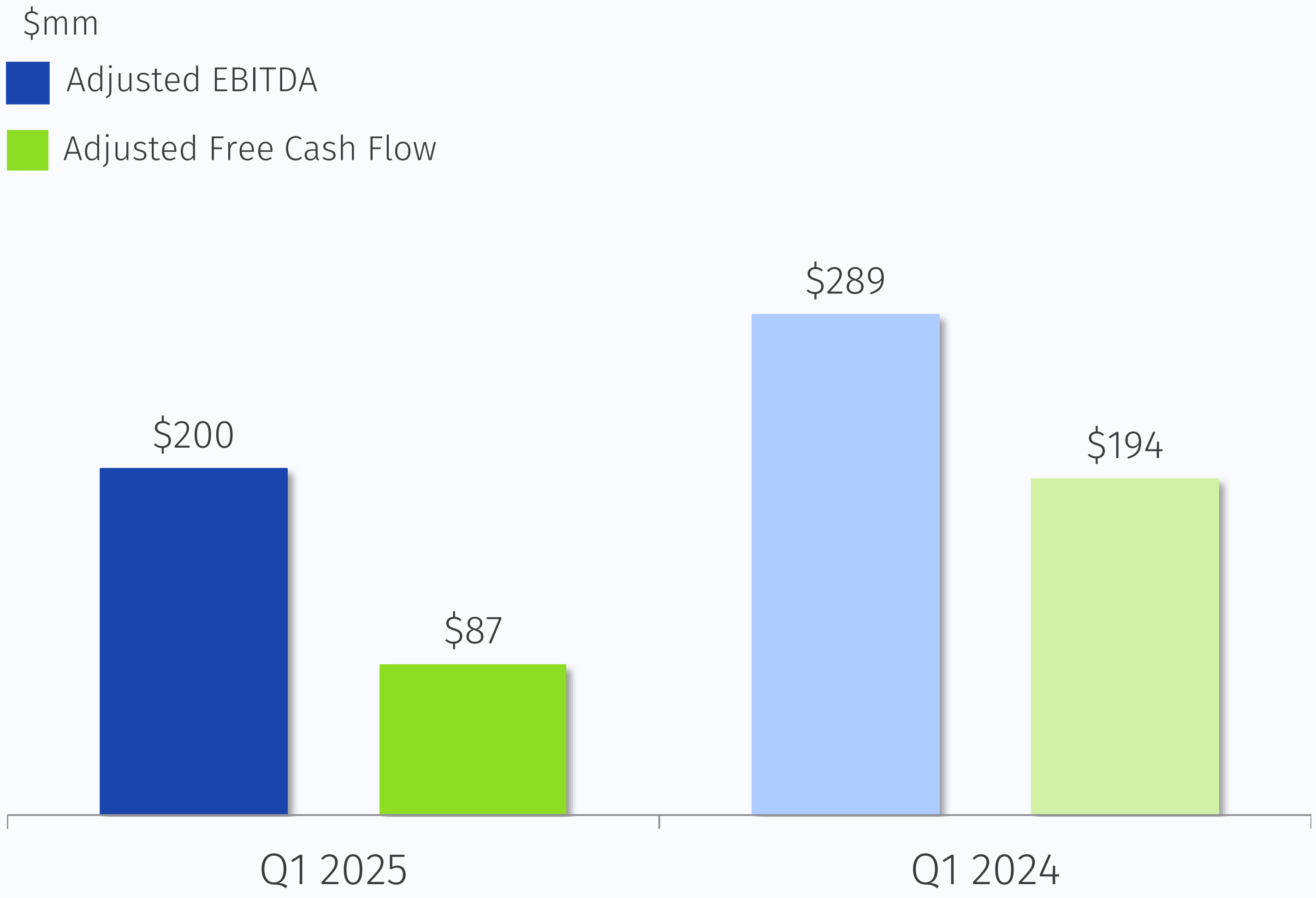
9.7 TWh
Total Generation

~46%
Carbon-Free Generation[5]

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. Calculated as $270mm Unrestricted Cash plus $700mm RCF availability as of 5/2/2025.
2. Calculated as $3,034mm Total Debt less $270mm Unrestricted Cash as of 5/2/2025, divided by 2025E Adjusted EBITDA Midpoint of $1,050mm. Total Debt excludes $900mm standalone LCF.
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).
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.
5. Talen's 90% share of total generation from Susquehanna.

Q1 2025 Financial Results



- Q1 2025 weather was colder than normal, with heating degree days in PJM above 10-year averages
- Higher prices in Q1 2025; settled PJM WHUB on-peak $60.50/MWh vs $36.03/MWh[1]; generation increased 20% year-over-year
- Prior year performance benefitted from higher realized hedging gains

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. 2024 includes January – March contribution from the ERCOT generation fleet.

1. Weighted average settled on-peak power prices for the three months ended March 31, 2025, and 2024, respectively.

Affirming and Narrowing 2025 Guidance

	2025E
Adjusted EBITDA	$975 – $1,125 million
Adjusted Free Cash Flow	$450 – $540 million

2026 Outlook Unchanged

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.

Continued Focus on Shareholder Returns

- Talen is committed to returning capital to its shareholders and continues targeting to return ~70% of Adjusted Free Cash Flow to shareholders
- Repurchased ~452k shares in Q1 2025 for ~$83mm[1]
- Talen has repurchased ~14mm shares (~23% of total outstanding shares) since the start of 2024 with ~$1B SRP capacity remaining through year-end 2026
- Cash generation and balance sheet capacity provide flexibility to support growth

1. Excludes excise taxes and broker fees.

Modest Leverage and Ample Liquidity

Capitalization Summary *($mm unless otherwise noted)*	May 2, 2025
Unrestricted Cash	$270
Secured Debt	$2,903
Total Debt[1]	**$3,034**
Net Debt[2]	***$2,764***
Credit Metrics	
2025E Adjusted EBITDA Midpoint	$1,050
Net Debt / 2025E Adjusted EBITDA[3]	2.6x
Total Liquidity[4]	$970

Hedging Activity

- Further mitigated exposure to variable interest rates by adding $550mm of interest rate swaps in Q1
- Added an additional $150mm of interest rate swaps in April, taking our fixed percentage of total debt to ~77%

Net Leverage Remains Less Than 3.5x

Note: Please refer to Reconciliation of Non-GAAP Financial Measures section of the Appendix for more detail on Adjusted EBITDA.
1. Total Debt excludes $900mm standalone LCF.
2. Calculated as Total Debt less Unrestricted Cash as of 5/2/2025.
3. Calculated using Net Debt as of 5/2/2025.
4. Calculated as $270mm Unrestricted Cash plus $700mm RCF availability as of 5/2/2025.

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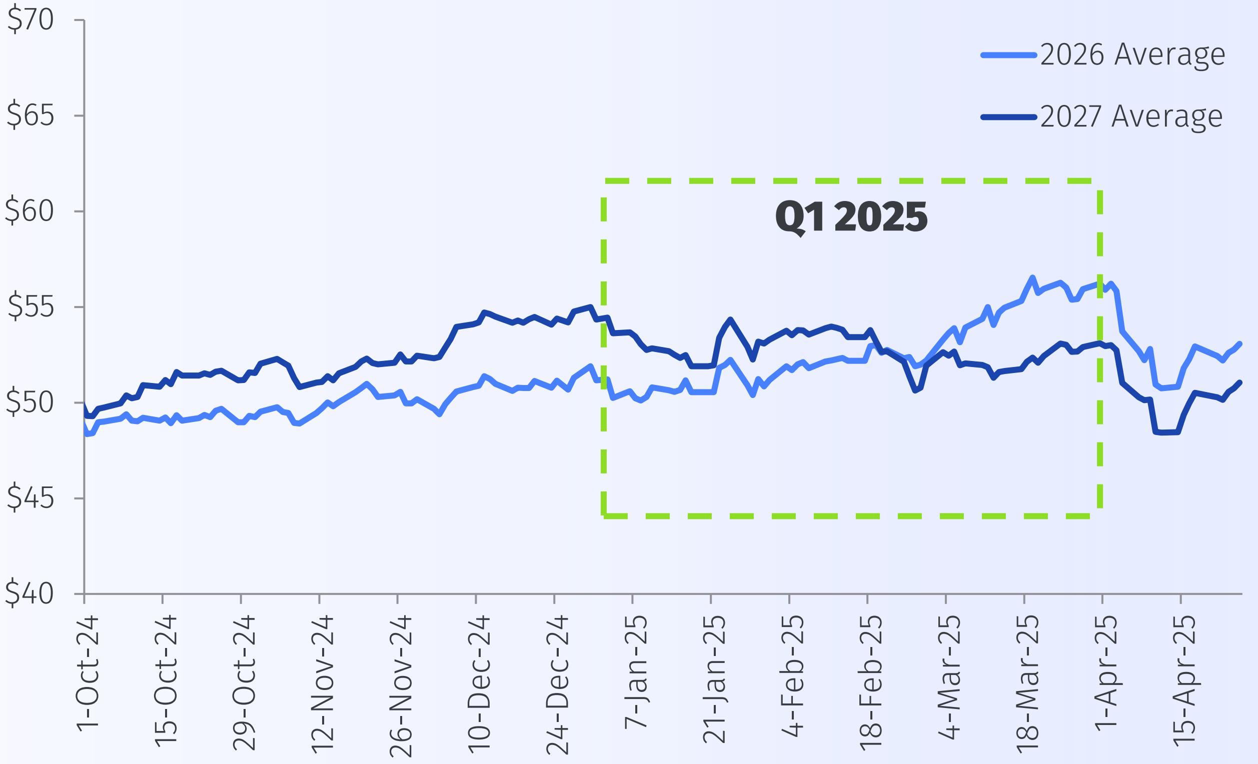
Commercial Strategy in Action

2026 and 2027 PJM West Hub ATC Power ($/MWh)



	PJM WEST HUB ATC ($/MWH)[1]		% HEDGED[2] OF EXPECTED GENERATION ACROSS FLEET	
As of Date	2026	2027	2026	2027
12/31/2024	$51.16	$54.34	33%	15%
3/31/2025	$56.22	$53.10	60%	30%

During periods of higher pricing in Q1, we opportunistically layered in additional hedges

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1. PJM Day Ahead pricing.
2. Includes the impact of the Nuclear PTC.

Talen is Powering the Future

Appendix

Key Regulatory Updates

PJM Capacity Market Updates

- FERC approved PJM BRA price ranges within $175 – $325 MW-day for 2026/2027 and 2027/2028 auctions
  - Brandon Shores and H.A. Wagner will not have capacity obligations or receive capacity payments but will be part of the capacity market supply stack
- Next steps: 2026/2027 auction scheduled for July 9th – July 15th with results announced July 22nd; 2027/2028 auction scheduled for December 2025
- We are encouraged that PJM and FERC are keeping the auctions on the current schedule

FERC

- Talen filed comments in support of PJM's answer to the Co-Located Load Show Cause Order on April 23. We are hopeful that FERC will approve PJM's filing and direct PJM to implement corresponding tariff changes quickly
- FERC denied ISA rehearing, but Show-Cause Order will provide guidance
- Talen is moving forward with its appeal of FERC's decision on the ISA in the 5th Circuit

Generation Portfolio Summary

Asset	State	Primary Fuel Type(s)	Plant Type	Ownership	Owned Capacity (MW)[1]	Commercial Operations Date	Region
Susquehanna Nuclear Facility							
Susquehanna[2]	PA	Nuclear	Baseload	90%	2,228	1983 – 1985	PJM-PPL/MAAC
PJM Gas Assets							
Brunner Island[3, 4]	PA	Coal / Natural Gas	Intermediate	100%	1,429	1961 – 1969	PJM-PPL
Camden	NJ	Natural Gas	Peaker	100%	145	1993	PJM-PSEG
Lower Mt. Bethel	PA	Natural Gas	Baseload	100%	608	2004	PJM-PPL
Martins Creek	PA	Natural Gas	Peaker	100%	1,705	1975 – 1977	PJM-PPL
Montour	PA	Natural Gas	Peaker	100%	1,528	1972 – 1973	PJM-PPL
Reliability Assets							
Brandon Shores[5]	MD	Coal	Peaker	100%	1,289	1984 – 1991	PJM-BGE
H.A. Wagner[5]	MD	Oil	Peaker	100%	843	1956 – 1972	PJM-BGE
Colstrip[2]	MT	Coal	Baseload	15%	222	1984 – 1986	WECC
Other							
Conemaugh[2, 4]	PA	Coal	Intermediate	22%	386	1970 – 1971	PJM-MAAC
Keystone[2, 4]	PA	Coal	Intermediate	12%	213	1967 – 1968	PJM-MAAC
Dartmouth	MA	Natural Gas	Peaker	100%	80	1992 – 2009	ISO-NE
Total					10,676		

Note: As of March 31, 2025.

1. Generation capacity (summer rating) is based on factors, among others, such as operating experience and physical conditions, which may be subject to revision.
2. See Note 10 to the FY 2024 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, Keystone, and Conemaugh by December 2028.
5. See Note 8 to the Q1 2025 Financial Statements for additional information on the Brandon Shores and H.A. Wagner RMR arrangements.

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Hedging Program

Market Price Summary	Balance of 2025[1]	2026	2027
PJM West Hub ATC as of 12/31/2024 ($/MWh)	$47.43	$51.16	$54.34
PJM West Hub ATC as of 3/31/2025 ($/MWh)	$53.87	$56.22	$53.10
TETCO M3 as of 12/31/2024 ($/MMBtu)	$3.45	$3.73	$3.72
TETCO M3 as of 3/31/2025 ($/MMBtu)	$3.80	$4.24	$3.82
PJM West Hub ATC Spark Spreads[2] as of 12/31/2024 ($/MWh)	$23.25	$25.07	$28.27
PJM West Hub ATC Spark Spreads[2] as of 3/31/2025 ($/MWh)	$27.30	$26.53	$26.35

Total Fleet Hedge Position and Power Price Sensitivities[2]		Balance of 2025[1]	2026	2027
% Hedged[3] of Expected Generation as of 3/31/2025		95%	60%	30%
Margin[4] Impact from Change in Power Price as of 3/31/2025	+$10/MWh	$20mm	$135mm	$250mm
	+$5/MWh	$10mm	$70mm	$125mm
	-$5/MWh	-$10mm	-$65mm	-$120mm
	-$10/MWh	-$20mm	-$130mm	-$240mm

Weighted Average Settled Prices[6]	Q1 2025	Q1 2024
PJM West Hub Day Ahead Peak ($/MWh)	$60.50	$36.03
PJM West PPL Zone Day Ahead Peak ($/MWh)	$53.87	$29.68
TETCO M3 ($/MMBtu)	$6.42	$2.90

1. "Balance of 2025" is April – December 2025 for 3/31/2025 pricing case and January – December 2025 for 12/31/2024 pricing case.
2. 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.
3. Where applicable, natural gas prices are adjusted to maintain consistent heat rate relationships with corresponding power prices. Figures rounded to nearest $5mm.
4. Includes the impact of the Nuclear PTC.
5. Margin is comprised of (i) capacity revenue, (ii) margin associated with electric generation, (iii) expected hedge settlements and (iv) Nuclear PTC.
6. Weighted average settled on-peak power prices and natural gas prices for the PJM market for the three months ended March 31, 2025, and 2024, respectively.

Talen is Included in Multiple Major Indices

Talen has been added to multiple major stock indices and is eligible for several more, which could drive substantial institutional / passive fund demand:

INCLUSION DATE	SEPTEMBER 2024	NOVEMBER 2024[1]	POTENTIAL ADDITIONS[2]
INDEX	☑ S&P TMI	☑ MSCI US IMI Utilities 25/50	☐ Russell 1000
	☑ S&P Completion	☑ MSCI World / World Small Cap	☐ S&P 400
	☑ CRSP TMI	☑ MSCI USA	
	☑ CRSP Small Cap		

☑ Index inclusion led to passive funds acquiring >7 million shares in 2024

+ Talen may qualify for additional value, growth and/or sector-related indices, leading to further demand

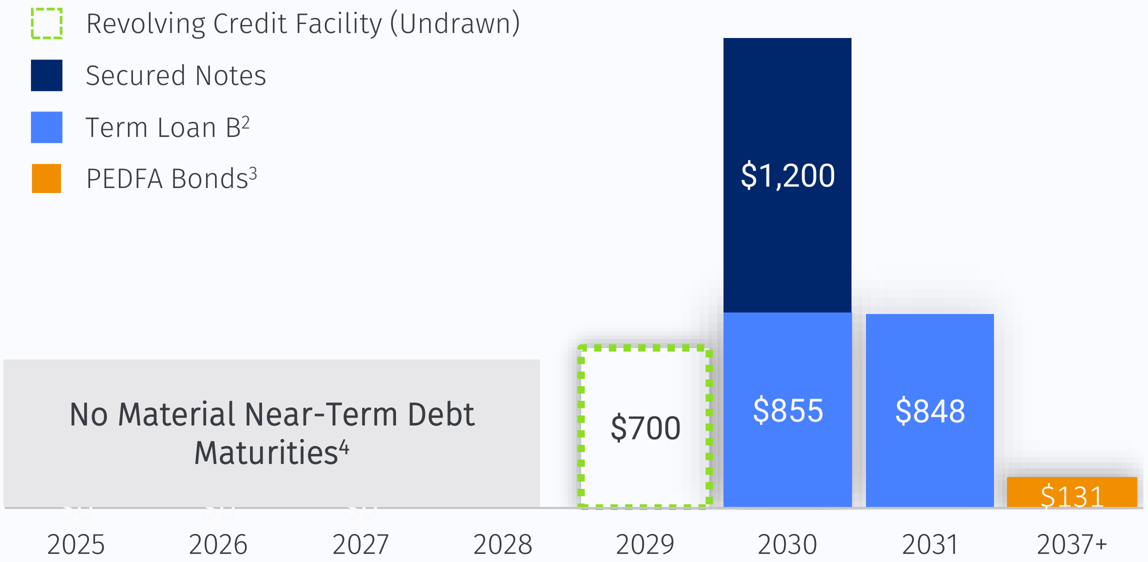
1. There are other MSCI index families that Talen qualified for in November 2024. We have focused on the indices that appear to have significant investment capital following them.
2. Inclusion is to be determined by the governing body of each index. Table is illustrative based on the current index methodologies, which are subject to change at any time. There can be no assurance that Talen's common stock will be included in any particular index at a specific time or at all.

Long-Dated Debt Maturities

Debt Overview

Tranche	Maturity	Principal ($mm)	Interest Rate[1] as of 3/31
RCF	Dec 2029	$-	6.32%
2030 TLB[2]	May 2030	855	6.82%
2031 TLB[2]	Dec 2031	848	6.82%
Secured Notes	June 2030	1,200	8.625%
Secured Debt		$2,903	
PEDFA 2009B Bonds[3]	December 2038	50	5.25%
PEDFA 2009C Bonds[3]	December 2037	81	5.25%
Unsecured Debt		$131	
Total Debt[4]		$3,034	
Unrestricted Cash[5]		270	
Net Debt[6]		$2,764	

Debt Maturity Summary ($mm)



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

1. RCF's interest rate formula is SOFR + 2.0%, and term loans' interest rate formulas are SOFR + 2.5%, in each case subject to additional leverage-based step-downs.
2. Subject to mandatory 1% annual amortization, not shown in graph.
3. Subject to mandatory remarketing in 2027.
4. Excludes $900mm standalone LCF, which matures in December 2026.
5. Unrestricted Cash as of 5/2/2025.
6. Calculated as Total Debt less Unrestricted Cash as of 5/2/2025.

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 measures 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:

	Three Months Ended March 31,			
($mm)	2025		2024	
Net Income (Loss)	$	(135)	$	319
Adjustments				
Interest expense and other finance charges		74		59
Income tax (benefit) expense		(52)		69
Depreciation, amortization and accretion		74		75
Nuclear fuel amortization		26		35
Unrealized (gain) loss on commodity derivative contracts		182		134
Nuclear decommissioning trust funds (gain) loss, net		12		(75)
Stock-based and other long-term incentive compensation expense		13		18
(Gain) loss on asset sales, net [(a)]		(2)		(324)
Operational and other restructuring activities		9		2
Noncontrolling interest		-		(11)
Other		(1)		(12)
Total Adjusted EBITDA	$	200	$	289
Capital expenditures, net		(64)		(59)
Interest and finance charge payments		(23)		(34)
Income taxes		(9)		-
Pension contributions		(17)		(2)
Total Adjusted Free Cash Flow	$	87	$	194

a) See Note 18 to the Q1 2025 Financial Statements for additional information.

Adjusted EBITDA / Adjusted Free Cash Flow Reconciliation: 2025E Guidance

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

($mm)	2025E			
	Low		High	
Net Income (Loss)	$	205	$	325
Adjustments				
Interest expense and other finance charges	$	235	$	245
Income tax (benefit) expense		60		80
Depreciation, amortization and accretion		295		295
Nuclear fuel amortization		105		105
Unrealized (gain) loss on commodity derivative contracts		75		75
Adjusted EBITDA	$	975	$	1,125
Capital expenditures, net	$	(190)	$	(210)
Interest and finance charge payments		(210)		(220)
Income taxes		(70)		(80)
Pension contributions		(55)		(75)
Adjusted Free Cash Flow	$	450	$	540

Note: Figures are rounded to the nearest $5mm.