



NRG Energy Inc.

NRG Investor Presentation

September/October 2023

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.

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Compelling Value Proposition



1 Leading Consumer Platform serving 7.5 million customers uniquely positioned to capitalize on the convergence of electricity and smart technologies

2 Strong core energy business with diversified supply and leading retail energy brands for homes and businesses

3 Complementary smart home business (Vivint) strengthens consumer platform, enables home technology ecosystem and diversifies earnings

4 Immediate opportunity to achieve cost synergies, organic growth and cross sale while scaling Demand Response capabilities (Virtual Power Plants)

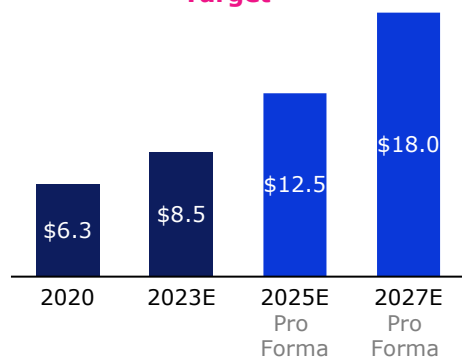
5 Executing transparent 5-year strategic roadmap with clear path to value; committed to balance sheet and capital allocation principles

Key Metrics¹



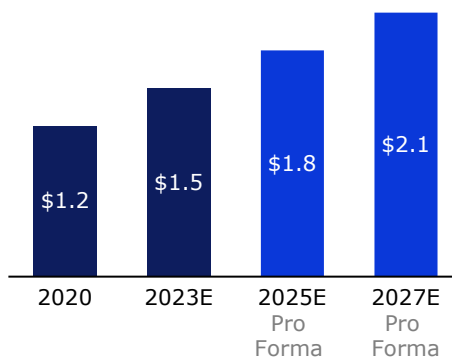
FCFbG Per Share

15-20% Annual Growth Target



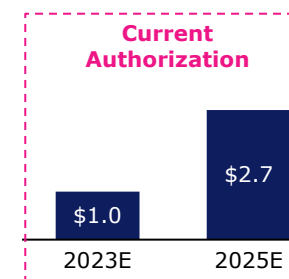
Dividend Per Share

7-9% Annual Growth Target



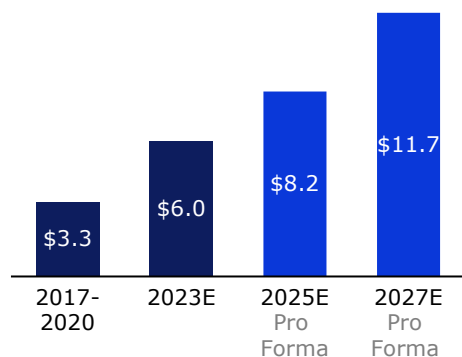
Cumulative Share Repurchases

(\$ Bn)



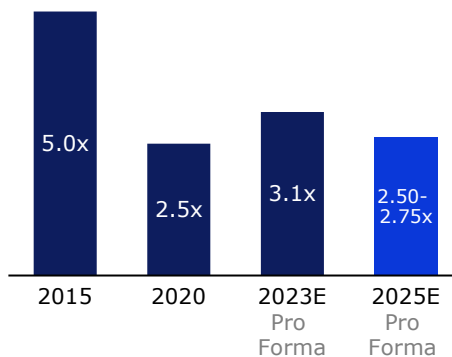
Cumulative Capital Return

Share Repurchases & Dividends (\$ Bn)



Net Debt / Adj. Corp EBITDA

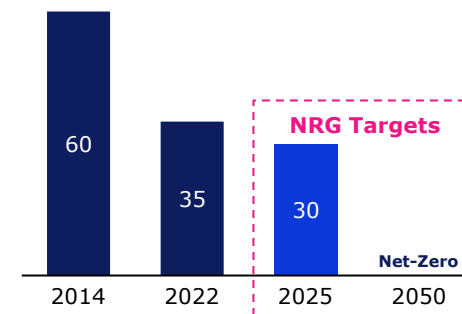
Targeting Investment Grade Credit Metrics by 2025



U.S. CO₂e Emissions

(MMtCO₂e)

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



¹ See June 2023 Investor Day presentation for details including Reg. G reconciliations

1 Leading Energy and Home Services Company

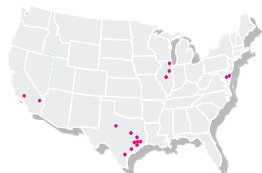


~ 7.5 Million Residential Customers

Wholesale



- **13 GW** Generation Capacity
- Diverse Fuel and Merit Portfolio
- Risk Management Capabilities



Consumer-Facing



- **#2** Power Retailer
- **#2** Gas Retailer
- **#3** Demand Response
- Sustainability Services



- **#1** Residential Retail Power
- **#2** Residential Retail Gas
- Residential Solar
- Portable Power Stations



- **#1** Residential HVAC Installation
- Leading Smart Home
- Home Security
- Protection Plans



~\$9 Bn
Market Cap
(NYSE: NRG)

2.50-2.75x
Net Debt / Adj Corp EBITDA
Target by YE 2025

50% By 2025
Net Zero By 2050
Carbon Reduction Target

Strong
Governance

Executing 5-Year Strategic Roadmap with Clear Path to Value¹

Supporting 15-20% FCFbG per Share Growth, 7-9% Dividend per Share Growth and Investment Grade Metrics

¹ See June 2023 Investor Day presentation for details

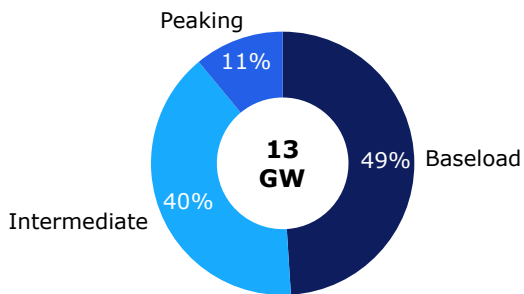
2 Strong Core Energy Business



Generation

- 13 GW capacity with ~70% in Texas
- 1.5 GW Texas Brownfield opportunities (gas peaking & CCGT) in development
- 1.9 GW Renewable PPAs signed, 1.1 GW online

Generation
(Merit Order by Share)



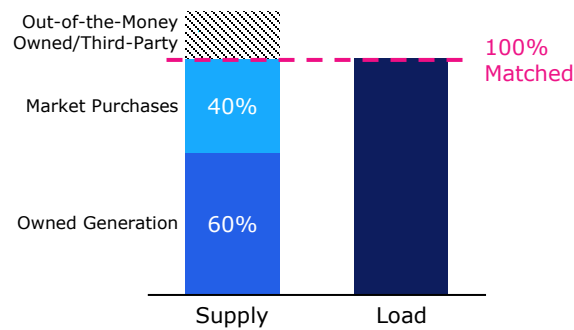
Diversified Supply



Commercial

- 24x7 commercial group managing power, fuel and emissions
- Physical and financial optimization capabilities
- Integrated risk management of load and supply

Supply/Load
(On-Peak, Texas & East)



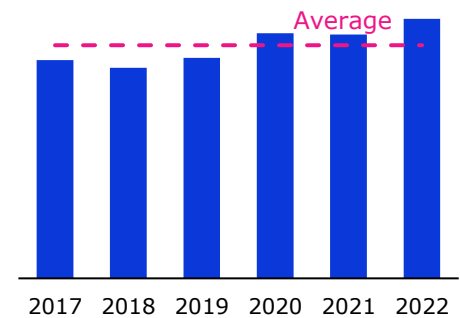
Optimization & Risk Management



Customer

- ~7.5 million customers; 5.5 million Energy and 2.0 million Smart Home
- Leading energy provider to residential and business customers
- 10% customer growth CAGR (2009-2022)

Home Electricity Margin
(\$/MWh)

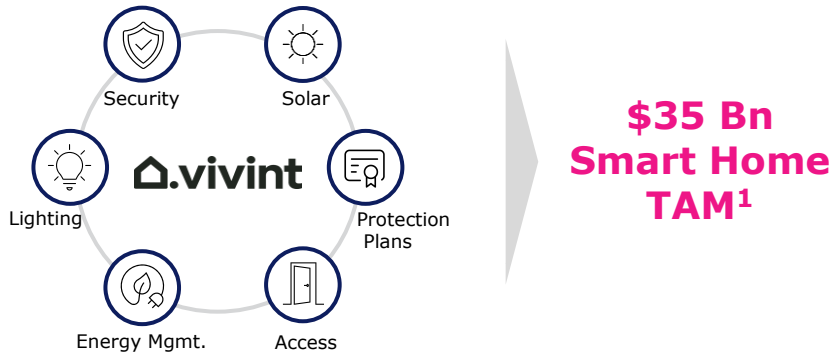






Margin Stability

3 Complementary Smart Home Business (Vivint)



Attractive Smart Home Business



- 
Large and Loyal Customer Base
 - ✓ 2 MM+ Customer Base
 - ✓ 9 Year Avg. Customer Tenure
- 
Proprietary & Integrated Platform
 - ✓ Leading Smart Home Technology Platform
 - ✓ High Customer Engagement
- 
World-Class Sales, Service & Install
 - ✓ Coverage of Over 98% of U.S. Zip Codes
 - ✓ Complementary Sales Channels
- 
Strong & Compelling Economics
 - ✓ Growth Track Record

Strong Operational Performance

Key Metrics	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%

¹ Total Addressable Market; ² Last twelve months as of period end

4 Identified Near-Term Opportunities



Near-Term Identified Opportunities: \$550 MM Recurring FCFbG by 2025

\$300 MM Growth by 2025

- ~50% Cross-Selling and Bundling
 - Target network of 7.5 MM customers
 - Higher margin, tenure and retention
- ~50% Organic Growth
 - Power, natural gas and smart home at historical rates
 - Sales channel optimization

\$250 MM Cost Savings by 2025

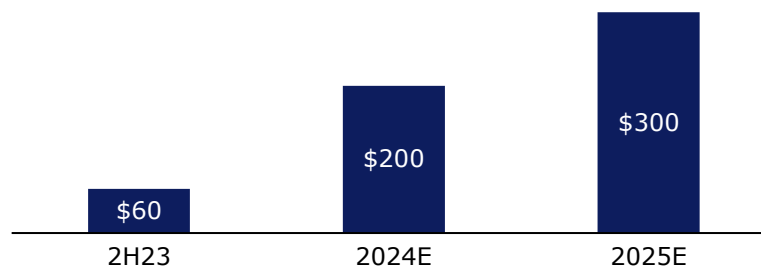
- \$100 MM Vivint: Overhead and operational efficiencies
- \$150 MM NRG: O&M, sourcing and consolidation

Improve Margin, Retention and Reach

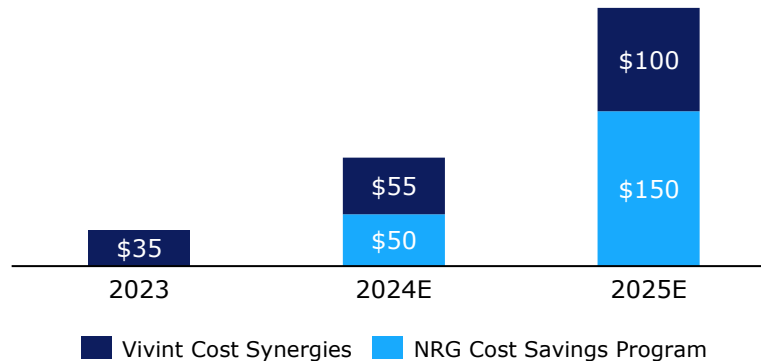
- In East, only retailer with direct customer access
- Enhanced smart energy services, nationally
- Improve cost to acquire
- Increase customer lifetime value

Compelling Growth Economics and Continued Cost Improvement

Growth By 2025 (\$MM)¹

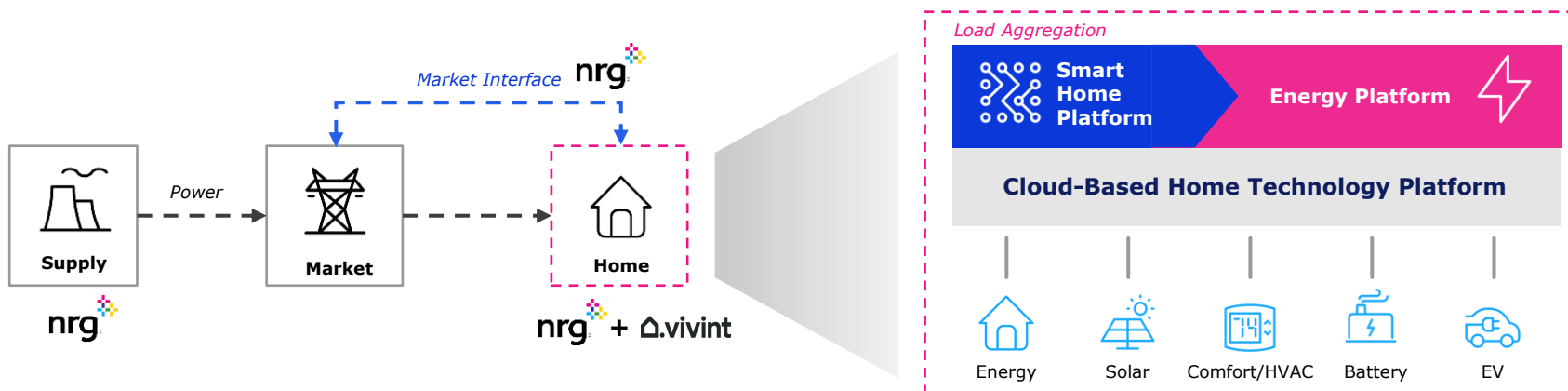


Cost Improvement By 2025 (\$MM)²



¹ Annual investment of \$90 MM in 2023, \$220 MM in 2024 and \$225 MM in 2025; ² Cost to achieve Vivint cost synergies: \$118 MM in 2023, \$45 MM in 2024 and \$20 MM in 2025; Cost to achieve NRG cost savings program: \$25 MM in 2024 and \$50 MM in 2025

Virtual Power Plant (VPP) Overview¹



Two Models to Monetize VPP capabilities

1

Internal: Peak Load Management

**~4.8 MM NRG Power Customers
in Priority Competitive Markets (ERCOT, PJM)**

- ☑ Behind-the-meter demand response/VPP product
- ☑ Value through energy arbitrage and avoided cost
- ☑ Does not rely on regulatory constructs (integrated platform)
- ☑ Increase customer lifetime value and reduce scope 3 emissions

2

External: VPP Services

**~40 MM homes in Priority Competitive and
Regulated States**

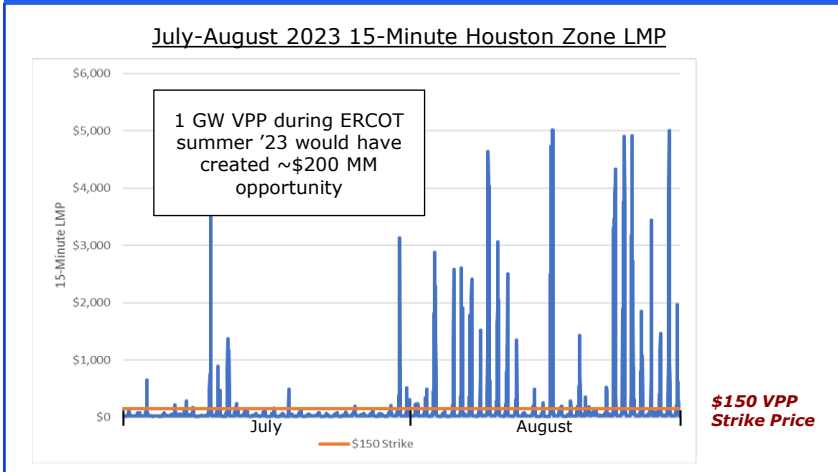
- ☑ White-label technology platform to provide aggregation services for regulated utilities in competitive & regulated states
- ☑ Existing Vivint customer base across country
- ☑ Leverage expertise in load aggregation and peak load management

NRG is Uniquely Positioned to Win as a VPP Provider with Current Capabilities Ranging from Smart Home Ecosystem and Devices to Wholesale Market Interface

¹ A grid-interactive aggregation of distributed energy resources that can be dispatched for Demand Response to manage supply/demand balance

1

Peak Load Management



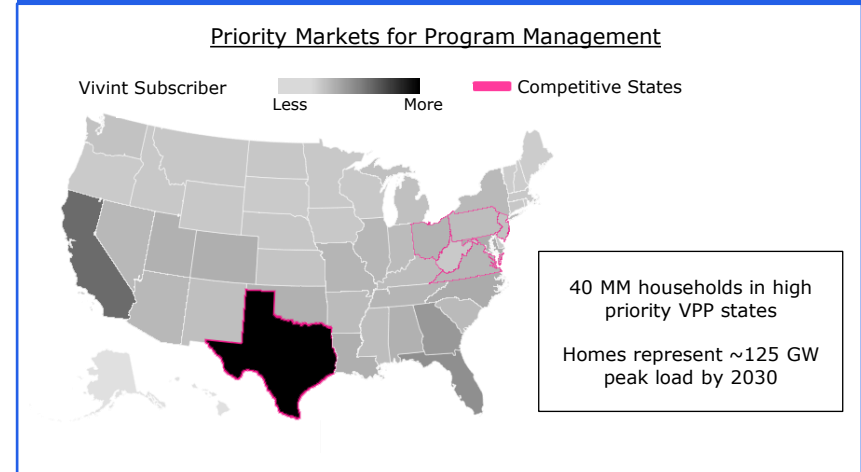
Opportunity Overview

- 4.8 MM retail power customers in ERCOT + PJM representing 13.8 GW of peak load by 2030 (12.5 GW today)
- 2.2 MM¹ smart devices predicted to be in NRG power customer homes by 2030
- Leverage NRG commercial expertise to optimize energy cost and consumer comfort in VPP dispatch
- Build on Vivint technology backbone and leverage installed devices

Focus: Immediate

2

VPP Services



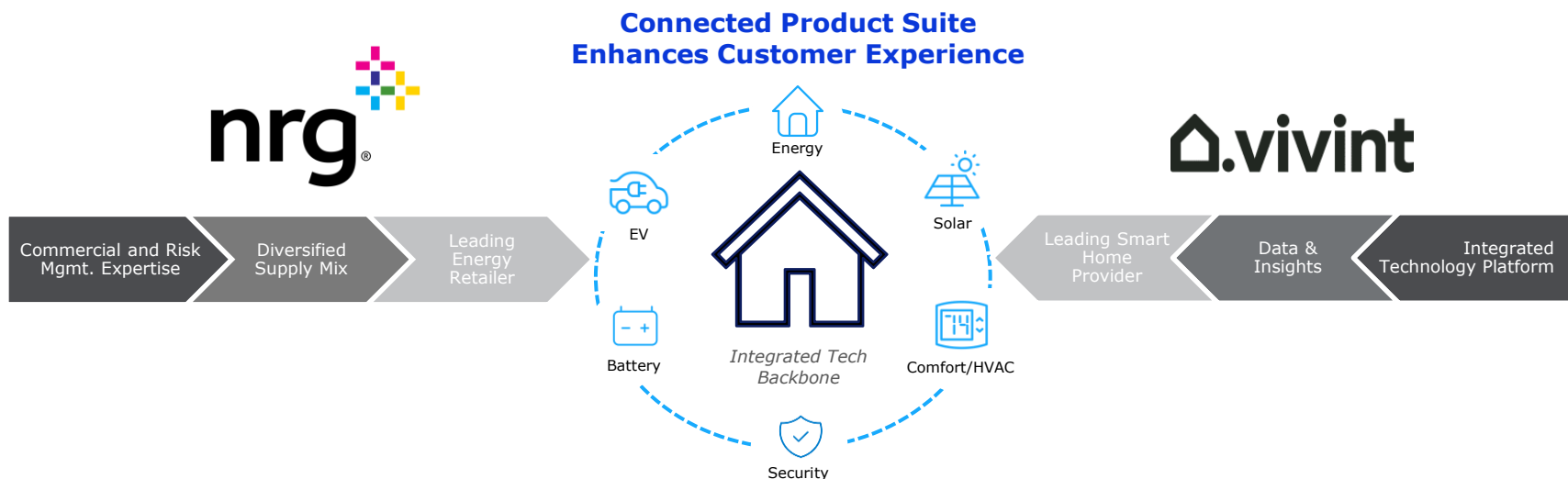
Opportunity Overview

- Actionable opportunity to build on existing Vivint customer footprint
- ~30% of existing Vivint Smart Home customers in identified NRG priority DR/VPP states
- Ability to aggregate existing and new customers for state and utility DR/VPP programs at value
- Unconstrained geographic opportunity - not dependent on competitive power/NRG power states

Focus: 3+ years

¹ NRG internal analysis

5 Clear Path to Value



Today	Near-Term	Long-Term
<ul style="list-style-type: none"> • Retail energy business with stable and predictable margins • Smart home business in attractive and growing market • Diversified supply strategy to manage energy demand 	<ul style="list-style-type: none"> • Optimize 7.5 MM customer network • Achieve \$550 MM growth and cost improvement programs by 2025 • Enhance behind the meter capabilities 	<ul style="list-style-type: none"> • Grow energy and smart home • VPP opportunity: peak load management ~\$200+ MM margin opportunity plus VPP services • Leverage scale to deliver margin and cost improvements
<p>Deliver on Capital Allocation Commitments</p>		

Well-Positioned to Create a Better Home Experience through Integration of Energy and Smart Technologies

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.

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.