

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 2, 2026

Date of Report (Date Earliest Event Reported)

NRG ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

001-15891

(Commission File Number)

41-1724239

(IRS Employer
Identification No.)

1301 McKinney Street, Houston, Texas

(Address of Principal Executive Offices)

77010

(Zip Code)

(713) 537-3000

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01	NRG	New York Stock Exchange
Common stock, par value \$0.01	NRG	NYSE Texas

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

On January 30, 2026, NRG Energy, Inc., a Delaware corporation (the “Company”), filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “Original Report”) with the U.S. Securities and Exchange Commission. The Original Report disclosed the consummation of the previously announced transactions contemplated by the Purchase and Sale Agreement, dated May 12, 2025 (the “Purchase Agreement”), by and among the Company, NRG East Generation Holdings LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of the Company (“Lightning Buyer”), NRG Texas LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of the Company (“Linebacker Buyer”), NRG Demand Response Holdings LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of the Company (“CCS Buyer”), NRG Gas Development Company, LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of the Company (“JCPD Buyer” and, collectively with Lightning Buyer, Linebacker Buyer and CCS Buyer, the “Buyer Entities”), Lightning Power Holdings, LLC, a Delaware limited liability company, Thunder Generation, LLC, a Delaware limited liability company, CCS Power Holdings, LLC, a Delaware limited liability company, and Linebacker Power Development Funding, LLC, a Delaware limited liability company. As a result of the transactions contemplated by the Purchase Agreement, the Buyer Entities acquired all of the issued and outstanding equity interests of Lightning Power, LLC, a Delaware limited liability company (“Lightning”), Linebacker Power Holdings, LLC, a Delaware limited liability company (“Linebacker”), CCS Intermediate HoldCo, LLC, a Delaware limited liability company (“CCS”), and Jack County Power Development, LLC, a Delaware limited liability company (“JCPD” and, collectively with Lightning, Linebacker and CCS and their respective subsidiaries, the “Acquired Companies”). The acquisition of the equity interests, together with the other transactions contemplated by the Purchase Agreement, are referred to herein as the “Transaction.” The Transaction was consummated on January 30, 2026.

On February 2, 2026, the Company amended the Original Report to include the financial statements required to be filed under Item 9.01(a) of Form 8-K and the pro forma financial information required to be filed in connection with the Transaction under Item 9.01(b) of Form 8-K (the “Form 8-K/A”).

Item 8.01 Other Events

This Current Report on Form 8-K is being filed to provide the following information related to the Company’s acquisition of the Acquired Companies: (i) (x) Lightning Power, LLC and its subsidiaries’ audited consolidated financial statements as of December 31, 2025 and for the year ended December 31, 2025 and for the period August 9, 2024 to December 31, 2024, (y) Fund III Projects’ audited combined financial statements for the period January 1, 2024 to August 8, 2024 and (z) Gridiron Intermediate Holdings, LLC and its subsidiaries’ audited consolidated financial statements for the period January 1, 2024 to August 8, 2024 (the “Lightning Financial Statements”), (ii) Linebacker Power Funding, LLC and its subsidiaries’ audited consolidated financial statements as of December 31, 2025 and for the years ended December 31, 2025 and 2024 (the “Linebacker Financial Statements”), (iii) CCS Power Finance Co, LLC and its subsidiaries’ audited consolidated financial statements as of December 31, 2025 and for the years ended December 31, 2025 and 2024 (the “CCS Financial Statements” and, collectively with the Lightning Financial Statements and the Linebacker Financial Statements, the “Audited Financial Statements”) and (iv) the Company’s unaudited pro forma combined financial information as of and for the year ended December 31, 2025, after giving effect to the Transaction (the “Pro Forma Financial Information” and, together with the Audited Financial Statements, the “Financial Information”).

The Financial Information updates and supplements the audited consolidated financial statements of the Acquired Companies and unaudited pro forma combined financial information of the Company and related disclosures contained in Exhibits 99.1, 99.5, 99.7 and 99.9 to the Form 8-K/A. To the extent that information in this Current Report on Form 8-K differs from or updates information contained in the Form 8-K/A, the information in this Current Report on Form 8-K shall supersede or supplement the information in the Form 8-K/A.

The Financial Information included in this Current Report on Form 8-K has been presented for informational purposes only. It does not purport to represent the actual results or project future operating results of the Company following the Transaction.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

1. Audited consolidated financial statements of Lightning Power, LLC and its subsidiaries as of December 31, 2025 and for the year ended December 31, 2025 and for the period August 9, 2024 to December 31, 2024 and the related notes thereto, which are included as Exhibit 99.1 hereto and incorporated herein by reference;
2. Audited combined financial statements of Fund III Projects for the period January 1, 2024 to August 8, 2024, and the year ended December 31, 2023 and the related notes, which are included as Exhibit 99.2 and incorporated by reference herein;
3. Audited consolidated financial statements of Gridiron Intermediate Holdings, LLC and its subsidiaries for the period January 1, 2024 to August 8, 2024, and the year ended December 31, 2023 and the related notes, which are included as Exhibit 99.3 and incorporated by reference herein;
4. Audited consolidated financial statements of Linebacker Power Funding, LLC and its subsidiaries as of December 31, 2025 and for the years ended December 31, 2025 and 2024 and the related notes thereto, which are included as Exhibit 99.4 hereto and incorporated herein by reference; and
5. Audited consolidated financial statements of CCS Power Finance Co, LLC and its subsidiaries as of December 31, 2025 and for the years ended December 31, 2025 and 2024 and the related notes thereto, which are included as Exhibit 99.5 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information

The Company is providing the unaudited pro forma combined financial information of the Company, after giving effect to the Transaction, which includes the unaudited pro forma combined balance sheet as of December 31, 2025 and the unaudited pro forma combined statement of operations for the year ended December 31, 2025. Such unaudited pro forma combined financial information and the related notes thereto is set forth in Exhibit 99.6 hereto and incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of KPMG LLP, independent auditors of Lightning Power, LLC.
23.2	Consent of KPMG LLP, independent auditors of Fund III Projects.
23.3	Consent of KPMG LLP, independent auditors of Gridiron Intermediate Holdings, LLC.
23.4	Consent of KPMG LLP, independent auditors of Linebacker Power Funding, LLC.
23.5	Consent of KPMG LLP, independent auditors of CCS Power Finance Co, LLC.
99.1	Audited consolidated financial statements of Lightning Power, LLC and its subsidiaries as of December 31, 2025 and for the year ended December 31, 2025 and for the period August 9, 2024 to December 31, 2024 and the related notes thereto.
99.2	Audited combined financial statements of Fund III Projects for the period January 1, 2024 to August 8, 2024, and the year ended December 31, 2023 and the related notes thereto (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2025, File No. 001-15891).
99.3	Audited consolidated financial statements of Gridiron Intermediate Holdings, LLC and its subsidiaries for the period January 1, 2024 to August 8, 2024, and the year ended December 31, 2023 and the related notes thereto (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2025, File No. 001-15891).
99.4	Audited consolidated financial statements of Linebacker Power Funding, LLC and its subsidiaries as of December 31, 2025 and for the years ended December 31, 2025 and 2024 and the related notes thereto.
99.5	Audited consolidated financial statements of CCS Power Finance Co, LLC as of December 31, 2025 and for the years ended December 31, 2025 and 2024 and the related notes thereto.
99.6	Unaudited pro forma combined financial information of NRG Energy, Inc. after giving effect to the Transaction, which includes the unaudited pro forma combined balance sheet as of December 31, 2025 and the unaudited pro forma combined statements of operations for the year ended December 31, 2025, and the related notes thereto.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the IXBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 2, 2026

NRG Energy, Inc.
(Registrant)

By: /s/ Christine A. Zoino

Christine A. Zoino

Corporate Secretary

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-217595, 333-197882, 333-185501, 333-182379, 333-171318, 333-151992, 333-135973, 333-114007, 333-270479 and 333-273810 on Form S-8 and the registration statement No. 333-293137 on Form S-3ASR of NRG Energy, Inc. of our report dated February 24, 2026, with respect to the consolidated financial statements of Lightning Power, LLC and subsidiaries, which report appears in the Form 8-K of NRG Energy, Inc. dated March 2, 2026.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 27, 2026

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-217595, 333-197882, 333- 185501, 333-182379, 333-171318, 333-151992, 333-135973, 333-114007, 333-270479 and 333-273810 on Form S-8 and the registration statement No. 333-293137 on Form S-3ASR of NRG Energy, Inc. of our report dated June 27, 2025, with respect to the combined financial statements of Fund III Projects, which report appears in the Form 8-K of NRG Energy, Inc. dated March 2, 2026.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 27, 2026

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-217595, 333-197882, 333-185501, 333-182379, 333-171318, 333-151992, 333-135973, 333-114007, 333-270479 and 333-273810 on Form S-8 and the registration statement No. 333-293137 on Form S-3ASR of NRG Energy, Inc. of our report dated June 26, 2025, with respect to the consolidated financial statements of Gridiron Intermediate Holdings, LLC and subsidiaries, which report appears in the Form 8-K of NRG Energy, Inc. dated March 2, 2026.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 27, 2026

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-217595, 333-197882, 333-185501, 333-182379, 333-171318, 333-151992, 333-135973, 333-114007, 333-270479 and 333-273810 on Form S-8 and the registration statement No. 333-293137 on Form S-3ASR of NRG Energy, Inc. of our report dated February 24, 2026, with respect to the consolidated financial statements of Linebacker Power Funding, LLC and subsidiaries, which report appears in the Form 8-K of NRG Energy, Inc. dated March 2, 2026.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 27, 2026

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements No. 333-217595, 333-197882, 333-185501, 333-182379, 333-171318, 333-151992, 333-135973, 333-114007, 333-270479 and 333-273810 on Form S-8 and the registration statement No. 333-293137 on Form S-3ASR of NRG Energy, Inc. of our report dated February 24, 2026, with respect to the consolidated financial statements of CCS Power Finance Co, LLC and subsidiaries, which report appears in the Form 8-K of NRG Energy, Inc. dated March 2, 2026.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 27, 2026

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES

Consolidated Financial Statements

For the year ended December 31, 2025 and
for the period from August 9, 2024 to December 31, 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Member
Lightning Power, LLC:

Opinion

We have audited the consolidated financial statements of Lightning Power, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, member's equity, and cash flows for the year ended December 31, 2025 and the period from August 9, 2024 to December 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year ended December 31, 2025 and the period from August 9, 2024 to December 31, 2024, in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2026

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2025 and 2024
(In thousands)

	2025	2024
Assets		
Current assets:		
Restricted cash	\$ 98,734	\$ 59,498
Accounts receivable	88,127	103,062
Accounts receivable - affiliate	-	1,253
Inventory	129,425	122,547
Prepaid expenses	29,237	28,161
Assets from risk management activities	537,673	424,369
Deposits	25,487	26,323
Other current assets	24,921	14,216
Total current assets	<u>933,604</u>	<u>779,429</u>
Property, plant, and equipment	6,888,347	6,855,838
Accumulated depreciation	(465,979)	(132,209)
Property, plant, and equipment, net	6,422,368	6,723,629
Intangible assets, net	30,152	31,772
Assets from risk management activities, long term	335,553	671,161
Operating lease right-of-use assets, net	26,067	27,609
Goodwill	127,985	127,985
Other noncurrent assets	8,225	135,907
Total assets	<u>\$ 7,883,954</u>	<u>\$ 8,497,492</u>
Liabilities and Member's Equity		
Current liabilities:		
Current portion of long-term debt	\$ 8,271	\$ 8,474
Accounts payable and accrued expenses	167,386	189,495
Liabilities from risk management activities	566,476	414,666
Deferred revenue	7,493	6,243
Operating lease liabilities	1,424	1,310
Other current liabilities	73,458	25,310
Total current liabilities	<u>824,508</u>	<u>645,498</u>
Long term debt	3,164,868	3,194,168
Liabilities from risk management activities, long term	362,627	659,818
Asset retirement obligations	73,694	68,502
Operating lease liabilities	25,583	26,782
Other long term liabilities	2,726	12,799
Total liabilities	<u>4,454,006</u>	<u>4,607,567</u>
Member's equity	3,429,948	3,889,925
Total liabilities and member's equity	<u>\$ 7,883,954</u>	<u>\$ 8,497,492</u>

See accompanying notes to the consolidated financial statements

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES
Consolidated Statements of Operations
For the year ended December 31, 2025,
For the period from August 9, 2024 to December 31, 2024
(In thousands)

	For the year ended December 31, 2025	For the period from August 9, 2024 to December 31, 2024
Revenues:		
Energy and capacity revenues	\$ 2,134,980	\$ 494,471
(Loss) Gain on risk management activities	(32,764)	15,384
Other revenue	12,511	12,290
Total revenues	<u>2,114,727</u>	<u>522,145</u>
Operating expenses:		
Fuel and transportation	870,925	190,142
Loss (gain) on risk management activities	101,467	(103,706)
Operating and maintenance	321,898	139,565
General and administrative	54,651	38,900
Depreciation	335,067	132,209
Accretion	5,192	2,097
Total operating expenses	<u>1,689,200</u>	<u>399,207</u>
Operating income	425,527	122,938
Interest expense, net	(236,067)	(130,811)
Other gain (loss), net	18,265	(9,005)
Net Income (loss)	<u>\$ 207,725</u>	<u>\$ (16,878)</u>

See accompanying notes to the consolidated financial statements

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES
Consolidated Statements of Member's Equity
For the year ended December 31, 2025,
For the period from August 9, 2024 to December 31, 2024
(In thousands)

	Total member's equity
Balance at August 9, 2024	\$ 4,530,636
Net loss	(16,878)
Capital contribution	9,820
Distributions	(633,653)
Balance at December 31, 2024	<u>\$ 3,889,925</u>
Net income	207,725
Distributions	(667,702)
Balance at December 31, 2025	<u>\$ 3,429,948</u>

See accompanying notes to the consolidated financial statements

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the year ended December 31, 2025,
For the period from August 9, 2024 to December 31, 2024
(In thousands)

	For the year ended December 31, 2025	For the period from August 9, 2024 to December 31, 2024
Cash flows from operating activities:		
Net income (loss)	\$ 207,725	\$ (16,878)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Loss on disposal of assets	38,030	2,516
Gain on insurance proceeds for damage to equipment	(27,010)	(1,069)
Loss on debt extinguishment	-	16,478
Depreciation	335,067	132,209
Amortization of intangible assets	1,620	628
Amortization of right-of-use assets	1,542	594
Amortization of deferred financing costs	8,997	3,347
Risk management activities	76,923	(346,699)
Accretion	5,192	2,097
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	1,734	(4,774)
Decrease in accounts receivable - affiliate	-	1,528
(Increase) decrease in inventory	(6,878)	2,484
Increase in prepaid expenses	(1,076)	(5,516)
Decrease (increase) in deposits	836	(1,256)
(Increase) decrease in other current assets	(10,705)	2,655
Increase in other noncurrent assets	(8,225)	(2,923)
(Decrease) increase in accounts payable and accrued expenses	(21,839)	13,356
Increase in deferred revenue	1,250	6,243
Increase in other current liabilities	48,148	25,310
Decrease in operating lease liabilities	(1,085)	(111)
Decrease in other long term liabilities	(10,073)	(4,605)
Net cash provided by (used for) operating activities	<u>640,173</u>	<u>(174,386)</u>
Cash flows from investing activities:		
Capital expenditures	(71,836)	(19,685)
Insurance proceeds received for damage to equipment	27,010	1,069
Net cash used for investing activities	<u>(44,826)</u>	<u>(18,616)</u>
Cash flows from financing activities:		
Proceeds from issuance of short term debt	72,500	21,000
Principal payments on short term debt	(93,500)	-
Proceeds from issuance of long term debt	-	3,250,000
Principal payments on long term debt	(17,500)	(2,491,742)
Debt issuance costs	-	(67,330)
Capital contributions	-	9,820
Cash distributions	(517,611)	(633,653)
Net cash (used for) provided by financing activities	<u>(556,111)</u>	<u>88,095</u>
Net change in restricted cash	39,236	(104,907)
Restricted cash, beginning of period	59,498	164,405
Restricted cash, end of period	<u>\$ 98,734</u>	<u>\$ 59,498</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 231,313	\$ 94,366
Supplemental disclosure of noncash financing activities:		
Non-cash distribution of equity interest in certain subsidiaries	\$ (150,091)	\$ -

See accompanying notes to the consolidated financial statements

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the year ended December 31, 2025 and
for the period from August 9, 2024 to December 31, 2024

(1) Organization

Lightning Power, LLC (Company), a Delaware limited liability company, was formed on June 21, 2024 to own, finance, develop, and manage a diverse portfolio of power generation facilities across the United States and is wholly owned by Lightning Power Holdings, LLC (Lightning Holdings). Lightning Holdings is directly owned by Fund III Lightning Holdings, LLC (Fund III Holdings) and Gridiron Holdings, LLC (Gridiron Holdings). Fund III Holdings and Gridiron Holdings own 68% and 32%, respectively, Class A common units of Lightning Holdings. Fund III Holdings is indirectly owned, through various holding companies, by Granite Energy, LLC (Granite) and Helix Generation, LLC (Helix). Gridiron Holdings is indirectly owned, through various holding companies, by Gridiron Energy, LLC (Gridiron).

On August 9, 2024, Gridiron, Helix, and Granite contributed 100% ownership interest in their respective generation facilities to the Company. Additionally on the same date, Helix contributed 100% ownership in Rise Light & Power, LLC and subsidiaries (Rise), which was formed to identify, evaluate, and develop investment opportunities within the power industry (collectively, "Contribution Transaction"). Rise maintains its dedicated workforce. In May 2025, the Company distributed its interest in certain Rise subsidiaries (see Note 14). As a result, the Company formed Rise Development, LLC which now holds all Rise subsidiary companies.

These consolidated financial statements reflect the year ended December 31, 2025 and the period from August 9, 2024 through December 31, 2024 in accordance with the Contribution Transaction. These consolidated statements reflect all Company activity, which began with the Contribution Transaction.

The Generation Facilities that are owned by the Company are described below:

Generation Facilities	Location	Size	Year Operational	Type
Springdale Energy, LLC	Springdale, PA	700 MW	1999-2003	Simple & Combined Cycle
Gans Energy, LLC	Gans, PA	96 MW	2000	Simple Cycle
Chambersburg Energy, LLC	Chambersburg, PA	100 MW	2001	Simple Cycle
Aurora Generation, LLC	Aurora, IL	1,050 MW	2001	Simple Cycle
Rockford Generation, LLC	Rockford, IL	550 MW	2000/2002	Simple Cycle
Armstrong Power, LLC	Shelocta, PA	780 MW	2002	Simple Cycle
Troy Energy, LLC	Luckey, OH	780 MW	2002	Simple Cycle
Helix Ironwood, LLC	Lebanon, PA	760 MW	2001	Combined Cycle
LSP University Park, LLC	University Park, IL	580 MW	2002	Simple Cycle
University Park Energy, LLC	University Park, IL	330 MW	2001	Simple Cycle
Wallingford Energy, LLC	Wallingford, CT	340 MW	2002	Simple Cycle
Riverside Generating Company, LLC	Lousia, KY	950 MW	1999	Simple Cycle
Doswell Limited Partnership	Hanover County, VA	1210 MW	2001, 1992	Simple & Combined Cycle
Helix Ravenswood, LLC	Queens, NY	2002 MW	1963	Simple & Combined Cycle
Ocean State Power LLC	Burrillville, RI	600 MW	1990	Combined Cycle

LIGHTNING POWER, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the year ended December 31, 2025 and
for the period from August 9, 2024 to December 31, 2024

(2) Summary of Significant Accounting Policies

(a) Basis of presentation

The consolidated financial statements and related notes are presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP). These consolidated financial statements reflect the consolidated balance sheets as of December 31, 2025 and 2024, consolidated statements of operations, member's equity, and cash flows of the Company for the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024. All intercompany transactions have been eliminated in the consolidated financial statements.

These consolidated financial statements and notes reflect the Company's evaluation of events occurring subsequent to December 31, 2025, through February 24, 2026, the date the consolidated financial statements were issued.

(b) Use of Estimates

Management makes estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses to prepare the consolidated financial statements in conformity with U.S. GAAP. The most significant of these estimates and assumptions relate to the valuation of acquired assets and assumed liabilities in connection with business combinations, derivative instruments, and asset retirement obligations. Actual results could differ materially from those estimates.

(c) Restricted Cash

Restricted cash consists of amounts that are restricted under the terms of certain financing agreements from transfer or dividend until such time as certain conditions are met. Such restricted cash is used primarily for operating expenses and debt service.

(d) Accounts Receivable

Accounts receivable primarily consists of amounts owed to the Generation Facilities for electric energy delivered to independent system operators (ISO), including PJM Interconnection LLC (PJM), ISO-New England Inc. (ISO-NE), and New York Independent System Operator (NYISO) under the energy management agreements (see Note 9). Accounts receivable also consists of amounts owed to the Generation Facilities from the ISOs for delivered capacity, as well as for hedge settlement fuel sales, and bilateral capacity settlements from energy marketers or other counterparties.

(e) Allowance for Doubtful Accounts

Management establishes reserves on accounts receivable if it becomes probable that the Company will not collect part of the outstanding accounts receivable balance. Management reviews collectability and establishes or adjusts its allowance using the specific identification method.

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(f) Inventory

Inventory consists of fuel oil, natural gas, and spare parts used in the production of electricity. Inventory is stated at the lower of weighted average cost or net realizable value. The carrying value of both fuel oil and natural gas inventories will be recovered with normal profits in the ordinary course of business through the generation and sale of energy. As of December 31, 2025 and 2024, spare parts inventory was \$76.0 million and \$74.2 million, respectively, fuel oil was \$52.7 million and \$47.8 million, respectively, and natural gas was \$0.8 million and \$0.5 million, respectively.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated remaining useful lives of individual assets or classes of assets. Plant and equipment are depreciated over the estimated useful life of the power generation facilities for 20 years. The estimated useful life for computer software is 3 years, computer hardware is 5 years, vehicles are 5 years, warehouse storage structure is 10 years, mechanical and electrical tools are 5 years and office equipment and furniture and fixtures are 7 years. Property, plant, and equipment also includes capital spares inventory available for use in planned major maintenance. Additions and improvements extending asset lives beyond their remaining estimated useful lives are capitalized, while repairs and maintenance, including planned major maintenance and capital spares, are charged to expense as incurred.

(h) Impairment of Long-Lived Assets

In accordance with FASB ASC 360, *Property, Plant, and Equipment*, long-lived assets and intangible assets with determinable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets and would be charged to earnings. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the costs to sell.

(i) Intangible Assets

On Acquisition Date, the Company recorded an asset management agreement at fair value. The contract is recorded as an intangible asset on the accompanying consolidated balance sheets. The intangible asset is being amortized using the straight-line method over the term of the contract as a reduction in Energy and capacity revenues on the accompanying consolidated statements of operations. Amortization of the intangible asset for the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024 totaled \$1.6 million and \$0.6 million, respectively. Amortization for each of the next five years is \$1.6 million.

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(j) Goodwill

Goodwill represents, at the time of an acquisition, the amount of the purchase price paid in excess of the fair value of the net assets acquired. In accordance with FASB ASC 350, *Intangibles—Goodwill and Other* (ASC 350), the Company will evaluate goodwill for impairment on an annual basis and when events warrant an assessment.

(k) Asset Retirement Obligations

In accordance with ASC 410, *Asset Retirement Obligations and Environmental Obligations*, the Company recognizes the fair value of the liability for asset retirement obligations in the period in which it is incurred if a reasonable estimate of fair value can be made. An amount equal to the present value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the useful life of the asset. The liability is accreted through charges to Accretion in the accompanying consolidated statements of operations. If the obligation is settled for an amount other than the carrying amount of the liability, a gain or loss is recognized upon settlement. As of December 31, 2025 and 2024, the Company has a liability of approximately \$73.7 million and \$68.5 million, respectively, for asset retirement obligations to provide for the future removal and dismantling of certain generation facilities. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, accretion expense was \$5.2 million and \$2.1 million, respectively.

(l) Leases

In accordance with FASB ASC 842, *Leases*, the Company evaluates each contract at inception to determine if it contains a lease. The Company considers a contract to be a lease when an asset is either explicitly or implicitly identified in the contract; and the contract conveys to the Company the right to control the use of the identified asset during the contract period. Operating leases are included in Operating lease right-of-use assets, net and Operating lease liabilities in the Company's consolidated balance sheets.

Operating lease right-of-use assets represent our right to use an underlying asset for the lease term, and operating lease liabilities represent our obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Renewal options that are reasonably certain to be exercised are included in the lease term. In determining the present value of the future lease payments, the Company uses the incremental borrowing rate, which is the rate of interest that the Company would have to pay to borrow, on a collateralized basis, over a similar term an amount equal to the payments for the lease. Short-term leases, leases with a term of 12 months are less at inception, are not recorded on the Company's consolidated balance sheets. Lease expenses for all operating leases are expensed on a straight-line basis over the lease term on the Company's consolidated statements of operations.

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(m) Debt Issuance and Deferred Financing Costs

Debt issuance and deferred financing costs are amortized over the term of the Company's financing arrangements using the effective interest method. Unamortized debt issuance and deferred financing costs are reflected as a component of Current portion of long term debt and Long term debt on the accompanying consolidated balance sheets.

(n) Regional Greenhouse Gas Initiative Allowances

Certain Generation Facilities are located in states that participate in the Regional Greenhouse Gas Initiative (RGGI) to reduce greenhouse gas emissions. The Company is required to possess RGGI allowances equal to its CO₂ emissions over a three-year control period. The Company must hold allowances equal to 50% of its emissions during each interim control period (the first two calendar years of each three-year control period), and 100% of all three years' allowances must be surrendered by March 1 after the three-year control period. The Company records RGGI allowances as other current assets or other current liabilities at the weighted-average cost or fair market value, respectively, on the accompanying consolidated balance sheets.

Due to market fluctuations in value, the value of the liability for the RGGI allowances recorded on the Company's accompanying consolidated balance sheets may not reflect the final cost of the surrendered RGGI allowances. RGGI allowances are charged to Fuel and transportation on the accompanying consolidated statements of operations when the generation facility operates. As of December 31, 2025 and 2024, the Company had a RGGI allowance liability of \$73.5 million and \$23.3 million, respectively, which is included in Other current liabilities on the accompanying consolidated balance sheets. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, RGGI allowance expense was \$59.3 million and \$16.7 million, respectively, which is reflected as a component of Fuel and transportation expense in the accompanying consolidated statements of operations.

The Company enters into futures contracts whereby the Company agrees to purchase RGGI allowances at a fixed price to be physically delivered on a future date. These contracts meet the definition of a derivative in accordance with ASC 815, *Derivatives and Hedging* (ASC 815).

(o) Derivative Financial Instruments

The Company enters into agreements that meet the definition of a derivative in accordance with ASC 815. These agreements are entered into to mitigate or eliminate market and financial risks. ASC 815 provides for three different ways to account for derivative instruments: (i) as an accrual agreement, if the criteria for the "normal purchase normal sale" exception are met and documented; (ii) as a cash flow or fair value hedge, if the specified criteria are met and documented; or (iii) as a mark-to-market agreement with changes in fair value recognized in current period earnings. All derivative instruments that do not qualify for the normal purchase normal sale exception are recorded at fair value in risk management assets and liabilities on the accompanying consolidated balance sheets.

If designated as a cash flow or fair value hedge, the Company documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy. This process includes linking all derivatives that are designated as hedges to specific assets or liabilities on the accompanying consolidated balance sheets or to forecasted transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. This could occur when: (1) it is determined that a derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (2) the derivative expires or is sold, terminated, or exercised; or (3) the derivative is discontinued as a hedging instrument, because it is unlikely that a forecasted transaction will occur. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective hedge of cash flows, the derivative will continue to be carried at fair value on the accompanying consolidated balance sheets and the gains and losses that were accumulated in other comprehensive income are recognized immediately or over the remaining term of the forecasted transaction in the accompanying consolidated statements of operations.

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Changes in the fair value of derivative instruments are either recognized in the accompanying consolidated statements of operations or consolidated statements of comprehensive income as a component of other comprehensive income, depending upon their use and designation.

Gains and losses related to transactions that qualify for hedge accounting are recorded in the accompanying consolidated statements of comprehensive income as a component of other comprehensive income and shown in the aggregate in accumulated other comprehensive income (AOCI) in the accompanying consolidated statements of member's equity and will flow through the accompanying consolidated statements of operations in the period the hedged item affects earnings.

Otherwise, any gains and losses resulting from changes in the market value of the derivative instruments contracts are recorded in the accompanying consolidated statements of operations in the current year.

The Company has no items of other comprehensive income for the period presented and, accordingly, comprehensive income is equal to net income.

(p) Fair Value Measurements

Fair value, as defined in ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

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(q) Fair Value of Financial Instruments

The carrying amounts of Restricted cash, Accounts receivable, and Accounts payable and accrued expenses are equal to or approximate their fair values due to the short-term maturity of those instruments.

Long-term debt consists of a variable term loan and fixed rate notes. The carrying value and fair value of the variable term loan were both \$1.73 billion and \$1.75 billion as of December 31, 2025 and 2024, respectively, as the interest rates are variable. As of December 31, 2025, the carrying amount and fair value of the fixed rate notes were \$1.50 billion and \$1.39 billion, respectively. As of December 31, 2024, the carrying amount and fair value of the fixed rate notes were \$1.50 billion and \$1.44 billion, respectively.

(r) Equity Method Investments

In accordance with ASC 323, *Investments Equity Method and Joint Ventures*, the Company applies the equity method of accounting to investments in which it has significant influence, but not a controlling financial interest. Under the equity method, the Company initially records the investment at cost and adjusts the carrying amount to recognize the Company's share of the earnings or losses of the investee after the acquisition date. The Company's share of the investee's earnings or losses is recognized in the Company's income statement. Distributions received from the investee reduce the carrying amount of the investment. The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable.

(s) Income Taxes

The Company consists of entities that have been organized as a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. Therefore, federal and state income taxes are assessed at the member's level.

(t) Concentrations of Credit and Market Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of restricted cash, accounts receivable, and derivatives. Restricted cash accounts are generally held at major institutions. Accounts receivable is concentrated within entities engaged in the energy industry. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic, industry, or other conditions.

The Company is exposed to credit losses in the event of noncompliance by counterparties on its derivative financial instruments. The counterparties to these transactions are major financial institutions. The Company does not require collateral or other security to support its financial instruments with credit risk. For the year ended December 31, 2025, 99% and 1% of revenues consisted of sales to ISOs and bilateral sales, respectively. For the period from August 9, 2024 to December 31, 2024, 95%, 2%, and 3% of revenues consisted of sales to ISOs, bilateral sales, and hedge settlements, respectively. All revenues are subject to geographical market risks.

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(u) Risks and Uncertainties

The Company is subject to a variety of factors, including the economy, the regulatory environment, the electricity markets, and the availability of capital resources. As with any power generation facility, operations of the Company's Generation Facilities involve risk, including the performances of the facilities below expected levels of efficiency and output, shut downs due to the breakdown or failure of equipment or processes, violations of permit requirements, operator error, labor disputes, weather interferences, or catastrophic events such as fires, earthquakes, floods, explosions, pandemics, or other similar occurrences affecting a power generation facility or its power purchasers. The occurrence of any of these events could significantly reduce or eliminate revenues generated by the facilities or significantly increase the expenses of the facilities, adversely impacting the Company's ability to make payments of principal and interest on its debt when due.

(v) Commitments and Contingencies

In accordance with ASC 450, *Contingencies*, the Company records a loss contingency for matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Loss contingency reserves are based on estimates and judgments made by management with respect to the likely outcome of matters, including any applicable insurance coverage for litigation matters, and are adjusted as circumstances warrant. These estimates and judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions, the outcome of legal proceedings, settlements or other factors.

Additionally, the Company follows the guidance of ASC 460, *Guarantees* (ASC 460), for disclosing and accounting of guarantees and indemnifications entered into during the course of business. When a guarantee or indemnification subject to ASC 460 is entered into the estimated fair value of the guarantee or indemnification is assessed. Some guarantees and indemnifications could have a financial impact under certain circumstances. Management considers the probability of such circumstances occurring when estimating fair value.

(3) Acquisition

On August 9, 2024 (Acquisition Date), the Company acquired 100% interest in certain generation facilities in connection with the Contribution Transaction (see Note 1). The Company was the accounting acquirer in the transaction as it was a substantive entity and obtained controlling financial interests, as defined in ASC 805, *Business Combinations* (ASC 805), in each of the Generation Facilities via the contribution of their equity in exchange for the equity of the Company, and the transaction was not among entities under common control. On the acquisition date, the Company recognized transaction costs of approximately \$8.8 million within selling, general, and administrative expenses in the consolidated statements of operations.

In accordance with ASC 805, the acquisition was determined to be a business combination and the acquired assets and assumed liabilities were recorded at fair value, which resulted in Net assets acquired of \$4.5 billion as of the Acquisition Date. The excess of the purchase price over the fair value of identifiable net assets acquired was recorded as goodwill.

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Fair values were determined primarily by an independent third-party valuation. The measurement approach utilized to fair value the assets acquired was the income approach using a discounted cash flow model for property, plant and equipment, intangible assets and asset retirement obligations. The fair values of property, plant and equipment, intangible assets, as well as other assets and liabilities have been finalized based on the facts and circumstances that existed as of the Acquisition Date. The fair value of long term debt approximated its book value as of August 9, 2024 as the interest rates are variable, with the exception of fixed rate notes (see Note 11). Derivative instruments were valued in accordance with the Company's policy as of the acquisition date. For the remaining of the net assets acquired, book value approximated fair value given the short-term nature and quick turn of the related assets and liabilities.

The following table summarizes the fair values of assets acquired and liabilities assumed at the Acquisition Date (in millions):

Assets Acquired:	
Restricted cash	\$ 164
Accounts receivable	101
Inventory	125
Loan receivable	133
Other current assets	249
Intangible assets	32
Goodwill	128
Property, plant and equipment	6,836
Other noncurrent assets	314
Total assets acquired	8082
Liabilities Assumed:	
Accounts payable and accrued expenses	176
Short term debt	13
Other current liabilities	306
Asset retirement obligations	66
Long term debt	2,460
Other noncurrent liabilities	531
Total liabilities assumed	\$ 3,552
Net asset acquired	\$ 4,530

(4) Goodwill

As part of the business combination completed on Acquisition Date and accounted for under ASC 805, the Company recognized goodwill on its balance sheet. As of December 31, 2025 and 2024 goodwill was \$128.0 million.

The recognized goodwill is predominantly attributable to the acquired Rise development platform that did not meet the recognition criteria for separate identifiable intangible assets under ASC 805 and ASC 350. The development platform incorporates the underlying processes, expertise, and capabilities that enable Rise to utilize interconnection and other arrangements of a certain generation facility for future growth initiatives. While not separately recognizable under U.S. GAAP, these initiatives represent significant future economic benefits expected to be derived from the integration of the acquired development platforms.

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Management applies judgment in assessing the recoverability of goodwill. Goodwill is not amortized but is subject to an annual impairment test in accordance with ASC 350, or more frequently if events or changes in circumstances indicate potential impairment.

(5) Revenue Recognition

Capacity revenue is recognized over time as the Company satisfies its performance obligation of maintaining available generation capacity at negotiated contract terms. Energy revenue consists of physical and financial transactions and is recognized when the performance obligation is satisfied upon delivery of electricity to customers. Physical transactions are recorded on a gross basis in accordance with ASC 606, *Revenue from Contracts with Customers* (ASC 606), as the Company controls the specified electricity before transfer to customers. The Company has elected to apply the practical expedient to recognize revenue in the amount it has the right to invoice for both capacity and energy revenue, as this represents the value transferred to customers. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, capacity revenue amounted to \$627.0 million and \$162.6 million, respectively, which is reflected as a component of Energy and capacity revenues in the accompanying consolidated statements of operations.

(6) Equity Method Investment

As of December 31, 2024, the Company held a 16.3% equity interest in Attentive Energy LLC (Attentive). The Company accounted for this investment using the equity method of accounting as the Company exercises significant influence but not control over the Attentive's operating and financial policies. At the Acquisition Date, the Company performed a fair value assessment of this investment and determined the fair value to be \$0. There was no material operating activity in Attentive from the Acquisition Date through December 31, 2024 and the investment's carrying value remained at \$0 as of December 31, 2024.

In May 2025, the Company distributed 100% of the outstanding equity interest of a Rise subsidiary, which held the equity method investment in Attentive (see Note 14). As a result, the Company no longer owns the equity interest in Attentive.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. As of December 31, 2025 and 2024, Property, plant and equipment, net consisted of the following (in thousands):

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	2025	2024
Land and improvements	\$ 100,440	\$ 100,440
Plant and equipment	6,687,819	6,683,094
Capital spares	47,703	46,933
Computer software and hardware	1,045	922
Office furniture and equipment	240	240
Equipment and tools	795	735
Construction in progress	49,884	23,066
Warehouse storage	162	162
Vehicles	259	246
Total property, plant and equipment	6,888,347	6,855,838
Accumulated depreciation	(465,979)	(132,209)
Property, plant and equipment, net	\$ 6,422,368	\$ 6,723,629

For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, depreciation expense for property, plant and equipment was \$335.1 million and \$132.2 million, respectively.

(8) Other Noncurrent Assets

Other noncurrent assets consist of deposits that are long-term in nature, as well as an initial loan that was made by Rise to Attentive. As of December 31, 2025, the Company had a balance in Other noncurrent assets of \$8.2 million, which relates to its long-term deposits. As of December 31, 2024, the Company had a balance in Other noncurrent assets of \$135.9 million which related to a loan receivable, plus accrued interest.

(9) Facility and Contract Commitments

(a) Energy Management Agreements

The Company has entered into several energy management agreements (EMAs) with various counterparties to provide comprehensive power management services, including scheduling, dispatch, and delivery of energy, as well as fuel and risk management services for its generation facilities. These counterparties are responsible for scheduling the natural gas supply required to operate the respective generation facilities and coordinating the sale of power, capacity, and ancillary services.

For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company incurred costs under the EMAs of \$3.8 million and \$1.5 million, respectively, which is recorded in General and administrative expense on the accompanying consolidated statements of operations.

(b) Operation and Maintenance Agreements

The Company has entered into several operations and maintenance (O&M) agreements with various counterparties to provide comprehensive operation and maintenance services for its generation facilities. Under these agreements, the Company pays a fixed monthly operating fee, which is subject to an annual adjustment based on specified indices. Additionally, the Company pays an annual incentive fee and reimburses the operators for all labor costs, including payroll, related taxes, and other incurred costs.

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For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company incurred fixed costs under the O&M agreements of \$5.6 million and \$2.0 million, respectively, which are recorded in General and administrative expenses, and incurred \$69.6 million and \$27.5 million, respectively, of other labor costs, which are recorded in Operating and maintenance expense in the accompanying consolidated statements of operations. Under the terms of a certain agreement, the Company issued Letters of Credit (LOC) in the amount of \$2.5 million.

(c) Asset Management and Fuel Supply Agreements

The Company has entered into several asset management and fuel supply agreements with various counterparties to provide fuel transportation and management services to the Generation Facilities. The fuel supply agreements call for the counterparties to provide certain fuel management services and to be the gas supplier to the plants. Quantities purchased will be agreed between the plant and the counterparties on the applicable pipelines and will be priced according to the transaction confirm in the contract.

The Company has a call option agreement to buy natural gas at an index price plus transportation charges for a maximum daily amount specified in the agreement. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company incurred costs under the physical gas call option agreements of \$7.1 million and \$1.0 million, respectively, which are recorded in Fuel and transportation expense in the accompanying consolidated statements of operations.

For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company incurred costs under the asset management and fuel supply agreements of \$747.2 million and \$152.5 million, respectively, which are recorded in Fuel and transportation expense in the accompanying consolidated statements of operations. Under the terms of asset management and fuel supply agreements, the Company issued LOCs totaling \$6.0 million.

(d) Gas Transportation and Storage Agreements

Certain Generation Facilities have firm gas transportation and storage agreements with various counterparties. These agreements call for the counterparties to deliver natural gas, not to exceed the daily maximum, to a specific interconnection point specified in the respective agreements.

Helix Ravenswood, LLC (Ravenswood) has gas transportation, balancing service, and fuel oil agreements which allows for an agreed upon amount per day, with Ravenswood paying fixed and variable charges, continuing month-to-month unless terminated. The fuel oil supply agreement involves Ravenswood supplying, storing, and handling fuel oil, with the counterparty paying handling fees and costs based on delivery quantities. Furthermore, Ravenswood has a contract with counterparties to use fuel oil instead of natural gas for electricity generation, with NYISO providing fixed monthly payments. For the year ended December 31, 2025, and for the period from August 9, 2024 to December 31, 2024, the Company earned \$12.0 million and \$9.5 million, respectively, which are recorded as Other revenue in the accompanying consolidated statements of operations.

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For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company incurred costs under the gas transportation agreements of \$61.4 million and \$24.7 million, respectively, which is recorded in Fuel and transportation expense in the accompanying consolidated statements of operations. Under the terms of gas transportation and storage agreements, the Company issued LOCs totaling \$29.1 million.

(e) Equipment Maintenance Agreements

Helix Ironwood, LLC (Ironwood) has a term warranty contract (TWC) with Siemens Energy, Inc. (Siemens) for outage procedures on turbine and generator components, expiring at the earlier of a major inspection or December 31, 2049, with fees based on time and milestones, paid quarterly. Armstrong Power, LLC (Armstrong) has a maintenance service agreement (MSA) with GE International (GE) that expires in December 2027 and can be renewed upon mutual agreement. The MSA is a bundled service agreement that involves fixed quarterly fees. Springdale's long-term service agreement (LTSA) with Siemens, expiring by the third major outage or December 31, 2032, includes similar fee structures and potential extensions. The LTSAs with GE for Armstrong and Troy Energy, LLC (Troy), and the MSA with GE and Troy, all expired in December 2024.

Doswell Limited Partnership (Doswell) has an LTSA with Siemens that provides for outage procedures on certain combustion turbine components. The LTSA term expires the earlier of the date on which the scheduled 2nd major outage procedures have been completed, or September 28, 2030. Doswell pays for these services on a monthly basis, based on operating hours multiplied by a contracted rate, subject to escalation. In addition, Doswell pays periodic, fixed milestone payments under the LTSA.

Ravenswood has a contractual services agreement (CSA) with GE for outage procedures on gas combustion turbine components, expiring at the earlier of the fourth major outage, 225,000 operating hours, or October 3, 2036. Ravenswood makes quarterly payments in arrears based on operating hours at a contracted rate, subject to escalation.

Payments for LTSAs, TWC, and CSA are deferred as prepaid expenses until maintenance occurs, while Armstrong and Troy's payments under MSAs are expensed quarterly. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company made payments totaling \$24.6 million and \$11.6 million, respectively, under the TWC, MSAs, and LTSAs.

For the year ended December 31, 2025, the Ironwood TWC costs incurred have exceeded the cumulative payments made, and accordingly, the net excess of \$10.1 million and \$2.7 million are reflected as components of Accounts payable and accrued expenses and Other long term liabilities, respectively, in the accompanying consolidated balance sheets. Conversely, the Springdale and Doswell LTSAs and the Ravenswood CSA payments made have exceeded the cumulative costs, and accordingly, the net excess of \$24.9 million is reflected as a component of Other current assets in the accompanying consolidated balance sheets.

For the period from August 9, 2024 to December 31, 2024, the Springdale LTSA and Ironwood TWC costs incurred exceeded the cumulative payments made, and accordingly, the net excess in the amounts of \$9.9 million and \$12.8 million are reflected as a component of Accounts Payable and accrued expenses and Other long term liabilities, respectively, in the accompanying consolidated balance sheets. Conversely, the Ravenswood CSA and Doswell LTSA payments made have exceeded the cumulative costs, and accordingly, the net excess of \$14.2 million is reflected as a component of Other current assets in the accompanying consolidated balance sheets.

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(f) Capacity Agreements

The Company has several agreements to sell capacity to various counterparties. These agreements enable certain Generation Facilities to sell to various counterparties a fixed quantity of capacity at a fixed price for a certain period of time.

(g) Electric and Gas Interconnection Agreements

The Company has electric interconnection agreements with PJM, ISO-NE, Con Edison, National Grid and other counterparties that connect the Generation Facilities to the electrical power grid. These agreements continue in effect indefinitely, until terminated. The Company has gas interconnection agreements with various counterparties that connect the Generation Facilities to their respective natural gas pipelines. These agreements continue in effect indefinitely, until terminated. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company did not incur maintenance costs relating to the electric and gas interconnection agreements.

The Company has various long term contractual and commercial commitments of which the significant contracts have been discussed in this note and note 10, which further discusses lease agreements. The following table summarizes the obligations with respect to the significant contractual and commercial commitments, including lease agreements, as of December 31, 2025 (in thousands):

Contractual obligations	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Energy management agreements	\$ 3,908	7,923	8,072	59,394	79,297
Gas supply and transportation agreements	54,643	110,272	104,167	663,294	932,376
Equipment maintenance agreements	28,182	61,348	72,031	242,306	403,867
Operation and maintenance agreements	3,818	7,957	8,407	70,892	91,074
Physical call option agreements	322	—	—	—	322
Lease agreements	\$ 2,553	4,803	4,913	26,232	38,501
Total	93,426	192,303	197,590	1,062,118	1,545,437

(10) Leases

The Company has various operating leases for land, storage, and office equipment. These include a lease for 21.2 acres of land from Rock River Valley Industrial Park, Inc. for the Rockford generation facility, which includes easements for operating a simple cycle generation facility. This lease, expiring on December 31, 2039, is payable on an annual basis subject to a 3% escalation. Additionally, the Company leases 8.5 acres from the Town of Wallingford, expiring in January 2040, and holds several land leases for the Riverside generation facility, expiring in 2040 and 2041, with monthly payments subject to escalation.

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For office space, the Company entered into a 5-year and 6-year lease on December 30, 2021, which includes a 5-year renewal option. Lease payments are made monthly, and renewal options that are reasonably certain to be exercised are included in the lease term. The Company does not have any leases with variable payments or residual value guarantees.

As of December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, annual payments based on the maturities of the Company's operating leases were as follows (in thousands):

Lease cost (in thousands)	December 31, 2025	For the period from August 9, 2024 to December 31, 2024
Operating lease cost	\$ 2,949	\$ 1,165
Short-term lease cost	72	152
Total lease cost	\$ 3,021	\$ 1,317

Other lease information	December 31, 2025	For the period from August 9, 2024 to December 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases (in thousands)	\$ 3,801	\$ 968
Weighted-average remaining lease terms (in years)	14	15
Weighted-average discount rate	5.17%	5.17%

As of December 31, 2025, annual payments based on the maturities of the Company's operating leases are expected to be as follows (in thousands):

2026	\$ 2,553
2027	2,451
2028	2,352
2029	2,418
2030	2,495
Thereafter	26,232
Total operating lease payments	38,501
Less: present value adjustment	(11,494)
Total operating lease liabilities	\$ 27,007

(11) Financing Arrangements

On Acquisition Date, the Company assumed existing debt obligations with a principal amount of \$2.5 billion as part of the acquisition (see Note 3). The assumed debt consisted of \$2.1 billion in variable rate loans with interest rates based on SOFR plus spreads ranging from 2.75% to 4.75%, and \$458 million in fixed rate notes with interest rates of 5.64%. In accordance with ASC 805, the variable rate loans were recorded at their carrying value as their carrying value approximated fair value at the Acquisition Date. On Acquisition Date, the fixed rate notes were recorded at their fair value of \$441 million.

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On August 16, 2024 (Finance Date), the Company established new financing arrangements to facilitate the repayment of the long term debt assumed in the Acquisition (see Note 3), pay transaction costs, pay to partially offset certain commodity derivatives (see Note 12), and make a \$513.8 million distribution. The loss on debt extinguishment of \$17 million on the fixed rate notes was recognized in Interest expense, net in the accompanying consolidated statements of operations.

As of December 31, 2025 and 2024, the Company's financing arrangements consisted of the following:

Loan Agreement	2025	2024
Term Loan	\$ 1,728,125	\$ 1,745,625
Secured Notes	1,500,000	1,500,000
Revolving Facility	-	21,000
Less: unamortized debt issuance costs and discount	(54,986)	(63,983)
Total debt, net	3,173,139	3,202,642
Less: current portion of long-term debt	(17,500)	(17,500)
Less: current portion of deferred financing costs	9,229	9,026
Long-term debt	<u>\$ 3,164,868</u>	<u>\$ 3,194,168</u>

(a) Credit Agreement

On August 16, 2024, the Company entered into a credit agreement (Credit Agreement) with various lenders. The Credit Agreement consists of a term loan totaling \$1.75 billion (Term Loan) and revolving loan facility of \$600 million (Revolving Facility). The interest rate for the Term Loan was equal to the SOFR rate plus a margin of 3.25%. The maturity date of the Term Loan and the Revolving Facility is August 16, 2031, and August 16, 2029, respectively. In February 2025, the Company amended the interest rate of the Term Loan where the interest rate is equal to the SOFR rate plus a margin of 2.25%. The interest rate in effect at December 31, 2025 and 2024 for the Term Loan was 5.97% and 7.58%, respectively.

Under the terms of the Credit Agreement, principal on the Term Loan is paid quarterly commencing on December 31, 2024, in an amount equal to 0.25% of the original outstanding principal. Each quarter, commencing in December 2025, a percentage, based on the first lien net leverage ratio, of the excess cash flows are applied to repay a portion of the outstanding Term Loan, after such, the Company is permitted, subject to meeting certain distribution conditions, to distribute the remaining excess cash. The Company is required to prepay the Term Loan with 25% of any remaining excess cash flow if the first lien leverage ratio exceeds 3.50 but is less than 4.25, 50% of any remaining excess cash flow if the first lien leverage ratio exceeds 4.25 but is less than 5.50, and 75% of any remaining excess cash flow if the first lien leverage ratio exceeds 5.50. Additionally for each quarter, the Company is required to maintain at least a 1.10 fixed charge coverage ratio.

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Under the terms of the Credit Agreement, the Company includes the receipt of revenues, debt service payments and the payments for certain categories of expenses in one bank account. The Company has established the required bank account and has pledged all its rights, title and interest in the bank account as security for its payment obligations under the Credit Agreement.

As of December 31, 2025 and 2024, there was \$1.73 billion and \$1.75 billion outstanding, respectively, under the Credit Agreement and \$72.8 and \$59.9 million, respectively, of LOCs outstanding under the Revolving Facility. Additionally, as of December 31, 2024, there was \$21.0 million of borrowings outstanding under the Revolving Facility. As of December 31, 2025 there was no balance outstanding under the Revolving Facility.

As of December 31, 2025 and 2024, the unamortized debt issuance and deferred financing costs totaled \$55.0 million and \$64.0 million, respectively. The amortization of these costs is reflected as a component of Interest expense, net on the accompanying consolidated statements of operations. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, amortization of such costs totaled \$9.0 million and \$3.3 million, respectively.

As of December 31, 2025, minimum principal payments for the next five years for the term loans are as follows (in thousands):

	2026	2027	2028	2029	2030
Minimum principal payments	\$ 17,500	17,500	17,500	17,500	17,500

(b) Notes Indenture

On August 16, 2024, the Company entered into an notes indenture with various lenders, which consists of senior secured notes (Secured Notes) totaling \$1.5 billion with a maturity date of August 15, 2032. The fixed interest rate on the Secured Notes is 7.25% and is paid semi-annually in arrears on and of each year, commencing on February 15, 2025. The principal amount of the Secured Notes will be paid in full on maturity unless the Company chooses to early redeem.

(12) Derivative Instruments and Hedging Activities

The Company enters into commodity derivatives to reduce its exposure to market fluctuations of energy prices and gas prices. The Company is a party to the following derivative instruments:

(a) Heat Rate Call Options

The Company entered into several daily financial heat rate call option contracts with various counterparties. The contracts provided for receipt of fixed option premium payments by the Company, net of energy settlements based on a fixed heat rate, power reference index price, gas reference index price, and certain energy prices. The heat rate call option is marked to market with changes in fair value recognized in current period earnings.

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(b) Commodity Derivatives

The Company enters into various energy related derivatives to manage the commodity price risk associated with power revenue and fuel costs for the Generation Facilities, including:

- a) Power Swap Contracts, which require payments to or from counterparties based upon the difference between the contract and the market price for a predetermined notional amount. These contracts are used to manage commodity price risk associated with changes in the ISOs power prices.
- b) Gas Swap Contracts, which require payments to or from counterparties based upon the difference between the contract and the market price for a predetermined notional amount. These contracts are used to manage commodity price risk at multiple delivery points associated with changes in fuel prices.
- c) Capacity Contracts, which require payments from counterparties based upon the difference between the contract and the market price for a predetermined notional amount.
- d) Option Contracts, which provide the Company the ability to buy or sell power at a fixed price.
- e) RGGI Contracts, which two parties agree to exchange a fixed number of allowances of a certain vintage year at a fixed price for a specific delivery month.

On Finance Date, the Company entered into an agreement with a counterparty to enter into new power and gas swap contracts that had the economic effect of bringing certain existing power and gas swap contracts to an overall net value of zero while maintaining original counterparty arrangements. The Company paid \$245.6 million as part of this arrangement, which was recorded as risk management assets and liabilities.

The Power Swap Contracts, Gas Swap Contracts, Capacity Contracts, Option Contracts, Heat Rate Call Option Contracts, and RGGI Contracts are entered into as part of the Company's overall hedging strategy with respect to commodity price risk associated with energy gross margin. The Company records changes in the fair value of the commodity derivatives in the accompanying consolidated statements of operations in the current period.

The Company's outstanding net position as of December 31, 2025 are summarized in the following table (in thousands):

		<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Power Swap Contracts (MWh)	Sell	18,991	7,879	—	—	—
Gas Swap Contracts (MMBTU)	Buy	152,152	56,995	—	—	—
Capacity Contracts (MW)	Sell	2	—	—	—	—
Call Options (MWh)	Sell	66	—	—	—	—
RGGI Futures Contracts (CO2 Tons)	Buy	350	1,300	—	—	—

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Fair Value Measurements

The following table sets forth by level within the fair value hierarchy the assets and liabilities of the Company that were accounted for at fair value on a recurring basis as of December 31, 2025 and 2024. These assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The three levels of the fair value hierarchy defined by ASC 820 are as follows:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and agreement prices for the underlying instruments, as well as other relevant economic measures. Substantially all these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

The following table presents assets and liabilities measured and recorded at fair value on the Company’s consolidated balance sheets and their level within the fair value hierarchy as of December 31, 2025 and 2024 (in thousands):

	Fair value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Commodity Derivatives	\$ —	(77,731)	—	(77,731)
Capacity Contracts	—	11,999	—	11,999
Call Options	—	926	—	926
RGGI Contracts	—	8,929	—	8,929
Assets (liabilities) from risk management activities, net	<u>\$ —</u>	<u>(55,877)</u>	<u>—</u>	<u>(55,877)</u>

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	Fair value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Commodity Derivatives	\$ —	57,184	—	57,184
Capacity Contracts	—	(1,333)	—	(1,333)
Call Options	—	(875)	—	(875)
Heat Rate Call Options	—	—	(44,047)	(44,047)
RGGI Contracts	—	10,117	—	10,117
Assets (liabilities) from risk management activities, net	<u>\$ —</u>	<u>65,093</u>	<u>(44,047)</u>	<u>21,046</u>

For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company did not have any transfers between Levels 1, 2, or 3.

Fair value measurements using significant unobservable inputs (Level 3)

	2025
Balance – beginning of period – December 31, 2024	\$ (44,047)
Unrealized loss on risk management activities	(30,681)
Premiums	(31,920)
Settlements	106,648
Balance – ending balance – December 31, 2025	<u>\$ —</u>

Fair value measurements using significant unobservable inputs (Level 3)

	2024
Balance – beginning of period – August 9, 2024	\$ (71,942)
Unrealized gain on risk management activities	18,963
Premiums	(13,589)
Settlements	22,521
Balance – ending balance – December 31, 2024	<u>\$ (44,047)</u>

The following tables provide quantitative information for financial instruments classified as Level 3 in the fair value hierarchy for the period from August 9, 2024 to December 31, 2024:

	Valuation Technique	Significant Inputs	Average/Range 2024	Units
Heat rate call options	Model	Electricity regional prices	\$ 51.81	Dollars/MWH
		Natural gas prices	\$ 3.53	Dollars/MMBtu
		Power price volatility	36.7%	
		Gas price volatility	52.3%	

The following tables present information concerning the impact of derivative instruments on the accompanying consolidated balance sheets and consolidated statements of operations.

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Impact of Derivative Instruments on the Accompanying Consolidated Balance Sheets

The following tables present the classifications and fair value of derivative instruments on the accompanying consolidated balance sheets as of December 31, 2025 and 2024 (in thousands):

Instrument	Balance sheet location	2025
Derivatives not designated as hedging activities:		
Call Options	Assets from risk management activities	\$ 926
Commodity Derivatives	Assets from risk management activities	506,466
Commodity Derivatives	Assets from risk management activities, long term	327,825
Commodity Derivatives	Liabilities from risk management activities	(551,941)
Commodity Derivatives	Liabilities from risk management activities, long term	(360,081)
Capacity contracts	Assets from risk management activities	25,896
Capacity contracts	Assets from risk management activities, long term	1,575
Capacity contracts	Liabilities from risk management activities	(13,778)
Capacity contracts	Liabilities from risk management activities, long term	(1,694)
RGGI Contracts	Assets from risk management activities	4,385
RGGI Contracts	Assets from risk management activities, long term	6,153
RGGI Contracts	Liabilities from risk management activities	(757)
RGGI Contracts	Liabilities from risk management activities, long term	(852)
Total derivatives not designated as hedging activities		<u>(55,877)</u>
Total derivatives, net liability		<u>\$ (55,877)</u>

Instrument	Balance sheet location	2024
Derivatives not designated as hedging activities:		
Call Options	Liabilities from risk-management activities	\$ (875)
Heat rate call options	Liabilities from risk-management activities	(44,047)
Commodity Derivatives	Assets from risk-management activities	398,736
Commodity Derivatives	Assets from risk-management activities, long term	652,738
Commodity Derivatives	Liabilities from risk-management activities	(349,842)
Commodity Derivatives	Liabilities from risk-management activities, long term	(644,448)
Capacity contracts	Assets from risk-management activities	25,169
Capacity contracts	Assets from risk-management activities, long term	8,770
Capacity contracts	Liabilities from risk-management activities	(19,902)
Capacity contracts	Liabilities from risk-management activities, long term	(15,370)
RGGI Contracts	Assets from risk-management activities	464
RGGI Contracts	Assets from risk-management activities, long term	9,653
Total derivatives not designated as hedging activities		<u>21,046</u>
Total derivatives, net asset		<u>\$ 21,046</u>

Impact of Derivative Instruments on the Accompanying Consolidated Statements of Operations

The following tables present the classification and amount of the gains and losses on derivative instruments in the accompanying consolidated statements of operations for the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024. The impact of derivative instruments that have not been designated as hedging instruments (in thousands):

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Instrument	Location of gain (loss) recognized in income on derivatives	Amount of gain (loss) in income on derivatives for the year ended December 31, 2025
Commodity derivatives - power	(Loss) gain on risk management activities	\$ 22,765
Commodity derivatives – gas	Loss (gain) on risk management activities	(101,467)
Capacity contract	(Loss) gain on risk management activities	20,147
Heat rate call options	(Loss) gain on risk management activities	(74,728)
RGGI contracts	(Loss) gain on risk management activities	(948)
Total loss in income on derivatives		<u>\$ (134,231)</u>

Instrument	Location of gain (loss) recognized in income on derivatives	Amount of gain (loss) in income on derivatives for the period from August 9, 2024 to December 31, 2024
Commodity derivatives - power	(Loss) gain on risk management activities	\$ (39,880)
Commodity derivatives – gas	Loss (gain) on risk management activities	103,706
Capacity contract	(Loss) gain on risk management activities	39,021
Heat rate call options	(Loss) gain on risk management activities	27,895
RGGI contracts	(Loss) gain on risk management activities	(11,652)
Total gain in income on derivatives		<u>\$ 119,090</u>

Offsetting of Derivative Assets and Liabilities

The Company has elected to present derivative assets and liabilities on the balance sheets by offsetting amounts that could be netted pursuant to agreements with the Company's counterparties.

The following tables present the gross and net derivative assets and liabilities and shows the effect if the offsetting amounts were shown net pursuant to agreements with the Company's counterparties on the accompanying consolidated balance sheets as of December 31, 2025 and 2024 (in thousands):

	Gross amounts not offset in financial statements as of December 31, 2025	Offsetting amounts of derivative instruments as of December 31, 2025	Net amounts after offset as of December 31, 2025
Assets from risk management activities	\$ 873,226	\$ (117,546)	\$ 755,680
Liabilities from risk management activities	(929,103)	117,546	(811,557)
Net risk management activities	<u>\$ (55,877)</u>	<u>\$ —</u>	<u>\$ (55,877)</u>

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For the year ended December 31, 2025 and
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	Gross amounts not offset in financial statements as of December 31, 2024	Offsetting amounts of derivative instruments as of December 31, 2024	Net amounts after offset as of December 31, 2024
Assets from risk management activities	\$ 1,095,530	\$ (233,047)	\$ 862,483
Liabilities from risk management activities	(1,074,484)	233,047	(841,437)
Net risk management activities	<u>\$ 21,046</u>	<u>\$ —</u>	<u>\$ 21,046</u>

(13) Related Party Transactions

The Company receives certain overhead administrative and management services from an affiliate. These costs are not allocated to the Company. For the year ended December 31, 2025 and for the period from August 9, 2024 to December 31, 2024, the Company made payments of \$16.5 million and \$5.9 million, respectively, to an affiliate for costs related to the operation and management of the Company, which are reflected under General and administrative expense in the accompanying statements of operations. As of December 31, 2025 and 2024, the Company had an outstanding payable due to an affiliate of \$3.5 million and \$1.2 million, respectively.

(14) Member's Equity

Profits, losses, and distributions are allocated in accordance with the provisions of the Company's Limited Liability Company agreement. During the year ended December 31, 2025, the Company made distributions in the amount of \$667.7 million, of which \$517.6 million were related to cash distributions made to Lightning Holdings. For the period from August 9, 2024 to December 31, 2024, the Company made contributions and distributions in the amount of \$9.8 million and \$633.7 million, respectively.

In May 2025, the Company distributed 100% of the outstanding equity interests of certain Rise subsidiaries to Lightning Holdings in a noncash distribution. At the distribution date, the subsidiary held an equity-method investment in Attentive with a carrying value of zero, as well as other assets and liabilities, primarily a debt receivable of \$135.9 million (see Note 8). The assets and liabilities of the Rise subsidiary were derecognized at their carrying amounts on the distribution date, with a corresponding reduction to equity. No gain or loss was recognized as a result of the distribution.

(15) Commitments and Contingencies

The Company enters into contracts in the ordinary course of business that contain various representations, warranties, indemnifications, and guarantees. Some of the agreements contain indemnities that cover the other party's negligence or limit the other party's liability with respect to third-party claims, in which event the Company effectively indemnifies the other party. While there is the possibility of a loss related to such representations, warranties, indemnifications, and guarantees in the contracts and such loss could be significant, the Company considers the probability of loss to be remote. The Company, from time to time, is a party to certain other claims arising in the ordinary course of business. The Company is of the opinion that final disposition of these claims will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

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(16) Involuntary Conversion

In April 2025, Riverside CT Unit 2 experienced an outage and was removed from service due to a fire incident. CT Unit 2 was placed back into service in July 2025 after the generator rotor and turbine rotors were repaired and installed. During 2025, the Company reduced Property, plant, and equipment by the carrying value of the rotors totaling \$38.0 million, which is recorded in Operating and maintenance expenses in the accompanying consolidated statements of operations. The Company incurred costs of \$40.1 million to repair the rotors for the incident and has capitalized these costs as Property, plant and equipment. The Company submitted a property insurance claim to the insurance underwriter for total repair costs, net of the insurance policy deductible. Additionally, the Company submitted a claim for Business Interruption totaling the capacity payment reduction and energy losses incurred during the period when CT Unit 2 was unavailable. During 2025, the Company received \$27.3 million of the total insurance claim from the insurance underwriter and accordingly has recorded a receivable for the remaining \$12.4 million, which is reflected in Accounts receivable on the Company's consolidated balance sheets. The property insurance proceeds accrued are reflected in Operating and maintenance expenses in the accompanying consolidated statements of operations. The remaining \$1.7 million of insurance recovery in excess of the loss amount is recorded in Other gain (loss), net in the accompanying consolidated statements of operations.

(17) Subsequent Events

On May 12, 2025, the Company entered into a definitive purchase and sale agreement with NRG Energy, Inc for the sale of the Company, and the transaction was completed on January 30, 2026.

LINEBACKER POWER FUNDING, LLC
(A Delaware Limited Liability Company)
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Consolidated Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Member
Linebacker Power Funding, LLC:

Opinion

We have audited the consolidated financial statements of Linebacker Power Funding, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Philadelphia, Pennsylvania
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LINEBACKER POWER FUNDING, LLC
(A Delaware Limited Liability Company)
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2025 and 2024
(In thousands)

	2025	2024
Assets		
Current assets:		
Restricted cash	\$ 49,839	18,825
Accounts receivable	13,134	12,848
Inventory	37,696	33,865
Prepaid expenses	7,217	15,481
Assets from risk management activities	31,060	44,254
Other current assets	2,968	149
Total current assets	<u>141,914</u>	<u>125,422</u>
Property, plant and equipment	732,709	732,820
Accumulated depreciation	(62,898)	(38,918)
Property, plant and equipment, net	<u>669,811</u>	<u>693,902</u>
Assets from risk management activities	12,593	27,803
Total assets	<u>\$ 824,318</u>	<u>847,127</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27,523	28,993
Accounts payable - affiliate	-	603
Liabilities from risk management activities	24,453	35,611
Total current liabilities	<u>51,976</u>	<u>65,207</u>
Long term debt	602,713	-
Liabilities from risk management activities	23,338	14,795
Asset retirement obligation	2,169	2,006
Deferred taxes	298	354
Total liabilities	<u>680,494</u>	<u>82,362</u>
Commitments and contingencies (see note 9)		
Member's equity	143,824	764,765
Total liabilities and member's equity	<u>\$ 824,318</u>	<u>847,127</u>

See accompanying notes to the consolidated financial statements

LINEBACKER POWER FUNDING, LLC
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Consolidated Statements of Operations
For the years ended December 31, 2025 and 2024
(In thousands)

	2025	2024
Revenues:		
Energy revenues	\$ 328,504	282,238
Gain on risk management activities	181,450	240,317
Total revenues	<u>509,954</u>	<u>522,555</u>
Operating expenses:		
Fuel and transportation	249,763	162,186
Loss on risk management activities	21,438	10,635
Operating and maintenance	116,711	84,632
General and administrative	5,739	5,946
Depreciation	25,217	25,162
Accretion	163	157
Total operating expenses	<u>419,031</u>	<u>288,718</u>
Operating income	90,923	233,837
Interest expense, net	(28,078)	(40,119)
Income before income taxes	62,845	193,718
Income tax expense	(1,404)	(2,153)
Net income	<u>\$ 61,441</u>	<u>191,565</u>

See accompanying notes to the consolidated financial statements

LINEBACKER POWER FUNDING, LLC
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Consolidated Statements of Member's Equity
For the years ended December 31, 2025 and 2024
(In thousands)

	Member's equity
Balance at December 31, 2023	\$ 502,056
Net income	191,565
Capital contributions	389,104
Distributions	(317,960)
Balance at December 31, 2024	\$ 764,765
Net income	61,441
Capital contributions	11,525
Distributions	(693,907)
Balance at December 31, 2025	\$ 143,824

See accompanying notes to the consolidated financial statements

LINEBACKER POWER FUNDING, LLC
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Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 61,441	\$ 191,565
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	25,217	25,162
Amortization of deferred financing costs	1,724	16,491
Deferred taxes	(56)	214
Accretion	163	157
Risk management activities	25,789	(49,676)
Loss on disposal of assets	9,008	-
Change in assets and liabilities:		
Increase in accounts receivable	(286)	(1,808)
Increase in inventory and capital spares	(3,831)	(181)
(Decrease) increase in prepaid expenses	8,264	(8,979)
Increase in other current assets	(2,819)	(63)
(Decrease) increase in accounts payable - affiliate	(603)	252
(Decrease) increase in accounts payable and accrued expenses	(1,470)	13,196
Net cash provided by operating activities	<u>122,541</u>	<u>186,330</u>
Cash flows from investing activities:		
Capital expenditures	(10,134)	(1,931)
Net cash used in investing activities	<u>(10,134)</u>	<u>(1,931)</u>
Cash flows from financing activities:		
Proceeds from issuance of short term debt	6,500	-
Principal payments on short term debt	(6,500)	-
Proceeds from issuance of long term debt	650,000	150,000
Principal payments on long term debt	(40,000)	(401,000)
Debt issuance costs	(9,011)	(4,277)
Capital contributions	11,525	389,104
Distributions	(693,907)	(317,960)
Net cash used in financing activities	<u>(81,393)</u>	<u>(184,133)</u>
Net change in restricted cash	31,014	266
Restricted cash, beginning of year	18,825	18,559
Restricted cash, end of year	<u>\$ 49,839</u>	<u>\$ 18,825</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 27,605	\$ 26,775

See accompanying notes to the consolidated financial statements

LINEBACKER POWER FUNDING, LLC
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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(1) Organization

Linebacker Power Funding, LLC (the Company), a Delaware limited liability company, was formed on April 18, 2023 to own and finance certain power generation facilities. The Company is owned by Linebacker Power Holdings, LLC (Holdings). Holdings is wholly-owned by Linebacker Power, LLC (Linebacker). Linebacker is owned by LS Power Equity Partners IV, LP (Equity Partners).

The Company operates three natural gas-fired plants, providing 2,020 megawatts of power in the Electric Reliability Council of Texas, Inc (ERCOT), including Jack County Power, LLC (Jack), Johnson County Power, LLC (Johnson), and R.W. Miller Power, LLC (Miller) (collectively, the Generation Facilities).

On October 3, 2024, the interests in the Company were contributed to Thunder Generation Funding, LLC (Thunder), a limited liability company formed on June 26, 2024.

The Generation Facilities owned by the Company are described below:

Entity	Location	Size	Year operational	Type
Jack County Power, LLC	Jacksboro, TX	1,237 MW	2005-2011	Combined Cycle
Johnson County Power, LLC	Cleburne, TX	266 MW	1997-2005	Combined Cycle
R.W. Miller Power, LLC	Palo Pinto, TX	517 MW	1968-1994	Simple & Combined Cycle

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements and related notes are presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP). These consolidated financial statements include the financial statements of the Company. All intercompany transactions have been eliminated in the consolidated financial statements.

These consolidated financial statements and notes reflect the Company's evaluation of events occurring subsequent to the consolidated balance sheets date through February 26, 2026, the date the consolidated financial statements were issued.

(b) Use of Estimates

Management makes estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses to prepare the consolidated financial statements in conformity with U.S. GAAP. The most significant of these estimates and assumptions relate to the valuation of acquired assets, derivative instruments, and asset retirement obligations. Actual results could differ materially from those estimates.

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(c) Restricted Cash

Restricted cash consists of amounts that are restricted under the terms of certain financing agreements from transfer or dividend until such time as certain conditions are met. Such restricted cash is used primarily for operating expenses and debt service.

(d) Accounts Receivable

Accounts receivable primarily consists of amounts owed to the Company from ERCOT. Accounts receivable also consists of amounts owed to the Company for hedge settlements from energy marketers or other counterparties.

(e) Allowance for Doubtful Accounts

Management establishes reserves on accounts receivable if it becomes probable that the Company will not collect part of the outstanding accounts receivable balance. Management reviews collectability and establishes or adjusts its allowance using the specific identification method.

(f) Inventory

Inventory consists of fuel oil, natural gas and spare parts used in the production of electricity. Inventory is stated at the lower of weighted average cost or net realizable value. The current carrying value of both fuel oil and natural gas inventories will be recovered with normal profits in the ordinary course of business through the generation and sale of energy. At December 31, 2025 and 2024, fuel oil was \$12.0 million and \$12.7 million, respectively, natural gas was \$4.7 million and \$3.0 million, respectively, and spare parts inventory was \$21.0 million and \$18.2 million, respectively.

(g) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated remaining useful lives of individual assets or classes of assets. Plant and equipment is depreciated over the estimated useful life of the power generation facilities ranging from 19 to 29 years. The estimated useful life for computer software is 3 years, computer hardware is 5 years, vehicles is 5 years, and office equipment and furniture and fixtures are 7 years. Additions and improvements extending asset lives beyond their remaining estimated useful lives are capitalized, while repairs and maintenance, including planned major maintenance and capital spares, are charged to expense as incurred.

(h) Impairment of Long Lived Assets

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, long-lived assets and intangible assets with determinable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets and would be charged to earnings. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the costs to sell.

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(i) Asset Retirement Obligation

In accordance with ASC 410, *Asset Retirement Obligations and Environmental Obligations*, the Company recognizes the fair value of the liability for asset retirement obligations in the period in which it is incurred if a reasonable estimate of fair value can be made. An amount equal to the present value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the useful life of the asset. The liability is accreted through charges to Accretion in the accompanying statement of operations. If the obligation is settled for an amount other than the carrying amount of the liability, a gain or loss is recognized upon settlement.

As of December 31, 2025 and 2024, the Company had a liability of \$2.2 million and \$2.0 million, respectively, for asset retirement obligations on the accompanying consolidated balance sheets to provide for the future removal and disposal of hazardous waste from the Generation Facilities. For the years ended December 31, 2025 and 2024, Accretion expense was \$163 thousand and \$157 thousand, respectively, which is reflected in the accompanying consolidated statements of operations.

(j) Debt Issuance and Deferred Financing Costs

Debt issuance and deferred financing costs are amortized over the term of the Company's financing arrangements using effective interest method. Unamortized debt issuance and deferred financing costs are reflected as a component of Long term debt on the accompanying consolidated balance sheets. For the year ended December 31, 2025, amortization of these costs was \$1.7 million. For the year ended December 31, 2024, amortization of these costs was \$2.0 million, \$6.6 million was written off as a result of the amendment to the Credit Agreement, and \$8.3 million was written off as a result of the termination of the Credit Agreement (see note 5(a)).

(k) Revenue Recognition

Electric energy revenue is recognized upon transmission to the customers and consists of both physical and financial transactions. Physical transactions or the sale of generated electricity to meet supply are recorded on a gross basis in the accompanying consolidated statement of operations, in accordance with ASC 606, *Revenue from Contracts with Customers*. Financial transactions are recorded net within Energy revenues in the accompanying consolidated statements of operations in accordance with ASC 815, *Derivatives and Hedging* (ASC 815).

(l) Derivative Financial Instruments

The Company enters into agreements that meet the definition of a derivative in accordance with ASC 815. These agreements are entered into to mitigate or eliminate market and financial risks.

ASC 815 provides for three different ways to account for derivative instruments: (i) as an accrual agreement, if the criteria for the "normal purchase normal sale" exception are met and documented; (ii) as a cash flow or fair value hedge, if the specified criteria are met and documented; or (iii) as a mark-to-market agreement with changes in fair value recognized in current period earnings. All derivative instruments that do not qualify for the normal purchase normal sale exception are recorded at fair value in Assets and Liabilities from risk management activities on the accompanying consolidated balance sheet.

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If designated as a cash flow or fair value hedge, the Company documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy. This process includes linking all derivatives that are designated as hedges to specific assets or liabilities on the accompanying consolidated balance sheet or to forecasted transactions. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. This could occur when: (1) it is determined that a derivative is no longer effective in offsetting changes in the cash flows of a hedged item; (2) the derivative expires or is sold, terminated, or exercised; or (3) the derivative is discontinued as a hedging instrument, because it is unlikely that a forecasted transaction will occur. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective hedge of cash flows, the derivative will continue to be carried at fair value on the accompanying consolidated balance sheets and the gains and losses that were accumulated in other comprehensive income are recognized immediately or over the remaining term of the forecasted transaction in the accompanying statement of operations.

Changes in the fair value of derivative instruments are recognized in the accompanying statements of operations.

Any gains and losses resulting from changes in the market value of the derivative instruments contracts are recorded in the accompanying statements of operations in the current period.

(m) Fair Value Measurements

Fair value, as defined in ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

(n) Fair Value of Financial Instruments

The carrying amounts of Restricted cash, Accounts receivable, and Accounts payable and accrued expenses are equal to or approximate their fair values due to the short term maturity of those instruments. The fair value of Long term debt approximates its book value as of December 31, 2025, as the interest rates are variable.

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(o) Income Taxes

The Company has been organized as a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. Therefore, no federal and state income taxes other than Texas Gross Margin Tax (Margin Tax) are assessed at the entity level. Deferred taxes recorded on the accompanying balance sheets arise from Gross Margin Tax temporary differences associated with unrealized gains and losses on the Company's energy risk management activities.

The Company, in accordance with ASC 740, *Income Taxes*, performs the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be derecognized and recorded as a tax benefit or expense in the current period. However, the Company's conclusions regarding these uncertain tax positions will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

(p) Concentrations of Credit and Market Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of restricted cash, accounts receivable, and derivatives. Restricted cash accounts are generally held at major institutions. Accounts receivable is concentrated within entities engaged in the energy industry. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic, industry, or other conditions.

The Company is exposed to credit losses in the event of noncompliance by counterparties on its derivative financial instruments. The counterparties to these transactions are major financial institutions. The Company does not require collateral or other security to support its financial instruments with credit risk.

For the years ended December 31, 2025 and 2024, all of the revenues were from sales to ERCOT, as well as hedge settlements from various third parties. All revenues are subject to geographical market risks.

(q) Risks and Uncertainties

The Company is subject to a variety of factors, including the economy, the regulatory environment, the electricity markets, and the availability of capital resources. As with any power generation facility, operations of the Generation Facility involves risk, including the performance of the facility below expected levels of efficiency and output, shut downs due to the breakdown or failure of equipment or processes, violations of permit requirements, operator error, labor disputes, weather interferences, or catastrophic events such as fires, earthquakes, floods, explosions, pandemics, or other similar occurrences affecting a power generation facility or its power purchasers. The occurrence of any of these events could significantly reduce or eliminate revenues generated by the facility or significantly increase the expenses of the facility, adversely impacting the Company's ability to make payments of principal and interest on its debt when due.

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(r) Commitments and Contingencies

In accordance with ASC 450, *Contingencies* (ASC 450), the Company records a loss contingency for matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Loss contingency reserves are based on estimates and judgments made by management with respect to the likely outcome of matters, including any applicable insurance coverage for litigation matters, and are adjusted as circumstances warrant. These estimates and judgments could change based on new information, changes in laws or regulations, changes in management's plans or intentions, the outcome of legal proceedings, settlements or other factors.

Additionally, the Company follows the guidance of ASC 460, *Guarantees* (ASC 460), for disclosing and accounting of guarantees and indemnifications entered into during the course of business. When a guarantee or indemnification subject to ASC 460 is entered into the estimated fair value of the guarantee or indemnification is assessed. Some guarantees and indemnifications could have a financial impact under certain circumstances. Management considers the probability of such circumstances occurring when estimating fair value.

(s) Recent Accounting Pronouncements (Not Yet Adopted)

In December 2023, FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 requires certain quantitative rate reconciliation disclosures for public entities. Additionally, this ASU requires all entities to disclose income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company for fiscal years beginning after December 15, 2025. The Company is currently evaluating the impact of the standard on the Company's consolidated financial statements.

(3) Property, Plant and Equipment, Net

As of December 31, 2025 and 2024, Property, plant and equipment, net consisted of the following (in thousands):

	2025	2024
Plant and equipment	\$ 728,079	728,206
Computer software and hardware	1,930	1,914
Land	2,700	2,700
Total property, plant and equipment	732,709	732,820
Accumulated Depreciation	(62,898)	(38,918)
Total property, plant and equipment, net	\$ 669,811	693,902

For each of the years ended December 31, 2025 and 2024, Depreciation for Property, plant and equipment, net was \$25.2 million, respectively.

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December 31, 2025 and 2024

(4) Facility and Contract Commitments

(a) Energy Management Agreement

On May 4, 2023, the Company entered into an EMA with EDF to provide power, fuel and risk management services to the Generation Facilities. EDF primarily schedules and coordinates the sale of power and other ancillary services and the natural gas supply required to operate the Generation Facilities. EDF receives a fixed weekly management fee paid monthly. The contract with EDF expires on August 1, 2026.

For each of the years ended December 31, 2025 and 2024, the Company incurred costs under the EMAs of \$1.2 million, which are recorded under General and administrative expenses in the accompanying consolidated statements of operations.

(b) Operation and Maintenance Agreement

The Company has several operations and maintenance agreements (O&M agreements) to provide for the operation and maintenance of each generation facility. The Generation Facilities pay a fixed monthly operating fee, based on their respective agreement, annual incentive fee, and reimburse the operator for all labor costs, including payroll and related taxes, and other related costs. Monthly operating fees are subject to an annual adjustment based on specified indices.

For the years ended December 31, 2025 and 2024, the Company incurred fixed costs under the O&M agreements of \$1.6 million and \$1.5 million, respectively, which are recorded under General and administrative expenses, and incurred \$17.7 million and \$18.1 million, respectively, of other labor costs, which are recorded under Operating and maintenance expenses in the accompanying consolidated statements of operations.

(c) Gas Transportation and Storage Agreements

The Company has several firm gas transportation and storage agreements with various counterparties. These agreements call for the counterparties to deliver natural gas to a specific interconnection point, for either consumption or storage, specified in the respective agreement with certain Generation Facilities.

For the years ended December 31, 2025 and 2024, the Company incurred costs of \$22.1 million and \$16.8 million, respectively, under the gas transportation and storage agreements, which are reflected as a component of Fuel and transportation expenses on the accompanying consolidated statements of operations. As of December 31, 2025 and 2024, the Company has \$2.6 million in LOCs outstanding related to the gas transportation and storage agreements.

(d) Electric Interconnection Agreement

The Company has an interconnection agreement with ERCOT to connect the Generation Facilities to the electrical power grid.

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(e) Long Term Service Agreement

Johnson and Siemens Energy, Inc. (Siemens) are parties to a long term service agreement (Johnson LTSA) which provides outage procedures, program management services, and other maintenance services and parts for the covered units. The payments under the Johnson LTSA are deferred as prepaid expenses until the planned outage maintenance occurs, at which time, the cost of the planned maintenance outage will be expensed. The quarterly payments are expensed. The Johnson LTSA expires on December 31, 2040. The Company pays for services as performed. The Company also pays an annual fixed fee subject to escalation. For the years ended December 31, 2025 and 2024, the Company expensed \$2.7 million and \$1.5 million, respectively, related to the Johnson LTSA, recorded under Operating and maintenance expenses in the accompanying consolidated statements of operations.

Jack and GE International (GE) are parties to a long term service agreement (Jack LTSA) which provides certain maintenance services and parts for the covered units. The payments under the Jack LTSA are deferred as prepaid expenses until the planned outage maintenance occurs, at which time, the cost of the planned maintenance outage will be expensed. The quarterly payments are expensed. The Jack LTSA expires on December 31, 2033. The Company pays for services as performed. The Company also pays an annual fixed fee subject to escalation. For the years ended December 31, 2025 and 2024, the Company expensed \$10.7 million and \$4.6 million, respectively, related to the Jack LTSA.

The Company has various long-term contractual and commercial commitments of which the significant contracts have been discussed in this footnote. The following table summarizes such obligations with respect to the significant contractual and commercial commitments as of December 31, 2025 (in thousands):

Contractual Obligations	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
Energy Management	1,200	2,400	2,400	25,700	31,700
Operations & Maintenance	1,056	2,199	2,321	34,599	40,175
Firm Fuel Transportation	11,033	12,479	6,000	-	29,512
Long Term Service Agreement	5,783	11,088	11,418	47,288	75,577
	<u>19,072</u>	<u>28,166</u>	<u>22,139</u>	<u>107,587</u>	<u>176,964</u>

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(5) Financing Arrangements

(a) Credit Agreement

On June 29, 2023 the Company executed a credit agreement with a group of lenders (the Credit Agreement). The Credit Agreement consists of the following:

- a) a \$390 million term facility (Term Loan) with a maturity date of June 29, 2028; (i) used to repay the Bridge Term Loan in full, (ii) to finance the ongoing working capital requirements of the Company, and (iii) pay the fees and expenses associated with the transaction;
- b) a \$35 million revolving facility (Revolving Facility) with a maturity date of June 29, 2028 used to (i) support obligations under certain agreements and (ii) satisfy certain collateral requirements with respect to maintenance and operations.
- c) a \$45 million Letter of Credit facility (LC Facility) with a maturity date of June 29, 2028.

On March 26, 2024, the Credit Agreement was amended to increase the Term Loan to \$400 million and reduce all applicable margin rates by .25%.

The Credit Agreement permits both Eurodollar and Base rate loans. The interest rate on Eurodollar loans is equal to the SOFR, or other benchmark replacement as determined, for the applicable term of the loan plus an applicable margin of 4.00% if in compliance with the Hedge Margin Requirement, 4.50% otherwise. Interest rates on Base rate loans are equal to the Prime rate plus an applicable margin of 3.00% if in compliance with the Hedge Margin Requirement, 3.50% otherwise.

Under the terms of the Credit Agreement, quarterly scheduled principal payments of the original outstanding principal amount are required starting September 30, 2023 through March 31, 2028. Each quarter, if there are excess cash flows as described in the depositary agreement (Depositary Agreement), 75% of the excess cash flows are applied to repay a portion of the outstanding debt, the remaining 25%, subject to the Company meeting certain distribution conditions, is distributed up to the Company's member. For the year ended December 31, 2024, \$5.5 million of excess cash flow generated from operations was applied to repay a portion of the outstanding principal on the Term Loan. This excess cash flow satisfies mandatory amortization requirements through maturity of Term Loan.

Under the terms of the Depositary Agreement, the receipt of revenues, debt service payments and the payments for certain categories of expenses are segregated into separate bank accounts. The Company has established the required bank accounts and has pledged all its rights, title and interest in the bank accounts as security for its payment obligations under the Credit Agreement.

All obligations of the Company under the Credit Agreement are guaranteed by Holdings, as outlined in the Guarantee and Collateral Agreement.

In accordance with the Credit Agreement, the Company is also required to maintain and have available a debt service reserve at least equal to the aggregate scheduled principal, interest, interest rate swaps settlement, and other scheduled debt service projected to be payable under the Credit Agreement for the six-month period occurring after the last day of each calendar quarter.

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Under the Credit Agreement, the Company is also required to maintain and have available a major maintenance reserve in the form of cash or LOCs of at least equal to the aggregate major maintenance expenses reasonably anticipated becoming due within the six month period, occurring after the last day of each calendar quarter.

Under the terms of the Credit Agreement, the Company is required to hedge a minimum of 50% of the sum of the outstanding principal amount of the Term Loan. The minimum hedge requirement is satisfied through several interest rate derivatives as discussed in note 6.

On October 3, 2024, the Company received a capital contribution of \$389.1 million from Thunder. This capital contribution was specifically designated for and utilized in the repayment of the

Company's outstanding Term Loan, at which time the Credit Agreement was terminated.

(b) New Credit Agreement

On June 9, 2025 the Company executed a credit agreement with a group of lenders (the New Credit Agreement). The New Credit Agreement consists of the following:

- a) a \$650 million term facility (New Term Loan) with a maturity date of June 9, 2028; (i) used to repay the Term Loan in full (ii) to finance the ongoing working capital requirements of the Company, and (iii) pay the fees and expenses associated with the transaction;
- b) a \$50 million revolving facility (New Revolving Facility) with a maturity date of June 9, 2028 used to (i) support obligations under certain agreements and (ii) satisfy certain collateral requirements with respect to maintenance and operations.
- c) a \$50 million Letter of Credit facility (New LC Facility) with a maturity date of June 9, 2028.

The New Credit Agreement permits both Eurodollar and Base rate loans. The interest rate on Eurodollar loans is equal to the SOFR, or other benchmark replacement as determined, for the applicable term of the loan plus an applicable margin of 3.25% if in compliance with the Hedge Margin Requirement, 3.75% otherwise. Interest rates on Base rate loans are equal to the Prime rate plus an applicable margin of 2.25% if in compliance with the Hedge Margin Requirement, 2.75% otherwise. The interest rate in effect at December 31, 2025 for the Term Loan was 6.97%.

Under the terms of the New Credit Agreement, quarterly scheduled principal payments of the original outstanding principal amount are required starting December 31, 2025 through June 9, 2028. Each quarter, if there are excess cash flows as described in the depositary agreement (New Depository Agreement), the Company is permitted, subject to meeting certain distribution conditions, to distribute the remaining excess cash flows. The Company is required to prepay the New Term Loan with 50% of any remaining excess cash flow if the Leverage Ratio, as defined in the New Credit Agreement, is less than or equal to 2.00, and 75% of any remaining excess cash flow if the Leverage Ratio exceeds 2.00. For the year ended December 31, 2025, the Company made an optional prepayment of the New Term Loan in the amount of \$40.0 million. This prepayment satisfies mandatory amortization requirements through maturity of the New Term Loan.

LINEBACKER POWER FUNDING, LLC
(A Delaware Limited Liability Company)

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Under the terms of the New Depositary Agreement, the receipt of revenues, debt service payments and the payments for certain categories of expenses are segregated into separate bank accounts. The Company has established the required bank accounts and has pledged all its rights, title and interest in the bank accounts as security for its payment obligations under the New Credit Agreement.

All obligations of the Company under the New Credit Agreement are guaranteed by Holdings, as outlined in the Guarantee and Collateral Agreement.

In accordance with the New Credit Agreement, the Company is also required to maintain and have available a debt service reserve at least equal to the aggregate scheduled principal, interest, interest rate swaps settlement, and other scheduled debt service projected to be payable under the New Credit Agreement for the six-month period occurring after the last day of each calendar quarter. As of December 31, 2025, a letter of credit (LOC) was issued in the amount of \$30.1 million to satisfy this requirement.

Under the New Credit Agreement, the Company is also required to maintain and have available a major maintenance reserve in the form of cash or LOCs of at least equal to the aggregate major maintenance expenses reasonably anticipated becoming due within the six month period, occurring after the last day of each calendar quarter. As of December 31, 2025, the Company issued a LOC in the amount of \$2.4 million to satisfy this requirement.

As of December 31, 2025, the unamortized debt issuance and deferred financing costs totaled \$7.3 million, of which the current portion was \$3.0 million. The amortization of these costs is reflected as a component of Interest expense, net on the accompanying consolidated statement of operations. For the year ended December 31, 2025, amortization of such costs totaled \$1.7 million.

As of December 31, 2025, there was \$610.0 million outstanding under the New Term Loan, and \$47.9 million of LOCs outstanding under the New LC Facility.

The remaining minimum principal payments on the New Term Loan for the next three years are as follows (in thousands):

	<u>2026</u>	<u>2027</u>	<u>2028</u>
Minimum principal payments	<u>\$ -</u>	<u>-</u>	<u>610,000</u>

On January 30, 2026, the New Term Loan was fully repaid in connection with the NRG sale (see note 11), at which time the New Credit Agreement was terminated.

LINEBACKER POWER FUNDING, LLC
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December 31, 2025 and 2024

(6) Derivative Instruments and Hedging Activities

The Company enters into interest rate swaps to reduce its exposure to market risks from changing interest rates and commodity derivatives to reduce its exposure to market fluctuations of energy and natural gas prices. The Company is a party to the following derivative instruments:

(a) Interest Rate Swaps

In August 2023, the Company entered into interest rate swap agreements with an initial aggregate amortizing notional amount of \$157.5 million, to effectively convert the floating interest rate on a portion of the Term Loan to a fixed interest rate of 4.524% for the quarterly periods, commencing on September 29, 2023, through June 30, 2026. The interest rate swaps were terminated in connection with the termination of the credit agreement (see note 5(a)).

(b) Commodity Derivatives

The Company entered into various energy related derivatives to manage the commodity price risk associated with power revenues and fuel costs, including:

- a) Power Swap Contracts which require payments to or from counterparties based upon the difference between the contract and the market price for a predetermined notional amount. These contracts are used to manage commodity price risk associated with changes in the ERCOT power prices.
- b) Gas Swap Contracts which require payments to or from counterparties based upon the difference between the contract and the market price for a predetermined notional amount. These contracts are used to manage commodity price risk at multiple delivery points associated with changes in fuel prices.

The Company's outstanding net position as of December 31, 2025 is summarized in the following table (in thousands):

		2026	2027	2028	2029	2030
Power Swap Contracts (MWh)	Sell	2,515	534	793	531	-
Gas Swap Contracts (MMBtu)	Buy	16,602	3,705	5,505	3,690	-

Fair Value Measurements

The following tables set forth by level within the fair value hierarchy the assets and liabilities of the Company that were accounted for at fair value on a recurring basis as of December 31, 2025. These assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The three levels of the fair value hierarchy defined by ASC 820 are as follows:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

LINEBACKER POWER FUNDING, LLC
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December 31, 2025 and 2024

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and agreement prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

The following table present assets and liabilities measured and recorded at fair value on the Company’s consolidated balance sheets and their level within the fair value hierarchy as of December 31, 2025 and 2024 (in thousands):

	Fair value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Commodity derivatives - assets	\$ -	43,653	-	43,653
Commodity derivatives - liabilities	-	(47,791)	-	(47,791)
Derivative instruments, net liability	\$ -	(4,138)	-	(4,138)

	Fair value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Commodity derivatives - assets	\$ -	72,057	-	72,057
Commodity derivatives - liabilities	-	(50,406)	-	(50,406)
Derivative instruments, net asset	\$ -	21,651	-	21,651

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

For the years ended December 31, 2025 and 2024, the Company did not have any transfers between Levels 1, 2, or 3.

The following tables present information concerning the impact of derivative instruments on the accompanying consolidated balance sheet and consolidated statement of operations.

Impact of Derivative Instruments on the Accompanying Consolidated Balance Sheet

The following table presents the classifications and fair value of derivative instruments on the accompanying consolidated balance sheets as of December 31, 2025 and 2024 (in thousands):

	2025	2024
Derivatives not designated as hedging activities:		
Commodity derivatives	\$ 31,060	44,254
Commodity derivatives	12,593	27,803
Commodity derivatives	(24,453)	(35,611)
Commodity derivatives	(23,338)	(14,795)
Total derivatives not designated as hedging activities	(4,138)	21,651
Total derivatives, net (liability) asset	\$ (4,138)	21,651

Impact of Derivative Instruments on the Accompanying Consolidated Statements of Operations

The following table presents the classification and amount of the gains and losses on derivative instruments in the accompanying consolidated statements of operations for the years ended December 31, 2025 and 2024.

The impact of derivative instruments that have not been designated as hedging instruments (in thousands):

Instrument	Location of gain (loss) recognized in income on derivatives	Amount of gain (loss) in income on derivatives for the years ended December 31,	
		2025	2024
Derivatives not designated as hedging activities:			
Commodity derivatives - power	Gain on risk management activities	\$ 181,450	240,317
Commodity derivatives - gas	Loss on risk management activities	(21,438)	(10,635)
Interest rate swap	Interest expense, net	-	899
Total net gain in income on derivatives		\$ 160,012	230,581

For the years ended December 31, 2025 and 2024, the Company did not record any ineffectiveness on the interest rate swaps.

LINEBACKER POWER FUNDING, LLC
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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Offsetting of Derivative Assets and Liabilities

The Company has not elected to present derivative assets and liabilities on the balance sheet by offsetting amounts that could be netted pursuant to agreements with the Company's counterparties.

The following tables present the gross and net derivative assets and liabilities and shows the effect if the offsetting amounts were shown net pursuant to agreements with the Company's counterparties on the accompanying balance sheets for the years ended December 31, 2025 and 2024 (in thousands):

December 31, 2025	Gross amounts not offset in financial statements	Offsetting amounts of derivative instruments	Net amounts after offset
Assets from risk management activities	\$ 43,653	(3,774)	39,879
Liabilities from risk management activities	(47,791)	3,774	(44,017)
	<u>\$ (4,138)</u>	<u>-</u>	<u>(4,138)</u>

December 31, 2024	Gross amounts not offset in financial statements	Offsetting amounts of derivative instruments	Net amounts after offset
Assets from risk management activities	\$ 72,057	(48,099)	23,958
Liabilities from risk management activities	(50,406)	48,099	(2,307)
	<u>\$ 21,651</u>	<u>-</u>	<u>21,651</u>

(7) Related Party Transactions

The Company receives certain overhead administrative and management services from an affiliate. These costs are not allocated to the Company. For the years ended December 31, 2025 and 2024, the Company made payments of \$686 thousand and \$1.2 million, respectively, to an affiliate for costs related to the operation and management of the Company, which are reflected under General and administrative expenses in the accompanying consolidated statements of operations.

Certain derivative instruments are entered into by an affiliate on behalf of the Company and have been recorded in the consolidated financial statements of the Company.

(8) Member's Equity

Profits, losses, and distributions are allocated in accordance with the provisions of the Company's Limited

Liability Company agreement. During 2025, the Company made a distribution in the amount of \$693.9 million. During 2024, the Company made distributions in the amounts of \$317.9 million, consisting of \$182.3 million from the financing of the amendment to the Credit Agreement and \$135.6 million in connection with the termination of the Credit Agreement (see note 5(a)). During 2025, the Company received a capital contribution of \$11.5 million. During 2024, the Company received a capital contribution of \$389.1 million from Thunder (see note 5(a)).

LINEBACKER POWER FUNDING, LLC
(A Delaware Limited Liability Company)

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(9) Commitments and Contingencies

The Company enters into contracts in the ordinary course of business that contain various representations, warranties, indemnifications, and guarantees. Some of the agreements contain indemnities that cover the other party's negligence or limit the other party's liability with respect to third-party claims, in which event the Company effectively indemnifies the other party. While there is the possibility of a loss related to such representations, warranties, indemnifications, and guarantees in the contracts and such loss could be significant, the Company considers the probability of loss to be remote.

The Company, from time to time, is a party to certain other claims arising in the ordinary course of business. The Company is of the opinion that final disposition of these claims will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

(10) Jack Outage

On October 26, 2025, Jack experienced a CT3 GSU failure. An internal short damaged the transformer beyond repair and a replacement was required. CT3 has yet to be placed back into service as of December 31, 2025. The Company reduced Property, plant and equipment by the net book value of the transformer, totaling \$9.0 million, which is reflected in Operating and maintenance expenses on the accompanying consolidated statements of operations. As of December 31, 2025, the Company has incurred costs totaling \$8.9 million related to the transformer replacement, which were capitalized as a component of Property, plant and equipment on the accompanying consolidated balance sheets.

The Company submitted an initial property insurance claim to the insurance underwriter for costs incurred. The Company has a \$5.0 million deductible and is expected to receive the remainder of the \$10.9 million total transformer replacement costs. The Company recorded \$5.9 million of the total insurance claim from the insurance underwriter as a receivable, which is reflected in Accounts receivable on the Company's consolidated balance sheets. For the year ended December 31, 2025, the \$5.9 million property insurance recovery up to the loss amount of \$9.0 million is reflected in Operating and maintenance expenses in the accompanying consolidated statement of operations. Additional claims will be filed for business interruption insurance.

(11) Subsequent Events

On May 12, 2025, the Company entered into a definitive purchase and sale agreement with NRG Energy, Inc for the sale of the Company, and the transaction was completed on January 30, 2026.

CCS POWER FINANCE CO, LLC

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2025 and December 31, 2024

With Independent Auditors' Report Therein

CCS POWER FINANCE CO, LLC
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KPMG LLP
Suite 4000
1735 Market Street
Philadelphia, PA 19103-7501

Independent Auditors' Report

The Members and Board of Directors
CCS Power Finance Co, LLC:

Opinion

We have audited the consolidated financial statements of CCS Power Finance Co, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2026

CCS POWER FINANCE CO, LLC
YEARS ENDED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 128,893	\$ 20,897
Financial assurance - short term	-	200
Trade accounts receivable, net	13,349	1,928
Unbilled accounts receivable	14,244	12,079
Other current assets	2,687	3,377
Total current assets	159,173	38,481
Financial assurance - long term	147	147
Property and equipment, net	10,444	12,547
Intangible assets, net	101,412	119,078
Goodwill	126,746	126,746
Lease Right of Use Asset	1,432	1,886
Other assets	1,441	1,065
Total assets	400,795	299,950
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Trade accounts payable	1,193	2,780
Accrued customer payments	116,566	48,033
Accrued payroll, benefits, and other	5,483	5,957
Debt - short term	86,606	16,413
Lease Liability - short term	581	550
Other current liabilities	7,527	-
Total current liabilities	217,956	73,733
Debt - long term	-	85,494
Debt due to related parties	16,500	16,500
Accrued liabilities due to related parties	3,562	1,773
Deferred tax liabilities	17,503	18,407
Lease Liability - long term	1,163	1,705
Other liabilities	75	208
Total liabilities	256,759	197,820
Members' equity	144,036	102,130
Total members' equity	144,036	102,130
Total liabilities and members' equity	\$ 400,795	\$ 299,950

The accompanying notes are an integral part of these consolidated financial statements.

CCS POWER FINANCE CO, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

For the years ended December 31,	2025	2024
Revenue	\$ 247,232	\$ 132,460
Cost of revenue	155,761	86,590
Gross profit	91,471	45,870
Operating expenses		
Compensation	39,346	34,989
General & administrative	13,752	12,908
Amortization & depreciation	23,169	22,121
Related party advisory fees	-	10
Transaction & other expenses	975	3,023
Operating income (loss)	14,229	(27,181)
Interest expense	12,604	12,664
Income (loss) before income taxes	1,625	(39,845)
Provision for income tax expense (benefit)	(281)	(1,411)
Net income (loss)	\$ 1,906	\$ (38,434)

The accompanying notes are an integral part of these consolidated financial statements.

CCS POWER FINANCE CO, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(IN THOUSANDS)

	Total Members' Equity
Balance at December 31, 2023	\$ 146,411
Distributions	(5,847)
Net loss	(38,434)
Balance at December 31, 2024	<u>\$ 102,130</u>
Contribution	40,000
Net income	1,906
Balance at December 31, 2025	<u>\$ 144,036</u>

The accompanying notes are an integral part of these consolidated financial statements.

CCS POWER FINANCE CO, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	2025	2024
Cash flows from operating activities		
Net income (loss)	\$ 1,906	\$ (38,434)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Amortization & depreciation	23,169	22,121
Amortization of operating lease right-of-use assets	454	699
Amortization of debt issuance costs	1,112	1,112
Deferred taxes	(904)	(1,270)
Changes in operating assets & liabilities:		
Trade accounts receivable, net and unbilled accounts receivable	(13,586)	6,616
Other current assets	690	833
Financial assurance short and long term	200	966
Other assets	(376)	(976)
Trade accounts payable	(1,587)	302
Accrued customer payments	68,533	(1,862)
Accrued payroll, benefits, and other	(474)	(2,783)
Other current liabilities	7,558	(202)
Accrued liabilities due to related parties	1,789	1,521
Other liabilities	(675)	(1,143)
Net cash provided by (used in) operating activities	87,809	(12,500)
Cash flows from investing activities		
Capital expenditures	(3,400)	(4,899)
Net cash used in investing activities	(3,400)	(4,899)
Cash flows from financing activities		
Proceeds from capital contribution	40,000	-
Issuance of related party debt	-	5,940
Borrowing under revolving credit facility	10,000	10,000
Repayment under revolving credit facility	(20,000)	-
Principal repayment	(6,413)	(6,156)
Distributions	-	(5,847)
Net cash provided by financing activities	23,587	3,937
Net change in cash and cash equivalents	107,996	(13,462)
Cash and cash equivalents at beginning of period	20,897	34,359
Cash and cash equivalents at end of period	\$ 128,893	\$ 20,897
Supplemental disclosures of cash flow information		
Cash paid for taxes	420	681
Cash paid for interest	11,056	11,171

The accompanying notes are an integral part of these consolidated financial statements.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 1—Description of Business and basis of consolidation

Description of Business – Enerwise Global Technologies, LLC d/b/a CPower (hereinafter "we", "us", "our", "Enerwise") is a Delaware Limited Liability Corporation. Enerwise provides intelligent energy management solutions to utilities, independent system operators ("ISOs") and regional transmission organizations ("RTO") that manage programs and/or auctions in which commercial and industrial ("C&I") customers participate. The Enerwise solutions are delivered through the management of C&I megawatts in open and regulated markets.

On December 21, 2018, Enerwise and its parent company, CPower Holdings, LLC entered into a Stock Purchase Agreement (the "Acquisition Agreement") with CPower Acquisition Company, LLC ("CPower A") whereby all outstanding shares were acquired by CPower A, which represented a transfer of ownership.

Effective January 31, 2019, Enerwise Global Technologies d/b/a CPower converted from a Delaware Corporation to a Delaware Limited Liability Company.

On February 1, 2019, CPower A transferred 98% common ownership interest of Enerwise to CCS Power Finance Co, LLC ("Power Finance") which constituted a common control transaction under Accounting Standards Codification (ASC) 805 *Business Combinations*, as the two entities are under the control of the same parent. The transfer of ownership was recorded at historical cost and the consolidated financial statements include Enerwise activity commencing on January 1, 2019.

Principles of Consolidation – The consolidated financial statements include the accounts of CCS Power Finance Co., LLC, CCS Acquisition Holdco, LLC, CPower Acquisition Company, LLC and Enerwise Global Technologies, LLC d/b/a CPower (collectively referred to as the "Company") and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Intercompany transactions and balances are eliminated upon consolidation.

Note 2—Significant accounting policies

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP, which requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Significant estimates include the valuation of intangible assets resulting from acquisitions, provisions required for allowance for doubtful accounts, non-collectible accounts receivable, revenues, accrued customer payments, and tax reserves.

The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates.

Cash and cash equivalents – The Company considers cash equivalents to be all highly liquid investments with an original maturity of three months or less when purchased. Cash and cash equivalents consist of cash deposited in banks.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 2—Significant accounting policies (continued)

Financial assurance – The Company maintains funds in conjunction with open markets to collateralize the performance of its positions. The balances are deposited directly with the ISOs, RTOs, utilities, their designated agent or through letters of credit. These amounts have been classified on the consolidated balance sheet as short term or long term based on the underlying restriction.

Allowance for doubtful accounts—The Company reviews the outstanding accounts receivable on a monthly basis, as well as uncollectable account adjustments experienced in the past, and establishes an allowance for doubtful accounts when necessary. Account balances are reduced against the allowance for doubtful accounts when the Company determines it is probable the receivable will not be recovered.

Property and equipment, net – Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Leasehold improvements are depreciated over the shorter of the lease term or useful life. Improvements are capitalized while repairs and maintenance are expensed as incurred. Costs associated with internally developed software are recorded in Work in Progress subcategory and reclassified to Software subcategory once ready for its intended use. Balances of major classes of property and equipment are as follows (in thousands):

	Estimated Useful Life	2025	2024
Property and equipment			
Equipment	3	\$ 540	\$ 504
Software	3	24,858	18,430
Furniture & Fixtures	5	2	2
Leasehold Improvements	3-10	205	205
Work in Progress	N/A	1,055	4,282
Total		26,660	23,423
Less accumulated depreciation		(16,216)	(10,876)
Property and equipment, net		\$ 10,444	\$ 12,547

The Company recorded \$5,503 thousand and \$4,455 thousand of depreciation expense for the years ended December 31, 2025 and December 31, 2024, respectively. These amounts are included in amortization and depreciation in the Consolidated Statements of Operations.

Risks and uncertainties – The Company's performance is subject to a variety of factors, including the economy, the regulatory environment, and the electricity markets. As with any operations within the power and utilities industry, the Company is subject to risk, including customer performance, market and regulatory compliance, operator error, or catastrophic events such as fires, earthquakes, floods, extreme weather, explosions, pandemics or other similar occurrences affecting a power supply and demand. The occurrence of any of these events could significantly impact the revenues generated or significantly increase the expenses incurred.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 2—Significant accounting policies (continued)

Fair value of financial instruments – The Company uses financial instruments in the normal course of business, including Cash and cash equivalents, Financial assurance, Trade accounts receivable, Unbilled accounts receivable, Trade accounts payable, Accrued customer payments, and Accrued payroll, benefits and other. The carrying values of these financial instruments approximate their respective fair values at the Consolidated Balance Sheet date due to the short-term maturity of these assets and liabilities.

ASC 820, *Fair Value Measurements and Disclosures* describe three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and agreement prices for the underlying instruments, as well as other relevant economic measures. Substantially all assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Revenue recognition and cost of revenue – The Company derives the majority of its revenues from participation in utility, RTO, or ISO programs, which require the Company to provide electric capacity through demand reduction when a utility, RTO, or ISO calls an event to curtail electrical usage. Revenues are earned based on the Company's ability to deliver capacity. In order to provide capacity, the Company manages a portfolio of C&I end users' electric loads. Capacity amounts are verified through the results of actual events or tests, which take place throughout the calendar year. Cash payments are received from RTOs, ISOs, and utilities for participation throughout the year.

Within certain markets, the Company may utilize the incremental auctions held prior to the commencement of the delivery year or may enter into bilateral agreements with other market demand or supply-side providers to fulfill a portion of the megawatts previously awarded ("Wholesale Capacity"). If the Company is released from its obligations to fulfill commitment through an auction or a bilateral agreement, the Company recognizes revenue net of related cost of revenue over the delivery year.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 2—Significant accounting policies (continued)

The Company recognizes revenue in accordance with ASU 2014-09, *Revenue from Contracts with Customers*, (referred collectively herein as "Topic 606"). The Company applies the invoicing practical expedient to recognize revenues, except in circumstances where the invoiced amount does not represent the value transferred to the customer. Revenues derived from Wholesale Capacity are presented net of costs.

Disaggregated revenue by type for the years ended December 31, 2025 and December 31, 2024 was as follows (in thousands):

	2025	2024
Demand Response	\$ 245,823	\$ 137,199
Wholesale Capacity	579	(4,739)
Other	830	-
Total Revenues	\$ 247,232	\$ 132,460

Impairment of long-lived assets—The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount should be assessed by comparing their carrying value to the undiscounted estimated future net operating cash flows expected to be derived from such assets. If such evaluation indicates a potential impairment, a discounted cash flow analysis is used to measure fair value in determining the amount of these assets that should be written off.

Goodwill is tested for impairment annually, during the fourth quarter, and when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has identified one reporting unit for the purpose of goodwill impairment testing. The Company may first assess qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying value. If, based on the qualitative assessment, it is determined that it is more likely than not that the fair value of its reporting unit is less than its carrying value, a quantitative impairment test is performed. The quantitative impairment test involves comparing the fair value of the reporting unit with its carrying value. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized equal to the difference between its carrying value and fair value.

During the years ended December 31, 2025 and December 2024, no impairment charges were recognized.

Income taxes - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statements' carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined the Company has no uncertain income tax positions at December 31, 2025 and December 31, 2024. Accordingly, no related penalties or interest were recognized in the consolidated financial statements.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 2—Significant accounting policies (continued)

Recent Accounting Pronouncements

In December 2023, FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 requires certain quantitative rate reconciliation disclosures for public entities. Additionally, this ASU requires all entities to disclose income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company for fiscal years beginning after December 15, 2025. The Company is currently evaluating the impact of the standard on the Company's consolidated financial statements.

In September 2025, FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, to modernize the accounting for internal-use software costs. ASU 2025-06 replaces the prescriptive project stage model with a principles-based capitalization threshold and incorporates website development guidance into the internal-use software model. Additionally, this ASU clarifies related disclosure requirements and does not change the accounting for external-use software. ASU 2025-06 is effective for the Company for fiscal years beginning after December 15, 2027. The Company is currently evaluating the impact of the standard on the Company's consolidated financial statements.

Note 3—Intangible Assets and Goodwill

The Company's intangible assets, as of December 31, 2025 and December 31, 2024, consisted of the following (in thousands):

	Estimated Useful Life (in Years)	December 31, 2025	December 31, 2024
Customer and Partner Relationships	12	\$ 174,990	\$ 174,990
Trade Name	20	25,000	25,000
Developed Technology	12	22,000	22,000
Total Intangibles		221,990	221,990
Accumulated Amortization		(120,578)	(102,912)
Intangibles, net		\$ 101,412	\$ 119,078
Goodwill		\$ 126,746	\$ 126,746

The Company amortizes intangible assets using the straight-line method and reviews for impairment if it determines there was a triggering event. The Company recorded \$17,666 thousand of intangible amortization expense for each year ended December 31, 2025 and December 31, 2024. These amounts are included in Amortization and depreciation in the Consolidated Statements of Operations. Estimated aggregate intangible amortization expense for each of the next five years is as follows:

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 3—Intangible Assets and Goodwill (continued)

2026	17,666
2027	17,666
2028	17,666
2029	17,666
2030	17,250

Goodwill is not amortized but is tested for impairment annually, during the fourth quarter, and when events or changes in circumstances indicate that the carrying value may not be recoverable.

Note 4—Accounts receivable, net

Trade accounts receivable, net of the allowance for doubtful accounts of \$0 thousand, as of December 31, 2025 and December 31, 2024 totaled \$13,349 thousand and \$1,928 thousand, respectively. The balances represent revenues earned and invoiced or with a right to invoice. The balances primarily consist of amounts owed to the Company from the Utility, ISO or RTO. Certain reserve amounts have been reclassified to Other current liabilities for consistency with the current year presentation. These reclassifications had no effect on the reported results of consolidated statement of operations.

Unbilled accounts receivable as of December 31, 2025 and December 31, 2024 totaled \$14,244 thousand and \$12,079 thousand, respectively. Unbilled accounts receivable represents amounts that the Company will invoice pursuant to the Company's future billings for services rendered though the balance sheet date.

Note 5—Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as operating loss carryforwards.

Effective January 31, 2019 Enerwise Global Technologies d/b/a CPower converted from a Delaware Corporation to a Delaware Limited Liability Company, taxed as a partnership and considered a pass-through entity for tax purposes.

Under ASC Topic 740, Enerwise Global Technologies, LLC recognized the effect of the change in tax status on the net deferred tax assets and liabilities as of January 31, 2019. As a result, Enerwise's parent company CPower Acquisition Company, LLC, which is taxed as a C Corporation, recognized deferred tax assets and liabilities from its interest in Enerwise Global Technologies, LLC and its assumption of certain of its tax attributes. CCS Power Finance Co, LLC is a disregarded entity for tax purposes. The provision for income taxes reflects the activity of its subsidiaries, as described in Note 1, Description of Business and Basis of Consolidation.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 5—Income taxes (continued)

The income tax provision for the years ended December 31, 2025 and 2024, consist of the following (in thousands):

	2025	2024
Current:		
Federal expense	\$ 179	\$ 36
State and local expense	444	(176)
Total current tax expense	<u>623</u>	<u>(140)</u>
Deferred:		
Federal benefit	(1,191)	(960)
State and local expense	287	(310)
Total deferred tax expense	<u>(904)</u>	<u>(1,271)</u>
Total provision for income taxes	<u>\$ (281)</u>	<u>\$ (1,411)</u>

	Three months ended December 31,		Twelve months ended December 31,	
	2025	2024	2025	2024
Income/(Loss) before income taxes	(957)	(1,154)	(4,119)	(7,999)
Income tax expense/(benefit)	525	(242)	(281)	(1,411)
Effective income tax rate	-54.9%	21.0%	6.8%	17.6%

The income tax provision represents the stand-alone income activity for CCS Acquisition Holdco LLC, which is consolidated under CCS Power Finance Co LLC. For the three months ended December 31, 2025, the effective tax rate was negative due to the change in deferred state tax rate. For the twelve months ended December 31, 2025, the effective tax rate was lower than the statutory rate of 21% primarily due to the change in deferred state tax rate. The change in deferred state tax rate is driven by an increase in sales in states with a higher corporate tax rate.

For the three and twelve months ended December 31, 2024, the effective tax rate was lower than the statutory rate of 21% primarily due to a permanent differences related to the intercompany loan interest expense. The twelve months ended Dec. 31, 2024 income tax benefit includes the rate change adjustment from Q2 2024 effective tax rate.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 5—Income taxes (continued)

Deferred tax assets (liabilities) for the years ended December 31, 2025 and 2024, consist of the following (in thousands):

	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	\$ 2,970	\$ 3,635
163j interest	351	\$ 1,840
Deferred tax assets	<u>3,322</u>	<u>5,475</u>
Deferred tax liabilities:		
Investment basis difference	(20,953)	(23,845)
174 Expense	150	(16)
Deferred tax liabilities	<u>(20,803)</u>	<u>(23,861)</u>
Net deferred income tax liabilities	(17,481)	(18,385)
Valuation allowance	(21)	(21)
Total net deferred income tax liabilities, net of valuation allowance	<u>\$ (17,503)</u>	<u>\$ (18,407)</u>

Deferred tax assets are required to be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are deductible. In making this determination, the Company considers all available positive and negative evidence affecting specific deferred tax assets, including the Company's past and anticipated future performance, the reversal of deferred tax liabilities, the length of carryback and carry-forward periods, and the implementation of tax planning strategies. Objective positive evidence is necessary to support a conclusion that a valuation allowance is not needed for all or a portion of deferred tax assets.

The Company has determined that based on all available evidence, \$21 thousand of valuation allowance is necessary for years ended December 31, 2025 and 2024, respectively. The Company's current income and forecast were used in making these determinations.

The Company has a deferred tax asset for the federal and state net operating loss carryforwards of \$2,685 thousand and \$285 thousand, respectively, as of December 31, 2025. The federal net operating loss deferred tax asset, \$712 thousand will begin expiring in the year 2031 and \$1,973 thousand has an indefinite carryforward subject to an annual limitation of 80% of Federal taxable income. The state net operating loss carryforward deferred asset begin expiring in the year 2032.

As of December 31, 2025, the Company had determined no liabilities for uncertain tax positions should be recorded. The Company's tax years ended December 31, 2022 through December 31, 2025 are subject to examination by the federal and state tax authorities.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 6—Accrued customer payments and trade accounts payable

Accrued customer payments as of December 31, 2025 and December 31, 2024 consisted of program participant payments. The Company pays participants within a specified period after receipt of payment from the utility, ISO or RTO.

Trade accounts payable as of December 31, 2025 and December 31, 2024 consisted of vendor payables and trade accruals. The Company pays vendors within a specified period, typically within 30 days of invoice date.

Note 7—Concentrations of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of Cash, Financial assurance, Trade accounts receivable, and Unbilled accounts receivable. Cash accounts are generally held at major financial institutions. Financial assurance, Trade accounts receivable, and Unbilled accounts receivable is concentrated within Utility, ISO, RTO. This industry concentration may impact the Company's overall exposure to credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic, industry or other conditions.

Financial assurance, Trade accounts receivable, and Unbilled accounts receivable are concentrated within entities engaged in the energy industry. These industry concentrations may impact the Company's overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic, industry or other conditions.

As of and for the years ended December 31, 2025 and December 31, 2024, three ISOs/RTOs/utilities accounted for 85% and 71% of revenues, and 65% and 59% of accounts receivable, respectively. Loss of revenues from any of these ISOs/RTOs/utilities would be material to the Company's operations.

Note 8—Borrowings and credit agreements

On May 17, 2019, the Company entered into a credit agreement with a group of lenders (Credit Agreement) which was funded on the same date. The Credit Agreement consists of the following:

- a) a \$120,000 thousand five-year term loan (the Term Loan); and
- b) a \$20,000 thousand five-year revolving credit facility (the Revolver) used to (i) finance working capital and for general corporate purposes, (ii) support obligations under certain agreements and (iii) satisfy certain collateral requirements with respect to maintenance and operations.

The interest rates on outstanding loans under the Credit Agreement were adjusted for each interest period based on an election made by the company between 1) adjusted Eurodollar rate plus a spread of 3.50% and 2) Alternate Base Rate. The Alternate Base Rate was defined as the greatest of the following plus a spread of 2.50%: (a) Base Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus $\frac{1}{2}$ of 1.00%, and (c) Adjusted Eurodollar Rate in effect on such day plus 1.00%; Base Rate is the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus $\frac{1}{2}$ of 1.00%, and (c) Adjusted Eurodollar Rate in effect on such day plus 1.00%. The elections and interest rates were determined on a monthly basis. Mandatory amortization of the Term Loan ranged from 0.50% to 3.50% of the original outstanding principal amount, payable quarterly.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 8—Borrowings and credit agreements (continued)

On April 14, 2022, the Company executed an amendment to the existing Credit Agreement ("Amended Credit Agreement") whereby maturity has been extended until December 31, 2026, and an additional \$180,000 thousand of commitment under the Revolver is made available for issuance of letters of credit to provide credit support to contractual counterparties or other similar payment or performance assurance. Debt issuance costs totaled \$4,458 thousand.

The interest rates on outstanding loans under the Amended Credit Agreement are adjusted for each interest period based on an election made by the company, which historically has been on a monthly basis, between (a) ABR Borrowing defined as Base Rate plus 2.25% and (b) SOFR Borrowing defined as Adjusted Term SOFR plus 3.25%. ABR is defined as the greatest (a) the rate that the Administrative Agent announces from time to time as its prime or base commercial lending rate, as in effect from time to time or (b) the sum of (i) the Federal Funds Effective Rate in effect on such day plus (ii) 0.50% and (c) the sum of (i) the Adjusted Term SOFR for a one-month tenor in effect on such day plus (ii) 1.00%. Adjusted Term SOFR is defined as SOFR reference rate for a tenor comparable to the applicable interest period plus 0.07% for a one month election. The interest rate in effect at December 31, 2025 and December 31, 2024 for the Term Loan and Revolver is 7.24% and 7.89% respectively. Interest is payable on the Term Loan and Revolver on a monthly basis.

As of December 31, 2025 and December 31, 2024, there were \$87,719 thousand and \$94,131 thousand outstanding under the Term Loan, respectively, and \$0 thousand and \$10,000 thousand outstanding under the Revolver. As of December 31, 2025 and December 31, 2024, \$60,600 thousand and \$48,975 thousand, respectively, of the Revolver have been used to issue standby letters of credit to collateralize performance of the Company's positions with ISOs, RTOs, and utilities in which it operates. As such, the amount available under the Revolver is \$139,400 and \$141,025 as of December 31, 2025 and December 31, 2024. See Note—9 Commitments and Contingencies. The Credit Agreement contains certain financial, affirmative and negative covenants, the Company was in compliance with all covenants throughout 2025 and 2024. On May 7, 2025, the Company obtained a waiver from its lenders related to a financial covenant under the Amended Credit Agreement for the quarter ending on June 30, 2025.

At December 31, 2025 and December 31, 2024, the unamortized debt issuance and deferred financing costs totaled \$1,112 thousand and \$2,224 thousand, respectively. The amortization of these costs are reflected as a component of Interest expense, net on the accompanying statements of operations. For the years ended December 31, 2025 and December 31, 2024, amortization of such costs totaled \$1,112 thousand each year.

As of December 31, 2025, minimum principal payments for the next year for the Term Loan are as follows (in thousands) with final payment due upon maturity:

	2026
Minimum principal payments	\$ 87,719

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 8—Borrowings and credit agreements (continued)

Pursuant to the Amended Credit Agreement and driven by PJM base residual capacity prices for the 2023/2024 delivery year, the Company's parent CCS Intermediate Holdco, LLC, which is indirectly majority owned by CCS Class A Member, LLC a wholly owned subsidiary of LS Power Equity Partners IV, LP, is required to make an equity contribution totaling \$16,500 thousand, in equal installments over a 12 month period commencing in June 2023. To fulfill this equity contribution obligation, CCS Intermediate Holdco, LLC entered into a related party subordinated loan with the Company. See Note 12 – Related Party Transactions. CCS Intermediate Holdco, LLC made contributions totaling zero and \$5,940 for the year end December 31, 2025 and December 31, 2024, respectively.

Note 9—Employee savings and retirement plan

The Company has a defined contribution employee benefit plan qualifying under Section 401(k) of the Internal Revenue Code (the "Plan"). The Company may make discretionary matching contributions equal to 50% of employee contributions up to 6% and this match is payable on a monthly basis for the years ended December 31, 2025 and December 31, 2024.

The Company recorded \$669 thousand and \$678 thousand of matching contribution expense for years ended December 31, 2025 and December 31, 2024, respectively. These amounts are included in Compensation in the Consolidated Statements of Operations. Unpaid matching contributions totaled \$159 thousand and \$153 thousand as of December 31, 2025 and 2024, respectively. Such balances are included in Accrued Payroll, Benefits and Other in the accompanying Consolidated Balance Sheet.

Note 10—Leases

The Company has three non-cancellable operating leases for office space under various terms ranging from 2-10 years, effective from 2018, 2020, and 2023. These lease agreements provide for increasing rent over the lease term and contain renewal options. As of December 31, 2025, the Company does not intend to take renewal options on any of the leases.

Upon adoption of ASC 842 on January 1, 2022, the Company recognized an operating lease liability and related right-of-use (ROU) asset in the amount of \$4,423 thousand and \$3,956 thousand, respectively. The Company has made an election not to recognize ROU assets and lease liabilities in the consolidated balance sheets for its short-term leases, which have a lease term of 12 months or less.

ROU assets and operating lease liabilities are recognized at the present value of the future lease payments on the lease commencement date. For the initial measurement of lease liabilities, the Company uses the incremental borrowing rate, which is the rate of interest that the Company would have to pay to borrow, on a collateralized basis, over a similar term an amount equal to the payments for the lease. The Company recognizes lease expense for all operating leases on a straight-line basis over the lease term.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 10—Leases (continued)

Lease payments are payable monthly. Lease payments under certain agreements may escalate over the lease term by a variable percentage. The Company has no leases which contain residual value guarantees provided by the Company.

	For the year ended December 31, 2025
Lease cost	
Operating lease cost	\$ 604
Short-term lease cost	-
Total lease cost	<u>\$ 604</u>

Other information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 661
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 75
Weighted average remaining lease term (in years)	2.98 yrs
Weighted average discount rate	3.77%

As of December 31, 2025, annual payments based on the maturities of the Company's operating leases are expected to be as follows (in thousands):

2026	\$ 633
2027	567
2028	589
Thereafter	50
Total operating lease payments	1,839
Less: present value adjustment	(95)
Total operating lease liabilities	<u>\$ 1,744</u>

Note 11—Commitments and contingencies

Guarantees – The Company has guaranteed the electrical capacity it has committed to deliver pursuant to certain long-term contracts or open market biddings with ISOs, RTOs and utilities. Such guarantees may be secured by cash, letters of credit, performance bonds, or third-party guarantees.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 11—Commitments and contingencies (continued)

Off-balance sheet arrangements - Standby letters of credit

In the ordinary course of business, the Company has entered into collateral arrangements in the form of standby letters of credit issued under its Revolver, in favor of the ISOs, RTOs and utilities with which it operates. At December 31, 2025 and December 31, 2024, these collateral arrangements totaled \$60,600 thousand and \$48,975 thousand, respectively.

Note 12—Related party transactions

The Company is indirectly majority owned by CCS Class A Member, LLC, which is a wholly owned subsidiary of LS Power Equity Partners IV, LP ("LS Power"). LS Power is a related party to an agreement with provisions for repayment of travel and certain administrative and legal expenses. Expenses related to these provisions for the years ended December 31, 2025 and December 31, 2024 totaled \$0 thousand and \$10 thousand, respectively, recorded in Related party advisory fees on the Consolidated Statement of Operations.

On June 30, 2023, the Company entered into a subordinated loan agreement with the Company's parent CCS Intermediate Holdco, LLC, which is indirectly majority owned by CCS Class A Member, LLC to receive equity contributions pursuant to the Amended Credit Agreement. See Note 8—Borrowings and credit agreements. The principal amount of the subordinated loan totals \$16,500 thousand. The note bears interest of 9.25% per annum and matures on March 31, 2027. As of December 31, 2025, the subordinated loan payable balance consisted of \$16,500 thousand principal outstanding plus \$3,562 thousand in accrued interest. As of December 31, 2024, the subordinated loan payable balance consisted of \$16,500 thousand principal outstanding plus \$1,773 thousand in accrued interest.

Certain members of management have loans with an affiliate of the Company for the purchase of stock in that affiliate. The loans are full recourse loans and are not recorded in the Company's financial statements as the Company is not a party to those loans.

Members of management of Enerwise have been awarded incentive units in CCS Power Holdings, LLC. Such units vest upon change of control as defined by the incentive agreement. As of December 31, 2025, change in control has not occurred, therefore no fair value has been assigned to such units and thus no expense has been recorded for these units in 2025.

Note 13—Equity

In accordance with the Power Finance LLC agreement, the Company is permitted to make distributions to its parent at the parent's discretion, while maintaining compliance with the Amended Credit Agreement. Distributions for the years ended December 31, 2025 and December 31, 2024 totaled \$0 thousand and \$5,847 thousand, respectively.

On August 13, 2025, LS Power contributed \$40,000 thousand as a cash contribution to CCS Finance Co., LLC. The contribution was recorded as an increase to members' equity and is reflected in these consolidated financial statements.

CCS POWER FINANCE CO, LLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND DECEMBER 31, 2024

Note 14—Subsequent events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 24, 2026, the date these consolidated financial statements were available to be issued. On May 12, 2025, the Company entered into a definitive purchase and sale agreement with NRG Energy, Inc for the sale of the Company, and the transaction was completed on January 30, 2026. In connection with the closing of the transaction, the Company and NRG Energy repaid the Term Loan immediately prior to closing. The repayment also resulted in the settlement of accrued and unpaid interest of the Term Loan through the closing date. The Company has concluded that no other subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined financial information is presented by NRG Energy, Inc. (“NRG” or the “Company”) to illustrate the estimated effects of the acquisition of a portfolio of natural gas-fired and dual fuel facilities, and CPower, a leading demand response platform, from LS Power (the “LS Power Portfolio”), (“the Acquisition”), and certain other related transactions and adjustments described below (collectively, the “Transactions Accounting Adjustments”).

Acquisition of LS Power Portfolio

On January 30, 2026, NRG completed the acquisition of the LS Power Portfolio, pursuant to the Purchase and Sale Agreement (the “Purchase Agreement”) dated as of May 12, 2025 by and among the Company, NRG East Generation Holdings LLC, NRG Texas LLC, NRG Demand Response Holdings LLC, NRG Gas Development Company, LLC (all of which are subsidiaries of the Company) and Lightning Power Holdings, LLC, Thunder Generation, LLC, CCS Power Holdings, LLC and Linebacker Power Development Funding, LLC (all of which were affiliates of LS Power Equity Advisors, LLC). Pursuant to the Purchase Agreement, NRG acquired all of the issued and outstanding equity interests of Lightning Power, LLC (“Lightning”)¹, Linebacker Power Holdings, LLC (“Linebacker”)², CCS Intermediate HoldCo, LLC (“CCS”)³ and Jack County Power Development, LLC (“JCPD”)⁴. The LS Power Portfolio includes 18 natural gas-fired and dual fuel facilities totaling approximately 13 GW of capacity, located across nine states, as well as CPower, a leading demand response platform, which operates in all the country’s deregulated energy markets and has more than 2,000 commercial and industrial customers.

Subject to the terms and conditions of the Purchase Agreement, the purchase price for the transaction consists of 24,250,000 shares of common stock of the Company, par value of \$0.01 per share (the “Stock Consideration”), and \$6.4 billion plus preliminary working capital and certain other adjustments of \$0.5 billion in cash (the “Cash Consideration”). As part of the transaction, NRG also assumed approximately \$3.2 billion of debt.

In connection with the Purchase Agreement, NRG entered into a commitment letter for a 364-day Senior Secured Bridge Facility (the “Bridge Facility”) in a principal amount not to exceed \$4.4 billion for the purposes of paying a portion of the Cash Consideration for the acquisition and paying fees and expenses in connection with the acquisition. The Bridge Facility was terminated on October 8, 2025, subsequent to obtaining permanent financing.

Pro Forma Financial Information

The unaudited pro forma combined balance sheet as of December 31, 2025 combines the historical consolidated balance sheet of NRG and the historical balance sheets of the LS Power acquired entities (as listed below) after giving effect to the acquisition of the LS Power Portfolio and the related transactions, as if they had occurred on December 31, 2025. The unaudited pro forma combined statement of operations for the year ended December 31, 2025 combines the historical consolidated statement of operations of NRG and the historical statements of operations of the LS Power acquired entities (as listed below), after giving effect to the Transactions Accounting Adjustments, as if they had occurred on January 1, 2025. We refer to these unaudited pro forma combined balance sheet and unaudited pro forma combined statement of operations as the “pro forma financial information”.

¹ The pro forma financial information for Lightning was prepared using the financial statements of Lightning Power, LLC for the year ended December 31, 2025 and for the period August 9, 2024 to December 31, 2024. The period from January 1, 2024 to August 8, 2024 is included in the financial statements of Fund III Projects (as defined below) and Gridiron Intermediate Holdings, LLC (“Gridiron”). The “Fund III Projects” are comprised of the operations and assets held by Granite Generation, LLC, Helix Gen Funding, LLC, Ocean State Power LLC, and Rise Light & Power, LLC.

² Linebacker Power Holdings, LLC (one of the acquired entities) owns Linebacker Power Funding, LLC. The pro forma financial information was prepared using the available audited and unaudited financial statements of Linebacker Power Funding, LLC. Differences between the two entities include affiliate billings and certain incremental general and administrative costs and are immaterial to the pro forma information.

³ CCS Intermediate Holdco, LLC (one of the acquired entities) owns CCS Power Finance Co, LLC (“CPower”). The pro forma financial information was prepared using the available audited and unaudited financial statements of CPower. Differences between the two entities include immaterial affiliate billings and certain immaterial incremental general and administrative costs. Removal of intercompany note of \$16.5 million between the two entities and its related impact on the pro forma information is included in the pro forma Transactions Accounting Adjustments.

⁴ The pro forma financial information does not include the estimated effects from the acquisition of Jack County Power Development, LLC, as audited and unaudited financial statements for that entity are not available and the effects of that entity are immaterial to the pro forma information.

The pro forma financial information has been prepared by NRG for illustrative and informational purposes only, in accordance with Regulation S-X Article 11, *Pro Forma Financial Information*. The pro forma financial information is based on the Transactions Accounting Adjustments and assumptions and is not necessarily indicative of what NRG's consolidated statement of operations or consolidated balance sheet actually would have been had the Transactions Accounting Adjustments been completed as of the dates indicated, or what they will be for any future periods. The pro forma financial information does not purport to project the future financial position or operating results of NRG following the completion of the Acquisition and the related transactions. The pro forma financial information does not reflect any revenue enhancements, cost savings, operating synergies or restructuring costs that may be achievable or incurred prospectively in connection with the Acquisition and the related transactions.

The pro forma financial information for the acquisition of the LS Power Portfolio has been prepared using the acquisition method of accounting under U.S. Generally Accepted Accounting Principles ("U.S. GAAP") with NRG being the accounting acquirer in the acquisition. The purchase price will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, and any excess value of the consideration transferred over the net assets will be recognized as goodwill. The Company has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the assumed acquisition date based on NRG's preliminary valuation of the tangible and intangible assets acquired and liabilities assumed using information currently available. Differences between these preliminary estimates, which were made solely for the purpose of this pro forma financial information, and the final acquisition accounting will occur and these differences could have a material impact on the accompanying pro forma financial information.

The purchase price for the acquisition of the LS Power Portfolio consists of Cash Consideration of \$6.4 billion plus preliminary working capital and certain other adjustments of \$0.5 billion, and Stock Consideration of 24,250,000 shares of common stock of the Company, par value of \$0.01 per share.

The pro forma financial information gives effect to the following sources of funds to satisfy the Cash Consideration:

- proceeds of \$3.6 billion from unsecured corporate debt, net of issuance costs, issued in October 2025;
- proceeds of \$743 million from secured corporate debt, net of issuance costs, issued in October 2025 ; and
- proceeds of \$2.5 billion from the Company's Revolving Credit Facility, drawn in January 2026.

The pro forma financial information should be read in conjunction with the accompanying explanatory notes. In addition, the pro forma financial information is derived from and should be read in conjunction with the following historical financial statements and the related notes of NRG and the LS Power acquired entities as listed below:

NRG Financial Statements:

- audited consolidated financial statements of NRG as of and for the fiscal year ended December 31, 2025 and the related notes included in NRG's Annual Report on Form 10-K for the year ended December 31, 2025 filed on February 24, 2026;

LS Power Acquired Entities' Financial Statements:

- audited consolidated financial statements of Lightning Power, LLC and its subsidiaries for the year ended December 31, 2025 and for the period August 9, 2024 to December 31, 2024 and the related notes, which are included as Exhibit 99.1 to this current Report on Form 8-K;
- audited consolidated financial statements of Linebacker Power Funding, LLC and subsidiaries as of December 31, 2025 and 2024, and the related notes, which are included as Exhibit 99.4 to this current Report on Form 8-K
- audited consolidated financial statements of CCS Power Finance Co, LLC as of and for the fiscal year ended December 31, 2025 and 2024 and the related notes, which are included as Exhibit 99.5 to this current Report on Form 8-K;

NRG ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2025

(In millions)	Historical				Transaction Accounting		Notes	Pro Forma Combined
	NRG	LS Power Portfolio			Acquisition Accounting Adjustments	Financing Transactions Adjustments		
		Lightning as Reclassified (Note 3)	Linebacker as Reclassified (Note 4)	CPower as Reclassified (Note 5)				
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 4,708	\$ —	\$ —	\$ 129	\$ (6,851)	\$ 2,494	7(a)	\$ 480
Funds deposited by counterparties	260	—	—	—	—	—		260
Restricted cash	30	99	50	—	—	—		179
Accounts receivable, net	4,065	88	13	27	(52)	—	7(b)	4,141
Inventory	461	129	38	—	—	—		628
Derivative instruments	2,189	538	31	—	—	—		2,758
Cash collateral paid in support of energy risk management activities	365	—	—	—	—	—		365
Prepayments and other current assets	1,069	80	10	3	—	—		1,162
Total current assets	13,147	934	142	159	(6,903)	2,494		9,973
Property, plant and equipment, net	3,632	6,422	670	10	4,508	—		15,242
Other Assets								
Equity investments in affiliates	16	—	—	—	—	—		16
Operating lease right-of-use assets, net	130	26	—	2	—	—		158
Goodwill	5,017	128	—	127	1,601	—	7(c)	6,873
Customer relationships, net	1,203	—	—	—	250	—	7(d)	1,453
Other intangible assets, net	1,106	30	—	101	(41)	—	7(d)	1,196
Derivative instruments	1,568	336	12	—	—	—		1,916
Deferred income taxes	1,843	—	—	—	—	—		1,843
Other non-current assets	1,478	8	—	2	—	—		1,488
Total other assets	12,361	528	12	232	1,810	—		14,943
Total Assets	\$ 29,140	\$ 7,884	\$ 824	\$ 401	\$ (585)	\$ 2,494		\$ 40,158
LIABILITIES AND STOCKHOLDERS' EQUITY/MEMBER'S EQUITY								
Current Liabilities								
Current portion of long-term debt and finance leases	\$ 31	\$ 8	\$ —	\$ 86	\$ (77)	\$ 2,494	7(e)	\$ 2,542
Current portion of operating lease liabilities	35	1	—	1	—	—		37
Accounts payable	2,834	69	6	1	(52)	—	7(b)	2,858
Derivative instruments	2,257	566	24	—	—	—		2,847
Cash collateral received in support of energy risk management activities	260	—	—	—	—	—		260
Deferred revenue current	748	7	—	—	—	—		755
Accrued expenses and other current liabilities	1,864	172	22	130	49	—	7(f)	2,237
Total current liabilities	\$ 8,029	\$ 823	\$ 52	\$ 218	\$ (80)	\$ 2,494		\$ 11,536

NRG ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2025 (Continued)

(In millions)	Historical			Transaction Accounting		Notes	Pro Forma Combined
	NRG	LS Power Portfolio		Adjustments			
		Lightning as Reclassified (Note 3)	Linebacker as Reclassified (Note 4)	CPower as Reclassified (Note 5)	Acquisition Accounting Adjustments	Financing Transactions Adjustments	
Other Liabilities							
Long-term debt and finance leases	\$ 16,412	\$ 3,165	\$ 603	\$ —	\$ (449)	\$ —	7(e) \$ 19,731
Non-current operating lease liabilities	144	26	—	1	—	—	171
Derivative instruments	1,103	363	23	—	—	—	1,489
Deferred income taxes	15	—	—	18	3	—	7(g) 36
Deferred revenue non-current	895	—	—	—	—	—	895
Other non-current liabilities	861	77	2	—	—	—	940
Debt due to related parties	—	—	—	17	(17)	—	7(h) —
Accrued liabilities due to related parties	—	—	—	3	(3)	—	7(h) —
Total other liabilities	19,430	3,631	628	39	(466)	—	23,262
Total Liabilities	27,459	4,454	680	257	(546)	2,494	34,798
Stockholders' Equity/ Member's Equity							
Preferred stock	650	—	—	—	—	—	650
Common stock	2	—	—	—	—	—	2
Additional paid-in-capital	215	—	—	—	3,728	—	7(i) 3,943
Retained earnings	1,982	—	—	—	(49)	—	7(j) 1,933
Treasury stock, at cost	(1,087)	—	—	—	—	—	(1,087)
Accumulated other comprehensive loss	(81)	—	—	—	—	—	(81)
Member's equity	—	3,430	144	144	(3,718)	—	7(k) —
Total Stockholders' Equity/ Member's Equity	1,681	3,430	144	144	(39)	—	5,360
Total Liabilities and Stockholders' Equity/Member's Equity	\$ 29,140	\$ 7,884	\$ 824	\$ 401	\$ (585)	\$ 2,494	\$ 40,158

NRG ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In millions, except per share amounts)	Historical				Transactions Accounting		Notes	Pro Forma Combined
	NRG	LS Power Portfolio			Acquisition Accounting Adjustments	Financing Transactions Adjustments		
		Lightning as Reclassified (Note 3)	Linebacker as Reclassified (Note 4)	CPower as Reclassified (Note 5)				
Revenue								
Revenue	\$ 30,713	\$ 2,115	\$ 510	\$ 247	\$ (114)	\$ —	8(a)	\$ 33,471
Operating Costs and Expenses								
Cost of operations (excluding depreciation and amortization shown below)	24,761	1,299	388	156	(232)	—	8(a)	26,372
Depreciation and amortization	1,406	335	25	23	77	—	8(b)	1,866
Selling, general and administrative costs	2,602	55	6	53	(1)	—	8(a)	2,715
Acquisition-related transaction and integration costs	74	—	—	1	49	—	8(c)	124
Total operating costs and expenses	28,843	1,689	419	233	(107)	—		31,077
Loss on sale of assets	(25)	—	—	—	—	—		(25)
Operating Income/(Loss)	<u>1,845</u>	<u>426</u>	<u>91</u>	<u>14</u>	<u>(7)</u>	<u>—</u>		<u>2,369</u>
Other Income/(Expense)								
Equity in earnings of unconsolidated affiliates	11	—	—	—	—	—		11
Impairment losses on investments	(39)	—	—	—	—	—		(39)
Other income, net	68	23	1	—	—	—		92
Loss on debt extinguishment	(10)	—	—	—	—	—		(10)
Interest expense	(741)	(241)	(29)	(12)	55	(303)	8(d)	(1,271)
Total other expense, net	(711)	(218)	(28)	(12)	55	(303)		(1,217)
Income/(Loss) Before Income Taxes	1,134	208	63	2	48	(303)		1,152
Income tax expense/(benefit)	270	—	2	—	12	(75)	8(e)	209
Net Income/(Loss)	864	208	61	2	36	(228)		943
Less: Cumulative dividends attributable to Series A Preferred Stock	67	—	—	—	—	—		67
Net Income/(Loss) Available for Common Shareholders	<u>\$ 797</u>	<u>\$ 208</u>	<u>\$ 61</u>	<u>\$ 2</u>	<u>\$ 36</u>	<u>\$ (228)</u>		<u>\$ 876</u>
Income per Share								
Weighted average number of common shares outstanding — basic	195				24		8(f)	219
Income per weighted average common share — basic	\$ 4.09							\$ 4.00
Weighted average number of common shares outstanding — diluted	199				24		8(f)	223
Income per weighted average common share — diluted	\$ 4.01							\$ 3.93

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Note 1. Basis of Pro Forma Presentation

The pro forma financial information for the Acquisition has been prepared using the acquisition method of accounting under U.S. GAAP, in accordance with ASC 805, and is derived from the audited and unaudited historical financial statements of NRG and the acquired entities.

The unaudited pro forma combined balance sheet as of December 31, 2025 combines the historical consolidated balance sheet of NRG and the historical balance sheets of the LS Power acquired entities (as listed above) after giving effect to the acquisition of the LS Power Portfolio and the related transactions, as if they had occurred on December 31, 2025. The unaudited pro forma combined statement of operations for the year ended December 31, 2025 combines the historical consolidated statement of operations of NRG and the historical statements of operations of the LS Power acquired entities (as listed above), after giving effect to the Transactions Accounting Adjustments, as if they had occurred on January 1, 2025.

The pro forma financial information has been prepared by NRG for illustrative and informational purposes only in accordance of Article 11. The pro forma financial information is based on the Transactions Accounting Adjustments and assumptions and is not necessarily indicative of what NRG's consolidated statement of operations or consolidated balance sheet actually would have been had the Transactions Accounting Adjustments been completed as of the dates indicated, or what they will be for any future periods. The pro forma financial information does not purport to project the future financial position or operating results of NRG following the completion of the Acquisition. The pro forma financial information does not reflect any revenue enhancements, cost savings, operating synergies or restructuring costs that may be achievable or incurred prospectively in connection with the Acquisition and related transactions.

The acquisition method of accounting requires an acquirer to recognize and measure in its financial statements the identifiable assets acquired and the liabilities assumed at fair value at the acquisition date. The determination of fair value used in the Transactions Accounting Adjustments is preliminary and based on management's best estimates considering currently available information and certain assumptions that management believes are reasonable under the circumstances. The purchase price allocation presented is dependent upon certain valuations and other analyses that have not yet been finalized. The actual amounts eventually recorded for purchase accounting, including the identifiable intangibles and goodwill may differ materially from the information presented and could be materially impacted by changing fair value measurements caused by the volatility in the current market environment.

Under ASC 805, acquisition-related transactions costs are not included as a component of the consideration transferred and are expensed in the period in which the costs are incurred. Total costs related to the Acquisition are estimated to be \$81 million, of which \$32 million were recorded in the historical Consolidated Statement of Operations of NRG for the year ended December 31, 2025 and estimated costs of \$49 million were accrued in the pro forma combined financial statements. Acquisition costs include primarily due diligence, valuation, legal and filing fees, professional and other consulting fees.

During the preparation of the unaudited pro forma combined financial information, management performed a preliminary analysis of the acquired entities financial information to identify differences in accounting policies as compared to those of NRG. Except as noted below, at this time NRG is not aware of any material differences in the accounting policies followed by NRG and those used by the acquired entities in preparing its consolidated financial statements that would have a material impact on the pro forma financial information.

During the preparation of the unaudited pro forma combined financial information, management identified that LS Power acquired entities elected to expense all maintenance costs to costs of operations in the period incurred, which is different than NRG's policy to capitalize a portion of maintenance costs that extend the life of an asset and depreciate over the expected period of benefit. The Company recorded pro forma adjustments aiming to align the recognition of the major maintenance costs of the LS Power entities based on information currently available (see Note 8(a,b)). When additional information is available and additional analysis is performed, the Company may adjust such amounts and may identify other policy differences.

Note 2. Preliminary Purchase Price and Related Financing

The purchase price for the acquisition of the LS Power Portfolio consists of Stock Consideration of 24,250,000 shares of common stock of the Company, par value of \$0.01 per share, and Cash Consideration of \$6.4 billion plus preliminary working capital and certain other adjustments of \$0.5 billion.

The pro forma financial information gives effect to the following sources of funds to satisfy the Cash Consideration:

- proceeds of \$2.376 billion from issuance of \$2.4 billion Senior Unsecured Notes due 2036 at 6.000% interest rate, net of issuance costs;
- proceeds of \$1.238 billion from issuance of \$1.250 billion Senior Unsecured Notes due 2034 at 5.750% interest rate, net of issuance costs;
- proceeds of \$619 million from issuance of \$625 million Senior Secured First Lien Notes due 2030 at 4.734% interest rate, net of issuance costs;
- partial proceeds of \$124 million from issuance of \$625 million Senior Secured First Lien Notes due 2035 at interest rate of 5.407%, net of issuance costs; and
- proceeds of approximately \$2.494 billion from the Company's Revolving Credit Facility.

Note 3. Reclassification Adjustments — Lightning

During the preparation of the unaudited pro forma combined financial statements, management performed a preliminary analysis of the Lightning financial information to identify differences in Lightning financial statement presentation as compared to the presentation of NRG. The below reclassification adjustments represent NRG's best estimates based upon the information currently available to NRG. The reclassification adjustments are subject to change once more detailed information is available and additional analysis is performed.

Balance Sheet Reclassifications

Lightning
Audited Consolidated Balance Sheet
As of December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	Lightning Before Reclassification	Reclassification	Lightning as Reclassified
Assets				
Restricted cash	Restricted cash	\$ 99	\$ —	\$ 99
Accounts receivable	Accounts receivable, net	88	—	88
Inventory	Inventory	129	—	129
Prepaid expenses	Prepayments and other current assets	29	51 (a)	80
Assets from risk management activities	Derivative instruments	538	—	538
Deposits		26	(26) (a)	—
Other current assets		25	(25) (a)	—
Property, plant, and equipment, net	Property, plant and equipment, net	6,422	—	6,422
Intangible assets, net	Other intangible assets, net	30	—	30
Assets from risk management activities, long term	Derivative instruments	336	—	336
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	26	—	26
Goodwill	Goodwill	128	—	128
Other noncurrent assets	Other non-current assets	8	—	8
Total Assets		\$ 7,884	\$ —	\$ 7,884
Liabilities				
Current portion of long-term debt	Current portion of long-term debt and finance leases	\$ 8	\$ —	\$ 8
Operating lease liabilities (short-term)	Current portion of operating lease liabilities	1	—	1
Accounts payable and accrued expenses	Accounts payable	167	(98) (b)	69
Liabilities from risk management activities	Derivative instruments	566	—	566
Deferred revenue	Deferred revenue current	7	—	7
Other current liabilities	Accrued expenses and other current liabilities	74	98 (b)	172
Long term debt	Long-term debt and finance leases	3,165	—	3,165
Liabilities from risk management activities, long term	Derivative instruments	363	—	363
Asset retirement obligations		74	(74) (c)	—
Operating lease liabilities (long-term)	Non-current operating lease liabilities	26	—	26
Other long term liabilities	Other non-current liabilities	3	74 (c)	77
Stockholders' Equity/Member's Equity				
Member's equity	Member's equity	3,430	—	3,430
Total Liabilities and Stockholders' Equity/Member's Equity		\$ 7,884	\$ —	\$ 7,884

(a) Reclassification from Deposits and Other current assets to Prepayments and other current assets

(b) Reclassification from Accounts payable and accrued expenses to Accrued expenses and other current liabilities

(c) Reclassification from Asset retirement obligations to Other non-current liabilities

Statement of Operations Reclassifications

Lightning
Audited Consolidated Statement of Operations
For the Year Ended December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	Lightning Before Reclassification	Reclassification	Lightning as Reclassified
Total revenues	Revenue	\$ 2,115	\$ —	\$ 2,115
Fuel and transportation	Cost of operations (excluding depreciation and amortization shown below)	871	428 (a)	1,299
Loss on risk management activities		101	(101) (a)	—
Operating and maintenance		322	(322) (a)	—
Depreciation	Depreciation and amortization	335	—	335
General and administrative	Selling, general and administrative costs	55	—	55
Accretion		5	(5) (a)	—
Other gain (loss), net	Other income/(expense), net	18	5 (b)	23
Interest expense, net	Interest expense	(236)	(5) (b)	(241)
Net Income		\$ 208	\$ —	\$ 208

(a) Reclassification from Loss of risk management activities, Operating and maintenance, and Accretion to Cost of operations

(b) Reclassification of interest income from Interest expense, net to Other income, net

Note 4. Reclassification Adjustments — Linebacker

During the preparation of the unaudited pro forma combined financial statements, management performed a preliminary analysis of the Linebacker financial information to identify differences in Linebacker's financial statement presentation as compared to the presentation of NRG. The below reclassification adjustments represent NRG's best estimates based upon the information currently available to NRG. The reclassification adjustments are subject to change once more detailed information is available and additional analysis is performed.

Balance Sheet Reclassifications

Linebacker
Audited Consolidated Balance Sheet
As of December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	Linebacker Before Reclassification	Reclassification	Linebacker as Reclassified
Assets				
Restricted cash	Restricted cash	\$ 50	\$ —	\$ 50
Accounts receivable	Accounts receivable, net	13	—	13
Inventory	Inventory	38	—	38
Prepaid expenses	Prepayments and other current assets	7	3 (a)	10
Assets from risk management activities	Derivative instruments	31	—	31
Other current assets		3	(3) (a)	—
Property, plant, and equipment, net	Property, plant and equipment, net	670	—	670
Assets from risk management activities, long term	Derivative instruments	12	—	12
Total Assets		\$ 824	\$ —	\$ 824
Liabilities				
Accounts payable and accrued expenses	Accounts payable	\$ 28	\$ (22) (b)	\$ 6
	Accrued expenses and other current liabilities	—	22 (b)	22
Liabilities from risk management activities	Derivative instruments	24	—	24
Long term debt	Long-term debt and finance leases	603	—	603
Liabilities from risk management activities, long term	Derivative instruments	23	—	23
Asset retirement obligations	Other non-current liabilities	2	—	2
Stockholders' Equity/ Members Equity				
Member's equity	Member's equity	144	—	144
Total Liabilities and Stockholders' Equity/Member's Equity		\$ 824	\$ —	\$ 824

(a) Reclassification from Other current assets to Prepayments and other current assets

(b) Reclassification from Accounts payable and accrued expenses to Accrued expenses and other current liabilities

Statement of Operations Reclassifications

Linebacker
Audited Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	Linebacker Before Reclassification	Reclassification	Linebacker as Reclassified
Total revenues	Revenue	\$ 510	\$ —	\$ 510
Fuel and transportation	Cost of operations (excluding depreciation and amortization shown below)	250	138 (a)	388
Loss on risk management activities		21	(21) (a)	—
Operating and maintenance		117	(117) (a)	—
Depreciation	Depreciation and amortization	25	—	25
General and administrative	Selling, general and administrative costs	6	—	6
	Other income, net	—	1 (b)	1
Interest expense, net	Interest expense	(28)	(1) (b)	(29)
Income tax expense	Income tax expense/(benefit)	2	—	2
Net Income		\$ 61	\$ —	\$ 61

(a) Reclassification from Loss on risk management activities and Operating and maintenance to Cost of operations

(b) Reclassification of interest income from Interest expense, net to Other income, net

Note 5. Reclassification Adjustments — CPower

During the preparation of the unaudited pro forma combined financial statements, management performed a preliminary analysis of the CPower financial information to identify differences in CPower's financial statement presentation as compared to the presentation of NRG. The below reclassification adjustments represent NRG's best estimates based upon the information currently available to NRG. The reclassification adjustments are subject to change once more detailed information is available and additional analysis is performed.

Balance Sheet Reclassifications

CPower
Audited Consolidated Balance Sheet
As of December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	CPower Before Reclassification	Reclassification	CPower as Reclassified
Assets				
Cash and cash equivalents	Cash and cash equivalents	\$ 129	\$ —	\$ 129
Trade accounts receivable, net	Accounts receivable, net	13	14 (a)	27
Unbilled accounts receivable		14	(14) (a)	—
Other current assets	Prepayments and other current assets	3	—	3
Property and equipment, net	Property, plant and equipment, net	10	—	10
Intangible assets, net	Other intangible assets, net	101	—	101
Goodwill	Goodwill	127	—	127
Lease Right of Use Asset	Operating lease right-of-use assets, net	2	—	2
Other assets	Other non-current assets	2	—	2
Total Assets		\$ 401	\$ —	\$ 401
Liabilities				
Trade accounts payable	Accounts payable	\$ 1	\$ —	\$ 1
Accrued customer payments	Accrued expenses and other current liabilities	117	13 (b)	130
Accrued payroll, benefits, and other		5	(5) (b)	—
Debt - short term	Current portion of long-term debt and finance leases	86	—	86
Lease liability - short term	Current portion of operating lease liabilities	1	—	1
Other current liabilities		8	(8) (b)	—
Debt due to related parties	Debt due to related parties	17	—	17
Accrued liabilities due to related parties	Accrued liabilities due to related parties	3	—	3
Deferred tax liabilities	Deferred income taxes	18	—	18
Lease Liability - long term	Non-current operating lease liabilities	1	—	1
Stockholders' Equity/Members' Equity				
Members' equity	Member's equity	144	—	144
Total Liabilities and Stockholders' Equity/Members' Equity		\$ 401	\$ —	\$ 401

(a) Reclassification from Unbilled accounts receivable to Accounts receivable, net

(b) Reclassification from Accrued payroll, benefits, and other and Other current liabilities to Accrued expenses and other current liabilities

Statement of Operations Reclassifications

CPower
Audited Consolidated Statement of Operations
For the Year Ended December 31, 2025

(In millions)

Presentation in Historical Financial Statements	Presentation in Unaudited Pro Forma Combined Financial Statements	CPower Before Reclassification	Reclassification	CPower as Reclassified
Revenue	Revenue	\$ 247	\$ —	\$ 247
Cost of revenue	Cost of operations (excluding depreciation and amortization shown below)	156	—	156
Amortization & depreciation	Depreciation and amortization	23	—	23
General & administrative	Selling, general and administrative costs	14	39 (a)	53
Compensation		39	(39) (a)	—
Transaction & other expenses	Acquisition-related transaction and integration costs	1	—	1
Interest expense	Interest expense	(12)	—	(12)
Net Income		<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>

(a) Reclassification from Compensation to Selling, general and administrative costs

Note 6. Preliminary Calculation of Estimated Consideration and Preliminary Purchase Price Allocation

Estimated Consideration

The Company completed the acquisition of the LS Power Portfolio on January 30, 2026. The below is reflected in the Acquisition Accounting Adjustments in the unaudited pro forma combined balance sheet as of December 31, 2025.

The total consideration was calculated as follows:

	(In millions)
Cash Consideration (inclusive of preliminary working capital and certain other adjustments of \$479 million)	\$ 6,851
Stock Consideration: 24,250,000 common shares of NRG, par value \$0.01 per share, based on NRG closing share price of \$153.72 on January 29, 2026	3,728
Total Preliminary Consideration	<u>\$ 10,579</u>

Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed are recorded at fair value on the acquisition date. The Acquisition Accounting Adjustments included herein are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition.

The table below represents an initial allocation of the consideration to tangible and intangible assets to be acquired and liabilities to be assumed based on preliminary estimated fair values as of December 31, 2025:

	(In millions)
Current assets	\$ 1,235
Property, plant and equipment	11,610
Other non-current assets	386
Current liabilities	(1,016)
Long-term debt and finance leases	(3,319)
Non-current liabilities	(513)
Identifiable intangible assets attributable to LS Power Portfolio	340
Goodwill	1,856
Total Preliminary Consideration	\$ 10,579

The preliminary fair value of the identifiable intangible assets of \$340 million, which includes customer relationships, technology related assets, trade names and contracts, will be amortized over the estimated useful life. The estimated weighted average useful life is approximately 12 years. The preliminary useful lives of the intangible assets were determined based on the expected pattern of the economic benefit. The expected amortization for the five years following the Acquisition is currently estimated to be \$37 million per year. Goodwill represents the excess of the preliminary consideration over the estimated fair value of the underlying net assets acquired. Goodwill will not be amortized but instead will be reviewed for impairments at least annually, absent any indicators for impairment. Goodwill is attributable to the planned growth and synergies expected to be achieved from combining the operation of LS Power acquired entities with NRG's existing business. The goodwill recorded is expected to be deductible for tax purposes.

The final purchase price allocation depends on certain valuations and other studies that have not yet been completed. The final determination of the purchase price allocation will be based on the net assets acquired as of the acquisition date and will depend on a number of factors, which cannot be predicted with any certainty at this time. The purchase price allocation may change materially based on receipt of more detailed information. Accordingly, the pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurance that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth above.

Note 7. Adjustments to Unaudited Pro Forma Combined Balance Sheet

The Transactions Accounting Adjustments reflected in the unaudited pro forma combined balance sheet are detailed below:

(a) Reflects draw from the Company's Revolver Credit Facility on January 2026, and cash outflow to complete the acquisition of the LS Power Portfolio as detailed below:

	(In millions)
Net cash received from financing transactions	
Proceeds from Revolving Credit Facility	\$ 2,494
Total Financing Transactions Adjustments	\$ 2,494
Preliminary Cash Consideration	
Use of proceeds from financing transactions, net of issuance costs	\$ (6,851)
Acquisition Accounting Adjustments	\$ (6,851)

(b) Reflects the elimination of \$52 million of accounts receivable and \$52 million of accounts payable, representing receivables and payables between NRG and LS Power acquired entities.

(c) Reflects the removal of historical goodwill of LS Power acquired entities of \$255 million and recognition of preliminary goodwill of \$1,856 million representing the excess of preliminary purchase price over the estimated fair value of the acquired assets and liabilities, identifiable intangible assets and related deferred income taxes.

(d) Reflects the removal of historical intangible assets of LS Power acquired entities of \$131 million and recognition of preliminary estimated identifiable intangible assets of \$340 million.

(e) The table below reflects the Transactions Accounting Adjustments to Current portion of long-term debt and finance leases and Long-term debt and finance leases:

(In millions)	Acquisition Accounting Adjustments	Financing Transactions Adjustments
Borrowing under the Company's Revolving Credit Facility (to fund the acquisition of the LS Power Portfolio)	\$ —	\$ 2,494
Removal of CPower's debt as NRG is not assuming that debt	(86)	—
Removal of Lightning's unamortized deferred financing costs as a result of purchase accounting	9	—
Total adjustments to Current portion of long-term debt and finance leases	\$ (77)	\$ 2,494
Removal of Linebacker's debt as NRG is not assuming that debt	\$ (603)	\$ —
Removal of Lightning's unamortized deferred financing costs as a result of purchase accounting	46	—
Adjustment to record assumed outstanding debt at fair value as a result of purchase accounting	108	—
Total adjustments to Long-term debt and finance leases	\$ (449)	\$ —

(f) Reflects the accrual of \$49 million of expected acquisition costs that are not yet recorded in NRG balance sheet as of December 31, 2025.

(g) Reflects \$3 million of long-term deferred tax liabilities recorded as a result of the acquisitions accounting.

(h) Reflects elimination of the intercompany note payable and related accrued interest included in the CCS Power Finance Co, LLC historical balances payable to CCS Intermediate Holdco, LLC.

(i) Adjustment to reflect the issuance of 24,250,000 common shares of NRG, par value of \$0.01 per share, based on NRG closing share price of \$153.72 on January 29, 2026 as part of the Stock Consideration.

(j) Adjustments to Retained earnings include:

	(In millions)
Acquisition Accounting Adjustments:	
Accrual of expected acquisition costs	\$ (49)

(k) Reflects the removal of LS Power acquired entities historical Member's equity.

Note 8. Adjustments to Unaudited Pro Forma Statements of Operations

The Transactions Accounting Adjustments reflected in the unaudited pro forma combined statement of operations are detailed below:

(a) Adjustments to Revenue, Cost of operations and Selling, general and administrative costs include:

(In millions)	For the Year ended December 31, 2025
Acquisition Accounting Adjustments:	
Adjustments to Revenue	
Eliminate transactions between NRG and LS Power acquired entities	\$ (114)
Adjustments to Costs of operations	
Eliminate transactions between NRG and LS Power acquired entities	\$ (113)
Adjustments to align the capitalization of certain maintenance costs	(119)
Total adjustments to Costs of operations	\$ (232)
Adjustments to Selling, general and administrative costs	
Eliminate transactions between NRG and LS Power acquired entities	\$ (1)

(b) Adjustments to Depreciation and amortization expense include:

(In millions)	For the Year ended December 31, 2025
Reversal of historical depreciation expense	(365)
Reversal of historical amortization of intangible assets	(18)
Recognition of depreciation expense based on the estimated fair value and estimated useful life of property, plant and equipment	411
Recognition of amortization expense based on the estimated fair value and estimated useful life of intangible assets	37
Adjustments to align the capitalization of certain maintenance costs	12
Acquisition Accounting Adjustments	\$ 77

(c) Reflects \$49 million of expected acquisition costs recorded in the unaudited pro forma combined statement of operations for the year ended December 31, 2025, in addition to the \$32 million that are already included in NRG's historical consolidated statement of operations.

(d) Adjustments to Interest expense include:

(In millions)	For the Year ended December 31, 2025
Reversal of historical Linebacker and CPower interest expense (unassumed debt)	\$ 41
Amortization of the difference between the fair value and the carrying value of LS Power assumed debt	14
Total Acquisition Accounting Adjustments	\$ 55
Adjustment to reflect incremental interest expense assuming all sources of funds to fund the cash consideration occurred January 1, 2025	(303)
Financing Transactions Adjustments	\$ (303)

(e) Reflects income tax effect of the Transactions Accounting Adjustments based on a combined estimated tax rate of 24.59% for all periods presented.

(f) Reflects the impact of the issuance of 24,250,000 Common Stock of NRG for the stock consideration portion of the LS Power Portfolio acquisition, on the calculation of the pro forma combined basic and diluted income per share. As the acquisition is being reflected as if it had occurred on January 1, 2025, the calculation of weighted average shares outstanding for basic and diluted pro forma combined income per share assumes the shares issued in connection with the acquisition have been outstanding for the entire year.