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NRG Energy Inc.

# Fourth Quarter and Full Year 2023 Earnings Presentation

February 28, 2024

# Safe Harbor

**Forward-Looking Statements**

In addition to historical information, the information presented in this presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as "may," "should," "could," "objective," "projection," "forecast," "goal," "guidance," "outlook," "expect," "intend," "seek," "plan," "think," "anticipate," "estimate," "predict," "target," "potential" or "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the Company's future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, general economic conditions, hazards customary in the power industry, weather conditions and extreme weather events, competition in wholesale power, gas and smart home markets, the volatility of energy and fuel prices, failure of customers or counterparties to perform under contracts, changes in the wholesale power and gas markets, changes in government or market regulations, the condition of capital markets generally and NRG's ability to access capital markets, NRG's ability to execute its market operations strategy, risks related to data privacy, cyberterrorism and inadequate cybersecurity, the loss of data, unanticipated outages at NRG's generation facilities, NRG's ability to achieve its net debt targets, adverse results in current and future litigation, complaints, product liability claims and/or adverse publicity, failure to identify, execute or successfully implement acquisitions or asset sales, risks of the smart home and security industry, including risks of and publicity surrounding the sales, subscriber origination and retention process, the impact of changes in consumer spending patterns, consumer preferences, geopolitical tensions, demographic trends, supply chain disruptions, NRG's ability to implement value enhancing improvements to plant operations and companywide processes, NRG's ability to achieve or maintain investment grade credit metrics, NRG's ability to proceed with projects under development or the inability to complete the construction of such projects on schedule or within budget, the inability to maintain or create successful partnering relationships, NRG's ability to operate its business efficiently, NRG's ability to retain retail customers, the ability to successfully integrate businesses of acquired companies, including Vivint Smart Home, NRG's ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, NRG's ability to execute its capital allocation plan. Achieving investment grade credit metrics is not an indication of or guarantee that the Company will receive investment grade credit ratings. Debt and share repurchases may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow before growth investments guidance are estimates as of February 28, 2024. These estimates are based on assumptions NRG believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG's future results included in NRG's filings with the Securities and Exchange Commission at www.sec.gov. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in NRG's most recent Annual Report on Form 10-K, and in subsequent SEC filings. NRG's forward-looking statements speak only as of the date of this communication or as of the date they are made.

# Agenda

## Business Review

**Dr. Larry Coben**
Chair and Interim President & CEO

## Financial Review

**Bruce Chung**
CFO

## Closing Remarks

**Dr. Larry Coben**
Chair and Interim President & CEO

## Q&A

**Management**

# Value Proposition

1. Leading Consumer Platform Serving 7.9 Million Customers Uniquely Positioned to Capitalize on Electrification and Convergence of Electricity and Smart Technologies
2. Strong Core Energy Business with Diversified Supply and Leading Retail Energy Brands for Homes and Businesses
3. Complementary Smart Home Business (Vivint) Strengthens Consumer Platform, Enables Home Technology Ecosystem and Diversifies Earnings
4. Financial Flexibility to Return Significant Capital to Shareholders
5. Strong Balance Sheet and Commitment to Investment Grade Credit Metrics

# 3 Key Messages

**Exceeds Expectations on 2023 Adj EBITDA and FCFbG; Reaffirming 2024 Guidance**

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**Advancing Long-Term Energy Transition and Electrification Strategy**

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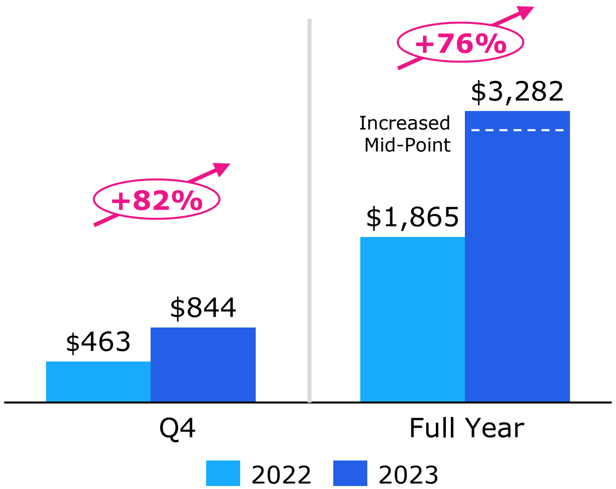
**Executing Balance Sheet and 80% Return of Capital Allocation Strategy**

# 2023 Business Highlights

*($ millions)*

## 2023 Financial Results

### High End of Increased Adjusted EBITDA Guidance




### Exceeds FCFbG Guidance

- **$9.25** per share[1] vs $8.50 per share target
- **$1,925** MM vs $1,800 MM mid-point of increased guidance range

## 2023 Priorities Scorecard

### ☑ Financial, Operational and ESG Objectives

- Top decile safety performance

### ☑ Cost Initiatives

- '21-23 $300 MM Direct Energy synergies: fully completed
- '23-25 $250 MM plan: achieved $37 MM ($35 MM target)

### ☑ Optimize & Grow from Core

- Vivint transaction: closed March 2023
- $300 MM Growth Plan: achieved $101 MM ($30 MM target)
- Improved Disclosure: new smart home and energy KPIs
- 1.5 GW Dispatchable Capacity (ERCOT): under evaluation
- Portfolio Optimization: STP, Gregory and Astoria sales, and 1.4 GW PJM retirements

### ☑ Disciplined Capital Allocation

- Debt Reduction: achieved $1.52 Bn ($1.4 Bn target)
- Return of Capital: achieved $1.5 Bn ($1.35 Bn target)
- Increased Dividend 8%; mid-point of 7-9% annual target

### ☑ Investor Day 2023: 5-Year Strategic Roadmap

**Financial Results Exceed Expectations with Successful Execution of 2023 Priorities**

[1] Based on 208 MM shares outstanding as of February 1, 2024

# 2024 Outlook

## Reaffirming 2024 Guidance

| *(millions)* | 2024E |
|---|---|
| **Adjusted EBITDA** | **$3,300 – $3,550** |
| **Free Cash Flow before Growth** | **$1,825 – $2,075** |

### Optimize, Grow & Return Capital

- Deliver 15-20% FCFbG per share growth plan
- Line-of-sight in achieving growth & cost initiatives
- Return $1.16 Bn to shareholders and pay down $500 MM in debt
- Advance Energy + Smart Home strategy to increase moat and drive long-term growth

## Well-Positioned for 2024

### Home and Business

- Continued load growth through diversified sales channels
- Durable margins with customer life of 6 years for Home and 7-9 years for Business
- Lubbock, TX opening 1Q24; market size 100k+ homes

### Supply

- Diversified supply strategy positions platform for varying load (weather) and power price conditions
- Fourth year of increased investments to improve 'In-the-Money Availability' of owned generation
- Finalize brownfield new build opportunities and grow dispatchable technology PPAs

### Smart Home

- Growing recurring revenue and margin per customer through higher take rate of products and services
- Unmatched customer engagement and experience with 9 year customer life
- Focused on integrating Smart Home and Energy

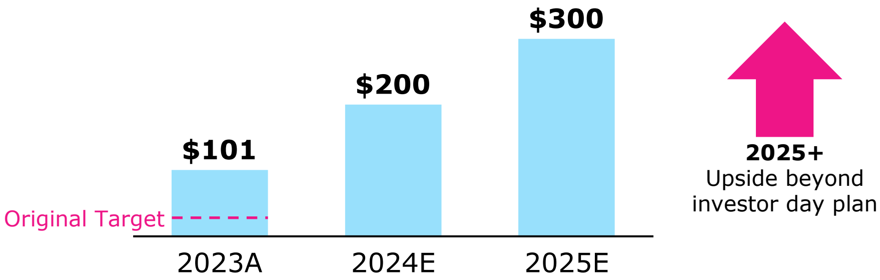
Reaffirming 2024 Financial Guidance and Investor Day Strategic Roadmap

# Advancing Energy Transition, Electrification and Continuous Improvement Strategy

*($millions)*

## Compelling Growth Opportunities

(Recurring)




### 2025 Identified Opportunities - $300 MM

- Organic Growth / Cross-Sell & Bundle / Other Synergies
  - Sales channel optimization
  - Grow products per customer and expand margins
  - Increase Retention

### 2025 Return of Capital - $3.5 Bn

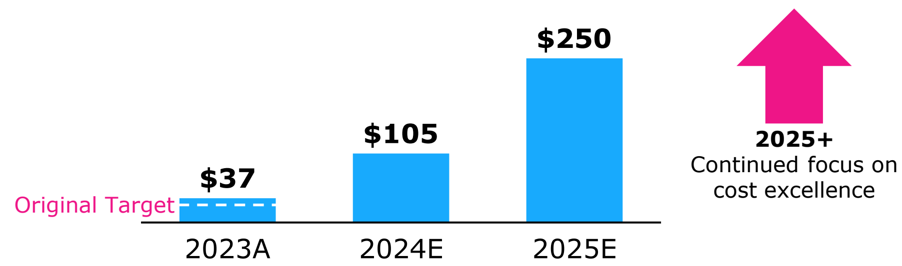
- $2.7 Bn share repurchase authorization ($1.55 Bn remaining)
- Grow dividend 7-9% annually

### Attractive Initiatives Outside of Current Program

- VPP / demand response
- Step-change in electrification; e.g. AI data centers
- Strategic dispatchable Texas new build

## Continuous Cost Improvements

(Recurring)




### 2025 Identified Opportunities - $250 MM

- Integration & cost synergies
  - Integration of teams and systems including Financial, HR, and IT platforms
  - Contract and vendor consolidations of services and products
- Process integration and simplification of corporate and operational processes

### Long-Term Focus on Continuous Improvements

- Established Program Office with continuous improvement and lean processes

**Platform Positioned to Deliver 15-20% Per Share Growth**

# Financial Review

# 2023 Financial Results

*($ millions)*

| | Full Year Results 2023 | Full Year Results 2022 | Reaffirming 2024 Guidance |
|---|---|---|---|
| Texas | $1,692 | $886 | $1,665–$1,785 |
| East/West/Services/Other[1] | 837 | 979 | 810–890 |
| Vivint Smart Home[2] | 753 | - | 825–875 |
| **Adjusted EBITDA[3]** | **$3,282** | **$1,865** | **$3,300–$3,550** |
| **Free Cash Flow before Growth ("FCFbG")** | **$1,925** | **$568** | **$1,825–$2,075** |

**$3,282 MM Adj EBITDA: High-End of Increased 2023 Guidance of $3,150-3,300 MM**

- Diversified supply strategy delivered through extreme summer and winter weather volatility
  - 14% year over year improvement of 'In-the Money Availability' for Texas generation during the summer months
- Significant increase in Texas margins and earnings through higher revenue combined with lower supply costs
  - Sustaining Home Energy customer retention of 80% while maintaining average customer tenure of 6 years
- Outstanding Smart Home performance reflecting 6% increase in net subscriber count and 9% increase in recurring service margin per subscriber
- Exceeded growth & cost plan 2023 targets

**$1,925 MM FCFbG: Exceeds Increased 2023 Guidance of $1,725-$1,875 MM**

- Significantly improved year-over-year FCFbG from higher Adj. EBITDA and favorable working capital management
- $9.25 FCFbG/share[4] exceeding Investor Day target of $8.50 despite repurchasing shares at an approximately 25% premium to Investor Day plan

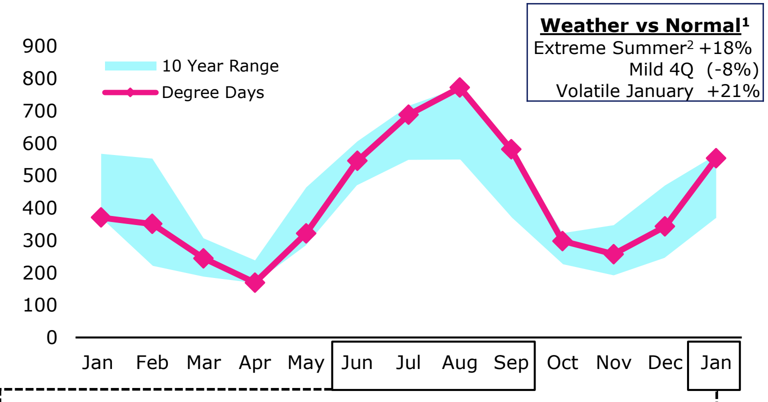
Achieved $9.25 FCFbG / Share vs $8.50 Target; Implies 18% Current Yield

[1] Includes Corporate segment; [2] Vivint Smart Home acquired in March 2023; [3] 2022 reported results include $111 MM impact from EBITDA harmonization completed in 1Q23; [4] Based on 208 MM shares outstanding as of February 1, 2024

# 2023 Review
## Energy & Smart Home Performance

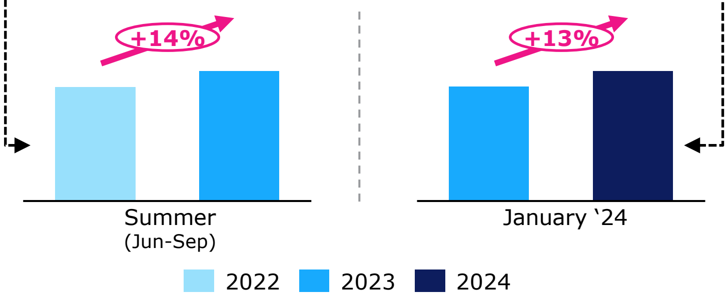
### Resilient Energy Performance through Volatile Market Conditions

**Texas Degree Days (HDDs & CDDs)**



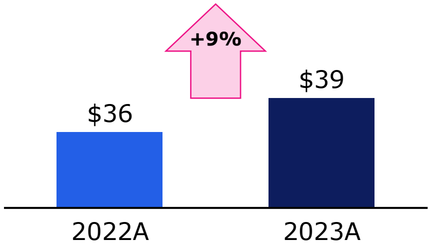

**Texas Owned Generation**

Texas Asset In-the-Money Availability[3]



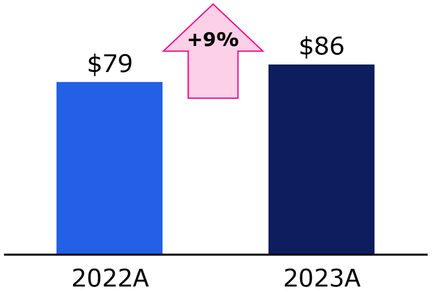

### Superb Smart Home Performance: Improving Unit Economics

**Monthly Recurring Service Margin per Subscriber[4]**




- Higher service revenue per customer
- Fewer service-related events

**Average Customer Payment – New Customers[4]**



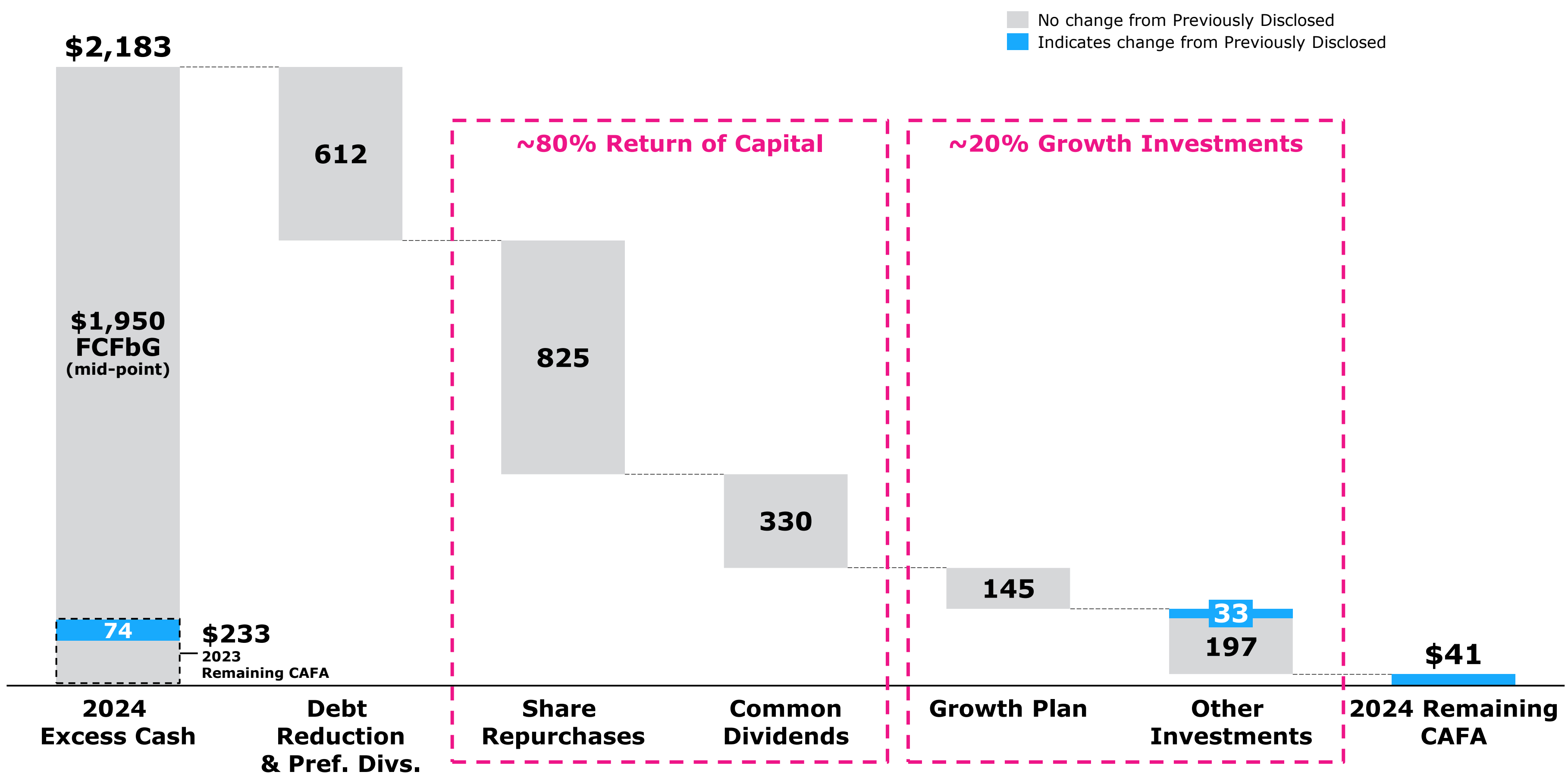

- Higher take rate of products and services at point of sale

**Strategic Execution Driving Strength Across all Businesses**

[1] Total weather demand compared to 10-year average in Texas; [2] Second hottest summer in Texas history; [3] In-the-Money Availability is an NRG performance measurement to calculate the percentage of generation available during periods when market prices allow units to be dispatched profitably; [4] See slide 34 for Smart Home performance metric definitions

# 2024 Capital Allocation

($ millions)




| | |
|---|---|
| Debt Reduction | 500 |
| Preferred Dividends | 67 |
| Finance Fees/Other | 45 |

| | |
|---|---|
| Integration | 125 |
| Small Books | 40 |
| Other | 65 |

# Closing Remarks

# 2024 Priorities

- ☐ **Deliver Financial, Operational, Safety and ESG Objectives**

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- ☐ **Deliver on Cost Initiatives**
  - ☐ $250 MM 2023-2025 program: $68 MM incremental in 2024 ($105 MM ’23-24) – On Track

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- ☐ **Optimize and Grow from Core**
  - ☐ $300 MM 2023-2025 growth plan: incremental $99 MM in 2024 ($200 MM ’23-24) – On Track
  - ☐ Optimize maintenance spend to maintain cycle-appropriate In-the-Money Fleet Availability
  - ☐ Increase renewable and dispatchable supply
    - ☐ PPA Strategy: 1.9 GW renewable pipeline, 1.1 GW in-service
    - ☐ Development: 1.5 GW dispatchable capacity shovel ready
    - ☐ Virtual Power Plant (VPP) energy management
  - ☐ Portfolio / business / real estate optimizations

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- ☐ **Disciplined Capital Allocation Plan**
  - ☐ $500 MM debt paydown ($2.2 Bn ’23-24) – to achieve target investment grade metrics in 2025
  - ☐ $825 MM share repurchases ($2 Bn ’23-24 of $2.7 Bn authorization)
  - ☑ 7-9% annual dividend growth – grew 8% to $1.63/share (5th consecutive annual increase)

# Appendix

# Committed to Sustainability

## Progress Highlights[1]

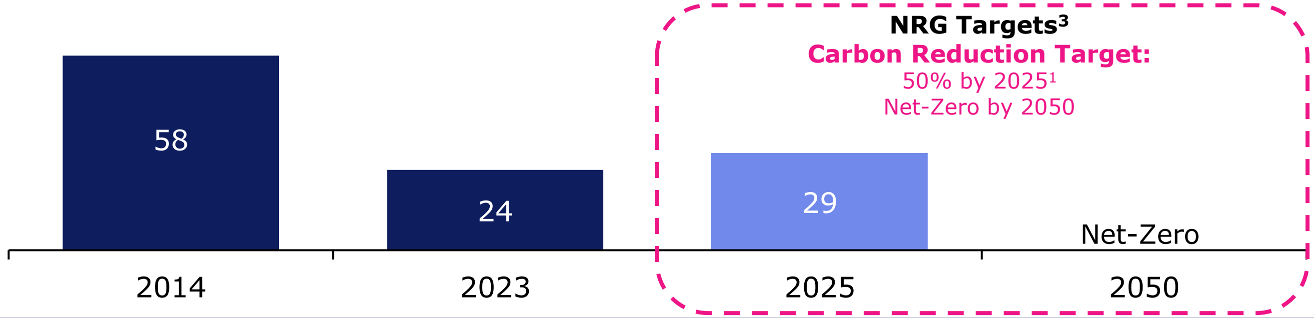
**58%**
Reduction in $CO_2$e emissions (2023)

**63%**
Reduction in $SO_2$ emissions (2022)

**40%**
Reduction in $NO_x$ emissions (2022)

**59%**
Reduction in water withdrawal (2022)

**US $CO_2$e Emissions ($MMtCO^2e$)[2]**




**Social & Governance Leadership:**

- Diversity, Equity, and Inclusion - one of the company's five core values
- Five women in the diverse group of Board members
- Independent Board: 92%
- Consistent top decile safety performance
- 31,100 employee volunteer hours through positiveNRG

**Environmental Leadership:**

- A- score on both CDP Climate Change and Water Security reports in 2023
- 1st power company in North America to have 1.5 degree aligned goal validated by SBTi
- 1st power company to report per SASB standards; 7th year reporting
- 1st company in North America – in any sector – to issue a sustainability-linked bond
- 13 years of sustainability reporting

[1] From 2014 base year [2] Data as of 12/31/2023; [3] NRG's goals includes scope 1, 2, and 3 (employee business travel) $CO_2$e emissions

# Growth & Cost Initiative Scorecard
## As of 12/31/2023

*($ millions)*

## Scorecard

| *As of 12/31/2023* | 2023 Realized | 2023 Target | 2024 Target | 2025 Run-Rate |
|---|---|---|---|---|
| **Growth Plan:** | | | | |
| FCFbG Growth *(recurring)* | $101 | $75 *Orig. $30* | $200 | $300 |
| Cost-to-Achieve *(one-time)* | $129 | $105 | $145 | $475 *Cumulative* |
| **Cost Initiatives[1]:** | | | | |
| FCFbG Growth *(recurring)* | $37 | $35 | $105 | $250 |
| Cost-to-Achieve[2] *(one-time)* | $48 | $50 | $125 | $258 *Cumulative* |
| **Total Recurring FCFbG Growth** | **$138** | **$110** | **$305** | **$550** ***'25 Run-Rate*** |

Reaffirming Full Plan Targets

[1] Includes $100 MM Vivint Smart Home cost program and $150 MM NRG cost program; see slide 16 of June 22 Investor Day presentation for details; [2] CTA is cash based and excludes $20MM in equity comp, commissions, and depreciation

# Mature Risk Strategy
## Managing Through-Cycle Stability

**1 Forecast & Price** → **2 Retail Sale & Hedge** → **3 Optimize**

### 1 Forecast & Price

- Proprietary forecasting program models expected load and variability
- Data analytics form actionable insights into macro and micro usage patterns and trends
- Pricing model reflects insights from customer data/usage

### 2 Retail Sale & Hedge

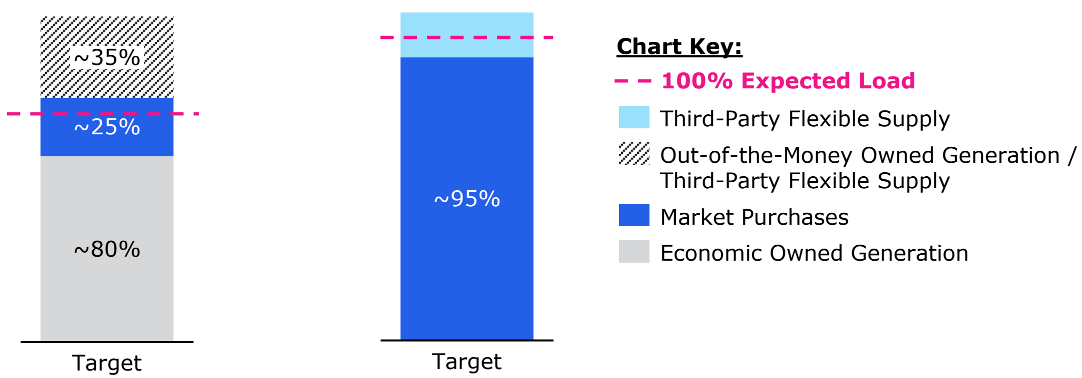
- Fully hedge priced load to firm gross margin
- Partially hedge expected future unpriced load (month-to-month) to mitigate bill shock
- Unique products require tailored hedging solutions to flex with usage variability

### 3 Optimize

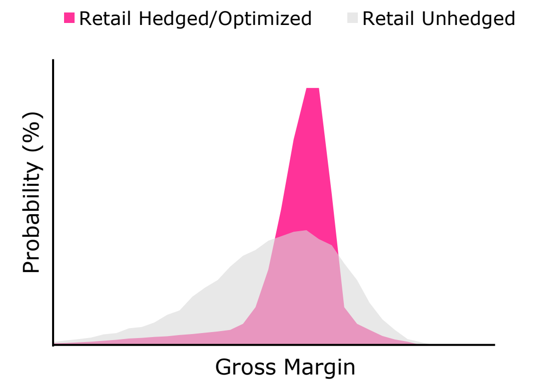
- Perfect hedge profile to incorporate additional data (i.e. weather)
- Optimize hedge profile to reflect commercial market intelligence to achieve enhanced returns and lower supply costs

**Home**
(On-Peak, Texas & East)

**Business (C&I)**
(On-Peak, Texas & East)




**Stabilize & Enhance Gross Margin**

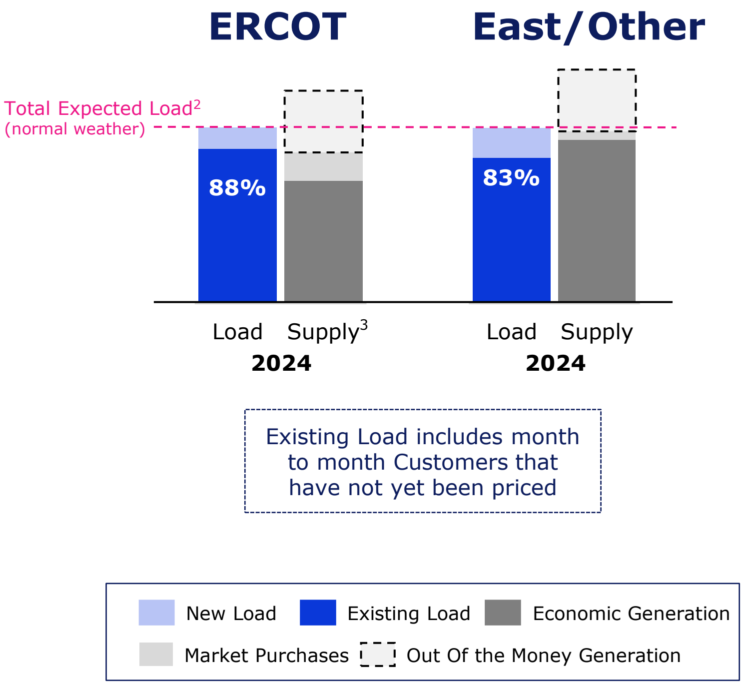



**At Signing, Day 0: Hedge to Expected Load**

**Day 1 thru Delivery Day: Optimize**

# Retail Supply Procurement

## Net Home Position[1]
(Avg. On-Peak MWh)




## Supply Position Highlights

- ✓ Balance net generation and market purchases against priced load
- ✓ Manage current financial exposure while planning for physical delivery
- ✓ Maintains flexibility to adjust portfolio as priced load volumes increase
- ✓ Commercial & industrial load hedged with market purchases at execution

[1] Portfolio positions as of December 29, 2023, inclusive of energy-only component; [2] Total Expected Load is a forecast of total fixed price load at delivery; [3] Existing load is signed contracts and expected renewals with pricing flexibility

# Corporate Credit Profile

*($ millions)*

| | 2024 Guidance |
|---|---|
| **Corporate Debt[1]** | **$10,940** |
| Debt Reduction | (500) |
| Minimum Cash Balance | (750) |
| **Corporate Net Debt** | **9,690** |
| | |
| **Adjusted EBITDA** (midpoint) | **$3,425** |
| Amortization of Customer Fulfillment Costs and Other[2] | 130 |
| **Corporate Adjusted EBITDA** | **3,555** |
| **Net Debt to Corporate Adjusted EBITDA Ratio** | **~2.73x** |

| | Investment Grade Metrics |
|---|---|
| **Net Debt / Adjusted EBITDA** | **2.50 – 2.75x** |
| **Adjusted CFO/ Net Debt** | **27.5 – 32.5%** |

Target Investment Grade Metrics by Year-End 2025

[1] Balance at 12/31/2023; [2] Non-Cash Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, is the Income Statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service

# Debt Maturity Schedule
## Balance as of 12/31/2023

*($ millions)*

| Recourse Debt | Principal |
|---|---|
| 6.625% Senior Notes, due 2027 | $375 |
| 5.75% Senior Notes, due 2028 | $821 |
| 5.25% Senior Notes, due 2029 | $733 |
| 3.375% Senior Notes, due 2029 | $500 |
| 3.625% Senior Notes, due 2031 | $1,030 |
| 3.875% Senior Notes, due 2032 | $480 |
| 2.75% Convertible Senior Notes, due 2048[1] | $575 |
| 3.75% Senior Secured First Lien Notes, due 2024 | $600 |
| 2.00% Senior Secured First Lien Notes, due 2025 | $500 |
| 2.45% Senior Secured First Lien Notes, due 2027 | $900 |
| 4.45% Senior Secured First Lien Notes, due 2029 | $500 |
| 7.00% Senior Secured First Lien Notes, due 2033 | $740 |
| Revolving Credit Facility | $-- |
| Tax-Exempt Bonds | $466 |
| **Recourse Debt** | **$8,220[2]** |

| Non-Recourse Debt | Principal |
|---|---|
| 6.75% Vivint Senior Secured Notes, due 2027 | $600 |
| 5.75% Vivint Senior Notes, due 2029 | $800 |
| Vivint Senior Secured Term Loan, due 2028 | $1,320 |
| **Non-recourse Debt** | **$2,720** |

**NRG Energy, Inc. Credit Rating**

| S&P | Moody's | Fitch |
|---|---|---|
| **BB Stable** | **Ba1 Stable** | **BB+ Stable** |

Uniform Maturity Schedule with No Near-Term Maturity Walls

[1] Notes will become convertible upon certain events including, among others, during the 6-month periods following 12/1/2024 or if the stock exceeds 130% of the conversion price for at least 20 of 30 consecutive trading days; As of 12/31/2023, the Notes conversion price was $41.83 or ~23.9079 shares per $1,000 principal amount; see page 128 of 2023 10K for Note 13 – Long-term Debt and Finance Leases; [2] Does not include $19 MM Finance Leases

# Energy Modeling Aid

## Applying 2024 Metrics

| | 2024E | |
|---|---|---|
| | Texas | East/West/ Other (EWO[2]) |
| **Operational Statistics** | | |
| **Retail Energy Sales[1]:** | | |
| Home Power Expected Load (TWh) | ~40 | ~17 |
| Business Power Expected Load (TWh) | ~40 | ~60 |
| **Total Power Expected Load (TWh)** | **~80** | **~77** |
| **Total Natural Gas Expected Sales (MDths)** | **0** | **~1,900** |
| **Generation Statistics:** | | |
| Expected Owned Economic Generation Sales (TWh) | ~30 | ~10 |
| Expected Owned Uneconomic Generation Open (TWh)[1] | ~35 | ~20 |
| **Financial Summary** | | |
| Economic Gross Margin ($ MM) | $3,385-$3,505 | $2,265-$2,345 |
| OPEX / Other ($ MM) | ~$1,720 | ~$1,455 |
| **Adj EBITDA ($ MM)** | **$1,665-$1,785** | **$810-$890** |
| **Economic Gross Margin Mix** | | |
| Retail Energy | ~55% | ~85% |
| Generation | ~45% | ~15% |

**Additional Commentary**

Home Load served primarily by owned generation and supplemented with third-party hedges

Business (C&I) Load served exclusively by third-party hedges: Load 60% fixed priced / 40% indexed

Uneconomic generation provides near-term insurance and long-term optimization opportunities

[1] Weather normalized volumes; [2] Includes Services

# Energy Modeling Aid
## 2023A Quarterly KPIs

### Home & Business

| Operational KPIs[1] | Q1 2023 | | Q2 2023 | | Q3 2023 | | 4Q 2023 | | 2023A | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Texas | EWO[2] | Texas | EWO | Texas | EWO | Texas | EWO | Texas | EWO |
| Home Power Load (TWh) | 8 | 4 | 10 | 3 | 15 | 4 | 8 | 4 | 40 | 15 |
| Business Power Load (TWh) | 9 | 13 | 10 | 14 | 12 | 16 | 10 | 14 | 40 | 57 |
| **Total Power Load (TWh)** | **17** | **17** | **20** | **17** | **27** | **20** | **18** | **18** | **80** | **72** |
| **Total Natural Gas Sales (MDths)** | **--** | **581** | **--** | **413** | **--** | **400** | **--** | **498** | **--** | **1,892** |
| **Total Owned Generation Sold (TWh)** | **5** | **2** | **8** | **2** | **12** | **3** | **6** | **1** | **31** | **8** |

| Economic Gross Margin Mix | Texas | EWO | Texas | EWO | Texas | EWO | Texas | EWO | Texas | EWO |
|---|---|---|---|---|---|---|---|---|---|---|
| Retail | 57% | 86% | 53% | 89% | 64% | 76% | 49% | 85% | 56% | 84% |
| Generation | 43% | 14% | 47% | 11% | 36% | 24% | 51% | 15% | 44% | 16% |

[1] Volumes not weather normalized; [2] EWO: East/West/Other; includes Services

# Smart Home KPIs and Modeling Data

| Key Metrics[1] | 4Q23 | 4Q22 | Change | FY23 | FY22 | Change |
|---|---|---|---|---|---|---|
| ***Portfolio*** | | | | | | |
| Subscribers (MM)[2] | 2.04 | 1.92 | +6% | 2.04 | 1.92 | +6% |
| Customer Lifetime (years)[2] | ~9 | ~9 | -- | ~9 | ~9 | -- |
| Retention (%)[3] | 89% | 89% | -- | 89% | 89% | -- |
| Bad Debt as % of revenue | ~3% | ~3% | -- | ~2% | ~2% | -- |
| ***Per Subscriber[1]*** | | | | | | |
| Monthly Recurring Revenue per Subscriber | $75.23 | $71.13 | +6% | $73.16 | $69.21 | +6% |
| Monthly Recurring Service Revenue per Subscriber | $48.21 | $47.09 | +2% | $47.78 | $46.97 | +2% |
| Monthly Recurring Net Service Cost per Subscriber | $8.60 | $9.93 | -13% | $8.73 | $11.03 | -21% |
| Monthly Recurring Service Margin per Subscriber | $39.61 | $37.16 | +7% | $39.05 | $35.94 | +9% |
| Gross Subscriber Acquisition Cost per New Subscriber[3] | $2,526 | $2,365 | +7% | $2,526 | $2,365 | +7% |
| Net Subscriber Acquisition Cost per New Subscriber[3] | $836 | $734 | +14% | $836 | $734 | +14% |
| Product Interactions per Day | ~16 | ~16 | -- | ~16 | ~16 | -- |

[1] See slide 34 for Smart Home performance metric definitions; [2] As of the period ended December 31; [3] Last twelve months as of period end

# Appendix: Reg. G Schedules

($ millions)

**Appendix Table A-1: 2023 and 2024 Guidance**

The following table summarizes the calculation of Adjusted EBITDA providing a reconciliation to Net Income

| | 2023 Guidance | 2024 Guidance |
|---|---|---|
| **Net Income[1]** | **$1,900 - $2,050** | **$750 - $1,000** |
| Interest expense, net | 580 | 640 |
| Income tax | 705 | 345 |
| Depreciation and amortization | 1,190 | 1,075 |
| ARO expense | 20 | 25 |
| Amortization of customer acquisition costs[2] | 125 | 215 |
| Stock-based compensation[3] | 90 | 100 |
| Acquisition and divestiture integration and transaction costs | 160 | 55 |
| Other[4] | (1,620) | 95 |
| **Adjusted EBITDA** | **$3,150 - $3,300** | **$3,300 - $3,550** |

[1] For purposes of guidance, fair value adjustments related to derivatives are assumed to be zero; [2] Amortization of customer acquisition costs is the income statement recognition of capitalized costs related to commissions and other costs related to securing new customers. NRG amortization of customer acquisition costs, excluding Vivint, was expected to be $95 MM in 2023 and is expected to be $135 MM in 2024. Vivint was expected to be $30 MM in 2023 and is expected to be $80 MM in 2024; [3] NRG stock-based compensation, excluding Vivint, is expected to be $30 MM in 2023 and $40 MM in 2024. Vivint is expected to be $60 MM in 2023 and 2024; [4] Includes adjustments for sale of assets, adjustments to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates, deactivation costs, and other non-recurring expenses

# Reg. G

*($ millions)*

**Appendix Table A-2: 2023 and 2024 Guidance**

The following table summarizes the calculation of FCFbG providing a reconciliation to Cash provided by operating activities

| | 2023 Guidance | 2024 Guidance |
|---|---|---|
| **Adjusted EBITDA** | **$3,150 - $3,300** | **$3,300 - $3,550** |
| Interest payments, net | (530) | (600) |
| Income tax | (60) | (160) |
| Net deferred revenue[1] | 185 | 190 |
| Amortization of customer fulfillment costs[2] | 35 | 130 |
| Gross capitalized contract costs[3] | (675) | (830) |
| Working capital/other assets and liabilities[4] | (355) | (205) |
| **Cash provided by operating activities[5]** | **$1,750 - $1,900** | **$1,825 - $2,075** |
| Acquisition and other costs[4] | 152 | 124 |
| **Adjusted Cash provided by operating activities** | **$1,902 - $2,052** | **$1,949 - $2,199** |
| Maintenance capital expenditures, net[6] | (270) - (290) | (240) - (260) |
| Environmental capital expenditures | (5) - (10) | (20) - (30) |
| Cost of acquisition | 105 | 145 |
| **Free Cash Flow before Growth Investments (FCFbG)** | **$1,725 - $1,875** | **$1,825 - $2,075** |

[1] The cash impact of deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, are the income statement recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation, and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit; [4] Working capital/other assets and liabilities includes payments for acquisition and divestiture integration and transition costs, which is adjusted in Acquisition and Other Costs; [5] Excludes fair value adjustments related to derivatives and changes in collateral deposits in support of risk management activities; [6] Includes expected insurance recoveries related to property, plant and equipment

($ millions)

**Appendix Table A-3: Three months ended 12/31/23 and 12/31/22 Adjusted EBITDA Reconciliation by Operating Segment**

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income:

| | Three Months ended 12/31/23[1] | | | | | | Three Months ended 12/31/22[1] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Texas | East | West/ Services/ Other | Vivint Smart Home | Corp/Elim | Total | Texas | East | West/ Services/ Other | Corp/Elim | Total |
| **Net Income/(Loss)** | **$ 1,559** | **$ (531)** | **$ (258)** | **$ (45)** | **$ (243)** | **$ 482** | **$ 213** | **$ (1,757)** | **$ 234** | **$ 215** | **$ (1,095)** |
| Plus: | | | | | | | | | | | |
| Interest expense, net | 1 | 3 | 8 | 77 | 89 | 178 | - | (5) | 8 | 71 | 74 |
| Income tax | - | 1 | (28) | (12) | 210 | 171 | - | 2 | 29 | (328) | (297) |
| (Gain) on debt extinguishment | - | - | - | - | (109) | (109) | - | - | - | - | - |
| Depreciation and amortization | 75 | 29 | 25 | 176 | 9 | 314 | 77 | 44 | 20 | 8 | 149 |
| ARO expense | 8 | 5 | - | - | - | 13 | 33 | 2 | - | - | 35 |
| Contract and emission credit amortization, net | 2 | 17 | 4 | - | - | 23 | - | 28 | 7 | - | 35 |
| **EBITDA** | **1,645** | **(476)** | **(249)** | **196** | **(44)** | **1,072** | **323** | **(1,686)** | **298** | **(34)** | **(1,099)** |
| Winter Storm Uri | - | - | - | - | - | - | (135) | - | - | - | (135) |
| Stock-based compensation | (2) | (1) | (1) | 17 | - | 13 | 3 | 2 | 1 | - | 6 |
| Amortization of customer acquisition costs[2] | 14 | 17 | 1 | 10 | - | 42 | 13 | 9 | - | - | 22 |
| Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates | - | - | 4 | - | - | 4 | - | - | 5 | - | 5 |
| Acquisition and divestiture integration and transaction costs | - | - | - | 2 | 6 | 8 | - | - | - | 26 | 26 |
| Cost to achieve | - | - | - | - | 14 | 14 | - | - | - | - | - |
| Deactivation costs | - | 15 | 3 | - | - | 18 | - | 5 | 4 | - | 9 |
| (Gain)/Loss on sale of assets | (1,319) | (31) | - | - | - | (1,350) | - | - | (2) | 1 | (1) |
| Other and non-recurring charges[3] | (64) | (1) | 1 | 13 | 16 | (35) | (38) | 3 | 1 | (3) | (37) |
| Impairments | 2 | 4 | 122 | - | - | 128 | - | 8 | - | - | 8 |
| Mark-to-market (MtM) loss/(gain) on economic hedges | 106 | 691 | 133 | - | - | 930 | 50 | 1,849 | (240) | - | 1,659 |
| **Adjusted EBITDA** | **$ 382** | **$ 218** | **$ 14** | **$ 238** | **$ (8)** | **$ 844** | **$ 216** | **$ 190** | **$ 67** | **$ (10)** | **$ 463** |

[1] In 2022, Stock-based compensation and Amortization of customer acquisition costs were not excluded from Adjusted EBITDA; this schedule reflects 2022 & 2023 results reflecting the harmonization of Adjusted EBITDA beginning in 1Q23; [2] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the income statement recognition of capitalized contract costs related to commissions and other costs related to securing the new customer; [3] Other and non-recurring charges include $(68) MM of property insurance proceeds. For the three months ended December 31, 2023, cash proceeds were $67 MM

($ millions)

**Appendix Table A-4: Twelve months ended 12/31/23 and 12/31/22 Adjusted EBITDA Reconciliation by Operating Segment**

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income:

| | Twelve Months ended 12/31/23[1] | | | | | | Twelve Months ended 12/31/22[1] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Texas** | **East** | **West/ Services/ Other** | **Vivint Smart Home[2]** | **Corp/Elim** | **Total** | **Texas** | **East** | **West/ Services/ Other** | **Corp/Elim** | **Total** |
| **Net Income/(Loss)** | **$ 3,091** | **$ (1,718)** | **$ (859)** | **$ (111)** | **$ (605)** | **$ (202)** | **$ 1,265** | **$ 326** | **$ 480** | **$ (850)** | **$ 1,221** |
| Plus: | | | | | | | | | | | |
| Interest expense, net | 3 | (9) | 26 | 174 | 408 | 602 | - | (9) | 30 | 332 | 353 |
| Income tax | - | - | (111) | (32) | 132 | (11) | - | 1 | 57 | 384 | 442 |
| (Gain) on debt extinguishment | - | - | - | - | (109) | (109) | - | - | - | - | - |
| Depreciation and amortization | 294 | 116 | 95 | 586 | 36 | 1,127 | 310 | 208 | 85 | 31 | 634 |
| ARO expense | 15 | 12 | - | - | - | 27 | 41 | 11 | 3 | - | 55 |
| Contract and emission credit amortization, net | 11 | 100 | 14 | - | - | 125 | - | 131 | 19 | - | 150 |
| **EBITDA** | **3,414** | **(1,499)** | **(835)** | **617** | **(138)** | **1,559** | **1,616** | **668** | **674** | **(103)** | **2,855** |
| Winter Storm Uri | - | - | - | - | - | - | (135) | - | - | - | (135) |
| Stock-based compensation[3] | 13 | 5 | 2 | 58 | - | 78 | 14 | 6 | 7 | - | 27 |
| Amortization of customer acquisition costs[4] | 53 | 51 | 4 | 23 | - | 131 | 51 | 31 | 2 | - | 84 |
| Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates | - | - | 15 | - | - | 15 | - | - | 53 | - | 53 |
| Acquisition and divestiture integration and transaction costs[5] | - | - | - | 41 | 82 | 123 | - | - | - | 58 | 58 |
| Cost to achieve | - | - | - | - | 14 | 14 | - | - | - | - | - |
| Deactivation costs | - | 34 | 11 | - | - | 45 | - | 21 | 5 | - | 26 |
| (Gain)/Loss on sale of assets | (1,319) | (233) | - | - | - | (1,552) | (10) | - | (45) | 3 | (52) |
| Other and non-recurring charges[6] | (156) | 4 | (1) | 14 | 17 | (122) | (37) | 29 | (9) | 8 | (9) |
| Impairments | 2 | 4 | 122 | - | - | 128 | - | 206 | - | - | 206 |
| Mark-to-market (MtM) (gain)/loss on economic hedges | (315) | 2,414 | 764 | - | - | 2,863 | (613) | (188) | (447) | - | (1,248) |
| **Adjusted EBITDA** | **$ 1,692** | **$ 780** | **$ 82** | **$ 753** | **$ (25)** | **$ 3,282** | **$ 886** | **$ 773** | **$ 240** | **$ (34)** | **$ 1,865** |

[1] In 2022, Stock-based compensation and Amortization of customer acquisition costs were not excluded from Adjusted EBITDA; this schedule reflects 2022 & 2023 results reflecting the harmonization of Adjusted EBITDA beginning in 1Q23; [2] Vivint Smart Home acquired in March 2023; [3] Stock-based compensation excludes $25 MM reflected in acquisition and divestiture integration and transactions costs; [4] Amortization of customer acquisition costs, which are excluded from the calculation of Adjusted EBITDA, is the income statement recognition of capitalized contract costs related to commissions and other costs related to securing the new customer; [5] Twelve months ended 12/31/23 includes stock-based compensation of $25 MM; [6] Other and non-recurring charges include $(164) MM of property insurance proceeds. For the year ended December 31, 2023, cash proceeds were $240 MM

# Reg. G

*($ millions)*

**Appendix Table A-5: Three months ended 12/31/23 and 12/31/22 Free Cash Flow before Growth**

The following table summarizes the calculation of FCFbG and provides a reconciliation to Cash provided/(used) by operating activities

| | Three Months Ended 12/31/23 | Three Months Ended 12/31/22 |
|---|---|---|
| **Adjusted EBITDA** | **$ 844** | **$ 463** |
| Winter Storm Uri EBITDA | - | 135 |
| Interest payments, net | (86) | (66) |
| Income tax | (10) | (20) |
| Net deferred revenue[1] | (86) | (27) |
| Amortization of customer fulfillment costs[2] | 18 | - |
| Gross capitalized contract costs[3] | (127) | (6) |
| Collateral/working capital/other assets and liabilities | (312) | (1,877) |
| **Cash provided/(used) by operating activities** | **241** | **(1,398)** |
| Winter Storm Uri EBITDA | - | (135) |
| Winter Storm Uri securitization, C&I credits and remaining open receivables | - | 23 |
| Net receipts from settlement of acquired derivatives that include financing elements | 10 | 399 |
| Acquisition and divestiture integration and transaction costs[4] | 36 | 26 |
| Sale of Land[5] | 22 | - |
| Encina site improvement | - | 1 |
| Adjustment for change in collateral | 618 | 1,425 |
| Nuclear decommissioning trust liability | 1 | (8) |
| Effect of exchange rate changes on cash and cash equivalents | 2 | 2 |
| **Adjusted Cash provided by operating activities** | **930** | **335** |
| Maintenance capital expenditures, net[6] | (20) | (61) |
| Environmental capital expenditures | (2) | - |
| Cost of acquisition | 34 | - |
| **Free Cash Flow before Growth Investments (FCFbG)** | **$ 942** | **$ 274** |

[1] The cash impact of deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment sales and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, is the P&L recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represents the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit; [4] Three months ended 12/31/23 includes $14 MM Cost-to-Achieve expenses and $14 MM of STP; [5] Includes $16 MM from land sales for Indian River and $6 MM for Norwalk; [6] Includes $67 MM W.A. Parish Unit 8 insurance recoveries related to property, plant and equipment

# Reg. G

*($ millions)*

**Appendix Table A-6: Twelve months ended 12/31/23 and 12/31/22 Free Cash Flow before Growth**

The following table summarizes the calculation of FCFbG and provides a reconciliation to Cash (used)/provided by operating activities

| | Twelve Months Ended 12/31/23 | Twelve Months Ended 12/31/22 |
|---|---|---|
| **Adjusted EBITDA** | **$ 3,282** | **$ 1,865** |
| Winter Storm Uri EBITDA | - | 135 |
| Interest payments, net | (482) | (320) |
| Income tax | (50) | (67) |
| Net deferred revenue[1] | 92 | (41) |
| Amortization of customer fulfillment costs[2] | 37 | - |
| Gross capitalized contract costs[3] | (749) | (16) |
| Collateral/working capital/other assets and liabilities | (2,351) | (1,196) |
| **Cash (used)/provided by operating activities** | **(221)** | **360** |
| Winter Storm Uri EBITDA | - | (135) |
| Winter Storm Uri securitization, C&I credits and remaining open receivables | - | (585) |
| Net receipts from settlement of acquired derivatives that include financing elements | 342 | 1,995 |
| Acquisition and divestiture integration and transaction costs[4] | 134 | 58 |
| Sale of Land[5] | 22 | - |
| Encina site improvement | 7 | 12 |
| GenOn settlement | - | 4 |
| Adjustment for change in collateral | 1,806 | (896) |
| Nuclear decommissioning trust liability | (12) | (6) |
| Effect of exchange rate changes on cash and cash equivalents | 2 | (3) |
| **Adjusted Cash provided by operating activities** | **2,080** | **804** |
| Maintenance capital expenditures, net[6] | (276) | (235) |
| Environmental capital expenditures | (3) | (1) |
| Cost of acquisition | 124 | - |
| **Free Cash Flow before Growth Investments (FCFbG)** | **$ 1,925** | **$ 568** |

[1] The cash impact of deferred revenue is the net change in the balance sheet from capitalizing proceeds received from installation and equipment sales and then recognizing those proceeds as revenue on a straight-line basis over the expected period of benefit; [2] Amortization of customer fulfillment costs, which are included in the calculation of Adjusted EBITDA, are the P&L recognition of capitalized contract costs related to the sale and installation of equipment necessary for a customer to receive the Vivint Smart Home service; [3] Gross capitalized contract costs represents the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit; [4] Twelve months ended 12/31/23 excludes $20 MM non-cash stock-based compensation, includes $14 MM Cost-to-Achieve expenses , $14 MM of STP, and $3 MM of Astoria fees; [5] Includes $16 MM from land sales for Indian River and $6 MM for Norwalk; [6] Includes $240 MM W.A. Parish Unit 8 and Limestone Unit 1 insurance recoveries related to property, plant and equipment

# Reg. G

EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that NRG's future results will be unaffected by unusual or non-recurring items.

EBITDA represents net income before interest expense (including gain/loss on debt extinguishment), income taxes, depreciation and amortization, asset retirement obligation expenses, contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of NRG's business. NRG compensates for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the statements of cash flow included in the financial statements that are a part of this presentation.

Adjusted EBITDA is presented as a further supplemental measure of operating performance. As NRG defines it, Adjusted EBITDA represents EBITDA excluding the impact of stock-based compensation, amortization of customer acquisition costs (primarily amortized commissions), impairment losses, deactivation costs, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from forward position of economic hedges, adjustments to exclude the Adjusted EBITDA related to the non-controlling interest, gains or losses on the repurchase, modification or extinguishment of debt, the impact of restructuring and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this presentation.

Management believes Adjusted EBITDA is useful to investors and other users of NRG's financial statements in evaluating its operating performance because it provides an additional tool to compare business performance across companies and across periods and adjusts for items that we do not consider indicative of NRG's future operating performance. This measure is widely used by debt-holders to analyze operating performance and debt service capacity and by equity investors to measure our operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations, and for evaluating actual results against such expectations, and in communications with NRG's Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.

# Reg. G

Adjusted Cash provided by operating activities is a non-GAAP measure NRG provides to show Cash provided / (used) by operating activities with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger, integration, related restructuring costs, changes in the nuclear decommissioning trust liability, and the impact of extraordinary, unusual or non-recurring items. The Company provides the reader with this alternative view of Cash provided / (used) by operating activities because the cash settlement of these derivative contracts materially impact operating revenues and cost of sales, while GAAP requires NRG to treat them as if there was a financing activity associated with the contracts as of the acquisition dates. The Company adds back merger, integration related restructuring costs as they are one time and unique in nature and do not reflect ongoing Cash Flows from Operating Activities and they are fully disclosed to investors. The company excludes changes in the nuclear decommissioning trust liability as these amounts are offset by changes in the decommissioning fund shown in Cash Flows from Investing Activities.

Free Cash Flow before Growth Investments is Adjusted Cash provided by operating activities less maintenance and environmental capital expenditures, net of funding and insurance recoveries related to property, plant and equipment, dividends from preferred instruments treated as debt by ratings agencies, and distributions to non-controlling interests and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on Free Cash Flow before Growth Investments as a measure of cash available for discretionary expenditures.

Free Cash Flow before Growth Investments is utilized by Management in making decisions regarding the allocation of capital. Free Cash Flow before Growth Investments is presented because the Company believes it is a useful tool for assessing the financial performance in the current period. In addition, NRG’s peers evaluate cash available for allocation in a similar manner and accordingly, it is a meaningful indicator for investors to benchmark NRG's performance against its peers. Free Cash Flow before Growth Investments is a performance measure and is not intended to represent Net Income/(Loss), Cash provided/(used) by operating activities (the most directly comparable U.S. GAAP measure), or liquidity and is not necessarily comparable to similarly titled measures reported by other companies.

# Smart Home Performance Metrics
## Definitions

- ***New Subscribers*** is the aggregate number of net new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by a transfer of a service contract from one subscriber to another.
- ***Average Monthly Subscribers*** is the ending subscribers each month of the period divided by the number of months in the period.
- ***Monthly Recurring Revenue per Subscriber*** is average smart home and security monthly recurring revenue recognized during the period divided by Average Monthly Subscribers during the same period. This excludes revenues that are non-recurring which are recognized at the time of sale.
- ***Monthly Recurring Service Revenue per Subscriber*** is the recurring monthly service billings for smart home and security subscribers divided by Average Monthly Subscribers for the same period.
- ***Monthly Recurring Net Service Cost per Subscriber*** is the average monthly service costs incurred during the period (both period and capitalized service costs), including monitoring, customer service, field service, equipment, and other service support costs less total non-recurring smart home services billings for the period net of associated financing fees (estimated), divided by Average Monthly Subscribers for the same period.
- ***Monthly Recurring Service Margin per Subscriber*** is Monthly Recurring Service Revenue per Subscriber for the period less Monthly Recurring Net Service Cost per Subscriber for the same period.
- ***Net Subscriber Acquisition Costs per New Subscriber*** is the net cash cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that period. These costs include commissions, equipment, installation, marketing, sales support and other allocations (general and administrative); less upfront payments received from the sale of equipment associated with the initial installation, and installation fees net of associated financing fees (estimated). Excludes costs and upfront proceeds associated with contract modifications.
- ***Gross Subscriber Acquisition Costs per New Subscriber*** is Net Subscriber Acquisition Costs per New Subscriber plus upfront payments received from the sale of equipment associated with the initial installation, and installation fees net of associated financing fees (estimated). Excludes costs and upfront proceeds associated with contract modifications.
- ***Average Customer Payment – New Customers*** is the total upfront equipment and installation proceeds from new subscribers divided by 60 months (average contract term length) plus the average recurring monthly service billings per new subscriber.