

TALEN ENERGY CORPORATION

A Delaware corporation

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SIC Code: 4911

Quarterly Report

For the period ending: March 31, 2024
(the “Reporting Period”)

As of March 31, 2024 and December 31, 2023, the number of shares outstanding of our common stock, par value \$0.001 per share (“Common Stock”), was 58,535,843 and 59,028,843, respectively.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not statements of historical fact. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should,” “could,” “would” or similar expressions. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements.

Such risks and uncertainties include, but are not limited to:

- our ability to comply with the covenants under the agreements governing our indebtedness;
- the limitations our level of indebtedness may place on our financial flexibility;
- our inability to access the capital markets on favorable terms or at all;
- the availability of cash flows from operations and other funds to finance reserve replacement costs or satisfy our debt obligations;
- risks related to future changes in the market price of electricity, natural gas and other commodities;
- risks related to weather and the demand for electricity;
- declines in wholesale electricity prices or decreases in demand for electricity due to macroeconomic factors;
- risks related to competition in the competitive power generation market;
- adverse developments or losses from pending or future litigation and regulatory proceedings;
- risks related to regulation and compliance with government permits and approvals;
- risks related to environmental regulation of our fossil fuel and coal-fired power generation businesses and uncertainty surrounding the associated environmental liabilities and asset retirement obligations;
- risks related to potential changes to environmental regulatory requirements related to coal-combustion byproducts, the operation and remediation of coal ash ponds and other regulatory oversight to our operations;
- risks related to armed conflicts, war, terrorist attacks or threats and other significant events;
- risk related to our reliance on the operations and financial results of our zero-carbon nuclear facility (“Susquehanna”) to fund our other operations and satisfy our liquidity and other financial requirements;
- risks related to the impact of our operations on the environment, including the risk of exposure to hazardous substances;
- risks associated with Susquehanna, including risks relating to: (i) the operation of, and unscheduled outages at, the facility; (ii) the availability and cost of nuclear fuel and fuel-related components; (iii) increased nuclear industry security, safety and regulatory requirements; and (iv) the substantial uncertainty regarding the storage and disposal of spent nuclear fuel;
- risks related to the continuation of capacity auctions in the PJM Regional Transmission Organization (“RTO”), or changes to the capacity auction rules and procedures;
- credit risk and potential concentrations of credit risk resulting from market counterparties, financial institutions, customers and other parties;

- risks related to pandemics, epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition;
- risks related to potential disruptions in the supply of fuel and other products necessary for the operation of our generation facilities;
- unplanned outages or periods of reduced output at our generation facilities;
- effects of transmission congestion, including due to line maintenance outages, on the realized margins of our generation fleet;
- risks associated with the collection of shared expenses from co-owners of jointly owned facilities;
- the expiration or termination of hedging contracts;
- risks related to our ability to retain and attract a qualified workforce;
- operational, price and credit risks associated with selling and marketing products in the wholesale power markets, including uncertainty around unknown future changes in market constructs, market responses (such as penalties) to extraordinary events and potential negative financial impacts (such as short payments) stemming from shortfalls of other market participants;
- market and liquidity risks arising from our purchase and sale of power, capacity and related products, fuel, transmission services and emission allowances;
- risks related to our generation facilities being part of interconnected regional grids, including the risk of a blackout due to a disruption on a neighboring interconnected system;
- cyber-based security and related integrity risks;
- the impacts of climate change, including related changes in legislation, regulation, market rules or enforcement;
- risks related to any change in the structure and operation of, or the various pricing limitations imposed by, the RTOs and Independent System Operators in regions where our generation is located;
- the availability and cost of emission allowances;
- risks related to our ability to fund and otherwise successfully execute on our energy transition plans, including development of our renewable energy and battery storage projects, our ability to supply power to our digital infrastructure growth projects, and our efforts to repower facilities to run on alternate fuel sources, and the risk that our plans may not achieve its desired results;
- operational risks relating to Nautilus Cryptomine LLC facility, including the risk of interruptions to the provision of power, as well as cyber or other breaches of its infrastructure;
- risks relating to cryptocurrency mining, including price volatility of digital assets, increasing scrutiny from investors, lenders and other stakeholders and the likelihood of increased regulation of digital assets; and
- other risks identified in this Quarterly Report.

We caution you that the foregoing list may not contain all forward-looking statements made in this Quarterly Report.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict

all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report. While we believe such information provides a reasonable basis for these statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information, actual results, revised expectations or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices.

The name of the issuer is Talen Energy Corporation (the “Company”). The Company’s principal executive office is located at 2929 Allen Pkwy, Suite 2200, Houston, Texas 77019 and its telephone number is (888) 211-6011. The Company’s web address is www.talenenergy.com. The Company’s Investor Relations department can be reached at the address and telephone number above and by email at InvestorRelations@talenenergy.com.

Item 2. Shares Outstanding.

Our outstanding capitalization as of March 31, 2024 is included in the tabular information below.

	Common Stock	Preferred Stock
Number of shares authorized.....	350,000,000	50,000,000
Number of shares outstanding	58,535,843	0
Freely tradable shares (public float)	9,887,299	0
Number of beneficial shareholders owning at least 100 shares ⁽¹⁾ .	574	0
Total number of shareholders of record.....	*	0

(1) As of January 22, 2024.

* All of our shares are held through The Depository Trust Company, and as a result only Cede & Co. is reflected as a shareholder of record on the books and records of our transfer agent.

Item 3. Interim Financial Statements.

The Company has provided the following unaudited condensed consolidated financial statements for the period ended March 31, 2024 (the “Interim Financial Statements”), which are available on the OTC Markets Group website (www.otcmarkets.com/stock/TLNE/disclosure), and are hereby incorporated by reference into this Quarterly Report:

Condensed Consolidated Statements of Operations (Unaudited) for the Three Months Ended March 31, 2024 (Successor) and 2023 (Predecessor)

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited) for the Three Months Ended March 31, 2024 (Successor) and 2023 (Predecessor)

Condensed Consolidated Balance Sheets (Unaudited) as of March 31, 2024 (Successor) and December 31, 2023 (Successor)

Condensed Consolidated Statements of Cash Flows (Unaudited) for the Three Months Ended March 31, 2024 (Successor) and 2023 (Predecessor)

Condensed Consolidated Statements of Equity (Unaudited) for the Three Months Ended March 31, 2024 (Successor) and 2023 (Predecessor)

Item 4. Management’s Discussion and Analysis or Plan of Operation.**A. Plan of Operation**

This item is not applicable as we have had revenues for the year ended December 31, 2023 and for the three months ended March 31, 2024.

B. Management’s Discussion and Analysis of Financial Condition and Results of Operations

For information on the Company’s financial condition and results of operations, please see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)” included with the Interim Financial Statements, which are incorporated by reference into this Quarterly Report and are available on the OTC Markets Group website (www.otcmarkets.com/stock/TLNE/disclosure).

C. Off-Balance Sheet Arrangements

The Company does not have any obligations that meet the definition of an off-balance sheet arrangement that have had, or are reasonably likely to have, a material effect on the Company's financial condition or results of operations.

Item 5. Legal Proceedings.

For information on current, past, pending or threatened legal proceedings or administrative actions either by or against the Company that could have a material effect on our business, financial condition or operations, please see "Commitments and Contingencies" in the Notes to the Interim Financial Statements incorporated by reference into this Quarterly Report. As of the date of this Quarterly Report, there were not any current or pending trading suspensions of the Company's securities imposed by a securities regulator.

Item 6. Defaults Upon Senior Securities.

None.

Item 7. Other Information.

Share Repurchase Program

In the three months ended March 31, 2024, the Company repurchased 493,000 shares of common stock under its share repurchase program for an aggregate \$39 million, inclusive of broker fees, at a weighted average per share price of \$78.31. In May 2024, the Board of Directors authorized an upsizing of the remaining capacity under the Company's share repurchase program to \$1 billion.

Long-Term Debt Repricing

In May 2024, the Company completed a repricing transaction with respect to the TES Term Loans B and C. The new rate applicable to the Term Loans B and C is the Standard Overnight Financing Rate ("SOFR") plus 350 basis points, which reduces the interest rate margin by 100 basis points. The applicable SOFR floor was reduced from 50 to 0 basis points. Additionally, in connection with the repricing, the lenders under the Term Loans B and C agreed to: (i) waive any mandatory prepayment obligations in connection with the Company's sale of its Texas generation portfolio, and (ii) certain other amendments permitting TES additional capacity for dispositions, restricted payments and investments under the applicable credit agreement. See Note 11 in Notes to the Interim Financial Statements for additional information.

ERCOT Sale

In March 2024, the Company and CPS Energy entered into an agreement for CPS Energy to acquire the Company's approximately 1,710 MW Texas generation portfolio located within the ERCOT market for \$785 million, subject to customary net working capital adjustments. The sale closed on May 1, 2024. Under the terms of the sale, CPS Energy acquired the Barney Davis, Nueces Bay, and Laredo generation facilities and certain related contracts.

Cumulus Digital Buyouts

In March 2024, TES acquired all of the equity units of Cumulus Digital Holdings LLC ("Cumulus Digital Holdings") held by affiliates of Orion Energy Partners ("Orion") and two former members of Company senior management in exchange for \$39 million in cash. Following these transactions, TES owns 100% of the equity of Cumulus Digital Holdings.

Cumulus Data Campus Sale; Cumulus Digital Credit Agreement Payoff

In March 2024, the Company completed its disposition of certain assets of Cumulus Data LLC ("Cumulus Data"), which included our zero-carbon Cumulus Data Campus currently being developed adjacent to Susquehanna, to an

affiliate of Amazon Web Services, Inc. (together with its affiliates, “AWS”) for gross proceeds of \$650 million, \$300 million of which is to be held in escrow until the achievement of certain development milestones that are expected to be achieved in 2024 (the “Cumulus Data Campus Sale”). In connection with the Cumulus Data Campus Sale, the Company entered into a power purchase agreement with AWS pursuant to which (i) the Company agreed to supply up to 960 MW of long-term, carbon-free power to the Cumulus Data Campus from Susquehanna; (ii) the parties agreed to fixed-price power commitments that increase in 120 MW increments over several years; and (iii) AWS has a one-time option to cap commitments at 480 MW. See Note 17 in Notes to the Interim Financial Statements for additional information.

In connection with the Cumulus Data Campus Sale, the Company terminated a project financing (the “Cumulus Digital Credit Agreement”) at Cumulus Digital LLC (“Cumulus Digital”), a wholly owned subsidiary of Cumulus Digital Holdings, and the outstanding obligations thereunder were satisfied and discharged in full. The security interests granted under the Cumulus Digital Credit Agreement were terminated, discharged and released. See Note 11 in Notes to the Interim Financial Statements for additional information.

Item 8. Exhibits.

Other than as disclosed elsewhere in this Quarterly Report and in our previously-filed reports, each of which is available on the OTC Markets Group website (www.otcmkt.com/stock/TLNE/disclosure) and each of which is hereby incorporated by reference, there are no material contracts of the Company, not made in the ordinary course of business, that will be performed after the posting of this Quarterly Report or that were entered into not more than two years before such posting.

Item 9. Certifications.

I, Mark A. McFarland, certify that:

- (i) I have reviewed this quarterly disclosure statement of Talen Energy Corporation;
- (ii) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- (iii) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 13, 2024

/s/ Mark A. McFarland

Chief Executive Officer and Director

I, Terry L. Nutt, certify that:

- (i) I have reviewed this quarterly disclosure statement of Talen Energy Corporation;
- (ii) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- (iii) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the

financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 13, 2024

/s/ Terry L. Nutt
Chief Financial Officer