

1.1 Letter from the CEO



Dr. Markus Krebber, Chief Executive Officer of RWE AG

*Dear Shareholders,
Ladies and Gentlemen,*

On 25 April 1898, Germany's economy started a new, important chapter in its history: the establishment of Rheinisch-Westfälische Elektrizitätswerk (Rhenish-Westphalian Electricity Works) – or in short: 'RWE'. The purpose of this young company was to supply its hometown of Essen with electricity. Today, 125 years later, our product is still the same as it was back then. The only change is how we produce the electricity. We stopped building coal power plants a long time ago. Now, we invest billions every year in renewables such as wind energy

and photovoltaics. Our global reach is also nothing like what it was in 1898. The Essen-based electricity works have become a world-leading energy company that reliably supplies electricity to millions of people, most notably in Europe and North America.

Our company's journey has taken in peaks and valleys. Time and again, the course of history presented us with challenges. Unfortunately, this is one of those times. A horrific war has been raging in Europe for over a year now, and there is no end in sight. By attacking Ukraine, Russia's leadership has brought immense human suffering to the country. In addition to being a humanitarian catastrophe, this senseless war has plunged Europe into a serious energy crisis. Politics, business and society have successfully weathered this crisis so far. Despite the discontinuation of gas deliveries from Russia, the energy supply system was kept up and running at all times, with our company making several contributions to this cause. For example, we organised imports of large quantities of liquefied natural gas (LNG) to Europe. On behalf of the German government, we chartered two special ships, docked at Wilhelmshaven and Brunsbüttel, in order to regasify ocean shipments of LNG. Moreover, at the government's request, we brought several lignite-fired power plants back online and deferred the decommissioning of two lignite units as well as of the Emsland nuclear power station, in order to reduce the amount of gas used to generate electricity. Some of our employees postponed their retirement, while others even came out of retirement to lend a helping hand. We were able to rely on them during the crisis, in the same way that society was able to rely on us.

But despite all the action taken to manage the crisis, we did not lose sight of our long-term goal. In fact, we made good progress in rolling out our Growing Green strategy. Last year, we completed the large-scale North Sea wind farms Triton Knoll and Kaskasi as well as numerous onshore wind farms in Europe and the USA. In all, we commissioned 2.4 GW of wind, solar and battery capacity with a further 6 GW of green generation capacity currently under construction. Furthermore, we succeeded in getting our foot in the door to the offshore wind business in the United States and the Netherlands. The groundwork for this was laid with successful bids at auctions for sites for new large-scale projects.

In addition, we acquired PV specialist firm Con Edison Clean Energy Businesses. This transaction has made us the fourth-largest renewables company in the United States. We therefore now hold leading positions in all our core regions – in the EU, Great Britain, and the US. We further underscored our growth ambitions by acquiring a British and a Polish solar developer.

RWE's green transformation goes hand in hand with phasing out electricity generation from coal. In October 2022, we reached an agreement with the federal government and the state of North Rhine-Westphalia to take our last lignite unit offline at the end of March 2030, eight years earlier than originally envisaged. This sent a clear signal: although we are currently using more coal to produce electricity to ensure security of supply, as a whole our coal-fired operations will scale back significantly. We will not receive additional compensation for this. But we now have planning certainty for our activities in the Rhenish lignite-mining region. Furthermore, we have laid the foundation to ensure our actions will now be in alignment with the 1.5-degree goal of the Paris Climate Conference.

Our performance last year was also positive in economic terms. At €6.3 billion, adjusted EBITDA was clearly higher than anticipated. We made gains over 2021 across all segments of our core business. Our new wind and solar farms, favourable conditions on the power generation market and a very strong trading performance were the basis for this achievement. The past year demonstrated that our growth in the renewables business is paying off. And we will keep it this way in 2023. We expect adjusted EBITDA for the current fiscal year to come in between €5.8 billion and €6.4 billion. This would put us roughly on a par with 2022. The acquisition of Con Edison Clean Energy Businesses, which took effect on 1 March 2023, will be a major contributing factor. In light of the good earnings prospects, we aim to pay a dividend of €1.00 per share for fiscal 2023. This will also constitute the minimum dividend for the coming years.

Although we are making good headway in economic terms, major challenges lie ahead of us. At the beginning of this decade, we launched an ambitious growth programme through which we want to make RWE and the energy economy more climate friendly overall.

Although we are resolute in our commitment to deliver this programme, we still require suitable energy policies. Until recently, crisis management was understandably our top priority. Setting a long-term course for the future had to be put on the back burner. This year, we hope to see governments take decisive action, particularly in Germany. For one, the expansion of the power grids needs to be massively accelerated. After all, what good is a wind farm in the North Sea if the electricity it generates never finds its way to industry in the south? We need investment incentives for new, hydrogen-capable gas-fired power plants to ensure security of supply when wind and solar power fall short. But above all else, we need a reliable long-term market design. The energy transition is a once-in-a-century challenge that calls for policymakers, companies and individuals to pull their weight in equal measure. We have already done a lot to ensure it succeeds. With political tailwind, we could progress even faster in future.

In its 125-year history, RWE has shown that successful entrepreneurial action and taking responsibility for societal issues are not mutually exclusive, but are in fact two sides of the same coin. The enormous commitment shown by our employees when it came to securing energy supply whilst also driving our growth is in keeping with RWE tradition. Their incredible resolve moved me deeply. On behalf of the Executive Board, I would like to extend my heartfelt thanks. I am also grateful to our shareholders for their continued support and for joining us on our journey as we travel towards a climate-neutral, sustainable energy supply. We start our next chapter with hope, drive – and a dash of pride.

Sincerely yours,

