

RWE

Interim statement on the first quarter of 2023

RWE confirms earnings forecast for 2023 // Q1 adjusted EBITDA of €2.8 billion significantly higher year on year // Investments in green growth hit record high of €5.4 billion // Acquisition of Con Edison Clean Energy Businesses completed: RWE now second-largest solar power producer in the USA

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At a glance

RWE Group – key figures¹		Jan – Mar 2023	Jan – Mar 2022	+ / -	Jan – Dec 2022
Power generation	GWh	37,196	39,366	-2,170	156,794
External revenue (excl. natural gas tax/ electricity tax)	€ million	9,409	7,998	1,411	38,366
Adjusted EBITDA	€ million	2,798	613	2,185	6,310
Adjusted EBIT	€ million	2,303	251	2,052	4,568
Income before tax	€ million	1,915	2,729	-814	715
Net income / income attributable to RWE AG shareholders	€ million	1,598	2,166	-568	2,717
Adjusted net income	€ million	1,671	2	1,669	3,253
Cash flows from operating activities	€ million	886	2,688	-1,802	2,406
Capital expenditure	€ million	5,432	562	4,870	4,484
Property, plant and equipment and intangible assets	€ million	874	471	403	3,303
Acquisitions and financial assets	€ million	4,558	91	4,467	1,181
Proportion of taxonomy-aligned investments ²	%	90	-	-	83
Free cash flow	€ million	-4,468	2,134	-6,602	-1,968
Number of shares outstanding	thousands	743,841	676,220	67,621	691,247
Earnings per share	€	2.15	3.20	-1.05	3.93
Adjusted net income per share	€	2.25	-	2.25	4.71
		31 Mar 2023			31 Dec 2022
Net debt (-) / net cash (+)	€ million	-5,707			1,630
Workforce ³		19,275			18,310

1 Some prior-year figures restated; see commentary on page 7.

2 Taxonomy-aligned activities are economic activities which meet criteria under the EU Taxonomy Regulation.

3 Converted to full-time positions.

Major events

RWE acquires Con Edison's renewable energy business. On 1 March 2023, we completed our acquisition of Con Edison Clean Energy Businesses (Con Edison CEB), one of the leading US renewable energy companies. US-based Con Edison was its parent prior to the takeover. Con Edison CEB has 3.1 GW of generation capacity, 90% of which is solar. This portfolio is complemented by a development pipeline of more than 7 GW. With the addition of the Con Edison CEB portfolio, RWE has become the fourth-largest renewables player in the USA and the second-largest in the field of photovoltaics.

The purchase price was based on a valuation of US\$6.8 billion. It was financed in part with the issuance of a mandatory convertible bond to Qatar Holding LLC, a subsidiary of the Qatar Investment Authority. The €2,428 million bond was issued on 10 October 2022 and converted into 67,621,169 new RWE shares on 15 March 2023. The total number of RWE shares outstanding is now 743,841,217. The stake held by Qatar Holding LLC represents 9.1% of this increased capital stock. The new shares are already dividend bearing for fiscal 2022.

As soon as the acquisition of Con Edison CEB was completed, we consolidated our US onshore wind, solar and battery storage activities to form RWE Clean Energy, LLC. The company has a workforce of around 1,500 employees, operates renewables assets with a total capacity of 8 GW, and has a development pipeline of more than 24 GW.

North Sea wind farm Kaskasi begins regular operations. In the presence of Federal Minister for Economic Affairs and Climate Action, Robert Habeck, at the end of March, we inaugurated Kaskasi, our new German offshore wind farm. The farm is located 35 kilometres to the north of Heligoland and has a capacity of 342 MW. All 38 of its turbines have been online since late 2022. The ceremony marked Kaskasi's move into regular operations, following a test period during which it was already producing electricity. We are the sole owners of the wind farm and have invested around €840 million in the project. Three turbines were fitted with recyclable rotor blades from Siemens Gamesa, which feature a new resin that allows for the different materials to be separated after use. Kaskasi is the first wind farm in the world to use these environmentally friendly rotor blades.

RWE acquires solar developer in the UK. By acquiring JBM Solar in early March, we laid the foundation for the accelerated expansion of photovoltaics in the UK. The company is headquartered in London and specialises in developing solar and battery storage projects. It has a 6.1 GW development pipeline, of which 3.8 GW is in photovoltaics and 2.3 GW is in battery storage. The transaction has placed RWE amongst the top three solar developers in the UK. Most of JBM Solar's projects are being delivered in the Midlands and the South of England. We expect the first assets in the pipeline to become operational in late 2024.

RWE acquires Dutch gas-fired power station Magnum. On 31 January, we acquired the Magnum gas-fired power plant in the Netherlands from Vattenfall. The facility has been in operation since 2013, and has a net capacity of 1.4 GW. It is considered to be one of the most modern power stations in the Netherlands. The preliminary purchase price is €443 million. The transaction includes a neighbouring solar farm with a generation capacity of 5.6 MW. Magnum is located a stone's throw away from our Eemshaven power station, which runs on hard coal and biomass. We expect to leverage considerable synergies from the joint use of the local infrastructure. Another standout feature of our new gas-fired power station is that it can be operated with 30% hydrogen after basic technical conversions. There is also the option to transition to 100% hydrogen in the long term. This will allow Magnum to be part of the future hydrogen infrastructure which we are looking to build together with local energy and manufacturing partners in the province of Groningen.

Grid stability reserve plant commissioned in Biblis. Our new 300 MW gas-fired power station in Biblis, South Hesse, Germany, went online in March. We invested around €210 million in the project, which took about two years to build. The facility will not be used to generate power for the electricity market, but will instead only fire up when prompted by the transmission system operator. Its sole purpose is to help stabilise grid frequency, thus contributing to security of supply.

RWE successful at British capacity market auction. At a British capacity market auction held in February, all participating RWE power stations secured a capacity payment. The call for bids related to the period from 1 October 2026 to 30 September 2027. We submitted qualifying bids for RWE stations with a secured capacity of 6,638 MW, most of which are gas-fired. The auction cleared at £63 / kW (plus inflation adjustment). We will receive payments for making our assets available during the above period and thus contributing to power supply.

RWE's last nuclear plant taken off the grid. On 15 April, our last German nuclear power station went offline. The Emsland plant near Lingen had a net capacity of 1,336 MW and had been used to securely produce zero-carbon electricity since 1988. It was one of three German nuclear power plants that was still online in 2023. Originally, the assets should have been decommissioned at the end of last year in line with the German nuclear phaseout. However, the German government delayed regulatory decommissioning by three-and-a-half months to mid-April to ensure security of supply in the 2022/2023 winter.

RWE and Equinor agree strategic partnership. In January, RWE and Norwegian energy company Equinor entered into a strategic partnership to drive the ramp-up of the hydrogen economy and the expansion of renewables. The two companies are working towards harnessing Norwegian hydrogen to decarbonise the German energy industry through a number of large-scale projects. The plan is for Equinor to create up to 2 GW of capacity for producing 'blue' hydrogen in its domestic market of Norway by 2030. Blue hydrogen is derived from methane and the resulting carbon dioxide is stored underground. The hydrogen would be transported via a North Sea pipeline to Germany, where it could be used e.g. for power generation. RWE and Equinor are looking to construct hydrogen-capable gas-fired power stations totalling 3 GW over the current decade. In addition, the partners are considering building offshore wind farms and electrolyzers near the North Sea pipeline, so green hydrogen, which is expected to slowly replace blue hydrogen, can be fed into the pipeline. The partnership with Equinor also includes wind energy projects in Norway and Germany that are exclusively focused on power generation. The realisation of these major joint ventures is largely contingent on the completion of the aforementioned North Sea pipeline. Furthermore, this requires that Germany have a suitable regulatory framework for investments in new gas-fired power plants as well as sufficient hydrogen infrastructure.

RWE issues two green bonds totalling €1 billion. To improve our fiscal headroom for growth investments, we issued two green bonds in February with a nominal value of €0.5 billion each. The papers have a respective term of six and twelve years with a respective coupon of 3.625 % and 4.125 %. In all, seven green bonds with a nominal volume of €4.85 billion are currently outstanding. The funds raised through their issuance must be used for projects that benefit the environment and climate. We will use the proceeds for wind and solar projects.

Dividend of €0.90 per share paid. The Annual General Meeting of RWE AG held on 4 May approved the dividend proposed by the Executive Board and the Supervisory Board for the past fiscal year by a substantial majority. We therefore paid a dividend of €0.90 per share on 9 May. This is equal to last year's dividend.

New directive: EU lays foundations for accelerated expansion of renewables. The European Parliament and the Council of Ministers reached an agreement on the Renewable Energy Directive in late March. The reform was necessitated by the EU's revised ambition to keep greenhouse gas emissions at least 55 % below 1990 levels by 2030, thus raising its previous target of 40 %. The new directive therefore establishes a more ambitious target for renewables expansion, which should account for 42.5 % of overall energy consumption by 2030, up from the current 32 % target. It is the first time that objectives for individual sectors have been agreed. Industry, for example, is required to increase the share of renewables in its energy mix by 1.6 % annually. The directive is intended to help member states prevent legal challenges from holding back renewables expansion and help expedite permitting procedures. Green power projects are now granted permanent legal priority. This principle was first introduced in late 2022 as part of a temporary emergency EU regulation. These projects are now treated as being of 'overriding public interest'. In addition, member states will be able to designate dedicated 'go-to' areas for renewables projects. The directive still needs to be formally approved and transposed into national law.

Commentary on reporting

Group structure features five segments. We distinguish between five segments when reporting RWE's business performance, the first four of which constitute the core business. The segments are defined as follows:

1. Offshore Wind: We present our offshore wind business here. It is overseen by RWE Offshore Wind.

2. Onshore Wind / Solar: This is the segment in which we report on our onshore wind and solar business as well as parts of our battery storage operations. Depending on the continent, responsibility for these activities is assumed by either RWE Renewables Europe & Australia (formerly 'RWE Renewables') or RWE Clean Energy, which is active in America.

3. Hydro / Biomass / Gas: This segment encompasses our run-of-river, pumped storage, biomass and gas power stations. It also includes the hard coal and biomass-fired Dutch Amer 9 and Eemshaven power plants as well as stand-alone battery storage systems. Furthermore, the project management and engineering consulting company RWE Technology International and our 37.9% stake in Austrian energy utility KELAG are assigned to this segment. All of these activities are overseen by the management company RWE Generation, which is also responsible for the design and implementation of our hydrogen strategy.

4. Supply & Trading: The main business in this segment is proprietary trading of energy commodities. This activity is overseen by the Group company RWE Supply & Trading, which also acts as an intermediary for gas, supplies key accounts with energy, and undertakes a number of additional trading-related activities. Our German and Czech gas storage facilities as well as our LNG infrastructure construction activities also form part of this segment.

5. Coal / Nuclear: This is where we report our non-core business. This primarily consists of our German electricity generation from coal and nuclear fuel as well as our lignite production in the Rhenish mining region to the west of Cologne. Our stakes in Dutch nuclear power plant operator EPZ (30%) and Germany-based URANIT (50%), which holds a 33% share in uranium enrichment specialist Urenco, are also subsumed in this segment. The aforementioned activities and investments are mainly overseen by RWE Power.

Companies with cross-segment tasks such as the corporate headquarters RWE AG, as well as balance sheet effects from the consolidation of Group activities are reported as part of the core business under 'other, consolidation'. This line item also includes our 25.1% stake in German transmission system operator Amprion and our 15% stake in E.ON. However, the dividends we receive from E.ON are recognised in the financial result.

Prior-year figures adjusted due to reallocation of effects on income. Over the course of the last year and at the beginning of 2023, we reallocated certain earnings-relevant factors in the reconciliation of adjusted EBITDA to net income. We therefore restated specific figures for 2022. These adjustments are set out and explained below:

- In light of sanctions against Russia, we stopped sourcing hard coal from Russian producers in the spring of 2022 and recognised an impairment on the affected contracts for deliveries. Associated charges were initially estimated to amount to €847 million (Q1 2022) and, after all supply volumes had been settled, to €748 million. We considered these effects in the non-operating result in our reporting over the course of 2022. In the annual financial statements, we then recognised them in adjusted EBITDA for our Supply & Trading segment and are now also retroactively doing so for the 2022 interim statements.
- The interim statement for the first three quarters of 2022 was the first time that temporary gains and losses, resulting from the valuation of currency derivatives used for hedging purposes, were no longer reported as part of the adjusted financial result, but were recognised in the non-operating result. Our reporting for 2023 will therefore be based on appropriately restated prior-year figures for the first quarter and the first six months of 2022.
- Until recently, changes in the market value of money market funds were accounted for in the non-operating result. For reasons of consistency, we now recognise them as part of the adjusted financial result, where we also recognise current income from these funds. This change became effective as of 1 January 2023 and has led to the restatement of all financial statements for the prior year.

We have also made adjustments to the previous year's figures in relation to contracts for difference (CfDs) for supporting renewable assets. Based on their provisions, the CfDs guarantee generators a fixed, pre-agreed price for electricity produced during the contract period, known as the strike price. If the market price of electricity falls below the strike price, generators receive payments to make up the difference; but if the market price exceeds the strike price, the generators must pay the difference. As of the 2022 annual financial statements, we recognise the latter payments in the cost of materials and not in revenue. The quarterly figures for the previous year have therefore been restated. This has had a revenue-increasing effect. Income, however, remains unchanged.

Forward-looking statements. This interim statement contains forward-looking statements regarding the future development of the RWE Group and its companies as well as economic and political developments. These statements are assessments that we have made based on information available to us at the time this document was prepared. Despite this, actual developments can deviate from the prognoses, for instance if underlying assumptions do not materialise or unforeseen risks arise. Therefore, we cannot assume responsibility for the correctness of forward-looking statements.

Business performance

Power generation January – March	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total ²	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
GWh														
Offshore Wind	3,312	2,879	-	-	-	-	-	-	-	-	-	-	3,312	2,879
Onshore Wind/Solar	6,821	5,619 ¹	-	-	-	-	-	-	-	-	-	-	6,821	5,619 ¹
Hydro/Biomass/Gas	1,696	1,889	32	5	10,417	12,172	-	-	1,889	1,301	-	-	14,065	15,402
of which:														
Germany	509	486	32	5	1,510	1,466	-	-	-	-	-	-	2,082	1,992
United Kingdom	144	152	-	-	7,238	9,345	-	-	-	-	-	-	7,382	9,497
Netherlands	1,043	1,250	-	-	1,185	599	-	-	1,889	1,301	-	-	4,117	3,150
Türkiye	-	-	-	-	484	762	-	-	-	-	-	-	484	762
Coal/Nuclear	5	5	-	-	41	60	10,839	12,216	17	-	2,063	3,133	12,998	15,466
RWE Group	11,834	10,392¹	32	5	10,458	12,232	10,839	12,216	1,906	1,301	2,063	3,133	37,196	39,366¹

1 Adjusted figure.

2 Including production volumes not attributable to any of the energy sources mentioned (e.g. electricity from waste-to-energy plants).

Electricity production down year on year – significant boost from renewables. In the first quarter of 2023, RWE generated 37,196 GWh of electricity. This is 6% less than in the same period in 2022, despite strong gains from renewables. Generation volumes from our UK gas-fired power stations dropped due to market conditions. In addition, our German lignite-fired assets were used less than last year due to prolonged downtime for maintenance and the closure of Neurath A on 1 April 2022. These developments were partly offset by Niederaussem E and F as well as Neurath C being brought back online from security standby in October 2022. Putting the units back on the grid temporarily in compliance with the German Substitute Power Station Act is intended to help reduce the amount of gas used for electricity production.

Nuclear power production volumes also decreased substantially as Emsland power station, our last nuclear asset in Germany, had only been operating at reduced capacity before being shut down on 15 April 2023 (see page 4). By contrast, electricity generation from renewables registered 14% growth. Wind power production recorded a 13% increase despite below-average wind speeds across large swathes of Europe. We benefited from the commissioning of new wind capacity, including Kaskasi (342 MW) and Triton Knoll (857 MW) in the North Sea as well as the onshore wind farms El Algodon Alto (200 MW) and Blackjack Creek (240 MW) in Texas. Solar power volumes also posted a strong rise. This growth was largely driven by our acquisition of US energy firm Con Edison Clean Energy Businesses (Con Edison CEB), which we include in our reporting as of 1 March 2023.

Power generation from renewables January – March	Offshore Wind		Onshore Wind		Solar		Hydro		Biomass		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
GWh												
Germany	615	631	406	399	3	-	508	486	-	-	1,532	1,516
United Kingdom	2,639	2,192	589	627 ¹	-	-	60	55	84	97	3,372	2,971 ¹
Netherlands	-	-	308	298 ¹	3	4	11	9	1,032	1,241	1,354	1,552 ¹
Poland	-	-	400	417	1	-	-	-	-	-	401	417
Spain	-	-	272	258	39	16	-	5	-	-	311	279
Italy	-	-	316	336	-	-	-	-	-	-	316	336
Sweden	58	56	93	105	-	-	-	-	-	-	151	161
USA	-	-	3,401	2,780	718	165	-	-	-	-	4,119	2,945
Australia	-	-	-	-	152	166	-	-	-	-	152	166
Rest of the world	-	-	108	36	18	13	-	-	-	-	126	49
RWE Group	3,312	2,879	5,893	5,256¹	934	364	579	555	1,116	1,338	11,834	10,392¹

1 Adjusted figure.

External revenue 18% higher than in 2022. Our revenue from customers outside the Group amounted to €9,409 million (excluding natural gas tax / electricity tax). This is 18% higher than last year's Q1 figure (€7,998 million). Revenue from our main product electricity rose 34% to €8,412 million despite lower generation volumes as we achieved higher electricity prices than in the same period last year. A large portion of our output had been sold forward early on. Gas revenue, on the other hand, fell by 48% to €639 million, which is largely attributable to the significant drop in market prices for natural gas after the highs seen last year.

ESG investors in particular attach increasing importance to the share of coal-fired generation and other coal products in revenue. In the first quarter of 2023, this share was 22%.

External revenue ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Offshore Wind	441	359	82	1,401
Onshore Wind / Solar	439	654	-215	2,232
Hydro / Biomass / Gas	559	419	140	1,830
Supply & Trading	7,824	6,351	1,473	31,959
Other, consolidation	-39	-	-39	-
Core business	9,224	7,783	1,441	37,422
Coal / Nuclear	185	215	-30	944
RWE Group (excluding natural gas tax / electricity tax)	9,409	7,998	1,411	38,366

1 Some prior-year figures restated; see commentary on page 7.

1
Combined review of operations
Business performance

2
Interim consolidated financial statements
(condensed)

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Financial calendar 2023/2024

External revenue by product ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Electricity revenue	8,412	6,265	2,147	31,027
of which:				
Offshore Wind	441	353	88	1,377
Onshore Wind/Solar	411	644	-233	2,165
Hydro/Biomass/Gas	456	294	162	1,323
Supply & Trading	7,114	4,918	2,196	25,958
Core business	8,383	6,209	2,174	30,823
Coal/Nuclear	29	56	-27	204
Gas revenue	639	1,239	-600	4,633
Other revenue	358	494	-136	2,706
RWE Group (excluding natural gas tax/ electricity tax)	9,409	7,998	1,411	38,366

1 Some prior-year figures restated; see commentary on page 7.

Internal revenue € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Offshore Wind	189	245	-56	721
Onshore Wind/Solar	191	165	26	476
Hydro/Biomass/Gas	3,453	1,659	1,794	11,092
Supply & Trading	2,115	1,784	331	9,947
Other, consolidation	-5,856	-3,754	-2,102	-20,831
Core business	92	99	-7	1,405
Coal/Nuclear	1,809	973	836	5,483

Adjusted EBITDA ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Offshore Wind	473	420	53	1,412
Onshore Wind/Solar	247	318	-71	827
Hydro/Biomass/Gas	1,177	263	914	2,369
Supply & Trading	289	-550	839	1,161
Other, consolidation	116	-45	161	-210
Core business	2,302	406	1,896	5,559
Coal/Nuclear	496	207	289	751
RWE Group	2,798	613	2,185	6,310

1 Some prior-year figures restated; see commentary on page 7.

Adjusted EBITDA rises to €2.8 billion. In the first quarter of 2023, our adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to €2,798 million. This represents a rise of €2,185 million versus 2022, which can, to some degree, be traced back to the restatement of last year's figure to include the impairment recognised in the first quarter of 2022 for contracts relating to coal deliveries from Russian producers (see page 7). In the period under review, there was no such one-off charge. Improved generation margins and additional income from the short-term optimisation of our power plant dispatch also had a positive impact. In addition, we benefited from the commissioning of new wind and solar farms as well as the first-time recognition of US corporation Con Edison CEB, acquired on 1 March 2023. Earnings contributed by German transmission system operator Amprion (RWE stake: 25.1%) reported in 'other, consolidation' were exceptionally high for this period due to a federal subsidy. However, this effect is likely to be cancelled out as the year progresses, given that the financial support is expected to cover additional expenses for system-related services.

Earnings by segment developed as follows:

- **Offshore Wind:** We grew adjusted EBITDA in the segment by €53 million to €473 million. The deciding factor here was the commissioning of the Triton Knoll (857 MW) and Kaskasi (342 MW) North Sea wind farms, which were completed in April and December 2022, respectively.
- **Onshore Wind / Solar:** Adjusted EBITDA in this segment dropped €71 million to €247 million, in part due to lower realised power prices along with liabilities from statutory levies on electricity revenues, which we reported on page 32 et seq. of the 2022 Annual Report. In addition, wind conditions at most of our European mainland sites were less favourable than in 2022. There were, however, positive developments, such as the commissioning of new wind and solar farms and the first-time recognition of Con Edison CEB as of 1 March 2023.
- **Hydro / Biomass / Gas:** We recorded exceptionally high adjusted EBITDA of €1,177 million (previous year: €263 million) in this segment. This was largely attributable to excellent earnings from the short-term optimisation of our power plant dispatch along with improved margins from electricity forward sales. We also recorded proceeds from the sale of former power plant sites.
- **Supply & Trading:** At €289 million, adjusted EBITDA reflects an excellent trading performance. This figure is markedly up on 2022 as the previous year's figure (–€550 million) includes the aforementioned €847 million impairment recognised for Russian hard coal supply contracts.
- **Coal / Nuclear:** In our non-core business, adjusted EBITDA increased by €289 million to €496 million. This was largely due to the better margins achieved from electricity sales.

Adjusted EBIT ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+ / –	Jan – Dec 2022
Offshore Wind	326	278	48	836
Onshore Wind / Solar	99	213	–114	370
Hydro / Biomass / Gas	1,032	185	847	2,005
Supply & Trading	278	–559	837	1,111
Other, consolidation	116	–46	162	–210
Core business	1,851	71	1,780	4,112
Coal / Nuclear	452	180	272	456
RWE Group	2,303	251	2,052	4,568

1. Some prior-year figures restated; see commentary on page 7.

Adjusted EBIT increases to €2.3 billion. Adjusted EBIT amounted to €2,303 million compared to €251 million in the previous quarter. This figure differs from adjusted EBITDA in that it includes operating depreciation and amortisation, which amounted to €495 million in the period under review (previous year: €362 million).

Reconciliation to net income¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Adjusted EBIT	2,303	251	2,052	4,568
Adjusted financial result	-150	-145	-5	-417
Non-operating result	-238	2,623	-2,861	-3,436
Income before tax	1,915	2,729	-814	715
Taxes on income	-266	-475	209	2,277
Income	1,649	2,254	-605	2,992
of which:				
Non-controlling interests	51	88	-37	275
Net income / income attributable to RWE AG shareholders	1,598	2,166	-568	2,717

1. Some prior-year figures restated; see commentary on page 7.

Reconciliation to net income marked by absence of positive one-off effects. The reconciliation from adjusted EBIT to net income was characterised by a drop in the non-operating result. Last year's figures contained large gains from the valuation of derivatives. We present the development of the reconciliation items below.

Adjusted financial result¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Interest income	113	23	90	356
Interest expenses	-225	-106	-119	-581
Net interest	-112	-83	-29	-225
Interest accretion to non-current provisions	-104	-33	-71	-149
Other financial result	66	-29	95	-43
Adjusted financial result	-150	-145	-5	-417

1. Some prior-year figures restated; see commentary on page 7. All items in the table have been adjusted.

At –€150 million, our adjusted financial result essentially matched last year's figure of –€145 million. The rise in market interest rates triggered a number of developments, which largely netted each other out. The components of the financial result changed as follows:

- Net interest declined by €29 million, in part due to the increased volume of outstanding RWE bonds. Elevated interest rates caused the cost of short-term hedge financing to rise and bank deposits to earn higher yields.
- Interest accretion to non-current provisions was up €71 million year on year. Higher interest rates again came to bear.
- Other financial result rose by €95 million, which was also attributable to the change in market interest rates. We no longer pay negative interest rates for our bank deposits, while the return on our investments in money market funds improved.

Non-operating result¹ € million	Jan - Mar 2023	Jan - Mar 2022	+/-	Jan - Dec 2022
Adjustments to EBIT	-1	2,639	-2,640	-4,680
of which:				
Disposal result	-	2	-2	-
Effects on income from the valuation of derivatives	5	3,026	-3,021	-4,195
Other	-6	-389	383	-485
Adjustments to the financial result	-237	-16	-221	1,244
Non-operating result	-238	2,623	-2,861	-3,436

1 Some prior-year figures restated; see commentary on page 7.

The non-operating result, in which we recognise certain factors which are not related to operations or the period being reviewed, came to -€238 million. This puts us well below the prior-year figure (€2,623 million), which contained high temporary earnings from the valuation of derivatives. In the period under review, gains and losses from the valuation of derivatives largely netted out. A slight market-related decline in the discount rate we use to calculate nuclear and mining provisions had a negative impact, leading to an increase in the present value of the obligations, which weighed on earnings.

Income before tax amounted to €1,915 million (previous year: €2,729 million). Taxes on income totalled €266 million, which corresponds to an effective tax rate of 14%. This figure is slightly below the expected rate of 20% we established for 2023, having taken account of projected income in our markets, local tax rates, and the use of loss carryforwards. The low tax rate in 2023 is due to non-tax-relevant IFRS earnings contributions, which affected the Supply & Trading segment in particular.

At €51 million, non-controlling interests were €37 million down on last year, driven mainly by reduced earnings from UK offshore wind farms in which third parties own minority shareholdings.

The RWE Group's net income amounted to €1,598 million (previous year: €2,166 million). This corresponds to earnings per share of €2.15 based on 743.8 million RWE shares outstanding. The new shares from the conversion of the mandatory convertible bond issued to Qatar Holding LLC have been recognised in full. The earnings per share in Q1 of 2022 (€3.20) were determined based on 676.2 million RWE shares outstanding.

Reconciliation to adjusted net income ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Income before financial result and taxes	2,302	2,890	-588	-112
Adjustments to EBIT	1	-2,639	2,640	4,680
Adjusted EBIT	2,303	251	2,052	4,568
Financial result	-387	-161	-226	827
Adjustments to the financial result	237	16	221	-1,244
Taxes on income	-266	-475	209	2,277
Adjustments to taxes on income to a tax rate of 20% or 15% (previous year)	-165	459	-624	-2,900
Non-controlling interests	-51	-88	37	-275
Adjusted net income	1,671	2	1,669	3,253

1. Some prior-year figures restated; see commentary on page 7.

Adjusted net income increases to €1.7 billion. Adjusted net income amounted to €1,671 million. To calculate adjusted net income, we eliminated the non-operating result from the reconciliation statement and applied the aforementioned pre-established tax rate of 20% (previous year: 15%) rather than the effective tax rate. Net income therefore improved significantly relative to 2022, which was largely driven by our good operational business performance. The fact that last year's figure (€2 million) was weighed down by the aforementioned impairment recognised for contracts relating to coal deliveries also played a part.

Capital expenditure on property, plant and equipment and on intangible assets ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Offshore Wind	265	160	105	1,029
Onshore Wind / Solar	342	216	126	1,580
Hydro / Biomass / Gas	90	58	32	424
Supply & Trading	117	4	113	42
Other, consolidation	-	-	-	-
Core business	814	438	376	3,075
Coal / Nuclear	60	33	27	228
RWE Group	874	471	403	3,303

1. Table only shows cash investments.

Capital expenditure on financial assets and acquisitions ¹ € million	Jan – Mar 2023	Jan – Mar 2022	+/-	Jan – Dec 2022
Offshore Wind	20	5	15	847
Onshore Wind / Solar	4,086	83	4,003	256
Hydro / Biomass / Gas	444	-	444	68
Supply & Trading	8	3	5	9
Other, consolidation	-	-	-	1
Core business	4,558	91	4,467	1,181
Coal / Nuclear	-	-	-	-
RWE Group	4,558	91	4,467	1,181

1. Table only shows cash investments.

Investments focus on renewable energy expansion. In the period under review, we invested €5,432 million, which was significantly more than in the same quarter last year (€562 million). Capital expenditure on financial assets was exceptionally high, totalling €4,558 million (previous year: €91 million). The majority of the funds were used to purchase Con Edison CEB in the USA (€3,695 million) and finance the acquisition of UK solar developer JBM Solar and Dutch gas-fired power plant Magnum. We dedicated €874 million to property, plant and equipment and intangible assets (previous year: €471 million). The majority of the funds were invested in wind and solar power projects in Europe as well as the USA. Our largest single item of expenditure was the construction of the Sofia wind farm in the British North Sea. We also allocated funds to building LNG and hydrogen infrastructure in Germany.

Of the investments made during the period under review, 90% were 'taxonomy-aligned', meaning that these funds were spent on activities classified as sustainable under the new EU Taxonomy Regulation. This percentage is based on total investments of €7,774 million. The difference to the amount stated above (€5,432 million) results from the fact that non-cash transactions are also taxonomy-relevant and that assets acquired are considered instead of acquisition expenditure.

Cash flow statement € million	Jan - Mar 2023	Jan - Mar 2022	+/-	Jan - Dec 2022
Funds from operations	-128	5,413	-5,541	5,306
Change in working capital	1,014	-2,725	3,739	-2,900
Cash flows from operating activities	886	2,688	-1,802	2,406
Cash flows from investing activities	-749	-134	-615	-9,892
Cash flows from financing activities	-395	-1,990	1,595	8,615
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	65	-11	76	34
Total net changes in cash and cash equivalents	-193	553	-746	1,163
Cash flows from operating activities	886	2,688	-1,802	2,406
Minus capital expenditure	-5,432	-562	-4,870	-4,484
Plus proceeds from divestitures / asset disposals	78	8	70	110
Free cash flow	-4,468	2,134	-6,602	-1,968

Operating cash flow down to €0.9 billion. Cash flows from operating activities dropped to €886 million, coming in well below the figure for 2022 (€2,688 million) despite improved earnings. This was in part due to the fact that we received substantially higher variation margins on commodity derivatives last year than were payable. Although we also achieved a positive balance in 2023, the figure was much lower. Variation margins are sureties for exchange-traded futures contracts pledged during the term of the contracts. Another reason for our reduced operating cash flow was additional price-related expenses for the procurement of CO₂ emission rights. This was counteracted by the fact that we achieved better returns from selling stored gas, which was due to high prices.

Cash flows from investing activities totalled –€749 million (previous year: –€134 million). The acquisition of Con Edison CEB, JBM Solar, and the gas-fired power plant Magnum resulted in significant cash outflows. However, we also achieved high earnings from the sale of fixed-interest securities.

Financing activities led to a cash flow of –€395 million (previous year: –€1,990 million). In the period under review, we settled large amounts of short-term bank debt. This was contrasted by proceeds from initial margins and collateral. Unlike variation margins, these sureties are reported in cash flows from financing activities. Further cash inflows came from the two green bonds we issued in February 2023 at €0.5 billion each (see page 5).

On balance, the aforementioned developments decreased our cash and cash equivalents by €193 million.

Cash flows from operating activities, less capital expenditure, plus proceeds from divestments and asset disposals, results in free cash flow. This came to –€4,468 million, which was clearly below the figure for the previous year (€2,134 million).

Net debt of €5.7 billion. As of 31 March 2023, we reported net debt of €5,707 million, having recorded net cash of €1,630 million at the end of 2022. The aforementioned purchases, in particular the acquisition of Con Edison CEB, were pivotal to this development. Our property, plant and equipment and intangible asset investments also added to the rise in net debt, whereas operating cash flow had a counteractive effect.

Net debt / net cash¹ € million	31 Mar 2023	31 Dec 2022	+/-
Cash and cash equivalents	6,795	6,988	- 193
Marketable securities	9,131	13,730	- 4,599
Other financial assets	5,692	8,543	- 2,851
Financial assets	21,618	29,261	- 7,643
Bonds, other notes payable, bank debt, commercial paper	- 14,913	- 15,621	708
Hedging of bond currency risk	2	8	- 6
Other financial liabilities	- 5,596	- 5,382	- 214
Financial liabilities	- 20,507	- 20,995	488
Plus 50% of the hybrid capital stated as debt	290	299	- 9
Net financial assets	1,401	8,565	- 7,164
Provisions for pensions and similar obligations	- 953	- 900	- 53
Surplus of plan assets over benefit obligations	679	680	- 1
Provisions for nuclear waste management	- 5,673	- 5,704	31
Provisions for dismantling wind and solar farms	- 1,161	- 1,011	- 150
Net debt (-) / net cash (+)	- 5,707	1,630	- 7,337

1. Mining provisions are not included in net debt. The same holds true for the assets which we attribute to them. At present, this includes our 15% stake in E.ON and our claim for state compensation for the German lignite phaseout in the amount of €2.6 billion.

Outlook for 2023

RWE Group confirms earnings forecast. Our forecast for the current year as published in March 2023 remains unchanged (see Annual Report 2022, page 63 et seq.). In 2023, the Group's adjusted EBITDA is expected to range between €5.8 billion to €6.4 billion (previous year: €6.3 billion). For our core business, we forecast a figure between €4.8 billion and €5.4 billion (previous year: €5.6 billion). The acquisition of Con Edison CEB on 1 March 2023 and the commissioning of new wind and solar farms will contribute additional income. Should wind conditions over the course of the year return to their normal level, our wind farms would be better utilised compared to 2022. We also expect to again achieve significant earnings from the short-term optimisation of our power plant dispatch. When it comes to energy trading, however, we will likely fail to meet the exceptional level achieved last year. Furthermore, levies on electricity revenues in Europe continue to weigh on earnings. Outside our core business in our Coal / Nuclear segment, adjusted EBITDA should improve due to better margins.

Adjusted EBIT should fall within a range of €3.6 billion to €4.2 billion (previous year: €4.6 billion), with operating depreciation and amortisation expected to total approximately €2.2 billion. We expect adjusted net income to be between €2.2 billion and €2.7 billion (previous year: €3.3 billion). These forecasts have not changed since the outlook published in March. Our earnings outlook for the individual segments also remains unaltered.

Capital expenditure substantially higher than last year. Our investments will be markedly up on 2022 (€4.5 billion). This is largely attributable to the acquisition of Con Edison CEB. We are also significantly increasing our capital expenditure on property, plant and equipment and intangible assets. The majority of our investments will be dedicated to wind, solar, battery, LNG and hydrogen projects. Our largest single item of expenditure is the construction of the Sofia wind farm in the British North Sea.

Forecast € million	2022 actual	Outlook for 2023
Adjusted EBITDA	6,310	5,800 - 6,400
of which:		
Core business	5,559	4,800 - 5,400
of which:		
Offshore Wind	1,412	1,400 - 1,800
Onshore Wind / Solar	827	1,100 - 1,500
Hydro / Biomass / Gas	2,369	1,750 - 2,150
Supply & Trading	1,161	300 - 600
Coal / Nuclear	751	800 - 1,200
Adjusted EBIT	4,568	3,600 - 4,200
Adjusted net income	3,253 ¹	2,200 - 2,700

¹ Adjusted figure; see commentary on page 7.

Leverage factor to stay below upper limit of 3.0. As explained on page 16, our net debt increased from -€1.6 billion in late 2022 to €5.7 billion during the first quarter of 2023. We expect this figure to remain significantly above zero through to the end of 2023. The same goes for the leverage factor, which shows the ratio of net debt to adjusted EBITDA for our core business. However, we remain confident that the leverage factor will stay well below 3.0, which is the upper limit we set for it.

Dividend for fiscal 2023. The Executive Board of RWE AG aims to pay a dividend of €1.00 per share for the 2023 financial year. This is an increase of €0.10 over the dividend for 2022.

Interim consolidated financial statements (condensed)

Income statement

€ million	Jan – Mar 2023	Jan – Mar 2022
Revenue (including natural gas tax / electricity tax)¹	9,453	8,057
Natural gas tax / electricity tax	-44	-59
Revenue^{1,2}	9,409	7,998
Cost of materials ¹	-9,251	-7,570
Staff costs	-660	-691
Depreciation, amortisation and impairment losses	-494	-382
Other operating result	3,060	3,504
Income from investments accounted for using the equity method	247	72
Other income from investments	-9	-41
Income before financial result and tax	2,302	2,890
Financial income	520	482
Finance costs	-907	-643
Income before tax	1,915	2,729
Taxes on income	-266	-475
Income	1,649	2,254
of which: non-controlling interests	51	88
of which: net income / income attributable to RWE AG shareholders	1,598	2,166
Basic and diluted earnings per share in €	2.15	3.20

1 Prior-year figures restated due to a change in the reporting of amounts from CfDs (see page 139 of the 2022 RWE Annual Report).

2 A presentation of revenue by product and segment can be found on page 9 et seq.

Statement of comprehensive income

Amounts after tax – € million	Jan – Mar 2023	Jan – Mar 2022
Income	1,649	2,254
Actuarial gains and losses of defined benefit pension plans and similar obligations	- 53	794
Income and expenses of investments accounted for using the equity method (pro-rata)		- 2
Fair valuation of equity instruments	863	- 622
Income and expenses recognised in equity, not to be reclassified through profit or loss	810	170
Currency translation adjustment	62	- 54
Fair valuation of debt instruments	1	- 7
Fair valuation of financial instruments used for hedging purposes	4,088	- 5,429
Income and expenses of investments accounted for using the equity method (pro-rata)	1	10
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	4,152	- 5,480
Other comprehensive income	4,962	- 5,310
Total comprehensive income	6,611	- 3,056
of which: attributable to RWE AG shareholders	6,555	- 3,160
of which: attributable to non-controlling interests	56	104

Balance sheet

Assets	31 Mar 2023	31 Dec 2022
€ million		
Non-current assets		
Intangible assets	9,637	5,668
Property, plant and equipment	28,048	23,749
Investments accounted for using the equity method	3,994	3,827
Other non-current financial assets	5,214	4,434
Derivatives, receivables and other assets	4,204	4,002
Deferred taxes	641	606
	51,738	42,286
Current assets		
Inventories	1,816	4,206
Trade accounts receivable	7,936	9,946
Derivatives, receivables and other assets	44,100	61,035
Marketable securities	8,848	13,468
Cash and cash equivalents	6,795	6,988
Assets held for sale	626	619
	70,121	96,262
	121,859	138,548

Equity and liabilities	31 Mar 2023	31 Dec 2022
€ million		
Equity		
RWE AG shareholders' interest	32,087	27,576
Non-controlling interests	1,665	1,703
	33,752	29,279
Non-current liabilities		
Provisions	16,130	15,595
Financial liabilities	12,882	9,789
Derivatives and other liabilities	3,182	2,419
Deferred taxes	2,900	1,781
	35,094	29,584
Current liabilities		
Provisions	6,532	6,489
Financial liabilities	7,628	11,214
Trade accounts payable	6,017	7,464
Derivatives and other liabilities	32,836	54,518
	53,013	79,685
	121,859	138,548

Cash flow statement

€ million	Jan - Mar 2023	Jan - Mar 2022
Income	1,649	2,254
Depreciation, amortisation and impairment losses / write-backs	502	430
Changes in provisions	226	36
Deferred taxes / non-cash income and expenses / income from disposal of non-current assets and marketable securities	-2,505	2,693
Changes in working capital	1,014	-2,725
Cash flows from operating activities	886	2,688
Cash flows from investing activities	-749	-134
Cash flows from financing activities	-395	-1,990
Net cash change in cash and cash equivalents	-258	564
Effect of changes in foreign exchange rates and other changes in value on cash and cash equivalents	65	-11
Net change in cash and cash equivalents	-193	553
Cash and cash equivalents at beginning of reporting period	6,988	5,825
Cash and cash equivalents at end of reporting period	6,795	6,378
of which: reported as 'Assets held for sale'		11
Cash and cash equivalents at end of reporting period as per the consolidated balance sheet	6,795	6,367

Financial calendar 2023 / 2024

10 August 2023	Interim report on the first half of 2023
14 November 2023	Interim statement on the first three quarters of 2023
14 March 2024	Annual report for fiscal 2023
03 May 2024	Annual General Meeting
06 May 2024	Ex-dividend date
08 May 2024	Dividend payment
15 May 2024	Interim statement on the first quarter of 2024
14 August 2024	Interim report on the first half of 2024
13 November 2024	Interim statement on the first three quarters of 2024

This document was published on 11 May 2023. It is a translation of the German interim statement on the first quarter of 2023. In case of divergence the German version shall prevail. All events concerning the publication of our financial reports and the Annual General Meeting are broadcast live online and recorded. We will keep recordings on our website for at least twelve months.

RWE Aktiengesellschaft

RWE Platz 1
45141 Essen
Germany

www.rwe.com