RWE

Interim statement on the first three quarters of 2023

Strong earnings growth in first three quarters of 2023: adjusted EBITDA of the RWE Group increases to €6.2 billion // Earnings forecast for full year confirmed // RWE secures offtake contract for offshore wind project off the coast of New York // Rights to build and operate offshore wind projects in the North Sea and the Gulf of Mexico secured in a series of auctions

Contents

At a glance

RWE Group – key figures[1]		Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Power generation	GWh	96,476	115,276	- 18,800	156,794
External revenue (excl. natural gas tax / electricity tax)	€ million	20,957	27,104	- 6,147	38,415
Adjusted EBITDA	€ million	6,150	3,386	2,764	6,310
Adjusted EBIT	€ million	4,626	2,223	2,403	4,568
Income before tax	€ million	4,438	2,593	1,845	715
Net income / income attributable to RWE AG shareholders	€ million	3,807	2,102	1,705	2,717
Adjusted net income	€ million	3,382	1,487	1,895	3,253
Cash flows from operating activities	€ million	3,109	1,254	1,855	2,406
Capital expenditure	€ million	8,245	3,169	5,076	4,484
Property, plant and equipment and intangible assets	€ million	3,374	2,099	1,275	3,303
Financial assets and acquisitions	€ million	4,871	1,070	3,801	1,181
Proportion of taxonomy-aligned investments[2]	%	90	–	–	83
Free cash flow	€ million	- 4,684	- 1,833	- 2,851	- 1,968
Number of shares outstanding (average)	thousands	743,841	676,220	67,621	691,247
Earnings per share	€	5.12	3.11	2.01	3.93
Adjusted net income per share	€	4.55	2.20	2.35	4.71
		30 Sep 2023	30 Sep 2022		31 Dec 2022
Net debt (–) / net cash (+)	€ million	- 6,159	- 360		1,630
Workforce[3]		19,884	18,382		18,310

1 Some prior-year figures restated; see commentary on page 5 et seq.
2 Taxonomy-alignment is when an activity meets the applicable requirements under the EU Taxonomy Regulation.
3 Converted to full-time positions.

Major events

RWE secures offshore wind sites in the North Sea and Gulf of Mexico. In Germany and the USA we successfully participated in a number of auctions for the rights to develop offshore wind sites. In August, the Federal Network Agency announced that we had been awarded two sites in the North Sea. The locations known as N-3.5 and N-3.6 (Nordseecluster B) can accommodate a total installed capacity of 900 MW. We did not have to make any payments to be awarded the development rights. Both sites are located around 50 kilometres north of the island of Juist. We had already secured two neighbouring sites, N-3.7 and N-3.8 (Nordseecluster A), at an auction in 2021, where a total of 660 MW of capacity is planned. If the project progresses according to plan, commercial power production is expected to begin at the Nordseecluster A offshore wind farms as early as 2027 with the two Nordseecluster B wind farms set to become operational two years later.

Our success streak continued in August with a winning bid of US$5.6 million, which secured a lease area in the Gulf of Mexico. One day, the site could be home to 2 GW of installed capacity. It is located around 70 kilometres off the coast of the US State of Louisiana and has water depths of between 10 and 20 metres. Should the necessary investment decisions be favourable and the project progresses as planned, then the offshore wind farm could be commissioned by the middle of the next decade. Louisiana, under Governor John Bel Edwards, has set its sights on delivering 5 GW of offshore wind capacity by 2035.

Success at auction: New York to purchase electricity from RWE offshore wind farm. We hit a key milestone in the delivery of our offshore wind project located off the coast of New York. In October, the state of New York preliminarily agreed to purchase the electricity from turbines with a total capacity of 1.3 GW at our tendered conditions. This followed an auction process in which a total of three projects were successful; RWE is delivering one of these projects, and the other two are being realised by competitors. The weighted average strike price for the three projects came to US$145.07 / MWh over 25 years. The agreed price for RWE's project has not yet been announced. The offtake contract is likely to be signed in the next few months. However, the final price may be adjusted until the construction and operation plan has been approved, depending on a number of factors, for example on price indices. A joint venture, in which we hold a 73 % stake and National Grid Ventures has a 27 % holding, is responsible for the offshore wind project near New York, known as "Community Offshore Wind". In early 2022, this venture had secured a lease to a site, which could accommodate more than 3 GW of installed capacity. The terms under which the electricity will be sold have been agreed for the first 1.3 GW. We now aim to come to an agreement for the next 1.3 GW at an auction currently being held in the US State of New Jersey, where the outcome is expected to be announced in the first quarter of 2024. If the project progresses according to plan, we will commission the first Community Offshore Wind turbines by the end of the decade.

Czech Republic: Grid operator ČEPS buys gas storage business from RWE. In September, we sold our Group company RWE Gas Storage CZ to the Czech state-owned transmission system operator ČEPS for €372 million, resulting in a book gain of €128 million. RWE Gas Storage CZ is the Czech Republic's market leader and operates six underground gas storage facilities with an operating volume of 2.7 billion cubic metres. The company was not included as part of our core activities. We will, however, be retaining our German gas storage facilities, which as salt caverns are particularly well-suited for storing hydrogen due to their geological composition.

EU electricity market reform on the home straight. The European Parliament reached an agreement on the design of its electricity market reform in September, with the EU Council of Ministers formalising its vision in October. Both sides must now come together in a series of trilogue meetings with the European Commission to find common ground, allowing the reform to be enshrined in law. The agreement is expected before the year is out. One objective of the EU's reform is to encourage the faster expansion of renewables. The EU is also seeking to make electricity quotations less dependent on the price of fossil fuels, which caused wholesale electricity prices to surge to record highs in 2022. The EU Parliament and the Council are in agreement that no fundamental changes are to be made to pricing in the electricity market, which is determined by supply and demand. To minimise market risks for investments in renewables and nuclear projects, they intend to make greater use of two-sided contracts for difference. Under these contracts plant operators are guaranteed a certain remuneration for their electricity: if they realise a wholesale price which is below the strike price, then the state will make up the difference. Conversely, if it exceeds the strike price, they must pay back the difference. The Parliament and the Council are as yet undecided to what extent contracts for difference should also apply to existing plants. There are also differences in opinion as to whether the EU states should once again be allowed to introduce extraordinary levies on revenues if fuel and electricity prices become elevated in the interim. Parliament opposes the move, while the Council majority is in favour of the motion. However, both sides agree that capacity payments will become increasingly important for the EU in future as a second remuneration component in addition to electricity revenue. Operators of reliable capacity are paid for making their plants available to the market and thus helping to secure supply. These payments are necessitated by the fact that conventional power plants (e. g. gas-fired power stations) now operate increasingly less frequently due to the expansion of renewables, but are still needed to compensate for fluctuating feed-ins from wind and solar.

Three RWE lignite units go back online. In early October, the German government passed an ordinance that requires our lignite-fired units Niederaussem E and F as well as Neurath C to return to the grid this winter in order to reduce the amount of natural gas used for electricity production. The ordinance is rooted in the German Substitute Power Stations Act, which was enacted in 2022 against the backdrop of the war in Ukraine and the sharp reduction in Russian gas supplies. Last year, the act – which is due to expire at the end of March 2024 – provided the legal basis for a number of coal-fired units and one oil-fired power plant to return to the market in order to help security of supply in the winter of 2022 / 2023. Initially, our lignite units were only kept online until 30 June 2023. Due to the new ordinance, we have now brought them back online. The plants will remain active until March 2024, when we will shut them down for good.

Netherlands: RWE to be compensated for coal cap in 2022. The Dutch government has resolved to pay us €332 million in compensation for restricting coal-fired generation in the first half of 2022. The cap was imposed as part of an amendment to coal phaseout legislation enacted in 2021, which stipulated that between 2022 and 2024, annual CO_2 emissions from coal-fired power generation should not exceed 35 % of the individual power plant's theoretical capacity. The operators have since been granted compensation. Motivated by the war in Ukraine and the strained energy supply situation, the Dutch government lifted the 35 % limit in June 2022, meaning the cap on coal-fired generation was only effective for almost six months. The agreed compensation is subject to approval by the EU Commission under state aid law. It has not been included in the interim statement.

Other major events. Major events in the period from January to early August 2023 were presented in the interim report on the first half of 2023.

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 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. RWE Generation is the overarching management company for the segment and 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 RWE Supply & Trading. The company also acts as an intermediary for gas, supplies key accounts with energy and undertakes a number of additional trading-related activities. In addition, it is responsible for selling the majority of the electricity we produce and procuring the fuel and emission allowances we need to generate electricity. Our LNG infrastructure construction activities and our gas storage business also form part of this segment.

5. **Coal / Nuclear:** This is where we report our non-core business, which primarily consists of our lignite production and processing as well as our lignite-fired electricity generation in the Rhenish mining region to the west of Cologne. Our remaining nuclear activities are also subsumed here, including 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. The segment is operationally 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. 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. A number of these reallocations meant that certain figures in this interim report have been restated. The relevant adjustments and contributing factors are 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. After all supply volumes had been settled, the associated charge came to €748 million. We considered this effect in the non-operating result in last year's interim reporting. In the consolidated financial statements as at 31 December 2022, we began to recognise it in adjusted EBITDA for our Supply & Trading segment. We restated the 2023 interim figures accordingly.

- Last year, a retroactive levy on excess profits was applied in Italy for the period between 1 October 2021 and 30 April 2022, which affected our Onshore Wind / Solar segment. In 2022, the levy was initially recognised in full under adjusted EBITDA. The consolidated financial statements as at 31 December 2022 recognised the portion of the levy that was economically attributable to 2021 as an aperiodic effect within the non-operating result. This approach has now also been adopted retroactively for the interim accounts of the previous year.

- 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 income from these funds. This change became effective as of 1 January 2023 and has led to the readjustment of all financial statements for the prior year.

We have also made retroactive changes to reporting which have affected external revenue. These are explained below:

- A methodological change was made in relation to contracts for difference (CfDs) for supporting renewable assets. Depending on their conditions, the CfDs guarantee generators a fixed electricity price. If generators achieve a higher market price, they must pay back the difference. In the consolidated financial statements as at 31 December 2022, we recognise such payments in the cost of materials. They are therefore no longer revenue-effective. We have therefore restated the prior-year figures accordingly in this interim statement. This has had a revenue-increasing effect. Income, however, remains unchanged.

- The way in which compensation in relation to redispatch measures is reported has also changed. These measures refer to interventions by grid operators in the operation of power plants to protect grids from congestion. Previously, we did not recognise compensation for production downtime due to dispatch measures in revenue. However, from 2023 onwards and retroactively for 2022, we will now do so.

- Special levies on power generation companies' revenues were introduced in many European countries last year. Depending on their specific characteristics, we reported them as reducing revenue or increasing the cost of materials. We changed this reporting approach in the consolidated financial statements as at 31 December 2022 by uniformly including these levies in other operating expenses. We have included restated figures in the 2023 interim reporting, accordingly.

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 our forecasts, 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 – September	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total[1]	
GWh	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Offshore Wind	7,340	6,572	–	–	–	–	–	–	–	–	–	–	7,340	6,572
Onshore Wind / Solar	20,152	13,902	–	–	–	–	–	–	–	–	–	–	20,152	13,902
Hydro / Biomass / Gas	4,239	4,699	118	18	33,063	38,474	–	–	3,280	5,329	–	–	40,851	48,678
of which:														
Germany	1,273	1,046	118	18	4,368	3,829	–	–	–	–	–	–	5,910	5,051
United Kingdom	413	371	–	–	21,822	29,532	–	–	–	–	–	–	22,235	29,903
Netherlands	2,553	3,282	–	–	4,793	3,388	–	–	3,280	5,329	–	–	10,626	11,999
Türkiye	–	–	–	–	2,080	1,725	–	–	–	–	–	–	2,080	1,725
Coal / Nuclear	19	13	–	–	79	72	24,935	37,118	–	–	2,915	8,756	28,133	46,124
RWE Group	**31,750**	**25,186**	**118**	**18**	**33,142**	**38,546**	**24,935**	**37,118**	**3,280**	**5,329**	**2,915**	**8,756**	**96,476**	**115,276**

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

Electricity production down – renewables post strong gain. RWE generated 96,476 GWh of electricity in the first three quarters of 2023. This was 16 % below the level we had achieved in the same period last year despite a significant rise registered by renewables. Electricity production from our German lignite-fired power stations, our Dutch hard coal / biomass power plants and our UK gas-fired power stations experienced a market-driven decline. In addition, there were also prolonged planned outages for maintenance at our lignite-fired assets. Generation volumes from nuclear energy also decreased because our last German nuclear power station, Emsland, only operated at reduced capacity during the reporting period and was shut down on 15 April 2023.

Power generation from renewables January – September	Offshore Wind		Onshore Wind		Solar		Hydro		Biomass		Total	
GWh	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Germany	1,299	1,368	856	793	29	4	1,273	1,046	–	–	3,457	3,211
United Kingdom	5,906	5,069	1,227	1,301	–	–	114	93	298	277	7,545	6,740
Netherlands	–	–	641	609	23	23	19	14	2,535	3,267	3,218	3,913
Poland	–	–	819	839	26	1	–	–	–	–	845	840
Spain	–	–	637	614	210	69	–	6	–	–	847	689
Italy	–	–	708	735	–	–	–	–	–	–	708	735
Sweden	135	135	200	219	–	–	–	–	–	–	335	354
USA	–	–	8,166	7,606	5,951	607	–	–	–	–	14,117	8,213
Australia	–	–	–	–	330	334	–	–	–	–	330	334
Rest of the world	–	–	239	86	109	71	–	–	–	–	348	157
RWE Group	**7,340**	**6,572**	**13,493**	**12,802**	**6,678**	**1,109**	**1,406**	**1,159**	**2,833**	**3,544**	**31,750**	**25,186**

Electricity generation from renewables was up 26 %. Our solar power business performed particularly well. This growth was largely driven by our acquisition of US energy firm Con Edison Clean Energy Businesses as of 1 March 2023, which we have included in our reporting since then. You can find more information on the transaction on page 8 of the report on the first half of 2023. Wind power production recorded an 8 % increase in part due to more favourable weather conditions. We also benefitted from the commissioning of a number of large-scale wind farms, above all Triton Knoll (857 MW) off the east coast of England and Kaskasi (342 MW) near Heligoland, Germany.

Significant reduction in electricity and gas revenue. Our external revenue (excluding natural gas and electricity taxes) declined by 23 % to €20,957 million. Electricity revenue decreased by 15 % to €18,625 million, which was largely due to low generation volumes. Our gas revenue experienced a 65 % decline to €1,281 million. The deciding factor here was that natural gas once again traded well below the record levels of 2022 during the period under review.

At 20 %, the share of revenue from our coal-related business was comparable to last year, although we produced much less electricity from lignite, and carbon dioxide emissions decreased accordingly. This was because we realised higher prices above all from forward sales of electricity produced by our lignite-fired power stations, which partially offset the volume effect.

External revenue[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	968	929	39	1,449
Onshore Wind / Solar	1,558	1,598	- 40	2,233
Hydro / Biomass / Gas	947	1,253	- 306	1,830
Supply & Trading	16,893	22,606	- 5,713	31,959
Other, consolidation	–	–	–	–
Core business	**20,366**	**26,386**	**- 6,020**	**37,471**
Coal / Nuclear	591	718	- 127	944
RWE Group	**20,957**	**27,104**	**- 6,147**	**38,415**
of which:				
Electricity revenue	18,625	21,973	- 3,348	31,076
Gas revenue	1,281	3,616	- 2,335	4,633

1 Excluding natural gas and electricity tax. Some prior-year figures restated; see commentary on page 6.

Internal revenue € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	593	487	106	721
Onshore Wind / Solar	537	422	115	476
Hydro / Biomass / Gas	8,133	7,291	842	11,092
Supply & Trading	7,179	7,103	76	9,947
Other, consolidation	- 14,350	- 14,021	- 329	- 20,831
Core business	**2,092**	**1,282**	**810**	**1,405**
Coal / Nuclear	3,259	3,914	- 655	5,483

Adjusted EBITDA[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	998	859	139	1,412
Onshore Wind / Solar	870	663	207	827
Hydro / Biomass / Gas	2,402	1,164	1,238	2,369
Supply & Trading	1,334	194	1,140	1,161
Other, consolidation	63	- 120	183	- 210
Core business	**5,667**	**2,760**	**2,907**	**5,559**
Coal / Nuclear	483	626	- 143	751
RWE Group	**6,150**	**3,386**	**2,764**	**6,310**

1 Some prior-year figures restated; see commentary on page 5 et seq.

Adjusted EBITDA 82 % up year on year. In the first nine months of 2023, our adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) amounted to €6,150 million. This represents a rise of €2,764 million, or 82 %, compared to last year's corresponding figure, which was restated retrospectively and now also contains the impairment that we had to recognise for coal purchasing agreements with Russian producers in 2022 (see page 5). Besides the non-recurrence of this charge, significant income from the commercial optimisation of power plant dispatch and an outstanding trading performance also contributed to the increase in earnings. In addition, we benefitted from the commissioning of new wind and solar farms as well as the first-time recognition of Con Edison Clean Energy Businesses. Earnings contributed by German transmission system operator Amprion (RWE stake: 25.1 %) reported in 'other, consolidation' were exceptionally high for the period under review due to a federal subsidy. The state funds are to cover additional expenses for system-related services, some of which have not been incurred yet.

Earnings by segment developed as follows during the first three quarters:

- **Offshore Wind:** Here, adjusted EBITDA grew by €139 million to €998 million. This is partly due to our two new North Sea wind farms, Triton Knoll (857 MW) and Kaskasi (342 MW), which were completed in April and December 2022, respectively. Furthermore, we benefitted from more favourable weather conditions, in particular at our British offshore sites. In addition, we had sold forward a portion of the power generated over the course of this year early on, achieving prices that exceeded the previous year's level. Increased operating and development costs curtailed the increase in earnings.

- **Onshore Wind / Solar:** Adjusted EBITDA in this segment improved by €207 million to €870 million. Con Edison Clean Energy Businesses, which was consolidated for the first time as of 1 March 2023, contributed €317 million to earnings. Book gains that were realised, e. g. through the sale of stakes in assets in Italy, as well as the commissioning of new wind and solar farms also had a positive impact. However, lower realised electricity prices and unfavourable weather conditions in the USA came to bear. Rising operating and development costs also weighed on earnings.

- **Hydro / Biomass / Gas:** Here, we recorded exceptionally high adjusted EBITDA of €2,402 million (previous year: €1,164 million). This was largely attributable to a strong rise in income from the commercial optimisation of our power plant dispatch along with improved margins on electricity forward sales. Moreover, we recorded proceeds from the sale of former power plant sites.

- **Supply & Trading:** At €1,334 million, adjusted EBITDA registered by this segment was also unexpectedly high. Both our very good trading performance and the significantly improved earnings situation in the LNG business came to bear. By contrast, the previous year's earnings (€194 million) were dampened by the aforementioned €748 million impairment recognised for contracts relating to hard coal deliveries from Russia.

- **Coal / Nuclear:** In our non-core business, adjusted EBITDA decreased by €143 million to €483 million. During the period under review, our lignite-fired power stations were faced with less favourable market conditions than in 2022. This mainly affected assets for which production was not hedged. By contrast, the portion of our generation that we had sold forward early achieved better margins. Charges resulted from extensive maintenance. In addition, the Emsland nuclear power plant only contributed to earnings until it was shut down on 15 April 2023.

Adjusted EBIT[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	496	423	73	836
Onshore Wind / Solar	352	324	28	370
Hydro / Biomass / Gas	2,034	928	1,106	2,005
Supply & Trading	1,293	163	1,130	1,111
Other, consolidation	61	- 121	182	- 210
Core business	**4,236**	**1,717**	**2,519**	**4,112**
Coal / Nuclear	390	506	- 116	456
RWE Group	**4,626**	**2,223**	**2,403**	**4,568**

1 Some prior-year figures restated; see commentary on page 5 et seq.

Adjusted EBIT up to €4.6 billion. The Group's adjusted EBIT totalled €4,626 million compared to €2,223 million in the first nine months of last year. This KPI differs from adjusted EBITDA in that it includes operating depreciation and amortisation, which amounted to €1,524 million in the period under review (previous year: €1,162 million).

Reconciliation to net income[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Adjusted EBIT	**4,626**	**2,223**	**2,403**	**4,568**
Adjusted financial result	- 288	- 283	- 5	- 417
Non-operating result	100	653	- 553	- 3,436
Income before tax	**4,438**	**2,593**	**1,845**	**715**
Taxes on income	- 542	- 329	- 213	2,277
Income	**3,896**	**2,264**	**1,632**	**2,992**
of which:				
Non-controlling interests	89	162	- 73	275
Net income / income attributable to RWE AG shareholders	**3,807**	**2,102**	**1,705**	**2,717**

1 Some prior-year figures restated; see commentary on page 5 et seq.

Reconciliation to net income marked by negative one-off effects. The reconciliation from adjusted EBIT to net income was primarily characterised by a decline in the non-operating result, which was caused in part by impairment losses in the lignite business. We present the development of the reconciliation items as follows.

Adjusted financial result[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Interest income	579	274	305	356
Interest expenses	- 746	- 380	- 366	- 581
Net interest	**- 167**	**- 106**	**- 61**	**- 225**
Interest accretion to non-current provisions	- 335	- 109	- 226	- 149
Other financial result	214	- 68	282	- 43
Adjusted financial result	**- 288**	**- 283**	**- 5**	**- 417**

1 Some prior-year figures restated; see commentary on page 5 et seq. All table items have been adjusted.

At - €288 million, our adjusted financial result essentially matched last year's figure of - €283 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 €61 million. This was partially due to the fact that more RWE bonds had to be serviced than the year prior given the new placements and that short-term financing costs increased. However, we also earned higher yields from bank deposits.
- Burdens on earnings from the interest accretion to non-current provisions rose by €226 million, mainly driven by higher interest rates.
- The other financial result rose by €282 million. In the period being reviewed, we no longer had to pay negative interest rates for our bank deposits. Furthermore, the return on our investments in money market funds improved.

Non-operating result[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Adjustments to EBIT	**-253**	**-293**	**40**	**-4,680**
of which:				
Disposal result	121	–	121	–
Effects on income from the valuation of derivatives	1,444	-930	2,374	-4,195
Other	-1,818	637	-2,455	-485
Adjustments to the financial result	**353**	**946**	**-593**	**1,244**
Non-operating result	**100**	**653**	**-553**	**-3,436**

1 Some prior-year figures restated; see commentary on page 5 et seq.

The non-operating result, in which we recognise certain factors which are not related to operations or the period being reviewed, declined by €553 million to €100 million. Its main items developed as follows:

- The adjustments made to EBIT curtailed earnings by €253 million (previous year: €293 million). Counteractive factors came to bear here. Temporary effects from the valuation of derivatives rose from – €930 million last year to €1,444 million. The result reported under 'other' conversely decreased from €637 million to – €1,818 million, which is in part attributable to €1.1 billion in impairments relating to our lignite-fired power plants and opencast mines. These impairments were triggered by recent market developments, i. e. the decline in electricity prices, contrasted by the persistently high price of CO_2 emission allowances. This reversed write-backs resulting from the extremely high electricity prices in 2022. Unlike in last year's corresponding period, we recorded capital gains in the non-operating result totalling €121 million. The sale of RWE Gas Storage CZ, on which we report on page 3, played a key part.
- Adjustments to the financial result came to €353 million (previous year: €946 million). This was due to an increase in discount rates used to calculate mining and nuclear provisions that reduced the present value of obligations, leading to a substantial earnings contribution. This effect also came to bear in 2022, but had a much more significant impact.

Income before tax amounted to €4,438 million (previous year: €2,593 million). Taxes on income totalled €542 million, which corresponds to an effective tax rate of 12 %. This figure is below the expected rate of 20 % which we established, having taken account of projected income in our markets, local tax rates, and the use of loss carryforwards. The deviation is attributable to significant, non-tax-relevant IFRS earnings contributions, which affected the Supply & Trading segment in particular.

At €89 million, non-controlling interests were down €73 million, driven mainly by reduced earnings from UK offshore wind farms in which third parties own minority shareholdings.

Our net income, which reflects income attributable to RWE shareholders, amounted to €3,807 million. This represents a significant increase compared to the figure for the same period last year (€2,102 million).

Reconciliation to adjusted net income[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Income before financial result and taxes	4,373	1,930	2,443	- 112
Adjustments to EBIT	253	293	- 40	4,680
Adjusted EBIT	**4,626**	**2,223**	**2,403**	**4,568**
Financial result	65	663	- 598	827
Adjustments to the financial result	- 353	- 946	593	- 1,244
Taxes on income	- 542	- 329	- 213	2,277
Adjustments to taxes on income to a tax rate of 20 % or 15 % (previous year)	- 325	38	- 363	- 2,900
Non-controlling interests	- 89	- 162	73	- 275
Adjusted net income	**3,382**	**1,487**	**1,895**	**3,253**

1 Some prior-year figures restated; see commentary on page 5 et seq.

Adjusted net income grows to €3.4 billion. Adjusted net income rose by €1,895 million to €3,382 million. To calculate this figure, we eliminated the non-operating result from the reconciliation statement and applied the aforementioned pre-established tax rate of 20 % (previous year: 15 %) instead of the effective tax rate. The significant improvement relative to 2022 was due to the good business performance. Moreover, last year's figure was curtailed by the impairment recognised for coal purchasing agreements mentioned earlier.

Adjusted net income per share totalled €4.55, based on 743.8 million RWE shares outstanding. The new shares from the conversion of the mandatory convertible bond issued to Qatar Holding have been recognised in full. Adjusted net income per share as of 30 September 2022 (€2.20) was determined based on 676.2 million RWE shares outstanding.

Capital expenditure on property, plant and equipment and on intangible assets[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	975	653	322	1,029
Onshore Wind / Solar	1,729	1,026	703	1,580
Hydro / Biomass / Gas	352	258	94	424
Supply & Trading	120	25	95	42
Other, consolidation	1	–	1	–
Core business	**3,177**	**1,962**	**1,215**	**3,075**
Coal / Nuclear	197	137	60	228
RWE Group	**3,374**	**2,099**	**1,275**	**3,303**

1 Table only shows cash investments.

Capital expenditure on financial assets and acquisitions[1] € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Offshore Wind	114	794	- 680	847
Onshore Wind / Solar	4,266	250	4,016	256
Hydro / Biomass / Gas	431	23	408	68
Supply & Trading	55	3	52	9
Other, consolidation	5	–	5	1
Core business	**4,871**	**1,070**	**3,801**	**1,181**
Coal / Nuclear	–	–	–	–
RWE Group	**4,871**	**1,070**	**3,801**	**1,181**

1 Table only shows cash investments.

Investments focus on renewable energy expansion. In the first nine months of 2023, our capital expenditure totalled €8,245 million, which was significantly more than in the same period last year (€3,169 million). Our capex on acquisitions and financial assets was exceptionally high, totalling €4,871 million (previous year: €1,070 million). The majority of the funds was used to purchase Con Edison Clean Energy Businesses in the USA, UK solar developer JBM Solar and Dutch gas-fired power plant Magnum. These transactions were reported on in greater detail in the interim report on the first half of 2023 on page 8 et seq. We dedicated €3,374 million to property, plant and equipment and intangible assets (previous year: €2,099 million). The lion's share was invested in wind and solar projects in Europe and the USA. Our single-largest expenditure item 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 EU Taxonomy Regulation. This percentage is based on total capital expenditure of €9,909 million. The difference to the amount stated above (€8,245 million) results from the fact that non-cash transactions are also taxonomy-relevant and that balance-sheet values of assets acquired are considered instead of acquisition expenditure.

Cash flow statement € million	Jan – Sep 2023	Jan – Sep 2022	+ / –	Jan – Dec 2022
Funds from operations	630	9,771	- 9,141	5,306
Change in working capital	2,479	- 8,517	10,996	- 2,900
Cash flows from operating activities	**3,109**	**1,254**	**1,855**	**2,406**
Cash flows from investing activities	**- 1,688**	**472**	**- 2,160**	**- 9,892**
Cash flows from financing activities	**- 759**	**- 4,301**	**3,542**	**8,615**
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	77	57	20	34
Total net changes in cash and cash equivalents	**739**	**- 2,518**	**3,257**	**1,163**
Cash flows from operating activities	3,109	1,254	1,855	2,406
Minus capital expenditure	- 8,245	- 3,169	- 5,076	- 4,484
Plus proceeds from divestures / asset disposals	452	82	370	110
Free cash flow	**- 4,684**	**- 1,833**	**- 2,851**	**- 1,968**

Operating cash flow rises to €3.1 billion. Our cash flows from operating activities amounted to €3,109 million, recording a considerable rise compared to the previous year (€1,254 million). The improved operating result came to bear here. Furthermore, liquidity in the gas business was curtailed substantially in 2022: we injected more gas into storage than we took out, and paid exorbitant prices for gas purchases owing to the uncertainty of supply after the start of the war in Ukraine. This effect did not recur in 2023. Cash flow growth was dampened by additional price-related expenses for the procurement of CO_2 emission allowances.

Cash outflows from investing activities totalled €1,688 million after cash inflows of €472 million in the first three quarters of last year. This development was primarily due to our spending on property, plant and equipment, financial assets, and acquisitions. It was contrasted by considerable proceeds on the sale of marketable securities.

Financing activities also led to a cash outflow, which amounted to €759 million (previous year: €4,301 million). This was because we settled a considerable amount of short-term bank debt. These repayments were partly offset by significant income from initial margins and collateral. Unlike variation margins, these collateral payments are recognised in cash flows from financing activities. We received additional funds from the issuance of two €0.5 billion green bonds in February 2023.

On balance, the aforementioned developments increased our cash and cash equivalents by €739 million.

Cash flows from operating activities, less capital expenditure, plus proceeds from divestments and asset disposals, results in free cash flow. This dropped by €2,851 million to – €4,684 million.

Net debt of €6.2 billion. As of 30 September 2023, we reported net debt of €6,159 million, having recorded net cash of €1,630 million at the end of 2022. This is largely attributable to the acquisition of Con Edison Clean Energy Businesses.

Net debt / net cash[1] € million	30 Sep 2023	31 Dec 2022	+ / –
Cash and cash equivalents	7,727	6,988	739
Marketable securities	7,777	13,730	– 5,953
Other financial assets	3,577	8,543	– 4,966
Financial assets	**19,081**	**29,261**	**– 10,180**
Bonds, other notes payable, bank debt, commercial paper	– 13,452	– 15,621	2,169
Hedging of bond currency risk	10	8	2
Other financial liabilities	– 5,295	– 5,382	87
Minus 50 % of the hybrid capital stated as debt	297	299	– 2
Financial liabilities	**– 18,440**	**– 20,696**	**2,256**
Net financial assets	**641**	**8,565**	**– 7,924**
Provisions from pensions and similar obligations	– 929	– 900	– 29
Surplus of plan assets over benefit obligations	605	680	– 75
Provisions for nuclear waste management	– 5,446	– 5,704	258
Provisions for dismantling wind and solar farms	– 1,030	– 1,011	– 19
Net debt (–) / net cash (+)	**– 6,159**	**1,630**	**– 7,789**

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.

Outlook for 2023

2023 forecast € million	Current outlook	2022 actual
Adjusted EBITDA	7,100 – 7,700	6,310
of which:		
Core business	6,300 – 6,900	5,559
of which:		
Offshore Wind	1,400 – 1,800	1,412
Onshore Wind / Solar	1,100 – 1,500	827
Hydro / Biomass / Gas	2,600 – 3,000	2,369
Supply & Trading	Significantly above 600	1,161
Coal / Nuclear	800 – 1,200	751
Adjusted EBIT	5,000 – 5,600	4,568
Adjusted net income	3,300 – 3,800	3,253[1]

1 Figure restated; see commentary on page 5 et seq.

RWE confirms earnings forecast from July. Our outlook on earnings for the current fiscal year as published in July (see the interim report on the first half of 2023, page 25) remains unchanged. The forecast figures are shown in the table above. With regard to adjusted EBITDA, we still anticipate that the Group will post a figure between €7.1 billion and €7.7 billion, with €6.3 billion to €6.9 billion coming from our core business. For adjusted EBIT, we forecast a figure between €5.0 billion and €5.6 billion with adjusted net income falling between €3.3 billion and €3.8 billion. These figures significantly exceed our original expectations (see Annual Report 2022, page 63 et seq.) and are attributable to significant earnings from the commercial optimisation of our power plant dispatch as well as the continued excellent performance of our trading and gas businesses.

Capital expenditure substantially higher than last year. Our investments will be markedly up on 2022 (€4.5 billion). The main reason for this is the acquisition of Con Edison Clean Energy Businesses. We also expect to significantly increase our capital expenditure on property, plant and equipment and intangible assets. The majority of these investments will be dedicated to wind, solar, battery, LNG and hydrogen projects.

Leverage factor: upper limit of 3.0 to be upheld. As explained on page 15, our net debt increased to €6.2 billion over the first three quarters of 2023, having been at – €1.6 billion on 31 December 2022. We expect to close out the year with a figure that is well above zero. The same applies to our leverage factor, which reflects the ratio of net debt to the adjusted EBITDA of our core business. Nevertheless, the leverage factor is likely to remain well below our upper limit for this key figure, which is set at 3.0.

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	Jul – Sep 2023	Jul – Sep 2022	Jan – Sep 2023	Jan – Sep 2022
Revenue (including natural gas tax / electricity tax) [1,2,3]	**6,110**	**10,847**	**21,086**	**27,263**
Natural gas tax / electricity tax	-38	-47	-129	-159
Revenue [1,2,3,4]	**6,072**	**10,800**	**20,957**	**27,104**
Cost of materials [1,3]	-4,679	-11,803	-17,087	-27,580
Staff costs	-700	-961	-2,127	-2,286
Depreciation, amortisation and impairment losses	-479	-456	-2,564	-1,241
Other operating result [2,3]	1,490	1,948	4,741	5,680
Income from investments accounted for using the equity method	76	107	445	247
Other income from investments	-3	59	8	6
Income before financial result and tax	**1,777**	**-306**	**4,373**	**1,930**
Financial income	717	829	1,894	2,269
Finance costs	-571	-507	-1,829	-1,606
Income before tax	**1,923**	**16**	**4,438**	**2,593**
Taxes on income	-96	56	-542	-329
Income	**1,827**	**72**	**3,896**	**2,264**
of which: non-controlling interests	13	53	89	162
of which: net income / income attributable to RWE AG shareholders	**1,814**	**19**	**3,807**	**2,102**
Basic and diluted earnings per share in €	**2.44**	**0.03**	**5.12**	**3.11**

1 Prior-year figures restated due to a change in the reporting of amounts from CfDs (see page 6).
2 Prior-year figures restated due to a change in the reporting of compensation from redispatch measures (see page 6).
3 Prior-year figures restated due to a change in the reporting of special levies for power generation companies (see page 6).
4 A presentation of revenue by product and segment can be found on page 9.

Statement of comprehensive income

Amounts after tax – € million	Jul – Sep 2023	Jul – Sep 2022	Jan – Sep 2023	Jan – Sep 2022
Income	**1,827**	**72**	**3,896**	**2,264**
Actuarial gains and losses of defined benefit pension plans and similar obligations	70	234	- 78	1,409
Income and expenses of investments accounted for using the equity method (pro-rata)	- 1	–	60	2
Fair valuation of equity instruments	- 197	- 82	756	- 1,688
Income and expenses recognised in equity, not to be reclassified through profit or loss	**- 128**	**152**	**738**	**- 277**
Currency translation adjustment	- 46	- 86	127	- 184
Fair valuation of debt instruments	- 3	- 5	- 1	- 17
Fair valuation of financial instruments used for hedging purposes	- 121	- 9,356	4,530	- 15,257
Income and expenses of investments accounted for using the equity method (pro-rata)	- 6	18	- 34	38
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	**- 176**	**- 9,429**	**4,622**	**- 15,420**
Other comprehensive income	**- 304**	**- 9,277**	**5,360**	**- 15,697**
Total comprehensive income	**1,523**	**- 9,205**	**9,256**	**- 13,433**
of which: attributable to RWE AG shareholders	1,527	- 9,263	9,132	- 13,614
of which: attributable to non-controlling interests	- 4	58	124	181

Balance sheet

Assets € million	30 Sep 2023	31 Dec 2022
Non-current assets		
Intangible assets	10,014	5,668
Property, plant and equipment	28,247	23,749
Investments accounted for using the equity method	4,163	3,827
Other non-current financial assets	5,163	4,434
Derivatives, receivables and other assets	4,123	4,002
Deferred taxes	512	606
	52,222	**42,286**
Current assets		
Inventories	2,514	4,206
Trade accounts receivable	8,627	9,946
Derivatives, receivables and other assets	29,720	61,035
Marketable securities	7,404	13,468
Cash and cash equivalents	7,727	6,988
Assets held for sale	635	619
	56,627	**96,262**
	108,849	**138,548**

Equity and liabilities € million	30 Sep 2023	31 Dec 2022
Equity		
RWE AG shareholders' interest	33,991	27,576
Non-controlling interests	1,599	1,703
	35,590	**29,279**
Non-current liabilities		
Provisions	15,313	15,595
Financial liabilities	12,893	9,789
Derivatives and other liabilities	2,675	2,419
Deferred taxes	2,958	1,781
	33,839	**29,584**
Current liabilities		
Provisions	6,090	6,489
Financial liabilities	5,853	11,214
Trade accounts payable	7,459	7,464
Derivatives and other liabilities	20,018	54,518
	39,420	**79,685**
	108,849	**138,548**

Cash flow statement

€ million	Jan – Sep 2023	Jan – Sep 2022
Income	3,896	2,264
Depreciation, amortisation and impairment losses / write-backs	2,561	-1,638
Changes in provisions	-772	1,549
Deferred taxes / non-cash income and expenses / income from disposal of non-current assets and marketable securities	-5,055	7,596
Changes in working capital	2,479	-8,517
Cash flows from operating activities	**3,109**	**1,254**
Cash flows from investing activities	**-1,688**	**472**
Cash flows from financing activities	**-759**	**-4,301**
Net cash change in cash and cash equivalents	662	-2,575
Effect of changes in foreign exchange rates and other changes in value on cash and cash equivalents	77	57
Net change in cash and cash equivalents	**739**	**-2,518**
Cash and cash equivalents at beginning of reporting period	6,988	5,825
Cash and cash equivalents at end of reporting period	**7,727**	**3,307**

Financial calendar 2023 / 2024

28 November 2023	Capital Markets Day
14 March 2024	Annual report for fiscal 2023
3 May 2024	Annual General Meeting
6 May 2024	Ex-dividend date
8 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 14 November 2023. It is a translation of the German interim statement on the first three quarters 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 online and recorded. We will keep recordings on our website for at least twelve months.

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