

1.1 Letter from the CEO



Dr. Markus Krebber,
Chief Executive Officer of RWE AG

*Dear shareholders,
Ladies and Gentlemen,*

Just over three years ago, we set our course with our Growing Green strategy. Since then, RWE has expanded its solar and wind portfolio by 90%, advancing to become one of the world's leading providers of electricity from renewables. In 2024, renewable energy accounted for over 40% of our electricity generation – more than any other source of

energy. We also made good progress in terms of decarbonisation, the second pillar of our strategy: our carbon dioxide emissions from power production dropped by 13% last year. This brings the total reduction over the last three years to 35%. The basis for this is the responsible phaseout of coal-fired generation. Whereas 18 RWE lignite units were still in operation at the end of 2021, this figure has fallen to just seven today. As planned, six units were decommissioned over the last year alone.

We can also look back on a positive result in economic terms. As in the preceding years, we exceeded our own earnings forecast. We posted adjusted EBITDA of €5.7 billion. This is half a billion euros more than we anticipated at the beginning of the year. A strong trading performance and significant income from the commercial optimisation of our power plant dispatch were the drivers. Year on year, we recorded a positive development in the renewables business, as a large number of new wind and solar farms as well as battery storage systems were commissioned in 2024, contributing their earnings to RWE's bottom line for the first time.

This demonstrates RWE's robust position. We benefit from a growing renewable energy business and profitable flexible power stations combined with decades of expertise in optimally marketing our electricity generation. In the financial year that just came to a close, #TeamRWE once again stepped up to the plate to drive forward our business with their know-how and tireless dedication. I would like to take this opportunity to express my heartfelt thanks to our over 20,000 employees worldwide for this.

We continue to chart this course with resolve. Some 150 projects in eleven countries are under construction. These include the Sofia wind farm on Dogger Bank off the UK coast, where we expect to commission the first turbines this summer. In addition, we are building onshore wind farms, solar farms, battery storage systems and electrolyzers. About three quarters of the capacity under construction is scheduled to go online by the end of 2026.

The outlook generally remains positive: electrification and artificial intelligence are driving demand for electricity, especially in the USA. Thanks to our portfolio of generation assets and diversified development pipeline of new build projects, we are perfectly positioned to meet this rising demand.

However, we are also facing challenges in the investing environment, which are becoming increasingly demanding: persistent high inflation, rising interest rates, supply chain bottlenecks, geopolitical tension, and potential tariffs. What's more, these are compounded by new regulatory uncertainty around the future direction of energy policy, particularly in the USA. These were among the factors responsible for the hard time renewable energy companies recently experienced on the stock markets. Unfortunately, the ramifications were also felt by you, our shareholders. Despite RWE's positive earnings, our share lost a considerable amount of its value in 2024.

Although the long-term market outlook remains positive and there is no doubt that huge investments have to be made in electricity generation, we must react to the heightened risks to which investment decisions are exposed. The uncertain environment calls for even stricter risk management. With this in mind, we raised our return requirements for new investments. We believe that the outcome from this will be a deceleration of growth. We want to invest a total of about €35 billion in the period from 2025 to 2030. This is roughly €10 billion less than we had originally planned.

In November 2024, in reaction to the most recent political developments in the USA and delays in the European hydrogen business, we announced that we would postpone some of our planned investments. We will use the funds this has freed up to buy back €1.5 billion in shares by May 2026. Share buybacks will remain a fixture of our capital allocation decisions in the future.

Despite the reduced investment programme, we maintain our long-term earnings goals. We anticipate that adjusted net income will rise to about €4 per share by 2030. We still have our sights set on a figure of around €3 per share for 2027. And you, our shareholders, will benefit from the positive earnings trend in the form of rising dividends: we are aiming for an annual increase of 5% to 10% through to 2030. We will propose to the Annual General Meeting a dividend of €1.10 per share for fiscal 2024. This represents an increase of 10 euro cents compared to the previous year. We plan to implement a further 10 cent increase for the 2025 financial year, which would lift the dividend to €1.20 per share.

My dear shareholders, we have a resilient setup, which will enable us to benefit from the growing business in our core markets. This holds true even though the environment for future investments has become more challenging. We are reacting to this with even more stringent return on investment requirements and risk management standards. We always take a disciplined approach when managing our company's capital. In the current climate, this means reducing the pace of investment. Our financial targets remain unchanged – as does our promise to enable you to continue sharing in the company's success through increasing dividends.

We thank you for your trust in these challenging times and are confident that the positive long-term market environment will be reflected by our earnings growth and, in turn, the price of the RWE share.

With best wishes,

