



Press Release

TPI Polene Power FY 2023 Performance

Solid profit growth despite falling Ft and ongoing plant modifications

Total revenues from operations* (power, utilities & goods) in 2023 was up 7.7% YoY to THB10,990 million despite slower momentum during the year due to lower Ft. Revenues from adder were down 24.4 % YoY reflecting the full effect of the adder that expired in August 2022. As for 4Q 2023, total revenues from operations were up 5.8% YoY and up 10.1% QoQ as lower Ft was offset mainly by strong volume growth. Gross margin in 2023 was 37%, up from the 30% in 2022 on higher throughput, higher plant efficiency, lower costs. As a result 2023 EBITDA to sales margin was 44% compared to 38.4% in the same period of last year. With operating costs (SG&A) well under control, +3% YoY (4.9% of revenues), the incremental gains in the gross margins flowed to the bottom line resulting in a net profit growth of 30% YoY to THB3,653 million. The normalized EBITDA in 2023 was THB4,835 million, up 23.5% YoY.

**Net of intragroup sales*

Power throughput higher

Our overall power throughput in the 2023 rose 15.6% YoY to 2,050 million units as TG7 came back online and overall better performance in 4Q23 rebounding strongly from the soft 3Q23.

Despite power sales on adder dropping in 2023 the overall power revenues still rose on higher volumes. Power sale under adder pricing is now 26% of energy & utilities sales down from 38% in 2022. The strong profitability growth in 2023 despite lower contribution of sales from adder **visibly** underscores the importance of throughput in driving profitability. This would become doubly relevant in the following two years as TG8 goes into its three-year plant modification program so its throughput and revenue contribution would be volatile and likely to be lower than in the previous years.

Higher EBITDA

The inflationary pressure on our operating costs very visible in 2022 eased up in 2023 and with our cost saving programs bearing fruit we managed to dampen such pressures to just 3% increase year-over-year. As a result the SG&A to sales ratio dropped to 4.9%. Going forward, our operational target will be anchored on higher throughput and keeping a tight lid on operating costs. Because Ft is now linked to the government's social policy, a part of power pricing formula has become highly subjective, and could be unpredictable hence our emphasis on stringent operational discipline so we consistently generate strong cash flow and maintain shareholders' return.

Financial position remains strong

At the end of 2023 TPIPP's fixed assets grew 15% to THB48,025 million from the year end of 2022 and the PPE capex was THB6,766 million inclusive of the THB920 million advance payments for machinery and equipment. In 2022, the PPE capex was THB4,860 million. The increase in capex spending is linked to 1) continuing (and bigger) plant modification programs and 2) cost efficiency measures. With financial assets of THB4,419 million, net IBD/EBITDA at 3.98x and IBD/E ratio of 0.71x by the end of 2023, TPIPP's financial position remains strong.

Growing carbon credits

At the end of 2023, we have 1,559,299 tCO₂eq of T-VER certified carbon merits, up from 1,220,790 million tCO₂eq at the end of 2022. In addition, TPIPP also garnered 1,448,191.774 RECs (Renewable Energy Certificates). We expect both the T-VER certified carbon merits and RECs to increase consistently as we are moving towards MSW substitution in our coal plant and complete our renewable power plant projects. Both certified carbon merits and I-REC will be a cache of assets that will naturally build up as we expand our power capacity while embracing sustainability, BCG economy. In our capex plan we expect our power capacity to reach 563 MW in 2026 up from 440 MW currently and 100% fossil free.

Advancing Strides in ESG: in 2023

Sustainability Goals and BCG Economy are at the heart of our plant modification and cost efficiency programs, and the capex outlay during 2021-2026 is quite substantial and our cashflow generation, although very resilient amidst volatile power pricing due to Ft adjustments as well as adder expiry in 2022, still does not reflect the full ROI as our growing cache of carbon merits does not yet have monetary value at present as the carbon market in Thailand is not yet open. Thus, in the section below, we report our achievements and milestones based on Environment, Social and Governance (ESG) precepts.

Environmental Management

1. The Company used a total of 2.77 million tons of all types of waste as fuel in the Company's power plants and cement plants of TPI Polene Public Company Limited, which reduced greenhouse gas emissions (carbon reduction) by approximately 6.43 million tons of emission of carbon dioxide equivalent or CO₂e (emission factor is calculated based on the above wastes left into landfill waste, will generate 2.32 tons of greenhouse gases per 1 ton of landfill waste).

In 2023, the Company obtained carbon credit registration from Thailand Greenhouse Gas Management Organization (Public Organization), totaling 1,559,229 tons of CO₂e, and received a Renewable Energy Certificate (REC) from the Electricity Generating Authority of Thailand (EGAT) from renewable energy power generation (from waste fuel and waste heat recovery). The Company has registered and opened a REC volume trading account with the International REC Standard (I-REC) of 1,448,191.774 RECs (1 REC represents 1 MWh of electricity generated from renewable energy).

2. The Company has invested for the purchase of 41 EV wheel loaders trucks for waste fuel scooping, which helps reduce transportation costs while reducing greenhouse gas emissions and PM 2.5 dust emissions.
3. The Company utilized industrial waste from the production process to be used as renewable fuel, renewable materials and recycled for 100% total quantity of industrial wastes generated, to comply with the "Zero Waste" policy
4. On March 16, 2023, the Company together with community leaders and local people in the community of Tubkwang and Tha Khlo subdistricts, Kaeng Khoi district and Mittraphap and Muaklek subdistricts, Muaklek district, Saraburi province jointly planted forestry under "TPIPP Reforestation Project to Reduce Heat and Save the Earth" by planting 1,000 lagerstroemia trees, 1,000 teak trees and 1,000 neem trees in the area of 100 Rai within Saraburi plant.

Corporate Social Responsibility

1. The Company has supported various projects and activities for public benefits in 2023 to communities, educational institutions, temples, hospitals and government authorities and contributed healthcare products and products of TPI Polene Group, such as cement, other construction materials, organic fertilizers, drinking water and health products to prevent pathogens.
2. The Company has implemented human rights for stakeholders throughout the value chain with respect to human rights of employees, suppliers, customers, and local communities. In 2023, there were no complaints of human rights violations.
3. The Company organizes training courses to develop potential, skills and promotes the progress of the Company's personnel continuously. The average number of training hours for all courses was higher than the target of an average of at least 20 hours per person per year.
4. The Company evaluated the level of job satisfaction and employee engagement towards the organization for the year 2023, which showed an average score of 83.20%, higher than the Company's target set at 75%.
5. The Company provides equal opportunities for employment without discrimination in favor or against any person. In 2023, 68 additional new employees were employed, which comprises 62 general staff, 3 seniors and 3 employees with disabilities.
6. The Company disposed of contaminated waste infected with COVID-19 of 1,638 tons and 12,092.65 tons of non-hazardous industrial wastes were disposed of as fuel in the electricity production process.

In Compliance with Good Corporate Governance Policy

With the Company's success to adopt the value of sustainability to continuously drive its business operations, in 2023, the Company has received awards and certifications from recognized organizations for promoting sustainable development as follows:-

International Awards

1. The Company has received the prestigious 3G Environmental Responsibility Award 2023 from the Global Good Governance Awards 2023 (3G Awards), organized by Cambridge IFA International Financial Advisory (financial advisory firm) in the UK, with an aim to esteem organizations that have successfully adopted social responsibility issues to their ongoing business operations.
2. On July 9, 2023, the Company has been awarded “The International Diamond Prize for Excellence in Quality 2023” from European Society for Quality Research (ESQR), Switzerland, to esteem a prototypical organization with good business operations under the framework of quality assessment according to international standards and create innovative cutting-edge technology. The event was held at Hotel Le Plaza Brussels, Brussels, Belgium.
3. The Company was awarded “Best Green Renewable Energy Power Plant in Thailand 2023” (Best Green Renewable Energy Power Plant Group in Thailand) by World Business Outlook, a printing and online magazine that provides analysis of the financial industry, comprehensive coverage of international business and the global economy.
4. The Company has been awarded “Best ESG Energy Efficiency Initiative Company Thailand 2023” as the leading ESG Energy Efficiency Innovation manufacturer in Thailand for the year 2023 for the third consecutive year from International Finance Magazine (IFM) of the United Kingdom.
5. The Company has been awarded “The Best Innovations in Renewable Energy Industry in Thailand 2023” by The Global Economics, a leading financial magazine in the United Kingdom.

National Awards

1. On June 23, 2023, Thai Pat Institute announced that the Company was ranked on the ESG100 securities list for the year 2023 for the fourth year (2018, 2021, 2022 and 2023), with outstanding performance covering the areas of Environmental, Social and Governance aspects (ESG) and is assessed as an attractive company to invest in the Resources Sector.
2. The Company has been certified as a Green Industry Level 3, Green System for Systematic Environmental Management from the Ministry of Industry. The results are monitored, evaluated and reviewed for continuous improvement for TG4 (30MW), TG5 (60MW), TG6 (70MW) and TG8 (150MW) power plants, effective for the period August 21, 2023 to August 20, 2026 and TG 7 (40MW) power plants effective for the period September 7, 2023 to September 6, 2026.

In addition, TG1-3 power plant (60MW) has been certified as Green Culture Level 4, Green Culture from the Ministry of Industry, effective for the period August 26, 2021 to August 25, 2024. All employees in the organization cooperatively work with environmental friendliness in all aspects of business operations until it becomes part of the corporate culture.

3. On September 13, 2023, the Company received the honorary CSR-DIW Continuous Award 2023 from the Department of Industrial Works, Ministry of Industry for the 8th consecutive year since 2016.
4. On September 29, 2023, the Company received the Circular Economy Certificate for waste-to-energy power plant and waste fuel plant from the Department of Primary Industries and Mines, Ministry of Industry, based on the evaluation of the effectiveness of the application of circular economy principles in the organization under the project to develop and upgrade industrial enterprises to apply circular economy principles in the organization.
5. On October 31, 2023, the Company has achieved "Excellent CG Scoring, a 5-star corporate governance assessment" in Corporate Governance Report of Thai Listed Companies (CGR) for the year 2023, operated by Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Office of Securities and Exchange Commission (SEC).
6. On November 6, 2023, the Company has received "2023 SET ESG Ratings : AA" Corporate Sustainability Assessment from the Stock Exchange of Thailand, reflecting the Company's business operations to continuously develop towards corporate sustainability with full responsibilities to stakeholders by taking into account of Environmental, Social and Governance criteria (ESG).
7. On December 21, 2023, the Company received the Sustainability Disclosure Award for the second consecutive year for the disclosure of sustainability information for the year 2023 from Thaipat Institute.

For more information, please our website www.tpipolenepower.co.th

TPIPP Corporate Relations Department