

THRIVE RENEWABLES (BUCHAN) LIMITED ANNUAL MANAGEMENT REPORT

JANUARY
2019
TO JUNE
2020



THRIVE
RENEWABLES

WWW.THRIVERENEWABLES.CO.UK

OPERATIONAL REVIEW

FOR THE PERIOD JANUARY 2019 TO JUNE 2020

This report summarises the performance of Thrive Renewables (Buchan) Limited for the calendar year of 2019 and then provides insight into the first half of 2020 (January to June).

The two wind turbines held as Thrive Renewables (Buchan) Limited are developed on nearby but independent farms – Auchtygills and Clayfords – close to Strichen in Aberdeenshire, Scotland. The two turbines were built and commenced electricity generation in spring 2015. Each turbine has a generating capacity of 0.8MW.

2019 FULL YEAR OPERATIONS

	AUCHTYGILLS	CLAYFORDS	2019 TOTAL / AVERAGE	2018 TOTAL / AVERAGE	CHANGE %
Generation (MWh)	1,922	1,940	3,863	4,009	-3.7%
Operational availability (%)	89.4	97.4	93.4	97.5	-4.2%
Average wind speed (meters/sec)	6.7	6.6	6.7	6.8	-2.0%
UK homes equivalent ¹	508	513	1,022	1,084	-5.7%
Tonnes of CO ₂ e emissions savings ²	884	893	1,777	1,886	-5.8%

The two turbines generated 3.9 million kilowatt hours of renewable electricity during 2019, a kilowatt hour being the same unit in which domestic meters measure use in our homes. This total output was 3.7% less than during the previous year for two reasons. Firstly, the average wind speed at both sites was marginally lower than during 2018 meaning there was less wind resource to convert to electricity. Secondly, there was an extended period of downtime at Auchtygills during July while a health and safety matter on the site (not affecting the safety of the turbine itself) was investigated and addressed. This downtime impacted on the technical availability of the turbine, which was 89.4% for the full operational year and an average of 93.4% across the two turbines.

The lower than average wind speeds were consistent with the pattern across the UK compared against long term averages. Both projects, however, have enjoyed a strong start to this year with good wind resource during the first quarter of 2020.

In terms of impact, generation was sufficient to meet the equivalent electrical demand of over 1,000 UK homes, more than double the number of homes in the nearby village of Strichen³. The renewable electricity generation from the two turbines avoided 1,777 tCO₂e emissions in 2019.

We continue to work closely with the landlords to balance the operations of our wind turbines with their routine farming activities.

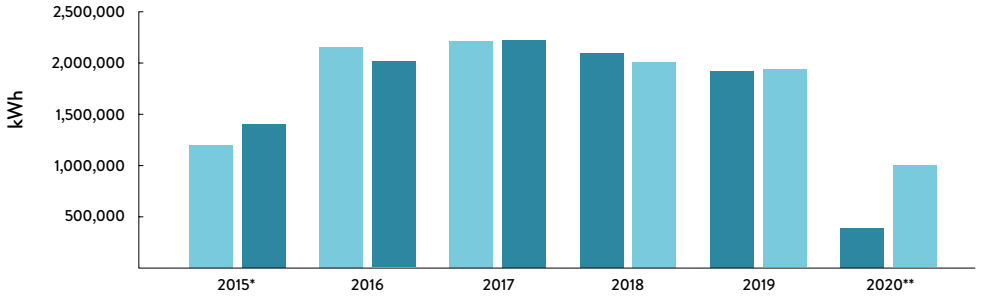
COVID-19 UPDATE

On 11 March 2020, the World Health Organisation (WHO) declared a global pandemic of the coronavirus causing Covid-19. Thrive Renewables (Buchan) Ltd has respected restrictions imposed by regional authorities and worked closely with maintenance contractors to ensure essential work on the turbines can be continued in a manner compliant with prevailing public health advice. The lockdown and travel restrictions in Scotland have added a layer of complexity to normal operations to ensure work continues safely and is compliant with guidelines. In particular, the diagnosis and repair of a fault preventing generation at Auchtygills was delayed, but is now resolved.

Thrive Renewables plc launched an initiative in March to provide emergency grants to communities close to its renewable energy sites during the Covid-19 crisis. Aberdeenshire North Foodbank, located close to Auchtygills and Clayfords wind farms, received a donation to support its operations.

“Thank you so much! In terms of what the money will support us to do it will help us meet the increased demand we are seeing across our foodbank to provide emergency food for those experiencing food poverty. We have seen a 75% increase since lockdown of people not having enough money to buy food.” Debbie, Aberdeenshire North Foodbank.

THRIVE RENEWABLES (BUCHAN) LTD ELECTRICITY GENERATION



■ AUGHTYGILLS WIND TURBINE ■ CLAYFORDS WIND TURBINE

* April to December
**2020 (January to May)

Each project benefits from two sources of revenue, the government backed Feed in Tariff (FiT), representing 57% of revenues, and the wholesale electricity price. The FiT component is adjusted in line with inflation annually. For both projects, the FiT was £90.70/MWh for the year April 2019 to March 2020, increasing to £92.70/MWh for the year starting April 2020. The Directors of Thrive Renewables (Buchan) Limited remain confident that despite the change in support for ‘new’ projects, the Government will continue to honour existing financial support. Throughout 2019 and quarter one of 2020, the projects benefited from the improved fixed export electricity price which was secured in September 2018.



The pre-Covid 19 reduction in global oil prices, combined with a reduction in electricity demand triggered by national ‘lockdowns’, has led to further decreases in both short and medium term electricity wholesale market prices. However, both

projects benefit from FiT contracts which substantially mitigate the impact of negative movements in wholesale electricity prices and the Directors are confident in the ongoing revenue levels from the two wind projects.

FINANCIAL SUMMARY

THRIVE RENEWABLES (BUCHAN) LIMITED CONSOLIDATED OPERATING STATEMENT	HALF YEAR TO 30 JUN 2020 £	FULL YEAR TO 31 DEC 2019 £	FULL YEAR TO 31 DEC 2018 £	FULL YEAR TO 31 DEC 2017 £
Income	231,469	614,764	601,438	571,505
Operating costs	(91,862)	(175,277)	(149,648)	(172,561)
Depreciation	(91,236)	(186,885)	(182,481)	(193,333)
Profit before interest and tax	48,371	252,602	269,309	205,611
Bond interest	(82,500)	(165,000)	(165,000)	(165,000)
Profit before tax	(34,129)	87,602	104,309	40,611
Operating profit %	-14.7%	14.2%	17.3%	7.1%

The 2019 full year profit before tax was £87,602, a decrease from £104,309 in 2018. The company's income improved by 2.2% in 2019 when compared with 2018. Although generation was lower due to below long-term average annual wind resources, the year on year improvement in wholesale electricity prices resulted in increased revenue. The costs have increased year on year due to higher maintenance and insurance costs.

During 2019, the company paid the full twelve months bond interest payments. The interest rate of the Bond is fixed at 5.5%. Performance for the first half of 2020 is below expectations. This is primarily the result of Covid-19 operational issues described above.

Despite this dip in operational performance, the Directors remain confident in the long term prospects of the wind farms.

UPDATE FROM THRIVE RENEWABLES PLC⁴

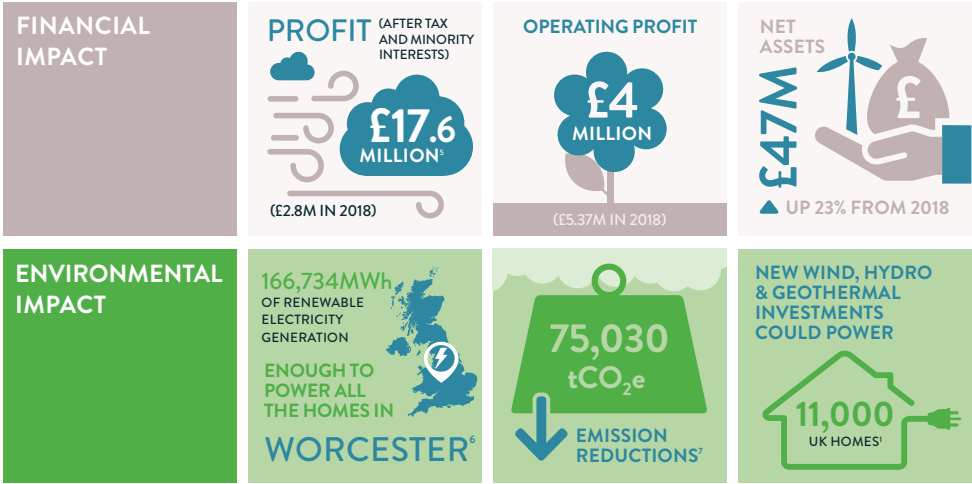
RECORD 2019 PROFITS AND REINVESTMENTS

FINANCIAL AND ENVIRONMENTAL IMPACT

Thrive Renewables plc profits for 2019 were £17.6 million including gains from the sale of two operational wind farms in February of that year. £12.3 million of these gains have been committed to fund the construction of three new renewable energy projects – a wind farm site and hydro project in Scotland and the UK’s first deep geothermal power plant in Cornwall. These new projects are expected to generate enough electricity to

power almost 11,000¹ UK homes - more than the annual output of the two wind projects that were sold.

Our portfolio of wind and hydro projects generated 166,734MWh of electricity in 2019, enough to power all the homes in a city the size of Worcester⁶. Together, the assets delivered over 75,000 tonnes of CO₂ emissions reductions⁷.



“As we cautiously start to emerge from the current crisis, the UK faces the dual challenges of rebuilding the economy and reducing carbon emissions. Developing and building new renewable energy capacity will reduce bills, create high quality skilled jobs and unleash investment in a green economic recovery.”

Matthew Clayton, Managing Director

The sale of two wind farms early in 2019 led to a 40p per share interim dividend for shareholders in April. A 7p per share final dividend for 2018 was also paid in July 2019, reflecting an increase in profitability with new windfarms, new investments coming on stream and a decrease in debt as other projects mature. If approved at the AGM, a 7p per share final dividend for 2019 will be paid later this year reflecting the continued profitability of the group.

The company is marking its 25th anniversary this year, having invested in a total of 25 wind, hydro, solar and renewable heat projects, the majority of which it still owns and operates.

Thrive Renewables is able to continue operating effectively during the Covid-19 pandemic. The safety of staff, contractors and the wider community is of paramount importance and working practices have been adapted in line with government guidance. Our wind farms and hydro projects form part of critical national infrastructure and are maintained and generating as usual. The pipeline of new renewable energy projects remains strong and we are operating business as normal. However, in light of the impact of the pandemic on global energy markets, we reviewed the Directors' Valuation in April, reducing it by 2% to £2.23 per share.

¹ Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,781kWh.

² Calculated using the most recent statistics from RenewablesUK, 460g/kWh

³ Population of Strichen 1,020 (<https://www.citypopulation.de/php/uk-scotland.php?cityid=S19001212>) and average residential occupancy 2.0 (<https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-projections/archive/2000-based-household-projections/household-size>)

⁴ Thrive Renewables (Buchan) Ltd is 100% owned by Thrive Renewables plc.

⁵ Includes £15.4m gain on sale of two wind farms

⁶ Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,781kWh, www.renewableuk.com/page/UKWEExplained. Population of Worcester 103,769.

⁷ Calculated using most recent data on the carbon intensity of the UK electricity grid multiplied by our own electricity generation. www.renewableuk.com/page/UKWEExplained

SOCIAL IMPACT

Thrive's voluntary Community Benefit Programme continues to deliver energy efficiency improvements to community buildings close to our renewable energy projects. To date, £93,000 in total has been awarded to improve 23 different community buildings. An estimated 60 tonnes of CO₂ is now being saved per

annum, in addition to numerous other benefits reported by building users, such as improved comfort and ability to use the facilities more frequently as a result of the upgrades. Thrive has already allocated £21,000 in grants this year to help local communities support each other during the current Covid-19 crisis.



KEEPING IN TOUCH

If you want to be one of the first to receive Thrive Renewables company news and investment opportunities via email, register at www.thriverenewables.co.uk/newsletter

Please remember, as with all investments, your capital is at risk.

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