

A photograph of a wind turbine in a field with trees. In the foreground, three people (two adults and a child) are walking away from the camera on a path. The sky is blue with some clouds. The overall scene is bright and natural.

THRIVE RENEWABLES PLC HALF-YEAR REPORT

TO 30 JUNE 2021



THRIVE
RENEWABLES

WELCOME – OUR STRATEGY

Thrive Renewables' mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects. Every year our mission becomes more relevant, urgent and important. As climate change manifests itself across the globe and countries commit to Net Zero emissions, never has it been more vital to reach consensus and act with speed.



Avonmouth Open Day 2019



We're investing in the future of the UK energy system. As well as onshore wind, still the cheapest source of new electricity generation, our clean energy projects now encompass solar, hydro and sources of baseload renewable generation like geothermal heat and electricity. Flexibility is required to balance out the variability of wind and solar, so we are also investing in battery storage. Funding and operating a more diverse portfolio mitigates risk, enhances resilience and enables us to access new revenue streams. Thrive investors can be confident that they are transforming the energy system and directly contributing to achieving the UK's Net Zero targets.

Renewable generation is now delivering over 40% of UK electricity¹, outpacing annual fossil fuel generation for the first time. Ten years ago it was just 6.9%, demonstrating what is possible even without an entirely favourable policy landscape. With very significant growth planned for electrical demand from transport and heating as we move away from natural gas, there is further huge potential for renewables, which will become the dominant energy source over the next few years.

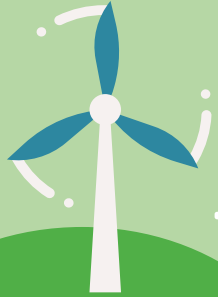


Wicken Battery Storage Plant

¹ DUKES 2021 Chapters 1 to 7 (publishing.service.gov.uk)

FIRST HALF OF 2021 AT A GLANCE

IMPACT PORTFOLIO
GENERATED
53,264
MWh CLEAN
ELECTRICITY²



 - THAT'S EQUIVALENT TO
THE DEMAND OF 59,546
AVERAGE UK HOMES³

5.5
HOMES



PER AVERAGE
SHAREHOLDING

OPERATING
PROFIT

(3.3M HY 2020)

£0.9
MILLION



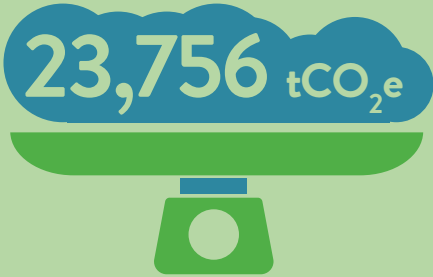
TURNOVER
(£7.6M HY 2020)



£30,000

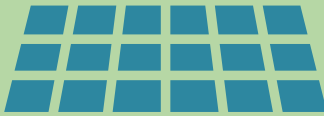
ALLOCATED TO COMMUNITY
BENEFIT PROGRAMME
FOR ENERGY EFFICIENCY
IMPROVEMENTS

↓ EMISSION REDUCTIONS EQUIVALENT TO



PER AVERAGE SHAREHOLDING⁴

FIRST
OLYMPUS
SOLAR INDUSTRIAL
ROOFTOP PROJECT
COMMISSIONED



UK'S FIRST GEOTHERMAL
ELECTRICITY POWER STATION
**SET FOR
CONSTRUCTION
IN 2022**



COMMITTED TO



B CORP 'BEST FOR THE WORLD:
ENVIRONMENT' AWARD



⁴ RenewableUK uses BEIS's "all fossil fuels" emissions statistic of 446 tonnes of carbon dioxide per GWh of electricity supplied in the Digest of UK Energy. Average Thrive shareholding of 4,190 shares*

OPERATIONAL UPDATE



Caton Moor wind farm



UK wind speeds were below the long-term average for Q1 and Q2. “The average wind speed for the three months April 2021 to June 2021 was ... the lowest recorded for this 3 month period since 2010” according to BEIS Energy Trends⁵. This significantly reduced wind resource in the first half of 2021, combined with the planned replacement of gearboxes at Caton Moor – our largest site, led to lower generation across the portfolio compared to the same period last year. This is even more significant as the first quarter of 2020 was exceptionally windy.

All three of the failed gearboxes are now replaced at Caton Moor and the new maintenance provider is operating well. There has been good progress on insurance claims for availability of assets; several have been agreed and there is a positive outlook on the others.

We continued to manage the impact of Covid effectively. Risk assessments are updated as the situation continues to change and technicians continue to work in ‘bubbles’. There has been some impact on response times due to workers being instructed to self-isolate. We recognise significant price fluctuations in raw materials like steel, but direct exposure in the short term is minimal. The impact of Brexit has been negligible so far and we are managing goods through customs effectively.

⁵ (assets.publishing.service.gov.uk)

FINANCIAL SUMMARY

CONSOLIDATED OPERATING STATEMENT

HALF YEAR ENDED 30 JUNE 2021

	HALF YEAR TO 30 JUNE 2021	HALF YEAR TO 30 JUNE 2020	FULL YEAR TO 31 DEC 2020	HALF YEAR TO 30 JUNE 2019	FULL YEAR TO 31 DEC 2019
	£	£	£	£	£
TURNOVER	4,986,959	7,591,417	13,501,797	6,924,728	13,838,065
Cost of sales	(3,093,927)	(3,851,429)	(7,521,673)	(3,691,620)	(7,165,969)
GROSS PROFIT	1,893,032	3,739,988	5,980,124	3,233,108	6,672,096
Other operating income	222,649	416,327	439,170	54,002	70,006
Administrative expenses	(1,736,948)	(1,560,237)	(2,972,113)	(1,381,876)	(2,619,726)
OPERATING PROFIT	378,733	2,596,078	3,447,181	1,905,234	4,112,376
Share of associates and mezzanine arrangements	545,444	735,982	1,057,826	614,913	1,319,910
OPERATING PROFIT INCLUDING INVESTMENT	924,177	3,332,060	4,505,007	2,520,147	5,442,286

The Group achieved a half year operating profit, including the contribution from investments, of £0.9m on turnover of £4.99m (18.5%), compared to an operating profit of £3.3m on turnover of £7.6m (43.9%) in the first half of 2020. A copy of Thrive Renewables' Annual Report and Financial Statements 2020 can be found [here](#).

The decrease in turnover and operating profit relates to reduced generation from the low wind resource across the portfolio and significant operational maintenance issues impacting availability. We have benefited from the stability of power prices that we locked in 2020 and achieved prices slightly ahead of our expectations. In recent months though, the market has rallied as global demand recovers faster than producers anticipated. We continue to review our power purchase arrangements to lock in future prices to take advantage of these increases.

The cost of sales also decreased due to lower generation, with the costs related to major component replacements being capitalised and depreciated over the remaining operational life of the projects. Administration costs have remained stable, although 2020 included a large gain on exchange rates related to the hedging of operational expenditure.

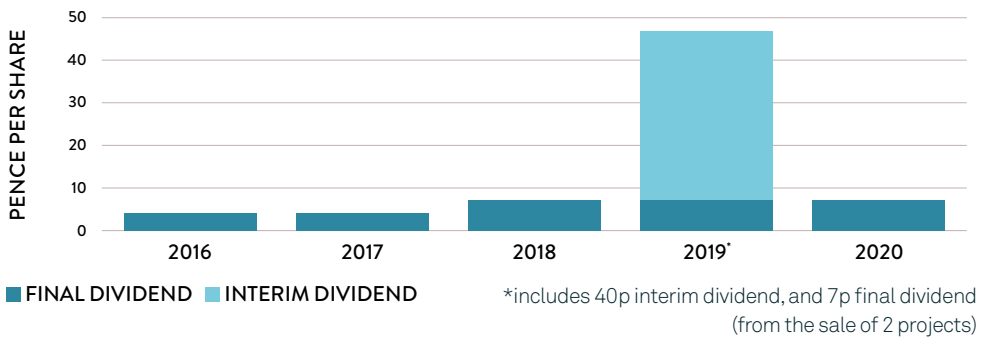
Overall, the financial results are lower than expected due to the low wind resource. We are making the anticipated investment in the existing portfolio and are confident this will provide benefits over the coming years.



Caton Moor
wind farm

DIVIDENDS

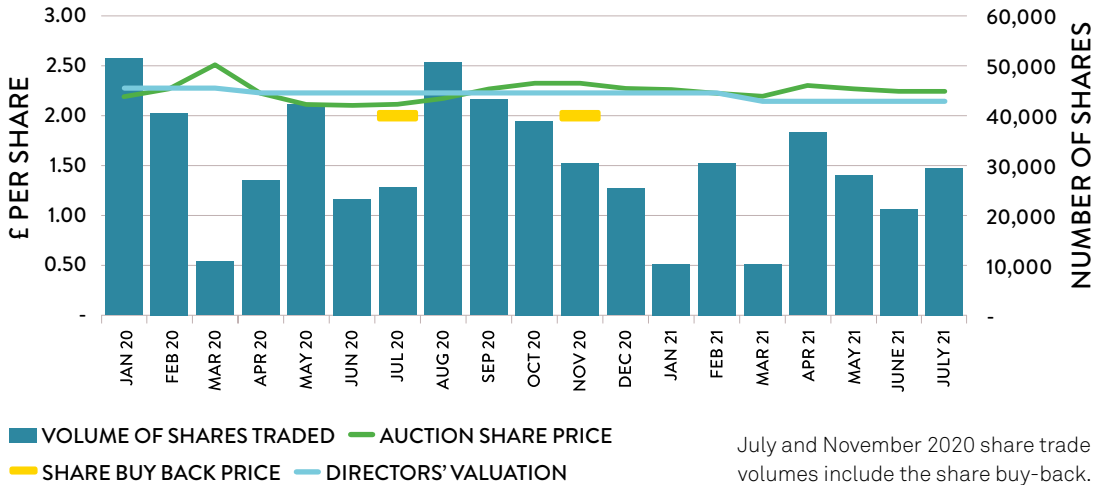
At the Annual General Meeting on 21 June 2021, shareholders approved a final dividend of 7p per share for 2020, which was paid in July 2021. This represents a 3% return on the average share trading price for 2020. Please remember past performance in paying dividends is no indication of likely future performance.



Auchtygills wind turbine. Part of Thrive Renewables (Buchan) Limited

SHARE TRADING

A total of 139,087 shares traded on the monthly share auction at an average price of £2.23 during the first half of 2021.



Note: Past performance is no indication of likely future performance.

THRIVE RENEWABLES BONDS

The Thrive Renewables (Buchan) bond raised in 2016 has now matured and investors have been fully repaid. The refinancing work we have completed over the last 12 months has reduced our average debt cost from 5.04% to 4.17% representing an estimated saving of £322,000 in the first half of 2021.



INVESTMENT REPORT

There has been good progress in development, construction and commissioning of our new battery storage, geothermal and industrial solar rooftop investments. The pipeline of new projects remains both diverse and strong, reflecting the strategy and focus outlined at the beginning of this document. We expect to continue to grow throughout the year.



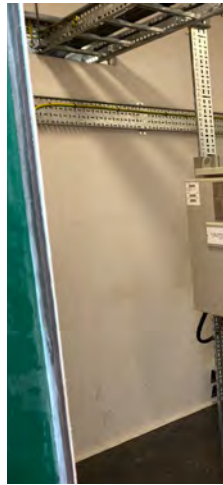
UNITED DOWNS GEOTHERMAL

Final testing at the UK's first geothermal electricity generating plant is complete. A water temperature in excess of 175°C has been confirmed, along with adequate flow rates. We are in the final stages of the design and procurement of the power plant. Financial close and the commencement of construction is expected before the end of the year.

The project now encompasses a number of pioneering sustainable energy initiatives:

- UK's first geothermal electricity generation, which will provide vital 'baseload' renewable power 24/7.
- Plans to supply renewable heat to local businesses.
- Positive signals on the potential to extract lithium from the geothermal brine on a commercial basis, providing sustainably sourced lithium for use in grid and vehicle battery manufacture.





OLYMPUS COMMERCIAL SOLAR ROOFTOPS

In November 2020 we announced we had joined forces with Olympus Power, which operates around 40 commercial solar arrays, to enable businesses to install solar panels and use the renewable power they generate. Thrive's innovative financing framework provides the funding for the company to install hundreds of commercial solar arrays. Olympus has commissioned the first of a strong pipeline of solar projects located on commercial and industrial roof tops.



RIDING SUNBEAMS APOLLO LTD

Riding Sunbeams continues to work with a community energy group and Network Rail in the South East to connect the first multi megawatt solar farm directly to the railway traction network, to power it with renewable electricity. The company is now in the later stages of the procurement of the solar farm and associated electrical infrastructure.



BATTERY STORAGE

As large amounts of new wind and solar generation capacity are added to the energy system in order to achieve the UK's legally binding net zero targets, it will require increasing amounts of storage to balance out the variability of weather patterns. We therefore see battery storage as an important part of our portfolio moving forwards as we seek to unlock new revenue streams.

We have undertaken rigorous research and due diligence on the supply chain, with advice from experts. Our procurement policy is being updated to include additional transparency and reporting requirements for battery suppliers.



WICKEN

The project is now under construction and due to be connected to the grid in autumn. There are several revenue streams available to grid connected batteries. We qualified the project for the 15 year capacity market, providing us some level of certainty on future revenues, and continue to participate in other auctions where appropriate.



FEEDER ROAD

This 20MW battery project in Bristol is now in final stages of procurement. Construction will commence in the autumn and the battery will be operational in 2022.

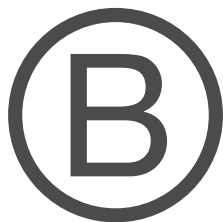
IMPACT

In addition to carbon emissions reduction from the generation of renewable electricity and storage reported in this document, Thrive has a positive impact socially and environmentally.





Certified



Corporation

B CORP – ‘BEST FOR THE WORLD – ENVIRONMENT’

In July we were extremely pleased to hear that we have been included on B Corp’s ‘Best For The World – Environment’ list, meaning we scored in the top 5% of all B Corps around the world in the environment category. This achievement highlights our decades long commitment to addressing the climate crisis through decarbonisation of the energy system.

NET ZERO STRATEGY

Thrive Renewables’ wind, hydro and solar projects generate clean electricity and avoid carbon emissions for the customers who buy it. Our business is to enable our customers to reduce their carbon emissions and ultimately reach net zero. We have been building on-site renewable generation for businesses since 2010. This ‘direct wire’ model enables a business to be both host for the generation and consumer of the resulting clean electricity.

In addition to this, we calculate our own carbon emissions and have committed to reach net zero by 2030. We estimate that we are already at ‘net zero’ for direct emissions from the business, due to measures we have already taken to reduce our impact. Our office for example, which forms the majority of our direct carbon emissions, is a certified BREEAM Green Building and one of the greenest buildings in Bristol. And our Community Benefit Programme saves 60 tonnes of carbon emissions per year which more than offsets our direct business emissions which are around 7.3 tonnes.

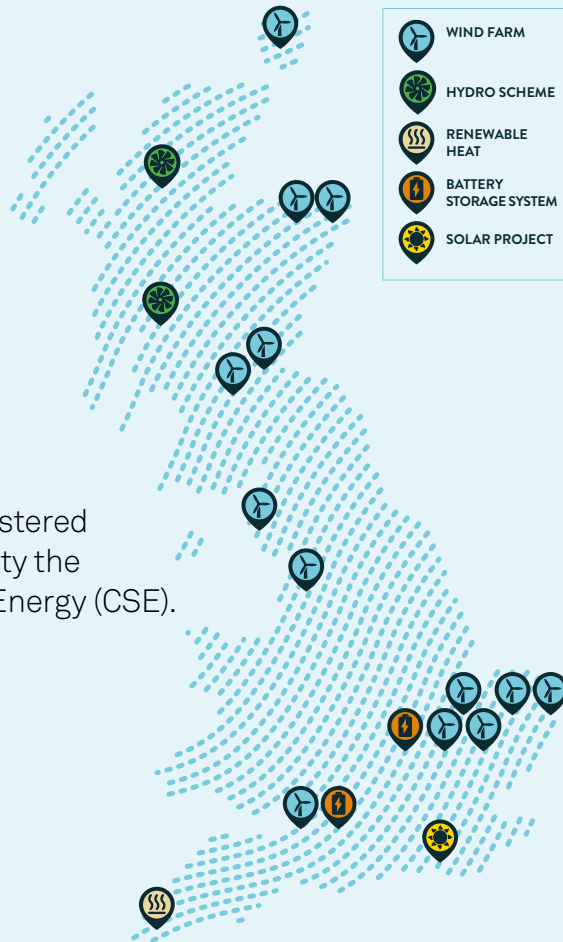
We have a plan to further reduce direct emissions and also calculate indirect emissions from the construction and operation of our renewable energy sites.

COMMUNITY BENEFIT PROGRAMME

Round five of our Community Benefit Programme is currently being allocated. The programme provides grants for energy efficiency and sustainability improvements for community buildings close to our clean energy projects. A total of £30,000 is available to eligible buildings. Grants of up to £4,000 will be awarded for improvements which result in carbon savings or fuel bill reductions, and could include:

- Insulation
- Draught proofing
- Improved heating or lighting controls
- LED lighting
- Other energy saving measures

Applications are administered by national energy charity the Centre for Sustainable Energy (CSE).



BUSINESS ETHICS

We only invest in clean energy projects, which we believe will provide significant carbon emissions reduction, contributing to the UK's net zero targets and ultimately avoiding dangerous climate change. Each project is assessed by Thrive on environmental and social, as well as financial criteria, before we invest. We closely monitor and report on the emissions reductions our projects achieve each year.

The Board recently reviewed the company's investment criteria and published an Investment Principles document with more details on the above statement which is available on our website.



BLACK & GREEN AMBASSADORS

Black & Green Ambassadors is a Bristol-wide programme with a mission to connect, empower, and celebrate diverse leadership and community action on environmental issues in Bristol and beyond. Through their work they are challenging perceptions, creating new opportunities, and working towards ensuring the environmental movement is inclusive and representative of all communities. We are extremely proud to sponsor and support this programme in 2021.



ANNUAL GENERAL MEETING (AGM) AND REPORTING

Thrive Renewables' AGM was held at 2pm on 21 June 2021. In order to comply with Government advice at the time to avoid transmission of Covid-19, a hybrid meeting was held. Two shareholders, the Chair of the Board and Managing Director, were in physical attendance. All other shareholders were able to attend the event online and vote via the webcast or by proxy as normal.

All resolutions were passed with significant majorities. Following approval by shareholders at the AGM, a dividend of 7p per share was paid on 21 July. A management update was also presented; shareholders were encouraged to ask questions at the event, which were answered live.

In May we issued a 'deemed consent' note to investors, asking them to specifically request if they require a printed version of statutory documents such as the Annual Report. This has led to a very significant drop in the requirement going forward for printing and posting these large documents, which will have a positive impact on the company's resource use and carbon footprint.



HOPE IN THE CONTEXT OF VISIBLE CLIMATE CHANGE

The latest UN Intergovernmental Panel on Climate Change (IPCC) report, released in August, made grim reading confirming that climate change is ‘widespread, rapid, and intensifying’. It was a dire warning but also underlined that, just as human activity is the cause of climate change, it is also the only solution. “Stabilizing the climate will require strong, rapid, and sustained reductions in greenhouse gas emissions, and reaching net zero CO₂ emissions.”

In the run up to COP26, there is significant pressure on the UK to demonstrate global leadership, which we hope will see a more positive policy environment, unleashing further activity in the renewables sector. In April this year the government announced it plans to reduce emissions by 78% by 2035 compared to 1990 levels, as part of reaching ‘net zero’ by 2050.

At the time of writing, announcements are expected imminently on the government’s price support mechanism for renewables, competitive Contracts for Difference auctions⁶. This process provides investors with the long-term price stability they need to build new renewable capacity and has been proven to drive cost reductions for consumers. It remains to be seen how the auctions will be allocated between offshore wind, onshore renewables, and innovative technologies such as geothermal, wave and tidal. But Thrive’s diversified portfolio puts it in a position to participate in several areas.

⁶ At the time of writing this document 27th August 2021 no announcements have been made but are expected shortly.

The government also published its ‘Smart Systems and Flexibility Plan 2021’ in July. It stated ‘Around 30GW of total low carbon flexible capacity in 2030, and 60GW in 2050, may be needed to maintain energy security and cost-effectively integrate high levels of renewable generation.’ Battery storage is essential for a stable, renewables dominated system in the future. We look forward to seeing what changes will be made to further support their deployment across the system.

Outside of the renewables sector, there is growing recognition from investors of the need to de-risk portfolios by investing in the assets which are climate resilient or are required to address climate change. The public continue to call for government action to address climate change and renewable energy is particularly popular. Polling⁷ for RenewableUK, our industry body, revealed overwhelming public support for the Prime Minister to prioritise renewable energy over the other elements in his 10 Point Plan, with even greater support from those living within five miles of a wind farm.



“ The transition to a smarter and more flexible energy system is an opportunity. It will be delivered by UK businesses and will benefit consumers across the country. It will reduce the costs of our system by up to £10bn a year by 2050, by reducing the amount of generation and network we need to build to meet peak demand. It will create jobs, perhaps 24,000 by 2050, and drive investment across the UK.⁸ ”

Government ‘Smart Systems and Flexibility Plan 2021’

⁷ YouGov poll shows public want renewables to be at the top of Government’s plans for green growth - RenewableUK (renewableuk.com)

⁸ Transitioning to a net zero energy system: Smart Systems and Flexibility Plan 2021 (publishing.service.gov.uk)

STAY IN TOUCH



To be the first to hear about new investments and other company updates, sign up to our newsletter at www.thriverenewables.co.uk/newsletter.

You can also follow us on Linked In, Twitter, Facebook or Instagram for the latest industry news and views.

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