

THRIVE RENEWABLES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

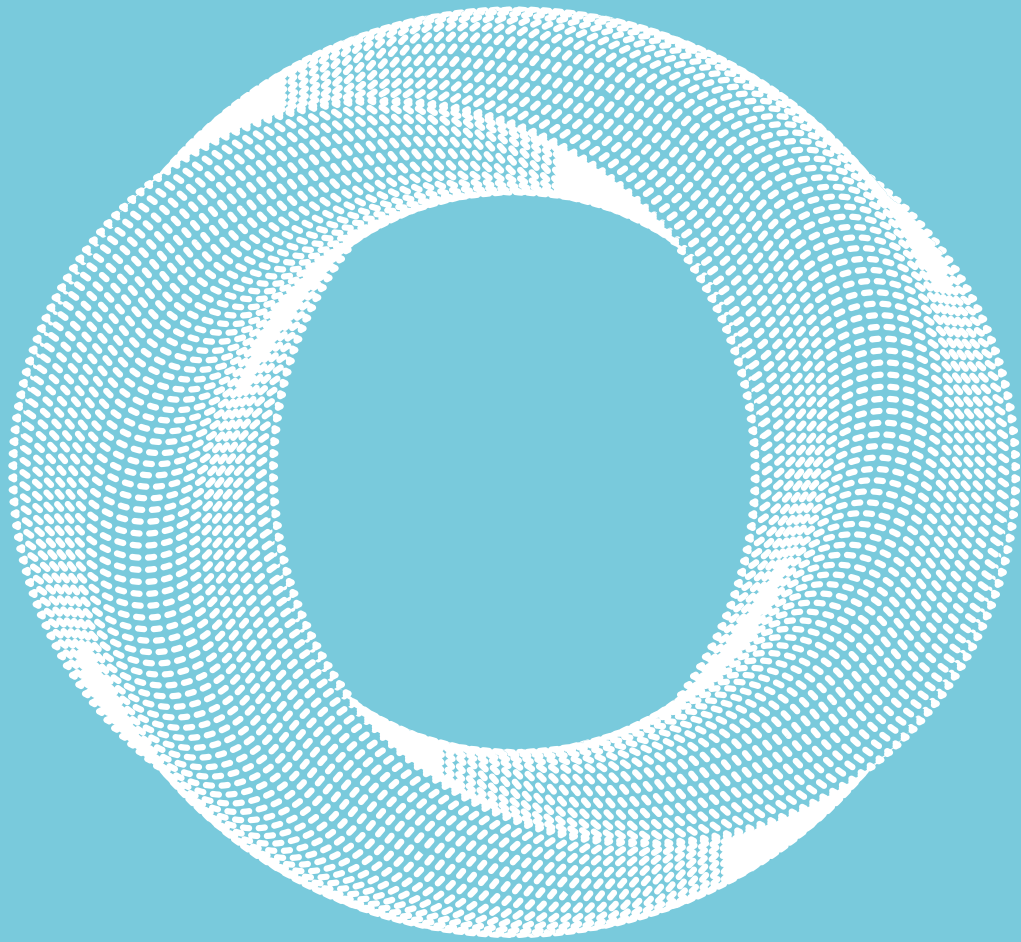
2022



THRIVE
RENEWABLES PLC






WWW.THRIVERENEWABLES.CO.UK



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Joanna Butlin (Chair from 29 June 2022) – appointed 23 May 2022

Simon Roberts (Chair until 29 June 2022) – retired 29 June 2022

Matthew Clayton (Managing Director)

Peter Weston

Katie Gordon

Colin Morgan

Tania Songini

Charles Middleton

Katrina Cross (Finance Director)

Monika Paplaczyk (Investment Director)

COMPANY SECRETARY

Katrina Cross

REGISTERED OFFICE

Thrive Renewables Plc

Deanery Road

Bristol

BS1 5AS

BANKERS

Triodos Bank UK Limited

Deanery Road

Bristol

BS1 5AS

SOLICITORS

TLT Solicitors LLP

One Redcliff Street

Bristol

BS1 6TP

Michelmores LLP

Woodwater House

Pynes Hill

Exeter

EX2 5WR

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

2 Glass Wharf

Bristol

BS2 0FR

CHAIR'S STATEMENT

Dear Shareholder

In 2022 more than ever, it became abundantly clear how important renewables are not only to tackle the climate emergency but also reduce soaring energy bills and end the UK's reliance on expensive fossil fuels. For Thrive, it was a year of good performance in challenging economic circumstances, resulting in excellent financial results. The additional profits generated will be invested into new clean energy projects and growing the business to enable us to achieve even better emissions reductions and generate more clean energy, contributing to lower consumer bills in the long-term.

In terms of delivering our mission – to power the transition to a sustainable energy future by helping people connect with clean energy projects – the year has seen several highlights. We were delighted to welcome over 900 new shareholders in our recent equity crowdfund as well as significant uptake from our existing investors. A total of £6.8 million was raised to fund new clean energy projects. We take this as a vote of confidence in our approach and strategy and are pleased to report that we are delivering on the forecasts made in the offer document.

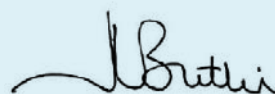
The team also takes immense pride in providing the funding for the construction of England's largest wind turbine, a community-owned project in our home city of Bristol. The turbine will generate a new revenue stream for the local community in Lawrence Weston, with all profits from electricity sales reinvested locally, acting as a driver for regeneration in a deprived area and truly connecting people to their energy supply. We are also pleased that our voluntary Community Benefit Programme, which provides grants for energy efficiency improvements in community centres and village halls close to our sites, helped provide warm spaces for vulnerable people this winter. Fuel poverty is a massive issue for so many people so we were also pleased to be given the opportunity to support the Centre for Sustainable Energy's Warm Homes campaign, which will enable them to provide essential advice and access to financial support for those who are struggling.

Simon Roberts, chair of Thrive Renewables for ten years, stood down at our AGM this year. Simon presided over a period of tremendous change and growth, as the size of the business grew five-fold from a team of three working as part of our founder, Triodos Bank, to an independent plc with assets under management of £94 million. On behalf of the executive team and board, I would like to officially thank him for his outstanding service to the business and its wider objectives and wish him all the very best for the future.

Looking forward, the investment team are actively deploying the funds from profits and the share issue into new clean energy projects. We expect to see a number of new 'direct wire' on-site commercial solar rooftop arrays installed in businesses this year, construction of the ground-breaking United Downs geothermal electricity generating project in Cornwall and commissioning of our second battery storage site – a 20MW project in Bristol, as well as a number of new investments currently in the pipeline. The business continues to show great resilience in the context of an ever changing policy environment. We expect as the policy details emerge, there will be more opportunities to fund onshore wind, solar and battery storage projects, along with pioneering businesses like United Downs and Riding Sunbeams.

As the new Chair, I would like to offer my personal thanks for the support you, our shareholders provide. I hope you enjoy reading about the success you have contributed to and please do stay in touch with your questions and comments.

Yours sincerely



Jo Butlin
Chair of the Board of Thrive Renewables Plc

2022

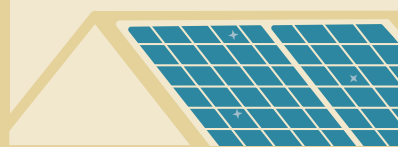
WHAT'S BEEN ACHIEVED...

DEVELOPMENT PROJECTS 2022

SOLAR

COMMERCIAL ROOFTOP

0.8 MW
IN CONSTRUCTION



STORAGE FEEDER ROAD BATTERY

20MW
OPERATIONAL
Q2 2023

BASELOAD GENERATION AND HEAT

UNITED DOWNS GEOTHERMAL



2MW ELECTRICAL
IN DEVELOPMENT

UP TO
10MW THERMAL
IN DEVELOPMENT

BASELOAD GENERATION AND HEAT

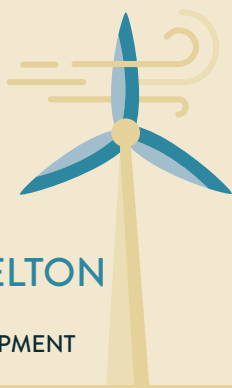
GEOGEN

2 NEW SITES
IN CORNWALL
CAPACITY TBC



WIND CHAPELTON

2.7MW
IN DEVELOPMENT

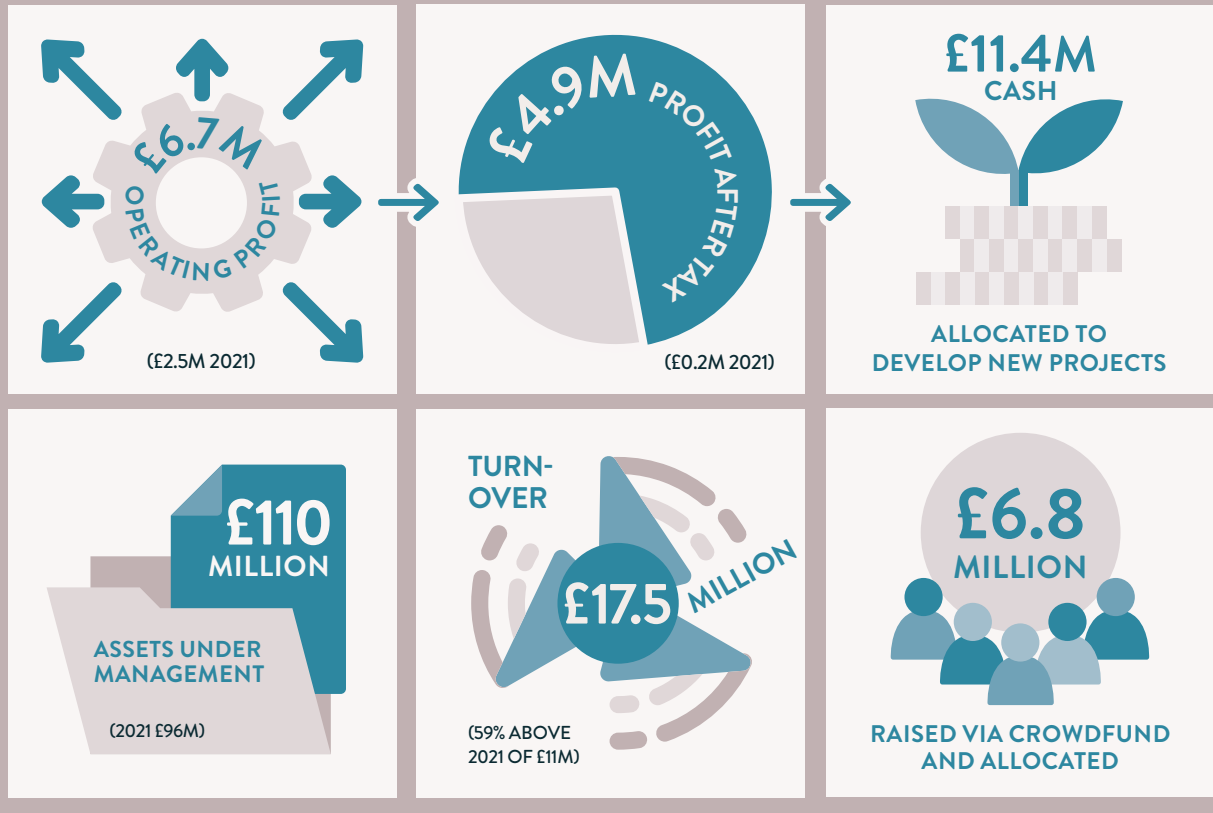


WIND AMBITION COMMUNITY ENERGY

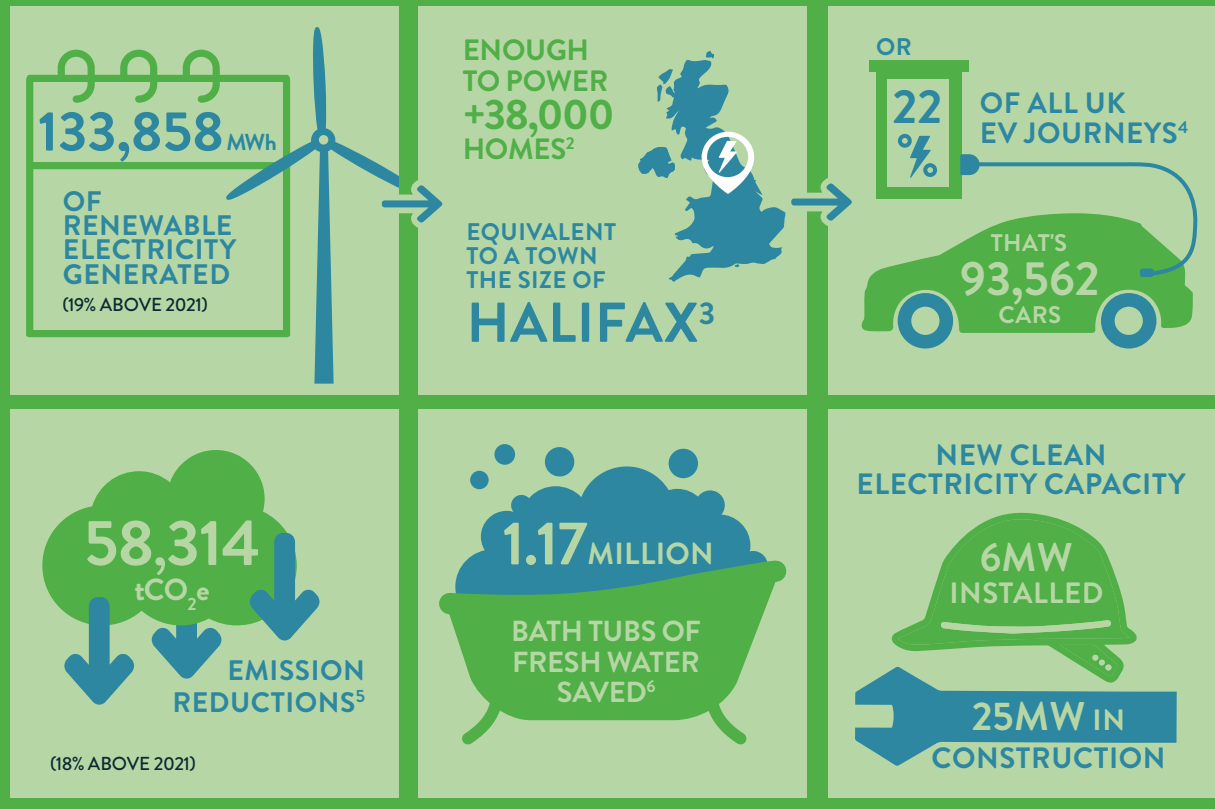
4.2MW
FUNDING FOR
CONSTRUCTION



FINANCIAL IMPACT



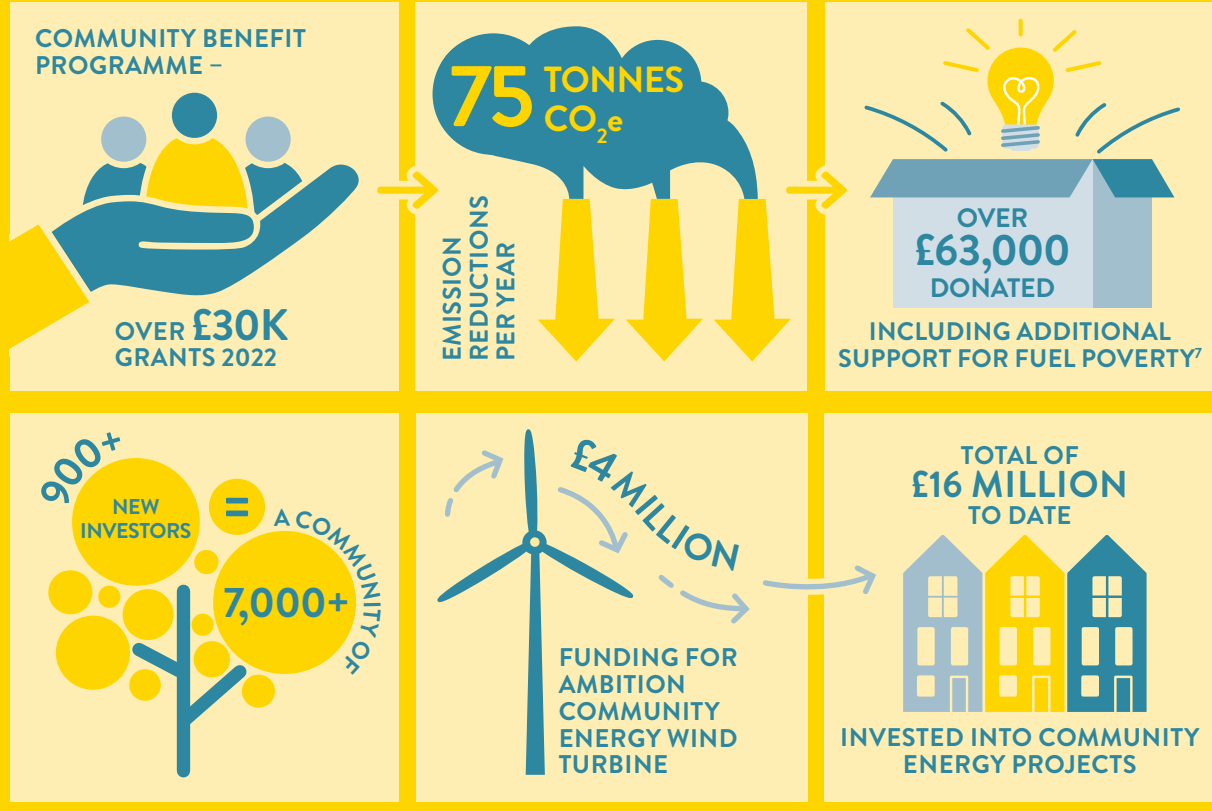
ENVIRONMENTAL IMPACT¹



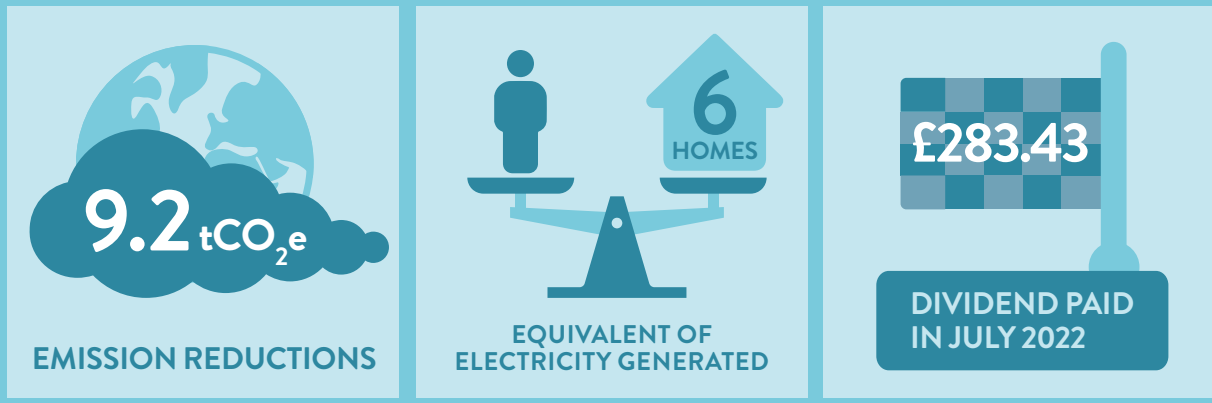
¹ Impact Portfolio describing Thrive's share of projects owned plus the projects Thrive is funding.

² Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that UK average domestic household consumption is 3,509 kWh per annum <https://www.renewableuk.com/page/UKWEExplained>

SOCIAL IMPACT (2022)



PERFORMANCE PER AVERAGE SHAREHOLDING (4,049 SHARES)⁸



³ Average residents per household 2.4 (<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2020>), Population of Halifax is 91,338 (<https://www.thegeographist.com/uk-cities-population-1000/>)

⁴ The average electricity consumption of an electric vehicle is 270Wh/mile (<https://ev-database.uk/cheatsheet/energy-consumption-electric-car>) and Vehicle licensing statistics: 2021 - (<https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2021/vehicle-licensing-statistics-2021#licensed-electric-vehicles>), average annual car mileage is 5,300 miles (<https://www.gov.uk/government/statistical-data-sets/nts09-vehicle-mileage-and-occupancy#car-mileage>), reported UK electric car fleet as of May 2022 is 421,230 (<https://www.gov.uk/government/statistics/vehicle-licensing-statistics-2021/vehicle-licensing-statistics-2021#licensed-electric-vehicles>), and average annual mileage of 93,562 Electric Vehicles, (22.2% of the UK's Electric Car Fleet)

⁵ RenewableUK uses BEIS's "all non-renewable fuels" emissions statistic of 432 tonnes of carbon dioxide per GWh of electricity supplied in the Digest of UK Energy Statistics (July 2022). Table 5.14 ("Estimated carbon dioxide emissions from electricity supplied"). Carbon reduction calculated by multiplying the total amount of renewable electricity generated by Thrive's impact portfolio per year by the number of tonnes of carbon which fossil fuels would have produced to generate the same amount of electricity.

⁶ We are not able to source a nationally recognised means of calculating the water saving generated by generating electricity using wind and solar. The power sector consumes over 40% of Europe's water, mainly for cooling purposes. Nuclear consumes approximately 2.7m³/MWh, gas plants 0.7m³/MWh and coal plants 1.9m³/MWh (https://www.ewea.org/fileadmin/files/library/publications/reports/Saving_water_with_wind_energy.pdf). Our crude, but intentionally conservative analysis, using the UK's 2021 generation mix (Energy Trends March 2022 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064800/Energy_Trends_March_2022.pdf), provides a conservative average water consumption per MWh figure which attributes no water consumption to other thermal sources such as oil and bioenergy, or hydro. We have multiplied Thrive's generation by this factor, assuming that if our renewable projects had not generated this electricity, the UK grid mix would have.

⁷ Includes Community Benefit Programme donations, CSE winter campaign donation, a number of individual site related donations and our community open day hosted at Avonmouth wind farm.

⁸ Thrive Renewables average shareholding of 4,049 shares as of December 2022. Total shares in issue were 25,764,631 and total number of shareholders were 6,363.

2022 AWARDS & MEMBERSHIPS



OUR PROJECTS



1. LOCH A'BHRAOIN

MEZZANINE LOAN

PROJECT SIZE: 2MW HYDRO

Location: Highlands, Scotland



2. BEOCHLICH

PROJECT SIZE: 1.0MW

TWO HYDRO-ELECTRIC
TURBINES

Location: South-east side of
Loch Awe, Argyll, Scotland



3. HAVERIGG II

PROJECT SIZE: 2.4MW

FOUR-TURBINE WIND FARM

Location: Cumbria



4. SIGURD

PROJECT SIZE: 1.3MW

ONE-TURBINE WIND FARM

Location: Orkney Islands



5. CATON MOOR

PROJECT SIZE: 16MW

EIGHT-TURBINE WIND FARM

Location: North Lancashire,
just off the M6 at Junction 33



6. NESS POINT

PROJECT SIZE: 2.75MW

ONE-TURBINE WIND FARM

Location: Lowestoft, Suffolk



7. DUNFERMLINE

PROJECT SIZE: 1.5MW

ONE-TURBINE WIND FARM

Location: Dunfermline,
Scotland



8. EYE

PROJECT SIZE: 5MW

TWO-TURBINE WIND FARM

Location: Eye, Suffolk



9. FENPOWER (RANSONMOOR)

PROJECT SIZE: 10.1MW

FIVE-TURBINE WIND FARM

Location: Cambridgeshire



10. SEVERN

PROJECT SIZE: 8.2MW

FOUR-TURBINE WIND FARM

Location: Avonmouth, Bristol



11. MARCH

PROJECT SIZE: 1.5MW

ONE-TURBINE WIND FARM

Location: Cambridgeshire



12. AUCHTYGILLS 13. CLAYFORDS

THRIVE RENEWABLES

(BUCHAN) LIMITED

PROJECT SIZE: 800KW EACH,
TWO-TURBINE WIND FARM

Location: Aberdeenshire, Scotland



14. BOARDING- HOUSE

PROJECT SIZE: 10.25MW

FIVE-TURBINE WIND FARM

Location: Cambridgeshire



15. DRUMDUFF

JOINT VENTURE –
OPERATIONAL

PROJECT SIZE: 6MW

THREE-TURBINE WIND FARM

Location: West Lothian, Scotland



16. WICKEN

PROJECT SIZE: 5MW

BATTERY STORAGE SYSTEM -
OPERATIONAL JANUARY 2022

Location: Milton Keynes



17. SUNDERLAND

PROJECT SIZE: 0.3MW

SOLAR ROOFTOP

Location: Sunderland



18. BIRMINGHAM

PROJECT SIZE: 1MW

COMMERCIAL SOLAR

Location: East Birmingham



NEW PROJECTS

19. CHAPELTON

PROJECT SIZE: 2.7MW

WIND FARM

Location: S. Ayrshire, Scotland



20. UNITED DOWNS

DEVELOPMENT (JV)

PROJECT SIZE: 2MW

GEOTHERMAL

Location: Redruth, Cornwall



21. FEEDER ROAD

CONSTRUCTED EARLY

2023 PROJECT SIZE: 20MW

BATTERY STORAGE SYSTEM

Location: Bristol



22. BIRMINGHAM

PROJECT SIZE: 0.8MW

SOLAR ROOFTOP

Location: East Birmingham



23. AMBITION COMMUNITY ENERGY

PROJECT SIZE: 4.2MW

ONE-TURBINE WIND FARM

Location: Bristol





Thrive Open Day 2022

STRATEGIC REPORT

VISION AND MISSION

We believe in a clean, smart energy system that is powered by the investment of many. Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects.

OUR VALUES

SUSTAINABLE AT HEART

The principles of sustainability have guided us for over two decades, from the projects we invest in to how we run our business. To generate clean energy that can meet the needs of today's world and future generations, we only ever invest in sustainable projects, in a sustainable way.

REWARDING CONNECTION

We make decisions based on the interests of our investors. That means we invest in real projects, that are supported by real people, and that create real rewards – financial, environmental, and social. We always communicate these impacts clearly and transparently.

MOVEMENT FOR CHANGE

We play an active and committed role in the clean energy movement: a growing community of people and businesses who are committed to making change happen. We share our knowledge and insight to catalyse change, and we're passionate and excited about what is possible.

GROWTH IN TURBULENT TIMES

2022 was Thrive's most profitable year ever⁹, primarily due to windier weather and higher wholesale electricity prices. Additional profits will be reinvested into new clean energy projects which will ultimately contribute to lower energy bills for consumers. We are also investing in pipeline development and growing the team to enable significant further growth in the future.

HOW WILL THE CASH GENERATED FROM OPERATIONS IN 2022 BE DEPLOYED?

INVESTMENT IN NEW PROJECTS	£4.5 MILLION
DIVIDENDS FOR SHAREHOLDERS	£3 MILLION
CORPORATION TAX	£1.5 MILLION

Despite the challenging economic backdrop, Thrive successfully raised £6.8 million in 2022 via Triodos Bank's crowdfunding platform. We are delighted to welcome over 900 new shareholders, helping us deliver on our vision of a clean, smart energy system, powered by the investment of many. It was also extremely pleasing to see existing investors participate in the raise, a true vote of confidence in our business model and strategy. This additional investment will fund new battery storage, rooftop solar, onshore wind and geothermal projects, some which are community-owned.

We made a number of new investments during the year, including a further solar rooftop installation, enabling businesses to benefit from cheaper, cleaner direct electricity supply, and can report good progress on construction at Feeder Road battery storage site. The highlight of the year from an investment perspective was providing £4 million funding to enable Ambition Community Energy (ACE), part of Ambition Lawrence Weston, to build England's largest wind turbine in one of the most deprived areas of Bristol. As a community-owned enterprise, profits from the project will be used to enhance and improve life for residents locally.

As a business, Thrive continues to demonstrate resilience in an environment of economic turmoil. Inflation linked revenue continues to counter increased costs and interest rates on all debt are fixed throughout the term which has insulated us from rising base rates.

⁹ Excluding 2019 when profits included proceeds from the sale of two wind farms

CURRENT FOCUS

Thrive remains focused on growth, maximising the value of the existing portfolio and enhancing stakeholder relationships.

1. SECURE VALUE AND LONG-TERM FUTURE FOR THE EXISTING PORTFOLIO:

- a. 24 operational, funded and development assets generating value, both financially and environmentally.
- b. Undertaking works to extend the physical operational life of our generation equipment to secure the next 20-30 years.

2. GROWTH - ACCESSING SUSTAINABLE ROUTES TO MARKET:

- a. The combination of the capital costs of renewables and prices accessible via longer term power purchase arrangements is increasing the viability of new renewable energy projects in a post-subsidy context.
- b. We will also consider building larger projects which are eligible for government Contracts for Difference (CfD) auctions, benefiting from the long-term price stability they provide.



Feeder Road battery construction

3. GROWTH – DIVERSIFICATION OF RENEWABLE ENERGY AND CLEAN PROJECTS:

- a. Renewables are now providing 41.4%¹⁰ of the UK's electricity, and the contribution being made by renewables will continue to grow. We believe that growing diversity in the portfolio demonstrates what the UK's energy sector will look like in the future, and provides opportunities for both value, and risk management throughout the energy transition. We intend to continue to grow and diversify our renewable generation portfolio and also technologies providing flexibility and resilience to the energy system.
- b. We are seeking ways to co-locate additional technologies, like solar or storage on our wind farms for example.
- c. In addition to technology and revenue diversification, funding, rather than owning projects, adds resilience to the portfolio. We are providing an increasing number of community energy funding bridges, where we supply funding and expertise to community groups to deliver renewable energy projects which deliver socially as well as environmentally.

4. ENHANCING STAKEHOLDER RELATIONSHIPS:

- a. Building on the success of the equity fundraise in 2022, we hope to offer further opportunities to invest in 2023 to fund a growing pipeline of new projects. We are also improving the functionality of the monthly secondary share auction to make it accessible to a wider audience of investors, further enhancing liquidity for shareholders.
- b. Thrive works with networks, industry bodies, politicians and likeminded organisations to promote renewable energy, build trust and highlight the role of business as a force for good. We firmly believe that for the energy system to deliver net zero, then the sector needs richer engagement with the whole of society.

¹⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114724/Energy_Trends_March_2023.pdf Energy Trends March 2023 (publishing.service.gov.uk)

INVESTMENT STRATEGY

In 2021, the UK government confirmed that all UK electricity will come from low carbon sources by 2035. In order to achieve this, the system must completely transform. We continue to diversify our portfolio of projects to reflect what is required to deliver the transition to a renewables dominated electricity system by 2035, and benefit from revenue streams which emerge. Alternative revenues are improving the business case for building new small to medium sized

sustainable energy projects. These include more direct commercial relationships with businesses like 'direct wire' onsite renewables and corporate Power Purchase Agreements, as well as storage to balance out variability of renewable generation and new sources of baseload capacity like geothermal.

As renewables contribution to the UK energy system grows, we continue to invest in a range of proven clean technologies that can work together to fully decarbonise the UK's electricity system, reflecting the government's legally binding net zero targets.



1

GRID CONNECTED WIND AND SOLAR

funding the construction of Ambition Community Energy turbine in Bristol.



2

DIRECT WIRE RENEWABLES

new solar rooftop arrays.



3

FLEXIBILITY

construction of Feeder Road battery storage.



4

BASELOAD RENEWABLE ELECTRICITY GENERATION

further investment in United Downs geothermal development.



5

HEAT

continuing investment in Rendesco.



6

EARLIER STAGE DEVELOPMENT

creating a long-term pipeline of additional assets.



IMPACT OF ENERGY PRICES

Russia's invasion of Ukraine in February 2022 led to a massive spike in European natural gas prices, which were already increasing as global growth recovered after the pandemic and speculation grew about Russia's intentions. Electricity prices were relatively stable over the last decade and the five years to April 21 saw an average price of £46/MWh (equal to 4.6p/kWh). In August 2022, we saw prices eight times higher at £370/MWh (equal to 37p/kWh). In response to this spiralling energy crisis, caused by our reliance on burning imported fossil fuels, the UK government introduced a windfall tax on fossil fuel producers in 2022 and a generator levy on renewables operators which became operational on 1 January 2023.

Thrive manages its exposure to energy price volatility by maintaining a number of different long-term power sales arrangements and fixing power prices up to 24 months in advance. This hedging strategy aims to

reduce volatility of our revenues. The combination of the way that the electricity market operates, the prospect of exposure to a wind-fall tax, and high inflation made it even more vital that Thrive continued with this strategy throughout 2022. At the time of writing, the majority of 2023's electricity generation power prices have been fixed.

Looking beyond Thrive's own generation, we are pleased that the UK's renewables fleet (including our portfolio) has helped dampen the impact of international fossil fuel pricing for UK electricity consumers. We are strong advocates of revisiting the way in which the wholesale market works, to allow UK consumers to further benefit from the energy cost reductions offered by current and future additions to the UK's renewable generation portfolio. It has been forecast that by March 2023 the UK's existing portfolio of projects which have qualified for CfDs will have reduced the UK's electricity costs by over £1.3 bn¹¹.

¹¹ <https://www.current-news.co.uk/cfd-projects-to-save-britain-7bn-under-current-prices/>



Feeder Road battery construction

GOVERNMENT POLICY

2022 was a tumultuous year for policy announcements, dominated by the energy crisis. There were various government attempts to respond to it including the Energy Security Strategy in April, Growth Plan in September, Energy Prices bill in October, Autumn Statement in November and onshore wind consultation launched in December. In different ways, all these recognised the importance of renewables in generating clean, homegrown power in the context of the UK's over reliance on expensive, imported fossil fuels.

The Energy Security Strategy, announced in April, recognised the important role renewables will play in ending our reliance on fossil fuels and lowering the cost of energy. The government stated that 95% of the country's electricity could come from low-carbon sources by 2030 – five years ahead of the current schedule. It included plans to increase solar capacity by up to 5 times by 2035 and 'encourage all forms of flexibility with sufficient large-scale, long-duration electricity storage to balance the overall system by developing appropriate policy to enable investment'. It also launched a comprehensive Review of Electricity Market Arrangement to facilitate more renewables on the grid to meet increased demand due to electrification. In particular, the review will address how to restructure the market so the cost savings delivered by renewables can reach energy consumers and explores locational drivers, encouraging generation closer to demand.

Although onshore wind in England remains a political football, resulting in only two projects in the whole country being constructed during 2022, the direction of travel on policy has been broadly positive. At the end of 2022, the Department for Levelling Up, Housing and Communities launched a consultation on ending the effective ban on onshore wind in England which has been in place since 2015. Encouragingly, they noted: "Onshore wind is an efficient, cheap and widely supported technology – we know that achieving net zero and meeting the UK's legally binding decarbonisation targets will require an increase in locally supported onshore wind." As well as removing the requirement for any new wind project to be sited in a Local Authority designated area, the proposals include support for repowering which will help us make even better use of our existing sites as they mature. We continue to advocate the return of a 'level playing field' where onshore wind is treated equally with other infrastructure projects from a planning perspective. However, we are always keen to explore how local people can better benefit, whether

“ Thrive's strategy to identify and secure value from the range of opportunities presented by our transition to Net Zero puts us in a very good position going forward. As 'Mission Zero' states – 'this is too important to get wrong'. ”

that is via shared ownership, community energy or investment opportunities for individuals.


The Energy Prices bill in October sought to provide further relief from rising energy bills. As a result, the 'Electricity Generator Levy', a temporary 45% tax levied on revenues to capture the 'extraordinary returns from low-carbon UK electricity generation', was announced in the Autumn statement, commencing in January 2023 and remaining in place for five years. We recognise that additional taxation is vital to support those in our community who are not able to heat their homes. The levy will not prevent Thrive from continuing to fund, build and operate clean energy projects. However, we are concerned that the government's approach will incentivise investment in fossil fuels – something that is not compatible with achieving net zero, or tackling the climate emergency, especially when our reliance on fossil fuels is what has caused the energy crisis in the first place. The renewables sector is being asked to pay a 45% levy on revenue, with no incentive for investment, while oil and gas businesses are having to pay an additional 35% tax on profit, with a 29% investment allowance. This means renewables will effectively be subsidising fossil fuels, which feels like an own goal on the journey to net zero.

More positively, we contributed to the government commissioned independent report into Net Zero in 2022. The resulting report, 'Mission Zero', concluded 'Net Zero is the growth opportunity of the 21st century and ultimately the benefits will outweigh the costs'. The top three priorities were identified as electricity grid and transmission, solar and onshore wind, reflecting Thrive's focus on diversification into proven technologies that support a carbon-free system by 2037. We hope the government accepts these recommendations in full. Whilst signals have been mixed, opportunities missed and progress slow in 2022, Thrive's strategy to identify and secure value from the range of opportunities presented by our transition to Net Zero puts us in a very good position going forward. As 'Mission Zero' states – 'this is too important to get wrong'.

INVESTMENT UPDATE

	TECHNOLOGY	CAPACITY	DATE OF INVESTMENT	STATUS	UN SUSTAINABLE DEVELOPMENT GOAL
Chapelton	Onshore wind	2.7MW	November 2019	In development	 
United Downs	Geothermal electricity generation, heat and potentially lithium	2MW electricity 10MW thermal	January 2020	Construction of power plant to start 2023	  
Ambition Community Energy	Onshore wind	4.2MW	April 2022	Constructed early 2023	   
Olympus	Solar rooftop PV	0.8MW	November 2020 and ongoing	Development & construction	 
Feeder Road	Battery Storage	20MW	February 2021	Constructed early 2023	 
Rendesco	Renewable heat	–	November 2021	Domestic installations commenced	 
Geogen	Geothermal power, heat and low carbon lithium	–	November 2021	Planning & development	 
Riding Sunbeams	Solar PV	–	September 2020	In development	   
Drumduff extension	Wind	TBA	February 2021	Development	 

7 AFFORDABLE AND CLEAN ENERGY



AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

11 SUSTAINABLE CITIES AND COMMUNITIES



SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable

13 CLIMATE ACTION



CLIMATE ACTION
Take urgent action to combat climate change and its impacts



AMBITION COMMUNITY ENERGY

In April 2022, Thrive provided a £4 million loan to Ambition Community Energy CIC (ACE), a community energy group based in Bristol, to fund the construction of England’s largest onshore wind turbine. After years of planning challenges, Thrive’s unique approach to collaborative funding was the catalyst needed to get the project into construction. With a maximum capacity of 4.2 MW, the 115-metre diameter, 150-metre tip height turbine can generate enough power for close to 3,000 homes – the equivalent to Lawrence Weston’s domestic use – and will save almost 120,000 tonnes of carbon emissions over its lifetime¹². As a community-owned project, all profits will be reinvested back to improve the local area. Groundworks began in Summer 2022 and the turbine was commissioned in Spring 2023.



FEEDER GRID STORAGE LIMITED

We have completed the construction of a 20MW battery for Feeder Road in Bristol – our largest electricity storage project to date – with the project commissioned in Spring 2023. The site has the capacity to deliver 1.5 hours or 30 MWh of electricity to the national and local grid, with the potential to store enough capacity to power 14,771 typical UK homes¹³. The project enjoys significant support from the local community, who previously campaigned to prevent a diesel peaking plant being built on the site. This illustrates the transition from using fossil fuels to cleaner energy to manage peaks and troughs in

electricity demand. We are committed to enhancing biodiversity at the site, working with a landscape architect and ecologist to develop a landscape plan. This includes planting trees, native hedgerows, species rich grassland, shade scrub and native ferns and enhancing the natural habitat through bird and bat boxes, insect hotels, a hedgehog house and a large reptile hibernaculum.



OLYMPUS POWER – SUBSIDY FREE, DIRECT WIRE

In November 2020, Thrive completed a funding agreement with Olympus Power Ltd (OP). OP develops and installs solar PV at commercial and industrial sites and offers the host direct supply of the renewable electricity generated on a direct wire basis. Two projects totalling 1.6MW are already operational, with a further project totalling 830kW in development, helping the industrial hosts manage energy costs and reduce the embedded CO₂ of their products. The host businesses are motivated not only by the competitive power price offered, but additionally their customers are demanding a reduction in the carbon content of their supply chain, so the solar power is helping them maintain and win business.



¹² <https://www.renewableuk.com/page/UKWEExplained>

¹³ UK average annual household electricity consumption is 3.748MWh (Subnational Electricity and Gas Consumption Statistics: Regional and Local Authority, Great Britain, 2020 (publishing.service.gov.uk)). The battery is planned to store and discharge around 22GWh per year in total.



DRUMDUFF EXTENSION

In 2016, Thrive and GreenPower co-invested in the Drumduff wind project, located on an old, disused open cast coal mine to the north of Blackridge in West Lothian, Scotland. The three-turbine wind farm, built in 2017, generates enough renewable electricity to meet the annual demand of 5,458 UK homes. Working with GreenPower, we identified an opportunity to acquire another development phase single-turbine project, which has already received planning permission, nearby. We have entered a joint venture with GreenPower and are working to secure further planning permission and grid connection so that we can build more turbines on this site as an extension to Drumduff. We are keen to develop the project in a way that works for the local community; Drumduff has a strong community benefit framework supporting local groups with environmental and social projects.



CHAPELTON WIND FARM - SUBSIDY FREE, DIRECT WIRE

In November 2019, Thrive acquired the rights to develop a 2.7MW wind farm in Girvan, South Ayrshire, Scotland. The site secured planning consent in November 2014 but has not been built due to local electricity grid constraints. Thrive continued working with high energy demand businesses locally in 2022 to explore 'direct wire' supply opportunities. This model would connect the wind farm to the business's own energy system, supplying competitively priced electricity and exporting surplus power via their grid connection. Benefits include support for the local economy and the opportunity to build new renewable generation capacity. Once operational, it is planned that the project will generate enough electricity to power 1,650 UK homes. The development work to date has focused on the selection of turbines and finalising the direct wire cable route, however progress has been slower than we would have liked due to the difficulty of routing the 10km private wire to the intended consumer. We are working to find solutions to these issues.



RENDESCO - GROUND SOURCE HEAT PUMP DEVELOPMENTS

In 2018, Thrive invested £350,000 in Rendesco as part of a £4.1 million capital raise, enabling the company to successfully roll out over 50 heat pumps at new build retirement homes across the country. Following the successful repayment of the 2018 bond, we invested £350,000 back into Rendesco's subsidiary, Renewable Heat Holdings Limited (RHHL), so that the company could continue reducing natural gas usage in retirement villages and additionally install ground source heat pumps in new build domestic properties. In 2022, the final two sites of Rendesco's 71-site portfolio of retirement developments, heated by ground source heat pumps, were completed, generating over 13.5 GWh of renewable heat and hot water. The bond capital will be used by Rendesco in 2023 to expand its core business and meet the growing demand for ground source heat networks in new build homes as the UK transitions away from gas.



UNITED DOWNS GEOTHERMAL - BASELOAD RENEWABLE POWER

In 2020, we invested £3 million in United Downs Geothermal Ltd in Cornwall, which will be the UK's first geothermal electricity generation plant. Testing has demonstrated the required temperatures (in excess of 190°C), good permeability and positive well development. The final testing of flow rates is now complete, indicating that a 2MW power plant is feasible. Additional investment of £12m to fund the power plant was agreed in February 2023, being funded by Thrive and Kerogen Capital. Construction of this ground-breaking project is due to start shortly with commissioning planned in 2024. In addition to electricity generation, there is scope for the project to deliver up to 10 MW thermal of renewable heat locally and discussions are ongoing with potential offtakers. In addition, high concentrations of lithium have been discovered in the brine which has the potential to be extracted for use in EV and other batteries, providing a local, ethical source of this rare earth mineral.



**RIDING SUNBEAMS – DEVELOPMENT
PIPELINE SUBSIDY FREE, PRIVATE WIRE**

In September 2020, Thrive invested £200,000 into Riding Sunbeams Apollo Ltd (RSA). RSA's mission is to deliver renewable electricity directly to the railway network, whilst delivering benefits to line-side communities. With plans for both further electrification and significant decarbonisation, renewables delivering power directly into the rail network has huge growth potential. Thrive made an additional cash investment of £251,000 in 2021, and a further £150,000 in January 2022. The total cash of £601,000 invested has supported the company in the development of the UK's first commercial scale solar farm connected to the DC (third rail) traction network and the completion of the development of a device to allow solar power to be connected directly to the AC (overhead) traction network. Thrive has also provided £330,000 of 'sweat equity' in the form of additional resources and expertise to Riding Sunbeams.

In 2020 Cuckmere Community Solar in Berwick and Riding Sunbeams commenced collaboration on the demonstration site for a Megawatt scale solar farm to power the local railway line. Unfortunately, site-specific technical issues came to light as the project progressed. These proved impossible to overcome, so Cuckmere was not able to proceed.

RSA is continuing to work on both the development of the AC converter and the identification of solar development sites at prime locations for connection to the DC traction network. Both Network Rail and Transport for London have recently issued a prior invitation notice setting out their interest in connecting renewable energy directly to their traction network. RSA is preparing to participate in both of these processes later this year.

Riding Sunbeams has been highlighted as a case study in the government's Net Zero strategy, was a finalist at the 2021 Ashden Awards for UK Climate Innovation and, in 2022, was hailed as a top 50 climate start-up by PwC.



GEOGEN LIMITED

In November 2021, Thrive invested £0.47m into Geogen Limited. Building on the learning and the success of United Downs Geothermal, the company identified a number of other sites in Cornwall with the potential to generate geothermal power and heat and potentially source further lithium. Geogen selected the sites primarily for their geology (geothermal resource). In September 2022, planning permission was granted by Cornwall Council for a 5MW deep geothermal site located at Penhallow, in the parish of Perranzabulo. A further site at Manhay in the parish of Wendron received planning permission in February 2023. Thrive's investment will continue to support the expansion of geothermal energy production in Cornwall.



OPERATIONS

OPERATIONAL REVIEW

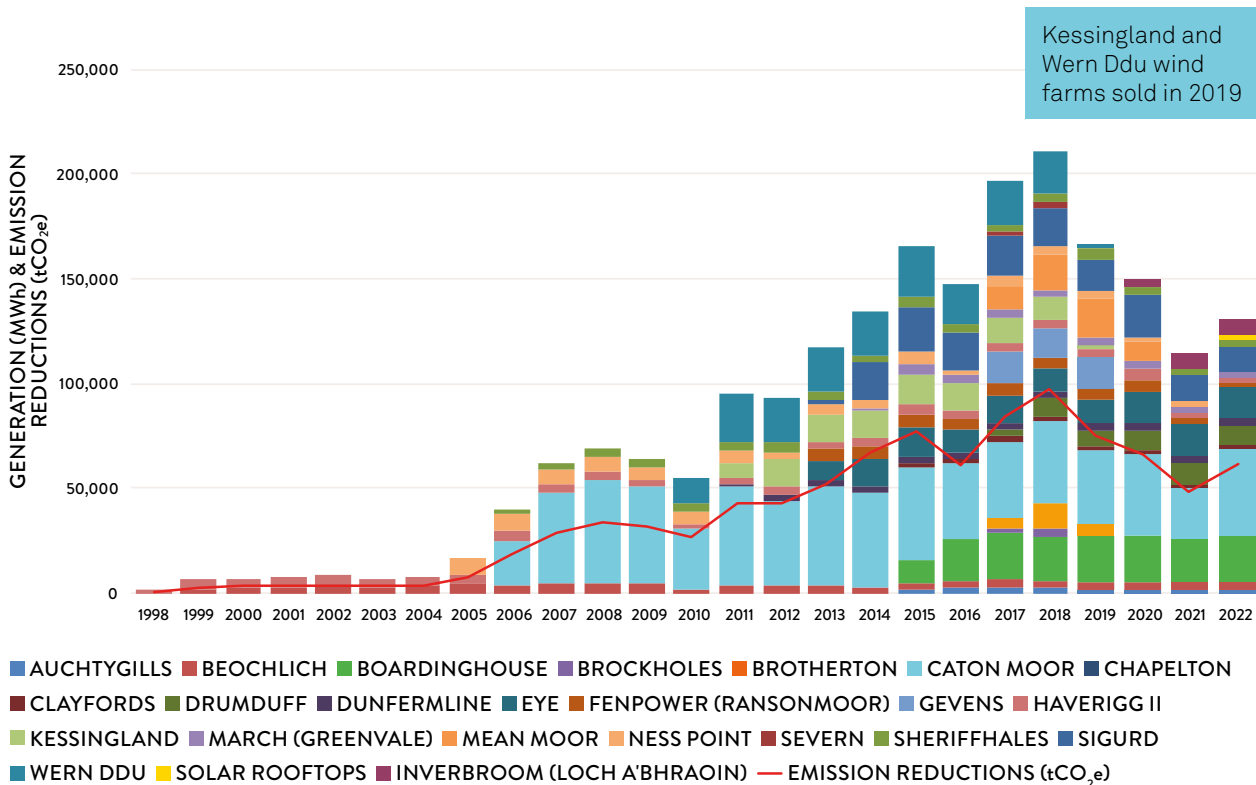
Thrive's consistent strategy of outsourcing all day-to-day management of operational projects allows for rapid growth, the inclusion of a range of clean energy technologies, geographical diversity and bespoke investment structures. This approach has allowed us to successfully incorporate a new technology - battery storage - into our portfolio this year. Our focus internally remains on safely achieving best long-term value and output from the sites, sharing experience and good practice across all projects. There were no reportable Health & Safety incidents in 2022.

OPERATIONAL RESULTS

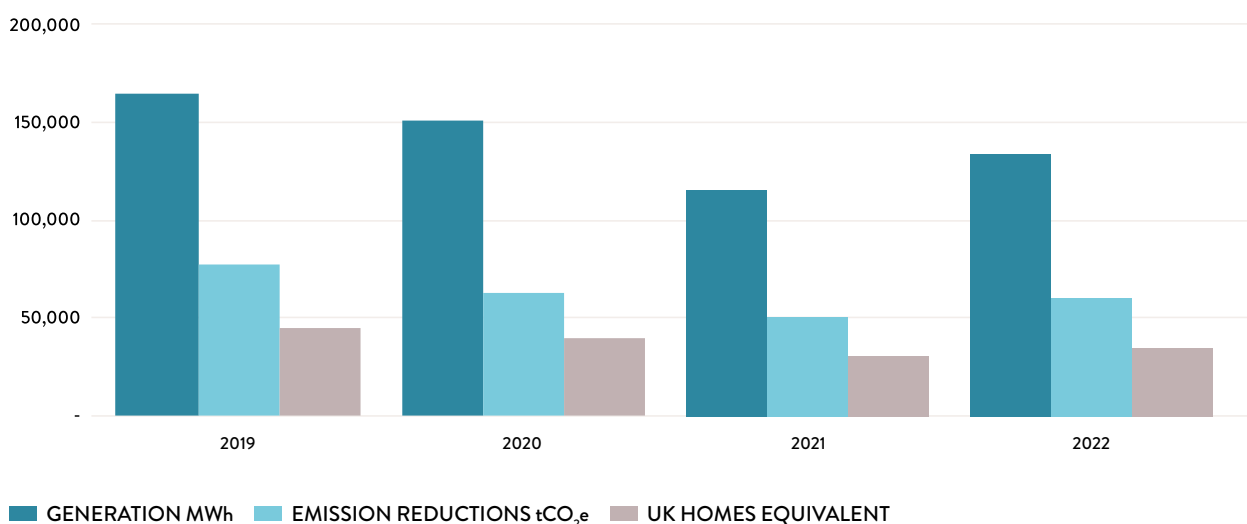
Thrive's total owned portfolio generated 125,359 MWh from 14 operational projects in 2022, an increase of 20% from the previous year (2021: 104,822MWh, 14 projects). This is largely due to improved wind speeds but also reflects the successful installation of three new gearboxes at Caton Moor in late 2021 which resulted in a good performance from that site in 2022. We have identified areas for further improvement, in particular at Ness Point where after a good first quarter, persistent technical issues led to poor performance for the rest of the year.

The charts below illustrate generation, and associated emissions reductions from our Impact portfolio, which characterises Thrive's share of projects owned, as reported above, plus the projects we are majority funding.

THRIVE RENEWABLES GENERATION AND EMISSION REDUCTIONS, IMPACT PORTFOLIO



THRIVE RENEWABLES ELECTRICITY GENERATION AND IMPACT



CONTRACTOR MANAGEMENT

Key to Thrive's model is the effective management of contracts and contractors. The Wicken battery storage project, which is a new technology for us, was fully operational in 2022 and provided a lot of opportunities to learn and improve performance. The operations and maintenance providers taken on to manage the site responded well to Thrive's expectation of good working practice and commitment to Health & Safety.

LIFE EXTENSION AND REPOWERING

Thrive's maturing wind fleet provides opportunities for both life extension – where the same turbines remain operational beyond the original planned lifespan of the project, and repowering – where new more efficient turbines replace the old ones in order to generate even more clean power. This year we have added specialist resource to the team and are in the process of delivering life extensions and evaluating the long-term opportunities on a site by site basis. We are pleased to report that the life extension at Haverigg, completed in 2022, was successful and the site is operating well.

POWER PRICES

Thrive derives the majority of its revenue from the sale of electricity. After a decade of relative stability in the UK's wholesale electricity market, the period since 2019 has been increasingly volatile. Over the five years to April 21 the average market price was £46/MWh (equal to 4.6p/kWh), in August 2022 we saw prices eight times higher at £370/MWh (equal to 37p/kWh).

The chart overleaf illustrates both the wholesale electricity prices and the power sales prices achieved by Thrive over the last six years. The green line represents

the wholesale electricity market, and its movements reflecting both national demand and supply, and global energy prices. The dark blue bars illustrate the average total power price achieved by Thrive, combining power sales to the grid and host consumers (via private wire), and the grey bars represent the price support and grid service payments received by Thrive's generating assets.

The volatility in the wholesale electricity market can be seen by the movements in the green line since 2019. Initially prices fell in response to falling demand caused by the Covid lock downs, then as the world's economic growth recovered faster than anticipated, prices increased rapidly. This price movement, despite its materiality, has been somewhat dwarfed by the impact of the crisis in Ukraine. The UK's wholesale electricity auction mechanisms result in the electricity price being set by natural gas generation the majority of the time, despite renewables now providing 41.4%¹⁰ of the UK's power, as the price of each half hourly electricity auction is set by the last power plant, typically gas due to its flexibility, required to meet demand. So despite gas plant providing a decreasing volume of the UK's power in recent years, it continues to supply the balancing power the majority of the time. Therefore, as the Ukraine crisis has unfolded, and Europe's supply of Russian gas has been interrupted, the cost of gas has increased materially, which in turn has driven a sharp increase in the price of electricity in the UK.

Thrive manages its exposure to energy price volatility by maintaining a number of different long-term power sales arrangements and fixing power sales prices up to 24 months in advance. This hedging strategy

reduces the volatility of our revenues. Forward selling of the power has two effects on the price achieved for the sale of electricity. Firstly it limits the troughs (of Covid) and peaks (of the Ukraine crisis) and secondly there is an interval before our revenue is affected by these external events. This stability and lag is illustrated by the dark blue bars on the chart (Thrive's power price), relative to the green line (average wholesale price).

The combination of the way that the electricity market operates, the prospect of exposure to a windfall tax, and high inflation meant that Thrive continued to fix electricity prices throughout 2022. At the time of writing, the majority of our 2023 electricity generation power prices have been fixed. This fixing at elevated price levels will provide for exceptional levels of revenues (subject to generation) but remains below the cost of fossil fuel generation. This anticipated exceptional revenue will be used to fund growth (and therefore more lower cost renewables), for dividend, and servicing the exposure to the Electricity Generators Levy (EGL) (see page 17).

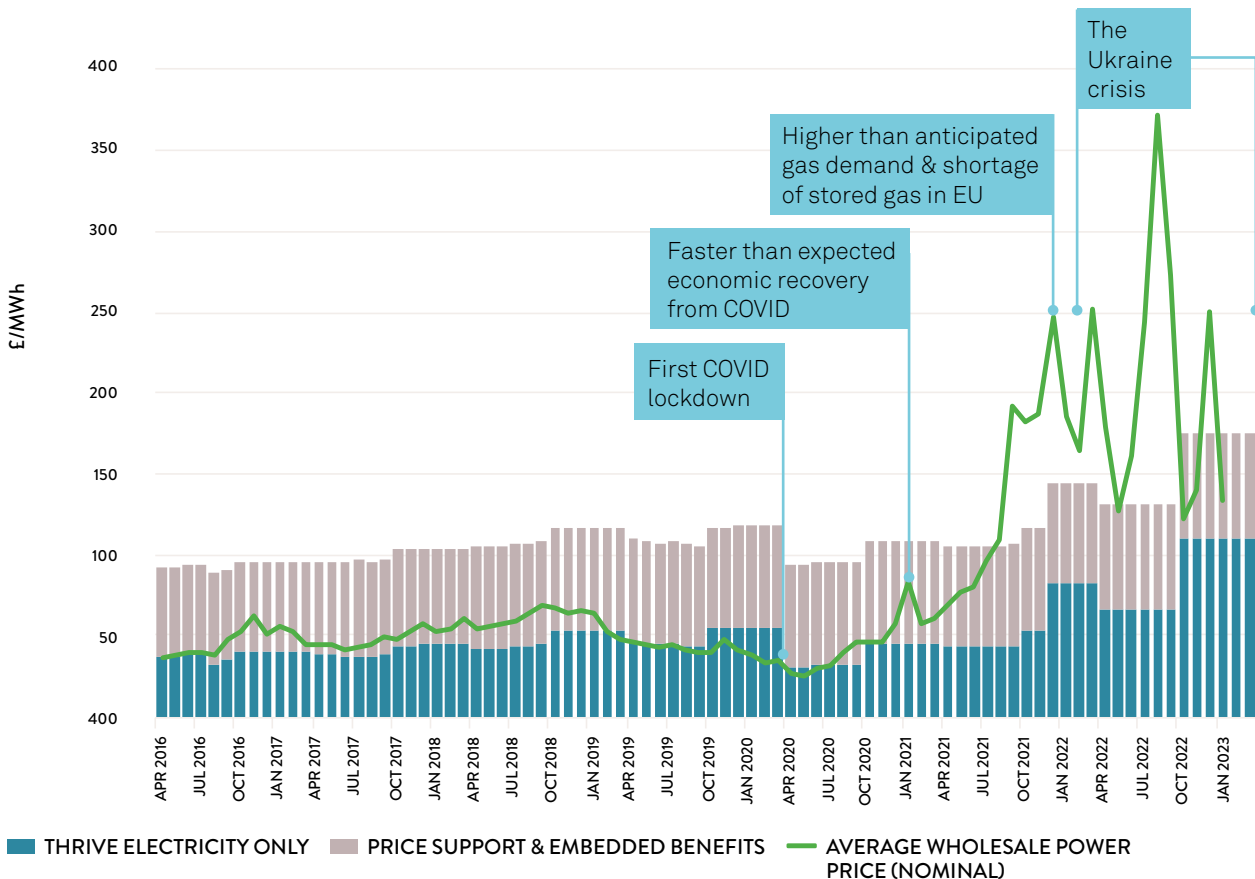
In 2022 37% of Thrive's revenue was sourced from legacy government support mechanisms (Feed in Tariff

and Renewable Obligation Certificates) represented on the chart in grey blocks. The projects which have qualified for these support mechanisms will continue to benefit from them for the 20 year original duration. However, Thrive's most recent, and future, projects will not benefit from direct financial support from the government, they will access revenues from a range of power and grid service agreements, including,

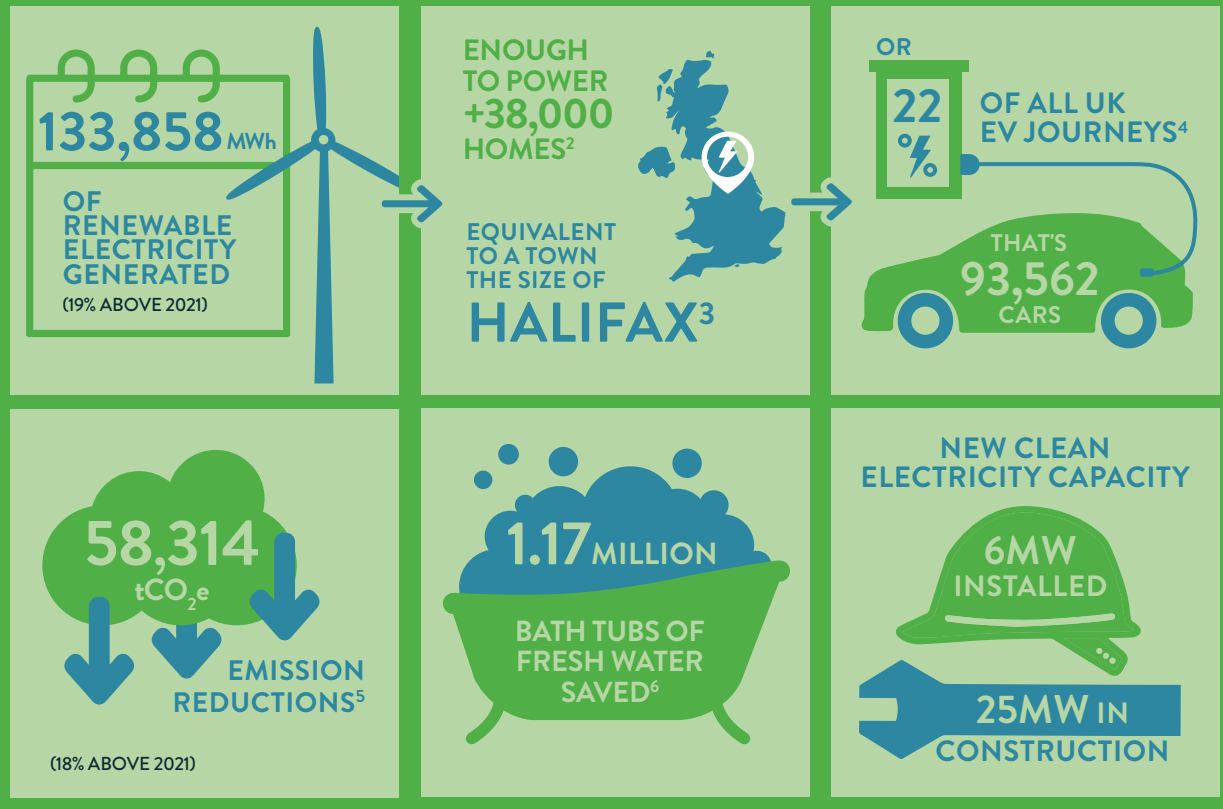
- selling power directly into the wholesale market via long term power purchase agreements,
- selling power directly to industrial and commercial hosts via the private wire model,
- securing price stability by entering into a government backed Contract For Difference (CfD),
- and for battery storage projects, providing grid services (helping to balancing the grid) and shifting power between periods when power is abundant, and when demand is high.

We intend that this diversity of sources and routes to revenue continues to mitigate Thrive's exposure to volatility in the UK's wholesale electricity market.

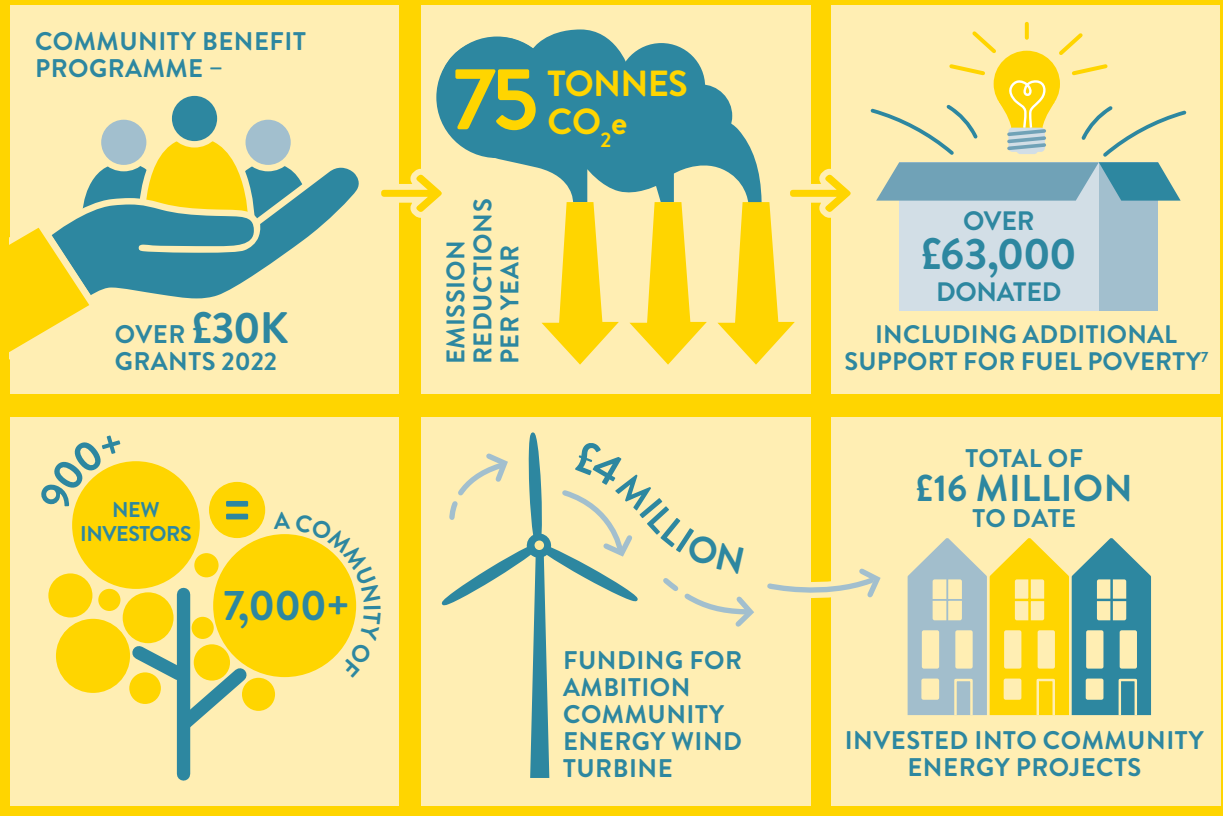
THRIVE RENEWABLES POWER PRICES 'V' MARKET PRICE



ENVIRONMENTAL IMPACT¹



SOCIAL IMPACT (2022)














Our mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects. The principles of sustainability, positive impact and integrity have guided us for more than a quarter of a century and underpin all the work we do.

To ensure we continue improving our impact, we have objectives that outline our intention, and we measure

these against a number of Key Performance Indicators. These correspond to the United Nation's Sustainable Development Goals (UNSDGs). We have identified six goals as particularly relevant to our business.

Below is a summary of our core business objectives, the action we're taking to achieve them and how we measure our success – aligned to the appropriate UNSDGs.

OBJECTIVE	ACTIVITY	MEASUREMENT	UNSDGs
Reduce UK carbon emissions to directly address the climate emergency	Fund, own and operate clean energy projects. We invest in the future of the UK energy system and support innovation using pioneering commercial approaches.	Clean energy generation & CO ₂ emissions reductions	  
Enable the public to have a stake in the UK's transition to a clean energy system	Widen ownership of renewable energy projects and provide other accessible opportunities to engage.	Number of shareholders and bondholders, plus members of Community Energy Groups we provide funding to.	 
Operate our business as a force for good environmentally and socially	Engage with the communities who host our sites and those who make the products we use fairly and transparently; protect and enhance the environment. Use our buying power to reward ethical producers.	Community Benefit Programme, Net Zero commitment, B Corp certification, biodiversity reporting.	    
Uphold rigorous standards of governance with transparent reporting	Our culture is based on integrity and an ethical approach. We are transparent, fair and just in all our transactions and we don't avoid difficult issues.	Annual, half year and impact reports.	



AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy



DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable



RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns

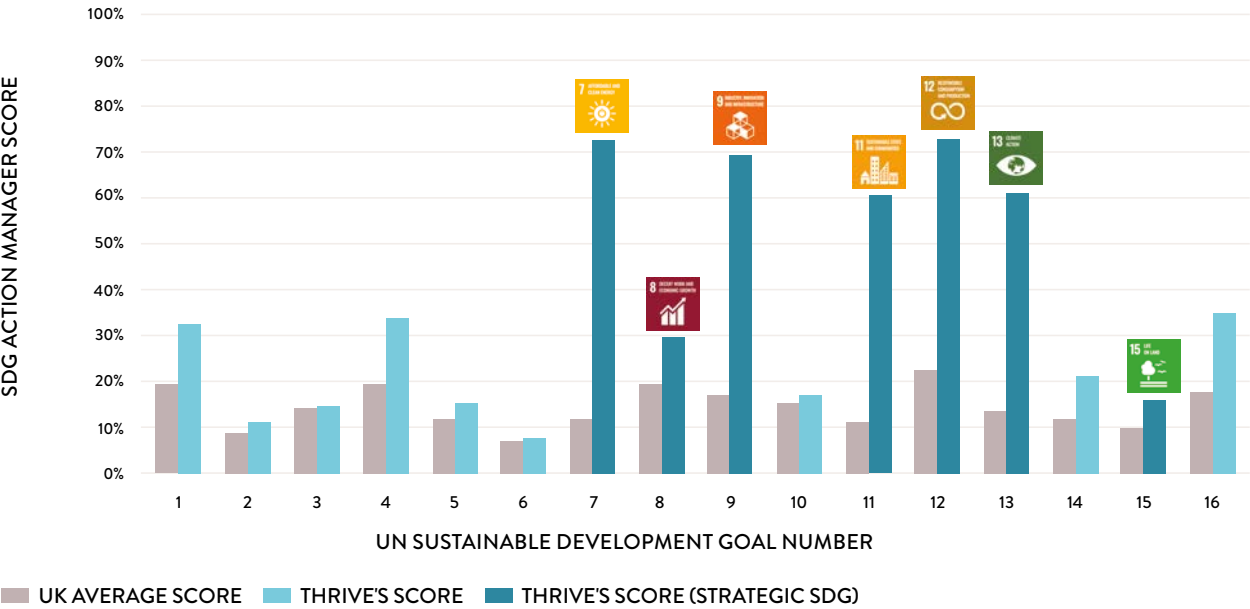


CLIMATE ACTION
Take urgent action to combat climate change and its impacts



LIFE ON LAND
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

In 2022 we started to measure our performance using the SDG Action Manager, developed by the United Nations Global Compact and B Lab. This tool enables us to analyse operations, policies and business models in terms of both positive impact and risks relating to the SDGs. It enables businesses to measure performance objectively and identify areas for improvement. Below is an overview of our performance.



The above chart illustrates that Thrive Renewables performs above average across all the UNSDGs. The seven goals identified as particularly relevant to our business are highlighted. Our score is particularly high compared to the UK average on five of these goals which reflect the core purpose of the business – funding and building clean energy infrastructure to help tackle climate change. It is interesting to note that we also performed well against the average in SDG 16 ‘Peace, justice and strong institutions’, reflecting our commitment to business as a force for good incorporating transparency, robust reporting and high standards of governance.

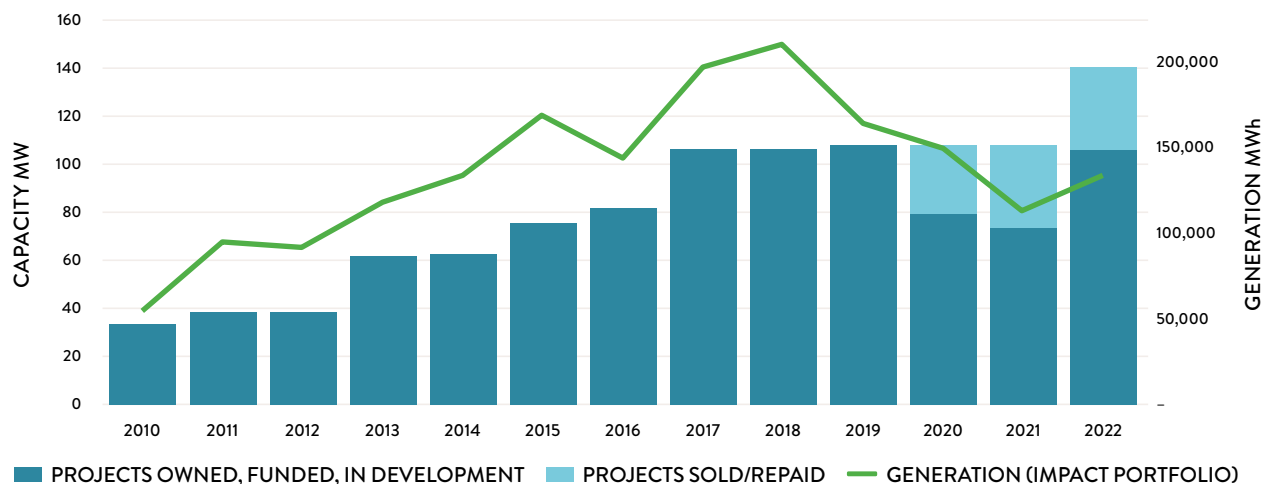


**ENVIRONMENTAL
IMPACT UNSDG 13**

The core of our business is clean energy generation, which replaces the need to burn fossil fuels to generate power, thereby reducing CO₂ emissions.

The graph overleaf shows the generation and storage capacity we have built over time, either through assets we have owned or projects we have funded. When we’ve sold assets and funding bridges have been repaid, we’ve subsequently reinvested money into further generation in line with our mission. Although no longer owned by us, we consider the creation of that ongoing generation part of our impact. Whilst we do not report on the generation or emissions reductions delivered by projects which we no longer own or fund, the light blue bars on the chart provide the capacity of the projects that Thrive has built and funded, but no longer owns or funds. This provides an idea of the scale of the renewable capacity, and therefore impact our investors have delivered over time.

ELECTRICITY GENERATION AND STORAGE CAPACITY CREATED AND ENABLED (MW) AND ELECTRICITY GENERATED (MWh)



BIODIVERSITY

We recognise that climate change and biodiversity loss go hand in hand and should therefore be addressed in an integrated manner. That's why, when we invest in new projects, we are committing to conserve and enhance biodiversity on site.

Published in October, our new biodiversity policy commits us to supporting long-term sustainable development, aligned with the United Nation's Sustainable Development Goal 15: 'Life on Land'. We intend to go above and beyond legal requirements with voluntary initiatives tailored on a site-by-site basis.

As part of our ongoing strategy, we pledge to:

- Understand the existing biodiversity value at each site and how our activities may affect this.
- Comply with prevailing regulation and site-specific planning conditions relating to biodiversity and use this as a foundation to build upon further, using good practice principles.
- Set specific biodiversity targets with measurable performance indicators.
- Achieve 10% Biodiversity Net Gain (which will be mandated in England from November 2023) on all projects across the UK developed after 2022 and identify further enhancements tailored to each site.
- Develop Biodiversity Management Plans for each of our sites detailing specific approaches to minimise impacts, protect, maintain and enhance biodiversity.
- Assess environmental and biodiversity matters as part of the due diligence on new investment opportunities.

- Engage with landowners, communities, and conservation organisations.
- Adapt plans as required in response to measured results and desired outcomes.
- Report our progress on biodiversity targets in our annual report.
- Review our biodiversity policy and management plans annually or in response to changed regulation.

ENHANCING BIODIVERSITY AT FEEDER ROAD IN BRISTOL



After completing construction of our 20MW battery project at Feeder Road, an industrial and residential part of Bristol, we have developed a landscape plan that incorporates advice from a landscape architect and ecologist, with a focus on providing a variety of animals with more places to nest and shelter – from native trees and hedgerows to bat and bird boxes. We're pleased to see progress already made, with four bird boxes, four bat boxes, two invertebrate boxes and a hedgehog house installed. The planting of trees, hedgerows, species rich grassland, shade scrub and native ferns will continue throughout 2023, strengthening local habitat corridors and providing wildlife with food, nectar, and pollen. We look forward to seeing how these changes positively impact the biodiversity at the site moving forwards.

AMBITION COMMUNITY ENERGY

One of our proudest achievements of 2022 was supporting Ambition Community Energy CIC (ACE) in its mission to build England's largest onshore wind turbine in our home city of Bristol. We provided £4 million in funding to get this brilliant initiative into construction after years of planning work, with the turbine about to be commissioned and busy turning wind into clean electricity for homes in Lawrence Weston – an area in the north of Bristol, just east of our Avonmouth wind farm.

With a maximum capacity of 4.2 MW, the turbine can generate enough power for close to 3,000 homes – the equivalent of Lawrence Weston's domestic use – and will save almost 120,000 tonnes of carbon emissions over its lifetime¹⁴. Providing a new revenue stream for the local community in Lawrence Weston, all profits from electricity sales are being reinvested back into the area, acting as a driver for regeneration. The group also plan to build an Energy Learning Zone to inspire young people and provide training to upskill residents for zero carbon careers.



“ Many Lawrence Weston residents are struggling to heat their homes as they have poor insulation and low-energy efficiency, exacerbating fuel poverty as energy costs rise. Charity, Ambition Lawrence Weston, has taken the lead in implementing their community plan to tackle fuel poverty and address the climate emergency, resulting in this wind turbine project. We've never given up on getting the Ambition Community Energy C.I.C. wind turbine project built, helping ensure that their community plans are funded and allowing them to take control of their destinies. With the help of Thrive, the newly constructed turbine will serve as a model for other UK communities.” ”

David Tudgey, Project Development Manager, Ambition Community Energy CIC

¹⁴ <https://www.renewableuk.com/page/UKWEExplained>



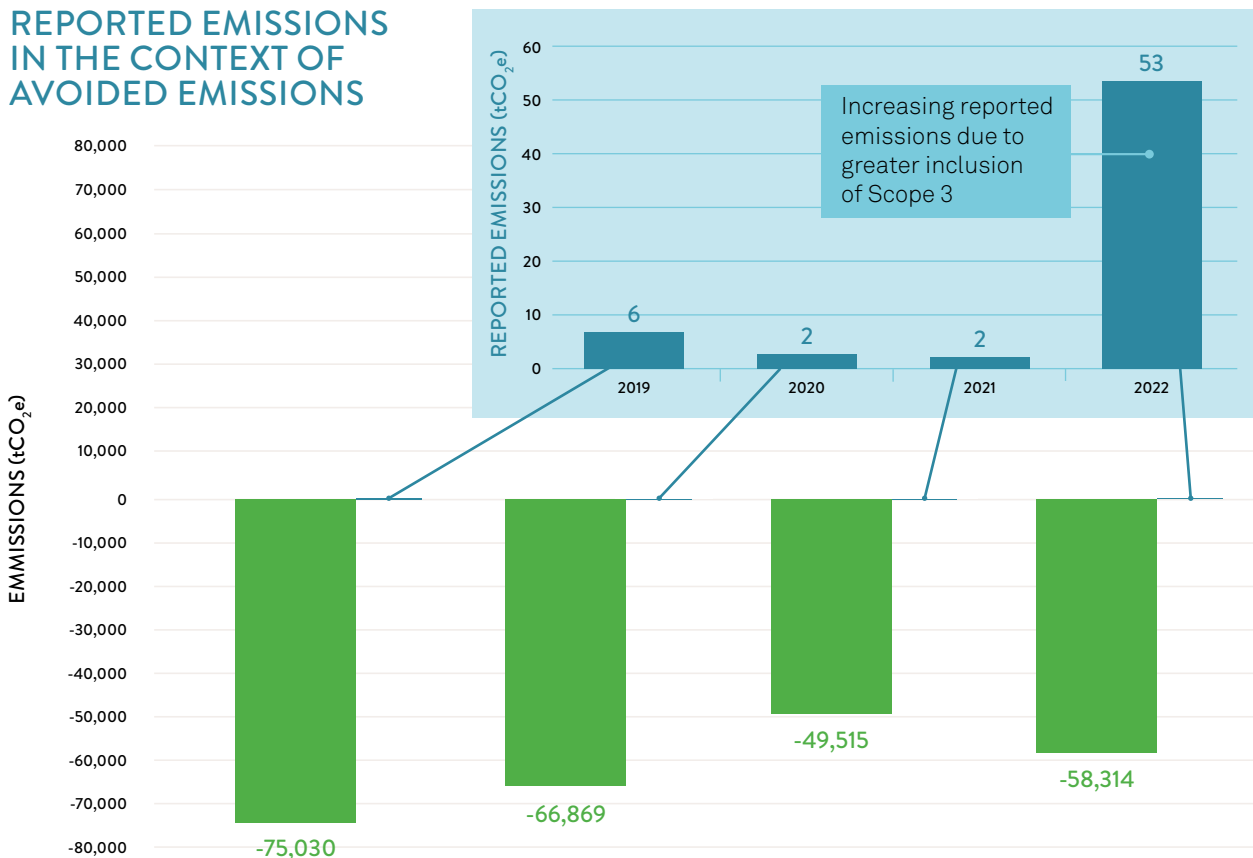
**NET ZERO
BY 2030**

In September 2021, Thrive committed to reaching net zero carbon emissions by the end of the decade. This year we have made significant progress, publishing our Net Zero plan and engaging with the SME Climate Hub. We are pleased to report our Scope 1 and 2 emissions are now at zero. We have significantly increased measurement of Scope 3 emissions and expect this to further increase as reporting becomes available from suppliers on emissions made in the course of their work for Thrive Renewables.

As we build new projects, the emissions reductions we generate will increase. But in the short-term this activity, particularly construction, will cause our reported emissions to increase significantly. The carbon payback from onshore wind, for example, is less than six months, but because REGOs (certificates of renewable generation) are sold with the electricity, we will have to account for construction and operation emissions.



**REPORTED EMISSIONS
IN THE CONTEXT OF
AVOIDED EMISSIONS**



- AVOIDED EMISSIONS FROM GENERATION OF RENEWABLE ELECTRICITY
- REPORTED EMISSIONS

Avoided emissions are shown here to illustrate the company's wider carbon impact and are not used to offset our reported emissions. Data labels show emissions to the nearest whole tonne of CO₂ equivalent. Construction emissions for 2022 are not currently included.

REPORTED EMISSIONS SUMMARY	2022	2021	2020	2019	COMMENTS
Scope 1 (tCO ₂ e)	–	–	2.13	2.87	Includes gas heating for our office which switched to certified green gas since 2021.
Scope 2 (tCO ₂ e)	–	–	–	–	All electricity is renewable supply.
Scope 3 (tCO ₂ e)	53.04	2.17	0.35	3.61	For 2022 this includes emissions associated with business travel, employee commuting and homeworking, office waste and the electricity supply related to our battery storage project.
Total reported emissions (tCO₂e)	53.04¹⁵	2.17	2.48	6.48	2019 is our base year for Scopes 1 and 2. We have not set a base year for Scope 3 as we are not yet reporting on all relevant areas.

SOCIAL IMPACT



COMMUNITY ENGAGEMENT

In September, we had a fantastic time welcoming 500 people to our Avonmouth wind farm. Our first open day in three years, it was brilliant to be reunited with some of our shareholders, as well as meeting lots of new faces from the local Bristol community. Attendees had an opportunity to peep inside one of the 2MW operational turbines on site, as well as enjoy a range of other wind-related activities including Explorer Dome's climate change science show.

Coinciding with Great Big Green Week – a national initiative led by the Climate Coalition to celebrate community action in fighting the climate crisis – we wanted to continue the conversation about climate change and how onshore wind projects are a key part of the solution. It's a joy to see so many enthusiastic faces at our open days and we are often blown away by the insightful questions asked – with lots coming from budding engineers of the future!



¹⁵ This is a preliminary figure that we expect to increase once additional data is shared by our suppliers, relating to work carried out in 2022.

COMMUNITY BENEFIT PROGRAMME



With energy bills rising and many households struggling with fuel poverty for the first time, an increasing number of shared buildings – from youth centres to church halls –

have been acting as a warm hub for their local community. But while they offer a space for people to come together, we understand that these buildings are also likely to be old and draughty, which makes them much more expensive to run.

Through our Community Benefit Programme, we were pleased to be able to support another ten community buildings in 2022 with grants totalling over £30,000. In conjunction with the national energy charity, Centre for Sustainable Energy, up to £4,000 was awarded to each of the community organisations located within 20 miles of one of our clean energy sites in the UK. This included the Knowle West Media Centre in Bristol, Birsay Community Hall in Orkney, Colne Village Hall in Cambridgeshire, Helmdon Reading Room near Milton Keynes and Strichen Playgroup in Aberdeenshire – amongst others.

As we continue to see the real-life impact of the cost of living and energy crises, our grants can be used to make important energy efficiency and sustainability improvements in shared buildings, ensuring people have an alternative place to go that is warm and comfortable. One of our grantees from 2022 was the Eastside Community Trust, located close to our 20MW battery site at Feeder Road in Bristol. Made up of three former community organisations, the Eastside Community Trust runs the Easton Community Centre – a sustainable, culturally diverse, and accessible space that is highly valued by the people of East Bristol. After identifying heat loss as a key problem area, the Trust applied for our Community Benefit Programme so that it could install loft and pipe insulation, helping to keep the space warm at the same time as reducing energy bills. This means the centre can continue its vital work, which ranges from community advice on energy efficiency and retrofitting to being a base for a number of other community organisations, charities and grassroots groups.

“ So much of what we do is trying to create a warm, cosy, welcoming space for people to enjoy – we like to call it the neighbourhood’s living room. From energy and legal advice drop-ins to exercise and reading classes, we’ve seen a big increase in the number of people accessing our services, many for the first time. We were concerned about the increase in energy bills, but the grant we have received from Thrive has helped us to take proactive steps in improving the building’s energy efficiency, not only reducing our own costs but making it more comfortable for the local community. It also means we can share our learnings about the process with people looking to make efficiencies in their own homes as part of our work on the Community Climate Action Project. ”

**Emily Fifield, Community Project Manager,
Eastside Community Trust**



INSPIRING INVESTORS

One of our new investors, Mira Vogel, believes Thrive is helping her make tangible change, especially when it comes to supporting communities and allowing them to take a meaningful stake in the clean energy transition. Mira, who works as a lecturer at a London university, believes that individuals need to take responsibility for their choices and the impact they have on wildlife, the climate and those that are disadvantaged.

The infographic is divided into three sections. The left section features a pink circle containing the text '£6.8 MILLION' above an icon of five stylized human figures, with the text 'RAISED VIA CROWDFUND AND ALLOCATED' below. The middle section shows a tree-like structure of circles with '900+' at the top, 'NEW INVESTORS' in the center, an equals sign, and 'A COMMUNITY OF 7,000+' at the bottom. The right section is a video frame showing Mira Vogel, a woman with glasses and a brown jacket, with her name 'Mira Vogel' in a white box at the bottom.

“ We won’t have a habitable world if we don’t divest from fossil fuels and the prospect of climate change is feeling really urgent now. I have decreased my individual use, but that has little impact overall. I feel that investing in renewable energy is something that I can do to contribute to systemic change. After reading the offer document, I decided that I could trust Thrive – I particularly liked the balance towards supporting small organisations, as well as the storage and generation projects. Thrive leans towards decentralisation of energy and I’m in favour of that. I also like its support for community-owned generation and storage. ”

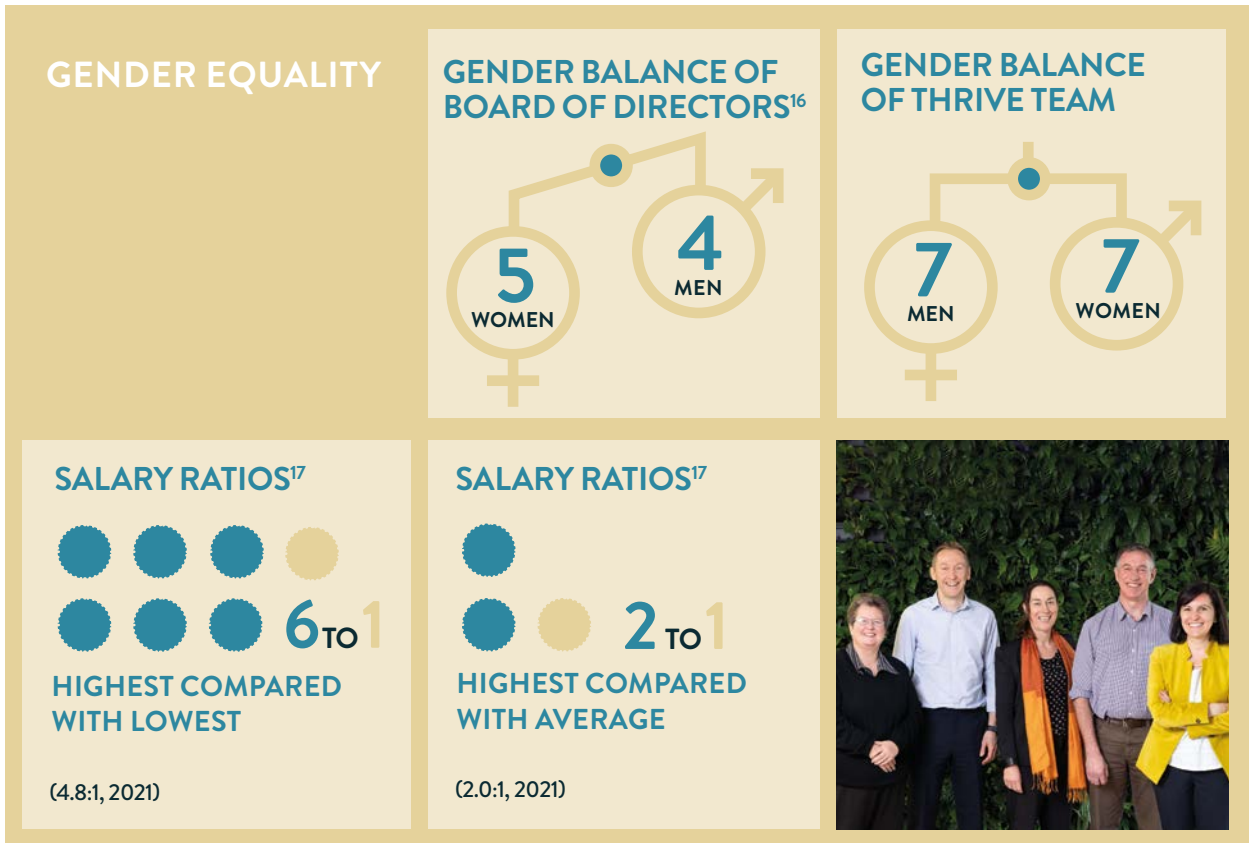
Mira Vogel, Investor



GOVERNANCE

HEALTH & SAFETY

There were no reportable Health & Safety incidents in 2022. During the year a thorough external review of our management systems took place which reported full compliance with relevant regulation and guidance. Thrive continues to be a member of SafetyOn and the Energy Storage Network, sharing good practice across the renewable generation and storage industries.



¹⁶ As at end 2022

¹⁷ FTE basis excluding apprenticeships

B-CORP™ CERTIFICATION

We are proud to be one of the 1000+ UK B Corps, committed to environmental and social justice and once again secured 'Best for the World' B Corp for our positive impact on the environment, meaning we scored in the top 5% of all global B Corps in this category. Thrive delivered on its 2022 commitments to further improve performance on Environment, Community and Workers and proposes further improvements for 2023.



WHAT WE PLANNED	WHAT WE DID	RELEVANT IMPACT AREA
Reduce the number of printed documents sent in the post	Saved over a tonne of paper waste by only sending paper copies of reports to investors who specifically requested them	Environment
Research and develop a biodiversity policy	Policy developed, approved and published. Resulting actions commenced	Environment
Commit to net zero carbon emissions by 2030	Committed to net zero by 2030 via the SME Climate Hub. Created and published a net zero plan including what is to be included in our full emissions inventory	Environment
Increase engagement with our community benefit programme	Received record number of entrants to the 2022 round of grants	Community
Update responsible sourcing requirements in our procurement policy	Consulted with global supply chain experts and started developing on the policy	Community
Promote external professional development and cross-function skills training opportunities	Introduced 'Food for thought' sessions and additional external training	Workers
Monitor effectiveness of hybrid working arrangements	Staff survey gather feedback and plan for the future	Workers

SUPPLY CHAIN

All businesses which source industrial equipment and electronics from the global supply chain face significant challenges with transparency; human rights are a particular concern in emerging economies. Thrive is no exception to this, but our approach of transparency in our own operations and asking the difficult questions enables us to make decisions in line with our values. Notably in 2022 we made the decision to refuse to invest in some solar PV projects as we were not satisfied with assurances provided on human rights and labour issues related to the manufacture of the solar panels.

2022 was a year of significant progress in this area for Thrive, although sourcing reliable information on human rights remains a major challenge and there is, of course, considerable further work to be done as the global situation continues to evolve.

1. We continued our extensive analysis of the global solar supply chain with independent expert consultants. Further to wide-ranging research of independent sources such as media and NGOs, plus specific questionnaires for panel manufacturers, we have developed a list of preferred suppliers based on human rights practices in the sourcing and manufacturing of panels and associated electronics. As suppliers evolve and new options become available, this list will develop.
2. We maintained our commitment not to source batteries containing cobalt, a rare earth mineral which has been linked to child labour, unless responsible sources can be verified.
3. We are currently updating our supply chain strategy and procurement policy to ensure we keep asking the difficult questions and demonstrate a consistent approach to continue to grow with as much confidence as possible.
4. We continue to use our purchasing power to encourage better practice and seek ways to move the dial for the industry in addition to procurement process.
5. We continue to support research into potential to produce UK sustainable lithium at United Downs.

ANNUAL GENERAL MEETING 2022

We were absolutely delighted to be able to meet shareholders in person again this year at our Annual General Meeting after two years of only being able to broadcast the event online. In order to keep the benefit of online access, the meeting was held in hybrid format with both actual and remote attendees able to vote live. It was held on the 28th June at Coin Street Neighbourhood Centre in London with 60 shareholders in attendance, 22 in person and 38 remotely. All motions were carried with significant majorities. A management update was also presented, followed by guest speaker Dr Andrew Garrad CBE. There was a lively and productive Q&A session, with valuable contributions from shareholders both online and in person. Following approval at the AGM, a dividend of 7p was paid on 29th July.



THRIVE RENEWABLES BONDS

Thrive issued a seven year Bond Offer in December 2016 which closed in March 2017. The £9.96m raised with an interest rate of 5% has been used to continue to grow and diversify the portfolio and provide funding bridges to get new renewable energy projects built. The Bond continues to facilitate growth and complement the Company's equity. The bond matures in March 2024 and we hope to be able to offer similar investment opportunities in the future.

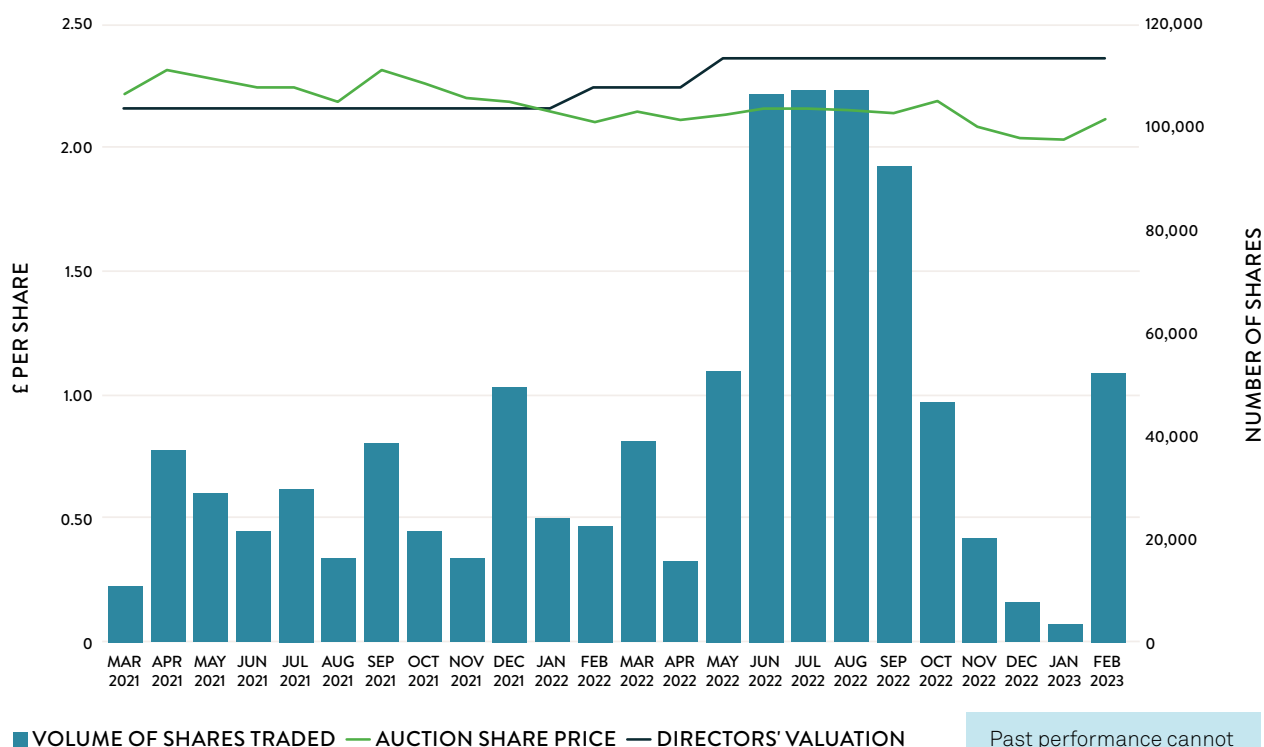
THRIVE RENEWABLES SHARES

A total of £6.8 million was raised during a highly successful equity fundraise in the summer of 2022 via the Triodos Bank crowdfunding platform. We were delighted to welcome over 900 new shareholders to our community. We believe this demonstrates significant investor confidence in our track record, business strategy and approach to ethical business. We are pleased to report that in 2022 the business delivered the forecasts included in the offer document.

The number of Thrive shares in issue increased by 13.2% from 22,759,187 in December 2021 to 25,764,631 in December 2022, primarily due to the equity fundraise. In addition, 16.8% of total shares have elected to Scrip dividends, where shareholders take the value of dividends in additional shares, rather than in cash. As a result, £0.25m of capital remains in the company and will be used to finance additional growth by investment in new renewable energy projects.

Thrive's shares are not listed on a share exchange, instead shares are traded in a monthly auction to provide the opportunity for shares to be bought and sold. Additionally, the directors provide a share buyback option for shareholders who have been unsuccessful in selling their shares in the monthly auctions¹⁸. No shareholders have used the share buyback scheme since November 2020. This, combined with the 2.5% churn in shares (just over double the number of shares traded in 2022 when compared with 2021), are positive signs that shareholders and investors are able to exit and invest via the monthly auctions. The chart below illustrates the volume and price of Thrive shares traded in the monthly auctions over the last two years. The volume weighted price of shares for 2022 was £2.14. Please be aware that past performance cannot be relied on as a guide to future performance.

THRIVE RENEWABLES PLC – SHARE TRADING



Past performance cannot be relied on as a guide to future performance.

RECOMMENDED DIVIDEND

The approved final dividend for 2021 of 7p per share was paid in July 2022.

For 2022, the directors recommend the payment of a 12p dividend in July 2023, which will be subject to approval by shareholders at the AGM on 30 June 2023.

¹⁸ All applications under the Buy-Back Policy are subject to shareholder approval. This service is provided at the sole discretion of the Directors.

KEY PERFORMANCE INDICATORS

We have developed key performance indicators (KPIs) to monitor and review our 'health and impact'. These cover the corporate, financial, operational and growth aspects of the business. The directors routinely monitor KPIs including those summarised in the table below:

KPIs	2022	2021	2020	2019
Turnover	£17.5m	£11.0m	£13.5m	£13.8m ¹⁹
Operating Profit	£6.7m	£2.5m	£3.4m	£4.1m
Profit (after tax and minority interests)	£4.5m	£0.0m	£1.4m	£17.6m ²⁰
Total investors	7,083	5,976	6,082	6,096
Directors' Valuation per share ²¹	£2.15 until January 2022; £2.24 from January 2022; £2.35 from May 2022	£2.23 until March 2021; £2.15 until January 2022; £2.24 from January 2022	£2.28 until April 2020; £2.23 from April 2020 ²²	£2.65 until March 2019; £2.28 from March 2019
Dividend paid	7p final	7p final	7p final	7p final 40p interim
Reportable health and safety incidents	–	–	–	–
Average UK Homes Equivalent of electricity generated (Impact portfolio)	38,147	30,025	41,903	44,713
Scope 1 and 2 emissions ²³	0 tCO ₂ e	0 tCO ₂ e	2.13 tCO ₂ e	2.87 tCO ₂ e
Scope 3 emissions (* indicates incomplete Scope 3) ²³	53.04 tCO ₂ e*	2.17 tCO ₂ e*	0.35 tCO ₂ e*	3.61 tCO ₂ e*

ANALYSIS OF KEY PERFORMANCE INDICATORS – NON FINANCIAL MEASURES

Total investors – it is Thrive's mission to provide an opportunity for individuals to connect with clean energy projects, so the number of new investors is an important indicator of the health of the business. Building a community of investors is a key objective and we achieve this by having low minimum investment values and working hard to broaden brand awareness. The successful £6.8 million equity fundraise in 2022 enabled us to welcome 903 new shareholders. We were particularly pleased the fundraise attracted a higher number of new investors to our community than expected and look forward to working with them to grow the business.

Electricity generation, measured in average UK homes equivalent – the key measures of Thrive's electricity generation and emission reductions delivered, can be difficult to visualise, so we choose to characterise this

in UK homes equivalent. The impact figures we report comprise the electricity generation of the projects we own adjusted for the proportion of ownership in the case of co-ownership, plus the generation of projects we have provided mezzanine debt finance to, as this funding would typically be equity. The year on year increase of 27% homes equivalent reflects an increase in generation of 20% and increased energy efficiency of the average UK home, which consumes less power per annum than the previous year.

¹⁹ Reduction in 2019 as a result of the two projects sold

²⁰ 2019 was exceptional due to the gain on sale of two subsidiaries of £15,429,233

²¹ <https://www.thriverenewables.co.uk/for-investors/shareholders/directors-valuation/>

²² Directors valuation updated to £2.15 in March 2021 as a result of the future increase in corporation tax rate

²³ Scopes 1 and 2 include reported emissions relating to our office energy supply. Scope 3 includes a variety of other indirect emission sources. For more detail, see page 31 of this report.

Thrive Open Day 2022



STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

FINANCE

FINANCIAL REVIEW

The Group results are a statutory pre-tax profit of £6,543,962 for the year ended 31 December 2022 compared to £1,795,090 in 2021. The statutory results under IFRS include movements on the fair values of financial instruments (gain of £737,011 in 2022 and £383,224 in 2021). Excluding the impact of the market-based financial instrument gains and losses, the underlying pre-tax profit in 2022 was £5,806,951 which has increased from £1,411,866 in 2021. This result was affected by a number of factors:

- As a result of higher wind speeds and resolved operational issues, there was a 28% increase in generation from our subsidiary companies in 2022 (117,914MWh compared to 92,375MWh in 2021²⁴), resulting in £3,052,000 higher revenue. In addition, due to electricity price increases in 2022 and the addition of Wicken battery storage project, the revenue has increased by £3,366,000 year on year.
- Cost of sales was £1,069,000 higher in 2022. The main contributing factors are the addition of Wicken battery storage project, increased electricity import costs and increased variable costs linked to revenue (e.g. land rental, operational maintenance costs and insurance). In addition, we have seen a general increase in costs from high inflation and supply chain issues.
- In 2022, compensation for lost generation on availability warranties was £44,000, down £278,000 from the previous year. Income from recharged personnel resources provided by the group is down £30,000.
- There has been an overall £314,000 increase in administrative cost in 2022. The increase is the result of the costs of new project development and additional resources in the company.
- Finance costs have increased by £58,000 as a result of additional debt taken part way through 2021.
- Finance income has increased by £278,000 as a result of additional mezzanine loans made. Share of associated losses has decreased by £23,000 this year as a result of improved generation and prices at Fenpower.
- In the year a loss on fair value assessment of investments of £75,000 was recorded (2021 £501,000 gain).
- Overall pre-tax profit excluding the gain and movement in fair value of derivatives is £4,395,000 higher in 2022 as a result of these factors.

²⁴ This generation figure represents 100% of all subsidiary companies but excluding joint ventures and associates. Total owned proportion of generation is included within the operational review including joint ventures Fenpower and Drumduff.

The trading results for the financial year and the group's position at the year-end are shown in the attached financial statements. A summary of turnover by operating site is as follows:

TURNOVER SUMMARY BY OPERATING SITE

SITE	DATE ACQUIRED	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Beochlich	1998	808	414	399	492	448	448	288	313	242	342
Haverigg II	1998	650	362	572	676	427	424	364	433	416	375
Ness Point	2005	526	389	251	545	530	509	224	561	605	440
Caton Moor	2006	5,803	2,600	3,682	3,645	4,039	3,468	2,861	3,439	3,604	3,571
Sigurd	2006	657	409	491	502	417	201	365	265	202	189
Wern Ddu**	2009	–	–	–	287	1,848	1,928	1,551	2,138	1,843	1,946
Kessingland**	2010	–	–	–	169	1,277	1,340	1,470	1,703	1,680	1,522
Dunfermline	2011	524	384	621	468	500	513	411	589	513	494
Eye	2012	1,772	1,339	1,585	1,388	1,275	1,355	1,258	1,446	1,599	1,034
Severn	2012	1,906	1,533	1,860	1,517	1,789	1,715	1,443	1,752	1,634	190
March	2013	658	504	743	639	551	637	661	747	95	–
Auchtygills	2007	438	296	200	315	312	281	268	144	–	–
Clayfords	2007	513	290	307	300	289	290	249	165	–	–
Boardinghouse	2014	2,889	2,466	2,755	2,895	2,821	2,453	2,122	1,457	–	–
Wicken	2021	289	–	–	–	–	–	–	–	–	–
Other	N/A	26	55	35	–	–	48	7	6	–	–
Total*		17,459	11,041	13,501	13,838	16,523	15,610	13,542	15,158	12,433	10,103

* Turnover only relates to subsidiaries of Thrive

** Turnover to the point of sale in February 2019

On 31 December 2022, the group held £27,713,000 of cash compared to £28,992,000 in 2021. This amount was high at the end of 2022 due to new bank lending and the capital raise which has been committed to new projects but not yet invested. Cash reserves are held in the business for working capital requirements and debt service reserves. The group's net debt at 31 December 2022 was £8,266,000 (2021: £10,452,000), a decrease of £2,186,000 over the previous year as a result of cash inflow from capital raise. The ratio of

net debt to net assets at 31 December 2022 was 15% compared to 23% in 2021.

The results for 2022 show strong financial and operating performance and the directors consider that Thrive Renewables remains in a strong financial position to progress in the future.

GOING CONCERN

Thrive Renewables operates within the electricity industry, which is subject to both high-level regulation and long-term government support. The group owns operational capital assets and has the benefit of long-term contracted revenues with electricity companies. The directors consider that these factors provide confidence over future forecast income streams. In addition, the directors consider that Thrive and its subsidiaries have sufficient cash funds and finance facilities available for their ongoing operations.

After due consideration, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including price risk, interest rate risk, credit risk, foreign exchange risk, operating risk and changes in government policy. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provides written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

UKRAINE CRISIS RISK

At the date of this report, the horror of war in the Ukraine continues. Whilst it is challenging to be conclusive about the exposure faced by events with such wide reaching consequences and unpredictable nature, we see no immediate direct threat to Thrive. The areas we continue to monitor closely include,

- Inflation: has increased materially over the last 12 months. This has had an impact on the operational costs, and also the cost of capital equipment. The increase in revenues have more than offset the increases in operational expenditure. When purchasing capital equipment, we aim to mitigate exposure to inflation over the delivery term of the agreement. We are monitoring and adjusting our project valuations and investment cases prior to closing new projects with a range of inflation scenarios.
- Counterparty credit risk: predominantly related to our power sales arrangements, as we are conscious of the unfortunate dynamic between elevated wholesale electricity prices, fixed price supply commitments and the cost of living crisis. We mitigate exposure to any one counterparty by maintaining diversity in our power purchase arrangements, monitoring payments closely, undertaking regular credit checks and requesting up to date financial information for the entities causing concern.
- Supply chain: as we construct and operate energy infrastructure, our supply chains could be impacted by the war. However, to date, we have not experienced any supply chain issues specifically linked to the Ukraine crisis. As the renewables industry matures, there are an increasing number of sources for major components.
- Power prices: as explained elsewhere in this report, the Ukraine crisis, and its impact on the supply of natural gas from Russia, has been the primary driver for the increase in wholesale electricity prices in the UK. As a generator of electricity, the increase in electricity prices has had a positive impact on Thrive's revenues. Whilst the Government has introduced the Electricity Generators Levy (EGL) (from 2023), our analysis has determined that although Thrive will be exposed to the EGL, it is at a manageable level calculated as a proportion of the increased revenues.

The directors will continue to monitor the impacts of the war in Ukraine, and its impact on the business. At this time we have seen no material negative impact of the war in Ukraine on the financial statements of the company for the year ended 31 December 2022 and do not expect a material negative impact on future results.

PRICE RISK

Thrive Renewables has a degree of exposure to the wholesale electricity market at all sites. To mitigate this risk, we negotiate power purchase agreements (PPAs) with a range of time horizons, indexation, price fixing mechanisms and 'floor' prices to protect our downside risk. See section pages 23 and 24 for further detail on power price risk management.

INTEREST RATE RISK

Thrive Renewables uses a mixture of debt and equity to finance growth in its portfolio of operating assets. The debt financing potentially exposes the business to interest rate fluctuations. The risk has been minimised by gearing each new project at a level to allow debt repayments to be met with sufficient headroom. In most cases, long-term loans are subject to fixed interest rates that eliminate exposure to interest rate increases. Where

long-term loans are not at fixed interest rates, the group seeks to fix these through the use of interest rate swaps. At present all debt is at fixed interest rates.

The Company also provides debt to fund the development and construction of renewable energy projects by third parties. The majority of this debt has a minimum interest rate, plus indexation to the Bank of England base rate.

INFLATION

Inflation is presently at the highest rates for 40 years²⁵. As our investments are capital intensive, benefit from long-term inflation linked revenue streams and the company has a low operational cost base (beyond the up-front capital intensive nature of the investments), the directors consider Thrive is resilient with regards to inflation exposure.

CREDIT RISK

In the event of default by a customer, significant financial loss could arise. However, Thrive Renewables will normally only consider entering into power purchase agreements (PPA) for the sale of its electricity with utility companies or government-backed contracts. With merchant projects such as Dunfermline, March, Eye and the growing Olympus commercial solar rooftop portfolio, an industrial host is the primary recipient of production, and therefore the counterparty to the PPA. However, there are also power purchase arrangements in place with reputable utility companies to receive any excess power at the larger private wire sites, and the entire volume in the case of default of the host. In 2022 the continued difficult economic conditions presented by the Covid-19 pandemic and the energy price crisis have significantly increased credit risk for all businesses.

We have increased monitoring of our counterparties and undertaken payment trend analysis for early warning signs of any issues. In addition, we are invoicing on a more regular basis where we are contractually able to reduce our exposure. This mitigation proved effective in November 2021 when one of our PPA counterparties entered administration. The exposure in this instance was immaterial.

Thrive routinely enters into long-term operations and maintenance agreements (OMAs) with turbine manufacturers which provide performance monitoring, servicing, fault finding and repairs. These agreements often include an availability warranty which provides for compensation in the event that the equipment does not perform. Availability is calculated annually, with any claims made retrospectively. This time lag represents a credit exposure. Thrive purchases equipment and enters OMAs with the world's leading manufacturers and

monitors their financial standing to mitigate this risk. As a result of the Servion insolvency, we have increased credit analysis of our major suppliers and have systems in place to mitigate the risks around large availability claims.

FOREIGN EXCHANGE RISK

Thrive Renewables imports capital equipment for the construction of renewable energy projects direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures at the time of entering into any such contract or commitment.

OPERATING RISK

The generation of electricity involves mechanical and electronic processes which may fail under certain conditions, leading to loss of revenues and repair or replacement costs. Thrive Renewables uses proven technologies backed by warranty and service packages. Generally, warranties will guarantee a level of availability for between five and fifteen years and there will normally be a fixed price or index to production for the provision of operations and maintenance. We also maintain specialist insurance to seek to mitigate against any losses.

CASH AND LIQUIDITY RISK

Cash and liquidity risk describes the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The group has cash resources available to it and prepares, in the operating entities of the group, forecasts for the forthcoming year which indicate that in the directors' opinion it will have sufficient resources to fund the continuation of trade.

The group monitors cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

Typically, the group ensures that it has sufficient working capital to meet foreseeable operational expenses. At the year end the group had available facilities of £28m (2021: £29m).

GOVERNMENT POLICY

The renewable energy industry receives government incentives to encourage the generation of renewable energy. While there have been numerous changes both reducing and removing financial support and incentives for which new projects are eligible, the schemes for which existing projects have qualified have not been

²⁵ <https://www.bbc.co.uk/news/business-64637705>

modified. This allows each project to benefit from the original support for a predetermined term. No main political party has proposed any retrospective change.

BREXIT RISK

Despite the fact that the UK left the EU on 1 January 2021, there continue to be uncertainties over the future relationship between the UK and EU. Whilst the business is not directly impacted, it is expected that the rules governing the movement of goods and services will change. At the date of these financial statements there are agreements that avoid tariffs on imported goods and services, but there can be delays on goods entering the UK which could impact the time taken to repair operational assets. In most cases the delay would be the responsibility of the maintenance contractor through their availability claims. Larger contractors have mitigated this risk by increasing the strategic spares maintained within the UK. In addition, the majority of capital equipment is imported. Thrive could therefore be exposed to increased capital equipment costs and delays. Where possible, Thrive builds actual capital expenditure and delivery schedules into valuations at the acquisition stage and would therefore seek to offset this exposure as part of its project acquisition strategy. This impact would be felt by all generators, so it is reasonable to expect that over time any change in cost base would be reflected in the price of energy, or that the UK based supply chain may grow over time.

Fluctuations in the GB pound euro exchange rate continue to be an exposure managed by the company. The operational cost exposure is manageable within operational cashflows. However, as much of the capital equipment to build a new renewables projects is priced in euros, the impact on valuations of acquisitions can be material. Thrive therefore seeks to manage this exposure

as part of project acquisition strategies by hedging the required foreign exchange exposure upon acquisition. In current market conditions, the wholesale electricity price is heavily influenced by the price of natural gas. This is traded in euros, so if the GB pound weakens against the euro, the cost of natural gas increases, and the price of electricity tends to increase also, which can have a positive impact on Thrive's revenue from electricity sales.

Thrive will continue to monitor the changes to laws and regulations and endeavour to respond to both opportunities and exposure as they become clear.

The UK's future approach to energy, environmental and climate change policy is critical to Thrive's growth plans. The government's Net Zero strategy was published in October 2021, outlining how it will deliver its legally binding targets. The strategy is a huge step forward in terms of ambition overall, and clearly underlined that deployment of renewables is a key driver in the UK's decarbonisation journey.

SUPPLY CHAIN RISK

Thrive relies on global supply chains for building new infrastructure and also for the replacement of components during the operation of our renewable energy projects. Events over the last 24 months have evidenced the impact of disruption in global supply chains and the increasing costs caused by commodity inflation. Thrive mitigates this risk by working with competent contractors often with contracted performance levels which incentivise delivery on schedule and to a fixed cost. Additionally, Thrive operates a variety of technologies from a range of suppliers, which at a portfolio level reduces dependency on any one supplier or component. We have also increased the level of monitoring of supply chains in light of the challenges currently faced.



CLIMATE RISK

In line with good governance, Thrive continues to consider 'climate risks' in the context of the business, both in terms of the physical and transitional risks.

In the context of transitional risk, as a mission driven business which has been established to contribute to addressing climate change by making investments into, and operating projects which clean up the UK's energy system, addressing climate is very much part of our DNA. With growing understanding and consciousness of the risk posed by climate change, we anticipate growing interest in investment into assets with lower GHG emissions, such as clean energy. We consider the divestment movement from fossil fuel based investments to carbon neutral solutions to be an opportunity as GHG emission reductions are a critical component of our investment criteria.

As a renewable energy generator, we are exposed to the weather. When we make an investment, we project future natural resource availability using in situ monitoring, combined with historic data. Individual investment valuation time horizons project forwards the full expected operational life (depending on the technology and contractual framework). We deploy proven technology, designed and constructed to withstand extreme weather and maintain productivity in a wide range of conditions. As the weather becomes more extreme, installing the best available technology and diversification in the portfolio (both location and technology) will be increasingly important. This forms part of Thrive's investment strategy.

As the energy sector transitions away from fossil fuels to a renewables based system, the basis for pricing energy is also changing. We engage market leading expertise to provide scenario analysis of how the electricity system and energy mix will change and the consequences this will have on energy prices. Thrive uses this analysis to inform commercial decision-making, long-term investment choices, portfolio valuation and strategy.

Thrive has reported on the emission reductions generated by the Group since its establishment 28 years ago. In addition to this we are improving the way we measure and report on the carbon footprint of our operations with a view to achieving carbon neutrality in all areas of the business. Focusing on generating renewable energy is a good start, with wind turbines and the associated fabrication and construction in the UK having a carbon payback period of 6-12 months. We are committed to achieving net zero by 2030 and have published our plan. We have been reporting our Scope

1 and 2 emissions since 2020 and are now reporting on four out of the seven Scope 3 emissions categories that are relevant to the business.

PAYMENT POLICY

It is group policy to comply with the terms of payment agreed with each supplier rather than to follow a particular code or standard. Where terms are not negotiated, we endeavour to adhere to the supplier's standard terms. Trade creditors relate mainly to fixed assets purchased in the year, so no meaningful 'creditor's days' calculation is possible.

SECTION 172(1) STATEMENT

The s172 duty requires directors to run the company for the benefit of its stakeholders as a whole. In doing so the board should take into account the long-term impact of any decision on all stakeholders, consider the external impact of all activities and maintain a reputation for high standards of business conduct.

Thrive's mission is to power the transition to a sustainable energy future by helping people meaningfully connect with clean energy projects. For 28 years, environmental and social responsibility have been at the core of our purpose and operations. We provide disclosure relevant to the requirements of Section 172(1) a)-f) throughout this report. The table below navigates where further context for Thrive's responsible approach to business and wider stakeholder considerations can be found. The board holds quarterly meetings, at which the executive present operational performance, progress against key objectives, risks and controls, investment opportunities and alignment with strategy. The strategy and objectives of the company are reviewed and where appropriate revisited annually. The development and agreement of the strategy and objectives of the company incorporate the long-term interests of wider stakeholders - including the members, suppliers and customers, employees and host communities - and the environment, with the intention of delivering positive impact.

In addition to the quarterly meetings, the board maintain four committees: operations and HSE, audit, remuneration and nominations. The committee structure provides the opportunity for more detailed insight and direction to be shared between the directors and the executive. The details of the committees are set out in the Corporate Governance section (page 49) of the report.

SECTION 172(1) REPORTING REQUIREMENT	EVIDENCE
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(a) the likely consequences of any decision in the long-term	Thrive's long-term approach is evidenced by both our track record and investment portfolio (see map/operations). Additionally, our investment criteria and approval process aim to identify and secure investment opportunities which deliver long-term financial, environmental and social returns both aligned with our mission and values and achieving an appropriate balance between risk and return for investors. The Key Performance Indicators are detailed on page 38.
(b) the interests of the Company's employees	Both the operations section on page 22 and corporate governance summary on (pages 48 to 51) present the objectives and ongoing review and development of our employee benefits. Pages 52 to 55 provide background on the skills, experience and roles of Thrive's board and executive team.
(c) the need to foster the Company's business relationships with suppliers, customers and others	Thrive engages with a wide variety of suppliers, contractors and customers across the construction and physical operations of the project portfolio, investor and commercial activities, including power sales, land leases and banking. The majority of these relationships are long-term (5 to 25 years) in nature. Our procurement process not only considers competence, capability, cost, terms, and review of performance, but also where possible we aim to work with parties with aligned values.
(d) the impact of the Company's operations on the community and the environment	Positive environmental impact is at the heart of Thrive's mission and values. We routinely report on the volumes of renewable electricity generated and the resultant avoided GHG emissions. Positive social impact via our investor community, community energy funding bridge, community benefit programme, open days and educational activities are described throughout the Directors' report. In 2022 we developed a Biodiversity Policy with a view to enhancing biodiversity at our operational sites. Pages 25 to 35 summarise Thrive's environmental and social impact.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	Our reputation and integrity are fundamental to long-term relationships with all stakeholders. For over 28 years, Thrive has offered individuals the opportunity to make direct investment into renewable energy projects, with a view to cleaning up the UK's energy system and ultimately addressing climate change. Trust is key and we earn that trust via rigorous governance, high standards of business conduct and transparency. Further details can be found in the Corporate Governance section of this report.
(f) the need to act fairly as between members of the Company	<p>Thrive unites a community of over 7,000 shareholders who have invested between five and several million pounds. We provide transparent communications to all investors large and small via the Annual Report, Half Year update, company website and newsletters. These provide all members and wider stakeholders with information about the Company's performance, impact and material developments.</p> <p>A number of board directors and the executive team own shares in the Company (see page 48). Thrive operates a dealing code to mitigate the risk of the board and executive who may benefit from insider information from using this to the disadvantage of other shareholders.</p>

Approved by the Board of Directors and signed
by order of the Board



Katrina Cross, Secretary

Date: 4th May 2023

DIRECTORS' REPORT



The directors present their annual report on the affairs of the group, together with the audited consolidated financial statements and auditors' report, for the year ended 31 December 2022.

Details of significant events since the balance sheet date are contained in note 37 to the financial statements. An indication of likely future

developments in the business of the company and details of research and development activities are included in the strategic report.

Information about the use of financial instruments by the company and its subsidiaries is given in note 29 to the financial statements.

DIRECTORS

The current directors of the Company are shown on page one. All directors served throughout the financial year and to date, apart from Joanna Butlin, who was appointed on 23 May 2022 and Simon Roberts who retired on 29 June 2022.

The directors and their interests in the ordinary shares of the Company at the beginning of the financial year and the end of the financial year were:

50P ORDINARY SHARES FULLY PAID		
DIRECTOR	2022	2021
Jo Butlin (appointed May 2022)	2,400	–
Matthew Clayton	1,979	912
Katrina Cross	200	–
Katie Gordon	–	–
Charles Middleton	–	–
Colin Morgan	–	–
Simon Roberts (retired June 2022)	727	706
Tania Songini	–	–
Peter Weston	2,631	2,631
Monika Paplaczky	1,280	43

DIVIDENDS

The recommended dividend for 2021 of 7p per share was paid in July 2022. The directors recommend a final dividend of 12p per share for payment in 2023 reflecting the strong operational performance in the year and the robust reserves position of the company.

We remain committed to paying annual dividends from the profits of the business (subject to maintaining appropriate financial reserves) and seeking further investment through share and bond issues to fund the group's growth. However, additional profits generated from higher electricity prices in 2022 are being reinvested in the company to build more renewable energy projects and deliver higher future impact.

CORPORATE GOVERNANCE

In 2016, Thrive decided to adopt the Quoted Companies Alliance Code (QCA Code). The code sets out governance guidance and best practice appropriate for companies of the scale of Thrive Renewables. While Thrive Renewables is not listed on any stock exchange, the QCA Code is largely relevant. The company's website www.thriverenewables.co.uk hosts a range of information in accordance with the QCA Code. We continue to incorporate the additional information into the Annual Report and Financial Statements.

The table overleaf summarises the responsibilities and membership of the four board committees.

COMMITTEE	KEY RESPONSIBILITY	CHAIR	MEMBER
Audit	Oversight of the governance, finances, risk management and internal controls	Tania Songini	Charles Middleton
Nominations	Oversight of the performance and appropriateness of the board resources and recruitment of board members	Charles Middleton was appointed Chair of the Committee on 02 November 21, and retired on 21 July 22. Joanna Butlin was appointed Chair of the Committee on the same day.	Katie Gordon Matthew Clayton Charles Middleton
Remuneration	Oversight of the appropriateness of the remuneration, incentivisation and retention of board and senior executives	Charles Middleton	Colin Morgan Katie Gordon
Operations, Health, Safety and Environment	Oversight of the HS&E and the operations of the company	Peter Weston	Colin Morgan

BOARD COMMITTEE REPORTS

Each board committee's report for 2022 is presented below. The terms of reference of the board committees, and the wider governance structure is available on our website. The chair of each committee reports to the board on the committee's work and the board receives minutes of all committee meetings.

AUDIT COMMITTEE

The Role of the Audit Committee

The board's obligation to establish formal and transparent arrangements for considering how it should apply financial reporting and internal control principles, and for maintaining an appropriate relationship with the company's external auditors, PricewaterhouseCoopers LLP, is met through the Audit Committee.

The Audit Committee is chaired by Tania Songini and comprises one other independent non-executive director – Charles Middleton. Both committee members are considered to have recent and relevant financial experience. The Audit Committee met four times during 2022, including immediately before the company's full year results were published. It follows an agreed annual work program comprising both regular items and areas considered to require particular focus.

The Managing Director and Finance Director attend the meetings and the external auditors participate once a year. The Audit Committee chair or the Committee meet with the auditors without management present from time to time.

The specific items considered by the Audit Committee in 2022 included:

- Consideration of the half-yearly and interim management statements and preliminary full year results and the annual report and financial statements;
- Consideration of proposed budget for 2023;
- Consideration of compliance with accounting standards, appropriate accounting policies and practices, accounting and reporting issues and going concern assumptions;
- Consideration and continued enhancement of the Company's risk register;
- Review and consideration of the effectiveness of internal financial and wider business controls and findings of related assurance work;
- Consideration of PricewaterhouseCoopers LLP's in-depth reports to the Committee on the scope and outcome of the annual audit and management's response;

- Review and pre-approval of services provided by the auditors during the year, including all non-audit work performed by the auditors to ensure that the objectivity and independence of the auditors was not compromised – PricewaterhouseCoopers LLP only provided advisory work in respect of tax related matters;
- Recommending the re-appointment of PricewaterhouseCoopers LLP as the group's auditors;
- Confirmation that no concerns were raised with the Committee about possible improprieties in matters of financial reporting or other matters;
- Reviewing the Committee's terms of reference to ensure they reflect developments in corporate governance in the UK.

The Committee reviewed its activities in 2022 against its terms of reference and concluded that it had discharged the responsibilities delegated to it under those terms of reference. It has satisfied itself that the company's business, and that of its subsidiaries, is being conducted in a proper and economically sound manner.

Tania Songini,

Chair of the Audit Committee

NOMINATIONS COMMITTEE

The Nominations Committee formally met three times in 2022 in addition to running a recruitment process.

After 10 years as Chair, and 13 years on the board, Simon Roberts stepped down in June 2022.

The Nominations Committee undertook a recruitment process to identify and appoint a new Chair of the Board. The process ran between February and May 2022. The Nominations Committee satisfied itself that Joanna Butlin had the relevant skills and experience to make a positive contribution to the Board, and had the necessary time to devote to fulfilling the role of director of the Company, and was appointed to the Board in May 2022. Following the retirement of Simon Roberts as Chair of the Board in June 2022, Joanna Butlin was appointed Chair. Charles Middleton replaced Simon Roberts as Chair of the Nominations Committee between Nov 2021 and July 2022, at which point Charles was replaced by the New Chair of the Board, Joanna Butlin.

The Nominations Committee undertook a Board effectiveness survey in November 2022. The results provided comfort in the performance of the Board, and identified scope for ongoing development. The membership of the four Board committees was also reviewed and concluded that the committees were appropriately resourced.

As part of the company's Articles of Association, all board members must stand for re-election every three years. The Nominations Committee considered that Katie Gordon, Peter Weston, Matthew Clayton and Tania Songini continue to have relevant skills and experience and makes positive contributions. Therefore, their re-appointment was proposed at the company's AGM in June 2022. All four Directors were reappointed.

Following a review of the Nominations Committee terms of reference in October 2022, the Committee concluded that it had satisfactorily discharged its responsibilities.

Joanna Butlin,

Chair of the Nominations Committee.

REMUNERATION COMMITTEE

The Remuneration Committee met three times in 2022, with a number of follow up discussions being held. Charles Middleton (Chair), Katie Gordon and Colin Morgan were present at all meetings and Matthew Clayton was in attendance for one meeting.

The underlying remuneration policy agreed and implemented in 2017 remains unchanged. The policy provides for fair pay for a professionally managed values-based business.

The basis of the executive remuneration package is consistent throughout the company. The package comprises a basic salary, modest bonuses awarded annually in the case of exceptional individual and company performance, company pension scheme contributions, plus inclusion in the company's death in service and long-term sickness insurance scheme. In 2019 further benefits were introduced including additional days leave linked to length of service, an option to buy additional leave, a sustainable holiday travel incentive and a private medical insurance scheme.

The B-Corp qualification process has provided the Committee with comfort that the benefit package in place is consistent with responsible employment practices.

In September 2022, the Remuneration committee, in consultation with the MD and FD decided to pay a one off cost of living allowance of £1,000 (FTE) to all employees to reflect the additional cost of living. This cost of living allowance was paid in 4 equal instalments in the last 4 months of 2022.

The recruitment process for the new non-executive Board Director provided an opportunity to benchmark the Non-Executive fees. The benchmarking resulted in a 63%, 55% and 37% increase in fees for Chair, Chair of Audit Committee and non-executive Directors respectively. The fee increase commenced on 1 July 2022 and now better reflects the Non-Executive Directors' remuneration of similar sized impact business.

In response to the increasingly competitive recruitment market and the impact of the high levels of inflation the Remuneration Committee intends to review the executive remuneration structure and perform further benchmarking in 2023.

The salary ratios for the executive team are presented in the table below. The Apprentice remuneration is excluded from these calculations (in line with reporting norms.)

	2022	2021
Ratio of highest salary compared with lowest Salary	5.8x	4.8x
Ratio of highest salary compared with average (mean) salary	2.1x	2.0x

The Non-Executive Directors' remuneration is a fixed annual fee. In January 2019, it was agreed that the Non-Executive Directors' remuneration would, subject to performance, be adjusted annually by inflation. Therefore, in January 2022 the Non-Executive Directors' fees were increased by 4.8% (CPIH) and 4.6% in January 2023 (being half of annual CPIH of 9.2%, reflecting 6 months of inflation since the benchmarking adjustment implemented in July 2022).

In October 2022, the Remuneration Committee reviewed the committee's terms of reference and were satisfied that they had discharged their responsibilities delegated under them.

Charles Middleton,

Chair of the Remuneration Committee

OPERATIONS, HEALTH, SAFETY AND ENVIRONMENT (OHSE) COMMITTEE

The OHSE Committee is responsible for overseeing matters in the company related to health, safety, operations, and the environment, particularly regarding our operational energy assets and those in construction. The Committee is not formally required under the QCA Code, but the Board of Directors considers that the Committee's oversight role is important due to the company's operation of physical energy assets.

The Committee met four times during 2022 to agree the company's health, safety and operational targets and to monitor progress against them. Two Non-Executive Directors, Peter Weston (Chair) and Colin Morgan, were present at all four meetings, and they were joined by Adrian Warman (Head of Operations), Monika Paplaczyk (Investment Director), and Matthew Clayton. The Committee supported the executive in a number of strategic areas including improving operational performance, supply chains, the ongoing life extension and co-location works, and in particular the long-term plan for Ness Point.

In October 2022, the OHSE Committee reviewed the Committee's terms of reference and were satisfied that they had discharged the responsibilities delegated under them.

Peter Weston,

Chair of the OHSE Committee

BOARD OF DIRECTORS, MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

JOANNA BUTLIN

Chair

Joined board: May 2022

Committee membership: Chair of
Nominations Committee



Jo Butlin joined Thrive as Non-Executive Director in May 2022 and took on the role of Chair of the Board in June. After spending 25 years leading and operating energy businesses across the country,

including roles at E.ON UK, SmartestEnergy and Utiyx, Jo set up her own consulting company, EnergyBridge in 2017 to help businesses and investors navigate the evolving energy market.

Jo holds a number of senior leadership roles across the energy sector. She is Chair of Ofgem's Electricity System Operator (ESO) Performance Panel, Chair of the Board at The Energy Consortium (TEC) a Non-Executive Director of Kensa Group Ltd and a founder member of the Women's Utilities Network (WUN), a not-for-profit which supports women in developing their careers in the utilities sector.

SIMON ROBERTS OBE

Joined board: March 2009, retired June 2022



Simon has spent more than 35 years helping people, organisations and policymakers change the way they think and act on energy. Since 2002 he has been Chief Executive of the Centre for

Sustainable Energy (CSE), one of the UK's leading energy charities. Prior to this, he held senior roles at Friends of the Earth and Triodos Bank. He was Managing Director of Thrive Renewables (when it was The Wind Fund) from 2000-2002.

An experienced policy analyst and strategist, Simon is a specialist advisor to government, industry and academic bodies, including Ofgem on energy network regulation and the government on the UK's plans to cut carbon emissions. He was appointed to the government's Smart Systems Forum in 2017, advising on the transition to a smart, very low carbon electricity system. In 2019 he led the team assessing how Bristol could meet its target to achieve 'net zero carbon emissions by 2030' in response to the climate emergency. Simon is a Non-Executive Director of Bristol Green Capital Partnership CIC and a member of Bristol's One City Environmental Sustainability Board. He was awarded an OBE in 2011 for services to the renewables industry.

CHARLES MIDDLETON

Senior Independent Director

Joined Board: July 2016

Committee membership: Chair of Remuneration Committee, Member of Audit Committee, Member of Nominations Committee



Charles has spent much of his career in banking including 14 years as Managing Director of Triodos Bank in the UK.

He is currently on the boards of Palladium Impact Capital and

Bamboo Capital Partners, part of the Palladium Group, an international development organisation.

Over the last 10 years he has practised as a psychotherapist and coach working with individuals and teams.

MATTHEW CLAYTON

Managing Director

Joined Board: December 2010

Board Committee membership: Member of the Nominations Committee.



Matthew has worked in the Thrive Renewables team (formerly Triodos Renewables) since 2006 and undertakes the overall full-time management of Thrive Renewables Plc. In this time Matthew has contributed

to 15-fold growth in the Company. Prior to joining Triodos Bank, Matthew was part of a small team which established Camco International, one of the world's leading carbon trading companies, focusing on supporting sustainable energy projects via the Kyoto framework.

KATRINA CROSS

Finance Director and Company Secretary

Joined Board: February 2016



Katrina has been working for Thrive Renewables for ten years, first as Head of Finance and Operations and then as Finance Director and Company Secretary. Katrina is a qualified accountant and previously spent seven

years with Watts Gregory as Head of Audit and another seven years as Finance Director of an environmental company that remediated contaminated land.

MONIKA PAPLACZYK

Investment Director

Joined Board: January 2021



Monika joined the team in 2007 whilst the company was managed by Triodos Bank. In her role as Investment Director, Monika leads the investment team in the originating, development, acquisition

and construction of sustainable energy assets, as well as managing the commercial aspects of the portfolio. Monika is a member of the advisory group for Innovate UK's 'Prospering from The Energy Revolution' challenge, which is investing up to £102.5 million in industry and research to accelerate innovation in smart local energy systems.

TANIA SONGINI

Non-Executive Director

Joined Board: October 2015

Committee membership: Chair of Audit Committee



Tania joined the Board as Chair of the Audit Committee in 2015. She has built a portfolio of non-executive director roles in the renewable energy and sustainable infrastructure sector, including companies

such as – The Private Infrastructure Development Group (a development finance fund for infrastructure projects in Africa and Asia), Guernsey Electricity and the UK Infrastructure Bank.

Tania worked for leading global engineering and technology services company Siemens until 2015, where she held a number of finance and commercial director roles, including for Siemens' energy business.

Tania is the Chair of ViaNinos UK, a charity supporting street children in Ecuador.

PETER WESTON

Non-Executive Director

Joined Board: March 2011

Committee membership: Chair of Operations, Health, Safety & Environment Committee



Peter is Managing Director at Energy 4 Impact, a non-profit organisation which supports vulnerable communities and small businesses in sustainable and off-grid energy in Sub Saharan Africa.

Peter is an expert in renewable energy, with more than 25 years' experience as an investor, lender and strategic adviser in the sector. He is a former board member of Renewable World and visiting lecturer at ESCP Business School and has previously held senior management positions at Siemens Wind Power and GE Energy Financial Services.

KATIE GORDON

Non-Executive Director

Joined Board: June 2013

Committee membership: Member of Nominations Committee and Remunerations Committee



Katie is an expert in socially responsible investment (SRI) and corporate marketing. She was Head of SRI at Cazenove Capital Management and later Director of Responsible Investment and Stewardship

at CCLA. Katie has acted as a trustee of Durrell Wildlife Conservation Trust and board director of UK Sustainable Investment Forum (UKSIF). She is currently a NED of Microbz, an independent member of the Access Endowment Investment Committee, on the Advisory Board of LEAP - Livestock, Environment and People at Oxford University and a member of the Expert Advisory Group for Snowball IM and the Food Foundation.

COLIN MORGAN

Non-Executive Director

Joined Board: May 2013

Committee membership: Member of Operations, Health, Safety & Environment Committee, Member of Remuneration Committee



Colin is a Chartered Engineer who has worked in the renewable energy industry since 1987. He also works as a partner in Everoze, one of the clean energy industry's leading technical and commercial

consultancy firms, which he co-founded.

In his career Colin has worked in wide-ranging management and technical roles spanning offshore wind energy, onshore wind energy, solar energy and battery storage.

EXECUTIVE MANAGEMENT TEAM

MATTHEW CLAYTON

Managing Director

See previous in the Board section

KATRINA CROSS

Finance Director and Company Secretary

See previous in the Board section

MONIKA PAPLACZYK

Investment Director

See previous in the Board section

ADRIAN WARMAN
Head of Operations



Adrian joined Thrive Renewables in 2012 in response to the company's growing portfolio of sustainable energy projects. The Head of Operations role is to ensure contracts are in place and fulfilled to allow assets to

run safely and most productively over the long-term, in line with legislation and industry standards. Previously, Adrian spent seven years at a senior level with a leading carbon reduction company focused on identifying and implementing appropriate energy-saving measures in the built environment.

LOUISE DANIELS
Head of Communications & Marketing



Louise joined Thrive in September 2018. She has been working in marketing and communications for more than 25 years, initially in PR consultancy and latterly in house for ethical business

and social enterprises. Renewable energy is one of her passions and she has previously managed PR for Good Energy and Mongoose Energy. At Thrive, Louise is responsible for managing communication with all external stakeholders. In her spare time, she is a Board member for Bath & West Community Energy.



Thrive Open Day 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General meeting.

APPROVED BY THE BOARD OF DIRECTORS AND:



SIGNED BY ORDER OF THE BOARD

Katrina Cross - Secretary

Date: 4th May 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THRIVE RENEWABLES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- Thrive Renewables Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2022; the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are

responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulation of the renewable energy industry in the UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined

that the principal risks were related to posting of inappropriate journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries that have unusual account combinations;
- Testing management bias in estimates through review of underlying data and assumptions used to calculate these; and
- Obtaining third party confirmations of all the company's banking and financing arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
LLP Chartered Accountants and Statutory
Auditors Cardiff

Date: 4th May 2023



Avonmouth wind farm

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 £	2021 £
CONTINUING OPERATIONS			
Revenue	5	17,458,857	11,040,701
Cost of sales		(7,162,400)	(6,093,792)
GROSS PROFIT		10,296,457	4,946,909
Other operating income	6	194,341	503,063
Other gain and losses	21	(74,572)	500,832
Administrative expenses		(3,766,015)	(3,452,349)
OPERATING PROFIT		6,650,211	2,498,455
Finance costs	9	(1,536,627)	(1,478,871)
Movement in fair value of derivative financial instruments	19	737,011	383,224
Finance income	9	726,630	448,282
Share of loss of associates and joint ventures	7	(33,263)	(56,000)
PROFIT BEFORE INCOME TAX	10	6,543,962	1,795,090
Income tax	11	(1,658,611)	(1,594,847)
PROFIT FOR THE YEAR		4,885,351	200,243
Profit attributable to:			
Owners of the parent		4,521,699	13,782
Non-controlling interests		363,652	186,461
		4,885,351	200,243

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
PROFIT FOR THE YEAR	4,885,351	200,243
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,885,351	200,243
Total comprehensive income attributable to:		
Owners of the parent	4,521,699	13,782
Non-controlling interests	363,652	186,461
	4,885,351	200,243

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTE	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	14	3,072,380	3,072,380
Intangible assets	15	7,261,523	8,355,709
Property, plant and equipment	16	46,419,443	35,190,976
Right-of-use			
Property, plant and equipment	16, 28	2,218,448	2,243,454
Investment in associates and joint ventures	17	3,321,170	3,054,433
Financial assets at fair value through profit and loss	21	25	25
Financial assets at amortised cost	18	8,638,190	6,999,896
Derivative financial instruments	19	977,206	240,195
Deferred tax	31	1,561,151	193,071
		73,469,536	59,350,139
CURRENT ASSETS			
Trade and other receivables	20	5,789,163	4,596,126
Financial assets at fair value through profit and loss	21	3,426,260	3,500,832
Cash and cash equivalents	22	27,713,014	28,991,669
		36,928,437	37,088,627
TOTAL ASSETS		110,397,973	96,438,766
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	12,882,316	11,379,594
Share premium	25	30,706,711	25,477,804
Capital redemption reserve	25	151,402	151,402
Retained earnings	25	10,129,150	7,200,594
		53,869,579	44,209,394
Non-controlling interests	23	1,526,218	1,290,944
TOTAL EQUITY		55,395,797	45,500,338

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AT 31 DECEMBER 2022

	NOTE	2022 £	2021 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	29,105,304	35,932,669
Leasing liabilities	28	2,186,271	2,199,011
Deferred tax liabilities	31	7,207,034	6,157,986
Provisions	30	3,953,058	–
		42,451,667	44,289,666
CURRENT LIABILITIES			
Trade and other payables	26	4,078,308	2,622,020
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	6,873,261	3,510,848
Leasing liabilities	28	156,218	140,498
Tax payable		1,442,722	375,396
		12,550,509	6,648,762
TOTAL LIABILITIES		55,002,176	50,938,428
TOTAL EQUITY AND LIABILITIES		110,397,973	96,438,766

The financial statements on pages 61 to 108 of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 4th May 2023 and signed on its behalf by:



Matthew Clayton
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTE	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Owned Property, plant and equipment	16	–	381
Financial assets at fair value through profit and loss	21	25	25
Investments in subsidiaries, associates and joint ventures	17	18,890,952	18,586,544
Financial assets at amortised cost	18	8,202,788	6,674,493
Deferred tax	31	293,399	54,403
		27,387,164	25,315,846
CURRENT ASSETS			
Trade and other receivables	20	26,050,763	23,232,663
Tax receivable		1,239	43,320
Financial assets at fair value through profit and loss	21	3,426,260	3,500,832
Cash and cash equivalents	22	22,625,661	17,123,507
		52,103,923	43,900,322
TOTAL ASSETS		79,491,087	69,216,168
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	12,882,316	11,379,594
Share premium	25	30,706,711	25,477,804
Capital redemption reserve	25	151,402	151,402
Retained earnings	25	17,055,807	12,645,422
TOTAL EQUITY		60,796,236	49,654,222

COMPANY STATEMENT OF FINANCIAL POSITION - CONTINUED

AT 31 DECEMBER 2022

	NOTE	2022 £	2021 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	9,919,317	10,751,751
CURRENT LIABILITIES			
Trade and other payables	26	7,897,207	8,810,195
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	878,327	–
		8,775,534	8,810,195
TOTAL LIABILITIES		18,694,851	19,561,946
TOTAL EQUITY AND LIABILITIES		79,491,087	69,216,168

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements.

The parent company's profit for the financial year was £4,410,387 (2021 - £2,841,016). The profit for 2022 included £6,721,622 (2021 - £3,530,405) of dividends received from subsidiary companies.

The financial statements on pages 61 to 108 of Thrive Renewables Plc, registered no 02978651, were approved by the Board of Directors and authorised for issue on 4th May 2023 and were signed on its behalf by:



Matthew Clayton

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	CALLLED UP SHARE CAPITAL	RETAINED EARNINGS	SHARE PREMIUM	CAPITAL REDEMPTION RESERVE	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
	£	£	£	£	£	£	£
Balance at 1 January 2021	11,320,025	8,771,615	25,281,228	151,402	45,524,270	1,374,077	46,898,347
Changes in equity							
Issue of share capital (net of costs)	59,569	–	196,576	–	256,145	–	256,145
Dividends	–	(1,584,803)	–	–	(1,584,803)	(269,594)	(1,854,397)
Profit for the year	–	13,782	–	–	13,782	186,461	200,243
Balance at 31 December 2021	11,379,594	7,200,594	25,477,804	151,402	44,209,394	1,290,944	45,500,338
Changes in equity							
Issue of share capital (net of costs)	1,502,722	–	5,228,907	–	6,731,629	–	6,731,629
Dividends	–	(1,593,143)	–	–	(1,593,143)	(128,378)	(1,721,521)
Profit for the year	–	4,521,699	–	–	4,521,699	363,652	4,885,351
Balance at 31 December 2022	12,882,316	10,129,150	30,706,711	151,402	53,869,579	1,526,218	55,395,797

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	CALLLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL EQUITY £
Balance at 1 January 2021	11,320,025	11,389,209	25,281,228	151,402	48,141,864
Changes in equity					
Issue of share capital (net of costs)	59,569	–	196,576	–	256,145
Dividends	–	(1,584,803)	–	–	(1,584,803)
Profit for the year	–	2,841,016	–	–	2,841,016
Balance at 31 December 2021	11,379,594	12,645,422	25,477,804	151,402	49,654,222
Changes in equity					
Issue of share capital (net of costs)	1,502,722	–	5,228,907	–	6,731,629
Dividends	–	(1,593,143)	–	–	(1,593,143)
Profit for the year	–	6,003,528	–	–	6,003,528
Balance at 31 December 2022	12,882,316	17,055,807	30,706,711	151,402	60,796,236

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	34	10,699,780	5,252,531
Interest paid		(1,494,052)	(1,336,313)
Interest element of lease payments paid		(55,447)	(71,279)
Tax paid		(910,316)	(447,240)
Net cash inflow from operating activities		8,239,965	3,397,699
Cash flows from investing activities			
Purchase of intangible fixed assets	15	(4,407)	(655,965)
Purchase of tangible fixed assets	16	(9,917,742)	(3,016,836)
Payment for investment in associates	17	(150,000)	(906,019)
Loan investments repaid		530,291	323,426
Loans advanced		(1,368,364)	(1,806,645)
Interest received		121,767	949,114
Dividends received from associates		–	250,000
Net cash inflow from investing activities		(10,788,455)	(4,862,925)
Cash flows from financing activities			
Proceeds of share issue (net of costs)		7,062,793	256,147
Share issue costs		(331,166)	–
New loans in year		–	8,767,500
Loan repayments in year		(3,544,914)	(6,174,616)
Principal element of lease payments		(128,020)	–
Interest element of lease payments		(67,337)	–
Dividends paid to minority interests		(128,378)	(269,594)
Equity dividends paid		(1,593,143)	(1,584,803)
Net cash from financing activities		1,269,835	994,634
Decrease in cash and cash equivalents		(1,278,655)	(470,592)
Cash and cash equivalents at beginning of year	35	28,991,669	29,462,261
Cash and cash equivalents at end of year	35	27,713,014	28,991,669

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Thrive Renewables Plc is a public company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 13 to 46.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. STATUTORY INFORMATION

Thrive Renewables Plc is a public company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the General Information page.

3. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The separate financial statements of the Company are presented as required by the Companies Act 2006. These financial statements were prepared on a going

concern basis, in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in relation to certain assets, presentation of a cashflow statement, standards issues but not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group financial statements of Thrive Renewables Plc.

The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year unless otherwise stated, are described below.

Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost basis except for financial instruments held at fair value through profit and loss as disclosed. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS36 Impairment.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of

the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have,

the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests have a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative

interests in the subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Going concern

The Group and Company financial statements adopt the going concern basis on the grounds that the directors believe the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Further details are included in the Strategic Report.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured

in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination include an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquired entity is re-measured to its acquisition date fair value and the

resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out in the policy 'Business Combinations'.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement over which the Group has joint control and the right to the net assets of the entity.

The results, assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount; any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture, or when the investment is

classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group financial statements for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts received or receivable in relation to the company's principal activities in the United Kingdom.

Revenue from the supply of electricity and associated benefits represents the value of electricity generated under contracts to the extent that there is a right to consideration and is measured and recorded at the fair value of the consideration due.

Revenue is recognised when performance obligations have been satisfied and for the group this is when electricity has been generated and transferred to the

customer along with the associated benefits and the customer subsequently has control of these.

The directors consider that there is only one class of business and hence segmental information by class is not provided. The total turnover of the company for the financial year has been derived from its principal activity wholly undertaken in the UK.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated as profit from operations, but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Pension costs

The Group operates a defined contribution pension scheme for all qualified employees, the assets of which are held in individually administered funds. Pension costs are charged to the profit and loss account as incurred.

Taxation

Current tax, including corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current taxes are based on the results shown in the financial statements and are calculated according to

local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight-line basis, as follows:

Right of use asset	over lease term
Land and buildings	over 25 years
Plant and machinery	over 20 years
Plant and machinery - battery storage	over 15-25 years
Fixtures and fittings	over 5 years

Assets under construction are not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investments in subsidiaries, associates and joint ventures

In the company balance sheet investments in subsidiaries, associates and joint ventures are recognised at cost less accumulated impairment losses.

Intangible fixed assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of amortisation are as follows:

Power purchase agreements	5% per annum
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The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets are acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The rates of amortisation are as follows:

Intangible assets	5% per annum
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Internally generated intangible assets - development expenditure

Development expenditure representing prospective renewable energy projects is written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. Provision is made for any impairment.

Development costs	5% per annum
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Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an identifiable useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the

acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at fair value through the Income Statement

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Derivatives, including separated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments where movements in fair value are recognised through Other Comprehensive Income. Assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Income Statement.

Financial assets at amortised costs

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'amortised cost'.

Financial assets at FVTPL

The group and company classifies the following financial assets at FVTPL;

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

No election has been made to present fair value gains and losses on equity investments in OCI.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item in the profit and loss account.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and borrowings. Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs and are then subsequently measured at amortised costs using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date.

The resulting gain or loss is recognised in profit or loss immediately. The group does not enter into any hedge accounting for effective hedge relationships.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is

more than 12 months and it is not expected to be realised within 12 months. Other derivatives are presented as current assets or liabilities.

Leases

The Group assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate the individual lease would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments include fixed payments and variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 4%.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and finance costs. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review or change in an index or rate such as inflation.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received and initial direct costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed to the Consolidated Profit and Loss Account, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Decommissioning of operational projects

A provision is made for the decommissioning of operational projects based on the Group's best estimate of the cost of decommissioning. These costs are a contractual obligation under the lease to ensure appropriate restoration of the land.

Provisions for decommissioning are recognised in full when the related projects are constructed. A corresponding amount equivalent to the provision is also recognised as part of the costs of the related plant and machinery as a decommissioning asset. The amount recognised is the estimated cost of decommissioning discounted to its net present value and is reassessed at each balance sheet date. Changes in the estimated timing and value of the decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the decommissioning asset cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

4. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 above, the directors are required to continually evaluate judgements, estimates and assumptions based on historical experience and other factors that are considered to be relevant.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

Impairment of tangible fixed assets

Determining whether tangible fixed assets are impaired requires an estimation of the value in use of the related assets. The value in use calculation requires the entity to estimate the future cash flows expected to

arise from the asset and a pre-tax discount rate of 8.58% (2021 - 7.1%) in order to calculate present value. Forecast wind volumes are based on wind studies carried out at the commencement of each project, adjusted for experience as necessary. Electricity prices are determined with reference to externally sourced forward price curves, on contracted rates as appropriate. Forecasts cover the expected life of each project.

The carrying amount of the Group's owned property, plant and equipment totalled £46,419,443 (2021:£35,190,976). In aggregate of the projects, increasing the discount rate in the value in use calculations by 1%, would result in a reduction in headroom from 99% to 76% (2021 : 60% to 52%). Reducing the forecasted cashflows by 10% would result in a reduction in headroom to 78% (2021 : 41%). There is no evidence of impairment of the individual projects.

Estimation of tangible fixed asset useful lives

The useful life used to depreciate tangible fixed assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefits will be derived from the asset. There is no evidence of any changes to the asset useful lives.

The depreciation charge for the year for plant and machinery totalled £3,581,874 (2021 : £3,223,754) based on the estimated useful economic life of over 20 years. The actual economic life may be shorter or longer. Based on a useful economic life of 15 years for plant and machinery, it would increase the annual depreciation charge by £594,395 (2021 : £223,400). Based on a useful life of 25 years for plant and machinery, it would reduce the annual depreciation charge by £445,017 (2021 : £134,000).

Decommissioning costs

Amounts used in recording a provision for decommissioning of operational projects are estimates based on current legal and constructive requirements. Due to changes in relation to the items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on an annual basis. The effects of changes in estimates are dealt with prospectively over the estimated remaining useful lives for each operational project. While the Group uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the Group applies annual inflation rates of 2.2% and discount rates of 3% to 4%. In aggregate of the projects, increasing the discount rate used for the decommissioning provision by 1%, would

result in a reduction in the provision of £399,633 and decreasing the discount rate by 1% would increase the provision by £466,442.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit over its estimated operational life and a pre-tax discount rate of 8.58% (2021 - 7.1%) is used in order to calculate present value. Forecast wind volumes are based on wind studies carried out at the commencement of each project, adjusted for experience as necessary. Electricity prices are determined with reference to externally sourced forward price curves, on contracted rates as appropriate. Forecasts cover the expected life of each project. The carrying amount of goodwill and intangibles at the balance sheet date was £3.1 million (2021 - £3.1m) and £7.3 million (2021 - £8.4m) respectively; there is no evidence of impairment.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages counterparties or third party qualified valuers to perform the valuation.

Impairment of loans and financial assets

Mezzanine loans provided to third parties and other loans provided to joint venture companies are subsequently measured at amortised cost, and are subject to consideration in respect of expected credit losses. The Group and Company keeps that position under regular review, using available reasonable and supportive forward looking information. See further detail in Note 18 for our assessment.

5. REVENUE

Segmental reporting

The Directors consider that there is only one class of business provided within the UK and hence segmental information is not provided. The total turnover of the Group for the financial year has been derived from its principal activity, being the supply of energy from renewable sources.

6. OTHER OPERATING INCOME

	2022	2021
	£	£
Other operating income is as follows:		
Boardinghouse Windfarm Limited	–	50,750
Thrive Renewables (Severn) Limited	–	941
Thrive Renewables (March) Limited	4,341	94,649
Thrive Renewables Plc	150,000	180,275
Thrive Renewables (Auchtygills) Limited	–	65,000
Thrive Renewables (Caton Moor) Limited	40,000	111,448
	194,341	503,063

Other operating income relates to lost availability warranties held with the turbine manufacturers apart from Thrive Renewables Plc where it relates to the value of personnel resources provided by the Group and Company in exchange for shares in an associate.

7. SHARE OF ASSOCIATED COMPANY OPERATING PROFIT

SHARE OF ASSOCIATE'S NET PROFIT/(LOSS):	2022	2021
	£	£
Fenpower Limited - share of profit	369,958	108,103
Fenpower Limited – impairment in investment	(96,422)	(92,222)
Greenbreeze Energy (Holdings) Limited	–	–
Riding Sunbeams Apollo Limited	(268,799)	(71,881)
Geogen Limited	(38,000)	–
	(33,263)	(56,000)

All results from the Group's associates arose from continuing operations. Further details of investments in associates and joint ventures are provided in note 17.

8. EMPLOYEES AND DIRECTORS

GROUP AND COMPANY	2022 £	2021 £
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The remuneration of Directors was as follows:

Directors' emoluments	525,563	437,999
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No pension contributions were paid on behalf of the non-executive Directors in either year. Pension contributions for executive directors were £42,687 (2021 £37,062).

The highest paid director's remuneration was £154,200 (2021 £145,904) and pension contributions were £15,000 (2021 £14,395). In the year £20,622 of directors' remuneration was paid to third party companies of which those directors were employed (2021 £25,042).

EMPLOYEE COSTS (INCLUDING DIRECTORS) WERE AS FOLLOWS:	2022 £	2021 £
Wages and salaries	978,663	757,050
Social security costs	111,564	80,270
Other pension costs	81,977	66,104
	1,172,204	903,424

During 2022 the average number of employees was 18 (2021:16).

THE ACTIVITIES OF THE EMPLOYEES ARE:	2022	2021
Non executive directors	5	4
Executive directors	3	3
Operations	1	1
Finance	1	2
Investments	4	3
Marketing and communications	2	2
Investor relations and governance	1	1
Sustainability analyst	1	-
Total	18	16

There is also 1 (2021 - 2) non executive director(s) that is not classed as an employee of the Company. The Directors of the Company are considered the only key management personnel.

9. NET FINANCE COSTS

	2022 £	2021 £
Finance income:		
Interest receivable	726,630	448,282
Finance costs:		
Bank loans	816,233	801,184
Other loans	652,501	605,063
Other interest payable	556	1,345
Leasing	67,337	71,279
	1,536,627	1,478,871

The amount of borrowing costs capitalised during the year is £449,793 (2021 - £67,073). The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 3.18% (2021 – 3.17%).

10. PROFIT BEFORE INCOME TAX

THE PROFIT BEFORE INCOME TAX IS STATED AFTER CHARGING/ (CREDITING):	2022 £	2021 £
Variable lease payments	230,408	143,331
Depreciation – owned assets	3,581,874	3,232,087
Depreciation – assets on finance leases	178,083	157,857
Development costs amortisation	1,084,594	1,077,556
Purchase Power Agreement amortisation	13,999	13,999
Impairment in carrying value of investment in associate	96,422	92,222
Audit- parent company accounts	61,431	39,260
Audit- subsidiary accounts	89,969	78,950
Audit- tax and other services	61,500	54,975
Tax advisory services	–	4,200
Foreign exchange differences	(149,804)	25,594

11. INCOME TAX

ANALYSIS OF TAX EXPENSE	2022 £	2021 £
Current tax:		
Current tax on income for the year at 19% (2021:19%)	1,980,241	450,101
Adjustment in respect of previous years	(2,598)	19,975
Total current tax	1,977,643	470,076
Deferred taxation:		
Origination and reversal of timing differences	(534,208)	(30,885)
Adjustments in respect of previous years	3,384	13,436
Effect of changes in tax rates	211,792	1,142,220
Total deferred tax	(319,032)	1,124,771
Total tax expense in consolidated statement of profit or loss	1,658,611	1,594,847

Factors affecting the tax expense

The tax assessed for the year is higher (2021 - higher) than the standard rate of corporation tax in the UK.

The difference is explained below:

	2022 £	2021 £
Profit before income tax	6,543,962	1,795,090
Profit before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,243,353	341,067
Effects of:		
Expenses not deductible for tax purposes	191,327	70,354
Effects of change in tax rates	211,792	1,142,220
Adjustments in respect of previous years	786	33,411
Amounts not recognised	11,353	7,795
Tax expense	1,658,611	1,594,847

A change to the main UK corporation tax rate was included in the Finance Bill 2021. The rate applicable from 1 April 2020 to 31 March 2023 remains at 19% but the rate from 1 April 2023 will increase to 25%.

Deferred taxes at the reporting date have been measured using 25% rate.

12. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £4,410,387 (2021 - £2,841,016). The profit for 2022 included £6,721,622 (2021 - £3,530,405) of dividends received from subsidiary companies.

13. DIVIDENDS

	2022	2021
	£	£
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2022 of 7p (2021: 7p) per share	1,593,143	1,584,803
Total dividends paid	1,593,143	1,584,803

14. GOODWILL

COST	£
Opening balance at 1 January 2021	2,947,747
Additions	124,633
Balance at 31 December 2021	3,072,380
Additions	-
Balance at 31 December 2022	3,072,380
Accumulated impairment losses	
At 1 January 2022 and 31 December 2022	-
Net book value	
At 31 December 2022	3,072,380
At 31 December 2021	3,072,380

Further details with regards to the carrying value of Goodwill is given in note 4.

15. INTANGIBLE ASSETS

GROUP	DEVELOPMENT COSTS	PURCHASE POWER AGREEMENT	TOTALS
	£	£	£
COST			
At 1 January 2021	21,687,462	279,975	21,967,437
Additions	655,965	-	655,965
At 31 December 2021	22,343,427	279,975	22,623,402
Additions	4,407	-	4,407
At 31 December 2022	22,347,834	279,975	22,627,809
ACCUMULATED AMORTISATION			
At 1 January 2021	12,945,291	230,847	13,176,138
Amortisation for the year	1,077,556	13,999	1,091,555
At 31 December 2021	14,022,847	244,846	14,267,693
Amortisation for year	1,084,594	13,999	1,098,593
At 31 December 2022	15,107,441	258,845	15,366,286
NET BOOK VALUE			
At 31 December 2022	7,240,393	21,130	7,261,523
At 31 December 2021	8,320,580	35,129	8,355,709

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	RIGHT OF USE ASSET £	LAND AND BUILDINGS £	PLANT AND MACHINERY £	ASSETS UNDER CONSTRUCTION £	TOTALS £
COST					
At 1 January 2021	1,838,802	325,000	65,993,471	717,158	68,874,431
Additions	854,134	–	1,048,338	1,968,499	3,870,971
At 31 December 2021	2,692,936	325,000	67,041,809	2,685,657	72,745,402
Transfer to plant and machinery	–	–	2,447,968	(2,447,968)	–
Additions	153,077	–	4,797,358	10,012,983	14,963,418
At 31 December 2022	2,846,013	325,000	74,287,135	10,250,672	87,708,820
ACCUMULATED DEPRECIATION					
At 1 January 2021	291,625	316,667	31,312,736	–	31,921,028
Charge for the year	157,857	8,333	3,223,754	–	3,389,944
Accelerated depreciation	–	–	–	–	–
At 31 December 2021	449,482	325,000	34,536,490	–	35,310,972
Charge for year	178,083	–	3,581,874	–	3,759,957
At 31 December 2022	627,565	325,000	38,118,364	–	39,070,929
NET BOOK VALUE					
At 31 December 2022	2,218,448	–	36,168,771	10,250,672	48,637,891
At 31 December 2021	2,243,454	–	32,505,319	2,685,657	37,434,430

All right to use assets relate to property leases.

Plant and machinery includes fixtures and fittings at cost of £18,101 (2021 £18,101) with accumulated depreciation of £18,101 (2021 £18,101).

Plant and machinery includes decommissioning asset at cost of £3,953,058 (2021 £0) with accumulated depreciation of £0 (2021 £0).

COMPANY	RIGHT OF USE ASSET £	PLANT AND MACHINERY £	FIXTURES AND FITTINGS £	TOTALS £
COST				
At 1 January 2021	29,492	11,933	18,101	59,526
Additions	–	–	–	–
At 31 December 2021	29,492	11,933	18,101	59,526
Additions	–	–	–	–
At 31 December 2022	29,492	11,933	18,101	59,526
ACCUMULATED DEPRECIATION				
At 1 January 2021	22,093	11,171	17,527	50,791
Charge for the year	7,399	381	574	8,354
At 31 December 2021	29,492	11,552	18,101	59,145
Charge for year	–	381	–	381
At 31 December 2022	29,492	11,933	18,101	59,526
NET BOOK VALUE				
At 31 December 2022	–	–	–	–
At 31 December 2021	–	381	–	381

All right of use assets relate to property leases.

17. INVESTMENTS

GROUP	INVESTMENT IN JOINT VENTURES	INVESTMENT IN ASSOCIATE	TOTALS
	£	£	£
CARRYING VALUE			
At 1 January 2021	–	2,454,414	2,454,414
Additions	–	906,019	906,019
Impairment in investment	–	(92,222)	(92,222)
Dividends received – Fenpower Limited	–	(250,000)	(250,000)
Share of profit	–	36,222	36,222
At 31 December 2021	–	3,054,433	3,054,433
Share of profit	–	63,159	63,159
Impairment in investment	–	(96,422)	(96,422)
Additions	–	300,000	300,000
At 31 December 2022	–	3,321,170	3,321,170
NET BOOK VALUE			
At 31 December 2022	–	3,321,170	3,321,170
At 31 December 2021	–	3,054,433	3,054,433

In 2022 the company made an additional investment in Riding Sunbeams Apollo Limited.

Results for the year ended 31 December 2022 - TR Fenpower Limited, Green Breeze Energy (Holdings) Limited, Riding Sunbeams Apollo Limited and Geogen Limited.

TR FENPOWER LIMITED – OWNED 50% BY THRIVE RENEWABLES PLC	2022 £	2021 £
Current assets	80,781	87,637
Non-current assets	3,738,765	3,738,765
Current liabilities	(50,476)	(44,802)
Non-current liabilities	–	–
Deferred tax	7,330	3,945
Net assets	3,776,400	3,785,545
Revenue	–	–
(Loss)/Profit from continuing operations	(9,145)	244,530

There are no other items of comprehensive income.

FENPOWER LIMITED – OWNED 49.8% BY TR FENPOWER LIMITED	2022	2021
	£	£
Current assets	3,196,791	1,222,377
Non-current assets	5,193,309	4,149,031
Current liabilities	(625,105)	(367,496)
Non-current liabilities	(202,601)	(111,678)
Deferred tax and other provisions	(2,071,290)	(882,172)
Net assets	5,491,104	4,010,062
Revenue	3,038,269	1,911,841
Profit from continuing operations	1,480,992	410,625

SUMMARISED CASH FLOWS – FENPOWER LIMITED	2022	2021
	£	£
Cash flows from operating activities	1,962,899	1,061,649
Cash flows from investing activities	–	–
Cash flows from financing activities	(112,455)	(1,125,504)
Net increase in cash and cash equivalents	1,850,444	(63,855)
There are no other items of comprehensive income.		

GREEN BREEZE ENERGY (HOLDINGS) LIMITED - OWNED 50% BY THRIVE RENEWABLES PLC	2022	2021
	£	£
Current assets	4,361,212	3,160,362
Non-current assets	11,164,283	11,024,987
Current liabilities	(570,273)	(734,176)
Non-current liabilities	(14,419,409)	(14,455,624)
Deferred tax and other provisions	(1,109,669)	(457,949)
Net (liabilities)	(573,856)	(1,462,400)
Revenue	1,882,711	1,422,843
Profit/(loss) from continuing operations	888,544	(147,112)
There are no other items of comprehensive income.		

RIDING SUNBEAMS APOLLO LIMITED - OWNED 41% BY THRIVE RENEWABLES PLC AS AT 31 DECEMBER 2022 (26% AS AT 31 DECEMBER 2021)	2022 £	2021 £
Current assets	45,452	19,725
Non-current assets	51,221	401,913
Current liabilities	(68,415)	(211,964)
Non-current liabilities	(55,000)	-
Deferred tax	-	-
Net liabilities	(26,742)	209,674
Revenue	-	-
(Loss) from continuing operations	(236,306)	(390,454)

GEOGEN LIMITED - OWNED 9.5% BY THRIVE RENEWABLES PLC	2022 £	2021 £
Current assets	251	365,402
Non-current assets	47,191	100,000
Current liabilities	-	-
Non-current liabilities	-	-
Deferred tax	-	-
Net assets	47,442	465,402
Revenue	-	-
(Loss) from continuing operations	(417,960)	(535,398)

Thrive accounts for its 10% shareholding in GeoGen Limited as an associate due to it having significant influence through representation on the board of directors, with the power to participate in the policymaking process.

There are no other items of comprehensive income.

The information above represents the consolidated amounts presented in the financial statements of the associate and joint venture (and not the Group's share of these amounts), adjusted for differences in accounting policies between the Group and the associate and joint venture.

There are no contingent liabilities relating to the Group's interest in the associate and joint ventures.

COMPANY

£

Investment in subsidiary undertakings and associates and joint ventures
at cost:

Carrying Value

At 1 January 2021	17,680,526
Additions	906,018
At 31 December 2021	18,586,544
Additions	304,408
At 31 December 2022	18,890,952
Net Book Value	
At 31 December 2022	18,890,952
At 31 December 2021	18,586,544

Additions in the year related to further investments
in Riding Sunbeams Apollo Limited and Thrive
Renewables (Wicken) Limited.

Further information about associates and subsidiaries,
including disclosures about non-controlling interests, is
provided in note 36 to the Company's financial statements.

18. FINANCIAL ASSETS AT AMORTISED COST

GROUP	2022	2021
	£	£
Loans to joint venture company (to fund capital expenditure)	3,661,584	3,487,965
Loan to joint venture company (to fund acquisition)	32,493	32,493
Mezzanine loans provided to third parties	4,679,113	3,324,438
Bonds held as investments	265,000	155,000
	8,638,190	6,999,896

COMPANY

2022

2021

£

£

Loans to joint venture company (to fund capital expenditure)	3,661,584	3,487,965
Loan to joint venture company (to fund acquisition)	32,493	32,493
Loans to subsidiaries (to fund development)	179,598	179,598
Mezzanine loans provided to third parties	4,329,113	2,974,437
	8,202,788	6,674,493

In July 2016, the Company entered into a joint venture with Green Power (Drumduff) Ltd to purchase Green Breeze Energy Limited (GBEL). GBEL has successfully secured all the required rights and permits to build a 6MW wind farm in Scotland. Thrive Renewables has purchased a 50% holding in the Company but has also provided capital in the form of loans to fund capital expenditure. The project reached financial close in January 2017 and became operational in July 2017. At the year-end there is a loan balance including accrued interest of £3,694,077 (2021:£3,520,458). During the year £173,619 (2021 - £174,094) of interest was accrued and there were no repayments.

In 2018, Thrive Renewables Plc entered into a joint venture agreement with Aura Power Storage Solutions Limited. A loan of £179,598 (2021:£179,598) has been provided to the company Thrive Renewables Bess Holdings Limited (formally Aura Power Energy Solutions Limited) to fund business development work including capitalised interest. During 2021, Thrive Renewables Plc purchased the entire share capital of the company and it is therefore now part of the Group consolidation and therefore only shown as part of the Company loan balances.

Thrive Renewables Group makes mezzanine loans to companies to fund the acquisition of renewable energy projects. At the year end the balance of these loans is £4,679,113 (2021:£3,324,438) including interest accrued.

During 2020, a 100% subsidiary of Thrive Renewables Plc, Brunel Wind Limited offered all bondholders in Thrive Renewables Plc the ability to sell their bonds at a value equivalent to principal plus accrued interest, this offer was extended into 2022. Therefore, Brunel Wind Limited now owns £265,000 of bonds in Thrive Renewables Plc (2021 £155,000).

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 36 to the Company financial statements.

Assessment on Expected Credit Loss on financial assets:

The Company's financial assets are held in a business model whose purpose is to collect contractual cash flows and consist solely of principle and interest. Financial assets are initially measured at fair value and are subsequently measured at amortised cost.

The Company's financial assets listed above, are subject to consideration in respect of ECLs. The Company keeps this position under regular review, using available reasonable and supportive forward looking information including:

- monitoring the continued timely collection of receivables,
- changes in counterparty credit ratings,
- any actual or expected changes in the industry or economic conditions that could cause a significant change to the borrower's ability to meet its obligations,
- actual or expected significant changes in the operating results of the borrower,
- updated financial forecasting models of the borrower,
- significant changes in the value or nature of collateral supporting the obligation, or the quality of any third party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery. The Company establishes a provision for doubtful debts if they are more than 120 days past due. The Company continues to engage in enforcement activity until it is determined that the debt is uncollectible, at which point the outstanding amount is written off in full.

Given the nature of the financial assets in place the ECL applied to each is deemed to be minimal and therefore the identified impairment loss immaterial.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	977,206	240,195
Financial liabilities carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	-	-

Further details of derivative financial contracts are provided in note 29.

20. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Trade debtors	1,361,319	698,963	2,574	43,587
Amounts recoverable on contract	-	2,424	-	-
Group relief debtor	-	-	1,095,509	1,095,509
Amounts owed from group	-	-	24,747,680	21,798,770
Amounts owed from associate and joint venture	50,476	48,677	50,476	44,802
Called up share capital not paid	147	144	-	-
Prepayments and accrued income	4,377,221	3,845,918	154,524	249,995
	5,789,163	4,596,126	26,050,763	23,232,663
Non-current:				
Derivative financial instruments	977,206	240,195	-	-
	977,206	240,195	-	-
Aggregate amounts	6,766,369	4,836,321	26,050,763	23,232,663

Trade Debtors

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period taken on sales of goods is 30 days. No interest is charged on the debtors for the first 30 days from the date of the invoice. Thereafter, interest is charged at 8% on the outstanding balance.

At the year-end £785,731 has been provided against debtors for an availability claim invoiced in 2019 to our then Operations and Maintenance contractor Servion GmbH. In July 2019 Servion GmbH was declared insolvent by a German Court and therefore provision has been made against amounts outstanding that are not covered by a contractual right of set off. We continue to pursue payment through the German administration process but full

provision against this debt has been made based on the uncertainty over recovery.

The Group has not recognized an other allowance for doubtful debts as no other debts are past 120 days due and historical experience has been that debtors that are past due beyond 120 days are not recoverable. Allowances against doubtful debts are recognised against trade receivables between 30 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The Group have no trade debtors which are past due date at the reporting date and therefore the Group has not made any allowance for doubtful debtors, other than disclosed above. There has not been a significant change in credit quality and all amounts are still considered recoverable. The average age of these debtors is 20 days (2021: 20 days).

In determining the recoverability of a trade receivable the Group considers and change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The Directors consider that the carrying amount of trade and other debtors is approximately equal to their fair value.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group and Company classifies the following financial assets at fair value through profit or loss (FVTPL):

- debt instruments that do not qualify for measurement at amortised cost because there is an option to convert to equity investment.
- Equity investments that are held for trading;
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.
- No election has been made to present fair value gains and losses on equity instruments in OCI

Current Assets

Financial assets measured at FVTPL, include the following:

	2022 £	2021 £
Convertible loan (i)	3,426,260	3,500,832

Non Current assets

UNLISTED EQUITY SHARES (ii)	2022 £	2021 £
Carrying Value		
At 1 January	25	25
Additions	–	–
At 31 December	25	25

(i) During 2020, the Company provided a loan of £3,000,000 to United Down Geothermal Limited to fund the development of a deep geothermal energy project in Cornwall. The loan has the option to be converted to equity at financial close and only attracts interest if that option is not exercised.

The loan does not qualify for measurement at amortised cost as the conversion option fails the solely payment of principle and interest test, and therefore should be measured at fair value through profit and loss.

At the end of the accounting period the Company have assessed the fair value of the financial asset as the weighted average, based on probability, of the value of the equity option and the value of the loan plus accrued interest. The calculation resulted in a fair value assessment of £3,426,260 and therefore a fair value adjustment of £(74,572) is recorded in the profit and loss. The valuation includes a >95% probability of conversion. If the probability of conversion was to be 50%, it would result in an increase in the valuation of £229,832.

(ii) This represents a 12.5% holding in Olympus Solar Holdings Limited in ordinary shares. Unlisted equity securities are considered as level 3 instruments as one or more significant inputs are not based on observable market data. The valuation techniques for such investments would be discounted cash flow analysis. However, as some of the projects are yet to be commissioned we would not expect the calculation to result in a change in fair value from the cost recognised and therefore no movement is recorded in the profit and loss accounts.

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022 £	2021 £	2022 £	2021 £
Bank accounts	27,713,014	28,991,669	22,625,661	17,123,507

23. NON-CONTROLLING INTERESTS

	2022	2021
	£	£
At 1 January	1,290,944	1,374,077
Minority share of profit/(loss) on ordinary activities after taxation	363,652	186,461
Minority share of dividends paid	(128,378)	(269,594)
At 31 December	1,526,218	1,290,944

24. CALLED UP SHARE CAPITAL

ALLOTTED, ISSUED AND FULLY PAID	2022	2022	2021	2021
	NO.	£	NO.	£
Ordinary shares of £0.50 each	25,764,631	12,882,316	22,759,187	11,379,594

During the year 113,744 ordinary shares of £0.50 each were allotted, issued and fully paid up at a premium of £1.85 per share. This allotment is part of a SCRIP scheme whereby shareholders can receive new shares instead of cash dividends.

In addition, the Company raised additional capital for growth from the sale of new shares and 2,891,700 ordinary shares of £0.50 each were allotted, issued and fully paid up at a premium of £1.85 per share, raising a total of £6.8m of capital to fund further projects.

25. RESERVES

GROUP	RETAINED EARNINGS	SHARE PREMIUM	CAPITAL REDEMPTION RESERVE	TOTALS
	£	£	£	£
At 1 January 2022	7,200,594	25,477,804	151,402	32,829,800
Profit for the year	4,521,699	–	–	4,521,699
Dividends	(1,593,143)	–	–	(1,593,143)
Share issue	–	5,560,071	–	5,560,071
Share issue costs	–	(331,164)	–	(331,164)
At 31 December 2022	10,129,150	30,706,711	151,402	40,987,263

COMPANY	RETAINED	SHARE PREMIUM	CAPITAL	TOTALS
	EARNINGS		REDEMPTION	
	£		RESERVE	
	£		£	£
At 1 January 2022	12,645,422	25,477,804	151,402	38,274,628
Profit for the year	6,003,528	–	–	6,003,528
Dividends	(1,593,143)	–	–	(1,593,143)
Share issue	–	5,560,071	–	5,560,071
Share issue costs	–	(331,164)	–	(331,164)
At 31 December 2022	17,055,807	30,706,711	151,402	47,913,920

Comparatives can be seen in the Statement of Changes in Equity starting on page 67.

The capital redemption reserve represents the nominal value of bought back shares.

26. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Trade creditors	989,485	587,615	89,512	102,405
Consortium relief creditor	415,529	415,529	–	–
Amounts owed to group undertakings	–	–	6,781,555	7,697,369
Social security and other taxes	380,141	79,804	78,784	27,723
Other creditors	11,280	9,300	11,280	9,300
Dividends payable	6,976	6,976	6,976	6,976
Accruals and deferred income	2,274,897	1,522,796	929,100	966,422
	4,078,308	2,622,020	7,897,207	8,810,195

Pension contributions owing at the year-end amounted to £11,280 (2021: £9,300).

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade creditors for the first 60 days from the date of the invoice. Thereafter, interest is charged

on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all creditors are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade creditors approximates to their fair value.

27. FINANCIAL LIABILITIES - BORROWINGS

GROUP	2022	2021
	£	£
Bank loans and overdrafts		
Amounts payable		
- due within one year	3,994,934	3,510,848
- due within one to two years	3,479,485	3,994,933
- due within two to five years	8,990,446	8,981,334
- due after five years	6,716,056	10,204,652
	23,180,921	26,691,767
Other loans		
Amounts payable		
- due within one year	2,878,327	-
- due within one to two years	9,962,192	10,600,518
- due within two to five years	-	2,240,000
Amortisation of issue costs	(42,875)	(88,767)
	12,797,644	12,751,751
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	6,873,261	3,510,848
- due within one to two years	13,441,677	14,595,451
- due within two to five years	8,990,446	11,221,334
- due after five years	6,716,056	10,204,652
Amortisation of issue costs	(42,875)	(88,767)
	35,978,565	39,443,518

COMPANY	2022	2021
	£	£
Other loans		
Amounts payable		
- due within one year	878,327	–
- due within one to two years	9,962,192	8,600,518
- due within two to five years	–	2,240,000
Amortisation of issue costs	(42,875)	(88,767)
	10,797,644	10,751,751
Analysis of loan repayments		
Loans and overdrafts		
- within one year	878,327	–
- within one to two years	9,962,192	8,600,518
- within two to five years	–	2,240,000
Amortisation of issue costs	(42,875)	(88,767)
	10,797,644	10,751,751

As at 31 December 2022 there are bank fees of £180,171 (2021: £214,236) offset against Group bank loans.

At 31 December 2022, Group bank loans total £23,180,921 (2021: £26,691,767).

Amounts totalling £15,777,632 (2021: £18,381,617) held with Triodos bank bear interest at a weighted average fixed rate of 3.52% (2021 - 3.5%). Of this amount, £4,191,447 (2021: £6,686,463) is repayable after five years. This amount bears interest at a weighted average fixed rate of 3.28% (2021: 3.37%).

Amounts totalling £7,403,289 (2021: £8,310,150) held with Santander Bank bear interest at a weighted average fixed rate of 2.45% (2021 - 2.45%), of this amount £2,524,609 (2021 - £3,518,189) is due after 5 years. The fixed rate of interest is achieved by the purchase of financial instruments (interest rate swaps) which are shown as an asset (2021 - an asset) on the balance sheet of the Group. The asset recognised at the year-end on interest rate swaps amount to £977,206 (2021 - £240,195). The recognition of this asset/liability is in effect the advance charge of interest over the life of the swaps (ten-year term) and would therefore reduce the interest charged in each year on these loans to 2% (the bank interest rate) (2021 - 2%). Bank loans are secured by first fixed and floating charges on the fixed assets of the subsidiary companies. The maximum term of any loan currently outstanding expires in 2030.

Other loans represent mezzanine loan finance which bears interest at a fixed rate of 4% (2021: 4% fixed). In addition, the Group raised a bond in 2016/2017 of £9,962,192 in Thrive Renewables Plc for 7 years at 5% interest. This is repayable in March 2024.

The Group's gearing ratio (calculated as debt/debt plus net assets) is 39% (2021: 46%).

28. LEASING

Group

Right-of-use assets

The Group leases land on which the projects they operate are located. Lease contracts are typically made for a fixed period of 20 years of operation or the period of which planning permission is granted on the site.

The Company leases office space.

Minimum lease payments fall due as follows:

GROUP	2022	2021
	£	£
Net obligations repayable:		
Within one year	156,218	140,498
Between one and five years	633,253	582,107
In more than five years	1,553,018	1,616,904
Total	2,342,489	2,339,509

COMPANY	2022	2021
	£	£
Net obligations repayable:		
Within one year	–	–
Between one and five years	–	–
In more than five years	–	–
Total	–	–

GROUP	2022	2021
	£	£
Lease payments due:		
Within one year	207,746	193,612
Between one and five years	800,360	758,401
In more than five years	1,830,524	1,904,742
Total	2,838,630	2,856,755

COMPANY	2022	2021
	£	£
Lease payments due:		
Within one year	–	–
Between one and five years	–	–
In more than five years	–	–
Total	–	–

Some property leases contain variable terms that are linked to revenue generated from the project. Variable terms are used for a variety of reasons, including minimising the fixed cost base of the Company.

Variable lease payments that depend on revenue are recognised in profit and loss in the period in which the condition that triggers those payments occurs.

GROUP	2022	2021
	£	£
Expenses relating to variable leases payments not included in lease liabilities (included in administrative expenses)	230,408	143,331

Variable lease payments represent 1.9%-5% of turnover on various sites. For context, a 10% increase in turnover across all operational sites would increase variable lease payments by 2.5% of turnover.

The total cash outflow for leases in 2022 was £470,604 (2021 - £331,981).

29. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net debt (borrowings disclosed in note 27 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in notes 23 to 25). The Group is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 80% to 100% determined as the proportion of net debt to fixed equity. The gearing ratio at 31 December 2022 of 15% (2021 23%) was lower than the target range due to large cash balance held at year end from the sale of 2 projects in 2019 which has been committed to new projects but not yet spent.

Net debt to equity ratio

The net debt to equity ratio at the year-end is as follows:

	2022	2021
	£	£
Debt	35,978,565	39,443,518
Cash and cash equivalents	(27,713,014)	(28,991,669)
Net debt	8,265,551	10,451,849
Equity	55,395,797	45,500,338
Net debt to equity ratio	15%	23%

Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 27. Equity includes all capital and reserves of the Group that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

CATEGORIES OF FINANCIAL INSTRUMENT	2022	2021
	£	£
Financial assets:		
Fair Value Through Profit and Loss (FVTPL)		
Derivative financial instruments (note 19)	977,206	240,195
Unlisted equity securities (note 21)	25	25
Convertible loan (note 21)	3,426,260	3,500,832
Amortised cost:		
Cash and bank balances	27,713,014	28,991,669
Receivables	1,361,319	701,387
Accrued income	3,479,741	2,933,123
Loans	8,638,190	6,999,896
Financial liabilities:		
Fair value through profit and loss (FVTPL)		
Derivative financial instruments (note 19)	–	–
Amortised cost:		
Payables	(1,803,411)	(1,010,120)
Accruals	(2,274,897)	(1,532,096)
Borrowings	(35,978,565)	(39,443,518)
Leasing liabilities	(2,342,489)	(2,339,509)

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of assets stated in foreign currencies and;
- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured using value-at-risk (VaR) analysis supplemented by sensitivity analysis. There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

All financial instruments are classified as level 2 per the fair value hierarchy.

30. PROVISIONS

GROUP	2022	2021
	£	£
Other provisions	3,953,058	–
Analysed as follows:		
Current	703,933	–
Non-current	3,249,125	–
	3,953,058	–

Decommissioning provision

The provision for the decommissioning of the operational projects represents the net present value of the Group's best estimate of the costs to decommission each project at the end of its useful life. The provisions were re-estimated at the end of the year to reflect current management expectations of the future liability.

The closing provision has been discounted to its present value for each project separately, based on the yield on a UK gilt maturing at the end of its economic life (between 2023 and 2051).

Decommissioning assets are recognised to match the decommissioning liability and included within plant and machinery in note 15. Unwinding of discount amount is recognised only in the decommissioning liability.

The provision at 31 December 2022 at a discount rate of 3.93% is £3,953,058. Increasing the discount rate used for the decommissioning provision by 1%, would result in a reduction in the provision of £399,633 and decreasing the discount rate by 1% would increase the provision by £466,442.

31. DEFERRED TAX

GROUP	2022	2021
	£	£
Balance at 1 January	5,964,915	4,699,855
Charge to profit & loss account	(322,416)	1,124,771
Development cost additions nil tax base	–	124,633
Adjustments in respect of previous years	3,384	15,656
Balance at 31 December	5,645,883	5,964,915

The amounts of deferred taxation provided in the financial statements are as follows:

GROUP	2022 £	2021 £
Accelerated capital allowances	4,377,458	4,166,612
Tax losses carried forward	(721,314)	(137,222)
Deferred tax on derivatives	244,302	24,545
Short-term timing differences	(65,320)	(44,357)
Deferred tax on development costs	1,810,757	1,955,337
	5,645,883	5,964,915

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £	2021 £
Deferred tax assets	1,561,151	193,071
Deferred tax liabilities	(7,207,034)	(6,157,986)
	(5,645,883)	(5,964,915)

The company has a deferred tax asset of £293,399 (2021:£54,403).

32. CONTINGENT LIABILITIES

HSBC Bank has issued a performance bond in the sum of £48,000 in relation to certain undertakings given by the Group Company Thrive Renewables (Caton Moor) Limited in respect of planning obligations at its wind farm site. The maximum contingent liability of the Company is equal to the bond.

33. RELATED PARTY DISCLOSURES

During 2016 the Group raised new investment by way of bonds. The following is the Directors' interest in those bonds as at 31 December 2022 and 2021.

	THRIVE RENEWABLES PLC
Charles Middleton	£10,000
Simon Roberts	£3,000
Peter Weston	£15,240

The Company operates a community benefit scheme which is managed by the Centre for Sustainable Energy (CSE). The Chief Executive of CSE is Simon Roberts who was a Director of the Company until 29th June 2022. During the year management fees of £5,987.50 were paid to CSE (2021 - £2,496) and no amounts were outstanding at the year end.

The company regularly employs consultants to assist with technical due diligence on prospective new projects. During the year the Company engaged Everoze Partners Limited for this purpose and Colin Morgan is a Director of Everoze and a Director of Thrive. In 2022 consultancy fees of £50,278 were paid to Everoze (2021 - £56,228) and no amounts were outstanding at the year end.

34. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before income tax	6,543,962	1,795,090
Depreciation and amortisation charges	4,858,550	4,481,499
Interest on leases	67,337	71,279
Fair value adjustment on derivatives	(737,011)	(383,224)
Finance costs	1,469,290	1,336,313
Finance income	(726,630)	(949,114)
Other income non-cash	(150,000)	–
	11,325,498	6,351,843
Share of loss/(profit) of associates	33,263	56,000
Increase in trade and other receivables	(1,193,037)	(391,037)
Increase/(decrease) in trade and other payables	534,056	(764,275)
Cash generated from operations	10,699,780	5,252,531

35. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

YEAR ENDED 31 DECEMBER 2022	31 DECEMBER 2022	1 JANUARY 2022
	£	£
Cash and cash equivalents	27,713,014	28,991,669

YEAR ENDED 31 DECEMBER 2021	31 DECEMBER 2021	1 JANUARY 2021
	£	£
Cash and cash equivalents	28,991,669	29,462,261

36. SUBSIDIARY UNDERTAKINGS

Details of the subsidiaries and other investments are as follows:

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Caton Moor) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Ness Point) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Sigurd) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Severn) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Beochlich) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Haverigg II) Limited	Ordinary	100%	England	Energy supply
Brunel Wind Limited	Ordinary	100%	England	Holding company
Thrive Renewables (HGL) Limited	Ordinary	100%	England	Dormant
Thrive Renewables (HL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (HEL) Limited*	Ordinary	100%	England	Dormant
Thrive Renewables (Buchan) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Dunfermline) Limited	Ordinary	100%	England	Energy supply
Thrive Renewables (Eye) Limited	Ordinary	100%	England	Energy supply
TR (Fenpower) Limited	Ordinary	50%	England	Holding company
Fenpower Limited *	Ordinary	25%	England	Energy supply
Thrive Renewables (Bristol) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Cambridge) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (March) Limited*	Ordinary	100%	England	Energy supply

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Thrive Renewables (Auchtygills) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Clayfords) Limited*	Ordinary	100%	England	Energy supply
Thrive Renewables (Boardinghouse) Limited	Ordinary	100%	England	Holding company
Thrive Renewables (Girvan) Limited	Ordinary	100%	England	Energy company
Boardinghouse Windfarm Limited*	Ordinary	75%	England	Energy supply
Green Breeze Energy (Holdings) Limited	Ordinary	50%	Scotland	Holding company
Green Breeze Energy Limited*	Ordinary	50%	Scotland	Energy company
Thrive Renewables (BESS Holdings) Limited - formerly Aura Power Energy Solutions Limited	Ordinary	50%	England	Holding company
Thrive Renewables (Wicken) Limited	Ordinary	100%	England	Battery Storage co.
Feeder Grid Storage Limited	Ordinary	100%	England	Battery Storage co.
Riding Sunbeams Apollo Limited	Ordinary	41%	England	Project development
Geogen Limited	Preference	9.5%	England	Geothermal development
Olympus Solar Holdings Limited	Ordinary	12.5 %	England	Energy company

* ownership held indirectly

The registered office of all subsidiaries and associates is Deanery Road, Bristol, BS1 5AS apart from:-

Green Breeze Energy (Holdings) Limited and Green Breeze Energy Limited - E Centre, Cooperage Way, Alloa, Clackmannashire, Scotland, FK10 3LP.

Geogen Limited - United Downs Industrial Estate, St Day, Redruth, Cornwall TR16 5HY.

Olympus Solar Holdings Limited - The Sustainability Hub, Exeter EX6 7BE.

Fenpower Limited has 43 A shares, 127 B shares and 85 C shares all with £1 nominal value and all having equal voting and dividend rights. TR Fenpower Limited owns 100% of the B shares.

37. POST BALANCE SHEET EVENTS

On 3rd February 2023 Thrive Renewable Plc purchased 11 B shares in Fenpower Limited and at the same time purchased 63 B shares from TR Fenpower Limited. On the same date some of the shares class names were amended. The Company now owns 74 B shares in Fenpower Limited and there are 74 A shares and 107 C shares all with £1 nominal value and all having equal voting and dividend rights. TR Fenpower Limited now owns no share in Fenpower Limited.

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Thrive Renewables plc is a public limited company, registered in England with registered office at Deanery Road, Bristol, BS1 5AS (registered number 02978651)

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