

THRIVE RENEWABLES PLC HALF-YEAR REPORT

TO 30 JUNE 2023



THRIVE
RENEWABLES

WELCOME

We know that many people are still feeling the consequences of the UK's reliance on dirty, expensive fossil fuels. While we hope to see quick and decisive action from government to accelerate our transition to net zero, for us it's all about moving forwards and getting things done. We'll continue funding and building new clean energy projects that not only contribute to the country's decarbonisation goals but deliver cleaner, cheaper power for people today.

Thrive open day 2022

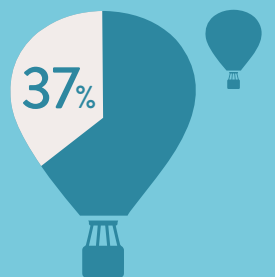


To reduce UK carbon emissions, we believe in taking a people-centred approach to the energy transition. That means funding and building projects that not only deliver from an environmental standpoint, but a social one too.

We were thrilled to see the successful construction and operation of the Ambition Community Energy (ACE) turbine in the first half of 2023 – which is the only onshore wind turbine to be built so far this year in England. Testament to the community's dedication and hard work, the 4.2 MW turbine (which we invested £4 million in) is now turning Bristol's natural wind resource into clean electricity for homes and businesses, while profits from electricity sales will be reinvested back into the local area.

We've also teamed up with Bristol Energy Cooperative (BEC) on our 20 MW Feeder Road battery project, enabling them to make a co-investment of up to 20%. We're proud to say that we're the first commercial owner in the UK to offer the local community an opportunity for shared ownership, with the project fully constructed and currently in the latter stages of commissioning.

Alongside our 8.2 MW Avonmouth wind farm, the addition of the ACE turbine and Feeder Road battery to our portfolio means we've now funded more than a third of Bristol's renewable electricity generation and storage capacity (37%)¹.



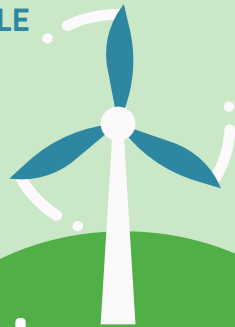
Supporting the mix of technologies required for net zero, we've signed an exciting deal with Ethical Power which will see us invest up to £20 million to help fund the business' share of a pipeline of projects, including two 25 MW batteries and four solar PV sites totalling 142 MW.



FIRST HALF OF 2023 AT A GLANCE

63,635 MWh

OF RENEWABLE ELECTRICITY GENERATED²



TURNOVER

(8.4M HY 2022)

£5.9 MILLION

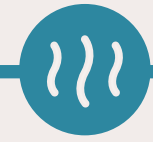
£12.3 MILLION

OPERATING PROFIT

(£3.4M HY 2022)

INVESTED A FURTHER £3 MILLION

INTO THE UK'S FIRST GEOTHERMAL POWER PLANT



EMISSION REDUCTIONS EQUIVALENT TO

27,967 tCO₂e⁵



ENOUGH TO POWER 36,270 HOMES³

EQUIVALENT TO ALL THE HOMES IN A TOWN THE SIZE OF

DUDLEY⁴



£38,485

ALLOCATED TO COMMUNITY BENEFIT PROGRAMME



INCLUDING NEW ENERGY ESSENTIALS TRAINING FOR LOCAL COMMUNITIES

£20,000 COMMITTED AT FEEDER ROAD



TO SUPPORT COMMUNITY PROJECTS

4.4 TONNES CO₂e

PER AVERAGE SHAREHOLDING



5.7 HOMES

PER AVERAGE SHAREHOLDING⁶



FIRST COMMERCIAL BATTERY OWNER IN UK



TO OFFER CO-INVESTMENT TO LOCAL COMMUNITY ENERGY GROUP

NET ZERO DEVELOPER OF THE YEAR AT GREEN ENERGY AWARDS 2023

ESG INVESTOR OF THE YEAR AT THE UK GREEN BUSINESS AWARDS 2023



² Refers to Thrive's impact portfolio – total electricity generation of the portfolio adjusted for Thrive's proportion of ownership, plus the projects Thrive is funding.

³ 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 (1,755 kWh for a half year) <https://www.renewableuk.com/page/UKWEDExplained>

⁴ Average residents per household is 2.4 (<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2020>), Population of Dudley is 83,608 (<https://www.thegeographist.com/uk-cities-population-1000/>)

⁵ Calculated using 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).

⁶ Thrive Renewables average shareholding of 4,049 shares as of June 2023. Total shares in issue were 25,764,631 and total number of shareholders were 6,363.

Removal of old blade at Sigurd



OPERATIONAL UPDATE

Due to decreased wind speeds in the first half of 2023, we are reporting slightly lower generation figures compared to the same period last year, with our portfolio of clean energy projects delivering 63,635 MWh of clean electricity and avoiding the emission of 27,967 tonnes of CO₂.

We're pleased to share that life extension work at our Sigurd wind turbine has been completed. Located at one of the windiest onshore sites in the UK – on Burgar Hill in Orkney – we needed to replace all three blades which, after 23 years, had come to the end of their working lives. It was important for us to find a sustainable way of disposing of the old rotor, so we're working with the team at ReBlade who repurpose old blades into useful items for businesses, councils and communities including sustainable bike shelters, EV charging stations, or even bespoke furniture.



Operational issues at our Ness Point wind turbine in Lowestoft continued in the first half of the year. Despite numerous visits from engineers and the successful restarting of the turbine several times, it has not generated reliably. Investigations and repairs continue with the aim of it becoming fully operational as soon as possible. Plans are in place to ensure more reliable generation at this site in the long term.

There have been no reportable health and safety incidents at any of our operational sites or those under construction during the first half of the year. We continue to work with the relevant industry bodies to learn of any emerging risks within the sector and ensure we are following best practice. This includes renewing our membership with SafetyOn – the industry health and safety body for the onshore wind sector.

FINANCIAL SUMMARY

CONSOLIDATED OPERATING STATEMENT

HALF YEAR ENDED 30 JUNE 2023

	HALF YEAR TO 30 JUNE 2023	HALF YEAR TO 30 JUNE 2022	FULL YEAR TO 31 DEC 2022	HALF YEAR TO 30 JUNE 2021	FULL YEAR TO 31 DEC 2021
	£	£	£	£	£
TURNOVER	12,342,683	8,383,230	17,458,857	4,986,959	11,040,701
Cost of sales	(5,102,686)	(3,752,935)	(7,162,400)	(3,093,927)	(6,093,792)
GROSS PROFIT	7,239,997	4,630,295	10,296,457	1,893,032	4,946,909
Other operating income	27,867	42,341	194,341	222,649	1,003,895
Administrative expenses	(2,227,478)	(1,889,171)	(3,840,587)	(1,736,948)	(3,452,349)
OPERATING PROFIT	5,040,386	2,783,465	6,650,211	378,733	2,498,455
Share of associates and mezzanine arrangements	902,247	624,407	693,367	545,444	392,282
OPERATING PROFIT INCLUDING INVESTMENTS	5,942,633	3,407,872	7,343,578	924,177	2,890,737

The Group achieved a half year operating profit of £5.9 million on a turnover of £12.3 million (48.1%), including the contribution from investments. This is compared to an operating profit of £3.4 million on a turnover of £8.4 million (40.7%) in the first half of 2022. A copy of [Thrive Renewables' Annual Report and Financial Statements 2022](#) can be reviewed by scanning the QR code.



The increase in turnover and operating profit is the result of raised electricity prices and the addition of the Wicken battery to our portfolio, which has now been operational for the whole period. Generation so far in 2023 has been lower than expected and is down on H1 2022 as a result of decreased wind speeds, life extension works at Haverigg and operational issues at Dunfermline and Ness Point.

In line with our strategy, power prices for most sites for 2023 were locked in last year and are therefore higher than current market prices. We expect to see these prices returning to pre-pandemic levels over the coming two years.

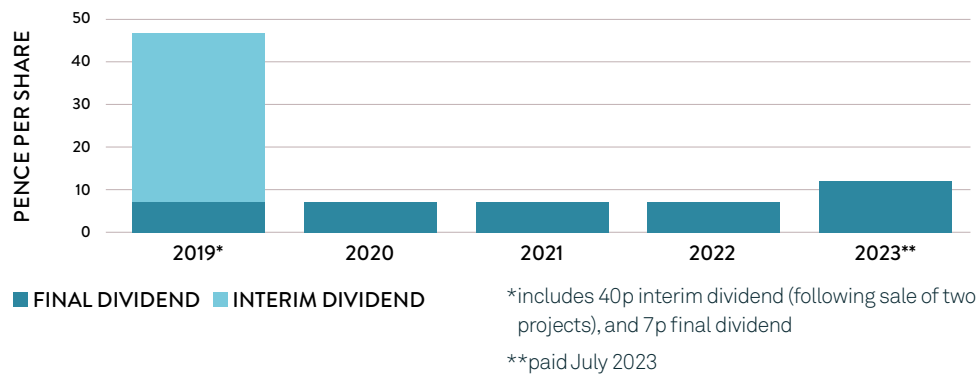
The cost of sales has increased due to higher revenues and the addition of Wicken to our operational portfolio. We have revisited our provision for decommissioning costs and, due to high inflation of these costs, have increased our provision in 2023. Administration costs have also increased due to continued investment in the development of new projects and expanding the team to generate further business growth.

Overall, the financial performance has improved mainly because of higher electricity prices. We are using these profits to reinvest into new clean energy projects that contribute to achieving net zero, improve energy security and help decrease consumer bills.



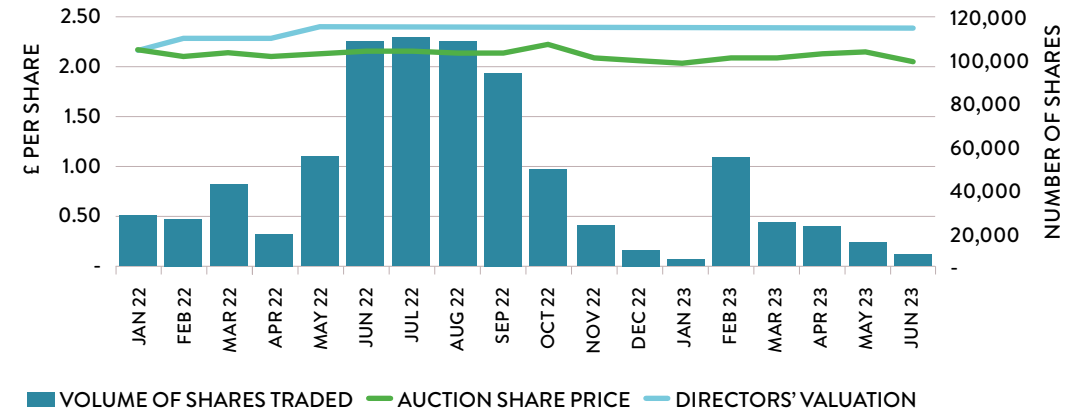
DIVIDENDS

At the Annual General Meeting on 30 June 2023, shareholders approved a final dividend of 12p per share for 2022, which was paid in July 2023. This represents a 5.6% return on the average share trading price for the last 12 months and a 5.1% return based on the current Director's Valuation of £2.35. Please remember that the payment of past dividends should not be taken as a guide to the payment of future dividends.



SHARE TRADING

A total of 112,242 shares traded on the monthly share auction at an average price of £2.11 during the first half of 2023.



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



INVESTMENT REPORT

Thanks to our growing and diverse project pipeline, which includes onshore wind, rooftop and ground mount solar and battery storage, we have moved into the second half of the year in a good position. We're pleased to share that we have invested a further £3 million in the UK's first deep geothermal plant at United Downs, contributing to the completion of the construction of the site by 2024. We have also signed a new deal with Ethical Power, which will help fund over 100 MW of solar PV and battery storage projects across the UK.

United Downs



GEOTHERMAL – UNITED DOWNS

Cornwall has significant geothermal resources which, if harnessed, can play an important role in UK energy security and the transition to net zero. Geothermal technology offers a homegrown, low carbon and sustainable form of energy. Crucially, this technology is capable of generating 24/7 baseload power, enabling the UK to diversify its energy market whilst providing large scale and predictable capacity.

Alongside another investor, we have provided an additional £3 million in funding to the pioneering geothermal electricity generation project United Downs Geothermal in Cornwall, which will be used to complete construction of the site by 2024. The project developer and operator – Geothermal Engineering Limited – predicts United Downs will deliver up to 3MWe of baseload electricity and up to 10MWth of zero carbon heat once operational. The intention is that this heat will be used by a large housing estate at Langarth, developed by Cornwall Council.

The Langarth Heat Network was one of seven ground-breaking schemes to be awarded a share of £91 million in government funding in May. The project aims to connect up to 4,000 homes with the sustainable heat from the granite rocks almost 5,300 metres below the United Downs industrial site. If successful, the heat used to power electricity turbines generating clean energy for the grid will also keep the local community warm once the Langarth Network is operational.



Feeder Road battery

SOLAR PV – ETHICAL POWER

We're really pleased to have signed an agreement with Ethical Power, which means we will be providing the business with a loan of up to £20 million to help fund its share of a pipeline of large scale solar and storage projects.

This includes plans for two 25 MW battery storage sites and four solar projects (142 MW in total) located across the UK.

BATTERY STORAGE - FEEDER ROAD, BRISTOL

We have completed construction of our 20 MW battery project in our home city of Bristol and are now in the latter stages of commissioning. Once operational, it will have the capacity to store and deliver 1.5 hours or 30MWh of electricity to the national and local grid.

Our mission has always been to connect people with clean energy projects, which is why we're thrilled to have teamed up with community energy group Bristol Energy Cooperative (BEC), giving them the opportunity to make up to a 20% investment in Feeder Road. This makes us the first battery owner in the UK to offer the local community an opportunity for shared ownership of a standalone commercial battery project. Not only will the battery provide crucial flexibility and balancing services for the grid, but the agreement with BEC means that they will be able to benefit from a share of any revenues generated.

We're also putting additional funding into Feeder Road to ensure the project continues to have a positive impact on the local community and environment. This includes providing £20,000 for local good causes including a feasibility study on a potential community heat project and investing in biodiversity improvements at the site.



ACE turbine

ONSHORE WIND – AMBITION COMMUNITY ENERGY

Last year, we invested £4 million in Ambition Community Energy CIC (ACE), to help get England's largest onshore wind turbine into construction. We're pleased to share that construction was completed in June, with the project now operational and turning local wind resource into clean electricity.

The 4.2 MW wind turbine is 100% owned by the community in Lawrence Weston, Bristol, and can generate enough clean energy to power close to 3,000 homes – equivalent to Lawrence Weston's domestic energy usage. It will also save an estimated 45,000 tonnes of carbon emissions over its lifetime.

A shining example of a community-led project, the ACE turbine is the only onshore wind project to be completed in England in the first half of 2023 and is testament to the hard work and resilience shown by the local community. We're proud of the role we played in getting it commissioned and hope to see similar projects being constructed in future.



IMPACT

We put people and planet at the heart of everything we do. Whether it be enhancing and protecting the biodiversity at our sites or connecting with local people through our open days and school visits, we want to use our business as a force for good to ensure future generations can enjoy a fairer, cleaner world.

COMMUNITY OUTREACH

One of the ways we like to engage communities is by welcoming students – from primary-school pupils through to undergraduates – to our sites so that they can learn more about renewables and the role they play as part of a net zero future. This recently included a visit from a group of University of Oxford Saïd Business School students, who were interested in finding out more about the technical and commercial aspects of funding, building, and operating clean energy projects. We invited them to visit our four-turbine wind farm and 20 MW battery project in Bristol so that they could understand more about the mix of technologies that will make up our future energy system. It was great to see their enthusiasm, with many of them interested in pursuing green careers once they have graduated.

We also want to have a positive impact on the local communities who live close to our sites. This includes supporting NatureScot and its work at the Blawhorn Moss National Nature Reserve (NNR). In 2022, our Drumduff wind farm, which we co-own with GreenPower, helped to fund the construction of 170 metres of boardwalk. This year we supported the second phase of the extension, which added a further 250 metres of boardwalk, giving more people the opportunity to discover this rich and diverse ecosystem.

“ We’re pleased to continue our support of the Blawhorn Moss National Nature Reserve, which is a fascinating and historic resource for locals, as well as those who visit from further afield. The extension to the boardwalk allows people to explore further into this wonderful landscape and learn more about how the site is helping to tackle the climate emergency.”

Adrian Warman, Head of Operations, Thrive Renewables

BIODIVERSITY – FEEDER ROAD

We take our environmental impact extremely seriously, which is why we learn as much as we can about each individual site's biodiversity when choosing to invest in a new clean energy project. To ensure we take all the necessary steps to protect and enhance nature, we set measurable targets which take into account the conditions at each location.

The measures we've put in place at our 20 MW battery storage project at Feeder Road in Bristol are an example of how we embed biodiversity in the early stages of development. We produced a design plan with support from a landscape architect and an ecologist, focusing on providing a variety of animals with more places to nest and shelter.

Planting work is now completed including native trees, hedgerows, grassland, shade scrub and native ferns. Once established, these habitats will deliver year-round benefits for the local flora and fauna – for example, producing berries that can be used as a rich source of autumn food for birds and other animals.



“On what is an intensely urban site, based in an industrial area of Bristol, it's more important than ever that we're taking steps to provide habitats for wildlife and encourage biodiversity.”

Adrian Warman, Head of Operations, Thrive Renewables



COMMUNITY BENEFIT PROGRAMME

For the first time since starting our Community Benefit Programme in 2016, we're offering 'energy essentials' training to the local communities that apply so that they can continue fighting the ongoing energy and cost of living crises. The training will be delivered by national energy charity, Centre for Sustainable Energy, and will cover a variety of important topics including fuel poverty awareness and basic energy advice, community approaches to tackling fuel poverty and energy efficiency in community buildings.

We'll also be offering energy efficiency grants of up to £4,500 to eligible community buildings which can be used to fund vital improvements such as insulation, draught-proofing, LED lighting or improved heating controls ahead of winter.

Now in the seventh round of funding, our Community Benefit Programme has awarded 51 grants to 43 buildings since 2016, totalling over £150,000 nationally and saving 75 tonnes of carbon dioxide each year.

MULTI AWARD-WINNING INVESTOR

The climate emergency can feel overwhelming at times, so it's important to take the time to celebrate the progress that is being made in the clean energy transition. We were proud to have been nominated for a number of awards during the first half of the year – and even more proud to have won three of them.

This includes taking home the prize for Green Finance at the Better Society Awards, winning ESG Investor of the Year at the inaugural UK Green Business Awards and being dubbed Net Zero Developer of the Year at the Green Energy Awards. We hope that you – our investors – feel proud of your role in these wins. We couldn't do it without you.



Rooftop solar



SUPPLY CHAIN

The dignity and wellbeing of everyone involved in manufacturing equipment for our clean energy projects is of paramount importance to Thrive. Due diligence and investigations into global solar and battery supply chains therefore continue to be a priority.

Using independent expertise and due diligence, we ruled out products from many solar panel manufacturers because of their poor track record or lack of traceability. We are continuing to engage with the remaining suppliers to further investigate how and where they source the modules used within each panel. These investigations then inform investment and purchasing decisions, based on the information available when the decision is made.

We continue to evolve our procurement policy and practices to ensure we are making responsible decisions in this complex area.

ANNUAL GENERAL MEETING (AGM) AND REPORTING

After the success of our first fully ‘hybrid’ AGM in 2022, we were pleased to invite investors to our home city of Bristol in June, with those attending able to join us in person at The Foundation on Deanery Road or via the online Lumi platform. Forty-six shareholders attended in total, 29 of which were in person, and all resolutions were passed with significant majorities.

The official business was followed by presentations from Thrive’s management team, outlining our impact, highlights from the past year and business outlook. Our chair, Jo Butlin, then delivered a presentation on the system changes needed for the UK energy transition as we work towards net zero.

Following the close of the meeting, we welcomed shareholders to our Feeder Road battery project for a visit. We were pleased to share the community history of the site and enable shareholders to see in person a few of the biodiversity measures already in place – bat boxes, insect hotels and a hedgehog house to name a couple of examples! Once again, we’d like to thank those who attended this year’s AGM, both virtually and in Bristol – we very much value your continued support.



TAKING ACTION IN A CHANGING WORLD

“This isn’t a crusade, it is the only proportionate and pragmatic way in which the UK can avoid higher costs over time and to establish industries of the future, rather than be stranded in the past.”

Chris Skidmore MP

England’s largest onshore wind turbine

At the beginning of 2023, Chris Skidmore published his review into net zero, calling it the “economic opportunity of the 21st century”. His Mission Zero report made 129 recommendations to government aiming to turbocharge the UK’s fight against climate change, while maximising economic growth. This included a nod towards onshore wind and the need to remove the de-facto ban that has made building new turbines almost impossible since 2015.

In response, the government made several announcements as part of its ‘energy security day’ or ‘green day’ in April, which included updates to its energy security, net zero and green finance strategies. We were happy to see some positive announcements around offshore wind, solar and green hydrogen as part of this, alongside the launch of some important consultations which will provide more clarity for these technologies in the years to come.

The government also announced it would be consulting on ‘community partnerships’ in relation to onshore wind, following ongoing calls from both MPs and the industry to better utilise this cheap, ready to go technology. We formally responded to this consultation and expressed our concerns that changing policy pertaining to community engagement will have minimal impact without a change to the current planning rules in England. We have therefore urged the government in both consultations to remove footnote 54 of the National Planning Policy Framework so that onshore wind is treated in the same way as other infrastructure projects.

In recent months we have seen a group of MPs follow suit, with former COP26 Chair Alok Sharma tabling an amendment to the Energy Bill which would remove the current planning restrictions in England. While we eagerly await the results of the consultation into its Levelling-up and Regeneration Bill, which includes reforms to the National Planning Policy Framework (NPPF), we will continue to campaign for onshore wind. We're proud that – despite the de facto ban – we funded the construction of the Ambition Community Energy turbine in Bristol, which is the only onshore wind project that has been built in England so far this year.

It's important to recognise that we already have the technology we need to decarbonise our electricity system – it's just about making the most of it. According to National Grid ESO's recent Future Energy Scenarios assessment, the UK could achieve net zero by 2050, or even 2046, if fresh policy measures are adopted to accelerate the roll out of technologies like onshore wind⁷. During the summer, we joined Energy UK and over 100 other businesses calling for the government to renew its commitment to delivering net zero. As we move forward, we will continue responding to the relevant consultations and working with industry bodies such as RenewableUK to accelerate change towards a zero-carbon future.



Feeder Road

⁷ <https://www.businessgreen.com/news-analysis/4119769/national-grid-eso-action-uk-track-net-zero-2046>

STAY IN TOUCH



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