

THRIVE RENEWABLES (BUCHAN) LIMITED ANNUAL MANAGEMENT REPORT

JANUARY
2018
TO JUNE
2019



THRIVE
RENEWABLES

WWW.THRIVERENEWABLES.CO.UK

OPERATIONAL REVIEW

FOR THE PERIOD JANUARY 2018 TO JUNE 2019

This report summarises the performance of Thrive Renewables (Buchan) Limited for the calendar year of 2018 and the provides insight into the first half of 2019 (January to June).

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

2018 FULL YEAR OPERATIONS

	AUCHTYGILLS	CLAYFORDS	2018 TOTAL / AVERAGE	2017 TOTAL / AVERAGE	CHANGE %
Generation (MWh)	2,094	2,005	4,099	4,428	-9%
Operational availability (%)	96.7	98.2	97.5	99.0	-2%
Average wind speed (meters/sec)	6.9	6.7	6.8	7.0	-3%
UK Homes equivalent ¹	554	530	1,084		
Tonnes of CO ₂ e emissions savings ²	963	922	1,886		

The two turbines generated over four million kilowatt hours (kWh) of renewable electricity during 2018, 9% less than in 2017. Performance reflected the pattern of wind across the UK. The remarkably warm and settled summer months were accompanied by particularly low wind speeds. While the resources improved to above average levels in the autumn, overall 2018 was below long-term average windiness. Technical availability averaged 97.5% and both sites exceeded the warranted threshold.

The two wind turbines generated enough electricity to meet the needs of over 1,000 average UK homes in 2018, more than double the homes in the nearby village of Strichen³. The renewable electricity generation from the two turbines avoided 1,886 tCO₂e emissions in 2018.

Post construction sound monitoring has been undertaken at both sites as required under our planning consent. The Auchtygills

turbine has been accepted as fully compliant and had the interval for future monitoring extended from every 2 years to every 5 years; the Clayfords turbine has been asked to provide some additional clarification on the data collected. The wind turbines operating on both sites are some of the quietest available.

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

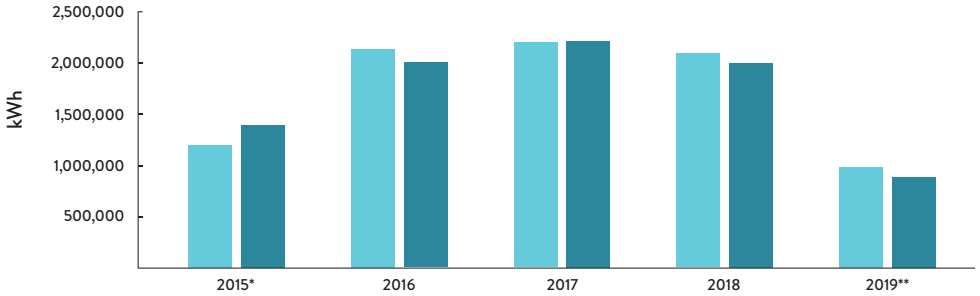
¹ Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,781kWh.

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

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



THRIVE RENEWABLES (BUCHAN) LTD ELECTRICITY GENERATION



■ AUGHTYGILLS WIND TURBINE ■ CLAYFORDS WIND TURBINE

* April to December
 **2019, year to date (24 June)

Both projects continue to benefit from 20 years Government backed Feed in Tariff income which currently represents 59% of their revenues. The Directors of Thrive Renewables (Buchan) Limited remain confident that despite the change in support for ‘new’ projects, the Government will honour existing financial support.

Each project benefits from two sources of revenue, the Feed in Tariff and the

wholesale electricity price. The Feed in Tariff component is adjusted in line with inflation annually. The Feed in Tariff on both projects was £88.30/MWh for the year April 2018 to March 2019, increasing to £90.70/MWh for the year starting April 2019. Throughout 2018, the projects benefitted from the improved fixed export electricity price which was secured in September 2018. We will continue to monitor opportunities to secure higher export prices throughout 2019.



FINANCIAL SUMMARY

THRIVE RENEWABLES (BUCHAN) LIMITED CONSOLIDATED OPERATING STATEMENT	HALF YEAR TO 30 JUN 2019 £	FULL YEAR TO 31 DEC 2018 £	FULL YEAR TO 31 DEC 2017 £	FULL YEAR TO 31 DEC 2016 £
Income	327,064	601,438	571,505	517,059
Operating costs	(83,489)	(149,648)	(172,561)	(89,078)
Depreciation	(91,238)	(182,481)	(193,333)	(176,375)
Profit before interest and tax	152,337	269,309	205,611	251,606
Bond interest	(82,500)	(165,000)	(165,000)	(82,500)
Profit before tax	69,837	104,309	40,611	169,106
Operating profit %	21.4%	17.3%	7.1%	32.7%

The 2018 full year profit before tax was £104,309, a material increase from £40,611 in 2017. The company's income has improved by 5.2% in 2018 when compared with 2017. Although generation was lower due to a below average annual wind yield, improved wholesale electricity prices led to an increase in revenue. The costs have reduced year on year as we are now in a steady state of operations.

During 2018, the company has paid the full twelve months bond interest payments. The interest rate of the Bond is fixed at 5.5%.

Performance for the first half of 2019 is in line with expectations.

UPDATE FROM THRIVE RENEWABLES PLC*

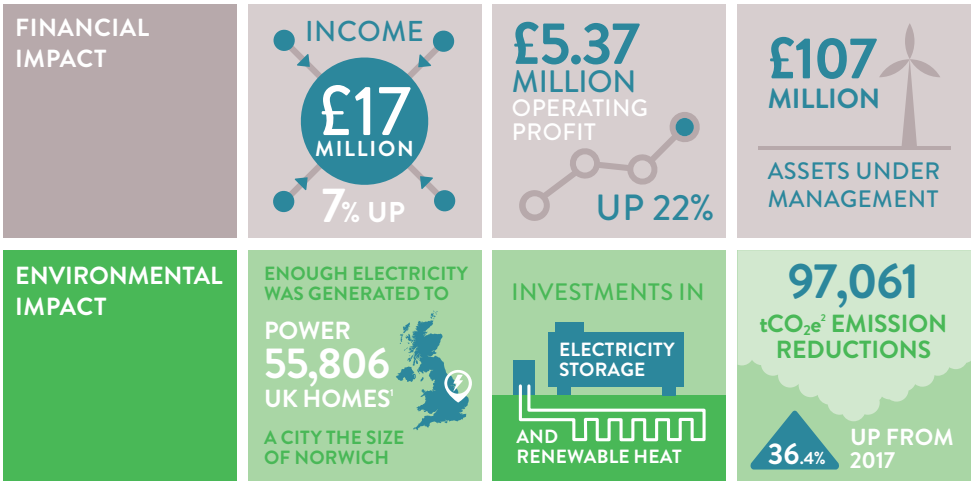
ANOTHER YEAR OF STRONG PERFORMANCE AND RECORD RETURNS TO SHAREHOLDERS.

FINANCIAL AND ENVIRONMENTAL IMPACT

Operating profits in Thrive Renewables plc continued to grow in 2018 with a record profitability of £5.37 million - a year on year increase of 22%. In 2018 we were invested in 21 wind, solar and hydro sites, the majority of which we own and operate. We made new investments in renewable heat for retirement homes and battery storage solutions to improve flexibility on the grid and provide businesses with less carbon intensive power at lower prices.

“Thrive shareholders and bondholders should be proud of the part they are playing in the transition to a cleaner, smarter energy system. Their pioneering investment enables us to continue to directly address the urgent challenges of energy decarbonisation with smart renewable energy systems.”

Matthew Clayton, MD, Thrive Renewables.



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

Our positive environmental impact, measured in CO₂ emission reductions also increased – mitigating the entire annual carbon footprint of 7,760 people³. Last year, we produced enough clean electricity to power all the households in a city the size of Norwich.

The sale of two wind farms early in 2019 led to a 40p per share interim dividend for shareholders in April, as well as £11 million released to invest in new clean energy projects. A 7p per share final dividend will be paid this year, reflecting an increase in profitability with new wind farms and other investments coming on stream and a decrease in debt as other projects mature.

SOCIAL IMPACT

SOCIAL IMPACT		SUSTAINABLE DEVELOPMENT AWARD FROM SCOTTISH RENEWABLES GREEN ENERGY AWARDS	 £1.3 MILLION CONTRIBUTED TO LOCAL ECONOMIES ⁴ (£1.18M IN 2017)
	400 VISITORS TO WEST LOTHIAN WIND FARM OPEN DAY 	REPAID COMMUNITY ENERGY FUNDING BRIDGES	COMMUNITY ENERGY FINANCE AWARD

Renewable power brings advantages to host communities. Last year, Thrive contributed £1.3 million⁴ to local economies. Our Community Benefit Programme awarded grants of over £30,000 to improve warmth and comfort in shared buildings such as youth centres and village halls close to our sites, bringing the total awarded so far to over £60,000.

“We are entering a new phase of growth as the renewables industry takes its place as a major player in helping the UK meet its commitment to zero carbon by 2050. Although the challenges posed by climate change are massive, we know how to transition to a cleaner, more sustainable way of life for us all and with the right policies in place nationally and internationally, it can be achieved.”
 Matthew Clayton, MD, Thrive Renewables.

AWARDS 2018/19



Financial Leadership



Sustainable Development



Community Energy Finance

- ¹ Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual UK average domestic household consumption is 3,781 kWh, <https://www.renewableuk.com/page/UKWEExplained>
- ² RenewableUK uses BEIS's "all fossil fuels" emissions statistic of 460 tonnes of carbon dioxide per GWh of electricity supplied in the Digest of UK Energy Statistics (July 2018) p125 Table 5D

("Estimated carbon dioxide emissions from electricity supplied 2015 to 2017"), <https://www.renewableuk.com/page/UKWEExplained>. Average per capita greenhouse gas emissions.

- ³ The average UK citizen produces 12.5 tonnes of carbon dioxide a year, <https://www.carbonbrief.org/city-of-london-tops-uk-carbon-footprint-list>
- ⁴ Includes business rates, land rental and community benefits

KEEPING IN TOUCH

We encourage investors to register for email communications to go paperless, as it has a positive impact environmentally and financially. If you are not already receiving emails from us instead of paper communications, you can instruct your Registrar to change your settings.

Bondholders should contact Computershare on 0370 707 1350 or sign yourself up at www.computershare.com/uk

If you have already opted for email communications, please remember to keep the Registrar updated if you change your email address.

Register for the Thrive Renewables plc newsletter to keep up to date with company news at www.thriverenewables.co.uk/newsletter

Shares in Thrive Renewables plc are currently available to buy. Visit www.thriverenewables.co.uk/investors for more information. As with all investments, your capital is at risk.

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