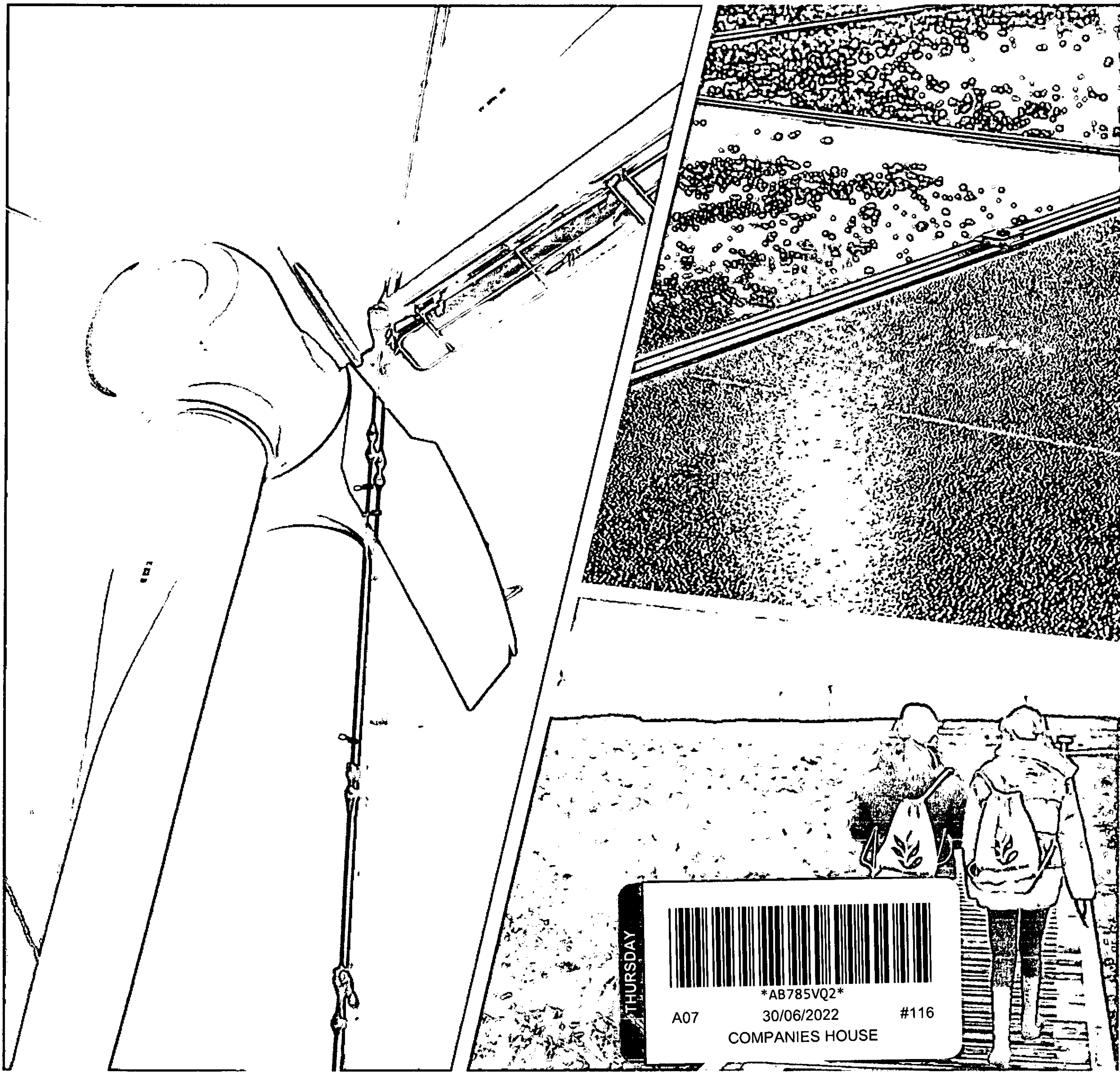
THRIVE RENEWABLES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

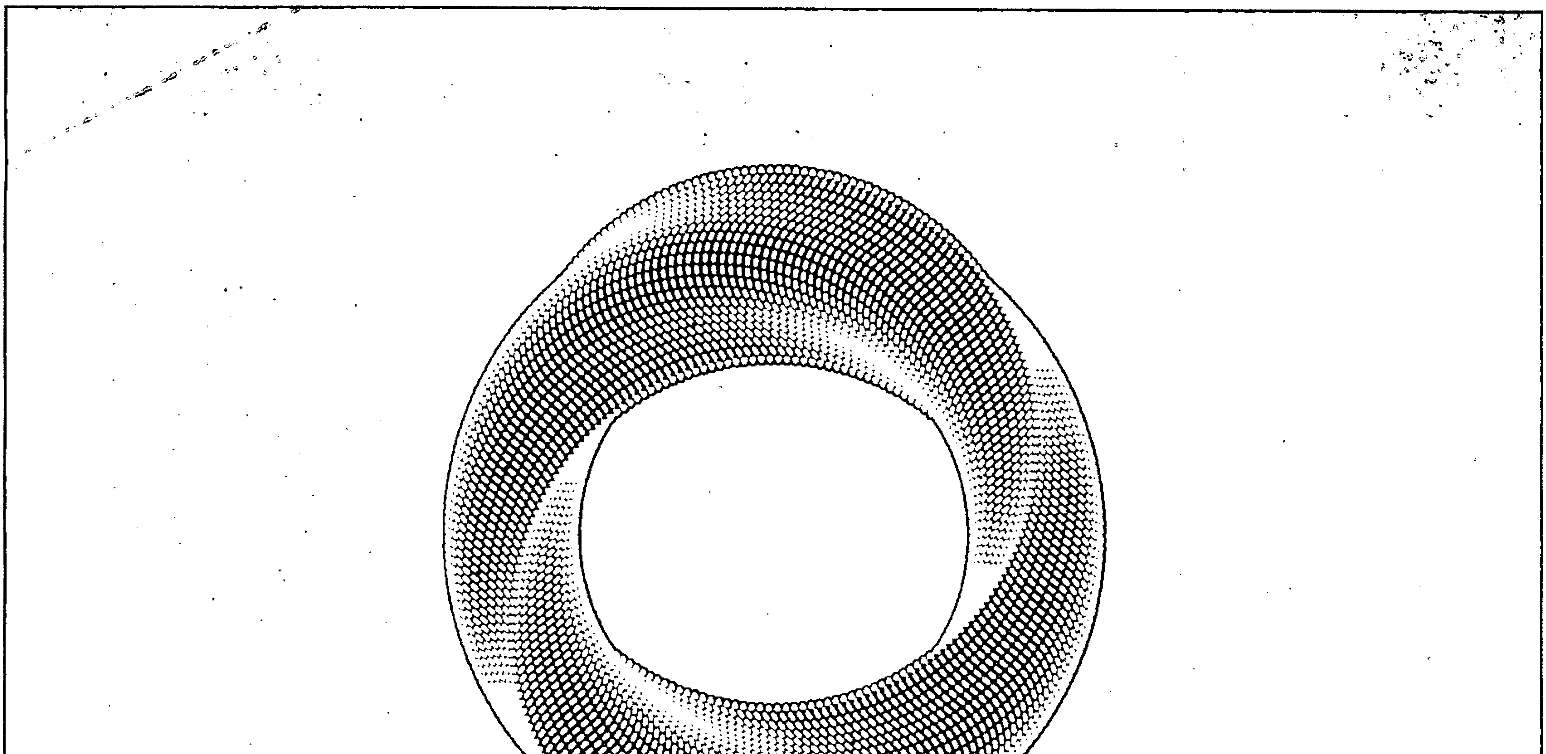
2021



THURSDAY
AB785VQ2
A07 30/06/2022 #116
COMPANIES HOUSE

THRIVE
RENWABLES PLC

WWW.THRIVERENEWABLES.CO.UK



CONTENTS

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Registered in England and Wales no. 02978651

Design www.greenhat.studio

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:

Simon Roberts (Chair)
Matthew Clayton (Managing Director)
Peter Weston
Katie Gordon
Colin Morgan
Tania Songini
Charles Middleton
Katrina Cross (Finance Director)
Monika Paplaczyk (Investment Director) – appointed 29 January 2021

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 spite of a decrease in electricity generation caused by low wind speeds and planned operational work at our largest wind farm, 2021 was a positive year for Thrive Renewables. The essential works at Caton Moor were completed successfully on schedule and we continued to reduce operational costs, which had a positive impact on profitability. 2021 saw the lowest wind speeds in a decade, but wind is inherently variable year on year and our portfolio has made a very strong start in 2022.

We are very pleased to report construction of new clean energy projects last year which are now operational, including our first battery at Wicken near Milton Keynes and a new 'direct wire' commercial solar roof array supplying an industrial host. Capital has been committed and construction commenced on further new generation and system flexibility assets including a 20MW battery serving our home city of Bristol. These reflect our diversification strategy which will enable us to create value from all parts of the electricity system as it transforms to meet its government target of net zero by 2035. These exciting projects, plus a very strong and diverse pipeline, put us in an excellent position for continued and accelerating growth in 2022.

In September we joined B Corp's 'Climate Collective' and pledged to reach Net Zero as a business by 2030. Our own emissions are already low with an additional decrease in 2021 as we switched to fully green gas in our offices. We are approaching suppliers this year to request emissions reporting for their activity on our behalf so we can better understand the carbon emissions of the whole business. In this way we can not only improve our own performance but also positively impact others. The context to this, of course, is that our business model is focussed on achieving emissions reductions for the UK by funding, constructing, owning and operating clean energy projects. Thrive was also recognised by B Corp as one of its 'Best for the World' companies, amongst the top 5% of B Corps in the environment category, which was a phenomenal achievement.

As you may have heard, after ten very busy and rewarding years as Chair of the board, I am stepping down at the AGM in June. When I started, Thrive was a team of three working as part of our founder, Triodos Bank and it's now an independent PLC with 12 employees and assets under management of £96 million. During this time we have grown five fold, with five successful fundraises reaching an investor base of almost 6,000. Thrive continues to go from strength to strength, diversifying its renewable energy portfolio and investing in the future of the UK energy system, and is very well placed to benefit from the huge opportunities presented by the transition to Net Zero.

I would like to thank you, our shareholders, for your unwavering positivity and support of the last decade and I look forward to hearing all about the company's future success as a shareholder myself.

Yours sincerely

Simon Roberts

Simon Roberts OBE
Chair of the Board of Thrive Renewables Plc

2021
WHAT'S BEEN ACHIEVED...

DEVELOPMENT PROJECTS 2021

COMMERCIAL SOLAR N. EAST
0.3MW OPERATIONAL

COMMERCIAL SOLAR MIDLANDS
1.8MW IN CONSTRUCTION

GEOTHERMAL UNITED DOWNS
2MW ELECTRICAL
IN DEVELOPMENT
5MW THERMAL
IN DEVELOPMENT

BATTERY FEEDER ROAD
20MW
IN CONSTRUCTION

BATTERY WICKEN
5MW
CONSTRUCTED

WIND CHAPELTON
2.7MW
IN DEVELOPMENT

FINANCIAL IMPACT

£96 MILLION
ASSETS UNDER MANAGEMENT
(2020 £94M)

TURNOVER **£11 MILLION**
(18% BELOW 2020 OF £13.5M)

£2.5M OPERATING PROFIT
(33% BELOW 2020 OF £3.4M)

THE GROUP'S AVERAGE BANK DEBT INTEREST RATE HAS REDUCED FROM **3.33%** TO **3.17%**
SAVING £0.5M

£0.2M PROFIT AFTER TAX
(2020 £1.5M)

ENVIRONMENTAL IMPACT[1]

EMISSION REDUCTIONS[2]
(26% BELOW 2020)

818,510
(1M BATH TUBS 2020)[4]

112,523MWh OF RENEWABLE ELECTRICITY GENERATED
(25% BELOW 2020)

ENOUGH TO POWER +30,000 HOMES

EQUIVALENT TO ALL THE HOMES IN A TOWN THE SIZE OF **STAFFORD**[5]

OR **28%** OF ALL UK EV JOURNEYS[6] (40% IN 2020)

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

[2] RenewableUK uses BEIS's "all non-renewable fuels" emissions statistic of 440 tonnes of carbon dioxide per GWh of electricity supplied in the Digest of UK Energy Statistics (July 2021) Table 5.14 ("Estimated carbon dioxide emissions from electricity supplied"). Carbon reduction is calculated by multiplying the total amount of electricity generated by wind per year by the number of tonnes of carbon which fossil fuels would have produced to generate the same amount of electricity.

SOCIAL IMPACT CUMULATIVE TO DATE

COMMUNITY BENEFIT PROGRAMME –

OVER £29,300
GRANTS 2021

OVER £158,000
TOTAL DONATIONS

68 TONNES CO_2e

EMISSION REDUCTIONS PER YEAR

PERFORMANCE PER AVERAGE SHAREHOLDING (4,255 SHARES)

9.3 tCO_2e

EMISSION REDUCTIONS

x 3.6 HOMES

EQUIVALENT OF ELECTRICITY GENERATED

£298

OF FINAL DIVIDEND PAID IN JULY 2021

[3] We are not able to source a nationally recognised means of calculating the water saving generated by generating electricity using wind and solar rather than thermal generation. The power sector consumes over 40% of Europe's water, mainly for cooling purposes. We have identified that nuclear consumes approximately 2.7m3/MWh, gas plants 0.7m3/MWh and coal plants 1.9m3/MWh (https://windeurope.org/fileadmin/files/library/publications/reports/Saving_water_with_wind_energy.pdf). We have performed some crude, but we intend conservative analysis, using the UKs 2020 generation mix (Energy Trends March 2021 (publishing.service.gov.uk)), to derive a conservative average water consumption per MWh figure. We believe that the 0.58m3/MWh is conservative as it 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, arriving at 65,480m3 of water.

[4] Water saved figure is lower than 2020 as UK grid used significantly less coal, nuclear and gas in 2020, and Thrive generation was 10% lower.

[5] Calculated using the most recent statistics from the Department of Business, Energy and Industrial Strategy (BEIS) showing that annual GB average domestic household consumption is 3,748kWh (as of December 2021, updated annually). Statistics Explained - RenewableUK

[6] The average electricity consumption of an electric vehicle is 275Wh/mile (https://ev-database.uk/cheatsheet/energy-consumption-electric-car) and Vehicle Licensing Statistics: Annual 2020 (publishing.service.gov.uk), the average annual car mileage is 6,800 miles (nts0901.ods (live.com), the UK electric car fleet as of Sept 2021 is 216,000 (Vehicle Licensing Statistics: Annual 2020 (publishing.service.gov.uk), and the average annual mileage of 60,179 Electric Vehicles, (27.9% of the UK's Electric Car Fleet)

2021 AWARDS & MEMBERSHIPS

Certified B Corporation

B CORP 'BEST FOR THE WORLD' AWARD
Environment

BusinessGreen Leaders Awards 2021

renewableUK

better business act

a good egg
Rated by Good With Money

ethex
make money do good

BHA
British Hydropower Association

Community Energy England

regen
transforming energy

MEMBER
THE ELECTRICITY STORAGE NETWORK

FUTURE ECONOMY

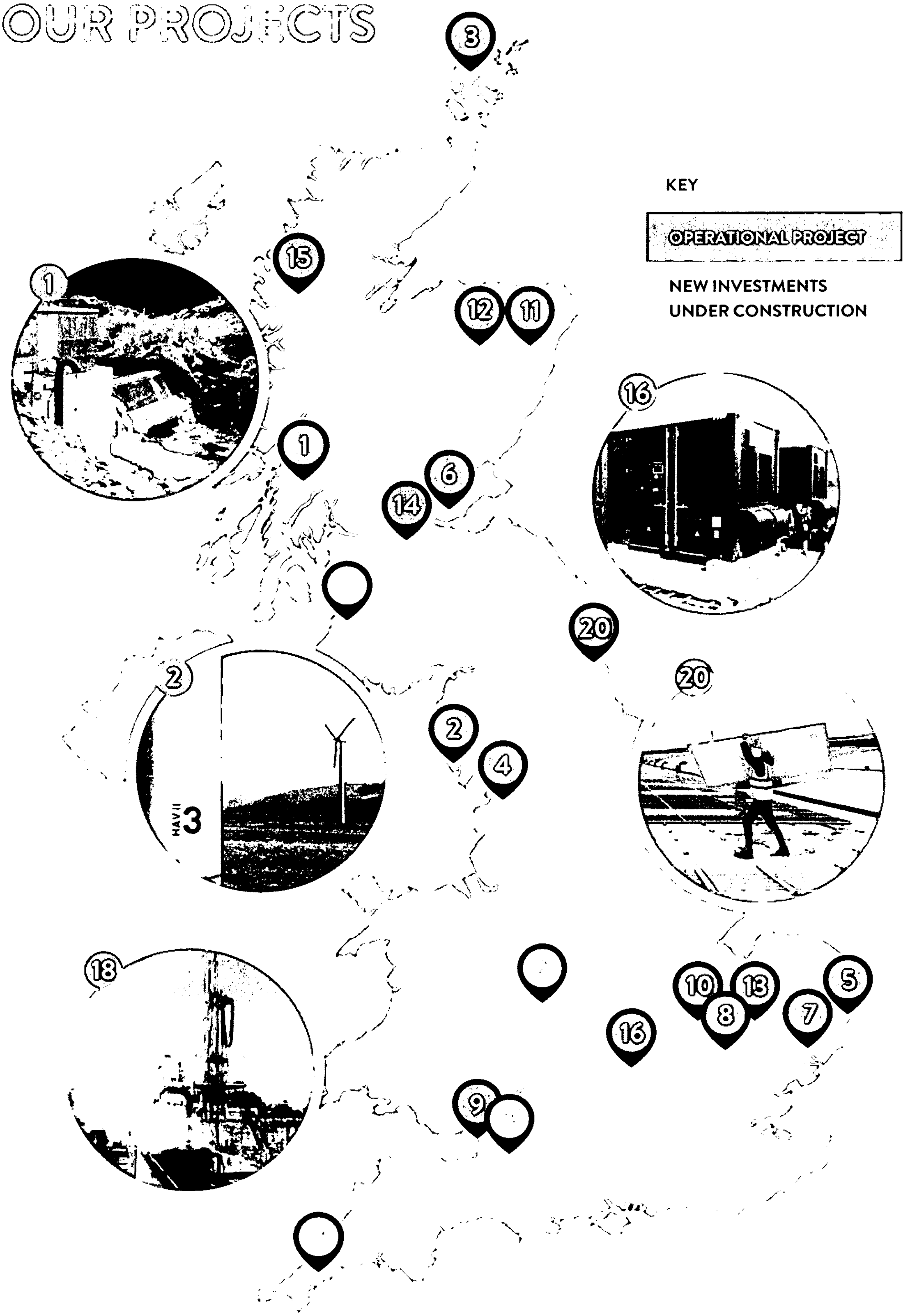
Safety On

climate perks

BRISTOL GREEN CAPITAL PARTNERSHIP

UKSIF
UK Sustainable Investment and Finance Association

OUR PROJECTS



1. BEOCHLICH
PROJECT SIZE: 1.0MW
TWO HYDRO-ELECTRIC TURBINES
Location: South-east side of Loch Awe, Argyll, Scotland

2. HAVERIGG II
PROJECT SIZE: 2.4MW
FOUR-TURBINE WIND FARM
Location: Cumbria

3. SIGURD
PROJECT SIZE: 1.3MW
ONE-TURBINE WIND FARM
Location: Orkney Islands

4. CATON MOOR
PROJECT SIZE: 16MW
EIGHT-TURBINE WIND FARM
Location: North Lancashire, just off the M6 at Junction 33

5. NESS POINT
PROJECT SIZE: 2.75MW
ONE-TURBINE WIND FARM
Location: Lowestoft, Suffolk

6. DUNFERMLINE
PROJECT SIZE: 1.5MW
ONE-TURBINE WIND FARM
Location: Dunfermline, Scotland

7. EYE
PROJECT SIZE: 5MW
TWO-TURBINE WIND FARM
Location: Eye, Suffolk

8. FENPOWER (RANSONMOOR)
PROJECT SIZE: 10.1MW
FIVE-TURBINE WIND FARM
Location: Cambridgeshire

9. SEVERN
PROJECT SIZE: 8.2MW
FOUR-TURBINE WIND FARM
Location: Avonmouth, Bristol

10. MARCH
PROJECT SIZE: 1.5MW
ONE-TURBINE WIND FARM
Location: Cambridgeshire

11. AUCHTYGILLS
12. CLAYFORDS
THRIVE RENEWABLES (BUCHAN) LIMITED
PROJECT SIZE: 800KW EACH, TWO-TURBINE WIND FARM
Location: Aberdeenshire, Scotland

13. BOARDING-HOUSE
PROJECT SIZE: 10.25MW
FIVE-TURBINE WIND FARM
Location: Cambridgeshire

14. DRUMDUFF
JOINT VENTURE – OPERATIONAL
PROJECT SIZE: 6MW
THREE-TURBINE WIND FARM
Location: West Lothian, Scotland

15. LOCH A'BHRAOIN
MEZZANINE LOAN
PROJECT SIZE: 2MW HYDRO
Location: Highlands, Scotland

NEW PROJECTS

16. WICKEN
PROJECT SIZE: 5MW
BATTERY STORAGE SYSTEM - OPERATIONAL JANUARY 2022
Location: Milton Keynes

17. CHAPELTON
PROJECT SIZE: 2.7MW
WIND FARM
Location: S. Ayrshire, Scotland

18. UNITED DOWNS
PROJECT SIZE: 2MW
GEOTHERMAL
Location: Redruth, Cornwall

19. FEEDER ROAD
PROJECT SIZE: 20MW
BATTERY STORAGE SYSTEM
Location: Bristol

20. SUNDERLAND
PROJECT SIZE: 0.3MW
SOLAR ROOFTOP
Location: Sunderland

21. BIRMINGHAM
PROJECT SIZE: 1.8MW
SOLAR ROOFTOP
Location: S.East Birmingham

Drumduff wind farm

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.

INVESTING FOR GROWTH

Ahead of COP 26, the Government promised to fully decarbonise the electricity system by 2035. And according to the government's Net Zero strategy, published in October 2021, the UK will need a four-fold increase in clean electricity capacity[7]. Policy has progressed, with the government's Contracts for Difference auctions, a price stability mechanism, now including onshore wind and solar. From 2023 they will be held on an annual basis which is extremely positive.

The clarity provided by the opening up of the CfD provides us with confidence in continuing to grow our portfolio of generation assets. We can now see a future where the vast majority of new energy generation will be renewables. This, combined with wider investor interest in the space, does create increased competition however.

The majority of our investments to-date have acquired and/or funded assets with planning consent, a grid connection offer and land option already in place. In response to an increase in demand for assets at this point in their development journey, in 2019 we started investing at an earlier stage of development, using innovative commercial approaches. This strategy involves more risk, as not all of the projects we invest in will be realised in the short term.

In terms of impact, however, our investments are demonstrably increasing the UK's portfolio of renewable energy projects and will lead to additional emissions reductions which we expect to see in 2022.

The capital deployed so far by the business in earlier stage projects was released from the sale of two wind farms in 2019, which also led to an interim dividend for shareholders of 40p per share. So far, a total of around £12 million from the sale proceeds has been invested in geothermal generation, commercial roof

[7] net-zero-strategy-beis.pdf (publishing.service.gov.uk)

top solar, small scale hydro, battery storage assets and solar rail. Of these, the hydro site and our first commercial solar project were operational in 2021 and a new battery followed in early 2022, with more due for commissioning shortly.

We are also diversifying. As the electricity market transitions from a fossil fuel based centralised system to a renewables dominated distributed system, both the range of renewable sources required and the system must change. Thrive continues to invest into renewable electricity and heat generation, with the addition of storage and system flexibility to help deliver this transformation. The benefits of diversification are twofold, it's required to achieve a renewable based net zero system, and it allows Thrive to secure value from different parts of the system in this transitional phase for the energy sector.

CURRENT FOCUS

Thrive's focus remains consistent.

1. Secure value and long-term future for the existing portfolio:

a. 22 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. Working with landlords and planning authorities to secure the next phase.

2. Growth - accessing sustainable routes to market:

a. Despite reductions in the cost of renewable technologies and short-term price spikes driven by gas, reliance on wholesale electricity market prices as the sole source of revenue makes the case for investment challenging, particularly at the sub utility (below 50MW) scale. Now onshore renewables are included in government Contracts for Difference (CfD) auctions and their frequency is to be increased, we aim to build projects which are eligible, benefiting from the long- term price stability they provide.

b. Thrive is focused on securing additional revenues to improve the business case for building new small to medium sized renewable energy projects which may not qualify for CfDs. These include 'direct wire' projects which deliver power directly to industrial consumer hosts, and baseload renewables which can generate when wind and solar generation is less abundant.

3. Growth - diversification of renewable energy projects:

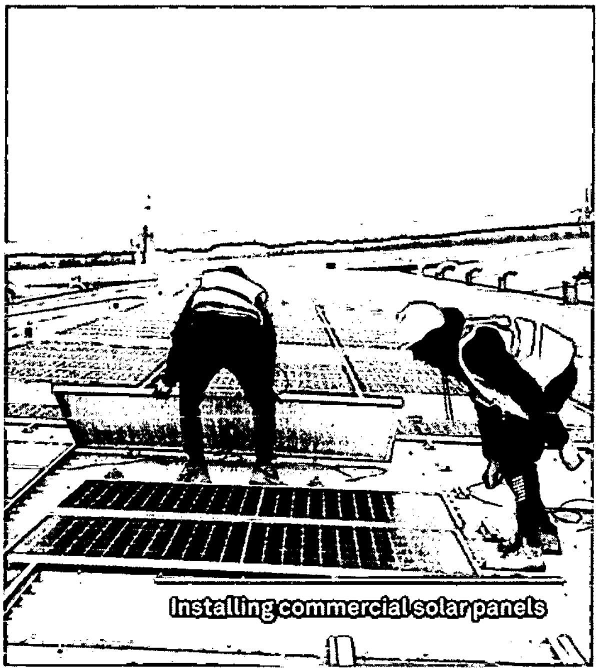
a. In 2021, the UK government confirmed that all UK electricity will come from low carbon sources by 2035. In order to achieve this the system must completely transform. This government target provides Thrive with the opportunity to diversify our portfolio of projects to reflect what is required to deliver the transition to a renewables dominated electricity system, and benefit from revenue streams which emerge. The investments made in the last 18 months reflect this, including solar and hydro generation projects and battery storage to replace fossil fuel plant in balancing the electricity grid.

b. We continue to seek ways to co-locate additional technologies, like solar or storage on our wind farms for example.

4. Enhancing stakeholder relationships:

a. Thrive works with networks, industry bodies 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.

b. COP26 provided further proof of the growing support for renewables both politically and publicly. Combined with the urgent environmental imperative of transitioning to a cleaner, smarter energy system, this provides a compelling trajectory for significant growth. We continue to build relationships across the sector and beyond.



Installing commercial solar panels

INVESTMENT ACTIVITY - PROGRESS WITH INVESTMENT, DEVELOPMENTS AND PIPELINE

Having built a resilient, successful business funding and constructing small to medium scale wind and hydro projects, we are extending our portfolio to access value from right across the transition required to fully decarbonise the UK electricity system. By owning and operating wind, hydro, solar, geothermal and battery storage projects, we avoid being over reliant on one clean energy technology. Over the last 18 months we've delivered in five key areas:

1. **Baseload renewable electricity generation** – in order to reduce the UK's reliance on expensive and polluting fossil fuel generation, we need additional options which can deliver renewable power whatever the weather. United Downs, the UK's first geothermal electricity generation project, will generate power up to 24 hours a day, seven days a week. The project is in late development stage at the moment and is due to commence construction later this year. There is also potential to extract lithium at the site for use in EV and other batteries, providing an additional revenue stream and a homegrown, ethical source of this rare mineral. At the end of 2021, we invested a small stake in Geogen, a joint venture with Geothermal Engineering Ltd, developers of United Downs, to fund the early stage development of additional geothermal generation capacity in Cornwall, which also has the potential to extract lithium.

2. **Direct wire renewables** – installing an on-site solar or wind project provides competitively priced, clean power to an industrial host and lowers the carbon intensity of the products they produce. Building on our experience of installing 'direct wire' wind projects, we established a funding package for Olympus Power to install roof mounted solar PV systems for businesses across the UK. Three installations have taken place so far and prevailing market conditions provide a very compelling economic case for host businesses. In addition, we continue to develop the Chapelton three turbine wind farm in South Ayrshire, Scotland which aims to supply to an industrial host. We have also invested in Riding Sunbeams Apollo ltd which is developing technology to allow renewable power to be delivered directly into the railway traction system.

3. **Flexibility** – in order to balance and effectively use the increasing amounts of wind and solar power available, we need to be able to store and deploy it at a moment's notice to manage peaks and troughs in demand. In 2021, Thrive successfully commissioned our first battery project at Wicken near Milton Keynes. The 5MW battery is now storing and delivering 7.45MWh of electricity to the national and local electricity grid. It has qualified for capacity market contracts (responsible for approx. 7% of project revenues) and will generate additional income from flexibility services and electricity trading. Initial indications show the project is performing well and generating strong revenues, mainly from electricity trading and balancing markets. Our next project, a 20MW battery at Feeder Road in Bristol, is under construction. The site had previously been earmarked for a diesel electricity peaking plant but the local community campaigned to replace it with a cleaner battery project.

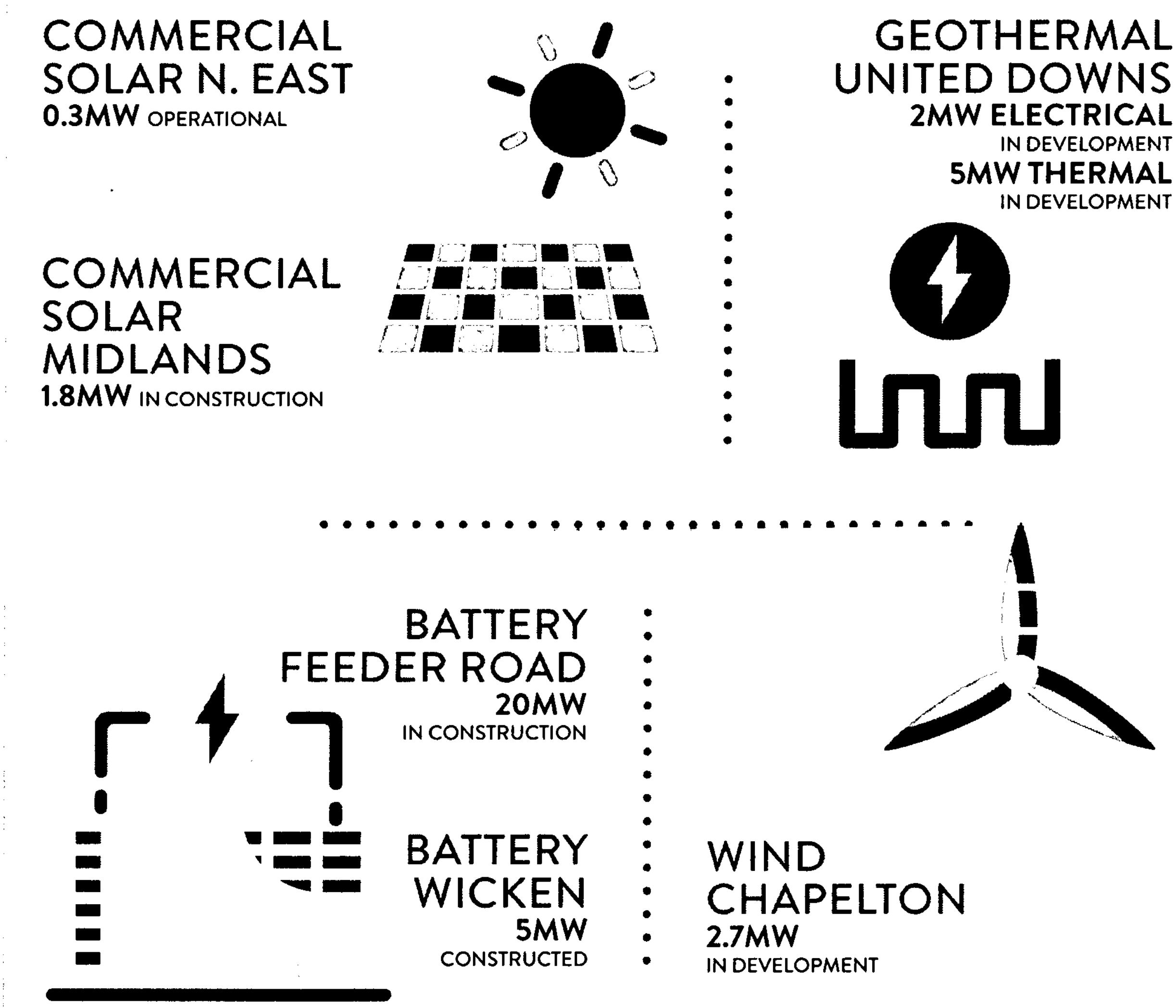
4. **Heat** – supplying heat demand generates 37% of the UK's total CO_2e, the nation's single largest source of emissions[8]. Thrive is keen to contribute to decarbonising heat. In November 2021 we committed to a new stage of investment in Rendesco, a company which designs, installs and maintains ground source heat pumps for use in retirement villages and now also domestic properties, after the first bond we invested in was repaid. United Downs Geothermal also has the capacity to deliver 5MW thermal of heat to local consumers in addition to electricity generation. The heat elements of this development continue to progress.

[8] Clean Growth - Transforming Heating - Overview of Current Evidence (publishing.service.gov.uk)

5. **Grid connected wind and solar** – we will continue to invest in wind and solar generation, as the reality is the UK requires a fourfold increase in clean electricity generation to achieve the government's legally binding Net Zero target[9]. The UK benefits from an abundant wind resource which tends to be well correlated with seasonal demand; high demand periods are during the winter months when the weather is windiest. Onshore wind and solar now represent the cheapest way to generate electricity, operating at well below the current wholesale electricity price.

In 2021 we further increased the experience and resource in the investment team with a new member of staff. Monika Paplaczyk, who leads the team, was promoted to Investment Director, providing additional investment expertise to the board. The pipeline is strong and we expect further opportunities to materialise as the 'race to zero' accelerates.

DEVELOPMENT PROJECTS 2021



COP 26 THE PUBLIC IS DEMANDING DECISIVE ACTION

COP26, held in Glasgow in November 2021, had a seismic effect across the globe as nations came together to face up to what has to be done to decelerate warming, and ultimately lower the world's greenhouse gas emissions. The rhetoric focused on the need for action, not words. It remains to be seen when and how that action will be taken, but it is encouraging that 90% of global emissions are now covered by climate targets, up from just 30% three years ago. In terms of the Glasgow Climate Pact itself, although it was watered down at the last minute, all countries admitted for the first time in the history of COP that fossil fuels are the primary cause of climate change and need to be 'phased down'. We can now hold governments to account as they make vital decisions in the coming months on 'coal, cars, cash and trees', and, of course, renewables.

A large majority of the UK public support each of the major commitments made at the summit, according to polling company, YouGov, although Britons are not confident at all that these will be achieved[10]. Arguably what went on outside the event had more relevance and impact than the speakers within, bringing together people from across the world affected by climate change plus pioneering activists seeking real change. The focus of the world was on them and they made the most of that, highlighting the desperate nature of the climate emergency to the general public, moving the debate forwards and hopefully inspiring action. According to the ONS, three quarters of the UK public are now concerned about the effects of climate change.[11]

ENERGY PRICES

As we continue to gradually recover from the Covid 19 pandemic, new challenges are emerging. Ordinary bill payers are struggling due to exceptionally high global gas prices, driven initially by the unexpected recovery from Covid and now the war in Ukraine, which are also affecting the cost of everyday goods. These difficult market conditions demonstrate just how vulnerable the UK is to global fossil fuel markets over which we have no control. Ending our reliance on gas by investing in new renewable electricity generation capacity and storage is the fastest, cheapest way to solve this problem once and for all. According to analysis from Carbon Brief, just running a gas plant in February 2022 costs four times more than new solar or onshore wind[12].

GOVERNMENT POLICY

The policy needed to deliver the government's legally binding net zero targets continues to progress as a number of strategies and initiatives were announced at the end of 2021 and early in 2022. The Energy Security Strategy, announced in April 2022 was well aligned with achieving net zero, recognising 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 its previous target. There were more ambitious aims for solar power, with a potential for it to grow fivefold by 2035. We particularly welcome moves to make it easier for businesses to install solar arrays, something that Thrive is funding via its partnership with Olympus.

The industry's proposed 30GW target for onshore wind, which we support, was not taken up in the strategy. We believe a huge opportunity to deliver new renewable capacity at pace was missed as proposed changes to planning regulations were not enacted. It is, however, encouraging that there will be consultation on how to develop partnerships with 'a limited number of supportive communities who wish to host new onshore wind infrastructure in return for guaranteed lower energy bills'. We intend to fully engage with this process to ensure communities who do want to build wind turbines locally are able to.

It's important to note that there were also positives around battery storage, geothermal, offshore wind and floating wind, but the strategy was less of a detailed action plan and more of a list of woolly 'ambitions'. We remain committed to informing these conversations as we move forwards.

Further to the inclusion of onshore wind and solar for the first time in 2021, there was more good news on the government's Contracts for Difference (CfD) strike

[9] https://www.theccc.org.uk/2020/03/03/ccc-welcomes-government-re-commitment-to-onshore-wind-and-solar/

[10] What impact did COP26 have on public opinion? | YouGov

[11] Three-quarters of adults in Great Britain worry about climate change - Office for National Statistics (ons.gov.uk)

[12] Simon Evans on Twitter: "Pssst! Solar is now 88% cheaper than thought a decade ago, UK govt says – half its estimated cost of new gas power Just running a gas plant in Feb 2022 is costing around FOUR times as much as we'd pay for new solar or wind Thread with charts + FAQ 1/ https://t.co/V2wefGvdy7 https://t.co/XCprblByN8" / Twitter

> A low-cost, net zero consistent electricity system is most likely to be composed predominantly of wind and solar generation, whether in 2035 or 2050

price auctions in February 2022 when it was announced these would be held on an annual basis, providing the price certainty needed for thousands more wind, solar, geothermal and other clean energy projects to be built. As well as supporting the renewables industry, these price mechanisms offer good value to the consumer; when the price of energy is high, operators pay the difference back. In effect, the system is currently working as a government 'hedge' against high gas prices. Wind and solar farms with CfDs paid £157 million to households in the final quarter of 2021 as energy prices spiked above the CfD strike prices.[13] It is estimated that the CfD participants will have to pay a further £390m[14] (£14 per household[15]) back into the system over the course of 2022.

The government's Net Zero strategy was published in October 2021 and was a significant step forward in terms of ambition overall. It clearly underlined that deployment of renewables is a key driver in the UK's decarbonisation journey. A low cost, net zero consistent electricity system is most likely to be composed predominantly of wind and solar generation, whether in 2035 or 2050.

By 2035 all new cars must be fully zero emissions capable, while the Heat & Buildings Strategy includes replacing gas boilers with heat pumps. In order to deliver this additional power (every EV represents an additional average home equivalent of electricity demand), the government recognises the need for a 'fourfold' increase in the demand for electricity, the majority of which needs to be delivered by renewables.

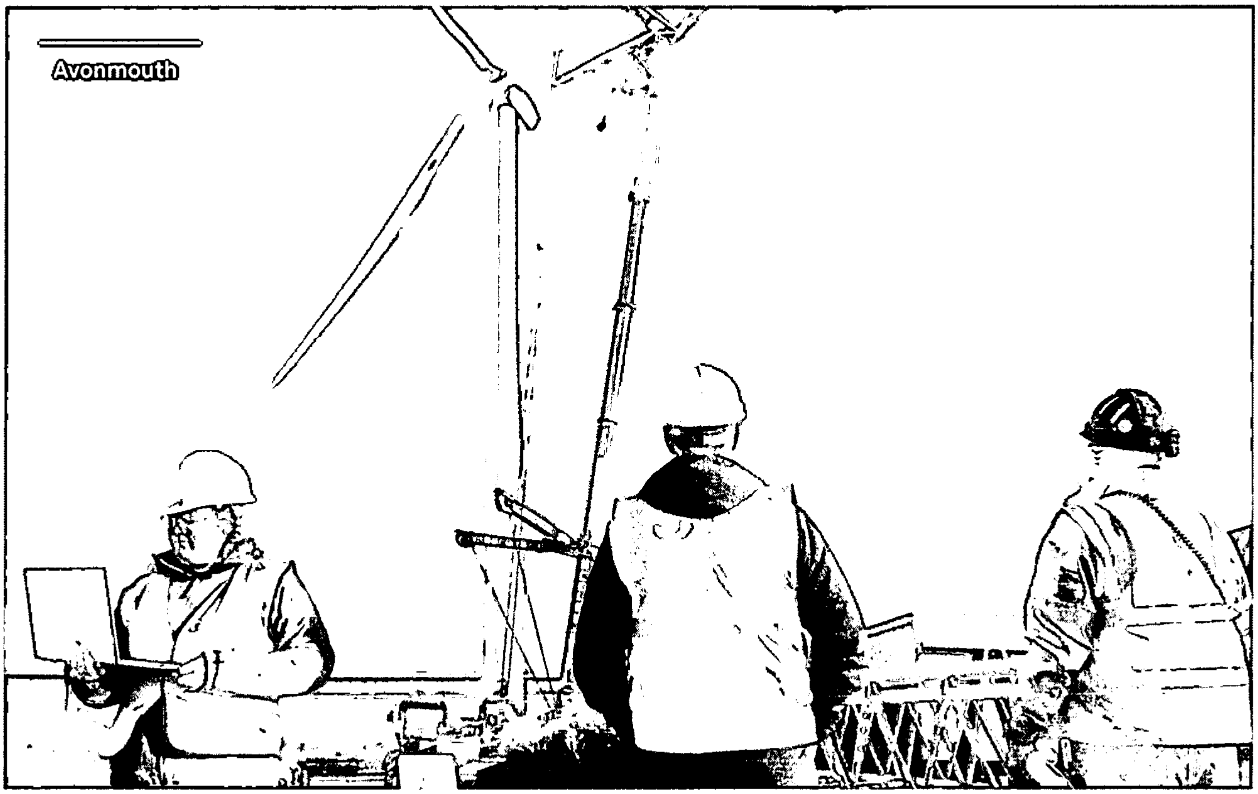
Meanwhile business has grasped the Net Zero agenda. Almost one third of the UK's largest businesses have committed to join the United Nations Race to Zero campaign, committing to net zero carbon emissions by 2050[16]. The new Glasgow Finance Alliance (GFANZ) brings together over 160 firms with $70 trillion in assets to steer the global economy towards net-zero emissions by 2050 at the latest. There has been some criticism around the credibility of many of these claims, but it is positive to see the mainstream commercial and financial sectors engaging with emissions reductions and publicly committing to targets.

[13] Paybacks from UK renewables could cut £27 from bills by end of winter | Energy industry | The Guardian

[14] Energy and Climate Intelligence Unit, Paying Back, March 2022.

[15] 27.8m UK Dwellings

[16] Third of UK's biggest companies commit to net zero - GOV.UK (www.gov.uk)



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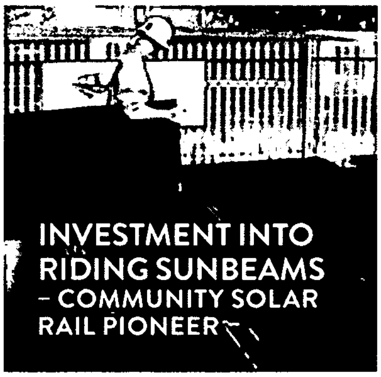
OVER £158,000

TOTAL DONATIONS



68 TONNES CO_2e

EMISSION REDUCTIONS PER YEAR

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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 and integrity have guided us for more than a quarter of a century, from the projects we invest in to how we run our business. Specifically, we have objectives which inform all our work and are reported on via our Key Performance Indicators. These correspond to a number of the United Nation's Sustainable Development Goals (UNSDGs). We have identified the following goals as particularly relevant for our business.

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	13, 7, 9
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.	13, 7
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.	7, 8, 15, 11, 12
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.	8

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

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

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

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

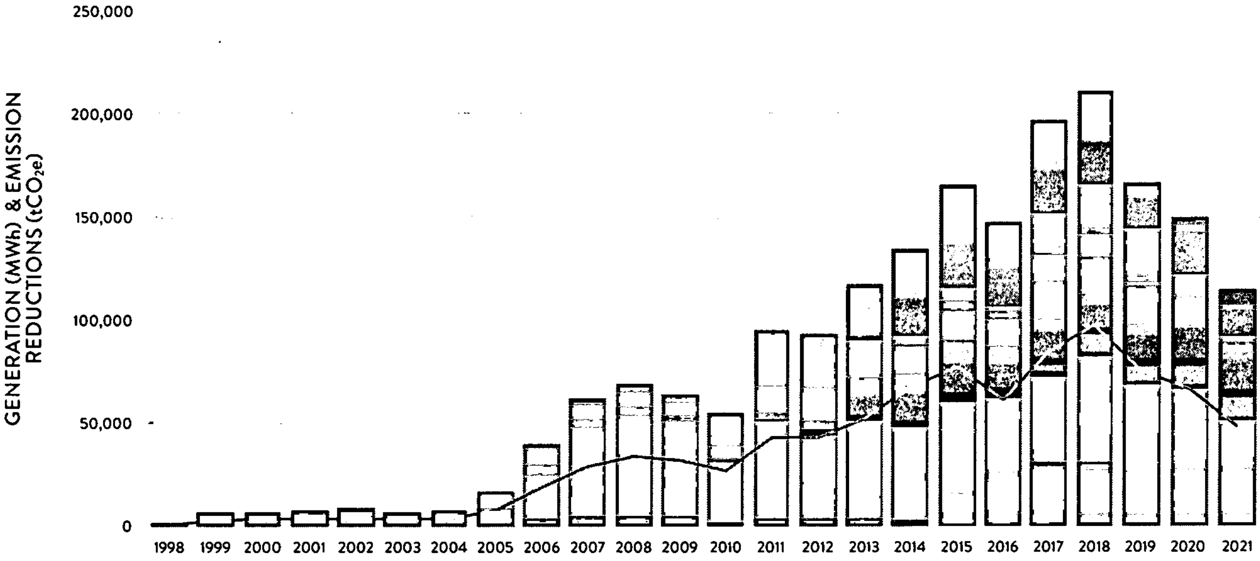
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

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

15 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

We measure our performance in the context of the above goals

THRIVE RENEWABLES GENERATION AND EMISSION REDUCTIONS, IMPACT PORTFOLIO



AUCHTYGILLS · BEOCHLICH · BOARDINGHOUSE · BROCKHOLES · BROTHERTON · CATON MOOR · CHAPELTON · CLAYFORDS · DRUMDUFF · DUNFERMLINE · EYE · FENPOWER (RANSONMOOR) · GEVENS · HAVERIGG II · KESSINGLAND · MARCH (GREENVALE) · MEAN MOOR · NESS POINT · SEVERN · SHERIFFHALES · SIGURD · WERN DDU · INVERBROOM (LOCH A'BHRAOIN) — EMISSION REDUCTIONS (tCO_2e)

ENVIRONMENTAL IMPACT

A significant reduction in wind speeds in 2021, combined with planned downtime at our largest wind farm to replace major components, led to a temporary decline in generation from our portfolio. With better wind resource in 2022, plus our pipeline and growth plans, we intend that this trend will return to growth.

The sale of two wind farms in 2019, which is reflected in the graph above as a decrease in generation capacity, released £12.3m of capital for investment in new renewable and battery storage projects to be developed. We expect emissions reductions from those projects to be reflected in this graph in the coming months and years.

An additional factor in the decrease in emission reductions generated is that the grid is becoming less carbon intensive as the UK's electricity system benefits from an increasing amount of renewable electricity and is less dependent on fossil fuels. In 2021, renewables generated 39.3% of UK electricity, compared with 7% in 2010 and 24.7% in 2015.[17]

BIODIVERSITY

During 2021 we undertook a thorough review of our approach to biodiversity and benchmarked it against industry best practice. The review will underpin new policy development and deployment in 2022, to enhance biodiversity where possible at operational sites. It will also influence planning and decision making at new sites where, in line with new legislation, we are introducing biodiversity 'net gain'. This means sites will be more biodiverse after the construction of new clean energy projects than they were before.

[17] Source for 2022 figure is https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064800/Energy_Trends_March_2022.pdf

"I'm smiling because it's brilliant to reach this milestone at Feeder Road, especially as RADE has been involved from the very start of the process. We initially formed to fight the development of a diesel-fuelled STOR plant at the same location, before supporting Aura Power in its proposals to develop a clean storage asset. We're big believers in clean energy and the role these technologies have to play in Bristol's sustainable future so we're really excited to work closely with Thrive as it moves into the construction phase."

Stuart Phelps, Core Member at Residents Against Dirty Energy (RADE)

SUPPORTING THE TRANSITION TO NET ZERO

According to Aurora Energy Research, up to 24GW of Long Duration Electricity Storage (LDES) will be required to decarbonise the power system by 2035 – eight times the current installed capacity[18]. Battery storage has the potential to replace gas as the technology of choice for balancing a renewables-dominated grid. Thrive has invested in two battery storage projects to date, one of which is now operational. The other, Feeder Road in Bristol, is due to commence construction imminently. The project came about thanks to local residents campaigning against the installation of a traditional 'peaking plant' which uses dirty diesel generators to feed electricity into the grid when demand is high.

[18] UK 'needs 24GW of storage to integrate wind power' - reNews - Renewable Energy News

Groundworks for Feeder Road battery

13 CLIMATE ACTION

NET ZERO BY 2030

In September 2021 we joined the B Corp Climate Collective and committed to reaching zero carbon emissions by the end of the decade. Our Scope 1 and 2 emissions cover those produced by our own processes and purchased electricity and heat. At 2.15 tonnes in 2021 these show a reduction of 13%. This level of emissions is low, representing 24% of the average UK citizen's carbon footprint [19]. In 2022 we will finish our analysis of Scope 3 emissions, those generated by suppliers and end users, and plan to start reporting formally on that this year. A new member of staff is being recruited to manage this activity.

SOURCE	2021	2020	COMMENTS
Business travel	0.09	0.35	Reduced as no flights in 2021 and all road mileage in electric vehicles
Office and home working heating	2.06	2.13	Office gas now green gas, higher home working emissions due to winter lockdown
Office and home working electricity	-	-	All renewable supply
Total Emissions tCO_2e	**2.15**	**2.48**	

We were particularly pleased that Triodos Bank, who we rent office space from, this year managed to move to fully certified 'green' biomethane gas, produced at Wessex Water treatment works. The gas to grid plant at Bristol sewage treatment works is the first and largest of its kind and we are delighted to be benefitting from this local innovation.[20]

Our wind farms and hydro projects generated 49,515tCO_2e emission reductions this year. By installing energy efficiency improvements in community buildings, our Community Benefit Programme avoided the emission of an additional 68 tCO_2e. In this context, we are confident of the overall net positive energy and emission impact of our business activities.

[19] UK's Carbon Footprint 1997 - 2018 (publishing.service.gov.uk), 2018, 703 million tCO_2e p.a. divided by UK population of 67.9 million (2020) United Kingdom Population 2021 (Demographics, Maps, Graphs) (worldpopulationreview.com)

[20] https://www.carbonindependent.org/23.html

COMMUNITY BENEFIT PROGRAMME

With many community buildings having to close their doors during Covid, it was more important than ever for us to continue supporting these vital social landmarks. We were pleased to see a record number of communities applying for round five of our Community Benefit Programme and, with the support of the Centre of Sustainable Energy (CSE), we awarded over £29,000 in total.

The grants were awarded to ten buildings across the UK, all located within 30 miles of one of our clean energy projects. This included the Alfriston War Memorial Hall in East Sussex, Pill Village Hall & Community Centre near Bristol, St Mary's Centre in Whickham, Cumbria, Bedfield & Monk Soham Community Club in Suffolk and Impact Initiatives in Brighton – to name just a few.

From LED lighting and weatherproof windows to fitting a new, insulated roof, we're helping communities to make vital upgrades that reduce the buildings' carbon footprint at the same time as creating warmer, cosier spaces for people to enjoy. As part of our latest round, we also awarded £4,000 to Halton Community Association so that it could upgrade the community centre's lighting and help install eco-friendly taps. The centre, close to our Caton Moor wind farm near Lancaster, provides vital services for residents of all ages and has become a focal point of the community.

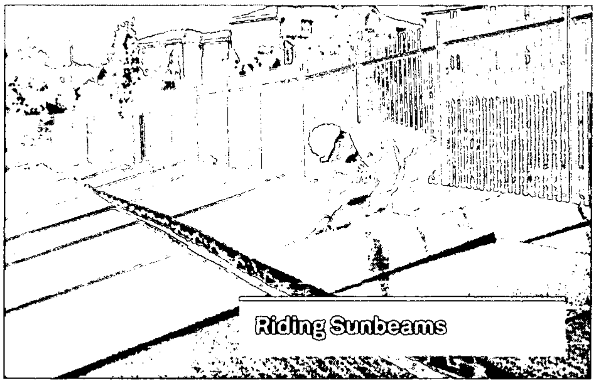
Whether it be our baby and toddler class, our over 55s lunch club or our Knitter – natter group, the centre has something for everyone and we're proud to have been serving our community for close to 50 years. To ensure we can continue operating, grants such as those from Thrive are vital, helping us to make the centre more energy efficient and cheaper to run. They also support our green strategy as we work towards making the building as sustainable as possible for the generations to come.

**Carol Slinger, Finance Assistant,
Halton Community Association**

SUPPORTING COMMUNITY ENERGY - RIDING SUNBEAMS

We are working to engage more communities in clean energy as part of a just transition. Our investment, Riding Sunbeams, is a world-leading innovator focussed on decarbonising the railways by connecting solar PV and other renewable technologies directly to the network.

Riding Sunbeams hopes to demonstrate a fairer, greener way of doing business and embody how a just transition is possible by bringing together charities, communities, corporates and government to overcome the challenges associated with decarbonisation. The company provides a commercial route to market for community energy groups looking for new projects to develop by connecting them directly to regional rail network operators, who will pay them a fair price for their power.


Riding Sunbeams

"Thrive is supporting us in making real change to the UK transport system, not only helping it run off renewable power sources but involving local trackside communities in the process too. The successful delivery of our proof of concept project at Aldershot confirmed that Solar PV can be installed by the tracks and connected directly to the railway network. We're currently developing an interface for direct supply to AC overhead electrified routes, and exploring the potential for integrating other clean energy technologies like wind power and battery storage."

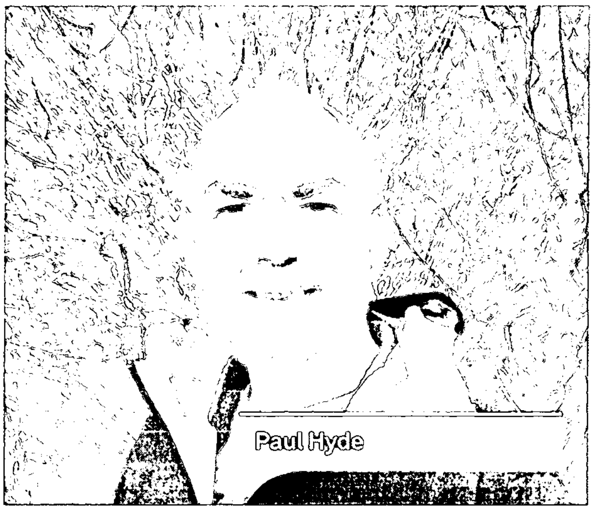
Leo Murray, Director of Innovation, Riding Sunbeams

INSPIRING INVESTORS

One of our investors, Paul Hyde who is based in Chester, has credited Thrive with revitalising his passion and support for low-carbon technologies in recent years.

"I initially invested in 1998 as I was concerned by the lack of action taking place in the UK renewables sector. Thrive has offered me a welcome opportunity to contribute to the transition to net zero and encouraged me to continue learning about the solutions that are needed. In particular, the last in-person AGM meeting in 2019 was both inspiring and stimulating and galvanised me to start keeping track of climate change developments again. For example, since that session, I have obtained a certificate in carbon literacy and continue to explore how I can practically reduce my own carbon footprint. While holding shares in Thrive Renewables has provided a healthy financial gain, my main motivation has always been to help make a difference in the fight against climate change. Although I am only a modest shareholder, Thrive has always made my contribution feel highly valued."

Paul Hyde, Investor


Paul Hyde

STRATEGIC REPORT

FINANCIAL STATEMENTS

EQUALITY

GENDER BALANCE OF BOARD OF DIRECTORS[21]

4 FEMALE

5 MALE

GENDER BALANCE OF THRIVE TEAM

7 FEMALE

5 MALE

SALARY RATIOS[22]

5 TO 1

HIGHEST COMPARED WITH LOWEST

(5.9:1, 2020)

2 TO 1

HIGHEST COMPARED WITH AVERAGE

(2.2:1, 2020)

GOVERNANCE

HEALTH & SAFETY

There were no incidents reportable to the Health and Safety Executive (HSE) in 2021 from operations or construction across our portfolio of projects. The safety of all technicians, visitors and personnel associated with our sites is paramount and managed through site rules, inductions and safe systems of work overseen by competent contractors and asset managers on each project.

We continue our Tier 2 membership of the SafetyOn organisation to share industry good practice and contribute to the continual improvement of health and safety management throughout the UK onshore wind sector. Emergency response drills on site are used to familiarise workers with procedures and responsibilities in an emergency situation. Observations from these exercises are considered so enhancements can be implemented or training undertaken to improve safety. At the end of 2021, we engaged a specialist external advisor to review our safety arrangements, providing an independent assessment on compliance with legislation and industry good practice.

The Covid-19 pandemic persisted during 2021 with both national and regional lockdowns. Guidance evolved rapidly in response to recorded case numbers and new variants of the virus. We were mindful of prevailing rules in all the devolved UK regions in which we work and continued to monitor contractor and technician adherence. In particular, attention was given to "compliance fatigue", recognising the risk of ongoing and prolonged control measures implemented in response to Covid not being properly followed over time.

Our office-based team were able to work remotely when required to do so. A risk-assessed and safe office space was available for those who were not able to work effectively from home. The team stayed in close working contact through regular online meetings and with events in person when appropriate, adhering strictly to both the word and intent of government guidelines. Consideration was given by the management team and directors to individual circumstances, potential mental health concerns and the provision of equipment and support to be productive at home.

[21] Monika Paplaczyk appointed as Investment Director Jan 2021

[22] FTE basis excluding apprenticeships

B-CORP™ CERTIFICATION

Certified B Corporation

Thrive continues its journey as a certified B Corp, taking part in B Corp month in March 2021 and promoting the movement via social media and presentations at industry events. We were thrilled to be awarded 'Best for the World, Environment', ranking us in the top 5% of global B Corps for our environmental activity.

As a B Corporation and one of the leaders of the emerging Net Zero economy, we support the B-Corp declaration of interdependence which states:

- That we must be the change we seek in the world.
- That all business ought to be conducted as if people and place mattered.
- That, through their products, practices, and profits, businesses should aspire to do no harm, and benefit all.
- To do so requires that we act with the understanding that we are dependent upon another and thus responsible for each other and future generations.
- As part of embracing this declaration, we are pleased and proud to support the Better Business Act which seeks a change in the law so all businesses take the needs of key stakeholders into account when making decisions.

SUPPLY CHAIN

All businesses which source electronic equipment, like solar panels and batteries as well as phone and computer components, are facing significant challenges with transparency in the supply chain around labour rights and rare earth minerals. Thrive Renewables has undertaken a considerable amount of due diligence work as we diversify into battery storage and solar panels to better understand where the materials and components come from and, in particular, identify any known human rights abuses. We have taken the following steps so far:

- Commissioned third party experts to review the rare earth minerals found in batteries and analyse each potential supplier on this basis. The information in this report has been used to inform our procurement and choice of supplier. We do not currently source any batteries containing cobalt, a rare earth mineral which has been linked to child labour, but we would consider doing so if a sustainable and ethical source could be found.
- Further to NGO reporting on human rights issues in the solar supply chain, we have commissioned two sets of external experts to analyse solar panel suppliers and help us develop a list of manufacturers which are addressing any human rights issues in their supply chains.
- Our procurement process includes ESG criteria upon which tender responses are evaluated. Whilst in the global context Thrive is small, every customer which raises the importance of supply chain transparency and wider ESG performance will encourage positive change. We are actively encouraging other market participants to do the same.

We are currently building on the above external research to update our procurement policy for batteries and solar panels.

> "Energy is absolutely fundamental to how we live and it always has been, so I see our mission is to do our bit to get our generation and use of energy into a sustainable balance with nature. A major influence on me when making board decisions is my sense that our shareholders share our mission and that they are willing to shake things up. That said, 25 years of patient effort have given us a valuable portfolio from which I'm very keen to extract most shareholder value."

Colin Morgan, Director

ANNUAL GENERAL MEETING 2021

Our 2021 AGM was held on 21 June in a hybrid format. The Chair of the Board, Managing Director and Finance Director were present in Bristol. Shareholders attended and voted virtually via webcast in order to comply with government guidelines in place at the time. All resolutions were passed with significant majorities. Following approval by shareholders at the AGM, a dividend of 7p per share was paid on 21 July. A management update was also presented; shareholders were encouraged to ask questions during the event, which were answered live.

THRIVE RENEWABLES BONDS

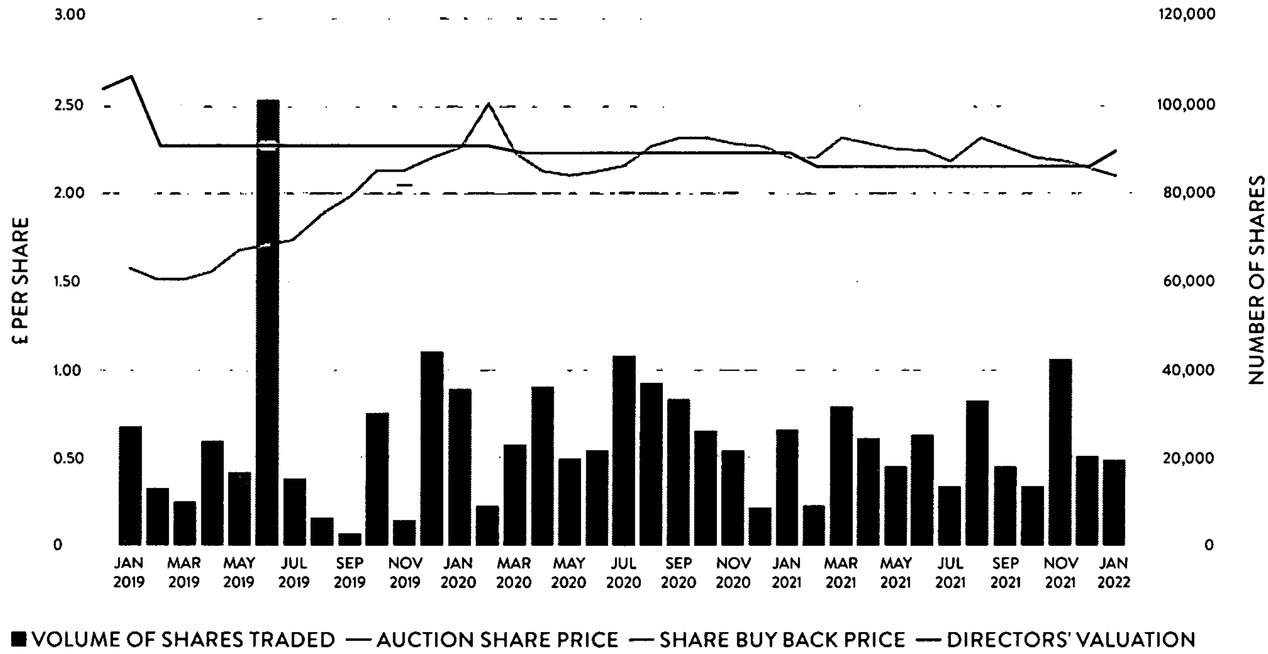
Thrive Renewables Buchan Ltd, issued in 2016, was our first ever crowdfunded bond and supported the development and operation of two wind farms in Aberdeenshire. The bond provided investors with an annual return of 5.5% over a five-year period and was repaid as planned in July 2021. Playing a vital role in our vision for a cleaner, smarter energy system in the UK, the two turbines have delivered 24,412,500 kWh of renewable electricity since commencing generation in the spring of 2015 – enough electricity to power 92,548 UK homes for a year and saving a total of 10,790 tonnes of carbon dioxide. The success of the bond is testament to our approach of providing individuals with a rewarding connection with renewable energy. Please note, past performance cannot be relied on as a guide to future performance.

THRIVE RENEWABLES SHARES

Thrive unites a community of impact investors; 5,354 shareholders in addition to 1,020 bondholders. Amounts invested vary from £5 to several million.

The number of Thrive shares in issue has risen by 0.5% (from 22,640,049 in December 2020 to 22,759,187 in December 2021). This increase has occurred as 16.8% of total shares have elected to Scrip dividends, where shareholders take the value of dividends in additional shares, rather than in cash. £0.25m of additional capital remained in the company and will be used to finance additional growth by investment in new renewable energy projects.

THRIVE RENEWABLES PLC – SHARE TRADING



Share buy backs took place in July and November 2018, 2019 and 2020, eligible shareholders opted not to buy back in 2021. Please note that this historic performance of Thrive's shares should not be relied upon as a guide to how the shares will perform in future.

Thrive is not listed on a recognised market such as the London Stock Exchange (LSE), or Alternative Investment Market (AIM). The directors aim to provide share liquidity (the ability for shareholders to sell and buy shares) through two mechanisms, the operation of a monthly share auction and the provision of a share buy-back scheme.

RECOMMENDED DIVIDEND

The approved final dividend for 2020 of 7p per share was paid in July 2021, representing 3% of the average traded price of a share in 2021 which was £2.24.

For 2021, the directors recommend the payment of a 7p dividend in July 2022, which will be subject to approval by shareholders at the AGM on 28 June 2022. If agreed, the 7p dividend will be consistent with that paid in 2021 and a result of accumulated reserves in the company and continued strong operating results.

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	2021	2020	2019	2018
Turnover	£11.0m	£13.5m	£13.8m[23]	£16.5m
Operating Profit	£2.5m	£3.4m	£4.1m	£5.4m
Profit (after tax and minority interests)	£0.0m	£1.4m	£17.6m[24]	£2.8m
Total investors	5,976	6,082	6,096	6,152
Directors' Valuation per share[25]	£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[26]	£2.65 until March 2019; £2.28 from March 2019	£2.60
Dividend paid	7p final	7p final	7p final 40p interim	4p final
Reportable health and safety incidents	0	0	0	1
Average UK Homes Equivalent of electricity generated (Impact portfolio)	30,025	41,903	44,713	55,797
Office, home working and business travel CO_2e emissions	2.2 tCO_2e	2.5 tCO_2e	4.9 tCO_2e	

[23] Reduction in 2019 as a result of the two projects sold

[24] 2019 was exceptional due to the gain on sale of two subsidiaries of £15,429,233

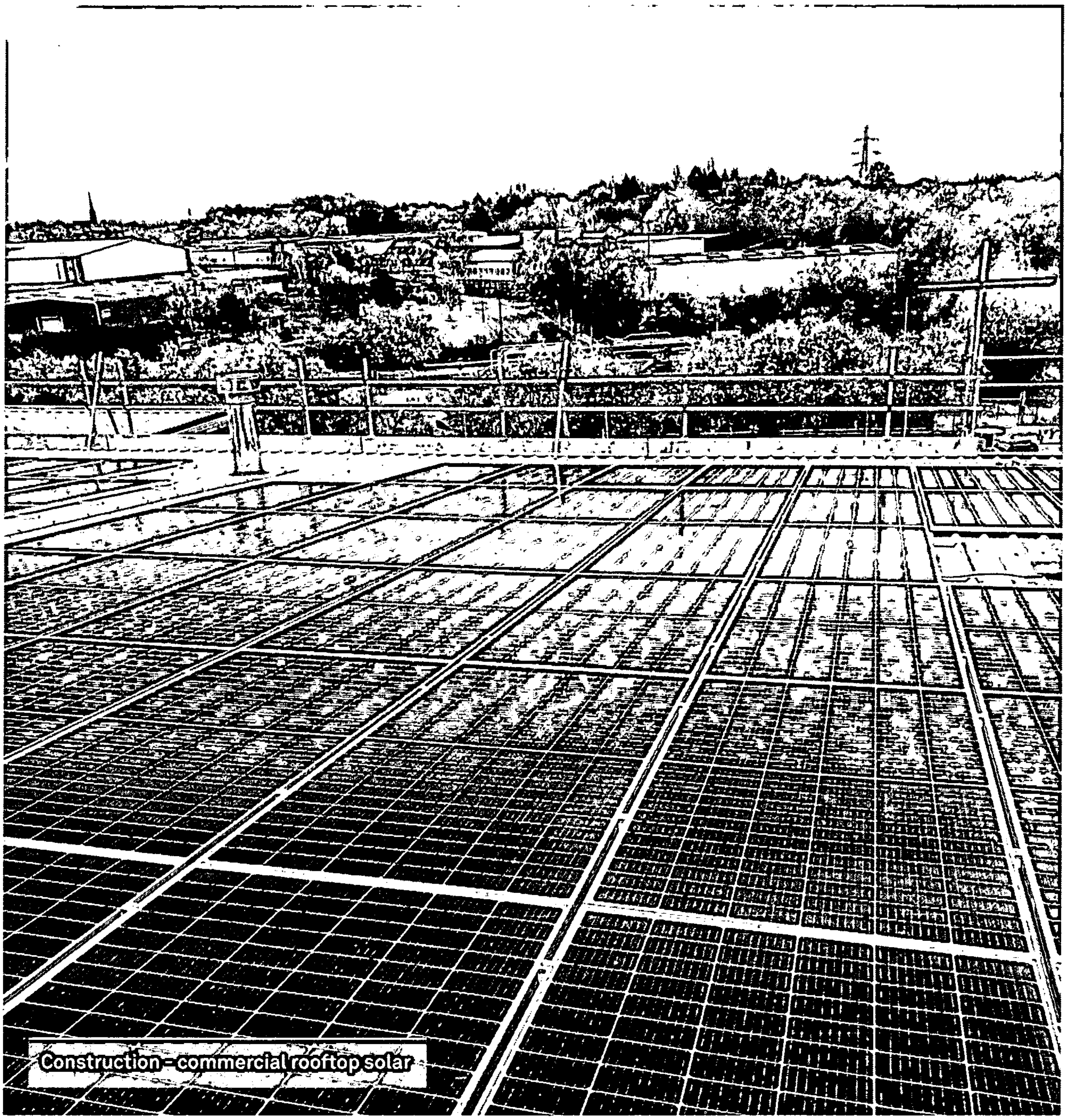
[25] https://www.thriverenewables.co.uk/for-investors/shareholders/directors-valuation/

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

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. Building a community of investors is a key objective for us and we achieve this by having low minimum investment values and working hard to broaden brand awareness. Therefore, the number of investors is an important measure for us. Our last fund raise opportunity was launched in 2016 and since then we have been working to deploy both the funds raised and the capital realised from the sale of two operational projects. We intend to continue providing opportunities for individuals to be part of the UK's energy transition.

Electricity generation 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 decrease of 28% in homes equivalent reflects the combined impact of a reduction in generation by 25% (see the operations section) in the same period, and the increased energy efficiency of the average UK home, which consumes less power p.a. than the previous year.


Construction – commercial rooftop solar

INVESTMENT UPDATE

	TECHNOLOGY	CAPACITY	DATE OF INVESTMENT	STATUS	UN SDG
Loch a'Bhraoin		2MW	Sept 19	2021 full year operational	7, 13
Chapelton		2.7MW	Nov 19	In development	7, 13
United Downs		2MW electricity 5MW thermal	Jan 20	Construction to start 2022	7, 9, 13
Olympus Power		2.1 MW	Nov 20	1 project operational, 2 in construction	7, 13
Wicken		5MW	Dec 20	Operational	7, 9
Feeder Road		20MW	Feb 21	Under construction	7, 9
Rendesco		-	Nov 21	New domestic installations commenced	7, 13
Geogen		-	Nov 21	Development	9, 13
Riding Sunbeams		-	Sep 20	In development	7, 9, 11, 13

CHAPELTON WIND FARM - SUBSIDY FREE, DIRECT WIRE

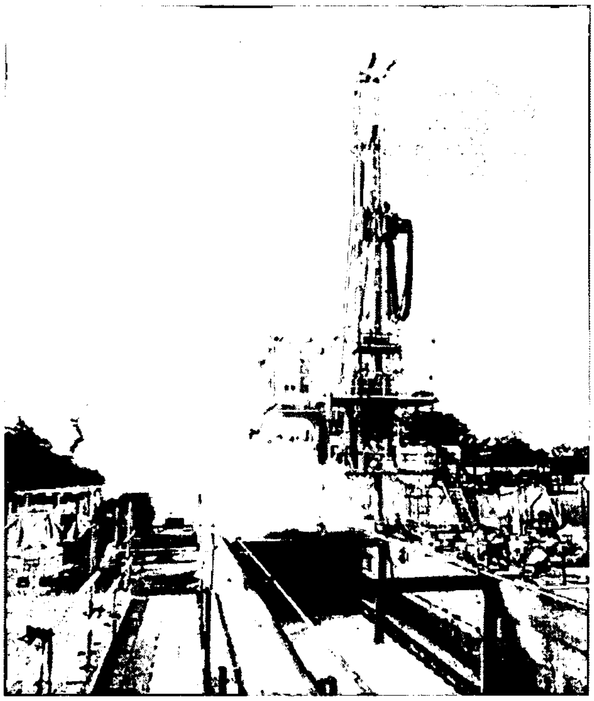
In November 2019, Thrive acquired the rights to develop a 2.7MW wind farm in Girvan, South Ayrshire, Scotland. The site secured planning consent in November 2014 but has not been built due to local grid constraints. Thrive continued working with high energy demand businesses locally in 2021 to explore 'direct wire' supply opportunities. This model connects 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.

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. Construction of this groundbreaking project is due to start shortly with commissioning planned in 2023. In addition to electricity generation, there is scope for the project to deliver 5 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. Technology selection and development of all three elements of the project continue.

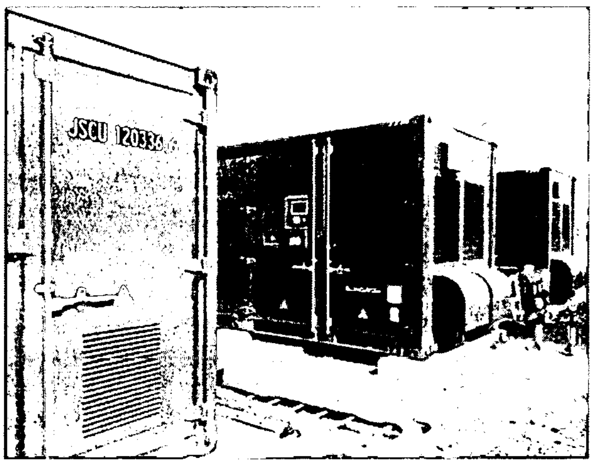
OLYMPUS POWER – SUBSIDY FREE, DIRECT WIRE

In November 2020, Thrive completed a funding agreement with Olympus Power Ltd (OP). OP installs solar PV at commercial and industrial sites and offers the host direct supply of the renewable electricity generated on a direct wire basis. The first project is already operational, with a further two totalling 1.8MW in construction, helping the industrial hosts manage energy costs and reduce the embedded CO_2 of their products. The pipeline continues to gather momentum with further projects on the horizon. 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.



THRIVE RENEWABLES (WICKEN) LIMITED

Work on our first battery storage project near Milton Keynes is complete, with the 5MW battery now delivering 1.49 hours, or 7.45MWh, of electricity to the national and local electricity grid. Wicken has qualified for the capacity market and will generate additional income from flexibility services and electricity trading. The battery will provide important flexibility to the UK energy system, as the country considers how it can



scale up renewable deployment. Helping to balance the variability that comes from natural sources such as wind and solar, the battery is charged when clean energy is abundant and exports it back to the grid during peak times.

FEEDER GRID STORAGE LIMITED

We have now completed the procurement of a 20MW battery for Feeder Road in Bristol – our largest electricity storage project to date. The site has the capacity to deliver 1.5 hours or 30 MWh of electricity to the national and local grid, connecting enough capacity to power 14,771 typical UK homes[1,27]. Feeder Road is planned to be commissioned and operational before the end of 2022. 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.

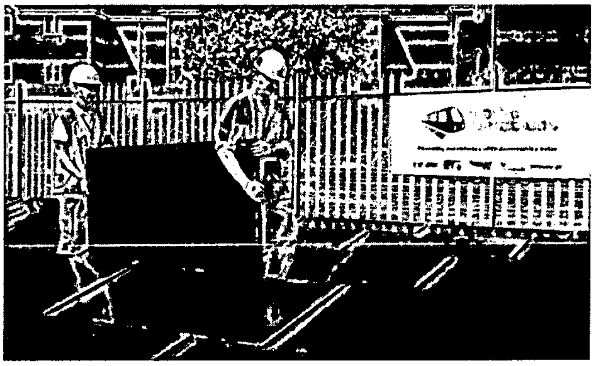
RENEWABLE HEAT HOLDINGS LTD – GROUND SOURCE HEAT PUMP DEVELOPMENTS

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. Space heating currently represents around one third of the UK's total greenhouse gas emissions, with 45% of the UK's energy consumption a result of making our buildings warmer.

Following the successful repayment of the 2018 bond, we have invested £350,000 back into Renewable Heat Holdings Limited (RHHL) so that the company can continue to reduce natural gas usage in retirement villages and additionally install ground source heat pumps in new build domestic properties.

GEOGEN LTD

In November 2021 Thrive invested £0.48m into Geogen Ltd. Building on the learning and the success of United Downs, the company has identified a number of sites in Cornwall with the potential to generate geothermal power and heat and potentially source further lithium. Geogen selected sites primarily for their geology (geothermal resource). It has secured options over the land and electricity grid, identified local heat demand and is pursuing planning consent for these developments. Thrive's investment will contribute to the continued development of a portfolio of geothermal projects in Cornwall.



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. In addition, Thrive has provided £180,000 of sweat equity to provide additional resources to Riding Sunbeams.

Unfortunately, the site initially selected to demonstrate the commercial scale DC connection is no longer feasible and alternative locations are being sought. Thrive is delighted to be working with RSA which is very well aligned with our mission, delivering more renewable generation capacity and providing communities with the opportunity to meaningfully connect with the energy transition. Riding Sunbeams was highlighted as a case study in the government's Net Zero strategy and was a finalist in the Ashden Awards for UK Climate Innovation in 2021, which honour pioneering organisations lowering carbon emissions and building a fairer world.

[27] https://www.thriverenewables.co.uk/latest-news/news/thrive-completes-20mw-battery-deal-our-largest-to-date/

OPERATIONS

OPERATIONAL REVIEW

Thrive outsources all day-to-day management of operational projects which affords flexibility to the business. It allows the portfolio to be scaled, the inclusion of diverse technologies, geographical spread of sites and investment structures to suit project requirements. The focus internally can, therefore, be on strategic elements, sharing experience or good practice across projects and achieving best long-term value and output from the projects.

CONTRACTOR MANAGEMENT

Key to Thrive's model is the effective management of contracts and contractors. During 2021, following a robust tender process, Thrive appointed a new High Voltage maintenance provider to work across a large proportion of our sites, providing improved engagement and delivery of services in this critical area. New turbine maintenance contractors were appointed at Sigurd and Ness Point following review of long-term requirements.

LIFE EXTENSION

As the UK's onshore wind fleet matures, it is essential for the government's net zero ambition that existing capacity is not depleted. Thrive has been undertaking "life extension" work on selected projects to allow this continued operation beyond the time period anticipated during original development. This has included physical inspections, desktop analysis of actual operational loads, upgrade or refurbishment of targeted components and enhanced monitoring arrangements.

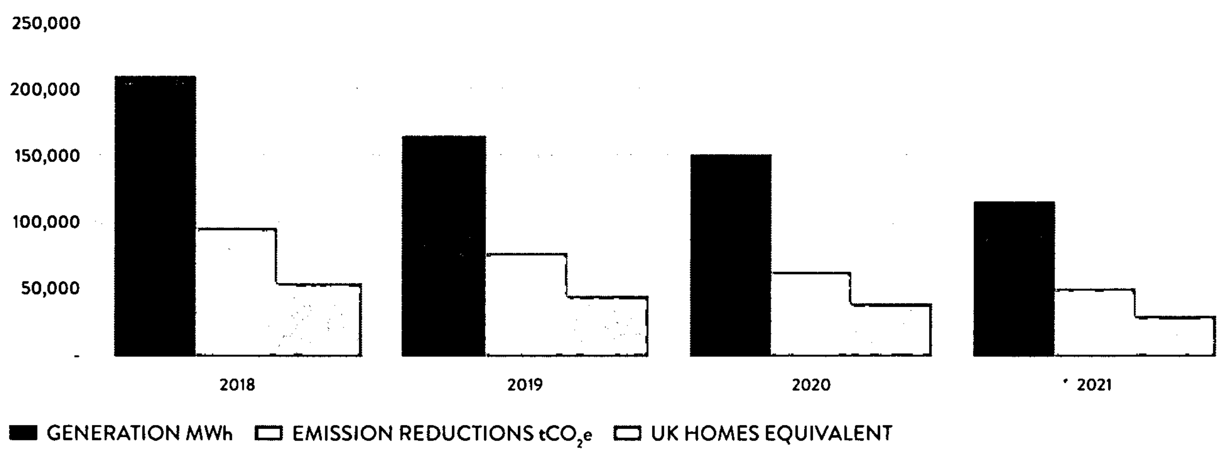
POWER PRICES

The global oil and gas prices have strong correlation. The gas price in turn is a principal driver for the UK's wholesale electricity market prices. Despite renewables delivering almost 40% of the UK's electricity in 2021, the gas price still sets the electricity price; the wholesale market works on half hourly auctions where the last power plant to bid in (providing the balancing capacity) sets the price. Gas powered generation currently tends to provide the marginal power in the auction, hence it is setting the electricity price.

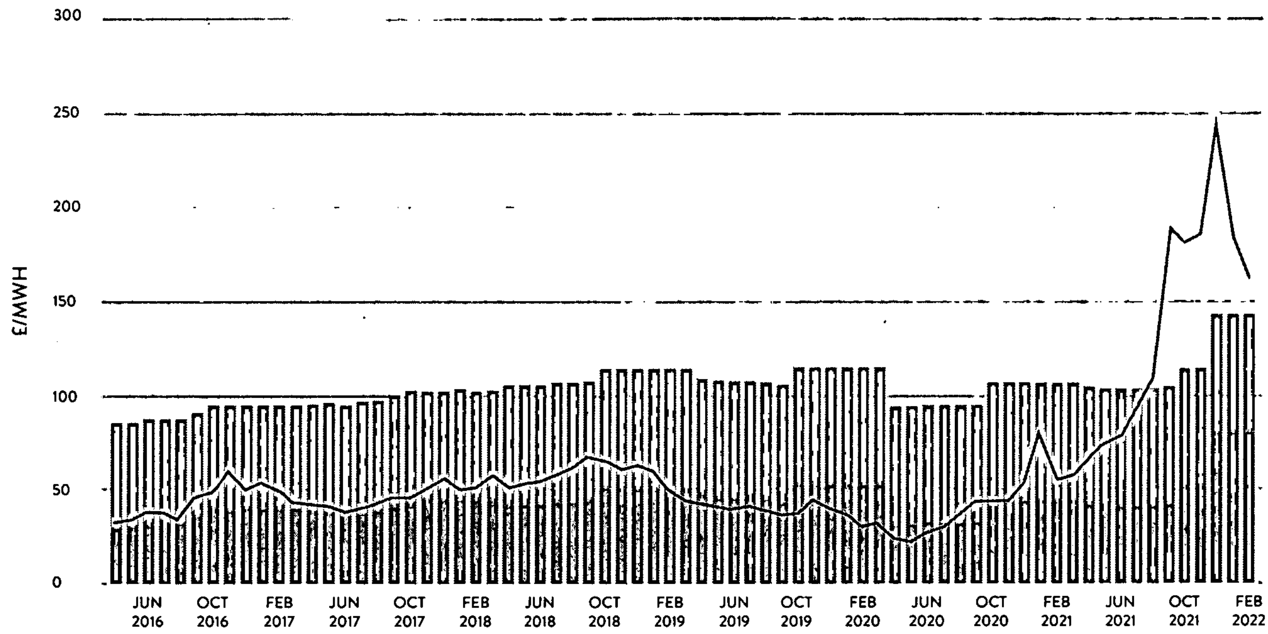
The chart on top of page 35 illustrates both the wholesale electricity prices and the power sales prices achieved by Thrive's approach to power sales over the last five years. The red line represents the wholesale electricity market and its movements, reflecting both national demand and supply, and global energy prices. The yellow bars illustrate the average total power price achieved by Thrive, combining power sales to the grid and host consumers, and the blue bars represent the price support and grid service payments received by Thrive's generating assets.

Thrive manages energy price risk in a number of ways, including pricing fixing up to 2 years ahead, fixed price

THRIVE RENEWABLES ELECTRICITY GENERATION AND IMPACT



THRIVE RENEWABLES POWER PRICES 'V' MARKET PRICE



THRIVE ELECTRICITY ONLY · PRICE SUPPORT & EMBEDDED BENEFITS — AVERAGE WHOLESALE POWER PRICE

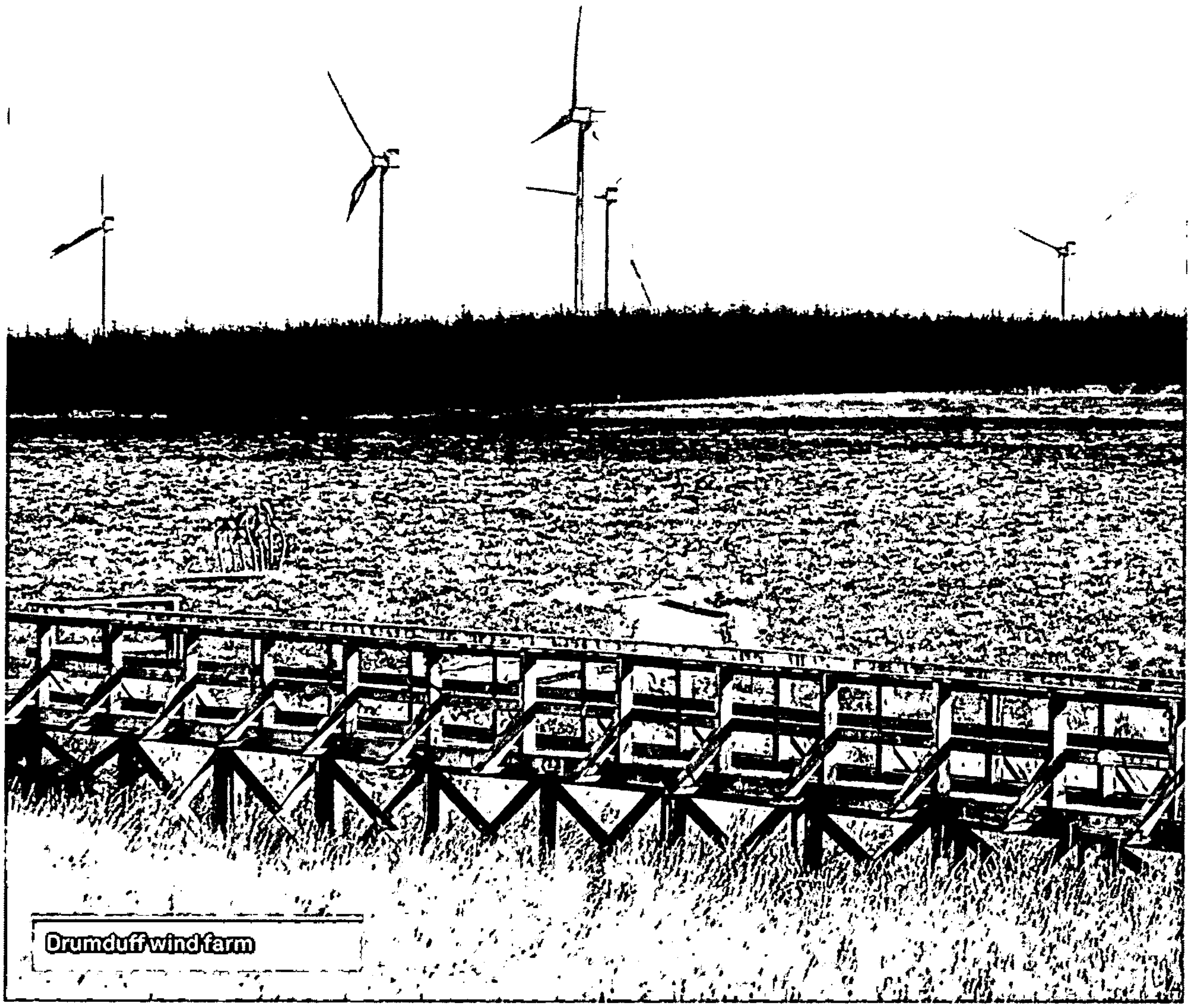
supply to industrial hosts and floor prices. Additionally, approximately 50% of the revenue received reflects the long term price support secured when projects were constructed. The cost of the wind and solar equipment has now reduced, so larger schemes benefiting from economies of scale can now be built without support as long as they can participate in CfD auctions. However, the generation installed over the last 20 years when capital expenditure was higher continues to require the support it qualified for at the beginning. The advances in technology and learning from the existing portfolio has provided the platform for least cost generation today.

The chart illustrates how this price fixing has provided stability for Thrive's revenues. Also, as you may expect, in periods of falling wholesale price reduction, fixing in advance has protected Thrive from the lower prices. Conversely, in periods of rising wholesale prices beyond our price fixes, we have missed potential upside. This is particularly evident in the second half of 2021 as prices have increased to unprecedented levels. During the height of the Covid crisis in 2020, we took the view that once the wholesale market had recovered to pre-pandemic levels, then fixing for the period ahead was the right thing to do. We did not anticipate the global events which followed. Whilst having missed upside, prices are locked at levels which are sustainable for our fleet of renewable generation projects. Current events provide evidence of how renewable generation mitigates the UK exposure to global energy price volatility.

In addition, because wholesale electricity prices currently exceed strike prices agreed under the government's Contracts for Difference (CfDs) scheme, the UK's fleet of renewables which benefit from CfDs are paying millions of pounds back into the system. In the fourth quarter of 2021 wind farms with CfDs paid £157m into the system. In 2022 this figure is projected to exceed £390m[28]. This may provide the government with the evidence it requires to move from the 'marginal' supply pricing to a 'capacity' pricing model which would better suit the imperative to increase the UKs renewable fleet.

A further consequence of the wholesale electricity price volatility during 2021 and increase in the fourth quarter was that energy suppliers have had the challenge of managing the growing gap between their cost of power and what they can charge customers. Several small to medium domestic suppliers entered administration as wholesale prices rose and they could not source power below the consumer energy price cap. During this period, Thrive's renewable generation continued to feed into the grid at the same stable and fixed prices. Additional attention was given to our Power Purchase Agreement (PPA) counterparties to monitor their credit-worthiness and agree adjusted settlement terms for mutual benefit if necessary. Where one PPA counterparty did enter administration, we were able to quickly agree new terms with an alternative supplier. We continue to monitor this situation closely.

[28] Paying Back, Energy and Climate Intelligence Unit, March 2022.



Drumduff wind farm

OPERATIONAL RESULTS

The company's *owned* portfolio generated 104,822MWh during 2021 which was 24.6% lower than during the previous year (2020: 139,023MWh). A major factor was significantly decreased wind resource; 2021 has been recognised in the Government's Energy Trends statistics report as the UK's least windy year in over a decade[29]. A further contributing factor was the need to replace three gearbox units at Caton Moor, our largest generating site, with those turbines unable to operate at full capacity from the start of the year until work was completed. The replacement units were installed (one in May and two in August) within budget, ahead of the anticipated schedule and have been running reliably since.

Thrive Renewables' total *investment* portfolio generated 141,374MWh from 16 operational projects in 2021, a reduction of 25% from the previous year (2020: 187,322MWh, 16 projects). This reduction reflects the significantly lower average wind speeds during 2021 but also the changing nature of projects in which Thrive is invested. 2021 saw generation from the first rooftop solar PV array delivered under the Olympus framework and Thrive's first battery storage project completed construction at the end of 2021. Batteries will provide vital flexibility to the electricity network as gas and coal plant is retired.

[29] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1064058/ET_7.2_MAR_22.xlsx

COMPARISON OF 2021 GENERATION AGAINST 2020

SITE	GENERATION COMMENCED	GENERATION 2021 MWH	GENERATION 2020 MWH	GENERATION CHANGE %	SITE INFORMATION
Beochlich	1998	3,200	3,839	(16.6%)	The 1MW hydro-electric project feeds off the Beochlich burn south of Loch Awe. Two events during the year required work on the pipeline and caused generation to be lower than the previous year.
Haverigg II	1998	2,578	5,001	(48.5%)	This four turbine site on the coast in Cumbria with a total capacity of 2.4MW secured an additional ten years of planning consent in October 2020 for an extension of existing operations. Work and investment continued during 2021 to upgrade and replace components for this revised timeframe.
Sigurd	2001	3,472	4,690	(26.0%)	Thrive's single 1.3MW turbine on Burgar Hill in Orkney is named after a legendary hero of Norse stories from the islands. In 2021 a maintenance contract was agreed with a new, but experienced, independent service provider with the intention of providing cost effective and bespoke attention to this project, situated in one of the windiest onshore locations in Europe.
Caton Moor	2006	25,902	39,069	(33.7%)	This 16MW, eight turbine site close to Lancaster is the largest wind farm in Thrive's portfolio. Priority was given to sourcing and installing three new gearbox units following coincidental faults with them in 2020. This programme of work was completed in August but was a key factor in generation being lower than during the previous year.
Ness Point	2005	2,364	2,383	(0.8%)	This 2.75MW single turbine project is a landmark in the town of Lowestoft and is nicknamed "Gulliver", being the largest UK onshore turbine at the time it was built. A new maintenance provider was appointed in April and, whilst reliability issues persisted during 2021, encouraging and proactive measures have been initiated with a view to long-term improvement.

SITE	GENERATION COMMENCED	GENERATION 2021 MWH	GENERATION 2020 MWH	GENERATION CHANGE %	SITE INFORMATION
Dunfermline	2011	1,834	3,075	(40.4)	This wind turbine is hosted by an industrial landlord with high on-site demand. It is able to provide up to 1.5MW of power for their requirements via a 'direct wire' with any surplus exported to the local grid. A main component fault during the summer combined with lower than forecast wind resource during 2021 resulted in a fall in production compared to a favourable wind year here in 2020.
Eye	2013	11,684	14,041	(16.8%)	This 5MW, two-turbine project is situated on the Eye Airfield Industrial Estate, supplying a growing number of tenants with renewable electricity. Turbine reliability was improved during 2021 and the reduction in generation was due to lower wind resource than in 2020.
Fenpower (Ransonmoor)*	2013	4,844	6,692	(27.6%)	Thrive owns a 24.9% share of the 10.1MW, five-turbine Ransonmoor wind farm in Cambridgeshire. A transformer fault in the spring of 2021 was dealt with under the scope of the maintenance contract but impacted on generation while it was being repaired.
Severn (Avonmouth)	2013	15,970	20,577	(22.4%)	This 8.2MW wind farm comprises four turbines in the heavy industrial dockland area of Avonmouth near Bristol. Performance of the turbines was improved from the previous year. The reduction in generation was due to lower wind resource.
March	2014	2,699	4,133	(34.7%)	This 'direct wire' project can supply power from the 1.5MW turbine directly to the host's facility, a major UK food producer and supplier. Generation in 2021 was impacted by a high voltage fault in the first quarter which was safely addressed by specialist technicians. Repairs were delayed by the availability of specific parts.

SITE	GENERATION COMMENCED	GENERATION 2021 MWH	GENERATION 2020 MWH	GENERATION CHANGE %	SITE INFORMATION
Auchtygills	2015	1,746	1,290	35.3%	The 800kW Auchtygills turbine is located on a working farm in Aberdeenshire, just a few miles from the Clayfords project. The annual improvement in generation is due to reliable operations in 2021 after an electrical fault impacted performance the previous year.
Clayfords	2015	1,751	2,018	(13.2%)	The 800kW Clayfords turbine is located on a working farm in Aberdeenshire, just a few miles from the Auchtygills project. Both turbines are maintained in operations by the original turbine supplier who have a good presence in the region.
Boardinghouse*	2015	19,175	22,918	(16.3%)	Thrive owns a 75% share in the five-turbine wind farm at Boardinghouse in Cambridgeshire with a total generating capacity of 10.25MW. Turbine reliability was good during the year and reduced production in 2021 was due to lower wind resource.
Drumduff*	July 2017	7,603	9,299	(18.2%)	Thrive owns a 50% joint venture share in this 3-turbine wind farm with an export capacity of 6.3MW. The project was developed on the site of a disused open cast coal mine in the Scottish Central Belt. Alongside renewable energy generation, the site is benefitting from the replanting of woodland previously lost and ecological improvements with bird and bat nesting boxes.
Total		**104,822**	**139,023**	**(24.6%)**	

* generation from the site calculated in proportion to Thrive Renewables' ownership and does not include the mezzanine loan investments.

FINANCE

FINANCIAL REVIEW

The Group results are a statutory pre-tax profit of £1,795,090 for the year ended 31 December 2021 compared to £2,618,353 in 2020. The statutory results under IFRS include movements on the fair values of financial instruments (gain of £383,224 in 2021 and a loss of £13,384 in 2020). Excluding the impact of the market-based financial instrument gains and losses, the underlying pre-tax profit in 2021 was £1,411,866 which has decreased from £2,631,737 in 2020. This result was affected by a number of factors:

- As a result of low wind speeds and operational issues, generation from our subsidiary companies was 25% lower in 2021 (92,375MWh compared to 123,032MWh in 2020[31]), resulting in £3.4m lower revenue. However, due to higher electricity prices in late 2021, revenue has decreased by £2,461,000 year on year.

- Cost of sales was £1,428,000 lower in 2021. One of the main contributing factors is the increased depreciation taken in 2020 at Ness Point and Caton Moor where major components have been written down as they needed to be replaced in 2021. In addition, there were savings on repairs where significant work had been undertaken in 2020 to resolve operational issues. There were also savings from variable fee maintenance agreements, operator charges, land rental and transmission costs linked to generation.

- In 2021, compensation for lost generation on availability warranties was down £116,000.

- There has been an overall £465,000 increase in administrative cost in 2021. The increase is the result of the costs of new project development and additional resources in the company.

- Finance costs have decreased by £394,000 as a result of capital repayments and reduced interest rates negotiated.

- Finance income has decreased by £456,000 as a result of mezzanine loan repayments. Share of associated profits has decreased by £210,000 this year as a result of reduced generation at Fenpower and losses from Riding Sunbeams Apollo related to ongoing project development. However, in the year a gain on fair value assessment of investments of £501,000 was recorded and £165,000 of gains on other investments. Overall profits from these financing activities were equal year on year.

- Overall pre-tax profit excluding the gain and movement in fair value of derivatives is £1,220,000 lower in 2021 as a result of these factors.

[31] This generation figure represents 100% of all subsidiary companies but excluding joint ventures and associates. Total generation is included within the operational review and the total less Fenpower and Drumduff is the figure for subsidiaries.

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	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Beochlich	1998	414	399	492	448	448	288	313	242	342
Haverigg II	1998	362	572	676	427	424	364	433	416	375
Ness Point	2005	389	251	545	530	509	224	561	605	440
Caton Moor	2006	2,600	3,682	3,645	4,039	3,468	2,861	3,439	3,604	3,571
Sigurd	2006	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	384	621	468	500	513	411	589	513	494
Eye	2012	1,339	1,585	1,388	1,275	1,355	1,258	1,446	1,599	1,034
Severn	2012	1,533	1,860	1,517	1,789	1,715	1,443	1,752	1,634	190
March	2013	504	743	639	551	637	661	747	95	-
Auchtygills	2007	296	200	315	312	281	268	144	-	-
Clayfords	2007	290	307	300	289	290	249	165	-	-
Boardinghouse	2014	2,466	2,755	2,895	2,821	2,453	2,122	1,457	-	-
Other	N/A	55	35	-	-	48	7	6	-	-
Total*		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 2021, the group held £28,992,000 of cash compared to £29,462,000 in 2020. This amount was high at the end of 2021 due to new bank lending which has not yet been invested. Cash reserves are held in the business for working capital requirements and debt service reserves. The group's net debt at 31 December 2021 was £10,452,000 (2020: £7,271,000), an increase of £3,181,000 over the previous year as a result of investment in new and existing projects. The ratio of net debt to fixed assets at 31 December 2021 was 23% compared to 16% in 2020.
The results for 2021 show strong financial and operating performance despite a particularly low wind year 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 the group 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 war in Ukraine and ongoing Covid pandemic have far reaching consequences. Thrive's most material risks and associated mitigation are set out below. Whilst under constant review, we currently anticipate that Thrive's exposure to the war and pandemic will manifest themselves in the material risk areas set out here.

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.

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 Operations section on page 34 for further detail on power price risk management.

INTEREST RATE RISK

Thrive Renewables uses a mixture of debt and equity to finance growth in the 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 third party's development and construction of renewable energy projects. 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 30 years[30]. 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, and the entire volume in the case of default of the host. In 2021 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

[30] https://www.bbc.co.uk/news/business-60833361

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 Senvion 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 £29m (2020: £29.5m).

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 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 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 project 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 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 2-30 years of 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 27 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 now measuring scope 1 and 2 emissions which relate to our own business operations and are committed to achieving net zero by 2030.

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 shareholders as a whole and in doing so the board should take into account the long-term impact of any decision, maintaining stakeholder relationships, the external impact of its activities and maintaining 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 26 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 (pages 48 to 51) of the report.

SECTION 172(1) REPORTING REQUIREMENT	EVIDENCE
(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 aims 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 29.
(b) the interests of the Company's employees	Both the operations section on page 34 and corporate governance summary on page 26 present the objectives and ongoing review and development of our employee benefits. Pages 52 to 54 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 relationship 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 director's report. Pages 19 to 25 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 26 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	Thrive unites a community of over 5,400 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.

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.

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

Katrina Cross
Secretary

DIRECTORS' REPORT

Thrive Renewables Board of directors

The directors present their annual report on the affairs of the group, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2021.

Details of significant events since the balance sheet date are contained in note 36 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 19 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 Monika Paplaczyk who was appointed on 29th January 2021.

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	**2021**	**2020**
Matthew Clayton	912	884
Katrina Cross	-	-
Katie Gordon	-	-
Charles Middleton	-	-
Colin Morgan	-	-
Simon Roberts	706	684
Tania Songini	-	-
Peter Weston	2,631	2,631
Monika Paplaczyk	43	43

DIVIDENDS

The recommended dividend for 2020 of 7p per share was paid in July 2021. The directors recommend a final dividend of 7p per share for payment in 2022 reflecting 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. This is consistent with our approach to date and endorsed by feedback from the shareholder surveys conducted in 2019 and 2013.

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 below 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	Simon Roberts resigned as Chair on 2 November 2021, Charles Middleton was appointed Chair on the same date.	Katie Gordon Matthew Clayton
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 2021 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 2021, including immediately before the company's full year results were published. It follows an agreed annual work programme 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 2021 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 2022;

- 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 2021 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 met three times in 2021.

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 Colin Morgan continues to have relevant skills and experience and makes a positive contribution. Therefore, his re-appointment was proposed at the company's AGM in June 2021. Colin was successfully reappointed.

It was unanimously agreed in January 2021 that Monika Paplaczyk be appointed as an Executive Director, reflecting her material role in the business and the skills, expertise and insight which she can bring to the board.

After 10 years as Chair, and 13 years on the board, Simon Roberts is to step down in June 2022. Charles Middleton has replaced Simon Roberts as Chair of the Nominations Committee. The Nominations Committee undertook a skills and experience mapping exercise to ensure that the board has the appropriate competence to meet the company's objectives. This exercise has informed the Chair recruitment process which commenced in February 2022.

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

Charles Middleton,
Chair of the Nominations Committee.

REMUNERATION COMMITTEE
The Remuneration Committee met twice in 2021, with a number of follow up discussions being held. Charles Middleton (Chair), Katie Gordon and Colin Morgan were present at both 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 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.

A full salary benchmarking exercise was considered in the second half of 2021. However, following successful recruitment and desk top research, a more comprehensive benchmarking exercise was not deemed necessary.

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

	2021	2020
Ratio of highest salary compared with lowest Salary	4.8x	5.9x
Ratio of highest salary compared with average (mean) salary	2.0x	2.2x

The Non-Executive Directors' remuneration is a fixed annual fee. In January 2019, it was agreed that the Non-Executive remuneration would, subject to performance, be adjusted annually by inflation. Therefore, in January 2021 the Non-Executive Directors fees were increased by 0.8% (CPIH) in January 2021 and 4.8% in January 2022.

In January 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 related to health, safety, operations, and the environment in the company, particularly regarding our operational renewable 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 renewable assets.

The Committee met four times during 2021 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 operational areas including a focus on improving operational performance, improving supply chains, the ongoing life extension and co-location works, the renewal of operational insurance and the replacement of High Voltage maintenance contractor.

In January 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

SIMON ROBERTS OBE
Chair
Joined Board: March 2009

Simon has spent more than 30 years helping people, organisations and policy-makers change the way they think and act on energy. For the last 15 years, 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 from 2000-2002 (previously known as The Wind Fund).
In 2011 he was awarded an OBE for services to the renewables industry.

CHARLES MIDDLETON
Senior Independent Director
Joined Board: July 2016
Board Committee membership: Chair of Remuneration Committee, Chair of Nominations Committee, Member of Audit 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. He is also on the investment committee of a Social Impact Fund, investing in the West Midlands, and is the Chair of ChildHope.

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

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 (formerly Triodos 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 the Board: Jan 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 including companies such as – the Private Infrastructure Development Group (a development finance fund for infrastructure projects in Africa and Asia), Guernsey Electricity and the Energy Systems Catapult.

Tania worked for leading global engineering and technology services company Siemens until 2015, where she held a number of finance director roles, including 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 small businesses in sustainable and off-grid energy in Sub Saharan Africa.

Peter is an expert in renewable energy, bringing to the Thrive Board 25 years' experience as an investor, lender and strategic adviser in the renewable energy 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 and GE Capital.

KATIE GORDON
Non-Executive Director
Joined Board: June 2013
Committee membership: Member of Nominations Committee, Member of Remuneration Committee.

Katie is an expert in socially responsible investment (SRI) and corporate marketing. She was Head of SRI at Cazenove Capital Management, where she initiated, led and developed the SRI offering, 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) and is currently an independent member of the Access Endowment Investment Committee and on the Advisory Board of LEAP - Livestock, Environment and People at Oxford University.

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 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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: 9th May 2022

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 2021 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;

- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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, which comprise: Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2021; 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 2021 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

9 May 2022

Matthew Clayton at a solar roof installation

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 £	2020 £
CONTINUING OPERATIONS			
Revenue	5	11,040,701	13,501,797
Cost of sales		(6,093,792)	(7,521,673)
GROSS PROFIT		4,946,909	5,980,124
Administrative expenses		(3,452,349)	(2,972,113)
Other operating income	6	503,063	439,170
Other gains and losses	20	500,832	–
OPERATING PROFIT		2,498,455	3,447,181
Finance costs	9	(1,478,871)	(1,873,270)
Movement in fair value of derivative financial instruments	19	383,224	(13,384)
Finance income	9	448,282	904,030
Share of (loss)/profit of associates and joint ventures	7	(56,000)	153,796
PROFIT BEFORE INCOME TAX	10	1,795,090	2,618,353
Income tax	11	(1,594,847)	(1,096,342)
PROFIT FOR THE YEAR		200,243	1,522,011
Profit attributable to:			
Owners of the parent		13,782	1,404,639
Non-controlling interests		186,461	117,372
		200,243	1,522,011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
PROFIT FOR THE YEAR	200,243	1,522,011
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	200,243	1,522,011
Total comprehensive income attributable to:		
Owners of the parent	13,782	1,404,639
Non-controlling interests	186,461	117,372
	200,243	1,522,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

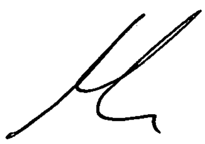
	NOTE	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	14	3,072,380	2,947,747
Owned			
Intangible assets	15	8,355,709	8,791,299
Property, plant and equipment	16	35,190,976	35,406,226
Right-of-use			
Property, plant and equipment	16, 28	2,243,454	1,547,177
Investment in associates and joint ventures	17	3,054,433	2,454,414
Financial assets at fair value through profit and loss	20	25	25
Financial assets at amortised cost	18	6,999,896	6,017,509
Derivative financial instruments	19	240,195	–
Deferred tax	30	193,071	157,017
		59,350,139	57,321,414
CURRENT ASSETS			
Trade and other receivables	21	4,596,126	4,212,200
Financial assets at fair value through profit and loss	20	3,500,832	3,000,000
Cash and cash equivalents	22	28,991,669	29,462,261
		37,088,627	36,674,461
TOTAL ASSETS		96,438,766	93,995,875
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	11,379,594	11,320,025
Share premium	25	25,477,804	25,281,228
Capital redemption reserve	25	151,402	151,402
Retained earnings	25	7,200,594	8,771,615
		44,209,394	45,524,270
Non-controlling interests	23	1,290,944	1,374,077
TOTAL EQUITY		45,500,338	46,898,347

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AT 31 DECEMBER 2021

	NOTE	2021 £	2020 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	19	–	143,029
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	35,932,669	30,697,201
Leasing liabilities	28	2,199,011	1,480,275
Deferred tax liabilities	30	6,157,986	4,856,872
		44,289,666	37,177,377
CURRENT LIABILITIES			
Trade and other payables	26	2,622,020	3,314,431
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	3,510,848	6,036,064
Leasing liabilities	28	140,498	122,470
Tax payable		375,396	447,186
		6,648,762	9,920,151
TOTAL LIABILITIES		50,938,428	47,097,528
TOTAL EQUITY AND LIABILITIES		96,438,766	93,995,875

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 9th May 2022 and signed on its behalf by:



Matthew Clayton
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTE	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Owned Property, plant and equipment	16	381	1,336
Right-of-use			
Property, plant and equipment	16, 28	–	7,399
Financial assets at fair vale through profit and loss	20	25	25
Investments in subsidiaries, associates and joint ventures	17	18,586,544	17,680,526
Financial assets at amortised cost	18	6,674,493	5,507,008
Deferred tax	30	54,403	43,752
		25,315,846	23,240,046
CURRENT ASSETS			
Trade and other receivables	21	23,232,663	23,563,076
Tax receivable		43,320	-
Financial assets at fair value through profit and loss	20	3,500,832	3,000,000
Cash and cash equivalents	22	17,123,507	18,837,978
		43,900,322	45,401,054
TOTAL ASSETS		69,216,168	68,641,100
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	24	11,379,594	11,320,025
Share premium	25	25,477,804	25,281,228
Capital redemption reserve	25	151,402	151,402
Retained earnings	25	12,645,422	11,389,209
TOTAL EQUITY		49,654,222	48,141,864

COMPANY STATEMENT OF FINANCIAL POSITION - CONTINUED

AT 31 DECEMBER 2021

	NOTE	2021 £	2020 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	27	10,751,751	10,705,859
CURRENT LIABILITIES			
Trade and other payables	26	8,810,195	9,785,750
Leasing liabilities	28	–	7,627
		8,810,195	9,793,377
TOTAL LIABILITIES		19,561,946	20,499,236
TOTAL EQUITY AND LIABILITIES		69,216,168	68,641,100

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 £2,841,016 (2020 - £498,270). The profit for 2021 included £3,530,405 (2020 - £1,404,730) 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 9th May 2022 and signed on behalf by:

Matthew Clayton
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Balance at 1 January 2020	11,265,275	8,947,084	25,089,233	150,662	45,452,254	1,551,976	47,004,230
Changes in equity							
Issue of share capital	55,490	–	191,995	–	247,485	–	247,485
Share buy-back	(740)	(2,970)	–	740	(2,970)	–	(2,970)
Dividends	–	(1,577,138)	–	–	(1,577,138)	(295,271)	(1,872,409)
Total comprehensive income	–	1,404,639	–	–	1,404,639	117,372	1,522,011
Balance at 31 December 2020	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	59,569	–	196,576	–	256,145	–	256,145
Dividends	–	(1,584,803)	–	–	(1,584,803)	(269,594)	(1,854,397)
Total comprehensive income	–	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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	CALLED UP SHARE CAPITAL £	RETAINED EARNINGS £	SHARE PREMIUM £	CAPITAL REDEMPTION RESERVE £	TOTAL EQUITY £
Balance at 1 January 2020	11,265,275	12,471,047	25,089,233	150,662	48,976,217
Changes in equity					
Issue of share capital	55,490	–	191,995	–	247,485
Share buy-back	(740)	(2,970)	–	740	(2,970)
Dividends	–	(1,577,138)	–	–	(1,577,138)
Total comprehensive income	–	498,270	–	–	498,270
Balance at 31 December 2020	11,320,025	11,389,209	25,281,228	151,402	48,141,864
Changes in equity					
Issue of share capital	59,569	–	196,576	–	256,145
Dividends	–	(1,584,803)	–	–	(1,584,803)
Total comprehensive income	–	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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	33	5,252,531	8,347,137
Interest paid		(1,336,313)	(1,811,627)
Interest element of lease payments paid		(71,279)	(61,643)
Tax paid		(447,240)	(874,252)
Net cash inflow from operating activities		3,397,699	5,599,615
Cash flows from investing activities			
Purchase of intangible fixed assets	15	(655,965)	(136,328)
Purchase of tangible fixed assets	16	(3,016,836)	(717,158)
Payment for investment in associates	17	(906,019)	(199,965)
Loan investments repaid		323,426	8,178,883
Loans advanced		(1,806,645)	(3,975,252)
Interest received		949,114	904,030
Dividends received from associates		250,000	550,000
Net cash inflow from investing activities		(4,862,925)	4,604,210
Cash flows from financing activities			
New loans in year		8,767,500	4,750,000
Loan repayments in year		(6,174,616)	(3,396,129)
Proceeds of share issue		256,147	247,485
Share buyback		-	(2,970)
Equity dividends paid		(1,584,803)	(1,577,138)
Dividends paid to minority interests		(269,594)	(295,271)
Net cash from financing activities		994,634	(274,023)
(Decrease)/increase in cash and cash equivalents		(470,592)	9,929,802
Cash and cash equivalents at beginning of year	34	29,462,261	19,532,459
Cash and cash equivalents at end of year	34	28,991,669	29,462,261

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

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.

ADOPTION OF NEW AND REVISED STANDARDS

New standards, amendments and IFRS Interpretations Committee (IFRS IC) interpretations
The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- COVID-19-Related Rent Concessions - amendments to IFRS 16, and
- Interest Rate Benchmark Reform - Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards 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 private 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
On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Thrive Renewables Plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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 we 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 accounts 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 thc 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 losses 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.

Thar 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
Leasehold property	over 25 years
Plant and machinery	over 20 years
Fixtures and fittings	over 5 years
IT equipment	over 4 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

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

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

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 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 Group and company's balance sheet when the Group and 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

Financial assets are classified into financial assets 'at fair value through profit and loss' ('FVTPL') or loans and other financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

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.

Taxation

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.

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.

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 7.1% (2020 - 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 £35,190,976 (2020: £35,406,226). In aggregation of the projects, increasing the discount rate in the value in use calculations by 1%, would result in a reduction in headroom from 60% to 52%. Reducing the forecasted cash flows by 10% would result in a reduction in headroom to 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 £3,223,754 (2020: £3,634,474) based on the estimated useful economic life of over 20 years. The actual useful life may be shorter or longer. Based on a useful economic life of 15 years for plant and machinery, it would reduce the carrying amount of the asset by £1,117,000 as at 31 December 2021. Based on a useful life of 25 years for plant and machinery, it would increase the carrying amount of the asset by £670,000 as at 31 December 2021.

Decommissioning costs
In determining the expected future costs of site decommissioning the Company estimates the expected costs less the expected value of the asset being decommissioned. It is the intention that this would be settled as one cash flow transaction under one contract. Current market conditions indicate that this would lead to a positive inflow, or at least no cost, and therefore no provision for decommissioning has been made.

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 7.1% (2020 - 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 (2020 - £2.9m) and £8.4 million (2020 - £8.8m) 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. Refer to note 20 for further details on the valuation approach and sensitivities of key assumptions applied.

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 this 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

	2021 £	2020 £
Other operating income is as follows:		
Boardinghouse Windfarm Limited	50,750	22,843
Thrive Renewables (Severn) Limited	941	370,339
Thrive Renewables (March) Limited	94,649	–
Thrive Renewables Plc	180,275	45,988
Thrive Renewables (Auchygills) Limited	65,000	–
Thrive Renewables (Caton Moor) Limited	111,448	–
	503,063	439,170

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 (LOSS)/PROFIT:	2021 £	2020 £
Fenpower Limited - share of profit	108,103	265,358
Fenpower Limited – impairment in investment	(92,222)	(98,391)
Greenbreeze Energy (Holdings) Limited	–	–
Riding Sunbeams Apollo Limited	(71,881)	(13,172)
Aura Power Energy Systems Limited	–	–
	(56,000)	153,795

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	2021 £	2020 £
The remuneration of Directors was as follows:		
Directors' emoluments	437,999	319,246

No pension contributions were paid on behalf of the non-executive Directors in either year. Pension contributions for executive directors were £37,062 (2020 £23,331).

The highest paid director remuneration was £145,904 (2020 £121,202) and pension contributions were £14,395 (2020 £11,988). In the year £25,042 of directors remuneration was paid to third party companies of which those directors were employed (2020 £24,843).

EMPLOYEE COSTS (INCLUDING DIRECTORS) WERE AS FOLLOWS:	2021 £	2020 £
Wages and salaries	757,050	640,552
Social security costs	80,270	62,991
Other pension costs	66,104	53,853
	903,424	757,396

During 2021 the monthly average number of employees was 12 (2020:11).

THE ACTIVITIES OF THE EMPLOYEES ARE:	2021	2020
Executive directors	3	2
Operations	1	1
Finance	2	2
Investments	3	3
Marketing and communications	2	2
Investor relations and governance	1	1
Total	12	11

The Directors of the Company are considered the only key management personnel.

9. NET FINANCE COSTS

	2021 £	2020 £
Finance income:		
Interest receivable	448,282	904,030
Finance costs:		
Bank loans	801,184	965,483
Other loans	605,063	843,599
Other interest payable	1,345	2,545
Leasing	71,279	61,643
	1,478,871	1,873,270

10. PROFIT BEFORE INCOME TAX

THE PROFIT BEFORE INCOME TAX IS STATED AFTER CHARGING/(CREDITING):	2021 £	2020 £
Variable lease payments	143,331	190,442
Depreciation - owned assets	3,232,087	3,646,974
Depreciation – assets on finance leases	157,857	147,365
Development costs amortisation	1,077,556	1,077,556
Purchase Power Agreement amortisation	13,999	13,999
Impairment in cost of investment in associate	92,222	98,391
Audit- parent company accounts	39,260	35,640
Audit- parent company accounts completion of prior year	–	10,000
Audit- subsidiary accounts	78,950	63,240
Audit- tax and other services	54,975	48,750
Tax advisory services	4,200	9,600
Foreign exchange differences	25,594	(149,925)

11. INCOME TAX

ANALYSIS OF TAX EXPENSE	2021 £	2020 £
Current tax:		
Current tax on income for the year at 19% (2020:19%)	450,101	812,034
Adjustment in respect of previous years	19,975	(28,742)
Total current tax	470,076	783,292
Deferred taxation:		
Origination and reversal of timing differences	(30,885)	(219,209)
Adjustments in respect of previous years	13,436	14,466
Effect of changes in tax rates	1,142,220	517,793
Total deferred tax	1,124,771	313,050
Total tax expense in consolidated statement of profit or loss	1,594,847	1,096,342

Factors affecting the tax expense
The tax assessed for the year is higher (2020 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before income tax	1,795,090	2,618,353
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	341,067	497,487
Effects of:		
Expenses not deductible for tax purposes	70,354	98,383
Effects of change in tax rates	1,142,220	517,793
Adjustments in respect of previous years	33,411	(14,276)
Amounts not recognised	7,795	(3,045)
Tax expense	1,594,847	1,096,342

A change to the main UK corporation tax rate was included in the Finance Bill 2021, which had its third reading on 24 May 2021, and is now considered substantively enacted. 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 these enacted tax rates and reflected in these financial statements.

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 £2,841,016 (2020 - £498,270). The profit for 2021 included £3,530,405 (2020 - £1,404,730) of dividends received from subsidiary companies.

13. DIVIDENDS

	2021 £	2020 £
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2021 of 7p (2020: 7p) per share	1,584,803	1,577,138
Total dividends paid	1,584,803	1,577,138

The directors' have recommended a divided of 7p per share in relation to the results for 31st December 2021 which will be paid in 2022 if approved at the AGM in June 2022.

14. GOODWILL

COST	£
Opening balance at 1 January 2020 and 31 December 2020	2,947,747
Additions	124,633
Balance at 31 December 2021	3,072,380
Accumulated impairment losses	
At 31 December 2020 and 31 December 2021	-
Net book value	
At 31 December 2021	3,072,380
At 31 December 2020	2,947,747

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 2020	21,551,134	279,975	21,831,109
Additions	136,328	–	136,328
At 31 December 2020	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
ACCUMULATED AMORTISATION			
At 1 January 2020	11,867,735	216,848	12,084,583
Amortisation for the year	1,077,556	13,999	1,091,555
At 31 December 2020	12,945,291	230,847	13,176,138
Amortisation for year	1,077,556	13,999	1,091,555
At 31 December 2021	14,022,847	244,846	14,267,693
NET BOOK VALUE			
At 31 December 2021	8,320,580	35,129	8,355,709
At 31 December 2020	8,742,171	49,128	8,791,299

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	RIGHT OF USE ASSET £	LAND AND BUILDINGS £	PLANT AND MACHINERY £	ASSETS UNDER CONSTRUCTION £	TOTALS £
COST					
At 1 January 2020	1,803,166	325,000	65,993,471	–	68,121,637
Additions	35,636	–	–	717,158	752,794
At 31 December 2020	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
ACCUMULATED DEPRECIATION					
At 1 January 2020	144,260	304,167	27,678,262	–	28,126,689
Charge for the year	147,365	12,500	3,634,474	–	3,794,339
At 31 December 2020	291,625	316,667	31,312,736	–	31,921,028
Charge for year	157,857	8,333	3,223,754	–	3,389,944
At 31 December 2021	449,482	325,000	34,536,490	–	35,310,972
NET BOOK VALUE					
At 31 December 2021	2,243,454	–	32,505,319	2,685,657	37,434,430
At 31 December 2020	1,547,177	8,333	34,680,735	717,158	36,953,403

All right of use assets relate to property leases.

Plant and machinery includes fixtures and fittings at cost of £18,101 (2020 £18,101) with accumulated depreciation of £18,101 (2020 £17,527).

COMPANY	RIGHT OF USE ASSET £	PLANT AND MACHINERY £	FIXTURES AND FITTINGS £	TOTALS £
COST				
At 1 January 2020	29,492	11,933	18,101	59,526
Additions	–	–	–	–
At 31 December 2020	29,492	11,933	18,101	59,526
Additions	–	–	–	–
At 31 December 2021	29,492	11,933	18,101	59,526
ACCUMULATED DEPRECIATION				
At 1 January 2020	11,046	8,784	16,953	36,783
Charge for the year	11,047	2,387	574	14,008
At 31 December 2020	22,093	11,171	17,527	50,791
Charge for year	7,399	381	574	8,354
At 31 December 2021	29,492	11,552	18,101	59,145
NET BOOK VALUE				
At 31 December 2021	–	381	–	381
At 31 December 2020	7,399	762	574	8,735

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 2020	–	2,650,678	2,650,678
Additions	–	199,940	199,940
Impairment in investment	–	(98,391)	(98,391)
Dividends received	–	(550,000)	(550,000)
Share of (loss)/profit	–	252,187	252,187
At 1 January 2021	–	2,454,414	2,454,414
Share of (loss)/profit	–	36,222	36,222
Impairment in investment	–	(92,222)	(92,222)
Dividends received - Fenpower Limited	–	(250,000)	(250,000)
Additions	–	906,018	906,018
At 31 December 2021	–	3,054,433	3,054,433
NET BOOK VALUE			
At 31 December 2021	–	3,054,433	3,054,433
At 31 December 2020	–	2,454,414	2,454,414

In 2021 the company made an additional investment in Riding Sunbeams Apollo Limited of £431,019.
In November 2021, the company made a new investment in GeoGen Limited, in the form of 95 redeemable preference shares ('C' shares) of £1 each, at a cost of £475,000. the preference shares are redeemable, at the option of Thrive, where there is a new issues of shares by GeoGen Limited. The shares can be redeemed at a price equal to the great of:

i) 2.5 x the price paid for such shares, or

ii) a price per share equal to the price being paid by the subscriber of new shares.

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 policy-making process.

Results for the year ended 31 December 2021 - TR Fenpower Limited, Green Breeze Energy (Holdings), Riding Sunbeams Limited and GeoGen Limited.
Thrive Renewables Bess Holdings Limited (formally Aura Power Energy Solutions Limited) is now a 100% subsidiary of Thrive Renewables Plc and therefore no longer included in this note. The carrying value as at the date of change to subsidiary was nil (2020 : £nil).

TR FENPOWER LIMITED – OWNED 50% BY THRIVE RENEWABLES PLC	2021 £	2020 £
Current assets	87,637	327,706
Non-current assets	3,738,765	3,738,765
Current liabilities	(44,802)	(39,587)
Non-current liabilities	–	–
Deferred tax	3,945	3,190
Net assets	3,785,545	4,030,074
Revenue	–	–
Profit from continuing operations	244,530	677,081

There are no other items of comprehensive income.

FENPOWER LIMITED – OWNED 49.8% BY TR FENPOWER LIMITED	2021 £	2020 £
Current assets	1,222,377	1,279,496
Non-current assets	4,149,031	4,872,051
Current liabilities	(367,496)	(373,761)
Non-current liabilities	(111,678)	(971,118)
Deferred tax	(882,172)	(723,778)
Net assets	4,010,062	4,082,890
Revenue	1,911,841	2,460,224
Profit from continuing operations	410,625	1,099,397

There are no other items of comprehensive income.

GREEN BREEZE ENERGY (HOLDINGS) LIMITED - OWNED 50% BY THRIVE RENEWABLES PLC	2021 £	2020 £
Current assets	3,160,362	2,968,727
Non-current assets	11,024,987	11,679,531
Current liabilities	(734,176)	(1,697,657)
Non-current liabilities	(14,455,624)	(14,012,103)
Deferred tax	(457,949)	(253,789)
Net (liabilities)	(1,462,400)	(1,315,291)
Revenue	1,422,843	1,895,177
Profit or loss from continuing operations	(147,112)	(307,042)

There are no other items of comprehensive income.

RIDING SUNBEAMS APOLLO LIMITED - OWNED 26% BY THRIVE RENEWABLES PLC (AS AT 31ST DECEMBER 2021)	2021 £	2020 £
Current assets	19,725	157,580
Non-current assets	401,913	44,221
Current liabilities	(211,964)	(32,692)
Non-current liabilities	-	-
Deferred tax	-	-
Net assets	209,674	169,109
Revenue	-	-
(Loss) from continuing operations	(390,454)	(131,790)

GEOGEN LIMITED - OWNED 10% BY THRIVE RENEWABLES PLC	2021 £
Current assets	365,402
Non-current assets	100,000
Current liabilities	-
Non-current liabilities	-
Net assets	465,402
Revenue	-
(Loss) from continuing operations	(535,398)

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 2020	17,344,257
Additions	336,294
At 31 December 2020	17,680,551
Additions	906,018
At 31 December 2021	18,586,569
Net Book Value	
At 31 December 2021	18,586,569
At 31 December 2020	17,680,551

Additions in the year related to further investments in Riding Sunbeams Apollo Limited and a new investment in GeoGen Limited.

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 35 to the Company's financial statements.

18. LOANS AND OTHER FINANCIAL ASSETS

GROUP	2021 £	2020 £
Loans to joint venture company (to fund capital expenditure)	3,487,965	3,313,871
Loan to joint venture company (to fund acquisition)	32,493	32,493
Loan to joint venture company (to fund development)	–	179,598
Mezzanine loans provided to third parties	3,324,438	2,331,047
Bonds held as investments	155,000	160,500
	6,999,896	6,017,509

COMPANY	2021 £	2020 £
Loans to joint venture company (to fund capital expenditure)	3,487,965	3,313,871
Loan to joint venture company (to fund acquisition)	32,493	32,493
Loans to joint venture company (to fund development)	179,598	179,598
Mezzanine loans provided to third parties	2,974,437	1,981,046
	6,674,493	5,507,008

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 £3,520,458 (2020:£3,346,364). During the year £174,094 (2020 - £173,620) 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 (2020:£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.
Thrive Renewables Group makes mezzanine loans to companies to fund the acquisition of renewables energy projects. At the year end the balance of these loans is £3,324,438 (2020:£2,331,047) including interest accrued.

During 2020, a 100% subsidiary of Thrive Renewables Plc, Brunel Wind Limited offered all bondholders in Thrive Renewables Buchan Limited and Thrive Renewables Plc the ability to sell their bonds at a value equivalent to principal plus accrued interest. Therefore, Brunel Wind Limited now owns £155,000 of bonds in Thrive Renewables Plc (2020 £155,000) and £0 bonds in Thrive Renewables Buchan Limited as this has now been repaid (2020 £5,500).

Further information about associates and subsidiaries, including disclosures about non-controlling interests, is provided in note 35 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

	2021 £	2020 £
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships	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	–	(143,029)

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

20. 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 investments 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:

	2021	2020
Convertible loan (i)	3,500,832	3,000,000

Non Current assets

UNLISTED EQUITY SHARES (ii)	£
Carrying Value	
At 1 January 2020	-
Additions	25
At 31 December 2020	25
Additions	-
At 31 December 2021	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 principal and interest test, and therefore should be measured at fair value through profit or 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 £3,500,832 and therefore a fair value adjustment of £500,832 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 valuation of £103,930.

(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 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 or loss account.

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 £	2020 £	2021 £	2020 £
Current:				
Trade debtors	698,963	923,560	43,587	343,521
Amounts recoverable on contract	2,424	2,424	-	-
Group relief debtor	-	-	1,095,509	899,484
Amounts owed from group	-	-	21,798,770	21,999,353
Amounts owed from associate and joint venture	48,677	35,387	44,802	35,387
Called up share capital not paid	144	34	-	-
Prepayments and accrued income	3,845,918	3,250,795	249,995	285,331
	4,596,126	4,212,200	23,232,663	23,563,076
Non-current:				
Derivative financial instruments	240,195	-	-	-
	240,195	-	-	-
Aggregate amounts	4,836,321	4,212,200	23,232,663	23,563,076

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 Senvion GmbH. In July 2019 Senvion 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 (2020: 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.

22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	£	£	£	£
Bank accounts	28,991,669	29,462,261	17,123,507	18,837,978

23. NON-CONTROLLING INTERESTS

	2021	2020
	£	£
At 1 January	1,374,077	1,551,976
Minority share of profit/(loss) on ordinary activities after taxation	186,461	117,372
Minority share of dividends paid	(269,594)	(295,271)
At 31 December	1,290,944	1,374,077

24. CALLED UP SHARE CAPITAL

ALLOTTED, ISSUED AND FULLY PAID	2021	2021	2020	2020
	NO.	£	NO.	£
Ordinary shares of £0.50 each	22,759,187	11,379,594	22,640,049	11,320,025

During the year 119,138 ordinary shares of £0.50 each were allotted, issued and fully paid up at a premium of £1.65 per share. This allotment is part of a SCRIP scheme whereby shareholders can receive new shares instead of cash dividends.

25. RESERVES

GROUP	RETAINED EARNINGS	SHARE PREMIUM	CAPITAL REDEMPTION RESERVE	TOTALS
	£	£	£	£
At 1 January 2021	8,771,615	25,281,228	151,402	34,204,245
Profit for the year	13,782	–	–	13,782
Dividends	(1,584,803)	–	–	(1,584,803)
Share issue	–	196,576	–	196,576
At 31 December 2021	7,200,594	25,477,804	151,402	32,829,800

COMPANY	RETAINED EARNINGS	SHARE PREMIUM	CAPITAL REDEMPTION RESERVE	TOTALS
	£	£	£	£
At 1 January 2021	11,389,209	25,281,228	151,402	36,821,839
Profit for the year	2,841,016	–	–	2,841,016
Dividends	(1,584,803)	–	–	(1,584,803)
Share issue	–	196,576	–	196,576
At 31 December 2021	12,645,422	25,477,804	151,402	38,274,628

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	
	2021	2020	2021	2020
	£	£	£	£
Current:				
Trade creditors	587,615	831,011	102,405	133,368
Consortium relief creditor	415,529	336,559	–	–
Amounts owed to group undertakings	–	–	7,697,369	8,734,044
Social security and other taxes	79,804	148,897	27,723	22,665
Other creditors	9,300	7,256	9,300	7,256
Dividends payable	6,976	6,976	6,976	6,976
Accruals and deferred income	1,522,796	1,983,732	966,422	881,441
	2,622,020	3,314,431	8,810,195	9,785,750
Non-current:				
Derivative financial instruments	–	143,029	–	–
	–	143,029	–	–
Aggregate amounts	2,622,020	3,457,460	8,810,195	9,785,750

Pension contributions owing at the year-end amounted to £9,300 (2020: £7,255).

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	2021 £	2020 £
Bank loans and overdrafts		
Amounts payable		
- due within one year	3,510,848	3,036,064
- due within one to two years	3,994,933	2,904,777
- due within two to five years	8,981,334	7,381,505
- due after five years	10,204,652	7,712,232
	26,691,767	21,034,578
Other loans		
Amounts payable		
- due within one year	–	3,000,000
- due within one to two years	10,600,518	–
- due within two to five years	2,240,000	12,840,518
- due after five years	–	–
Amortisation of issue costs	(88,767)	(141,832)
	12,751,751	15,698,686
Analysis of loan repayments		
Loans and overdrafts		
- due within one year	3,510,848	6,043,238
- due within one to two years	14,595,451	2,904,777
- due within two to five years	11,221,334	20,222,023
- due after five years	10,204,652	7,705,058
Amortisation of issue costs	(88,767)	(141,832)
	39,443,518	36,733,264

COMPANY	2021	2020
	£	£
Bank loans and overdrafts		
Amounts payable		
- due within one year	–	–
	–	–
Other loans		
Amounts payable		
- due within one year	–	–
- due within one to two years	8,600,518	–
- due within two to five years	2,240,000	10,840,518
- due after five years	–	–
Amortisation of issue costs	(88,767)	(134,659)
	10,751,751	10,705,859
Analysis of loan repayments		
Loans and overdrafts		
- within one year	–	–
- within one to two years	8,600,518	–
- within two to five years	2,240,000	10,840,518
- due after five years	–	–
Amortisation of issue costs	(88,767)	(134,659)
	10,751,751	10,705,859

As at 31 December 2021 there are bank fees of £214,236 (2020: £174,004) offset against Group bank loans.

At 31 December 2021, Group bank loans total £26,691,767 (2020: £21,034,578).

Amounts totalling £18,381,617 (2020:£11,644,321) held with Triodos bank bear interest at a weighted average fixed rate of 3.5% (2020 - 3.96%). Of this amount, £6,686,463 (2020:£3,273,352) is repayable after five years. This amount bears interest at a weighted average fixed rate of 3.37% (2020:4.23%).

Amounts totalling £8,310,150 (2020:£9,390,257) held with Santander Bank bear interest at a weighted average fixed rate of 2.45% (2020 - 2.55%), of this amount £3,518,189 (2020- £4,445,466) is due after 5 years. The fixed rate of interest is achieved by the purchase of financial instruments (interest rate swaps) which are now shown as an asset (2020 - a liability) on the balance sheet of the Group. The asset recognised at the year-end on interest rate swaps amount to £240,195 (2020 - liability of £143,029).

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) (2020 - 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% (2020:4% fixed). In addition, the Group raised 2 bonds during 2016 of £3m from Thrive Renewables (Buchan) Limited for 5 years at 5.5% interest and £7,722,191 in Thrive Renewables Plc for 7 years at 5% interest. A further amount of £2,240,000 at 5% interest was raised by the second close in March 2017. During 2021 the bond raised by Thrive Renewables (Buchan) Limited was fully repaid.

The Group's gearing ratio (calculated as debt/debt plus net assets) is 46% (2020: 44%).

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	2021 £	2020 £
Net obligations repayable:		
Within one year	140,498	122,470
Between one and five years	582,107	485,739
In more than five years	1,616,904	994,536
	2,339,509	1,602,745

COMPANY	2021	2020
	£	£
Net obligations repayable:		
Within one year	–	7,627
Between one and five years	–	–
In more than five years	–	–
	–	7,627

GROUP	2021	2020
	£	£
Lease payments due:		
Within one year	193,612	183,218
Between one and five years	758,401	688,937
In more than five years	1,904,742	1,311,782
	2,856,755	2,183,937

COMPANY	2021	2020
	£	£
Lease payments due:		
Within one year	–	7,627
Between one and five years	–	–
In more than five years	–	–
	–	7,627

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	2021	2020
	£	£
Expenses relating to variable leases payments not included in lease liabilities (included in administrative expenses)	143,331	190,442

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 2021 was £331,981 (2020 - £373,660).

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 2020.

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 and 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 120% to 140% determined as the proportion of net debt to fixed equity. The gearing ratio at 31 December 2021 of 23% (2020 16%) 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 not yet been reinvested.

Net debt to equity ratio

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

	2021 £	2020 £
Debt	39,443,518	36,733,264
Cash and cash equivalents	(28,991,669)	(29,462,261)
Net debt	10,451,849	7,271,003
Equity	45,500,338	46,898,347
Net debt to equity ratio	23%	16%

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	2021 £	2020 £
Financial assets:		
Fair Value Through Profit and Loss (FVTPL)		
Derivative financial instruments (note 19)	240,195	–
Unlisted equity securities (note 20)	475,025	25
Convertible loan (note 20)	3,500,832	3,000,000
Amortised cost:		
Cash and bank balances	28,991,669	29,462,261
Receivables	701,387	925,983
Accrued income	2,933,123	2,064,126
Loans	6,999,896	6,017,508
Financial liabilities:		
Fair value through profit and loss (FVTPL)		
Interest rate swap	–	(143,029)
Amortised cost:		
Payables	(1,010,120)	(1,323,443)
Accruals	(1,532,096)	(1,990,988)
Borrowings	(39,443,518)	(36,733,264)
Leasing liabilities	(2,339,509)	(1,602,745)

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, 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. DEFERRED TAX

GROUP	2021 £	2020 £
Balance at 1 January	4,699,855	4,383,930
Charge to profit & loss account	1,124,771	313,050
Development cost additions nil tax base	124,633	–
Adjustments in respect of previous years	15,656	2,875
Balance at 31 December	5,964,915	4,699,855

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

GROUP	2021 £	2020 £
Accelerated capital allowances	4,166,612	3,318,745
Tax losses carried forward	(137,222)	(128,579)
Deferred tax on derivatives	24,545	(89,937)
Short-term timing differences	(44,357)	(35,485)
Deferred tax on development costs	1,955,337	1,635,111
	5,964,915	4,699,855

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:

	2021 £	2020 £
Deferred tax assets	193,071	157,017
Deferred tax liabilities	(6,157,986)	(4,856,872)
	(5,964,915)	(4,699,855)

The company has a deferred tax asset of £54,403 (2020:£43,752).

31. 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.

32. RELATED PARTY DISCLOSURES

During 2016 the Group raised new investment by way of bonds. The following is the Director's interest in those bonds as at 31 December 2020 and 2021.

	THRIVE RENEWABLES (BUCHAN) 2020 ONLY AS REPAID 2021	THRIVE RENEWABLES PLC
Charles Middleton	–	£10,000
Simon Roberts	£3,000	£3,000
Peter Weston	£15,000	£15,240
Matthew Clayton	£3,000	-
Monika Paplaczyk	£400	-

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 a Director of the Company. During the year management fees of £2,496 were paid to CSE (2020 - £2,524) and no amounts were outstanding at the year end.

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

	2021	2020
	£	£
Profit before income tax	1,795,090	2,618,353
Depreciation and amortisation charges	4,481,499	4,885,893
Interest on leases	71,279	61,643
Fair value adjustment on derivatives	(383,224)	13,384
Finance costs	1,336,313	1,873,270
Finance income	(949,114)	(904,030)
	6,351,843	8,548,513
Share of loss/(profit) of associates	56,000	(153,796)
(Increase)/decrease in trade and other receivables	(391,037)	797,511
(Decrease)/increase in trade and other payables	(764,275)	(845,091)
Cash generated from operations	5,252,531	8,347,137

34. 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 2021	31 DECEMBER 2021	1 JANUARY 2021
	£	£
Cash and cash equivalents	28,991,669	29,462,261

YEAR ENDED 31 DECEMBER 2020	31 DECEMBER 2020	1 JANUARY 2020
	£	£
Cash and cash equivalents	29,462,261	19,532,459

35. 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
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.

STRATEGIC REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

NAME OF COMPANY	CLASS	OWNED	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Riding Sunbeams Apollo Limited	Ordinary	26%	England	Project development
Geogen Limited	Preference	10%	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. Thrive Renewables owns 100% of the B shares.

Further details of the terms of the redeemable preference shares in GeoGen Limited can be found in note 20.

36. POST BALANCE SHEET EVENTS

Further investment into Riding Sunbeams Limited
In January 2022, Thrive committed a further investment of £300,000 of cash and resources into RSA. Details of the investment can be found on page 33. After this investment Thrive will have invested £600,684 of cash and £330,275 of resources in the company and will own 41% of the share capital. This investment will be used to fund the continued development of the company.

Investment into Feeder Grid Storage Limited
In January 2022 Feeder Grid Storage Limited entered into a contract with G2 Energy Limited for the construction of a 20MW battery storage project in Bristol. Work on site has now commenced and it is expected that the project will be operational before the end of 2022.

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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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