

## Thrive Renewables webinar: Meet the Directors, Monday 18 July 2022

### Questions and Answers

We thank you for your engagement throughout the session, and for all the excellent questions. Here, we've aimed to answer all those that there wasn't time for during the webinar. We've grouped together questions if they were on similar themes. If you still have an unanswered question, then please contact the Triodos Bank team on 0330 355 0355.

### Questions about projects and technologies

- 1) Battery storage is good but pumped storage is also highly effective - are you exploring this as well?

*We agree that pumped storage is highly effective and we would certainly consider investing if a suitable project becomes available. These projects are typically large so we would be looking at ways in which we can participate collaboratively in future investment.*

- 2) What batteries do you use?

*We secure batteries from a variety of suppliers, depending on the need of the project. All suppliers undergo a very thorough review of their supply chain, including rare earth metals used in production.*

- 3) Are there any plans to invest in heat energy storage e.g. recent developments of 'sand batteries' by Polar Night Energy and Vatajankoski in Finland?

*We can only invest in proven technology. If this becomes a proven and bankable technology, it could be of interest. Renewable heat remains a material challenge for achieving net zero. We will engage with projects which fit our investment criteria.*

- 4) Are there many opportunities for geothermal energy across the UK, or is it very localised?

*Cornwall has particularly strong potential for geothermal electricity generation due to the geology, but there are other areas which are being explored. Of course, geothermal heat at a lower temperature suitable for heat pumps etc is available almost everywhere.*

- 5) What are the economics for investing in geothermal power production in the UK now? Are the projects you are building/developing dependent on additional income from use/sales of heat and lithium (as mentions as a potential additional income)?

*There are three potential revenue streams for a geothermal electricity power plant. The commercial sale of the electricity generated is the central income stream. This would be via a Power Purchase Agreement. Heat is an important part of the equation as it is also generated by the project and can be sold.*

*We are exploring the potential of lithium as it would be very helpful to have an ethical, UK source of this mineral, but it is in its early stages, and we are not depending on it as a revenue stream.*

- 6) Do you plan to invest in green hydrogen and its storage? (For transport as well as heating.)

*We are exploring the potential of green hydrogen and are currently undertaking research focusing particularly on its storage potential and business models that could be suitable for Thrive.*

- 7) Are you considering investment in tidal technology?

*We are supportive of tidal as a technology generally. We do not currently have any tidal projects in the pipeline, but we have invested in them in the past and would do again in the future. We had a small investment in a company called MCT that was developing tidal technology in 2007.*

- 8) How exactly does the business model work when solar panels are put onto commercial buildings?

*With the 'direct wire' commercial solar business model we use, we fund the panels so there is no upfront cost for the host business. We then come to a commercial agreement with the host business for the electricity generated to be sold to them. This is advantageous to both parties as we can offer cheaper, more stable prices as the supply is direct.*

- 9) What is the minimum size building for rooftop solar?

*In terms of commercial rooftop solar, we prefer projects which are above 0.5 MW. We can invest in a portfolio of several rooftops to make a project more economically viable.*

- 10) Do you work with residential landlords in a similar way to commercial buildings?

*We don't currently work with residential landlords in this way but would consider it if the project was appropriate. Through our investment in [Rendesco](#), we are supporting the deployment of ground source heat pumps into retirement villages.*

- 11) Do any of your projects help domestic customers to install renewable energy sources such as solar?

*We do not currently invest in domestic solar rooftop installations as they tend to be too small to fit our criteria.*

- 12) When a wind turbine is decommissioned, how is it disposed of?

*We have been able to successfully "extend the life" of our wind turbines at [Haverigg II](#) which involves operating beyond the originally anticipated design life following detailed assessments of condition and historical performance with an enhanced monitoring and maintenance regime. This is a common approach in the industry to get the most cost effective and long-term generation from windy sites. Frequently wind turbines decommissioned in the UK can be refurbished and reinstalled at other sites to continue generating too - this was the case when our Caton Moor site was repowered. For wind turbines genuinely at the end of their safe working life, things are still developing with various options available for each of the many individual components including the repurposing of certain elements and recycling materials wherever possible.*

- 13) Do Thrive projects have a Feed-in Tariff or do they sell energy on the open market?

*The majority of our projects benefit from the sale of Renewable Obligation Certificates (ROCs) or Feed-in Tariffs. New projects are not able to access these subsidies, so are sold in a variety of ways including 'direct wire'. Some new projects will also be eligible to participate in the government's 'Contracts for Difference' auctions, where a 'strike price' is agreed with government, providing us with revenue stability. Contracts for Difference also enable consumers to benefit from cheaper electricity when prices are high. Contracts for Difference were discussed in the webinar.*

- 14) I worry a lot that a solar farm is not a good use of potential food producing land. Does Thrive have similar concerns?

*That is a very valid concern and we do share it. The solar projects we are invested in currently occupy commercial rooftops. However, solar farms increasingly have an important part to play promoting biodiversity, in particular providing habitats for bees and other pollinators which are essential for food production. Some are also suitable to be used simultaneously as grazing for sheep etc.*

- 15) Where does Thrive sit in the debate/scenario arguments around the acceptance of onshore vs offshore renewable generation, and how does that feed through to ongoing strategy?

*There is no doubt at all that we need offshore and onshore wind at scale to reach UK net zero targets. This means we would consider investing in both technologies. Onshore projects do tend to fit our investment profile better from a size perspective and also have the potential in the future to be part of*

*more localised generation to benefit local people. We continue to work with industry and the government to highlight the benefits of onshore wind to local communities and would like to see planning rules changed in England to enable communities who do want a turbine to be able to get them built.*

16) Why does Thrive prefer onshore turbines?

*Onshore wind fits our business model better from a size perspective and also our mission to connect people with renewable energy. It also represents the cheapest form of electricity generation per unit. We don't have a specific preference though and would certainly consider investing in an offshore project if the right opportunity presented itself. However offshore projects are usually large with investments of hundreds of millions of pounds. In recent years we have expanded into new technologies such as solar and battery storage.*

17) How much resilience does your infrastructure have to climate shocks for example the extreme heat this week or an increase in flooding risks etc?

*This is something we consider very carefully when planning a new project, supported by appropriate engineers and consultants. It is our number one priority that our projects operate safely in all conditions. Flooding surveys are usually done ahead of project construction and used in the project design and the generation equipment is designed to withstand a wide range of environmental conditions.*

18) Have you considered securing prices for your exported power further out than the next 12 months? We're seeing late '23 PPA renewals going for £200 per MWh on a 12-month contract - there's potential to secure that revenue from elevated prices out until mid-2025.

*We have long-term PPAs in place with most of our projects in order to provide us with revenue stability. As part of that we 'lock in' prices several seasons ahead and we have been able to secure some higher prices in the last 12 months (see Section 9 Financial in the offer document for financial projections). We continue to review our fixing strategy on a site-by-site basis. Please note the risk warnings in the offer document in relation the financial projections as these are forward looking statements based on assumptions and should not be relied upon as indicators of future performance.*

19) You mention that the sale of power is the main source of revenue for Thrive, what is your process for securing the PPAs for the exported power from your assets? How many of the 28 active off takers in the UK do you get quotes from?

*The majority of our power is sold via long-term PPA agreements - up to 20 years. For each project we hold a tender process to determine the best possible price and will consider all the main off takers provided their credit rating is suitably robust. These PPA's allow us to fix the prices that we sell power at, usually up to 24 months in advance.*

20) What percentage of the UK energy market does Thrive represent?

*In 2021, Thrive's owned portfolio of generating assets produced enough electricity to meet the demand of over 30,000 UK homes. On average over the past four years, generation from Thrive assets has represented 0.05% of total UK electricity generation, based on Thrive's generation figures compared with government Digest of UK Energy Statistics.*

21) Would you ever invest in Ireland or mainland Europe if the planning system is more sympathetic there?

*We would consider investing in the Republic of Ireland as the commercial and regulatory environment is familiar to us, but currently not in mainland Europe.*

## Questions about the share offer and about capital raising

- 1) Did Thrive consider a bond issue, rather than a further share issue?

*We have raised £13m through bond offers in previous years. Those proceeds were deployed in projects predominately through our Community Energy Funding bridge as debt finance. The bonds' repayment profiles matched this type of investment well.*

*Now we are investing in building our own battery storage and generation projects and this requires longer term equity capital, hence the share offer. However, we may consider raising capital through bonds in the future if we believe that it is beneficial to do so.*

- 2) What will be the impact on the financial projections and investment / diversification strategy if the full £5m / £10m new equity raise target is not reached?

*The projections in Section 9: Financials of the offer document are based on a capital raise of £5 million. We have a sufficient pipeline of projects to deploy the full £10 million if we raise that. Our diversification strategy began in 2019 so the new capital raised is to further that strategy, outlined in Section 4 of the offer document.*

*If we do not raise the target of £5 million through the offer then we will deploy less capital in the short term and will fund fewer projects.*

*Our existing portfolio is forecast to be profitable and our forecasts show that we can achieve the target returns with the capital already raised in the offer.*

*However, we refer you to the risks section in the offer document and point out that these are only projections and there is no guarantee that we will achieve them.*

*As a company we aim for a risk adjusted return for all projects so scaling by more projects is not necessarily more profitable at a project level.*

- 3) Are there any long-term plans to realise value for investors in Thrive through an IPO, trade sale or such like? Or should investors consider the dividend income stream as the sole financial remuneration on top of the environmental positives?

*Section 7: Investing in Thrive Renewables plc shares and Section 10: Risk Factors explain in more detail the expected returns and risks associated with the share offer.*

*An investment in Thrive should be considered long-term with returns paid through dividend payments and capital appreciation. Capital appreciation can only be realised through the sale of shares. As explained in Section 10, the value of Thrive shares might go up or down.*

*Thrive shares have limited liquidity as they are not listed on a public stock market. Details of the monthly share auction and company buy-back scheme are outlined on page 34 and 35.*

*We are not currently considering an IPO but we do regularly review all options available to us. You should not make an investment decision based on a potential future sale of the company or an IPO.*

- 4) Is there a dividend re-investment mechanism?

*Thrive investors can choose to take dividend payments as shares rather than cash which are called SCRIP dividends. Further information is available on our website: [www.thriverenewables.co.uk/for-investors/shareholders](http://www.thriverenewables.co.uk/for-investors/shareholders)*

- 5) Why are the new shares not at a small discount to the directors' share valuation? Last month's auction saw shares change hands at an average of 215p.

*The price of the monthly share auction is not set by the company, it is determined by a price agreed between willing buyers and willing sellers. The Directors' Valuation is based on a consistent methodology which is updated regularly for material changes in the business or market conditions. The directors consider the latest valuation to be the best estimate for the value of the company so have based the share offer price on the latest Directors' Valuation.*

- 6) Can you sell investors cheaper energy?

*Sadly not at the moment - we are not an electricity supplier so cannot have that type of relationship with investors as consumers. However, as the market develops and things change, we could consider it in the future.*

- 7) If Thrive accepts multi-million £ investments, that must help funding new projects of scale; but could that be at cost to the interests of small private investor?

*Our mission is to connect people to clean energy. We see enabling smaller private investors to participate as key to that.*

*We also attract ethical institutional investors who invest alongside the small private investors. We only have one class of share so no shareholder has different rights. Larger investors would have greater voting power but with 20 million shares issued all our investors have minority interest. Our largest investor owns 7.8%.*

*This collaborative approach has worked extremely well for us over the years and is attractive to larger ethical investors as well as individuals.*

- 8) With regards to the Directors' Valuation, can you explain how Thrive determines the assumption it uses in its 20-year business plan model for the range of projected global energy prices; does Thrive use a high or mid or low-end assumption in its base model?

*Like other electricity generators Thrive works with specialist market experts to project global prices. We model using a mid-case assumption adjusted for technology.*

- 9) Why does Thrive only allow investment from UK residents?

*The current share offer is being promoted through the Triodos Crowdfunding platform which is only available to UK residents.*