

Renewable energy. Sustainable investments.

New Energy Solar¹ (**NEW** or the **Business**) invests in large-scale solar power plants generating emissions-free power sold under long-term power purchase agreements (**PPAs**) with credit-worthy offtakers.

As Australia's first ASX-listed solar infrastructure business, NEW aims to achieve risk-adjusted financial returns for investors, and a positive social impact. NEW's portfolio is located entirely in the U.S.

MARKET SUMMARY (30 JUNE 2022)

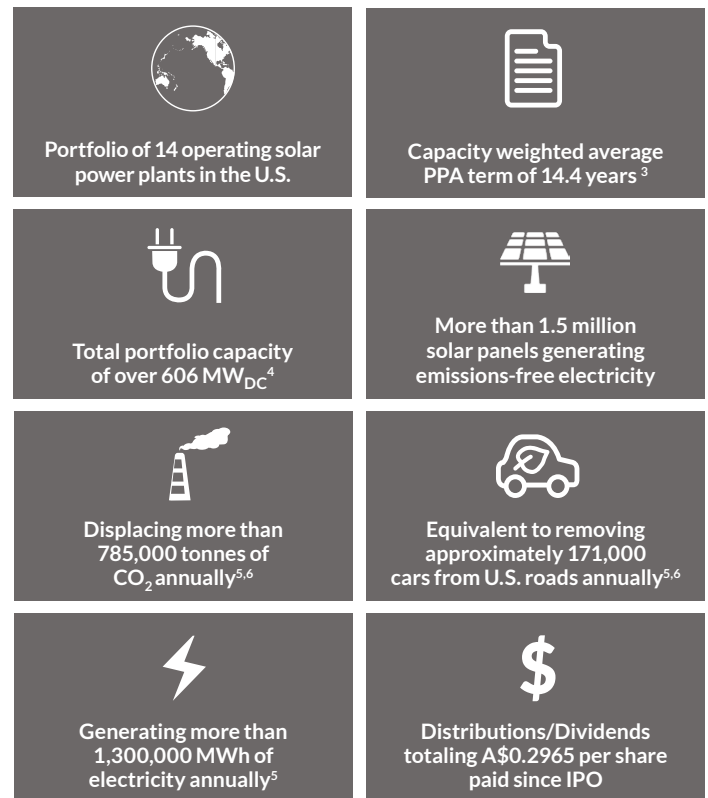
Security Price	\$0.80
Securities Outstanding	320.6m
Market Capitalisation	\$256.5m ²

To learn more about New Energy Solar, please visit www.newenergysolar.com.au.

Summary

Highlights during the quarter include:

- **Portfolio performance:** Generation was below budget expectations by 4.1% and revenue was below budget expectations by 5.4% for the quarter to 30 June 2022. Curtailment at MS2 and equipment underperformance accounted for the bulk of the production and revenue deficit.
- **Remediation of Rosamond plants:** Engagement with insurers to finalise the allocation of remediation costs is ongoing.
- **Progress on operations and maintenance (O&M) issues:** New O&M agreements at the North Carolina plants executed in 2022 mitigate the risk of inverter malfunctions.
- **Capital return:** Shareholders approved the payment of 3.5 cents per share as a capital return paid from the proceeds of the sale of the second tranche of Mount Signal 2 (**MS2**).
- **Business update:** The U.S. asset sale is progressing to the final stages. The Board announced on 9 August that NEW has granted the preferred bidder, MN8 Energy, a period of exclusivity until the end of August to negotiate binding agreements and file regulatory approvals.



PORTFOLIO PERFORMANCE

Performance data is provided for NEW's 14 solar power plants, all located in the United States. Performance data has been adjusted for the sale of 25% of MS2 from 27 May 2022 onwards.

Operational issues and curtailment this quarter resulted in production 4.1% below budget and revenue 5.4% below budget. Performance against weather-adjusted expectations deviated further with production 8.8% below and revenue 9.9% below these expectations for the quarter. Some of the revenue shortfall during the quarter is due to an offtaker billing error which affected several of NEW's North Carolina plants. NEW expects to be reimbursed for the error in the September quarter.

For the calendar year to date the stronger performance in the first quarter partially offset the weaker second quarter so that production for the six months to 30 June 2022 is 2.3% below budget and revenue is 3.2% below budget (on a non-weather-adjusted basis). Performance for the year to date against weather-adjusted expectations for production is 7.3% below expectations and revenue is 8.0% below these expectations for the half year.

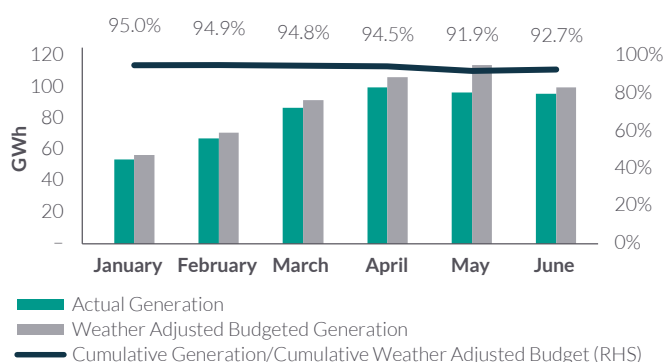
Weather during the quarter was, for most of the U.S., warmer and drier than average, although the north-western states and particularly Oregon experienced record levels of precipitation. Overall, the largely

favourable weather was not sufficient to offset the negative impact of equipment-related underperformance and curtailment.

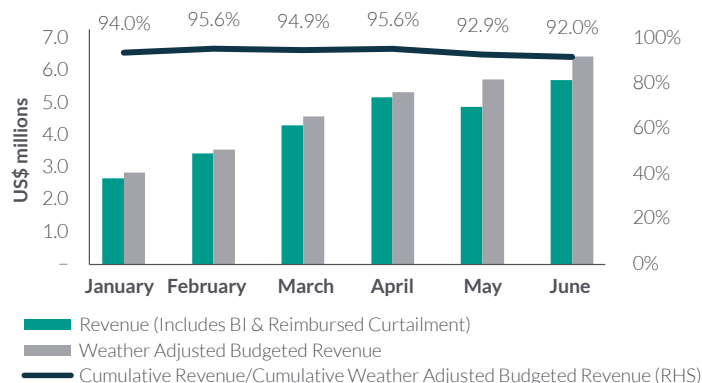
At MS2, economic curtailment by Southern California Edison as well as system curtailment by the market operator, CAISO, had the most significant impact on production and revenue this quarter. Some of the CAISO curtailment is disputed by NEW and an investigation is underway.

Inverter underperformance and outages at NC-31, NC-47, MS2 and Boulder contributed to reduced production as did tracker performance across the portfolio. Claims against the manufacturers may alleviate some of the losses in time.

Portfolio Generation Performance



Portfolio Revenue Performance



ROSAMOND PLANTS REMEDIATION UPDATE

All testing and commissioning of the plants has been completed with plant performance back in line with management expectations. NEW continues to negotiate with its insurers to recover the full cost of remediation.

PROGRESS ON OPERATIONS AND MAINTENANCE ISSUES

Inverter outages and malfunctions are a persistent and industry-wide issue for solar power plants. Manufacturers regularly service inverters, but downtime for sourcing parts and conducting repairs can impact performance. To alleviate this problem the NESM asset management team has worked extensively with the O&M providers at NEW’s plants. In July 2022, new agreements with DEPCOM, the O&M provider at NEW’s North Carolina plants, NC-31 and NC-47, were signed which guarantee inverter performance at the sites. The original

manufacturer warranties at these sites had expired and the supply chain disruption for repair parts meant there was uncertainty around the cost of inverter maintenance going forward. These agreements mitigate a key production risk and add predictability to the operating expense profiles of the projects.



NC-31 North Carolina

CAPITAL RETURN

As advised in earlier shareholder communications, the proceeds from the sale of the second tranche of MS2 announced in February 2022 will be distributed to shareholders. While the Board had advised 3.0 cents per share would be distributed, the final amount paid will be approximately 3.5 cents per share. Shareholders approved the distribution as a capital return at an extraordinary general meeting held on 29 July. The record date for the payment was 5 August 2022 and payment is expected to occur on 19 August 2022.

BUSINESS UPDATE

The asset sale process announced on 28 February 2022 has progressed to its final stages. On 9 August 2022 the Board of NEW announced that it had granted a period of exclusivity to the preferred potential acquirer, MN8 Energy (MN8), until the end of August 2022.

MN8 owns and operates a fleet of more than 800 solar projects representing greater than 2.3 gigawatts of clean renewable power. MN8 was established inside Goldman Sachs Asset Management and formerly known as Goldman Sachs Renewable Power LLC.

During the exclusivity period NEW and MN8 will negotiate binding agreements and file the required regulatory approvals.

In the event the transaction agreements are finalised and executed, NEW will call an extraordinary general meeting to seek shareholder approval for the transaction.

Key commercial terms of the transaction will be disclosed upon the execution of binding transaction agreements and completion will be subject to NEW shareholder approval, customary financier and offtaker consents, and U.S. regulatory approval.

NEW will update shareholders in accordance with its continuous disclosure obligations but notes that there is no guarantee that the sale process will proceed as expected or that any transaction will be completed.

PORTFOLIO SUMMARY⁴

OREGON PLANTS		
Name	Capacity (MW _{DC})	Offtaker
Bonanza	6.8	PacifiCorp
Pendleton	8.4	PacifiCorp
Total	15.2	

CALIFORNIA PLANTS		
Name	Capacity (MW _{DC})	Offtaker
Stanford	67.4	Stanford University
TID	67.4	Turlock Irrigation District
Mount Signal 2	199.6	Southern California Edison
Total	334.4	

NEVADA PLANTS		
Name	Capacity (MW _{DC})	Offtaker
Boulder Solar 1	124.8	NV Energy

NORTH CAROLINA PLANTS		
Name	Capacity (MW _{DC})	Offtaker
NC-31	43.2	Duke Energy Progress
NC-47	47.6	Duke Energy Progress
Hanover	7.5	Duke Energy Progress
Arthur	7.5	Duke Energy Progress
Church Road	5.2	Duke Energy Progress
Heedeh	5.4	Duke Energy Progress
Organ Church	7.5	Duke Energy Carolinas
County Home	7.2	Duke Energy Progress
Total	131.1	

ENDNOTES

- ¹ New Energy Solar Limited (ACN 609 396 983), **New Energy Solar**, the **Business** or **NEW**.
- ² Based on a \$0.80 NEW stapled security price and 320.6 million stapled securities outstanding as at 30 June 2022.
- ³ Capacity-weighted average PPA term remaining as at 30 June 2022.
- ⁴ Total portfolio of 606 MW_{DC} includes plants that are wholly or partly owned by NEW.
- ⁵ Estimates use the first year of each plant's electricity production once operational or acquired by the Investment Manager. Assumes all plants are owned by NEW on a 100% basis and that all plants are fully operational for the period.
- ⁶ U.S. CO₂ emissions displacement is calculated using data from the U.S. Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (**AVERT**).

Important Notice:

This Quarterly Update (**Update**) has been prepared by New Energy Solar Manager Pty Limited (ACN 609 166 645, CAR No. 1237667), the **Investment Manager** of New Energy Solar. An investment in the Business is subject to various risks, many of which are beyond the control of the Investment Manager. Past performance is not a reliable indicator of future performance. This Update contains statements, opinions, projections, forecasts and other material (forward-looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Investment Manager and the Business, their officers, employees, agents, analysts nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfillment of the forward-looking statements or any of the assumptions upon which they are based. Unless otherwise specified, all references to currency are to Australian dollars.

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Authorised for release by New Energy Solar Limited.