

NEW ENERGY SOLAR (ASX: NEW)
ANNUAL GENERAL MEETING OF NEW ENERGY SOLAR LIMITED
CHAIRMAN'S ADDRESS

Good morning, ladies and gentlemen, and welcome to the New Energy Solar Annual General Meeting for 2022.

I am Jeff Whalan, the chairman of the NEW board, and it is a pleasure to be with you today.

While many of the restrictions imposed on gathering and movement during the height of the COVID-19 pandemic have been eased, today we are conducting this AGM both in-person in Sydney, and also remotely. A number of investors have joined me in-person and we welcome those participating remotely. The Virtual Meeting Online Guide provided by Link Market Services and accessible using a link in section 7 in the Notice of Meeting has instructions for accessing and participating in the meeting remotely. A copy of both these documents is also available on the New Energy Solar website under the Key Documents tab.

Before I discuss the performance of the business this year, I would like to talk about the asset sale process. As you know, the Board announced on 28 February that it is conducting a sale process for all of the business' assets.

We are pleased with the way the sale process is proceeding and the level of interest in the assets. The financial adviser on the sale, RBC Capital Markets, is managing interested parties through due diligence on the portfolio of fourteen assets and assisting the Board in their engagement with potential acquirers. Indicative offers have been submitted and the Board, together with RBC has assessed those offers and has determined a short list of potential acquirers to continue to the final round of due diligence. On the basis that the second round of due diligence proceeds as expected, it is likely that final offers will be received during the third quarter and an outcome negotiated shortly after. As soon as there are material and certain developments we will make an announcement to the market, as is required by our continuous disclosure obligations.

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At this AGM you will be asked to re-elect both John Martin and me as Directors of the Company, but I would like to advise that it is my intention to retire upon completion of a portfolio sale of NEW's assets, provided such sale occurs prior to the next annual general meeting. If such sale does not occur prior to the next annual general meeting, or at all, then I intend to retire at the next annual general meeting.

With respect to the business and its performance this year, the asset management team has carefully and methodically managed the remediation of the Rosamond plants and the lengthy and complicated negotiations with NEW's insurers and the contractors on those sites. Capacity is now restored and the portfolio has been performing well. The portfolio performance results for the year ended 31 December 2021 reflect the reduced capacity at the Rosamond plants, but the quarterly results published earlier this month show that the plants are performing in line with pre-fire expectations.

The statutory result for NEW for 2021 was a loss of \$20.2 million after tax. The most significant component of the loss was the fair value movement recorded for the asset portfolio of a \$21.3 million loss. Pleasingly, the US assets improved in value. However other factors contributed to the statutory loss. These factors included the lower-than-expected realized value of the Australian assets sold during 2021 and the transaction costs; and the fair value loss caused by the outlook for long-term electricity prices.

In 2021, declared distributions to NEW investors totalled 4 cents per share. This reduced level of dividend mainly reflected the use of funds to accelerate the completion of the Rosamond plants remediation ahead of the negotiation of insurance proceeds. However, the Board made a commitment that following the receipt of proceeds from the sale of the second 25% tranche of MS2, the Board would declare an additional 3 cent per share distribution to shareholders. NEW has now finalised the sale of the second tranche of MS2 to USF and received the proceeds from that sale.

Accordingly, the Board will declare a 3.5 cents per share capital return. A capital return requires shareholder approval and that process requires a notice of meeting to be issued; statutory notice periods to be observed; and a meeting held. It is likely that the required documentation will be issued to shareholders in mid-to-late June for a meeting in July. As soon as shareholder approval is recorded, the capital return can be processed and paid. The proposed timetable will see payment in late July or early August.



The 2021 year also marked a continuation of NEW's contribution to alleviating climate change. Generation from the portfolio displaced 682,000 tonnes of CO₂, equivalent to removing 148,000 cars from US roads or powering 137,000 US homes. While global efforts to address climate change appear to be improving, there remain considerable ideological and practical barriers to decarbonisation. In these circumstances, I am pleased to be involved with a business that is contributing to a more sustainable future, as I know are many of NEW's investors.

The energy markets and environment in 2021 were highly changeable and the tragedy of the Ukraine war this year is adding a further element of disruption and uncertainty. In Europe, energy and electricity prices are rising strongly, while in the US the situation is more stable. Overall, the impact of the energy outlook on valuations in 2021 was negative, but it was less extreme than the impact in the 2020 year when the view of market commentators and analysts was more uniformly negative.

There is no doubt that the pace of change in energy markets is not abating and the progress of installation of wind and solar is positive. Large states in the US like California and Texas are seeing record levels of new renewable capacity come online. We remain confident of the quality and value of NEW's US assets but have been unable to make that value apparent in the NEW share price. As I have said on many occasions, restoring value for NEW shareholders is the Board's priority. This has underpinned the work to sell the stake in the US Solar Fund and the Australian assets, to reduce debt and to simplify the corporate structure of NEW, to sell interests in MS2 and to undertake the buybacks. Despite our best efforts, we have not achieved the aim of restoring value and that prompted the Board to enter into the sale process for NEW's assets. We thank you for your patience and look forward to updating you later this year on the progress of the sale.

To close, I would like to thank the Investment Management Team. It has been a pleasure to work with Liam and Warwick and their team. I also thank my fellow directors for their hard work on the Board.

Authorised for release by New Energy Solar Limited.

About New Energy Solar



New Energy Solar was established in November 2015 to invest in a diversified portfolio of solar assets across the globe and help investors benefit from the global shift to renewable energy. New Energy Solar acquires large-scale solar power plants with long term contracted power purchase agreements. In addition to financial returns, this strategy generates significant positive environmental impacts for investors. Since establishment, NEW has raised over A\$500 million of equity, acquired a portfolio of world-class solar power plants, and has a deep pipeline of opportunities primarily across the US and Australia. New Energy Solar's securities trade on the Australian Securities Exchange under the ticker, NEW. For more information, visit:

<http://www.newenergysolar.com.au/>

