

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 US.

MARKET SUMMARY (31 MARCH 2022)

Security Price	\$0.85
Securities Outstanding	320.6m
Market Capitalisation	\$272.5m ²

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

Summary

Highlights during the quarter include:

- **Portfolio performance:** Generation exceeded budget expectations by 0.4% but was 5.3% below weather-adjusted expectations during the first quarter of 2022. Panel soiling, market operator curtailment and poor weather in the south-east accounted for the bulk of underperformance.
- **Remediation of Rosamond plants:** Remediation of the fire-damaged parts of Stanford and TID is complete and the plants are performing well. Testing across the plants and engagement with the insurers is ongoing.
- **Progress on operating costs:** Re-contracting of operations and maintenance (O&M) roles at Boulder and Rosamond resulted in significant cost savings. Insurance markets in the US have stabilised with insurance costs improving.
- **Dividend:** A dividend of 1 cent per share was paid on 6 April. NEW expects to distribute a further 3 cents per share upon close of the sale of the second tranche of Mount Signal 2 (MS2).⁷
- **Business update:** Following the Board announcement on 28 February 2022 that it was undertaking a sale process for NEW's US assets, the process is underway with indicative bids for the assets expected in late May.



PORTFOLIO PERFORMANCE

Performance data is provided for NEW's 14 solar power plants, all located in the United States.

Weather across the US in the first quarter of 2022 was largely favourable for NEW's solar power plants and the portfolio outperformed budget but underperformed weather-adjusted expectations. Below-average precipitation was observed across much of the west of the US leading to positive variations to weather-adjusted expectations for generation at NEW's plants in California, Nevada, and Oregon. However, above average annual precipitation was experienced in the south-east, lowering weather-adjusted expectations for NEW's plants in North Carolina.

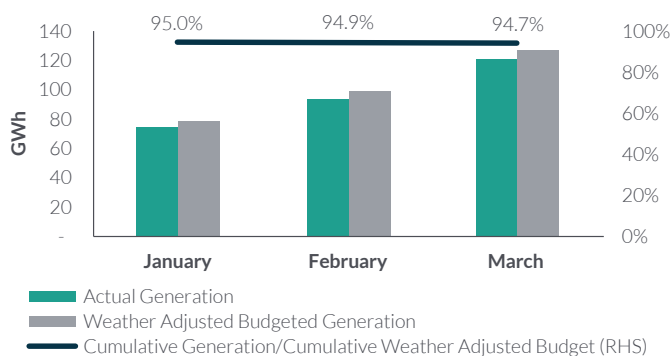
Portfolio generation exceeded budget expectations by 0.4% for the three months to 31 March 2022 with the Californian plants generating 2.5% over budget, the Oregon plants 3.5% and the Boulder plant in Nevada 5.4%. In North Carolina however, the inclement weather resulted in generation 9.1% below budget. Similarly, revenue performance exceeded budget expectations but was below weather-adjusted expectations.

Primarily, the 5.3% underperformance relative to weather-adjusted expectations for the quarter was

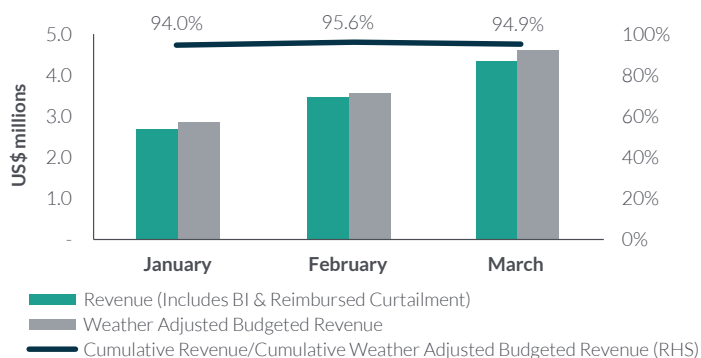
attributable to panel soiling at MS2 in California, minor curtailment by the market operator CAISO in California and the inclement weather in North Carolina, including snow losses at some of the Rigel portfolio plants. There were isolated instances of reduced tracker function and inverter malfunctions, but these were addressed promptly by the O&M teams and claims against equipment manufacturers lodged where warranted.

The remediation of the Rosamond plants saw the sites performing at full capacity this quarter.

Portfolio Generation Performance



Portfolio Revenue Performance



PROGRESS ON RESTORATION OF ROSAMOND PLANTS

By the end of the 2021 calendar year both the Rosamond sites, Stanford and TID, were operating at or above 98% capacity and final commissioning of the remediated sections was on schedule. Commissioning is largely completed and expected to be finalised by the end of the first half of 2022. The remediation has seen the replacement of over 52,000 damaged panels with a large proportion successfully recycled. Certification of the recycling process including transportation, storage, processing, recycling, and disposal methods was provided by NEW's insurers in March 2022.

The plants have been performing in line with pre-fire expectations. Testing of specific sections of the site is continuing and similarly, NEW continues to work with its insurers to fully recover the cost of work and testing.



PROGRESS ON OPERATING COSTS

The EBITDA performance of the portfolio improved this quarter as a result of cost savings through re-contracting of operations and maintenance (O&M).

O&M costs at the Boulder and on the Rosamond plants over the next six years are expected to be reduced by over 60% (US\$11.3m). Approximately 20% of these savings will be re-invested into streamlining the replacement of faulty components to reduce downtime and the remaining 80% will contribute to improved profitability for those plants.

Insurance markets in the US have stabilised and insurance costs for the portfolio are expected to remain stable and potentially improve.

DIVIDEND

The dividend of 1 cent per share for the second half of 2021 declared on 11 February 2022 was paid on 6 April 2022.

On 10 February 2022, US Solar Fund (USF) announced that it was exercising its option to purchase a further 25% interest in MS2. NEW confirms that it expects to declare a further distribution to shareholders of 3.0 cents per share comprising special dividend and return of capital (subject to shareholder approval) components upon close of that sale and receipt of final customary regulatory approvals. NEW will communicate with shareholders to advise when the dividend component will be paid and when shareholders will be required to vote on the capital return component.

BUSINESS UPDATE

On 28 February 2022 the Board of NEW announced that it was undertaking a sale process for NEW's US assets. The process is being conducted by RBC Capital Markets.

The first stage of the sale process has commenced with parties expected to submit indicative bids in late May. Following the receipt of indicative bids, a more limited group of potential acquirers will be invited to conduct further diligence and submit binding bids. Should the second stage proceed as expected, negotiations to finalise a transaction will take place in the second half of 2022. NEW will update shareholders in accordance with its continuous disclosure obligations but notes that there is no guarantee that the process will proceed as expected or that any transaction will result.

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 \$0.85 NEW stapled security price and 320.6 million stapled securities outstanding as at 31 March 2022.
- ³ Capacity-weighted average PPA term remaining as at 31 March 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 US CO₂ emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoid Emissions and geneRation Tool" (**AVERT**).
- ⁷ Subject to any capital component of the dividend being approved by shareholders.

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.

For further information, contact:

Fleur Jouault

Head of Investor Relations – New Energy Solar
New Energy Solar
Ph: +61 405 669 632

Authorised for release by New Energy Solar Limited.