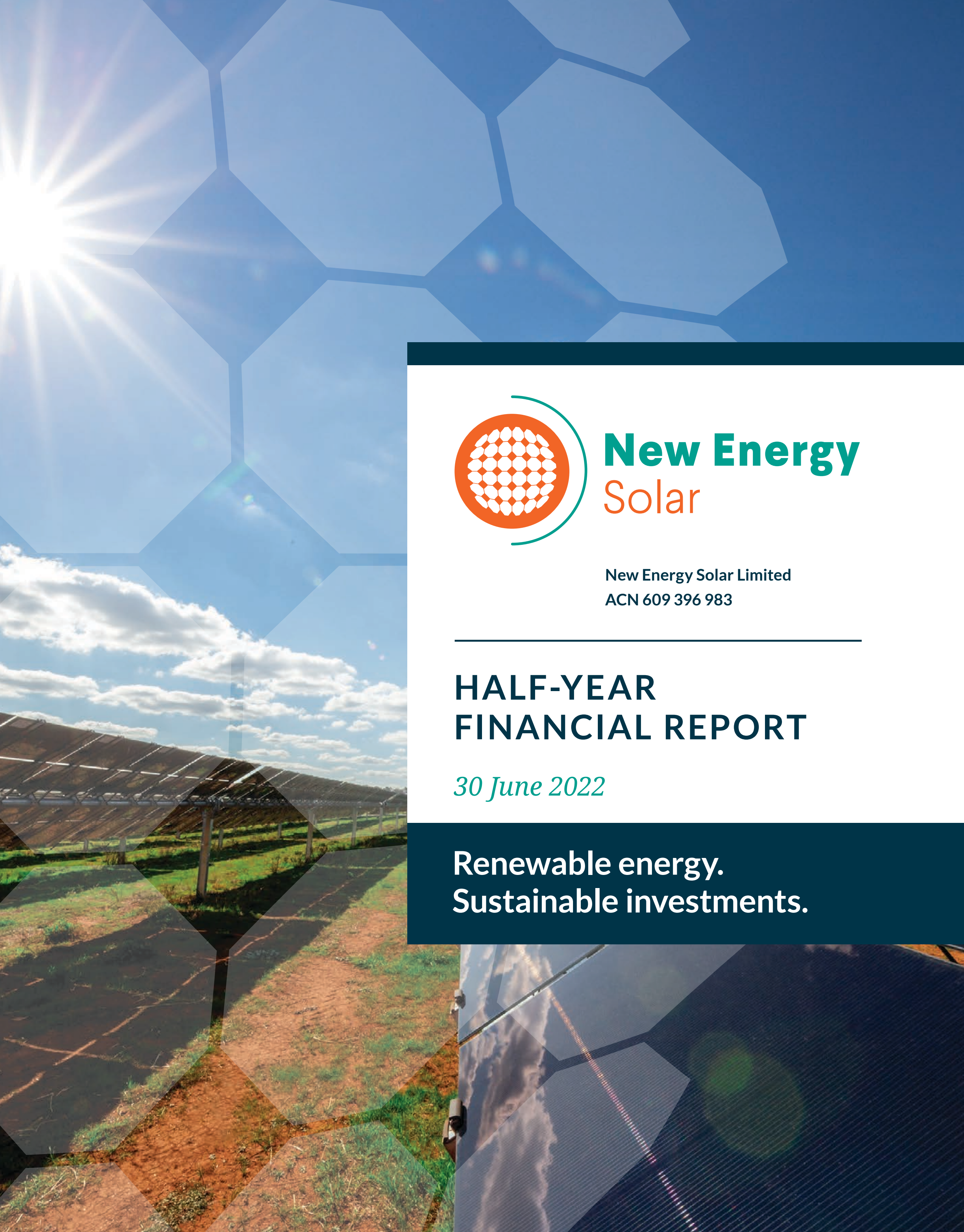


New Energy Solar

New Energy Solar Limited
ACN 609 396 983

HALF-YEAR FINANCIAL REPORT

30 June 2022

Renewable energy.
Sustainable investments.

CONTENTS

NC-31 south side aerial view – March 2017

Chair's Letter

NC-47 aerial view – June 2017

Chair's Letter

FOR THE HALF-YEAR ENDED 30 JUNE 2022

Dear Investors,

On behalf of New Energy Solar Limited (the **Business** or **NEW**), I present the half-year report for the six months ended 30 June 2022. The results show the progress of returning the Rosamond assets to full capacity and the work of the asset management team across the portfolio.

Before I discuss more details of the results for this half-year, I will quickly cover the announcement this week of the successful conclusion of NEW's asset sale process which, as investors know, was recommended by the Board's strategic review of the Business. NEW has entered into a binding agreement to sell 100% of its interests in 14 solar power plants in the U.S. to MN8 Energy (**MN8**), a renewable energy business established in 2017 inside Goldman Sachs Asset Management and formerly known as Goldman Sachs Renewable Power LLC. The purchase price is US$244.5 million, which compares to the net asset value of the U.S. assets of US$242 million as at 31 December 2021 and US$244.7 million at 30 June 2022. After accounting for transaction costs, including the payment of a $10 million disposal fee to the investment manager[1], net proceeds are anticipated to be US$224 million or approximately $1.00 per share. This represents a 27% premium to the NEW share price of $0.79 on 8 August before the announcement that the Board was granting a period of exclusivity to MN8 Energy.

The transaction is subject to a number of conditions including NEW shareholders approval and U.S. regulatory approvals. Should the sale complete, the proceeds will be distributed to shareholders in two tranches. The first shortly following completion and expected to be $0.82, and the second following the winding up of the business toward the end of 2023 and estimated to be approximately $0.16 per share. The Board believes the proposed transaction represents the best available value for shareholders, in the absence of a superior proposal, and I urge you to read the materials sent you this week in relation to the extraordinary general meeting to approve the transaction and the initial distribution to shareholders of transaction proceeds as a return of capital.

As I noted above, the transaction is contingent on the satisfaction of conditions and there is no guarantee that it will complete. NEW will keep shareholders updated on the progress of the transaction in accordance with NEW's continuous disclosure obligations.

1. In February 2022, the Board requested from Evans & Partners Financial Group Limited (EP1) as parent of the Investment Manager, a waiver of the disposal fee payable to the Investment Manager in the event of a sale of the US Solar Assets. The waiver was not agreed to by EP1 so the Company is obliged to pay the disposal fee which is calculated as 1.5% of the combined value of the equity and debt of the US Solar Assets.

FINANCIAL RESULTS

UNDERLYING EARNINGS[2]

The generation performance of the portfolio was below weather-adjusted expectations over the six months to 30 June 2022, but the revenue performance compared well to the revenue recorded for the prior corresponding period, the six months to 30 June 2021 (**PCP**) when the sale of the Australian assets and 50% of Mount Signal 2 (**MS2**) are taken into account. Actual earnings before interest, tax, depreciation and amortisation (**EBITDA**) was US$27.8 million, of which US$16.8 million was attributable to NEW. Excluding the assets sold (the Australian assets and 50% of MS2) and the historical results, earnings improved reflecting improved production from the U.S. asset portfolio.

STATUTORY EARNINGS

During the year, the Business generated a total net loss of $3.1 million, which, after operating expenses for the year of $1.3 million, and a nil income tax expense, resulted in an after-tax net loss of $4.4 million.

As NEW is treated as an 'Investment Entity' for accounting purposes, all asset revaluation gains and losses are passed through the profit and loss statement. As at 30 June 2022, NEW had net assets of $361.1 million (31 December 2021: $368.7 million), representing a net asset value (**NAV**) of $1.13 per security (31 December 2021: $1.15), a decrease of $0.02 cents per security from 31 December 2021. Factors which contributed to the change in net assets include the sale of the second tranche of MS2, distributions to investors, operating costs and working capital movements.

GEARING

NEW targets a long-term gearing level of 50% of gross assets. As at 30 June 2022, NEW's external 'look through' gearing[3] was 49.6%, down 7.5% from the level on 31 December 2021 as a result of the sale of the second tranche of MS2, a reduction in corporate debt and the amortisation of project-level debt facilities.

CAPITAL MANAGEMENT

In February 2022, the UK Solar Fund (**USF**) announced that it would exercise its option to acquire a second tranche of 25% of NEW's California solar plant, MS2. As a result, the Board advised that a distribution of 3.0 cents per share was likely. Following receipt of the proceeds, the Board determined that NEW would distribute up to $11.2 million or approximately 3.5 cents per share as a capital return. On 29 July at an extraordinary general meeting, shareholders approved the payment of the capital return and the distribution was paid on 19 August 2022. The impact of the distribution will be evident in the accounts of the business for the full year to 31 December 2022.

2. Portfolio underlying financial performance including underlying earnings, underlying revenues and EBITDA are non-IFRS measures employed by NEW to provide investors with additional information on the performance of NEW. Since NEW is treated as an Investment Entity for accounting purposes, the portfolio underlying financial performance is not presented in the statutory results. Non-IFRS financial measures should be viewed in addition to, and not as a substitute for, the NEW's statutory results.

3. Gearing = gross debt/gross asset value.

ENVIRONMENTAL AND SOCIAL IMPACT

During the six-month period ended 30 June 2022, NEW's portfolio generated over 641GWh of electricity on a 100% ownership basis. Production from the current NEW portfolio of 14 solar power plants is equivalent to an annual CO_2 displacement rate of approximately 777,000 tonnes of CO_2, equivalent to removing 169,000 cars from US roads annually[4].

BUSINESS OUTLOOK

The future of NEW depends on the outcome of the sale process. A successful transaction will return value to NEW's shareholders who have seen the NEW share price consistently underperform over the last two years. The Board and executive of NEW are working hard toward this end. In the event a transaction completes, the disposal of NEW's assets and the distribution of the sale proceeds to shareholders will initiate the de-listing of NEW from the Australian Stock Exchange (**ASX**) and the winding-up of the corporate NEW entity.

In the event a transaction does not result from the sale process, NEW represents an attractive portfolio of solar energy assets in a market that is rapidly integrating renewable energy into its electricity system. The importance of renewable energy assets is becoming more and more apparent, and the legislative agenda of the current U.S. government will further entrench renewables into U.S. energy systems. As I announced earlier in the year, I intend to resign from the Board of NEW at the conclusion of the sale process. I have no doubt that the incoming Chairman, James Davies, and the NEW Board will continue to focus on restoring value for shareholders.

Finally, I would like to thank Liam Thomas, CEO, and Adam Haughton, CIO, and the NEW executive team. A great deal of work has gone into preparing and running the sale process and the bulk of that work has fallen on Liam and Adam and their team.

On behalf of the Board, we thank you for your ongoing support of NEW and hope that you and your family remain safe and well.

Yours faithfully,

JEFFREY WHALAN
CHAIR OF THE COMPANY

25 August 2022

4. 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. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's 'AVoid Emissions and geneRation Tool' (AVERT). Australian CO_2 emissions displacement is calculated using data from the Australian Government Department of the Environment and Energy.

TID array – close up –
September 2017

Business Highlights

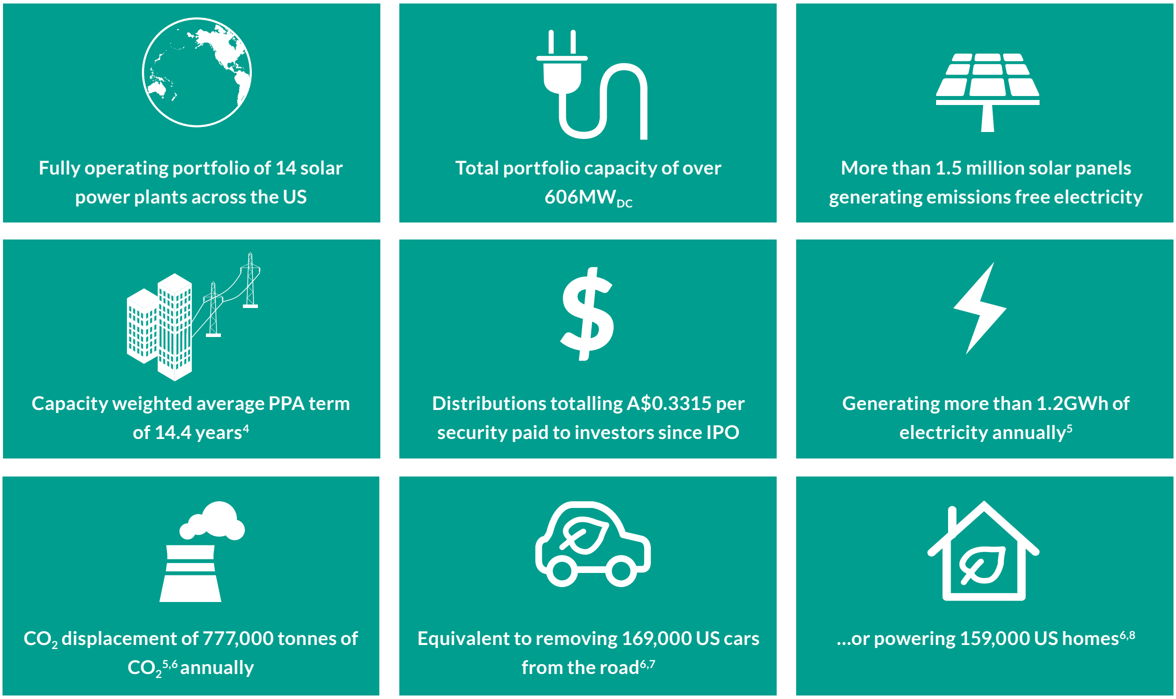
TID array – September 2017

Business Highlights

FOR THE HALF-YEAR ENDED 30 JUNE 2022

To deliver on its objectives, and produce its key investment benefits, New Energy Solar Limited (**NEW** or the **Business**) has a well-defined investment strategy and clear criteria by which to measure success.

Figure 1: New Energy Solar's business achievements to date



5. Weighted by capacity on a 100% ownership basis.
6. Generation accounts for solar plants on a 100% ownership basis (641GWh for the half year). NEW's proportionate share of generation was 499.8GWh for the half year.
7. Calculated using the United States Environmental Protection Agency's 'AVoided Emissions and geneRation Tool' (AVERT).
8. Calculated using the US Energy Information Administration (principal agency of the US Federal Statistical System).
9. Calculated using data from the US Energy Protection Agency.

NEW ENERGY SOLAR STRUCTURE

New Energy Solar's corporate structure changed during 2021 from a stapled trust and company structure to a company structure, pursuant to shareholder approval on 25 June 2021 to wind up the trust. New Energy Solar Fund (the **Trust**) was wound up as at 14 February 2022. The below diagram indicates the current structure. Shares in NEW trade under the ticker ASX:NEW.

Figure 2: New Energy Solar structure as at 30 June 2022

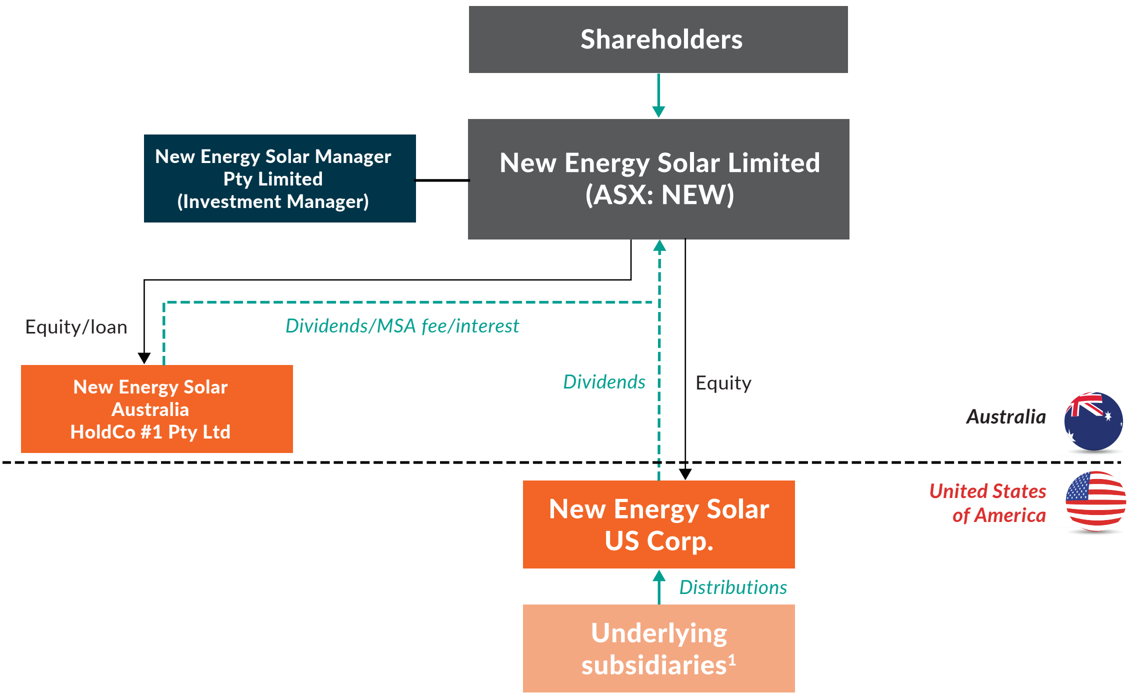


Diagram note 1: Underlying plants are held by subsidiaries via various structures including trusts and partnerships.

NEW invests in solar plants via its wholly owned subsidiaries New Energy Solar US Corp (**NES US**) and, prior to the sale of the Australian assets in July 2021, New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**). As at 30 June 2022, NES US is funded by equity from New Energy Solar Limited (for the purposes of understanding the corporate structure, the Parent Company), which is denominated in US dollars. NESAH1 is funded by equity and/or a loan from the Parent Company. Following completion of the Australian solar power asset sales in July 2021, NESAH1 no longer owns underlying subsidiaries.

NEW is considered to meet the definition of an 'Investment Entity', NES US and NESAH1 are not consolidated and are required to be held at fair value in NEW's financial statements. Furthermore, as the accounts reflect the net investment of the Parent Company in its underlying subsidiaries via equity investment and loans receivable, the loans receivable are also shown at fair value. The total investment (equity investment) in NES US and investment (equity investment and loan receivable together) in NESAH1 is presented in the statement of financial position as 'financial assets held at fair value through profit or loss'.

The impact of this 'Investment Entity' classification on the presentation of the financial statements is that the main operating revenues of NEW consist of either dividends or returns of capital to the Parent Company from NES US and NESAH1, fair value movements in the value of the Parent Company's equity holding in NES US and NESAH1 and the loan receivable to NESAH1, and management service agreement (**MSA**) fee income for services provided to NESAH1 and recovery of costs borne on its behalf. Underlying subsidiaries net operating income and other expenses are reflected through the fair value movement in the profit or loss statement.

The underlying earnings of solar plants, consisting of revenues from the sale of energy under the PPA less operating expenses, are distributed on a periodic basis from the underlying plants through to NES US and, formerly through NESAH1, and underpin the ability to pay fees, dividends or returns of capital to the Parent Company as noted above. These funds ultimately underpin NEW's dividends to shareholders.

Additionally, as the Parent Company's equity investment in NES US is denominated in US dollars, NEW is also exposed to valuation movements associated with foreign exchange rate movements.

NC-47 aerial view – June 2017

Investment Manager's Report

NC-31 site inspection – October 2017

Investment Manager's Report

FOR THE HALF-YEAR ENDED 30 JUNE 2022

OVERVIEW OF THE NEW PORTFOLIO

AS AT 30 JUNE 2022 INTERESTS IN 14 OPERATING PLANTS IN THE UNITED STATES (606MW_{DC} CAPACITY)

NEW's portfolio as at 30 June 2022 comprised 14 operating solar power plants in the US which are described below.

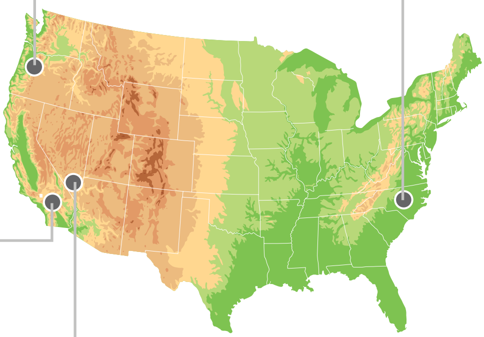
Figure 3: NEW portfolio of 606MW_{DC} operating solar plant capacity in the US[10]

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

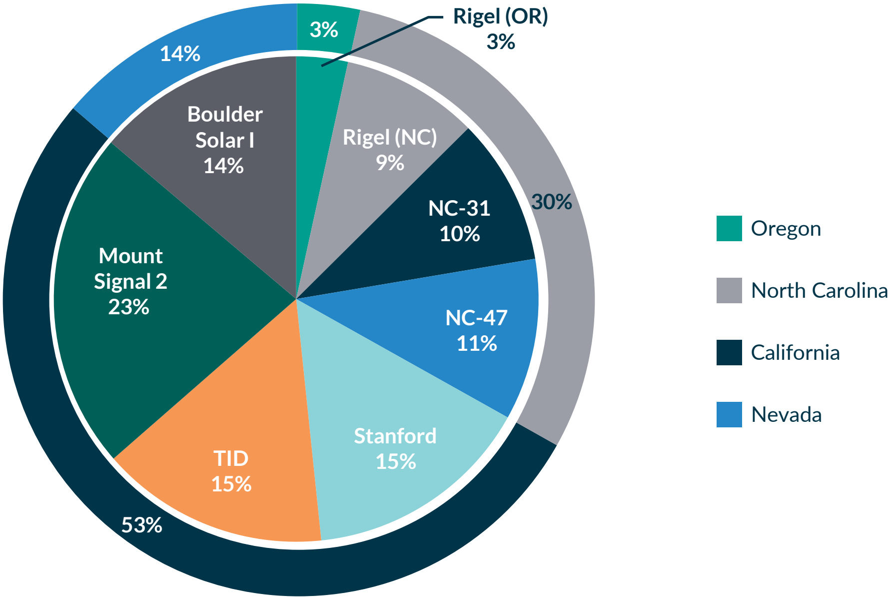
Name	Capacity (MW_{DC})	Offtaker
Boulder Solar 1	124.8	NV Energy

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**	

10. Includes plants that are wholly or partially owned by NEW and accounts for capacity on a 100% ownership weighted basis.

Figure 4: NEW portfolio composition by size (MW_{DC})[11]



NEW'S OPERATING PORTFOLIO PERFORMANCE

AS AT 30 JUNE 2022 INTERESTS IN 14 OPERATING PLANTS IN THE UNITED STATES (606MW_{DC} CAPACITY)

Table 1 below shows the underlying generation and PPA terms of the operating projects in NEW's portfolio for the six months ended 30 June 2022. Note that plant capacity refers to the maximum amount of electricity that can be produced at any one time, while generation is the volume of electricity generated over a period of time.

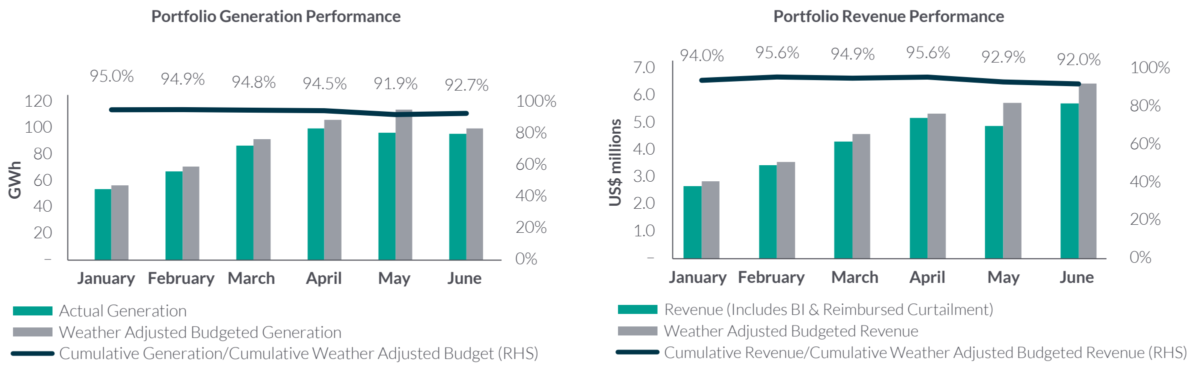
To assess the performance of the solar power plants the Investment Manager develops a set of expectations as to the output of each solar power plant. Initially, a budget expectation for each year of a plant's 30 to 40-year life is developed based on long-term average weather patterns and irradiation records. Actual weather conditions are then used to adjust those budget expectations to produce weather-adjusted expectations of output for the solar power plants. Comparing actual metered generation to weather-adjusted expectations allows the identification of equipment and other performance issues over and above the impact of weather conditions.

11. Includes plants that are wholly or partially owned by NEW and accounts for capacity on an ownership weighted basis as at 30 June 2022.

Table 1: NEW Portfolio

PLANT	PLANT CAPACITY (MW_{DC})	1H 2022 GENERATION (GWH)			PPA TERM REMAINING (YEARS)	PPA EXPIRY DATE
Operating		**Actual generation (gross)**	**Actual generation (NEW proportionate share)**	**Weather-adjusted forecast (NEW proportionate share)**		
NC-31	43.2	36.0	36.0	38.4	4.7	2027
NC-47	47.6	37.9	37.9	40.6	4.9	2027
Stanford	67.4	82.7	82.6	84.2	19.5	2041
TID	67.4	82.5	81.0	84.3	14.7	2037
Boulder Solar 1	124.9	146.8	71.9	73.8	14.5	2036
Rigel Portfolio	55.6	41.3	41.3	43.5	10.7	2033
Mount Signal 2	199.6	213.5	149.2	174.8	17.9	2040
Total Portfolio	**605.6**	**640.7**	**499.8**	**539.6**	**14.4**	

Figure 5: US Operating Portfolio - monthly generation



The US operating portfolio generated 7.3% below weather-adjusted expectations for the six months to 30 June 2022, primarily due to curtailment at MS2 and inverter and tracker equipment underperformance across the portfolio. Curtailment occurs when the market operator or PPA offtaker directs a plant to reduce generation either due to grid congestion or lower than expected demand (called 'economic curtailment'). Under MS2's PPA, the offtaker has the right to curtail MS2 for economic reasons throughout the year. However, there is a 12-month cap for unreimbursed economic curtailment, which resets on June 1 each year – any economic curtailment incurred above this cap is reimbursed to MS2 via the monthly PPA payments. Some of the curtailment undertaken by the market operator, CAISO, at MS2 has been disputed by NEW and an investigation by CAISO is underway. Revenue from the US portfolio was 8.0% below expectations for the period.

At the Rosamond plants, Stanford and TID, where a lengthy remediation process has taken place following significant fire damage sustained in June 2020, all testing and commissioning of the plants has been completed. The plants have been performing in line with management's expectations and NEW continues to negotiate with its insurers to recover the full cost of remediation.

Table 2: Portfolio underlying financial performance[12] for the six months ended 30 June 2022 and comparison to prior periods

FINANCIAL PERFORMANCE

US$M	1H2022	FY2021	1H2021
Revenue	36.8	66.4	33.8
Less: Operating expenses	(9.0)	(18.8)	(8.9)
EBITDA	**27.8**	**47.6**	**24.9**
Less: Distributions to Tax Equity investors and EBITDA attributable to minority investors	(11.0)	(22.4)	(9.6)
EBITDA attributable to NEW	**16.8**	**25.2**	**15.3**

FINANCIAL PERFORMANCE (Figures adjusted for sale of MS2, Beryl and Manildra)

US$M	1H2022	FY2021	1H2021
Revenue	36.8	62.5	29.9
Less: Operating expenses	(9.0)	(17.7)	(7.8)
EBITDA	**27.8**	**44.8**	**22.1**
Less: Distributions to Tax Equity investors and EBITDA attributable to minority investors	(13.5)	(24.4)	(10.3)
EBITDA attributable to NEW	**14.3**	**20.3**	**11.7**

The Business's underlying revenue for the six months ended 30 June 2022 (**1H 2022**) of US$36.8 million, as shown in the first table above, increased from the revenue of US$33.8 million achieved in the six months to 30 June 2021 (**1H 2021**). EBITDA increased US$2.9 million to US$27.8 million compared to US$24.9 million for 1H 2021. When excluding the production of the assets that were sold (Australian assets and 50% of MS2) from the current and historical 2021 results, as shown in the second table above, revenue increased by US$6.9 million and EBITDA increased by US$5.7 million predominantly due to improved production across the portfolio.

12. Portfolio underlying financial performance including underlying earnings, underlying revenues and EBITDA are non-IFRS measures employed by NEW to provide investors with additional information on the performance of NEW. Since NEW is treated as an Investment Entity for accounting purposes, the portfolio underlying financial performance is not presented in the statutory results. Non-IFRS financial measures should be viewed in addition to, and not as a substitute for, NEW's statutory results.

EBITDA attributable to NEW, shown in the first table above, increased to US$16.8 million, with the improved revenue performance of the U.S. assets offsetting the impact of the sale of the 50% interest in MS2, the Australian assets and the higher distributions to tax equity and minority interests on MS2, when compared to 1H 2021. When removing the financial performance of the assets sold (Australian assets and 50% of MS2) from the current and historical 2021 results, as shown in the second table above, EBITDA attributable to NEW of US$14.3 million increased US$2.6 million from the prior corresponding period.

The output from NEW's solar power plants in the 1H 2022 period had a positive environmental impact with gross electricity generation from the portfolio during the six months to 30 June 2022 equivalent to:

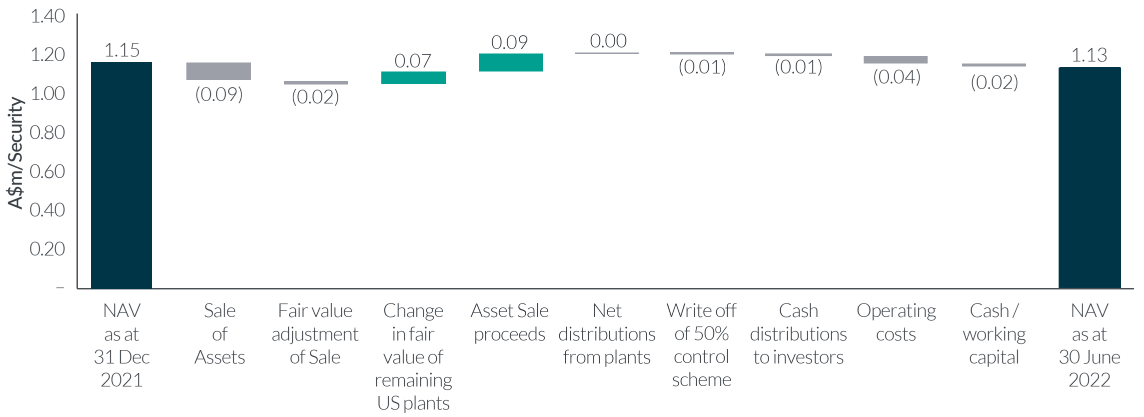
- Displacing an estimated 388,000 tonnes of carbon emissions[13].
- Removing over 84,000 US equivalent cars from the road[14].
- Powering over 79,000 US equivalent houses[15].

INVESTMENTS AND GEARING

NET ASSET VALUE

Over 1H 2022, NEW's net asset value (**NAV**) declined A$7.6 million, equivalent to $0.02 per share. A summary of the items contributing to the decline are set out in Figure 6.

Figure 6: Change in NAV per share since 31 December 2021



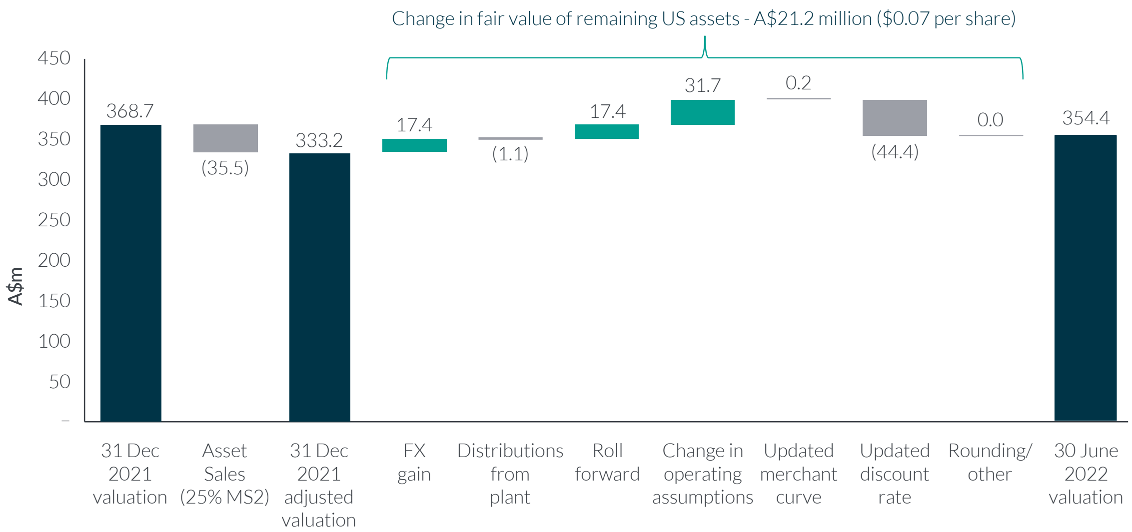
13. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's 'AVoided Emissions and geneRation Tool' (**AVERT**).

14. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System).

15. Calculated using data from the US Environmental Protection Agency.

- The first block labelled 'sale of assets' represents the reduction in portfolio value arising from the sale of tranche two of MS2.
- The 'fair value adjustment of sale' refers to the difference in the transaction price, determined when the option to buy the second 25% tranche of MS2 was acquired, and the fair value of MS2 at the time the transaction occurred.
- The net improvement in fair value of the underlying solar power plants of A$0.07 per share is broken down into its individual movements in the fair value chart in Figure 7 but is most significantly impacted by the roll forward, the foreign exchange (**FX**) gain and updated operating assumptions for the remaining plants in the portfolio, offset by updated discount rates.
- Asset sale proceeds comprise proceeds from the sale of tranche two of MS2. No major transaction costs or disposal fees resulted from the transaction.
- Net distributions from plants describes the movement of earnings from the subsidiaries to the Parent Company, offsetting the corresponding amount recognised on a per share basis in the change in fair value chart below.
- Write-off of 50% of control scheme refers to the write off of a receivable arising from historical curtailment of Australian assets. Discussions with grid operator are continuing but have been protracted.
- Cash distributions to investors reflects the dividends declared and paid in the period.
- The operating costs of NEW include Investment Management fees, advisor fees and the costs of running the listed entity.
- The decline in working capital reflects the decrease in cash balances and movements in working capital at the holding company subsidiaries.

Figure 7: Change in Fair Value of NEW's solar power plants since 31 December 2021



Accounting for the A$35.5 million reduction in portfolio value consequent on the sale of tranche two of MS2, the resulting adjusted portfolio value of A$333.2 million as at 31 December 2021 improved to A$354.4 million, equivalent to $0.07 per share, over the six months to 30 June 2022.

The key elements in the improvement in fair value of NEW's solar power plants this period include from left to right:

- An improvement in the value of the USD over the year providing a FX gain of $17.4 million.
- The net distributions from the plants decrement is offset by an equivalent improvement in NEW's net asset value, as shown in Figure 6.
- The roll forward increment recognises the impact of the change in valuation date and is a function of discounted cash flow modelling.
- The change in operating assumptions increment is largely the result of successful recontracting of major O&M contracts at lower prices as well as lower major maintenance requirements.
- The impact of updated long-term electricity price forecasts produced as at 30 June 2022 was marginally positive. While NEW is largely protected from price declines in the short- to medium-term with its weighted average PPA term of 14.4 years, a portion of its NAV is exposed to changes in price forecasts that impact its post-PPA revenue expectations.
- All assets across the portfolio saw an increase in discount rates as a result of increased risk-free rates determined by an independent valuer, largely arising from the revised US inflation outlook. This had a negative impact on the portfolio of A$44.4 million and offset a large part of the fair value gains seen above.

Table 3: NEW NAV as at 30 June 2022

ASSET	EQUITY	DEBT (FAIR VALUE)	DEBT (OUTSTANDING BALANCE)	ENTERPRISE VALUE
US PLANTS				
Stanford TID	US$79.5m	US$51.4m	US$56.6m	US$130.9m
NC-31 NC-47	US$60.7m	US$17.7m	US$18.2m	US$78.3m
Boulder Solar I	US$35.4m	US$21.5m	US$22.7m	US$56.9m
Rigel Portfolio	US$22.6m	US$21.1m	US$21.4m	US$43.6m
Mount Signal 2	US$46.5m	US$100.6m	US$100.0m	US$147.1m
Subtotal (US$)	**US$244.7m**	**US$212.2m**	**US$219.0m**	**US$456.9m**
Subtotal (A$ equivalent)[2]	**A$354.4m**	**A$307.4m**	**A$317.2m**	**A$661.9m**
Corporate Debt	(A$38.2m)	A$38.2m	A$38.2m	-
Working Capital	A$44.9m	-	-	A$44.9m
Total	**A$361.1m**	**A$345.7m**	**A$355.4m**	**A$706.8m**

GEARING

NEW has a target long-term gearing[16] ratio of 50% of gross assets. At 30 June 2022, NEW had external gross look-through debt outstanding of $355.4 million, equivalent to a gearing ratio of 49.6%. This has decreased 7.5% from the 31 December 2021 gearing ratio of 53.6%. The decrease in gearing over the six-month period is primarily due to the reduction of debt outstanding by A$70.0 million. This $70.0 million primarily comprised the debt assumed by the acquirer as part of the sale of the second tranche of MS2 which had approximately $50 million of debt outstanding as at 30 December 2021, corporate debt reduction of approximately $12 million, and scheduled amortisation of existing project-level debt facilities.

NEW's weighted average debt maturity of approximately 9.0 years as at 30 June 2022 reflects the long-term contracted nature of its PPAs. The increase in weighted average debt maturity over the six-month period from 8.5 years is primarily attributable to the sale of the second tranche of MS2 which supported debt facilities with nearer-term maturities (2028).

NEW's group debt facilities as at 30 June 2022 are set out in Table 4 below.

Table 4: NEW debt facilities as at 30 June 2022

FACILITY	TYPE	AVAILABLE FACILITY	DRAWN	SECURITY
North Carolina Facility	Loan	US$18.2m	US$18.2m	NC-31 and NC-47
US Private Placement 1	Bond	US$56.6m	US$56.6m	Stanford and TID
Mount Signal 2 Facility[2,3]	Loan	US$100.0m	US$100.0m	Mount Signal 2
US Revolving Credit Facility	Loan	US$45.0m	US$26.4m	Corporate
US Private Placement 2	Bond	US$22.7m	US$22.7m	Boulder Solar I
Rigel Facility	Loan	US$21.4m	US$21.4m	Rigel
US Facilities Subtotal		**US$264.0m**	**US$245.3m**	
US Facilities Subtotal Subtotal (A$ equivalent)		**A$382.4m**	**A$355.4m**	
Total Debt		**A$382.4m**	**A$355.4m**	
Gross assets			**A$716.5m**	
Gross Look Through Gearing (%)			**49.6%**	

16. Gearing = total debt/gross asset value.

NEW ENERGY SOLAR'S INVESTMENTS

OPERATING SOLAR POWER PLANTS – UNITED STATES

Stanford Solar Power Plant (Stanford)

Stanford Aerial View – October 2017

Stanford Aerial View – October 2017

Location	Rosamond, Kern County, California
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
Commercial Operations Date (COD)	December 2016
PPA Term	25 years from COD
PPA Offtaker	Stanford University
O&M Service Provider	SunPower Corporation, Systems
Description	Stanford is located on a 242-acre leased site in Rosamond, Kern County, California, which is approximately 120 kilometres north of Los Angeles. Stanford is located next to the TID solar power plant and commenced operations in December 2016. NEW acquired its substantial majority interest in Stanford in December 2016.

TID Power Plant (TID)

TID Aerial View – October 2017

TID Aerial View – October 2017

Location	Rosamond, Kern County, California
Generating Capacity	67.4 MW_{DC}/54 MW_{AC}
COD	December 2016
PPA Term	20 years from COD
PPA Offtaker	Turlock Irrigation District
O&M Service Provider	SunPower Corporation, Systems
Description	TID is located on a 265-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. TID is located next to the Stanford solar power plant and commenced operations in December 2016. NEW acquired its substantial majority interest in TID in December 2016.

North Carolina 43MW$_{DC}$ Solar Power Plant (NC-31)


NC-31 Aerial View – May 2017


NC-31 Aerial View – October 2017`

Location	Bladenboro, Bladen County, North Carolina
Generating Capacity	43.2 MW$_{DC}$/34.2 MW$_{AC}$
COD	March 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Miller Bros. Solar LLC
Description	NC-31 is located on a 196-acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres east of Charlotte, North Carolina. The plant commenced commercial operations in March 2017. NEW committed to acquiring a majority interest in NC-31 in August 2016 and acquired its interest in the plant in March 2017. NEW acquired the minority interests in NC-31 in July 2018.

North Carolina 48 MW Plant (NC-47)


NC-47 Aerial View – May 2017


NC-47 Aerial View – May 2017

Location	Maxton, Robeson County, North Carolina
Generating Capacity	47.6 MW$_{DC}$/33.8 MW$_{AC}$
COD	May 2017
PPA Term	10 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	DEPCOM Power, Inc.
Asset Description	NC-47 is located on a 260-acre leased site in Maxton, Robeson County, North Carolina, which is approximately 166 kilometres east of Charlotte. NC-47 commenced commercial operations in May 2017. NEW committed to acquiring a majority interest in the plant in October 2016 and acquired its interest in May 2017. NEW acquired the minority interests in NC-47 in July 2018.

Boulder Solar 1 Power Plant (Boulder Solar 1)


Boulder Solar 1 Ground View – January 2018


Boulder Solar 1 Aerial View – January 2018

Location	Boulder City, Nevada
Generating Capacity	124.8 MW_{DC}/100 MW_{AC}
COD	December 2016
PPA Term	20 years from 1 January 2017
PPA Offtaker	NV Energy (subsidiary of Berkshire Hathaway)
O&M Service Provider	SunPower Corporation, Systems
Description	Boulder Solar 1 is located on a 542-acre leased site which is in Boulder City, Clark County, Nevada, approximately 50 kilometres south of Las Vegas. The plant commenced commercial operations in December 2016. NEW acquired a 49% minority interest in Boulder Solar 1 in February 2018.

Arthur Solar Power Plant (Arthur)


Arthur Ground View – August 2018


Arthur Ground View – August 2018

Location	Tabor City, North Carolina
Generating Capacity	7.5 MW_{DC}/5.0 MW_{AC}
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	Cypress Creek Renewables O&M (**CCR O&M**)
Description	Arthur is located on a 35-acre leased site in Tabor City, North Carolina. The plant commenced commercial operations in July 2018.

Bonanza Solar Power Plant (Bonanza)

Bonanza Aerial View – April 2019

Bonanza Aerial View – April 2019

Location	Bonanza, Oregon
Generating Capacity	6.8 MW_{DC}/4.8 MW_{AC}
COD	December 2018
PPA Term	12.9 years from COD
PPA Offtaker	PacifiCorp (subsidiary of Berkshire Hathaway)
O&M Service Provider	CCR O&M
Description	Bonanza is located a 57-acre leased site located 30 kilometres east of Klamath Falls, Oregon. The plant commenced commercial operations in December 2018.

Church Road Solar Power Plant (Church Road)

Church Road Ground View – May 2018

Church Road Ground View – May 2018

Location	Angier, North Carolina
Generating Capacity	5.2 MW_{DC}/5.0 MW_{AC}
COD	August 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Church Road is located on a 21-acre leased site in Angier, North Carolina. The plant commenced commercial operations in August 2018.

County Home Solar Power Plant (County Home)


County Home Ground View – August 2018


County Home Ground View – August 2018

Location	Rockingham, North Carolina
Generating Capacity	7.5 MW_{DC}/5.0 MW_{AC}
COD	September 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	County Home is located on a 30-acre leased site located 5 kilometres southeast of Rockingham, North Carolina. The plant commenced commercial operations in September 2018.

Hanover Solar Power Plant (Hanover)


Hanover Ground View – April 2018


Hanover Ground View – April 2018

Location	Maysville, North Carolina
Generating Capacity	7.5 MW_{DC}/5.0 MW_{AC}
COD	April 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Hanover is located on a 45-acre leased site in Maysville, North Carolina. The plant commenced commercial operations in April 2018.

Heedeh Solar Power Plant (Heedeh)

Heedeh Ground View – August 2018

Heedeh Ground View – August 2018

Location	Delco, North Carolina
Generating Capacity	5.4 MW_{DC}/4.5 MW_{AC}
COD	July 2018
PPA Term	15 years from COD
PPA Offtaker	Duke Energy Progress, Inc.
O&M Service Provider	CCR O&M
Description	Heedeh is located on a 21-acre leased site in Delco, North Carolina. The plant commenced commercial operations in July 2018.

Organ Church Solar Power Plant (Organ Church)

Organ Church Ground View – August 2018

Organ Church Ground View – August 2018

Location	Organ Church, North Carolina
Generating Capacity	7.5 MW_{DC}/5.0 MW_{AC}
COD	February 2019
PPA Term	15.0 years from COD
PPA Offtaker	Duke Energy Carolinas
O&M Service Provider	CCR O&M
Description	Organ Church is located on a 45-acre leased site located 15 kilometres northwest of Kannapolis, North Carolina. The plant commenced commercial operations in February 2019.

Pendleton Solar Power Plant (Pendleton)


Pendleton Ground View – October 2018


Pendleton Ground View – October 2018

Location	Pendleton, Oregon
Generating Capacity	8.4 MW_{DC}/6.0 MW_{AC}
COD	September 2018
PPA Term	13.2 years from COD
PPA Offtaker	PacifiCorp
O&M Service Provider	CCR O&M
Description	Pendleton is located on a 44-acre leased site 5 kilometres west of Pendleton, Oregon. The plant commenced commercial operations in September 2018.

Mount Signal 2 Solar Power Plant (MS2)


MS2 Aerial View – December 2019


MS2 Aerial View – December 2019

Location	Imperial Valley, California
Generating Capacity	199.6 MW_{DC}/153.5 MW_{AC}
COD	December 2019
PPA Term	20 years from June 2020
PPA Offtaker	Southern California Edison
O&M Service Provider	First Solar
Description	MS2 is located on a 1,314-acre leased site in the Imperial Valley, California. The plant commenced commercial operations in December 2019. MS2 sold electricity to the wholesale market until the commencement of its 20-year PPA in June 2020. NEW entered into a sale agreement with US Solar Fund plc (USF) in December 2020 for 25% of MS2, together with an option to purchase a further 25% within 12 months of the close of the first tranche. The first tranche closed on 29 March 2021 and USF exercised its option to purchase the additional 25% of MS2 constituting tranche two on 10 February 2022. The second tranche closed on 27 May 2022.

INFORMATION ON THE INVESTMENT MANAGER

SENIOR MANAGEMENT TEAM

The senior members of the Investment Manager responsible for the management of New Energy Solar are set out below.

Each of the members of the senior management team are employed by a member of the E&P Financial Group and provide services for the benefit of the Business. Further information on the Investment Manager team is provided at **www.newenergysolar.com.au/**

LIAM THOMAS BAgribus (Curtin), MSc (Curtin), MBA (MELB)

CHIEF EXECUTIVE OFFICER

Liam was appointed Chief Executive Officer in August 2021 and assumed that role from 1 October 2021.

Liam joined New Energy Solar in March 2016 to lead transaction origination and execution activities. Liam has over 17 years' experience in M&A, corporate and business development, projects, and commercial management in the energy, infrastructure, mining and agribusiness sectors.

Prior to joining NEW, Liam was a senior member of the International Development team at Origin Energy focused on the investment and development strategy for utility scale solar, hydro, and geothermal projects in Latin America and South-East Asia. Liam's previous roles have included General Manager of Commercial Development at Aurizon, Commercial Manager for the Northwest Infrastructure iron ore port joint venture, and Project Manager at Orica, focusing on large-scale mining-related infrastructure and manufacturing projects. Earlier in Liam's career, he worked in the agricultural commodities sector with AWB Limited.

Liam has a Bachelor of Agribusiness and Master of Science from Curtin University, and a Master of Business Administration from the University of Melbourne.

ADAM HAUGHTON BSc Materials Engineering (UMD) MBA (UT)

CHIEF INVESTMENT OFFICER

Adam joined the Investment Manager in July 2018, focusing on due diligence and transaction execution for new fund investments.

Before joining the Investment Manager, Adam was a Vice President at Greentech Capital Advisors, an investment bank focused on mergers and acquisitions and capital raising transactions for companies within the sustainable infrastructure industry. Prior to Greentech, Adam worked in Bank of America Merrill Lynch's Global Industrials Investment Banking group where he advised on a range of public and private mergers and acquisitions and capital market transactions. Earlier in his career, Adam was a Development Engineer at SunEdison where he was responsible for the development and design of utility-scale and commercial and industrial solar installations in the U.S.

Adam has a Bachelor of Science in Materials Engineering from University of Maryland and Master of Business Administration from University of Texas.

WARWICK KENEALLY BEc (ANU), BCom (ANU), CA
CHIEF FINANCIAL OFFICER

Prior to joining New Energy Solar, Warwick was the interim CFO of the Investment Manager's parent, E&P Financial Group. Warwick has worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney and London offices – and has undertaken a range of restructuring engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Chartered Accountant.

SCOTT FRANCIS BS (Mechanical Engineering) (VCU), MBA (UR)
HEAD OF ASSET MANAGEMENT

Scott joined the Investment Manager in July 2021, focusing on Asset Management and Operations across the portfolio of projects. Scott brings over 15 years of energy industry experience and has managed over 1,000 MWs of solar and 2,500 MWs of wind projects. Most recently, Scott was Director of Asset Management at Apex Clean Energy, a leading developer and operator of US utility-scale solar and wind power, where Scott led the Asset Management team.

Scott and his team provide comprehensive asset management in all aspects of projects including performance, reporting, optimisation, revenue assurance (PPA and Merchant), insurance, and contractual performance obligations. Prior roles have included various positions managing operations and business development for Dominion Energy's (Fortune 500 Utility) renewable assets.

Scott holds a Bachelor of Science in Mechanical Engineering from Virginia Commonwealth University and a Master of Business Administration from the University of Richmond.

TID ground view – October 2017

Directors' Report

TID overhead view

Directors' Report

FOR THE HALF-YEAR ENDED 30 JUNE 2022

The directors present their report, together with the financial statements, on the Company for the half-year ended 30 June 2022.

DIRECTORS

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Jeffrey Whalan	Independent, Non-Executive Chair
James Davies	Independent, Non-Executive Director
John Holland	Independent, Non-Executive Director
John Martin*	Non-independent, Non-Executive Director
Maxine McKew	Independent, Non-Executive Director

* Prior to 1 October 2021 John was an executive director. John remains as a non-independent director because he was an officer of New Energy Solar Manager Pty Limited until 26 August 2021, within three years of the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the half-year were operating and investing in large-scale solar plants that generate emissions-free power.

REVIEW OF OPERATIONS

Please refer to the Investment Manager's Report for the details relating to the operations during the half-year.

The half year loss to 30 June 2022 of $4.3 million benefitted from favourable FX movements (gain of $0.9 million on USD balances held by the Company) with the AUD:USD exchange rate falling from 0.7263 at 31 December 2021 to 0.6903 at 30 June 2022. Foreign exchange tail winds were more than offset by reductions in the equity value of the Company's underlying US projects. On a like-for-like basis, after adjusting 31 December 2021 valuations for the US$25.7 million equity value of the sale of the second 25% tranche of MS2 during the period, the Company's equity in its US projects increased by US$2.7 million from US$242.0 million to US$244.7 million. Operationally, valuations benefitted from small improvements in average merchant power prices for the post PPA period and lower operating expenses arising from the successful recontracting of major O&M costs at lower prices during the period, although these gains were more than offset by increasing risk-free interest rates arising from US inflation uncertainty resulting in higher equity discount rates (which decrease the fair value of Company's equity in its solar assets). Movements in the value of the US portfolio were also impacted by a reduction to the tax benefit following the disposal of 50% of MS2.

At 30 June 2022, NEW's net assets are $361.1 million (31 December 2021: $368.7 million) representing a net asset value per share of $1.13 (31 December 2021: $1.15).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial half-year.

DIVIDENDS

Dividends paid during the financial half-year were as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Dividend for the six months to 30 June 2022 of 1 cent (30 June 2021: nil) per ordinary share	3,205,880	–

In the prior period, and prior to the de-stapling of the Company and New Energy Solar Fund, distributions of $10.7 million were paid to securityholders by New Energy Solar Fund in the half year ended 30 June 2021.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

At the Extraordinary General Meeting on 29 July 2022, shareholders approved a 3.5 cents per share capital return which was paid to shareholders on 19 August 2022.

Following a competitive asset sale process announced on 28 February 2022, on 9 August 2022, the Company granted a period of exclusivity to a preferred potential acquirer. The energy business, MN8 Energy (**MN8**), established in 2017 as Goldman Sachs Renewable Power LLC., was granted exclusivity until the end of August 2022 during which time NEW and MN8 would negotiate binding agreements and file the required regulatory approvals. On 22 August 2022, NEW announced that it had entered into a binding agreement to sell 100% of its interests in 14 solar power plants in the U.S. to MN8. The purchase price is US$244.5 million which compares to the net asset value of the U.S. assets of US$242 million at 31 December 2021 and US$244.7 million at 30 June 2022.

NEW has called an extraordinary general meeting for 26 September 2022 to seek shareholder approval for the transaction. Completion remains subject to NEW shareholder approval, customary financier consents and U.S. regulatory approvals. In the event the transaction is approved by shareholders and is completed, contingent fees and associated transaction costs payable to advisers will arise which are estimated to total $6.7 million. The disposal fee will also become payable to the Investment Manager.

Other than matters discussed above, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company or state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

JEFFREY WHALAN
Chair of NEW

25 August 2022

Stanford at sunset – September 2017

Auditor’s Independence Declaration

TID ground view – September 2017

Auditor's Independence Declaration

FOR THE HALF-YEAR ENDED 30 JUNE 2022

Deloitte.

Deloitte Touche Tohmatsu
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Sydney, NSW, 2000
Australia

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www.deloitte.com.au

25 August 2022

The Board of Directors
New Energy Solar Limited
Level 32, 1 O'Connell Street
Sydney NSW 2000

Dear Board Members

Auditor's Independence Declaration to New Energy Solar Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of New Energy Solar Limited.

As lead audit partner for the review of the half year financial report of New Energy Solar Limited for the half year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Yvon Wijk

Yvonne van Wijk
Partner
Chartered Accountants

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TID SGS PV module closup – September 2017

Financial Statements

TID SGS ground view – September 2017

Condensed Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Note	30 JUNE 2022 $	30 JUNE 2021 $
Revenue			
Fair value loss of financial assets at fair value through profit or loss		(14,647,965)	(24,369,401)
Foreign exchange gain/(loss)		864,143	(18,537)
Finance income		2,217	1,214
Dividend income		3,205,880	–
MSA fee income	7	7,474,368	6,000,000
Expenses			
Finance expenses		(231)	(273)
Investment management fees	5	(209,612)	(900,432)
Accounting and audit fees		(220,389)	(172,943)
Legal and advisory expenses		(474,465)	(2,149,768)
Director fees		(155,713)	(169,910)
Marketing expenses		(2,691)	(1,220)
Listing and registry expenses		(26,474)	(94,942)
Other operating expenses		(164,851)	(32,838)
Disposal fee and costs		–	(5,795,723)
Loss before income tax expense		**(4,355,783)**	**(27,704,773)**
Income tax expense		–	(4,384,055)
Loss after income tax expense for the half-year attributable to the owners of New Energy Solar Limited		**(4,355,783)**	**(32,088,828)**
Other comprehensive income for the half-year, net of tax		–	–
Total comprehensive loss for the half-year attributable to the owners of New Energy Solar Limited		**(4,355,783)**	**(32,088,828)**
		Cents	**Cents**
Basic loss per share	4	(1.36)	(9.00)
Diluted loss per share	4	(1.36)	(9.00)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Condensed Statement of Financial Position

AS AT 30 JUNE 2022

	Note	30 JUNE 2022 $	31 DECEMBER 2021 $
Assets			
Current assets			
Cash and cash equivalents		14,656,068	5,987,334
Trade and other receivables	6	11,412,301	11,155,947
Total current assets		**26,068,369**	**17,143,281**
Non-current assets			
Financial assets held at fair value through profit or loss	7	345,378,194	362,126,159
Total non-current assets		345,378,194	362,126,159
Total assets		**371,446,563**	**379,269,440**
Liabilities			
Current liabilities			
Trade and other payables	8	10,314,803	10,576,017
Total current liabilities		10,314,803	10,576,017
Total liabilities		**10,314,803**	**10,576,017**
Net assets		**361,131,760**	**368,693,423**
Equity			
Issued capital	9	447,284,628	447,284,628
Accumulated losses		(86,152,868)	(78,591,205)
Total equity		**361,131,760**	**368,693,423**

The above statement of financial position should be read in conjunction with the accompanying notes

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 1 January 2021	**424,480,516**	**(47,694,170)**	**376,786,346**
Loss after income tax expense for the half-year	–	(32,088,828)	(32,088,828)
Other comprehensive income for the half-year, net of tax	–	–	–
Total comprehensive loss for the half-year	**–**	**(32,088,828)**	**(32,088,828)**
Transactions with owners in their capacity as owners:			
Issue of securities	1,588,330	–	1,588,330
Capital reallocation	54,741,258	–	54,741,258
Balance at 30 June 2021	**480,810,104**	**(79,782,998)**	**401,027,106**

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 1 January 2022	**447,284,628**	**(78,591,205)**	**368,693,423**
Loss after income tax expense for the half-year	–	(4,355,783)	(4,355,783)
Other comprehensive income for the half-year, net of tax	–	–	–
Total comprehensive loss for the half-year	**–**	**(4,355,783)**	**(4,355,783)**
Transactions with owners in their capacity as owners:			
Dividends paid	–	(3,205,880)	(3,205,880)
Balance at 30 June 2022	**447,284,628**	**(86,152,868)**	**361,131,760**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Condensed Statement of Cash Flows

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Note	30 JUNE 2022 $	30 JUNE 2021 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,402,286)	(2,816,870)
Interest received		2,217	1,214
Net cash used in operating activities		(1,400,069)	(2,815,656)
Cash flows from investing activities			
Proceeds from capital return		2,100,000	–
Net disposal proceeds from related party		13,081,323	–
Repayments (to)/from related parties		(1,866,392)	3,552,738
Net cash from investing activities		13,314,931	3,552,738
Cash flows from financing activities			
Proceeds from issue of securities		–	1,588,330
Dividends paid		(3,205,880)	–
Net cash (used in)/from financing activities		(3,205,880)	1,588,330
Net increase in cash and cash equivalents		8,708,982	2,325,412
Cash and cash equivalents at the beginning of the financial half-year		5,987,334	2,329,798
Effects of exchange rate changes on cash and cash equivalents		(40,248)	(18,537)
Cash and cash equivalents at the end of the financial half-year		**14,656,068**	**4,636,673**

The above statement of cash flows should be read in conjunction with the accompanying notes

NC-31 Blocks 9 and 12 – February 2017

Notes to the Financial Statements

Stanford at sunset – September 2017

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2022

1. GENERAL INFORMATION

The condensed financial statements cover New Energy Solar Limited (**NEW** or **the Company**). NEW is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 32, 1 O'Connell Street, Sydney NSW 2000. The financial statements are presented in Australian dollars, which is NEW's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

GOING CONCERN

NEW incurred a loss for the period of $4.4 million. After excluding fair value losses of financial assets and liabilities, an operational profit of $10.3 million was recognised. During the financial period, the Company generated net cash outflows from operating activities of $1.4 million, net cash inflows from investing activities of $13.3 million and net cash outflows from financing activities totalling $3.2 million, and had an available cash balance of $14.7 million at 30 June 2022.

Management has prepared a cash flow forecast for the Company for the 15-month period following the reporting date through to 30 September 2023, which incorporates recurring operating cash flows and certain assumptions relating to asset sales and payments for tax equity options (which entitles the Company to receipt of cash flows previously paid to tax equity providers) and debt facilities maturing during the forecast period. Included in the cash flow forecast are the following events:

- Payment for the NC-31 tax equity option in September 2022 (US$1.6 million).
- Payment for the NC-47 tax equity option in November 2022 (US$1.8 million).
- Using proceeds from the sale of the second tranche of MS2, the Company paid down US$8.0 million of the US$45.0 million NES Galaxy LLC revolving loan facility (**RCF**) during the period with the facility drawn to US$26 million at 30 June 2022. Headroom on this facility remains available to be drawn and the RCF is the Company's next debt maturity expiring on 19 July 2024, which is outside the current forecast period.

As a result, the Board is satisfied that NEW will be able to meet its working capital requirements and other obligations for a period of at least 12 months from the date of the financial statements. The Board believes it is appropriate to prepare the financial report on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

NEW operated solely in a single segment being investing in solar assets. Solar assets are located in the United States of America. Revenue, profit/(loss), net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (**CODM**) for the single identified operating segment are the amounts reflected in the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

The Board is considered to represent the CODM for the purposes of assessing performance and determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

GEOGRAPHICAL INFORMATION

NEW operates in two principal geographic areas – Australia (country of domicile) and the United States of America.

NEW's revenue and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	INCOME AND FAIR VALUE MOVEMENT		NON-CURRENT ASSETS	
	30 JUNE 2022 $	30 JUNE 2021 $	30 JUNE 2022 $	31 DECEMBER 2021 $
Australia	(1,290,019)	(20,127,067)	22,174,190	33,046,318
United States of America	(1,811,338)	1,740,343	323,204,004	329,079,841
	(3,101,357)	**(18,386,724)**	**345,378,194**	**362,126,159**

4. EARNINGS/(LOSS) PER SHARE

	30 JUNE 2022 $	30 JUNE 2021 $
Loss after income tax attributable to the owners of New Energy Solar Limited	(4,355,783)	(32,088,828)
	NUMBER	**NUMBER**
Weighted average number of ordinary shares used in calculating basic earnings per share	320,587,986	356,492,532
Weighted average number of ordinary shares used in calculating diluted earnings per share	320,587,986	356,492,532
	CENTS	**CENTS**
Basic loss per share	(1.36)	(9.00)
Diluted loss per share	(1.36)	(9.00)

There are no transactions that would significantly change the number of units at the end of the reporting period.

5. MANAGEMENT FEES

The fees below represent the total transactions between the Company and the Investment Manager, New Energy Solar Manager Pty Limited. Only the fees relating to the prior comparable period to 30 June 2021 are deemed related party transactions, as John Martin was a director of the Investment Manager during that period and until 26 August 2021.

	30 JUNE 2022 $	30 JUNE 2021 $
Paid or payable for the half-year ended:		
Investment Manager Fee (a)	209,612	900,432
Asset Management Fee (b)	649,140	324,066
Disposal Fee (c)	–	3,971,537
	858,752	**5,196,035**

A) INVESTMENT MANAGEMENT FEE

New Energy Solar Manager Pty Limited, as Investment Manager of the New Energy Solar Limited receives an Investment Manager Fee based on the sliding scale fee structure as set out below. Fees are calculated on the Enterprise Value of the Company, payable quarterly in arrears.

The Base Management Fee structure is set out in the following table:

	BASE MANAGEMENT FEE (% OF ENTERPRISE VALUE (EV))	ACQUISITION AND DISPOSAL FEE (% OF CUMULATIVE PURCHASE PRICE OR NET SALE PROCEEDS)
Threshold Value		
< A$1.0bn	0.625%	1.50%
A$1.0bn to A$1.5bn	0.550%	0.90%
A$1.5bn to A$2.0bn	0.400%	0.90%
> A$2.0bn	0.400%	0.40%

Threshold Value means:

Base Management Fee – Percentage of Enterprise Value: Enterprise Value is calculated as the total of the Company's market capitalisation, external borrowing, debt or hybrid instruments issued by the Company as defined in the Investment Management Agreement. All fees are applied on a marginal basis to each Threshold Value band and calculated at the end of each quarter. For example, the Base Management Fee for a Threshold Value of A$1,500 million would be A$9.0 million (excluding GST) which is the sum of (A$1,000 million multiplied by 0.625%) and (A$500 million multiplied by 0.55%).

Acquisition and Disposal Fee – Percentage of Cumulative Purchase Price or Net Sale Proceeds: Purchase Price and Sale price as defined in the Investment Management Agreement and assessed in Australian dollar at the time the purchase or sale takes effect where purchases add to the cumulative total and sales reduce the cumulative total. All fees are applied on a marginal basis to each Cumulative Purchase Price or Net Sale Proceeds band. Gross purchase price and gross sale price as they are referred to in the definitions of Purchase Price and Net Sale Proceeds respectively mean the value of the equity and debt of an asset acquired or disposed.

Total Investment Management fees paid or payable for the period ended 30 June 2022 was $209,612 (30 June 2021: $900,432) and included in Investment management fees in profit or loss. $1,804,244 (30 June 2021: $1,787,977) was paid or payable by New Energy Solar US Corp, a controlled entity of the Company.

B) ASSET MANAGEMENT SERVICES FEE

New Energy Solar US Corp, a subsidiary of the Company, entered into a non-exclusive arrangement dated 17 September 2018 with NES Project Services, LLC for the provision of asset management services in relation to construction and operation of solar farms. The services will be provided upon request by NES US at an agreed hourly rate.

Key tasks include facility development and operations services, insurance, government approvals, reporting and inspections.

For the half-year ended 30 June 2022, asset management fees of $649,140 (30 June 2021: $324,066) calculated at average exchange rate were paid or payable by New Energy Solar US Corp, a Controlled Entity of the Company.

C) DISPOSAL FEE

New Energy Solar Manager Pty Limited, in its capacity as Investment Manager, is responsible for identifying and providing recommendations to the Company Asset acquisitions and disposals, sourcing and undertaking due diligence investigations, recommending solar energy asset acquisitions as well as advising, providing recommendations, and executing investment exit strategies to the Company.

The Investment Manager receives a Disposal fee based on the sliding scale fee structure in Table 1 under 'Investment Manager Fee' above. The fees are calculated on the sale pricing (excluding selling costs) of assets disposal by the Company or their respective Controlled Entities. The Disposal fee is payable to the Investment Manager upon completion of the disposal of any assets by the Company or their Controlled Entities, and prorated fee payment in the case of a disposal by instalments/part payments.

For the half-year ended 30 June 2022, Disposal Fees of $nil (30 June 2021: $3,971,537), was paid or payable to the Investment Manager by the Company.

6. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	30 JUNE 2022 $	31 DECEMBER 2021 $
Other receivables – subsidiary entities	11,401,433	11,023,127
GST receivable	10,868	66,103
Other receivable	–	66,717
	11,412,301	**11,155,947**

7. NON-CURRENT ASSETS - FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company owns its existing underlying solar asset portfolio through its immediate subsidiary companies. As an 'Investment Entity' the Company records its equity investment at fair value, which comprises the assessed fair value of the underlying solar asset portfolio and associated debt and the residual net assets of the Company and its controlled entities.

At balance date, the fair value of the Company total investment in immediate subsidiaries and its controlled entities comprises the following:

		30 JUNE 2022 $	31 DECEMBER 2021 $
Investment in New Energy Solar Australia HoldCo #1 Pty Limited (**NESAH1**)	Equity	22,174,190	33,046,318
Investment in New Energy Solar US Corp (**NES US**)	Equity	323,204,004	329,079,841
		345,378,194	**362,126,159**

The investment in subsidiaries comprises on a 'look-through' basis as follows:

	30 JUNE 2022 $	31 DECEMBER 2021 $
Fair value of underlying solar assets [i]	657,849,553	796,341,622
Cash or cash equivalents	15,582,501	12,842,338
Third-party loan funding provided [ii]	(346,075,534)	(437,976,510)
Fair value of interest rate swaps on Third-party loan funding provided [ii]	419,431	(39,768,489)
Deferred tax assets	11,960,153	19,042,966
Other net assets/(liabilities)	5,642,090	11,644,232
	345,378,194	**362,126,159**

(i) The balance recorded at 30 June 2022 relates to fair value debt and the Company's interest in underlying solar assets constituting the NC-31, NC-47, Stanford, TID, Cypress Creek portfolio, Boulder and a 50% interest in Mount Signal 2 solar power plants. The fair value of these assets totaling $354.4 million is based on a discounted cash flow valuation as further described in note 11.

As disclosed to the security holders on 10 February 2022, US Solar Fund announced that it was exercising its option to purchase a further 25% interest in MS2. This transaction was completed on 27 May 2022.

(ii) Third-party loan funding is comprised of the following. Total drawn face value is $355.4 million and total drawn fair value is $346.1 million.

HELD BY:	AVAILABLE FACILITY (BASE CURRENCY) US$'M	DRAWN FACE VALUE* (BASE CURRENCY) US$'M	30 JUNE 2022 FX RATE	DRAWN FACE VALUE A$'M	DRAWN FAIR VALUE A$'M
NES US Funding 1 LLC [a]	18.2	18.2	0.6903	26.4	26.4
NES Antares HoldCo LLC [b]	56.6	56.6	0.6903	82.0	74.5
NES Perseus HoldCo LLC [c]	22.7	22.7	0.6903	32.9	31.1
NES Hercules Class B Member LLC [d]	100.0	100.0	0.6903	144.9	144.9
NES Hercules Class B Member LLC [d]	4.3	–	0.6903	–	–
NES Galaxy LLC [e]	45.0	26.4	0.6903	38.2	38.2
NES Orion HoldCo LLC [f]	21.4	21.4	0.6903	31.0	31.0
Total	**268.2**	**245.3**		**355.4**	**346.1**

*Balance outstanding as at 30 June 2022. Facility face values adjusted for committed amortisation payments.

(a) In June 2019, NEW refinanced the existing term credit facility held by NES US Funding 1 LLC, a wholly owned indirect subsidiary of NEW, with KeyBank National Association to increase the term facility to US$27.3 million. The refinanced term facility is fully amortising and matures in March 2027. The facility has an underlying LIBOR rate which is hedged with a fixed interest rate swap for the full duration of the Loan. As part of the refinancing agreement, KeyBank National Association holds a charge over the NC-31 and NC-47 solar plant assets.

(b) US$62.5 million senior secured fixed rate note issued in October 2017 by NES Antares HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 24 years maturing 30 September 2041. As part of the note purchase agreements, the noteholders hold a charge over the Stanford SGS and TID SGS asset interests held.

(c) US$22.7 million senior secured fixed rate notes issued in July 2018 by NES Perseus HoldCo LLC, a wholly owned indirect subsidiary of the Company, to notes purchasers via the United States private placement market. The notes are amortising over 18.5 years maturing 28 February 2037. As part of the note purchase agreements, the noteholders hold a charge over NES Perseus HoldCo LLC, the entity which owns the underlying membership interest in the Boulder solar asset.

(d) US$203.4 million term loan facility held by NES Hercules Class B Member LLC, a wholly owned indirect subsidiary of the Company, with Santander Bank N.A., Cobank ACB, CIT Bank N.A., Société Générale, Canadian Imperial Bank of Commerce – New York Branch, KeyBank National Association and Seine Funding, LLC as lenders. In March 2020 the previously existing Construction Loan facility was converted to this term facility, which also resulted in the cancellation of the ITC bridge loan facility. The loan matures on 31 January 2028. New Energy Solar owns 50% interest in the plant therefore only 50% of the drawn face value and facility size have been recorded.

NES Hercules Class B Member LLC also has a US$8.5 million revolving loan facility which became available at the Term Loan Conversion Date on 31 March 2020. The purpose of this facility is to provide short-term liquidity for the payment of Debt Service and O&M Expense as required by the project. As at 30 June 2022, the revolving loan drawn down value was nil. The loan matures on 31 January 2028. New Energy Solar owns 50% interest in the plant and therefore only 50% of the available facility value has been recorded.

The Term Loan is secured by the assets of NES Hercules Class B Member LLC with collateral pledges of various material project documents.

(e) US$45.0 million revolving loan and letter of credit facility established in June 2018 held by NES Galaxy LLC, a subsidiary of the Company, with KeyBank National Association (**KeyBank**) expires on 19 July 2024. As at 30 June 2022, was drawn down to US$26.4 million. This loan is secured by a first lien on cash flows from underlying subsidiaries of NES Galaxy LLC.

(f) In February 2019, NES Orion HoldCo LLC, a wholly owned subsidiary of the Company, entered into a US$22.6 million Corporate Revolving Credit Facility with KeyBank National Association. The amortising loan is repayable no later than February 2026. As part of the financing agreement, KeyBank National Association hold a charge over the Cypress Creek solar plant assets.

In addition to the above, the following Letters of Credit have been issued:

- KeyBank National Association has provided a Letter of Credit to NES US Funding 1 LLC to the value of US$7.7 million, which expires in March and May 2027, and to NES Antares HoldCo LLC to the value of US$21.5 million, which expires in 6 June 2027.
- CoBank, ACB provides a Letter of Credit Facility to NES Hercules Class B Member LLC on behalf of Imperial Valley Solar 2, LLC. There are currently two Letters of Credit issued under this facility – a US$17.0 million LC, which expires in December 2027 and a US$7.9 million LC expiring in March 2025.
- KeyBank National Association has provided a Letter of Credit to NES Perseus HoldCo LLC to the value of US$8.3 million, which expires in 25 July 2028.

- KeyBank National Association has provided a Letter of Credit to NES Orion HoldCo LLC to the value of US$1.7 million expiring on 14 February 2026.

Movement in the equity and debt investments associated with the Company in immediate subsidiaries during the year were as follows:

	30 JUNE 2022 $
Investment in financial assets held at fair value through profit or loss	
Opening balance	362,126,159
Movements from investment in NESAH1	(10,872,128)
Movements from investment in NES US	(5,875,837)
Closing balance	**345,378,194**

	NESAH1	NES US	TOTAL
Movements in the period:			
MSA fee income – recognised as other income for the Company (i)	(7,474,368)	–	(7,474,368)
Dividend income (ii)	–	(3,205,880)	(3,205,880)
Unrealised foreign exchange translation gain (iii)	–	17,039,315	17,039,315
Movement in fair value through profit or loss (iii)	(1,297,760)	(19,709,272)	(21,007,032)
Net movement in fair value through profit or loss	**(8,772,128)**	**(5,875,837)**	**(14,647,965)**
Total funds (returned)/invested	(2,100,000)	–	(2,100,000)
Total movements in the period	**(10,872,128)**	**(5,875,837)**	**(16,747,965)**

(i) On 25 May 2021, the Company entered into a Management Services Agreement (**MSA**) with its subsidiary New Energy Solar HoldCo #1 (**NESAH1**). The Board of the Company, with further assistance by delegation of its duties to the Investment Manager, provides strategic management services to NESAH1 relating to its portfolio of Australian Solar assets, and recovery of costs incurred on its behalf. The net movement in fair value through and profit and loss for the period to 30 June 2022 includes an MSA fee of $7.5 million (period to 31 December 2021: $6.0 million). At a group level, this movement is offset at New Energy Solar Limited which recognises MSA fee income in the condensed statement of profit or loss and other comprehensive income.

(ii) New Energy Solar US Corp (**NES US**) reported net realised profits and distributed of $3.2 million to the Company, for it to pass on its shareholders as current year profits. The Company recognises the dividend income in the condensed statement of profit or loss and other comprehensive income.

(iii) The Company's total net 'movement in fair value' decrement amount of $4.0 million is comprised of a $19.7 million decrease in the value of its investment in its immediate subsidiary NES US, which is a net of a $3.2 million decrease from the dividend paid to the Company (refer note (ii) above), an unrealised foreign exchange translation gain of $17.0 million, and a $1.3 million decrease in the value of its investment in its immediate subsidiary NESAH1.

The $19.7 million decrease in the value of its investment in NES US includes a fair value loss impact of $22.9 million relating to NES US's investment in entities holding its underlying solar assets (net of a decrease from the dividend paid to the Company).

As at 30 June 2022, the fair value of the Company's US dollar investment in NES US has been converted to Australian dollars at the prevailing A$:US$ spot rate of 0.6903 (31 December 2021 spot rate 0.7263) resulting in the unrealised foreign exchange gain noted of $17.0 million.

The $1.3 million decrease in the value of the Company's investment in NESAH1 is mainly attributable to the capital return to the Company and write off of $1.7 million of the control scheme receivable, relating to one deferred element of the Australian asset sale proceeds.

8. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	30 JUNE 2022 $	31 DECEMBER 2021 $
Trade payables	–	387,771
Accrued liabilities	268,615	160,519
Other liabilities	39,063	20,876
Other liabilities – NESAH1	10,007,125	10,006,851
	10,314,803	**10,576,017**

9. EQUITY - ISSUED CAPITAL

	30 JUNE 2022 SHARES	31 DECEMBER 2021 SHARES	30 JUNE 2022 $	31 DECEMBER 2021 $
Ordinary shares – fully paid	**320,587,986**	**320,587,986**	**447,284,628**	**447,284,628**

ORDINARY SHARES

All issued shares are fully paid. The holders of issued shares were entitled to one vote per security at meetings of the Company and are entitled to receive dividends declared from time to time by the Company.

SHARE BUY-BACK

There is no current on-market share buy-back.

10. EQUITY - DIVIDENDS

Dividends paid during the financial half-year were as follows:

	30 JUNE 2022 $	30 JUNE 2021 $
Dividend for the six months to 30 June 2022 of 1 cent (30 June 2021: nil) per ordinary share	3,205,880	–

In the prior period, and prior to the de-stapling of the Company and New Energy Solar Fund, distributions of $10.7 million were paid to securityholders by New Energy Solar Fund in the half year ended 30 June 2021.

11. FAIR VALUE MEASUREMENT

The Company is exposed to market price risk based on investments in underlying solar assets which were measured on a fair value basis.

FAIR VALUE

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 JUNE 2022	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $
Assets			
Financial assets held at fair value through profit or loss	–	–	345,378,194
Total assets	**–**	**–**	**345,378,194**

31 DECEMBER 2021	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $
Assets			
Financial assets held at fair value through profit or loss	–	–	362,126,159
Total assets	**–**	**–**	**362,126,159**

Refer below for a description of the valuation basis adopted for the material asset class constituting the Company's equity investment in its subsidiaries, being the underlying solar assets held at balance date.

TRANSFERS DURING THE YEAR

The Company recognises transfers between levels of the fair value hierarchy during the reporting period which the transfer has occurred. There were no transfers between levels during the financial period.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

	INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS $
Balance at 1 January 2022	362,126,159
Return of capital during the half-year from NESAH1	(2,100,000)
Income recognised in profit or loss	(3,967,717)
MSA fee income – recognised as other income for the Company	(7,474,368)
Dividend income	(3,205,880)
Balance at 30 June 2022	**345,378,194**

SOLAR ASSET VALUATION METHODOLOGY AND PROCESS

For investments in underlying entities holding solar assets which are operational at balance date, the Directors base the fair value of the investments on valuation information received from the Investment Manager. At a minimum, valuations will be performed annually and otherwise as determined by the Directors. The investment Manager engages suitably qualified independent valuation firms to assist in its assessment of fair value.

The Directors review and consider the fair value arrived at by the Investment Manager, including any independent external valuation obtained, before making their assessment of the fair value of the investments. Fair value is calculated with reference to a discounted cash flow (**DCF**) methodology.

In a DCF analysis, the underlying investment entity valuation is derived using discounted post-tax equity cash flows that are comprised of cash flows from the underlying solar assets after allowing for debt. The future cash flows incorporate a range of operating assumptions for revenues, costs, gearing, and an appropriate post-tax cost of equity range. Given the long-term nature of the solar asset investments, the valuation inputs are assessed using long-term historical data to reflect the asset's lives. Where possible, assumptions are based on observable market and externally sourced technical data. The Investment Manager uses technical experts such as independent engineers to assess operating and asset life assumptions as well as long-term electricity price forecasters to provide reliable long-term data of use in valuations.

In the current reporting period, an independent valuation of the equity interest held in underlying entities holding each of the Company's solar power assets was obtained.

FAIR VALUE OF SOLAR ASSET INVESTMENTS

As at 30 June 2022, the fair value of equity interests held in operating solar asset investments (valued by DCF methodology) was $354.4 million, comprising:

	FAIR VALUE AS AT 30 JUNE 2022 (US$ million)	FAIR VALUE AS AT 31 DECEMBER 2021 (US$ million)
Plant		
Stanford/TID	79.5	69.3
NC-31/NC-47	60.7	62.3
Boulder Solar I	35.4	35.3
Rigel	22.6	23.6
MS2	46.5	77.2
Subtotal US plants (US$)	**244.7**	**267.7**
A$ to US$ foreign exchange rate at balance date	0.6903	0.7263
TOTAL (A$)	**354.4**	**368.6**

The fair value of the Company's renewable energy asset investments as at 30 June were determined as described above, using a cost of equity range of 5.85% to 6.60% for contracted cash flows, and 6.60% to 7.60% for uncontracted cash flows.

The Company has established a control framework with respect to measurement and assessment of fair values. The Board of Directors of the Company has overall responsibility for analysing the performance and fair value movements of underlying US investments during each reporting period.

While the Company's day-to-day operations have continued relatively unimpacted by the effects of COVID-19 variants, the Investment Manager has identified a number of potential longer-term risks impacting both the current period and potentially future period solar asset values. The unfavourable macroeconomic impact of the pandemic, together with the high degree of uncertainty as to future economic conditions (particularly the outlook for US inflation) may impact the future availability and cost of debt, and more broadly volatility in the electricity market pricing. These factors may impact the future fair value of solar plant interests held by the Company.

SENSITIVITY ANALYSIS

Set out below are the key assumptions the Directors believe would have a material impact upon the fair value of NEW's solar asset investments and NAV per Share should they change. The following sensitivities assume the relevant input is changed over the entire useful life of each of the underlying renewable energy assets, while all other variables remain constant. All sensitivities have been calculated independently of each other.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

INPUT	CHANGE IN INPUT	30 JUNE 2022 CHANGE IN FAIR VALUE OF INVESTMENTS (A$'M)	30 JUNE 2022 CHANGE IN NAV PER SHARE (A$ cents)	31 DECEMBER 2021 CHANGE IN FAIR VALUE OF INVESTMENTS (A$'m)	31 DECEMBER 2021 CHANGE IN NAV PER SHARE (A$ cents)
A$/US$ foreign exchange rate	+5.0%	(16.3)	(5.1)	(17.2)	(5.4)
	-5.0%	18.0	5.6	19.0	5.9
Discount rate	+0.5%	(22.8)	(7.1)	(26.9)	(8.4)
	-0.5%	25.3	7.9	29.9	9.3
Electricity production (change from P50)	P90	(56.1)	(17.5)	(73.2)	(22.8)
	P10	52.4	16.3	57.7	18.0
Merchant Period Electricity Prices	-10.0%	(25.3)	(7.9)	(30.1)	(9.4)
	+10.0%	25.2	7.9	29.9	9.3
Operations and maintenance expenses	+10.0%	(19.7)	(6.2)	(25.7)	(8.0)
	-10.0%	17.8	5.6	23.8	7.4

FOREIGN EXCHANGE RATE

The fair value of the Company's solar asset investments located in the United States of America are first determined in US$ for financial reporting purposes. The sensitivity shown looks at the impact of a change in the A$ to US$ exchange rate. A 5% appreciation and 5% depreciation of the assumed US$ to A$ exchange rate (of A$: US$0.6903 as at 30 June 2022) has been considered to determine the resultant impact on the Company's fair value of investments and NAV per Share.

DISCOUNT RATE

As at 30 June 2022, the fair value of the underlying solar asset investments were determined using a post-tax cost of equity approach based on the Capital Asset Pricing Model. This approach takes into account long-term assumptions regarding risk-free rates, market risk premia, gearing, counterparty quality and asset specific items. The post-tax cost of equity range used is 5.85% to 6.60% for contracted cashflows, and 6.60% to 7.60% for uncontracted cashflows.

The sensitivity demonstrates the impact of a change in the post-tax cost of equity applied to the equity interest of all of the Company's renewable energy asset investments as at 30 June 2022. A range of + / - 0.5% has been considered to determine the resultant impact on the Company's NAV per Share and the fair value of its solar asset investments.

ELECTRICITY PRODUCTION

The Company's solar asset investments are valued based upon a forecast P50 solar energy generation profile (being a 50% probability that this generation estimate will be met or exceeded). A technical adviser has derived this generation estimate by taking into account a range of irradiation datasets, satellite and ground-based measurements, and site-specific loss factors including module performance degradation, module mismatch and inverter losses. These items are then considered in deriving the anticipated production of the individual solar asset (MWh per annum) based upon a 50% probability of exceedance.

The sensitivity shown looks at the impact on the fair value of solar asset investments and NAV per Share of a change of production estimates to P90 (90% likely probability of exceedance) and a P10 generation estimate (10% probability of exceedance).

As P10 generation estimates were not independently obtained for each solar asset on or about the time of the asset acquisition, the Directors have determined a proxy P10 estimate for those assets by assessing the relationship between the independently determined P50 and P90 generation estimates for each of the assets in the Operating Portfolio (e.g. a 1-year P90 generation estimate might be 92.5% of a 1-year P50 generation estimate, implying that it is 7.5% lower than the P50 generation estimate).

In determining the proxy P10 generation estimate, the Directors have assumed that the relationship between a P50 generation estimate and a P10 generation estimate is the same as that between a P50 generation estimate and a P90 generation estimate in absolute terms. Therefore a 1-year P10 generation estimate by this methodology would be 107.5% (i.e. 100% + 7.5%) of the asset's P50 generation estimate.

MERCHANT PERIOD ELECTRICITY PRICES

Each of the assets underlying NEW's solar asset investments have long-term PPAs in place with creditworthy energy purchasers and thus the PPA prices are not impacted by energy price changes during this period. For the post-PPA period of each solar asset, the Directors use long-term electricity price forecasts that have been prepared by a market consultant in their determination of the fair value of NEW's operating solar asset investments. As noted above the COVID-19 pandemic poses risks in the form of economic uncertainty and related volatility in future electricity price forecasts applicable to the post PPA periods.

The sensitivities show the impact of an increase / decrease in power prices for each year of the power price curve for each plant over the plant's remaining economic life after the conclusion of the existing PPAs. A flat 10% increase / decrease in market electricity prices from forecasted levels over the remaining asset life of all plants have been used in the sensitivity analysis.

OPERATING EXPENSES

The operating costs of the assets underlying NEW's solar asset investments include annual operations and maintenance (**O&M**), asset management (**AM**), insurance expenses, land lease expenses, major maintenance and general administration expenses.

The sensitivity above assumes a 10% increase/decrease in annual operating costs for all underlying assets and the resultant impact on NEW's fair value of investments and NAV per Share.

12. CONTINGENT LIABILITIES

Other than as disclosed in the financial report, the Board is not aware of any other potential liabilities or claims against NEW as at the end of the reporting period.

13. COMMITMENTS

As at 30 June 2022, NEW does not have any direct outstanding capital commitments.

14. EVENTS AFTER THE REPORTING PERIOD

At the Extraordinary General Meeting on 29 July 2022, shareholders approved the 3.5 cents per share capital return which was paid to shareholders on 19 August 2022.

Following a competitive asset sale process announced on 28 February 2022, on 9 August 2022, the Company granted a period of exclusivity to a preferred potential acquirer. The energy business, MN8 Energy (**MN8**), established in 2017 as Goldman Sachs Renewable Power LLC., was granted exclusivity until the end of August 2022 during which time NEW and MN8 would negotiate binding agreements and file the required regulatory approvals. On 22 August 2022, NEW announced that it had entered into a binding agreement to sell 100% of its interests in 14 solar power plants in the U.S. to MN8. The purchase price is US$244.5 million which compares to the net asset value of the U.S. assets of US$242 million at 31 December 2021 and US$244.7 million at 30 June 2022.

NEW has called an extraordinary general meeting for 26 September 2022 to seek shareholder approval for the transaction. Completion remains subject to NEW shareholder approval, customary financier consents and U.S. regulatory approvals. In the event the transaction is approved by shareholders and is completed, contingent fees and associated transaction costs payable to advisers will arise which are estimated to total $6.7 million. The disposal fee will also become payable to the Investment Manager.

Other than matters discussed above, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company or state of affairs in future financial years.

Directors' Declaration

FOR THE HALF-YEAR ENDED 30 JUNE 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors,

JEFFREY WHALAN
Chair of NEW

25 August 2022

Independent Auditor's Report

FOR THE HALF-YEAR ENDED 30 JUNE 2022

Deloitte.

Deloitte Touche Tohmatsu ABN
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Independent Auditor's Review Report to the Members of New Energy Solar Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of New Energy Solar Limited (the "Company"), which comprise the condensed statement of financial position as at 30 June 2022, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company , would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Partner
Chartered Accountants
Sydney, 25 August 2022

Directory

The Business' securities are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is NEW.

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John Holland (Non-Executive Director)
Maxine McKew (Non-Executive Director)
James Davies (Non-Executive Director)
John Martin (Non-Independent, Non-Executive Director)

SECRETARIES

Caroline Purtell

INVESTMENT MANAGER

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