

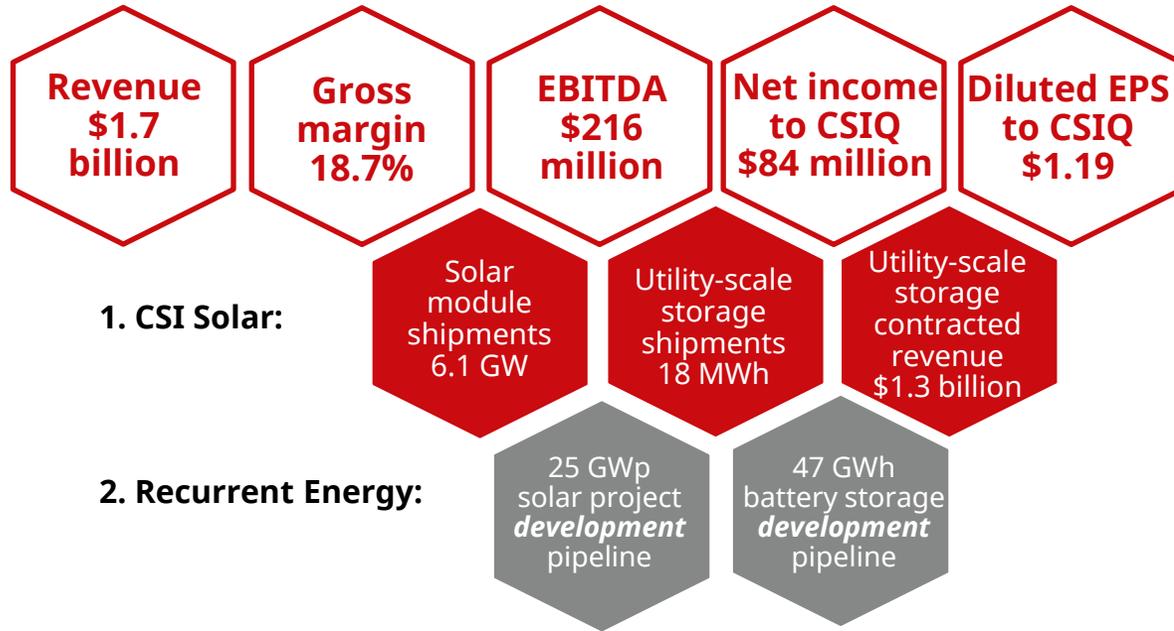
# Canadian Solar 1Q23 Earnings Call

May 18, 2023

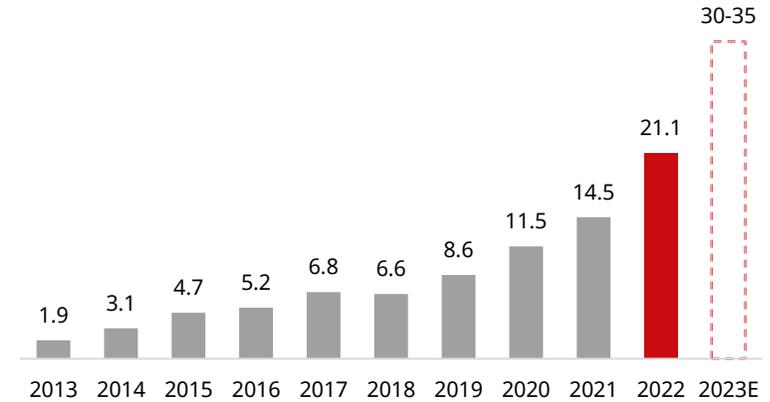
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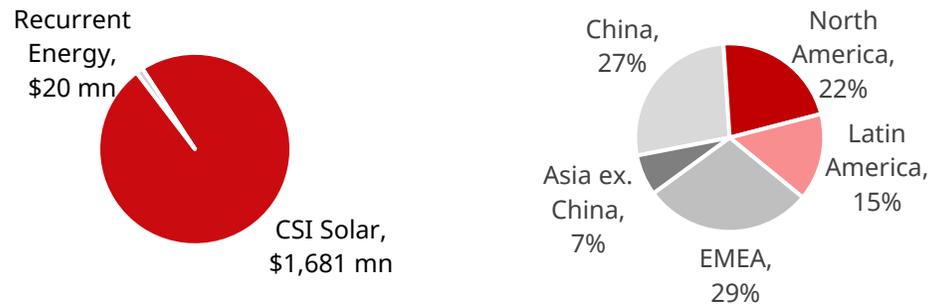
# Q1 2023 review



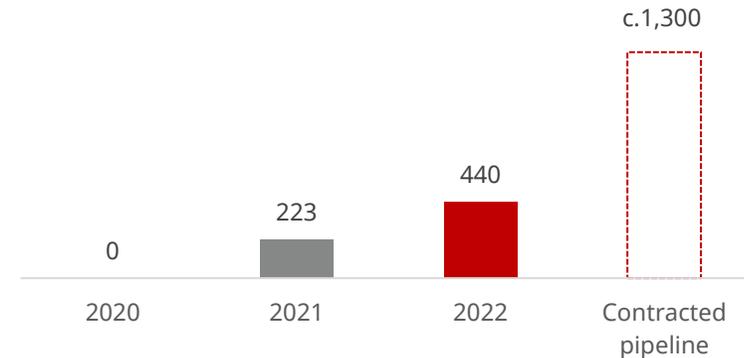
Solar Module Shipments, GW



Revenue Breakdown Q1 2023



Utility-Scale Storage Shipment Revenue, US\$M



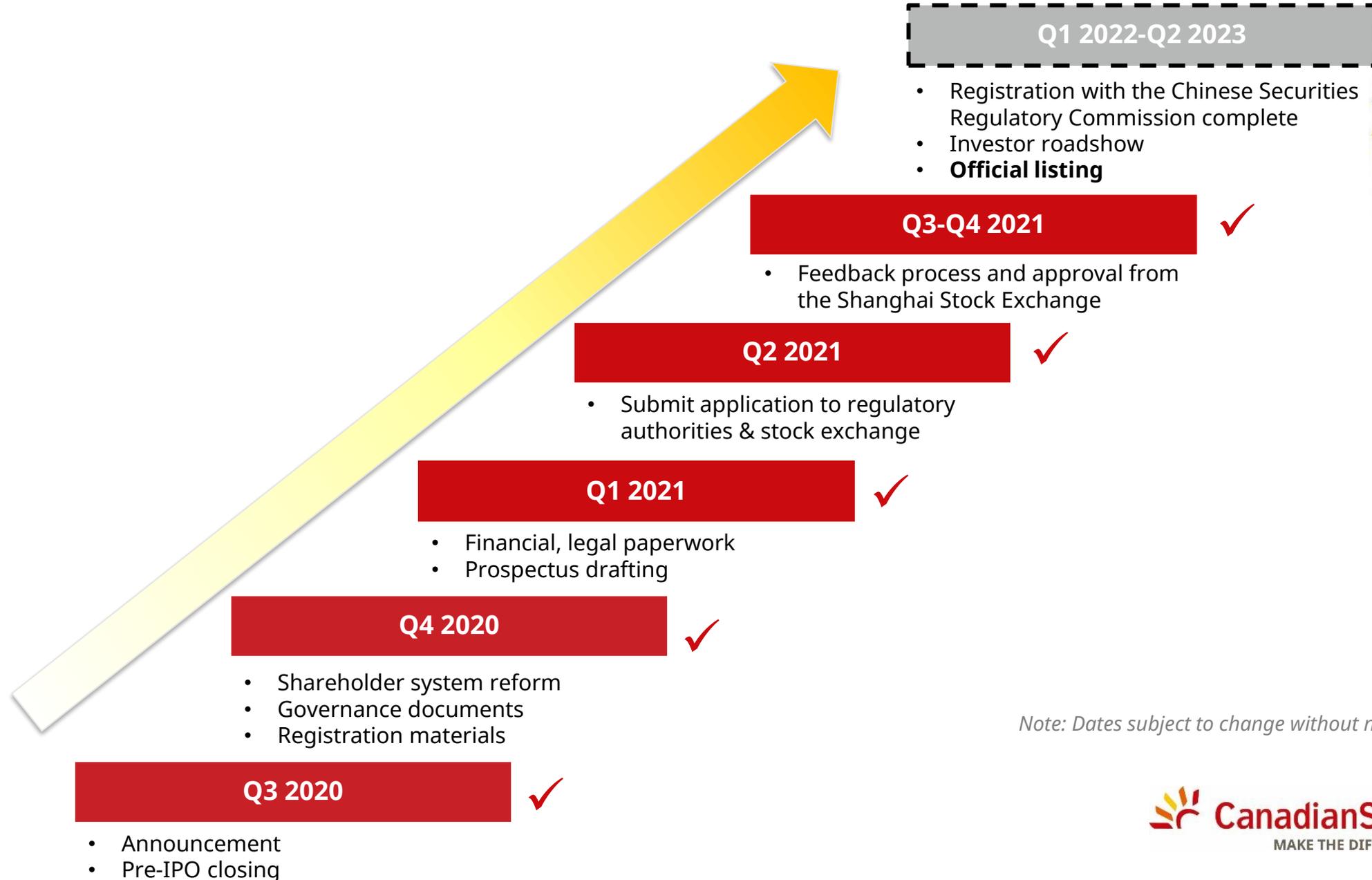
# Canadian company, listed in the U.S. with global manufacturing and customer base



Our success is driven by our global-local teams and our culture of diversity

Note: Showing office locations only. Certain offices are shared between the CSI Solar and Recurrent Energy businesses. Canadian Solar may do business in more locations than shown on the map.

# CSI Solar China IPO expected to be completed in June 2023

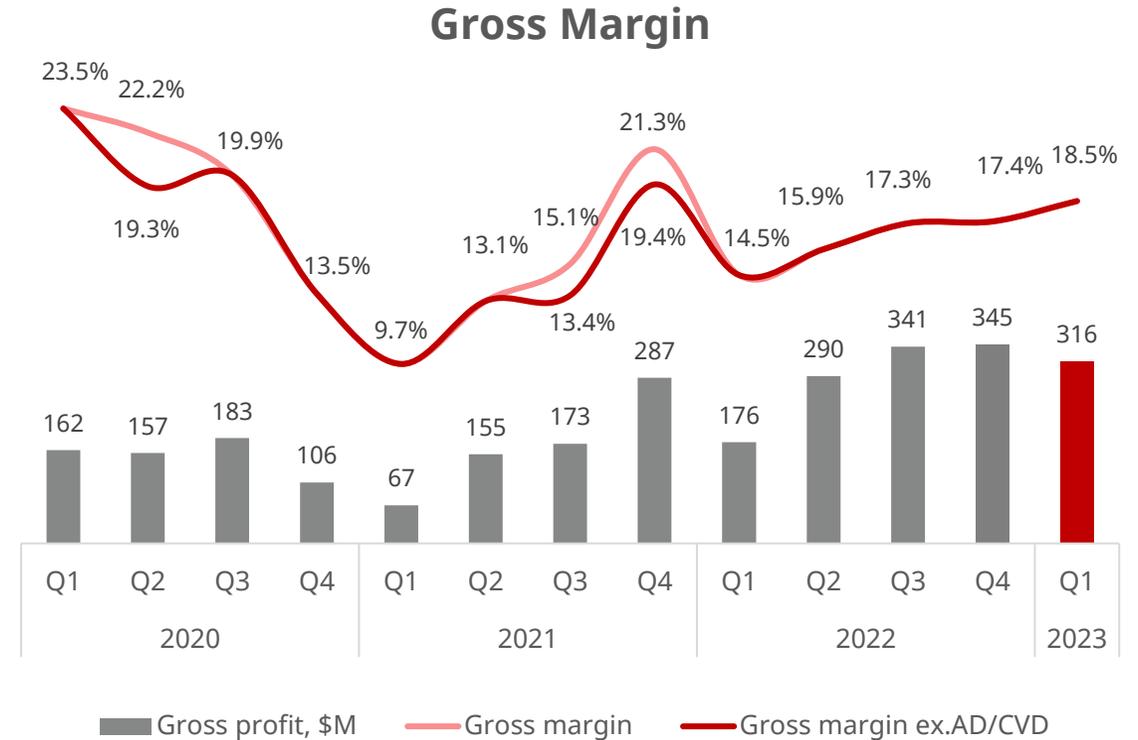


*Note: Dates subject to change without notice.*

# CSI Solar delivered a record operating profit in Q1

## CSI Solar Q1 2023

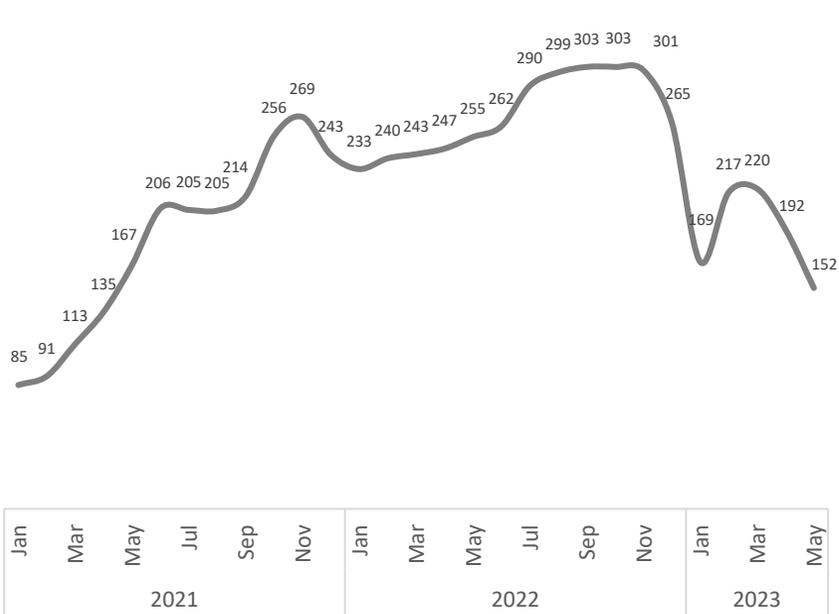
- 🌞 Module shipments: 6.1 GW
- 🌞 Storage shipments: 18 MWh
- 🌞 Revenue: \$1.7 billion
- 🌞 Gross profit: \$316 million
- 🌞 Gross margin: 18.5%
- 🌞 **Operating profit: \$169 million**



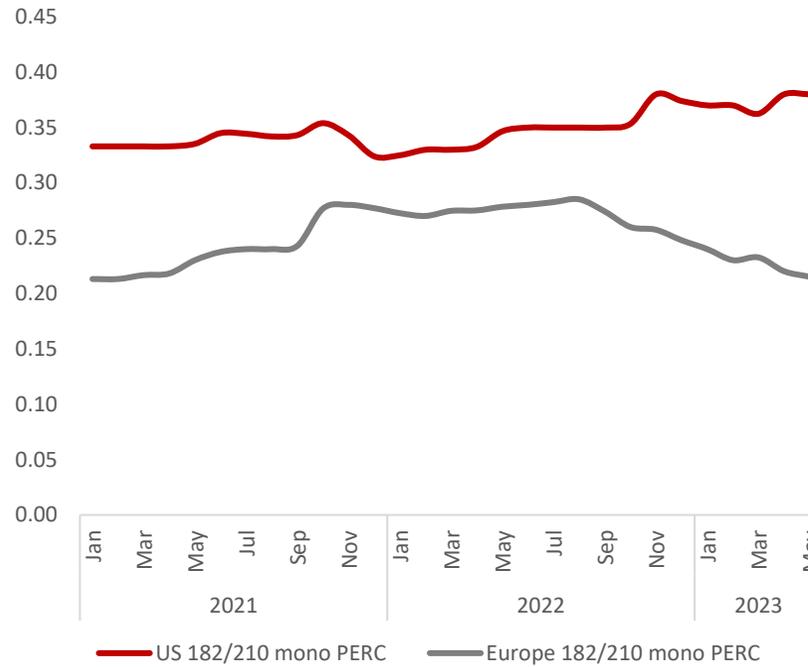
Excluding the impact of intercompany elimination.

# Costs (and prices) have come down across the board

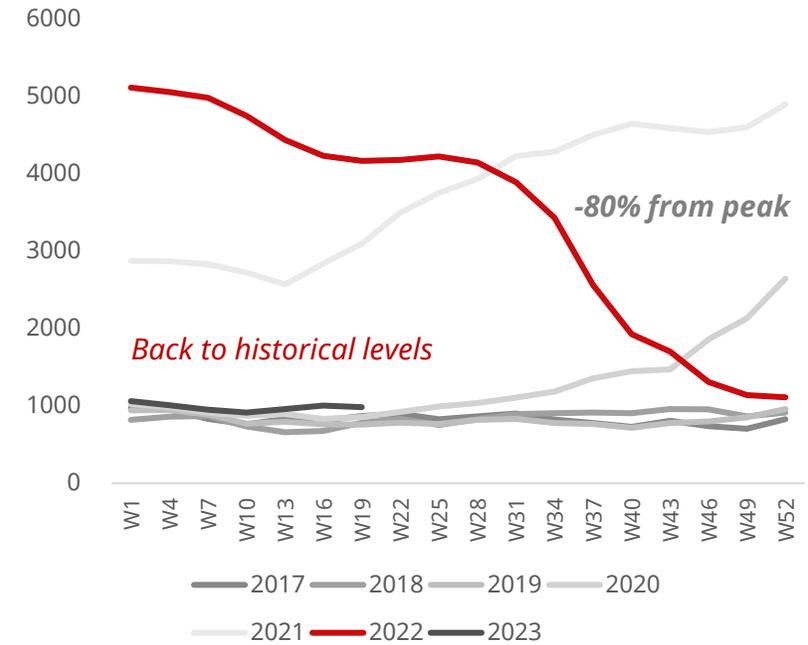
Polysilicon price (RMB/kg)



Module Average Selling Price (US\$/w)

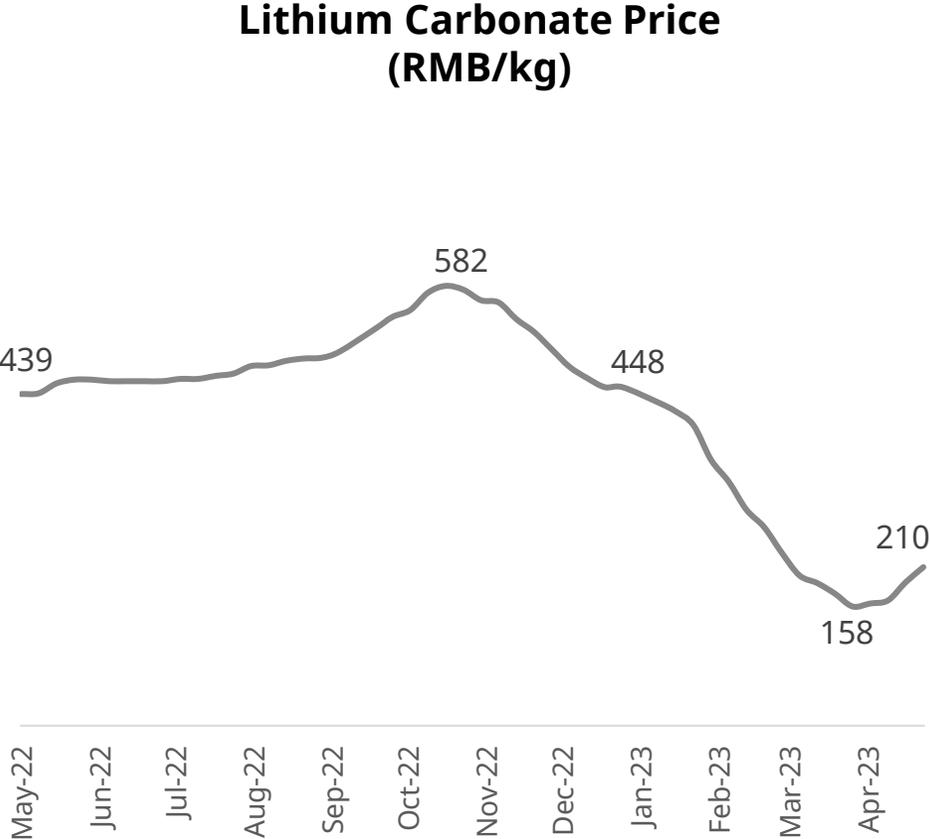


Shanghai Containerized Freight Index (TEU)

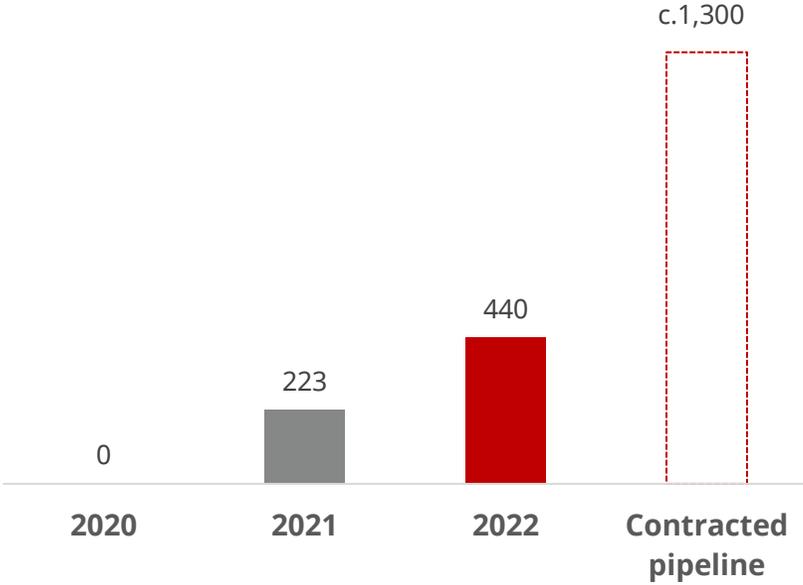


Source: PV Infolink, Shanghai Shipping Exchange.

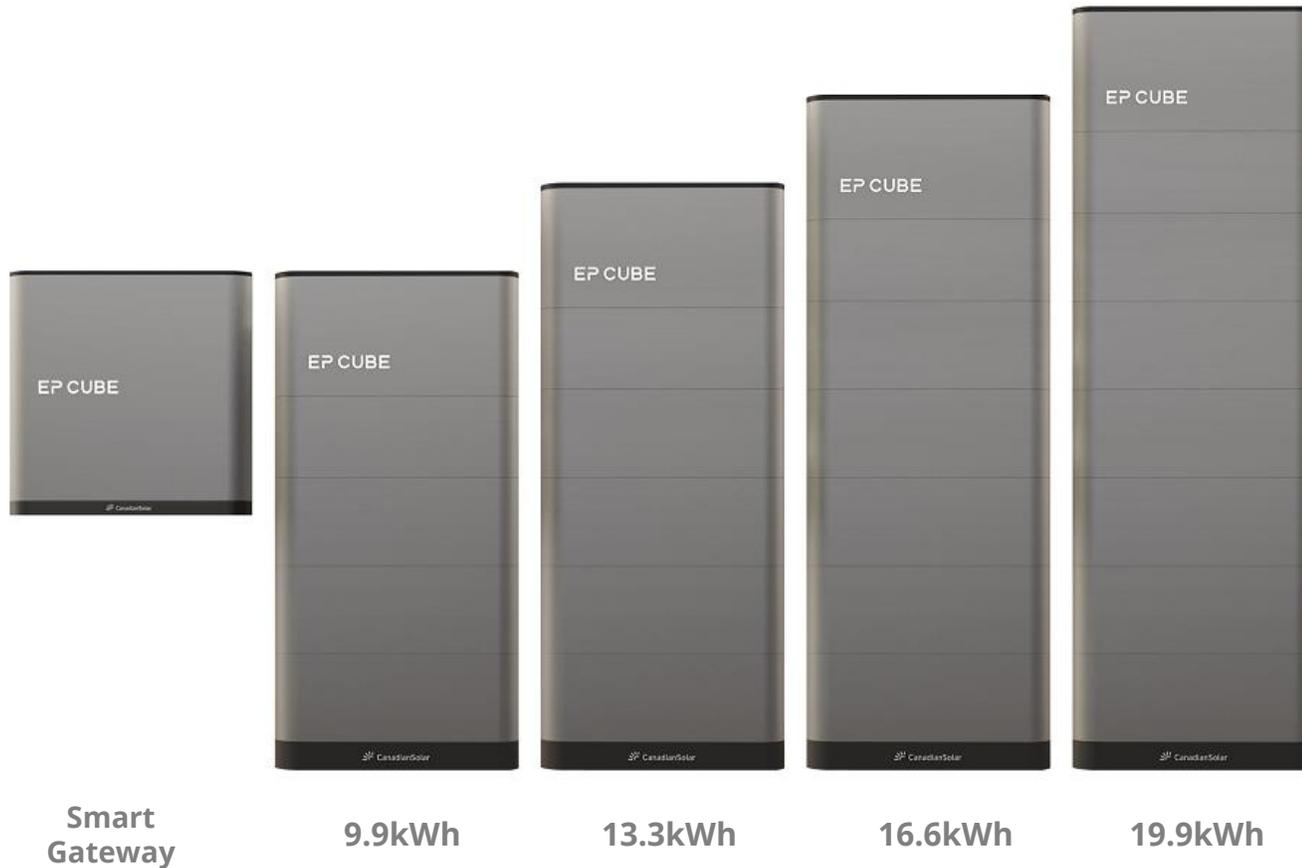
# Strong visibility in turnkey battery storage with c.\$1.3 billion contracted revenues



### Utility Scale Battery Storage Revenue (US\$M)



# Residential battery storage solution delivered significant growth qoq



## Solar Power World editors pick the Top Solar Products of 2022

By SPW | December 5, 2022

**Truly modular designs make energy storage more powerful, easier to install**

*As seen in Canadian Solar's EP Cube*

SPW editors have only chosen a battery once in the five previous years of compiling our favorite products. That's because batteries used in energy storage systems, especially in the residential market, are mostly just gray boxes with nothing exciting on display. The highest capacity available was usually reached by Tesla with its 13.5-kWh Powerwall, but its 5-kW inverter often leads most households to default to two or more units to meet power needs.

Tesla's nickel manganese cobalt (NMC) chemistry works great, but many safety-conscious installers and homeowners are demanding more lithium-iron phosphate (LFP) brands that can easily be installed outdoors.

Enter the truly customizable and modular EP Cube energy storage system from Canadian Solar. The easy-to-expand single unit has a 7.6-kW inverter on top, stackable battery modules in the middle and all the wires condensed in the bottom plate. Each battery module averages about 3.3 kWh, making expandable capacity more affordable when someone needs a bit more than 13.5 kWh but not quite 27 kWh. The LFP-based system can be floor- or wall-mounted, and the entire unit is NEMA 4X rated — the highest outdoor rating we've seen for any ESS.

Each 3.3-kWh battery module in the EP Cube weighs around 70 lbs, which is much easier to install than the Powerwall's 250-lb system. This means fewer installer hands needed to get batteries hooked up and commissioned. It's still a gray box — but the EP Cube's metallic tint makes this ESS attractive enough to display outside anyone's home.

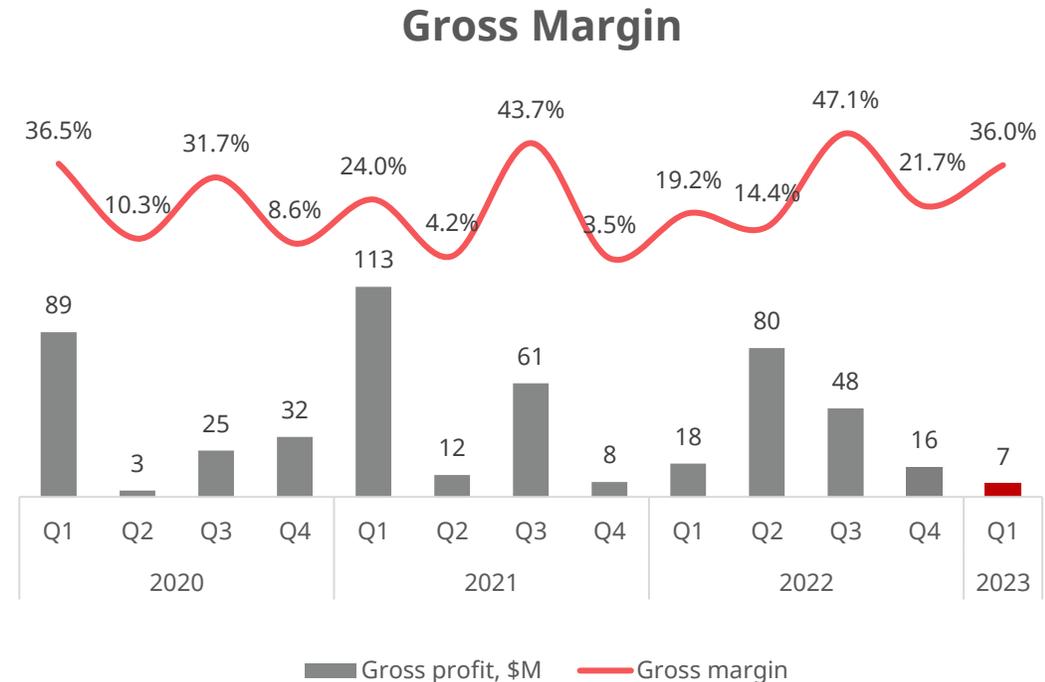


<https://www.solarpowerworldonline.com/2022/12/spw-editors-top-products-2022/>

# Recurrent Energy transitioning to hold more projects to capture more value

## Recurrent Energy Q1 2023

- 🌞 Project sales: 5 MW
- 🌞 Revenue: \$20 million
- 🌞 Gross profit: \$7 million
- 🌞 Gross margin: 36.0%
- 🌞 Operating loss: \$15 million



# One of the largest and most mature global solar & battery storage project pipelines

## Solar Development Project Pipeline – MWp\*

Region	Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	422	1,977	4,656	<b>7,055</b>
Latin America	1,400**	2,397**	887	407	<b>5,091</b>
EMEA	89	1,236	3,194	3,267	<b>7,786</b>
Japan	4	141	12	46	<b>203</b>
China	250	971**	-	1,325	<b>2,546</b>
Asia Pac ex. Japan & China	-	3	1,001	887	<b>1,891</b>
<b>Total</b>	<b>1,743</b>	<b>5,170</b>	<b>7,071</b>	<b>10,588</b>	<b><u>24,572</u></b>

**c.14 GW with interconnection**

**Securing interconnection**

## Battery Energy Storage Development Project Pipeline – MWh

Region	Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	-	3,898	15,242	<b>19,140</b>
Latin America	-	1,100	2,040	970	<b>4,110</b>
EMEA	-	110	4,038	10,081	<b>14,229</b>
Japan	-	-	-	19	<b>19</b>
China	300	-	-	7,500	<b>7,800</b>
Asia Pac ex. Japan & China	20	458	200	1,440	<b>2,118</b>
<b>Total</b>	<b>320</b>	<b>1,668</b>	<b>10,176</b>	<b>35,252</b>	<b><u>47,416</u></b>

**c.12 GWh with interconnection**

**Securing interconnection**

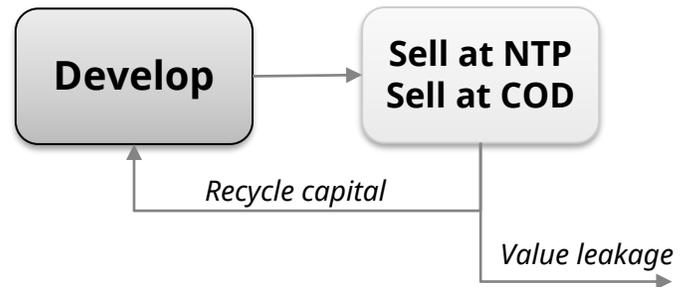
\*All numbers are gross MWp

\*\* Including 672 MWp in construction and 332 MWp in backlog that are owned by or already sold to third parties

As of March 31, 2023

# Greater value capture from the business model transition

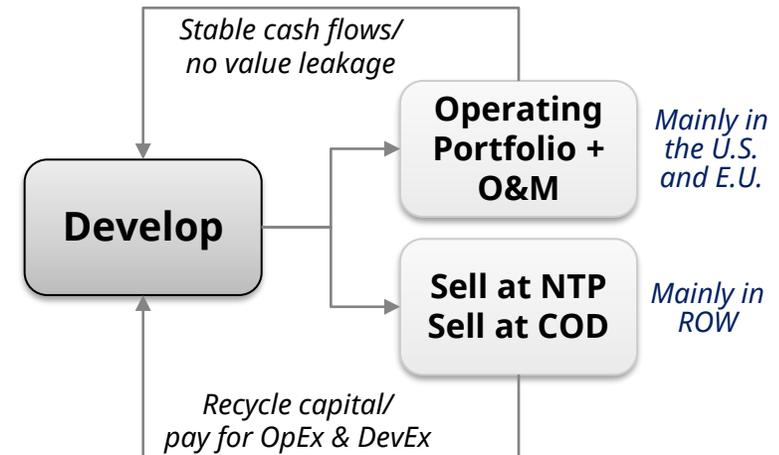
## Develop-to-Sell Model



Value leakage, continuous project churn



## Hybrid Model



Long-term predictable cash flows in a diversified low-risk portfolio, combining develop-to-own and develop-to-sell

# Quarterly income statement highlights

<i>USD millions except per share data</i>	1Q22	2Q22	3Q22	4Q22	1Q23	qoq	yoy
<b>Net revenues</b>	<b>1,250</b>	<b>2,314</b>	<b>1,932</b>	<b>1,972</b>	<b>1,701</b>	<b>-14%</b>	<b>+36%</b>
-CSI Solar	1,210	1,816	1,973	1,976	1,709	-13%	+41%
-Recurrent Energy	93	554	101	74	20	-73%	-78%
-Elimination	(53)	(56)	(142)	(78)	(28)		
<b>Gross margin</b>	<b>14.5%</b>	<b>16.0%</b>	<b>18.8%</b>	<b>17.7%</b>	<b>18.7%</b>	<b>+100 bp</b>	<b>+420 bp</b>
-CSI Solar margin	14.5%	15.9%	17.3%	17.4%	18.5%	+110 bp	+400 bp
-Recurrent Energy margin	19.2%	14.4%	47.1%	21.7%	36.0%		
Selling and distribution expenses	109	158	166	126	88	-30%	-19%
General and admin expenses	63	88	102	89	79	-12%	+25%
R&D expenses	13	18	18	21	17	-16%	+30%
Other operating income	(20)	(9)	(12)	(23)	(12)		
<b>Total operating expenses</b>	<b>165</b>	<b>255</b>	<b>274</b>	<b>213</b>	<b>172</b>	<b>-19%</b>	<b>+4%</b>
<b>Operating income</b>	<b>16</b>	<b>116</b>	<b>89</b>	<b>136</b>	<b>146</b>	<b>+7%</b>	<b>+838%</b>
Net interest income or (expense)	(11)	(15)	4	(11)	(12)		
Net FX gain or (loss)	3	6	39	(15)	(13)		
Income tax benefit or (expense)	5	(28)	(29)	(22)	(29)		
<b>Net income</b>	<b>9</b>	<b>89</b>	<b>102</b>	<b>99</b>	<b>107</b>	<b>+8%</b>	<b>+1,096%</b>
<b>Net income attributable to Canadian Solar Inc.</b>	<b>9</b>	<b>74</b>	<b>78</b>	<b>78</b>	<b>84</b>	<b>+8%</b>	<b>+809%</b>
<b>Diluted EPS</b>	<b>0.14</b>	<b>1.07</b>	<b>1.12</b>	<b>1.11</b>	<b>1.19*</b>	<b>+7%</b>	<b>+750%</b>

Note: Elimination effect from inter-segment sales not included in segment margin. Please refer to 6-K for further details.

\*Diluted EPS includes the dilutive effect of convertible bonds. \$1.19/share is calculated from total earnings of \$85M (including 2.5% coupon of \$1.3M) divided by diluted shares 71.4 million shares (including 6.3 million shares issuable upon the conversion of convertible notes).

# Quarterly cash flow and balance sheet highlights

<i>USD millions</i>	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Working capital days</b>	27	7	7	8	9
<b>Operating cash inflow</b>	159	293	68	397	47
<b>Cash and equivalents</b>	845	1,054	1,083	981	848
<b>Restricted cash</b>	849	895	872	988	1,227
Short-term borrowings	1,283	1,368	1,228	1,350	1,665
Long-term borrowings on project assets – current	324	154	199	94	97
Financing liabilities – current	12	18	54	49	50
Finance lease liabilities – current	17	17	15	15	36
Long-term borrowings	753	780	942	813	863
Convertible notes	225	225	226	226	226
Green bond*	33	32	30	32	32
Financing liabilities – non-current	54	45	5	-	-
Finance lease liabilities – non-current	24	22	14	14	30
<b>Total debt</b>	<b>2,725</b>	<b>2,661</b>	<b>2,713</b>	<b>2,593</b>	<b>2,999</b>
<b>Net debt**</b>	<b>1,880</b>	<b>1,607</b>	<b>1,630</b>	<b>1,612</b>	<b>2,151</b>
Non-GAAP EBITDA	81	195	183	182	216
<b>Net debt / EBITDA (trailing 12 months)</b>	<b>4.1x</b>	<b>2.9x</b>	<b>2.7x</b>	<b>2.5x</b>	<b>2.8x</b>
Net interest (income) or expense	11	15	(4)	11	12
<b>EBITDA / net interest coverage (trailing 12 months)</b>	<b>9.8x</b>	<b>11.2x</b>	<b>17.6x</b>	<b>19.4x</b>	<b>22.1x</b>

\*The green bond is classified under other non-current liabilities.

\*\*Net debt does not include restricted cash.

## Guidance as of May 18, 2023

	Q1 2023 Actual	Q2 2023 Guidance	FY2022 Actual	FY2023 Guidance	2022-23E yoy Δ%
<b>Solar Module Shipments</b>	6.1 GW	8.1 – 8.4 GW	21.1 GW	30 – 35 GW	c. +55%
<b>Utility Scale Storage Shipments</b>	18 MWh	n/a	1.8 GWh	1.8 – 2.0 GWh	c. +5%
<b>Revenue</b>	\$1.7 bn	\$2.4 bn – \$2.6 bn	\$7.5 bn	\$9.0 bn – \$9.5 bn	c. +24%
<b>Gross Margin</b>	18.7%	19.0% – 21.0%	16.9%	n/a	n/a

- ☀️ Q2 revenue and profit driven by both higher volume in solar module shipments and project sales
- ☀️ Demand expected to accelerate through the year with 55% yoy growth in shipments in FY2023 at the mid-point of the range



**Thank you**

**CSIQ**  
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