

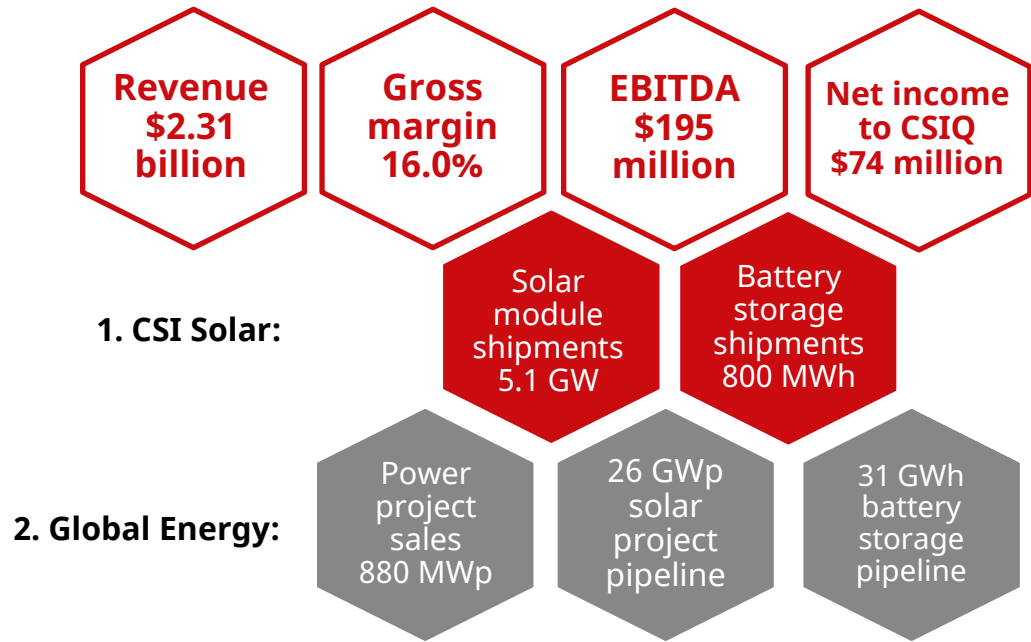
# Canadian Solar 2Q22 Earnings Call

August 18, 2022

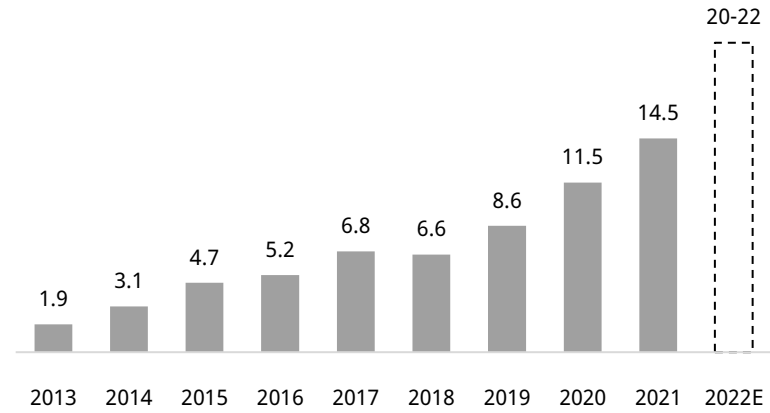
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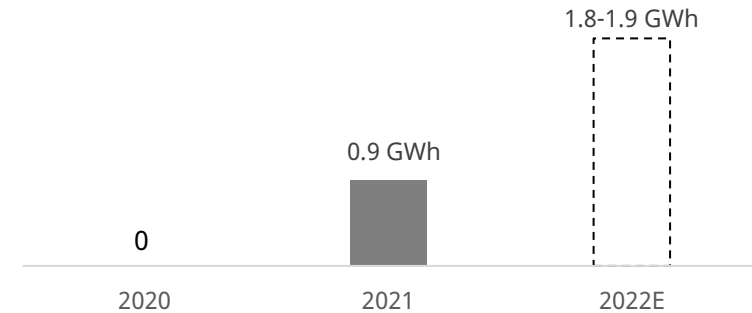
# Q2 2022 Review



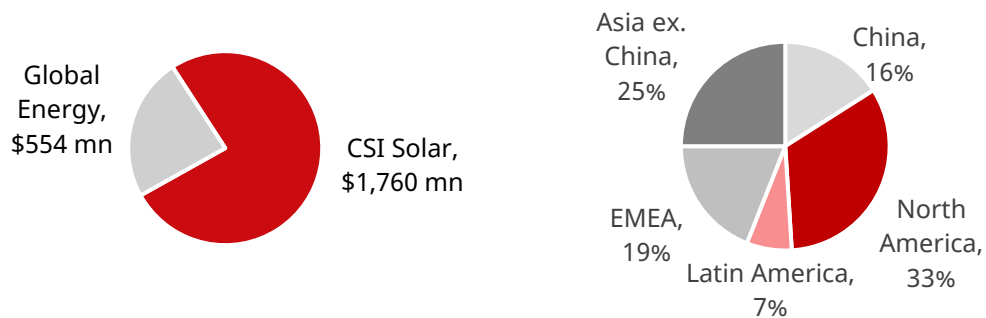
Solar Module Shipments, GW



Battery Storage Shipments, GWh

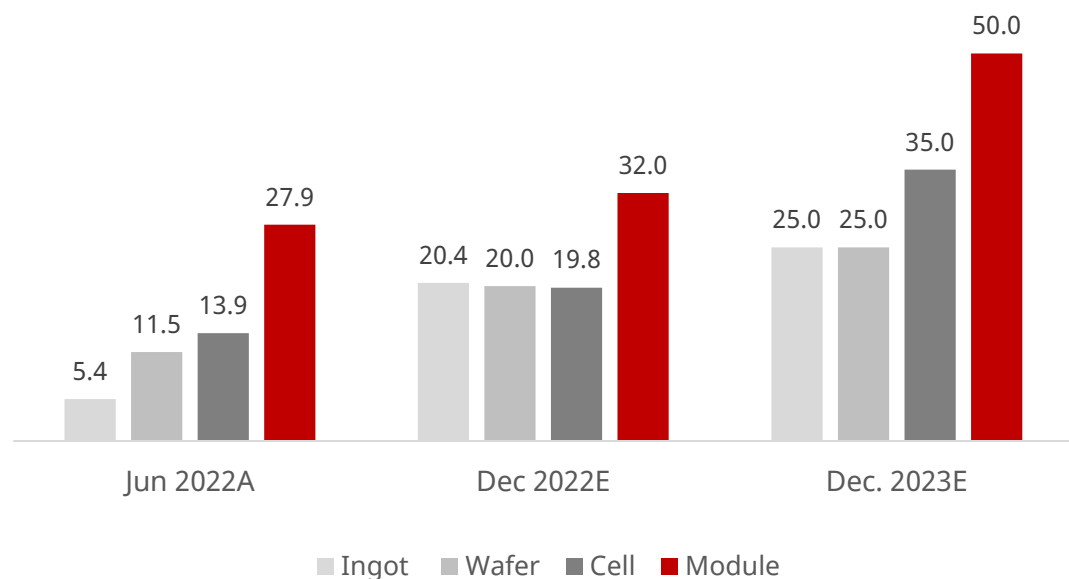


Revenue Breakdown 2Q22



# Capacity expansion plans well on track

Manufacturing Capacity, GW\*



## Why now?

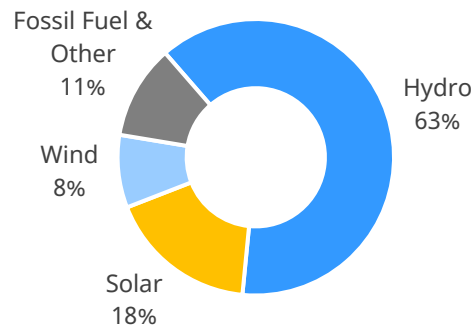
- 🌱 Strong and sustainable growth in global demand for clean energy driven by economics, energy security and decarbonization
- 🌱 Canadian Solar strongly positioned to gain market share
- 🌱 Greater control over technology, cost and supply chain critical for long-term competitive advantage

\*Nameplate annualized capacities at said point in time. Capacity expansion plans are subject to change without notice based on market conditions and capital allocation plans.

# Canadian Solar's latest ESG Sustainability Report is out!

- ☀️ **A key strategic priority:** reduce supply chain carbon footprint
- ☀️ New ingot and polysilicon facilities to be located in area rich in renewable and clean energy sources of electricity

Regional electricity generation profile of Canadian Solar's new ingot and polysilicon facilities



<https://www.canadiansolar.com/esg/>

## 2021 ESG Sustainability Report

From 2017 to 2021:

**53%** decrease in water intensity

**36%** decrease in waste intensity

From 2017 to 2021:

**18%** decrease in energy intensity

**17%** decrease in GHG emissions intensity

Positive Impact on **UN SDGs** of:  
Climate Action; Affordable and Clean Energy; Industry, Innovation and Infrastructure; Peace, Justice and Strong Institutions; Reduced Inequalities; Good Health and Wellbeing; Gender Equality; Partnership for Goals

Committed to and on track to powering global operations with **100%** renewable electricity before 2030

### Sustainability at Canadian Solar

As a global leading renewable energy company, Canadian Solar aims to power the world with solar energy and to create a cleaner Earth for future generations.

The total electricity generated by the 71 GW of solar modules we shipped over the past 21 years is equivalent to displacing approximately 188 million tons' of CO<sub>2</sub> emissions or powering over 18 million households.

At Canadian Solar, we incorporate ESG, or environmental, social, and governance factors, across our business and in our strategic decision-making and continuously make efforts to improve our practices to ensure long-term sustainability.

#### Working sustainably within our planetary boundaries

- GHG emissions and manufacturing energy intensity
- Commitment to 100% renewable energy before 2030
- Solar PV system carbon payback time of 1 year
- Water Intensity management
- Material use, waste, and circularity
- Environmental stewardship in project development
- Assessing climate risks and opportunities

#### Committing to socially responsible and equitable outcomes

- Human rights
- Equal opportunity employer
- Equity, diversity, and inclusion
- Talent strategy, training, and development
- Freedom of association and collective bargaining
- Health and safety
- Community commitments and partnerships

#### Demonstrating responsible conduct

- Governance foundation for business ethics
- Policies and procedures
- Board oversight – Sustainability Committee
- Chief Sustainability Officer responsible for sustainability strategy and implementation
- Appropriate due diligence processes
- Responsible supply chain
- Transparency and risk management
- Robust ESG reporting

The following Corporate Policies provide a framework for Canadian Solar's sustainability commitments:

#### Environmental

- [Environment, Occupational Health, and Safety Policy](#)

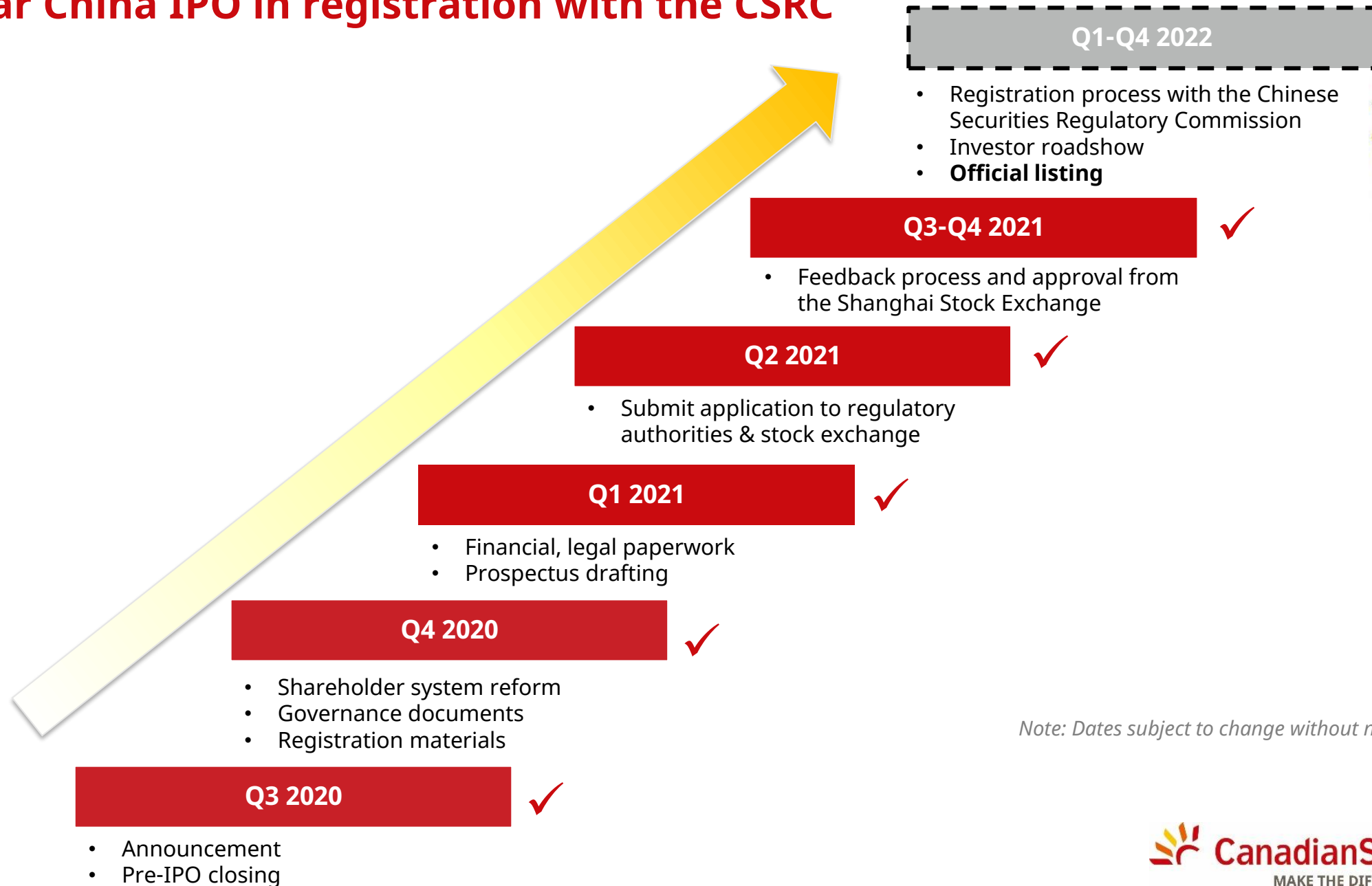
#### Social

- [Labor and Human Rights Policy](#)
- [Equal Employment Opportunity Policy](#)
- [Anti-Modern Slavery Policy](#)
- [Global Diversity Policy](#)
- [Supplier Code of Conduct](#)
- [Conflict Minerals Policy](#)

#### Governance

- [Code of Business Conduct and Ethics](#)
- [Whistleblower Policy](#)
- [Insider Trading Policy](#)
- [Related-Party Transactions](#)
- [Prohibition against Giving Bribes](#)
- [Prohibition against Accepting Bribes](#)

# CSI Solar China IPO in registration with the CSRC



*Note: Dates subject to change without notice.*

# Significant improvement in performance in Q2

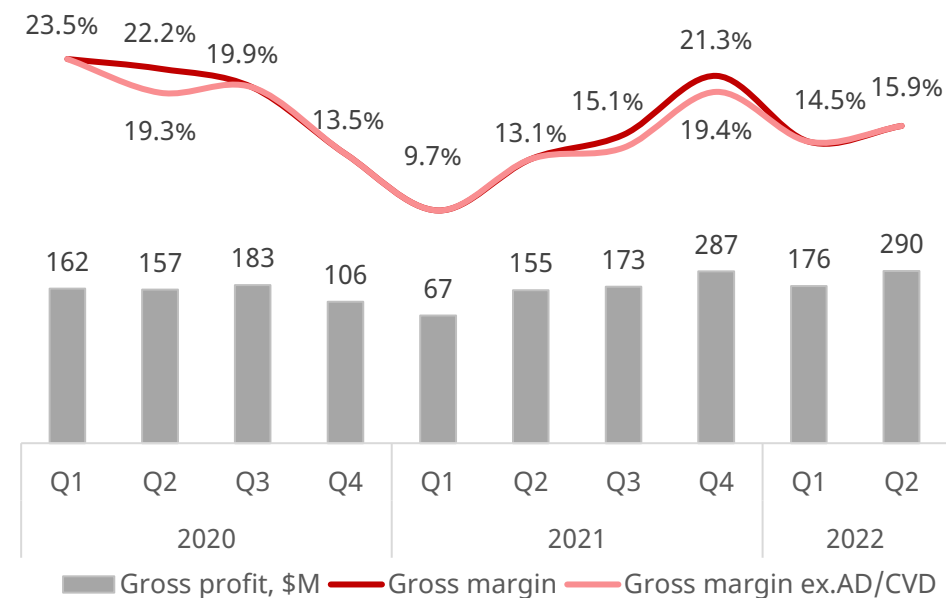
## Q2 2022 CSI Solar Key Figures

- ☀️ Module Shipments: 5.1 GW
- ☀️ Storage Shipments: 800 MWh
- ☀️ Revenue: \$1.8 billion
- ☀️ Gross margin: 15.9%
- ☀️ Gross profit: \$290 million
- ☀️ Operating profit: \$62 million

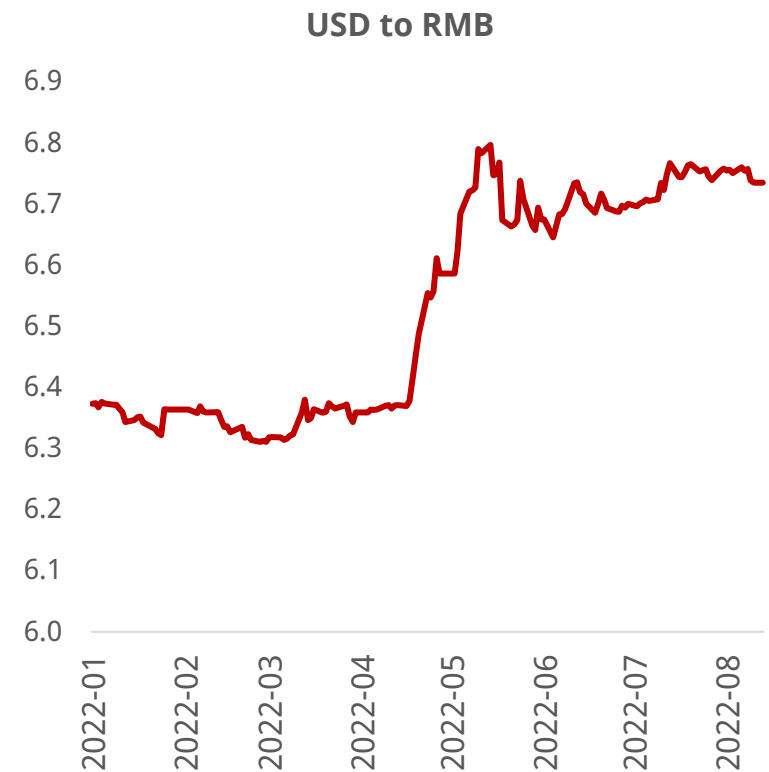
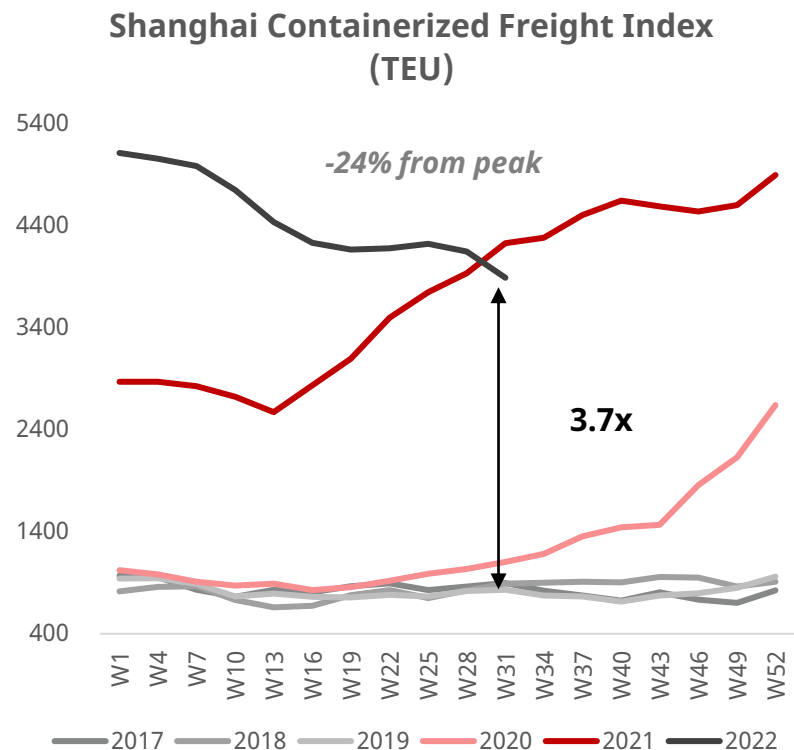
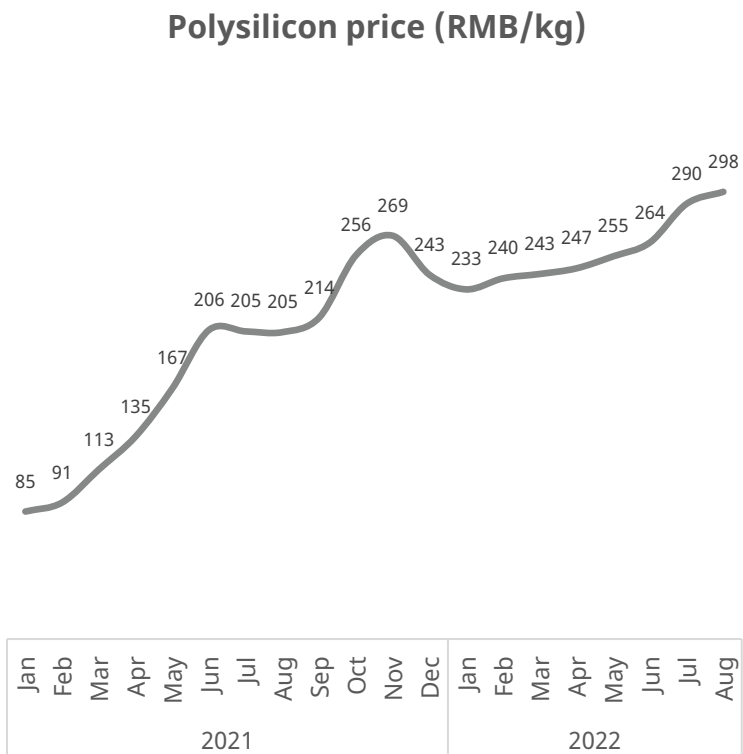
### Q2 improvement driven by:

- ☀️ Higher volumes and pricing
- ☀️ Lower cost inventory
- ☀️ FX benefit
- ☀️ Lower unit shipping costs

## Gross Margin



# Raw material costs still going up partially offset by shipping and FX improvement



Source: PV Infolink, Shanghai Shipping Exchange, Wind.



# New battery storage products set to launch globally in SPI next month

## Utility-scale



## Residential



### Priorities

- ☀️ Product safety
- ☀️ Cost competitiveness
- ☀️ Easy installation
- ☀️ Secure supply

# Our solar and battery storage pipelines continue to grow

**Solar Project Pipeline (June 30, 2022) – MWp\***

Region	Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	601	2,767	4,736	<b>8,104</b>
Latin America	907**	2,469**	3,417	1,040	<b>7,833</b>
EMEA	21	379	4,033	1,811	<b>6,244</b>
Japan	145	157	-	105	<b>407</b>
Asia Pac ex. Japan & China	-	38	137	1,762	<b>1,937</b>
China	250	300	-	1,170	<b>1,720</b>
<b>Total</b>	<b>1,323</b>	<b>3,944</b>	<b>10,354</b>	<b>10,624</b>	<b>26,245</b>

100%  
contracted

90%  
contracted,  
~100%  
success rate

With  
interconnection

Securing  
interconnection

**Battery Storage Project Pipeline (June 30, 2022) – MWh**

Region	Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	1,400	-	6,319	8,760	<b>16,479</b>
Latin America	-	1,300	2,806	970	<b>5,076</b>
EMEA	-	82	1,324	4,178	<b>5,584</b>
Japan	-	-	-	19	<b>19</b>
Asia Pac ex. Japan & China	20	-	-	2,320	<b>2,340</b>
China	-	300	100	1,400	<b>1,800</b>
<b>Total</b>	<b>1,420</b>	<b>1,682</b>	<b>10,549</b>	<b>17,647</b>	<b>31,298</b>

100%  
contracted

90%  
contracted,  
~100%  
success rate

With  
interconnection

Securing  
interconnection

\*All numbers are gross MWp

\*\* Including 311 MWp in construction and 517 MWp in backlog that are already sold to third parties

# Multiple levers of growth, focusing on recurring income

		2021 Actual	2022E	2023E	2024E	2025E	2026E	
1	Development: Project sales	Annual project sales GWp	2.1	2.1 – 2.6	2.8 – 3.3	3.5 – 4.0	4.0 – 4.5	4.3 – 4.8
2	Services: O&M <sup>(1)</sup> + Asset Mgmt	Operational O&M projects, GWp	2.1	4.5	7.5	11	15	20
3	Investment Vehicles: Partial ownership of solar projects	Cumulative projects retained (net & gross <sup>(2)</sup> ), MWp	292	370	630	1,000	1,100	1,300
			748	1,500	2,580	3,500	4,000	5,000

(1) O&M = Operations and Maintenance.

(2) Net projects retained represents CSIQ's net partial ownership of solar projects, the gross number represents the aggregate size of projects including the share which is not owned by CSIQ.

Note: Final timing and recognition of project sales may be impacted by various external factors. Targets are subject to change without notice; investors are encouraged to review the Risks section of the Company's annual report on Form 20-F.

# Quarterly income statement highlights

<i>USD millions except per share data</i>	2Q21	3Q21	4Q21	1Q22	2Q22	qoq	yoy
<b>Net revenues</b>	<b>1,430</b>	<b>1,229</b>	<b>1,529</b>	<b>1,250</b>	<b>2,314</b>	<b>+85%</b>	<b>+62%</b>
-CSI Solar	1,184	1,149	1,343	1,210	1,816	+50%	+53%
-Global Energy	281	140	232	93	554	+496%	+97%
-Elimination	(35)	(60)	(46)	(53)	(56)		
<b>Gross margin</b>	<b>12.9%</b>	<b>18.6%</b>	<b>19.7%</b>	<b>14.5%</b>	<b>16.0%</b>	<b>+150 bp</b>	<b>+310 bp</b>
-CSI Solar margin	13.1%	15.1%	21.3%	14.5%	15.9%	+140 bp	+280 bp
-Global Energy margin	4.2%	43.7%	3.5%	19.2%	14.4%		
Selling and distribution expenses	84	102	129	109	158	+45%	+89%
General and admin expenses	69	83	90	63	88	+40%	+28%
R&D expenses	13	13	19	13	18	+36%	+37%
Other operating income	(7)	(23)	(4)	(20)	(9)		
<b>Total operating expenses</b>	<b>158</b>	<b>176</b>	<b>234</b>	<b>165</b>	<b>255</b>	<b>+54%</b>	<b>+61%</b>
<b>Operating income</b>	<b>26</b>	<b>53</b>	<b>67</b>	<b>16</b>	<b>116</b>	<b>+648%</b>	<b>+340%</b>
Net interest expense	(12)	(11)	(13)	(11)	(15)		
Net FX gain or (loss)	(3)	(14)	1	3	6		
Income tax benefit or (expense)	2	3	(27)	5	(28)		
<b>Net income</b>	<b>19</b>	<b>38</b>	<b>40</b>	<b>9</b>	<b>89</b>	<b>+891%</b>	<b>+378%</b>
<b>Net income attributable to Canadian Solar Inc.</b>	<b>11</b>	<b>35</b>	<b>26</b>	<b>9</b>	<b>74</b>	<b>+709%</b>	<b>+561%</b>
<b>Diluted EPS</b>	<b>0.18</b>	<b>0.52</b>	<b>0.39</b>	<b>0.14</b>	<b>1.07*</b>	<b>+664%</b>	<b>+494%</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. \$1.07/share is calculated from total earnings of \$76M (including 2.5% coupon of \$1.3M) divided by diluted shares 71.1 million shares (including 6.3 million shares issuable upon the conversion of convertible notes).

## Quarterly balance sheet highlights

<i>USD millions</i>	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Cash and equivalents</b>	<b>814</b>	<b>868</b>	<b>870</b>	<b>845</b>	<b>1,054</b>
<b>Restricted cash</b>	<b>497</b>	<b>490</b>	<b>564</b>	<b>849</b>	<b>895</b>
Short-term borrowings	867	1,083	1,271	1,283	1,368
Long-term borrowings on project assets – current	491	297	322	324	154
Financing liabilities – current	-	-	30	12	18
Finance lease liabilities – current	6	19	19	17	17
Long-term borrowings	531	579	524	753	780
Convertible notes	224	224	225	225	225
Green bond*	-	-	33	33	32
Financing liabilities – non-current	83	82	54	54	45
Finance lease liabilities – non-current	2	32	31	24	22
<b>Total debt</b>	<b>2,204</b>	<b>2,316</b>	<b>2,509</b>	<b>2,725</b>	<b>2,661</b>
<b>Net debt**</b>	<b>1,390</b>	<b>1,448</b>	<b>1,639</b>	<b>1,880</b>	<b>1,607</b>
Non-GAAP EBITDA	93	127	156	81	195
<b>Net debt / EBITDA (trailing 12 months)</b>	<b>3.7x</b>	<b>3.6x</b>	<b>3.4x</b>	<b>4.1x</b>	<b>2.9x</b>
Net interest expense	12	11	13	11	15
<b>EBITDA / net interest coverage (trailing 12 months)</b>	<b>6.8x</b>	<b>8.0x</b>	<b>10.0x</b>	<b>9.8x</b>	<b>11.2x</b>

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

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

## Guidance as of August 18, 2022

	Q2 2022 Actual	Q3 2022 Guidance	FY2021 Actual	FY2022 Guidance	2021-22G yoy Δ%
<b>Solar Module Shipments</b>	5.1 GW	6.0 – 6.2 GW	14.5 GW	20 – 22 GW	c. +45%
<b>Battery Storage Shipments</b>	800 MWh	n/a	896 MWh	1.8 – 1.9 GWh	c. +100%
<b>Project Sales</b>	880 MW	n/a	2.1 GW	2.1 – 2.6 GW	c. +10%
<b>Revenue</b>	\$2.3 bn	\$2.0 bn – \$2.1 bn	\$5.3 bn	\$7.5 bn – \$8.0 bn	c. +45%
<b>Gross Margin</b>	16.0%	15.0% – 16.5%	17.2%	n/a	n/a

- ☀️ Q3 expect higher solar module shipment volume but lower project sales and battery storage shipments
- ☀️ Q3 margin expected to be in a similar range as Q2
- ☀️ FY22 volume guidance unchanged; revenue guidance increased given higher pricing trends



 **CanadianSolar**

**Thank you**

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