CanadianSolar

# Investor Presentation

**May 2021**

CSIQ
Nasdaq Listed

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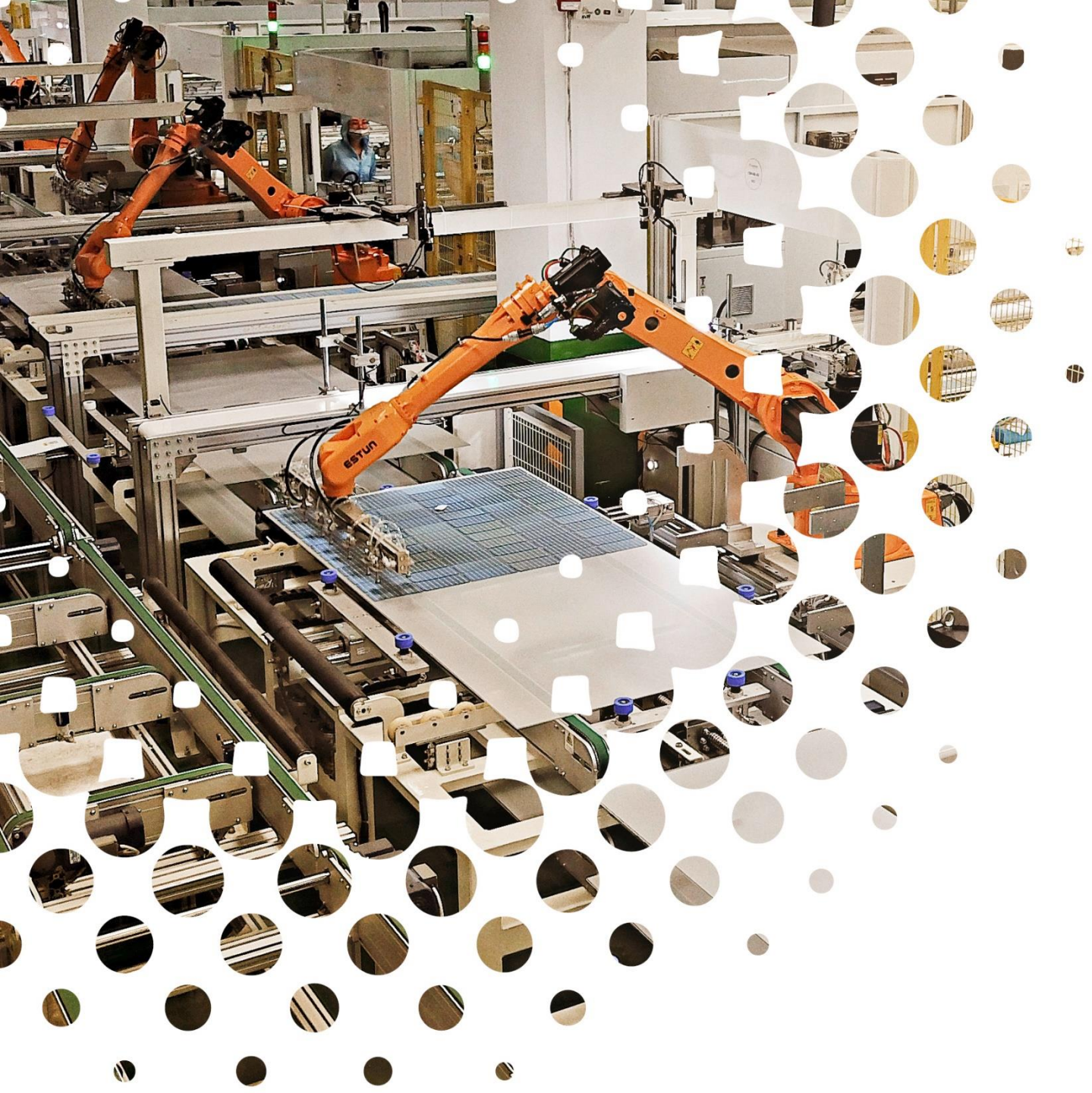


# Q1 2021

# UPDATES

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# Quarterly income statement summary

| USD millions except per share data | 1Q20 | 4Q20 | 1Q21 | qoq | yoy | FY19 | FY20 | yoy |
|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **826** | **1,041** | **1,089** | **5%** | **32%** | **3,201** | **3,476** | **9%** |
| *Gross margin* | *27.0%* | *13.6%* | *17.9%* | *431 bp* | *-917 bp* | *22.4%* | *19.8%* | *-260 bp* |
| Selling expenses | 53 | 64 | 84 | | | 180 | 224 | |
| General and admin expenses | 53 | 70 | 67 | | | 243 | 226 | |
| R&D expenses | 10 | 10 | 12 | | | 47 | 45 | |
| **Operating income** | **113** | **2** | **43** | **n/m** | **-62%** | **259** | **220** | **-15%** |
| Net interest expense | -16 | -16 | -11 | | | -69 | -63 | |
| Net FX gain or (loss) | -1 | 4 | -7 | | | -12 | -15 | |
| Income tax | 29 | 2 | -14 | | | -42 | 2 | |
| **Net income attributable to Canadian Solar Inc.** | **111** | **7** | **23** | **243%** | **-79%** | **172** | **147** | **-15%** |
| **Diluted EPS** | **1.84** | **0.11** | **0.36** | **227%** | **-80%** | **2.83** | **2.38** | **-16%** |

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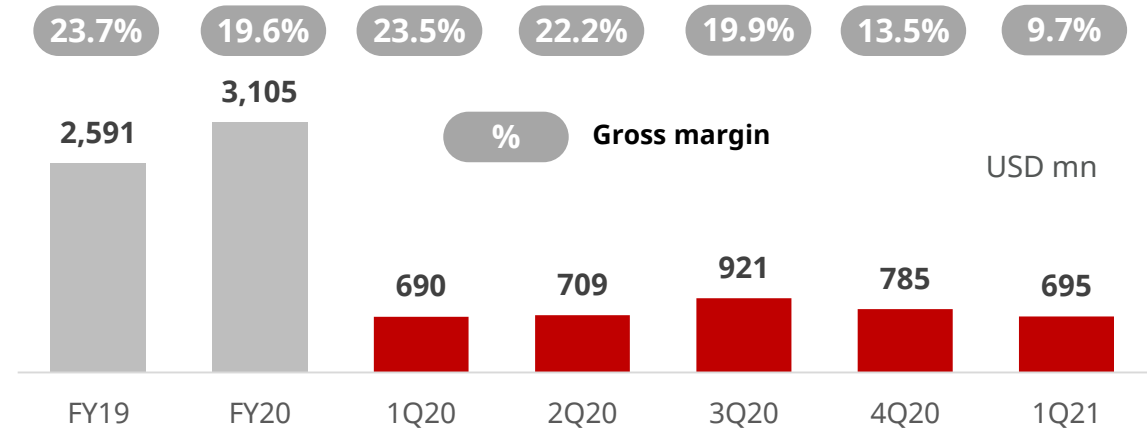
# Results summary by divisions

| *USD millions except shipment data*[1] | | 1Q21 | yoy | qoq | FY20 | yoy |
|---|---|---|---|---|---|---|
| | Total shipments (MW) | 3,139 | 42% | 5% | 11,286 | 32% |
| **CSI Solar** | Revenues | 695 | 1% | -11% | 3,105 | 20% |
| | Gross profit | 67 | -58% | -36% | 609 | -1% |
| | Income from operations | -53 | n/m | n/m | 253 | 0% |
| **Global Energy** | Revenues | 471 | 94% | 26% | 726 | -5% |
| | Gross profit | 113 | 28% | 251% | 149 | 31% |
| | Income from operations | 85 | 40% | n/m | 53 | 184% |

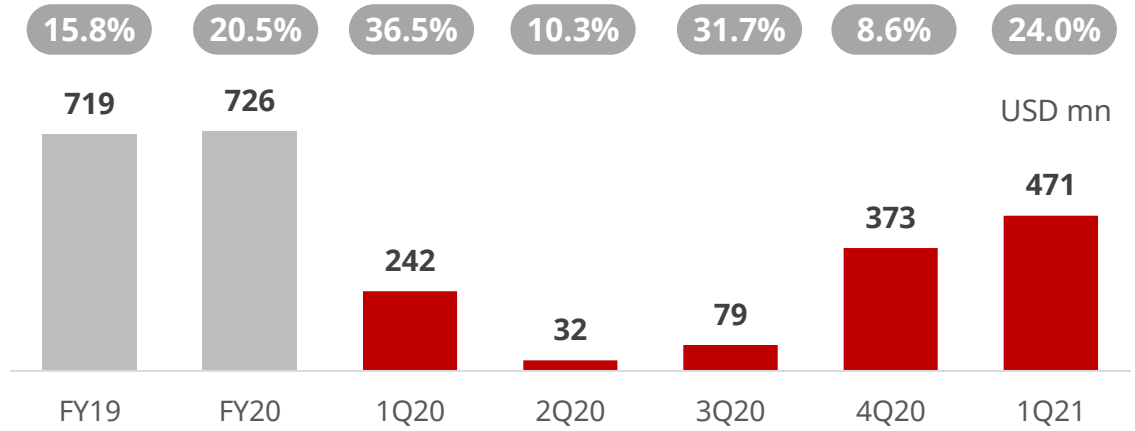
## HIGHLIGHTS

- Total module shipments grew 42% yoy in Q1 to 3.1 GW, the highest Q1 in record despite a difficult quarter due to cost pressures. Shipments recognized as revenues were 2.7 GW due to timing with some shipments to be recognized as revenues in Q2.
- ASPs in Q1 increased near double digit qoq, which was offset by the significant increase in input costs (higher raw material costs, higher shipping costs and unfavorable FX).
- Global Energy revenues and profits improved significantly in Q1 with approximately 500 MW of projects sales in Japan, the U.S. and India.

**CSI Solar Revenue** [1]




**Global Energy Revenue**




(1) Includes effects of both sales to third party customers and to the Company's Global Energy business to reflect the real underlying performance. Please refer to the financial tables in the quarterly press release for the intercompany transaction elimination information. Income from operation amounts reflect management's allocation and estimate as some services are shared by the two segments of the Company.

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# Guidance as of May 20, 2021

| | Q1 2021 Actual | Q2 2021 Guidance | FY2020 Actual | FY2021 Guidance | yoy Δ% |
|---|---|---|---|---|---|
| **Module shipments** | 3.1 GW | 3.5 – 3.7 GW | 11.3 GW | 18 – 20 GW | c. +65% |
| **Battery storage shipments (CSI Solar)** | n/a | n/a | n/a | 810 – 860 MWh | n/a |
| **Solar project sales** | c.500 MW | n/a | 1.4 GW | 1.8 – 2.3 GW | c. +45% |
| **Revenue** | $1.1 bn | $1.4 bn – $1.5 bn | $3.5 bn | $5.6 bn – $6.0 bn | c. +70% |
| **Gross margin** | 17.9% | 9.5% – 10.5% | 19.8% | n/a | n/a |

- Q1 margin driven by contribution of high margin project sales and higher module ASPs
- Q2 significant shipment and revenue growth despite unfavorable supply side trends
- Q2 revenue includes significant contribution from battery storage

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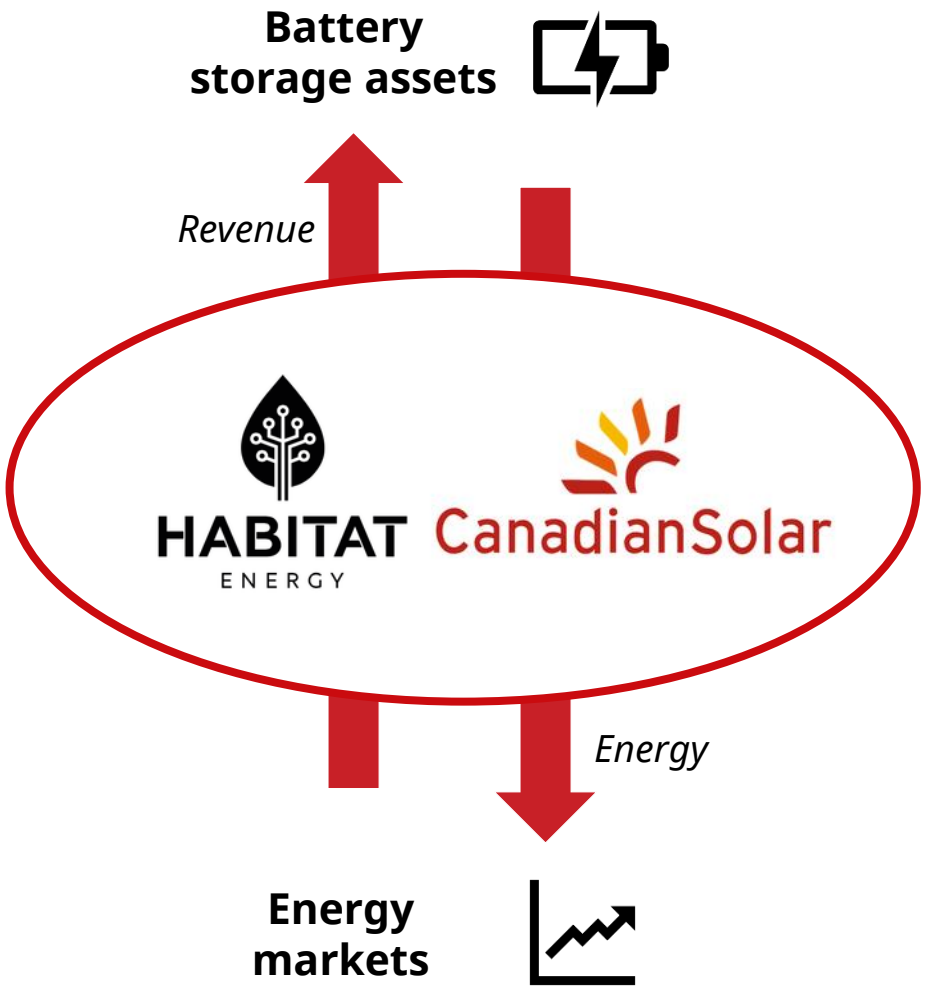
# Focus on solar plus battery storage to strengthen our competitive advantage

**Enhance the value of our storage assets through AI, big data and machine learning tools**




**Built one of the largest battery storage project pipelines in the world, almost doubling qoq**

***Q1 2021***

| In Operation | In Construction | Backlog | Pipeline | Total |
|---|---|---|---|---|
| 3 | 1,201 | 1,100 | 14,574 | **16,878** |

***Q4 2020***

| In Operation | In Construction | Backlog | Pipeline | Total |
|---|---|---|---|---|
| 3 | 913 | 1,388 | 6,467 | **8,771** |

**c.2x**

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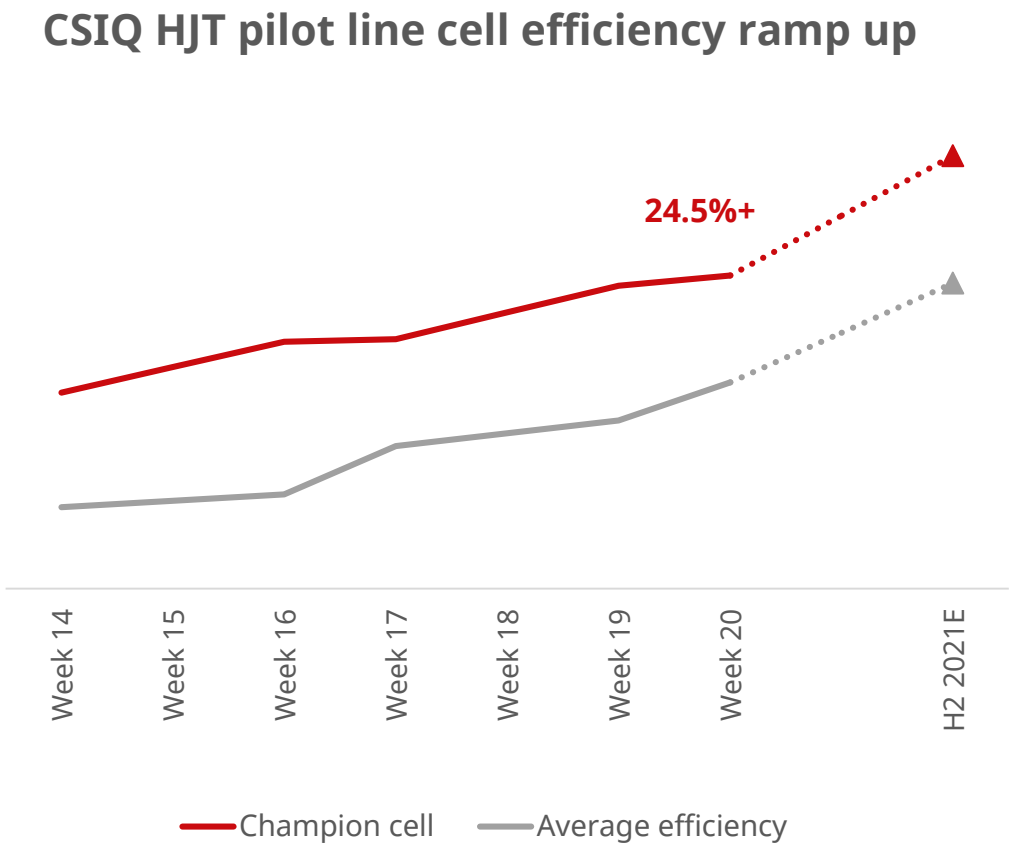
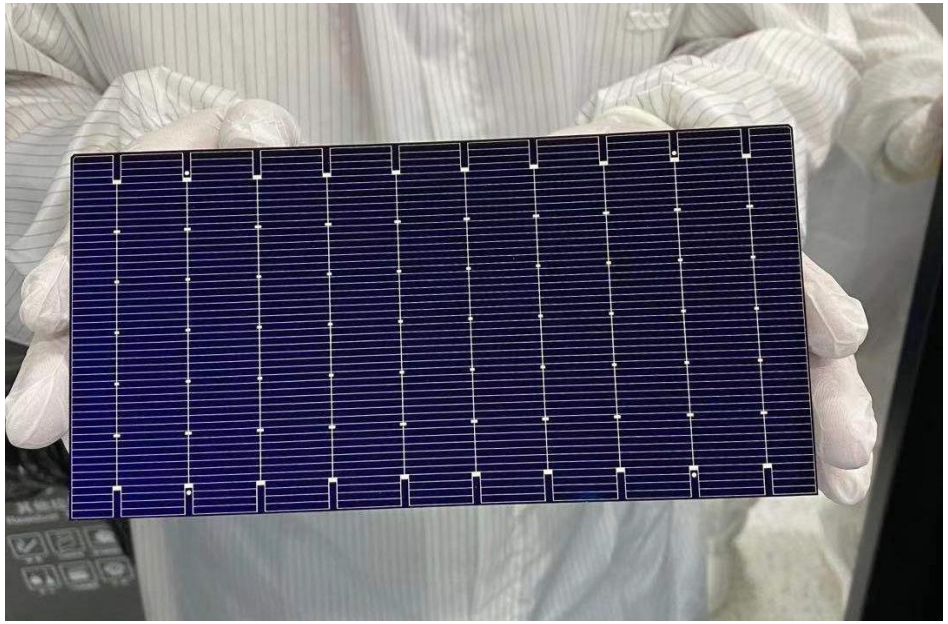
# Production of new N-type heterojunction (HJT) solar cells from Q1 2021



**Delivery of latest technology solar modules to enhance CSIQ brand and pricing power**

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# China IPO progress on track

**Q2 2021 – 2022**

- Feedback process with regulatory authorities and stock exchange
- Roadshow / PDIE (pre-deal investor education)
- **Official listing**

**Q2 2021**

- **Submit application to stock exchange**

**April 2021** ✓

- Submit application to regulatory authorities

**Q1 2021** ✓

- Financial, legal paperwork
- Prospectus

**Q4 2020** ✓

- Shareholder system reform
- Governance documents
- Registration materials

**September 2020** ✓

- Pre-IPO closing

**July 2020** ✓

- Announcement

*Note: Dates subject to change without notice.*

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# A COMPELLING INVESTMENT OPPORTUNITY

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# Canadian Solar at a glance

## OUR MISSION

- To power the world with solar energy and create a better and cleaner Earth for future generations

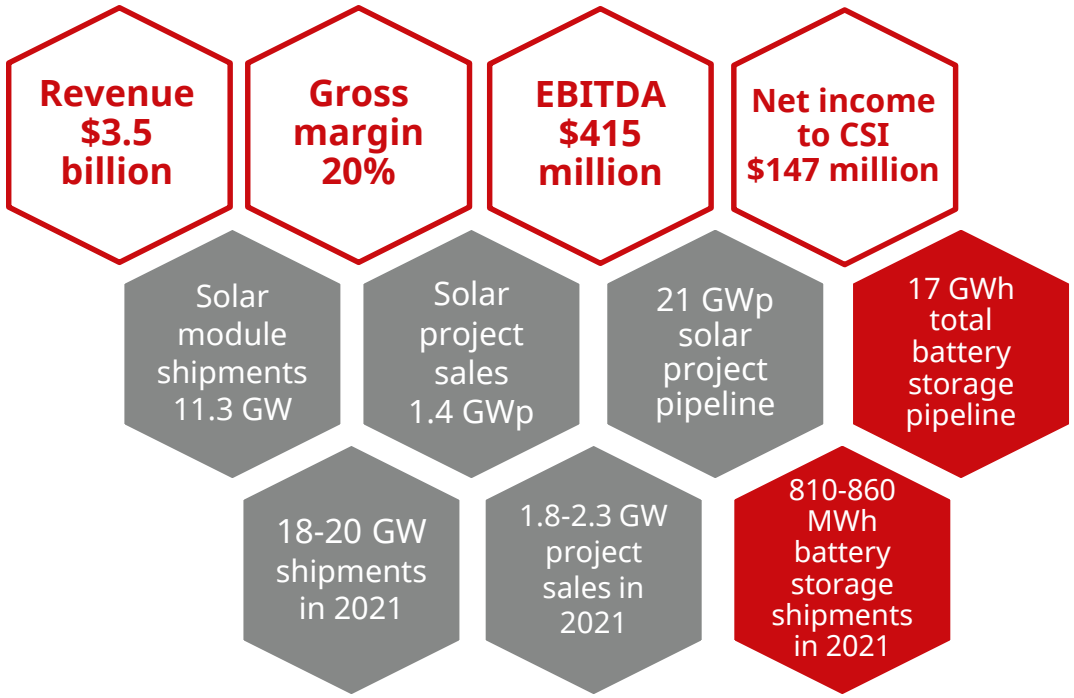
## OUR ORIGINS

- Founded in 2001 in Ontario, Canada
- Listed on the NASDAQ as CSIQ in 2006

## OUR PERFORMANCE

- 30% cumulative growth in shipments since 2013, expect c.65% growth acceleration in 2021
- 330 bp average margin premium relative to industry (1)
- $1.4 billion in cash generated cumulatively since 2013
- 16% average ROE since 2013
- Global presence in 23 countries/territories with module sales to over 150 countries, focusing on premium markets

## SUMMARY FINANCIAL AND OPERATIONAL METRICS (2020)




**Revenue Breakdown FY20**


(1) Over the past 3 years. For gross margin comparison, see slide 30.

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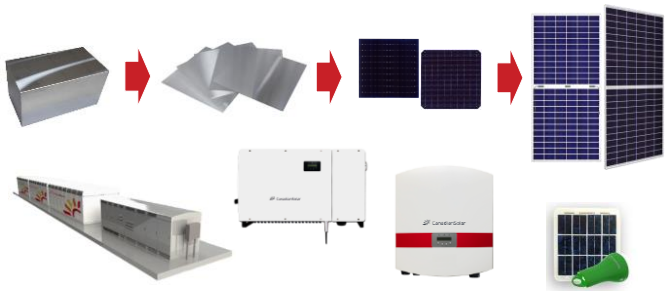
# Diversified and integrated business model

## CSI Solar



- Top tier solar module brand: cumulative shipments of 55 GW. Delivered 11.3 GW in 2020 and expect 18-20 GW in 2021
- Solar module manufacturing and total system solutions provider including inverters, system kits, energy storage and EPC services
- Battery storage solutions provider, delivering end-to-end, integrated battery storage solutions for utility scale, commercial and industrial, and residential applications
- Expect 810-860 MWh of battery storage shipments in 2021

## Global Energy

- Solar project development: develop, build, operate, sell and own solar and solar power plants across 20+ countries/ territories
- Battery storage project development: co-located utility-scale solar plus energy storage and stand-alone battery storage
- 6 GWp of contracted solar projects in operation, construction and backlog; 21 GW of total solar project pipeline
- 1.2 GWh of storage projects under construction and 17 GWh storage project pipeline

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# Why invest in Canadian Solar

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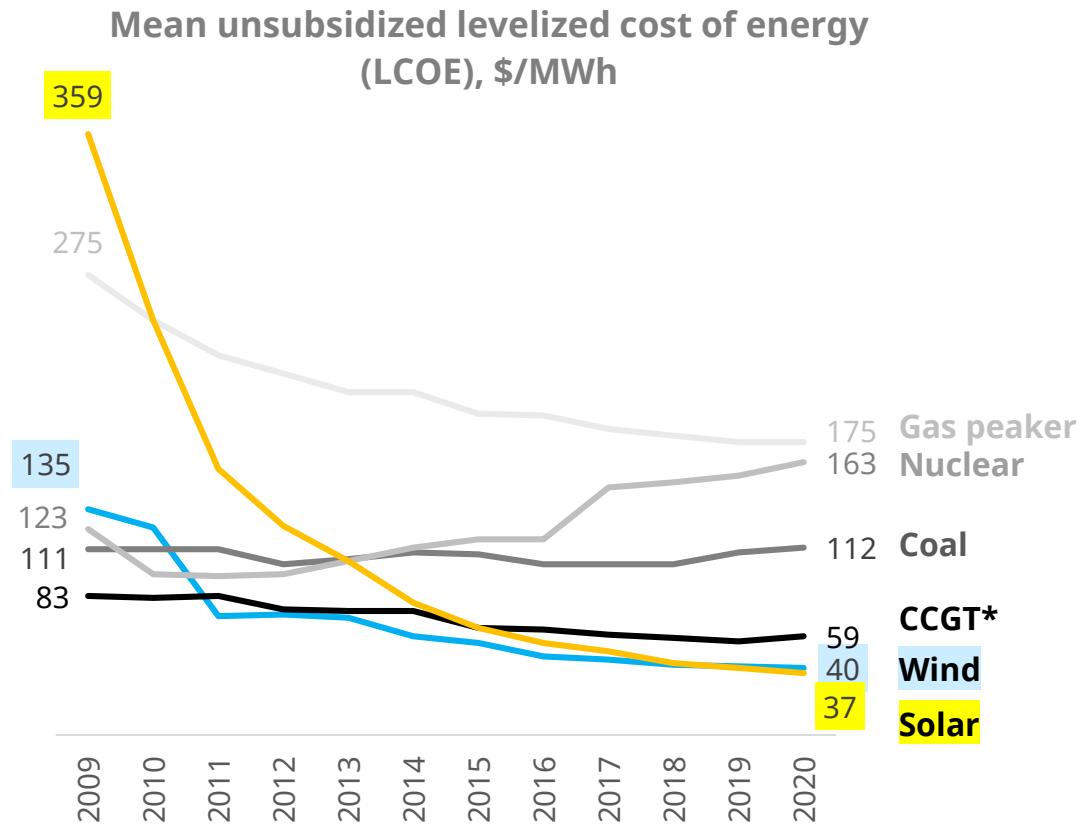
*Led by a strategically-minded and prudent management team with excellent track record*

1. Global market leader with strong growth outlook driven by solar grid parity and accelerating demand for clean renewable energy
2. Multiple levers of growth in solar modules, system solutions, project development & ownership, and battery storage
3. Market-oriented strategy driving technology and business model innovation, capturing new opportunities such as energy storage
4. Strong and consistent operational and financial track record
5. Attractive valuation supported by strong fundamentals & balance sheet

# Solar PV the most environmentally and economically attractive source of electricity, critical to any global decarbonization scenario

## Solar already the cheapest source of energy




*CCGT = Combined Cycle Gas Turbine*

## Major economies have recently committed to ambitious decarbonization goals…

- **China**: Peak carbon by 2030, carbon neutrality by 2060
- **U.S.**: Rejoining Paris Climate Agreement; Biden Clean Energy Plan to achieve carbon neutrality in the power sector by 2035 and economy-wide by 2050; increase federal procurement of clean energy and technology; Biden Infrastructure Plan etc.
- **European Green Deal**: 55% emission reduction in 2030 relative to 1990, carbon neutrality by 2050
- **Japan**: Carbon neutrality by 2050 **…….and more**

## …while corporations are increasing demand for clean energy

- Many firms committing to 100% renewable energy. This contributes to lower energy costs and helps achieve corporate ESG goals (Environmental, Social & Governance)
- Key clean energy corporate off-takers: Amazon, Total, TSMC, Verizon, Facebook, General Motors, Dow Chemical, Anglo American, General Mills etc.

Source: Lazard 2020 LCOE Report, public announcements.

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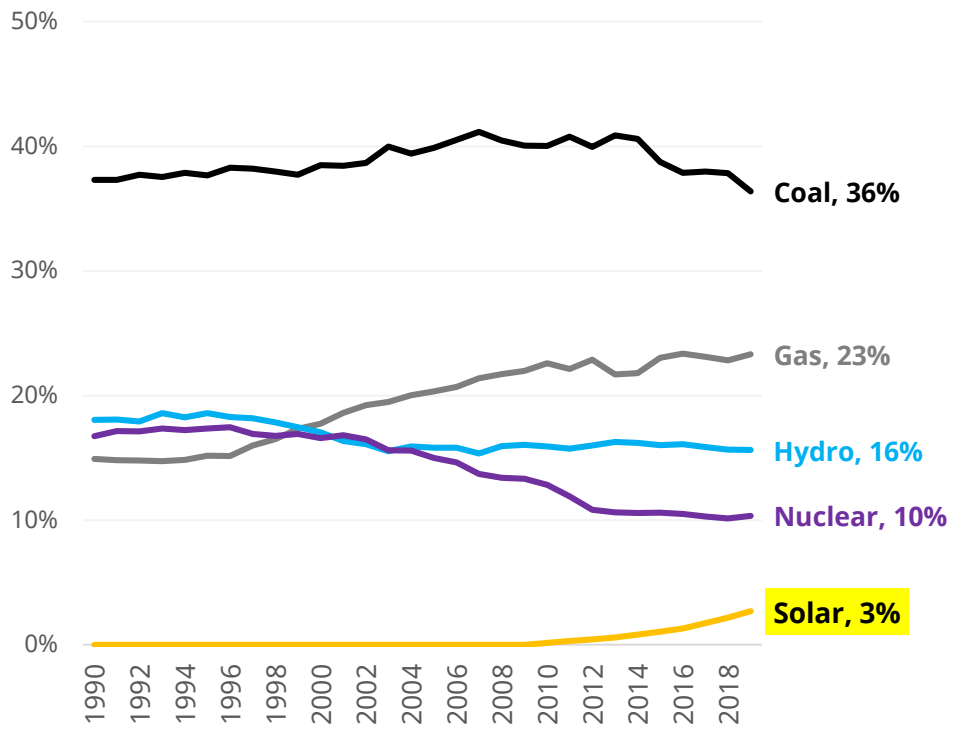
# Massive growth potential as solar remains underpenetrated

## Despite rapid growth, solar penetration remains at just 3%

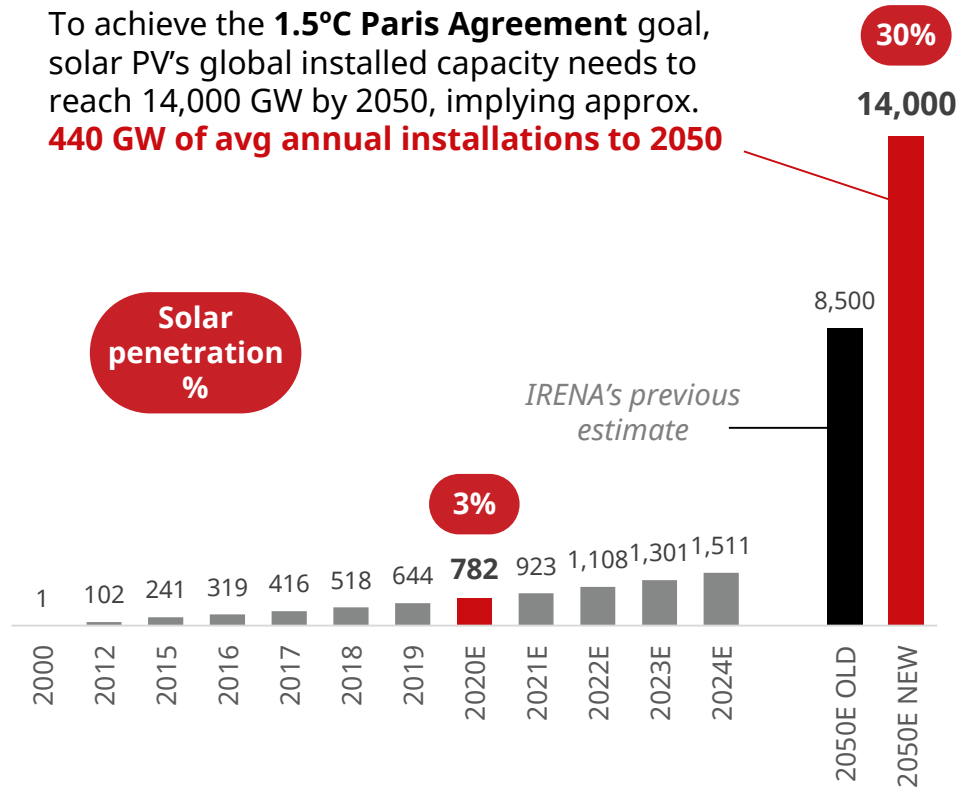
**Electricity generation by fuel type**




## Solar's cumulative capacity base to reach 14,000 GW by 2050 from 780 GW in 2020

**Global solar PV cumulative installations, GW**

To achieve the **1.5°C Paris Agreement** goal, solar PV's global installed capacity needs to reach 14,000 GW by 2050, implying approx. **440 GW of avg annual installations to 2050**




Source: BP Energy Outlook 2020, IHS, BNEF, IRENA World Energy Transitions Outlook.

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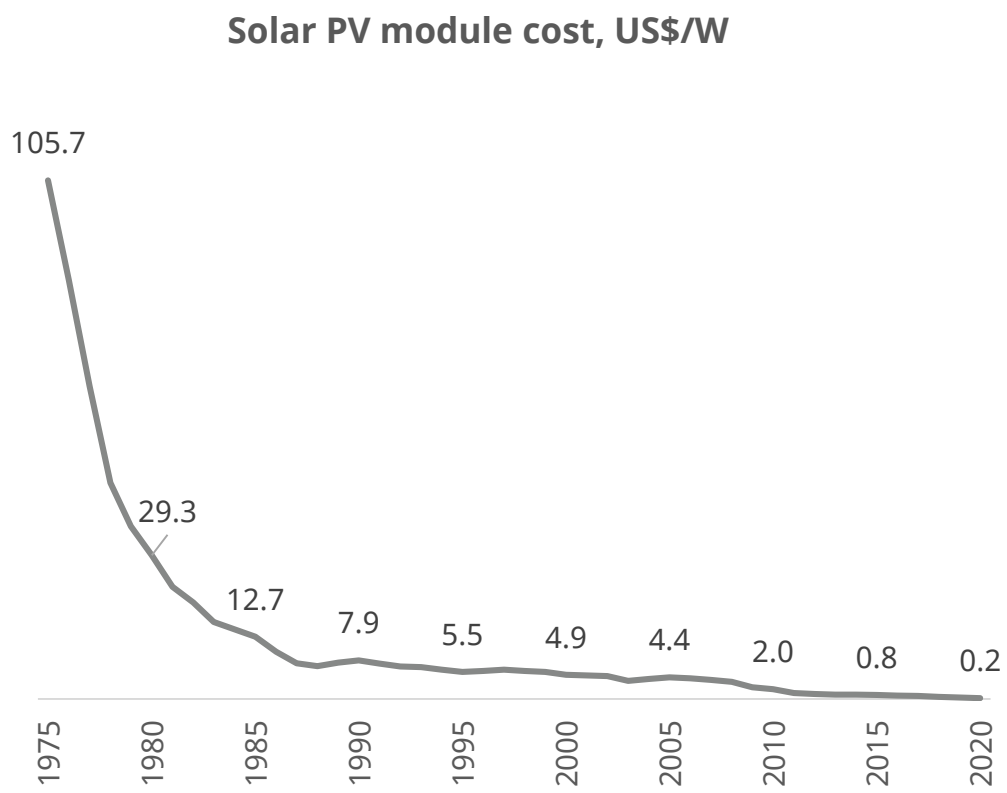
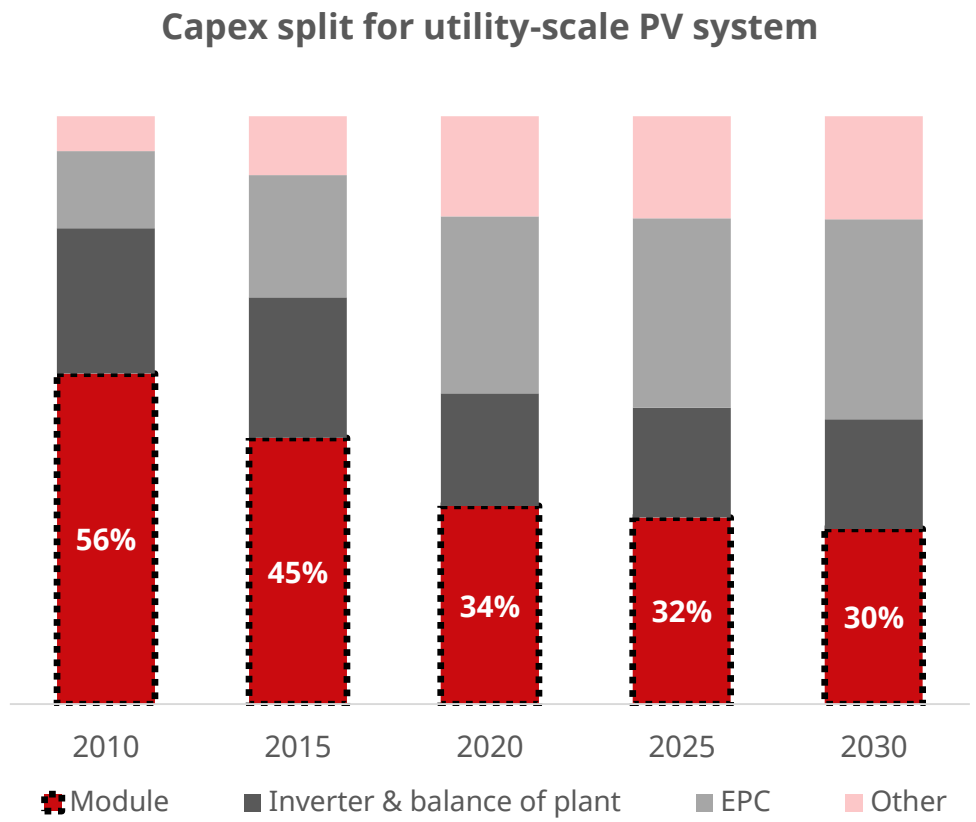
# Solar PV modules nearing the bottom of the cost curve

## Solar module prices have declined dramatically




## Declining marginal benefit from further module price cuts




Source: IEA, BNEF.

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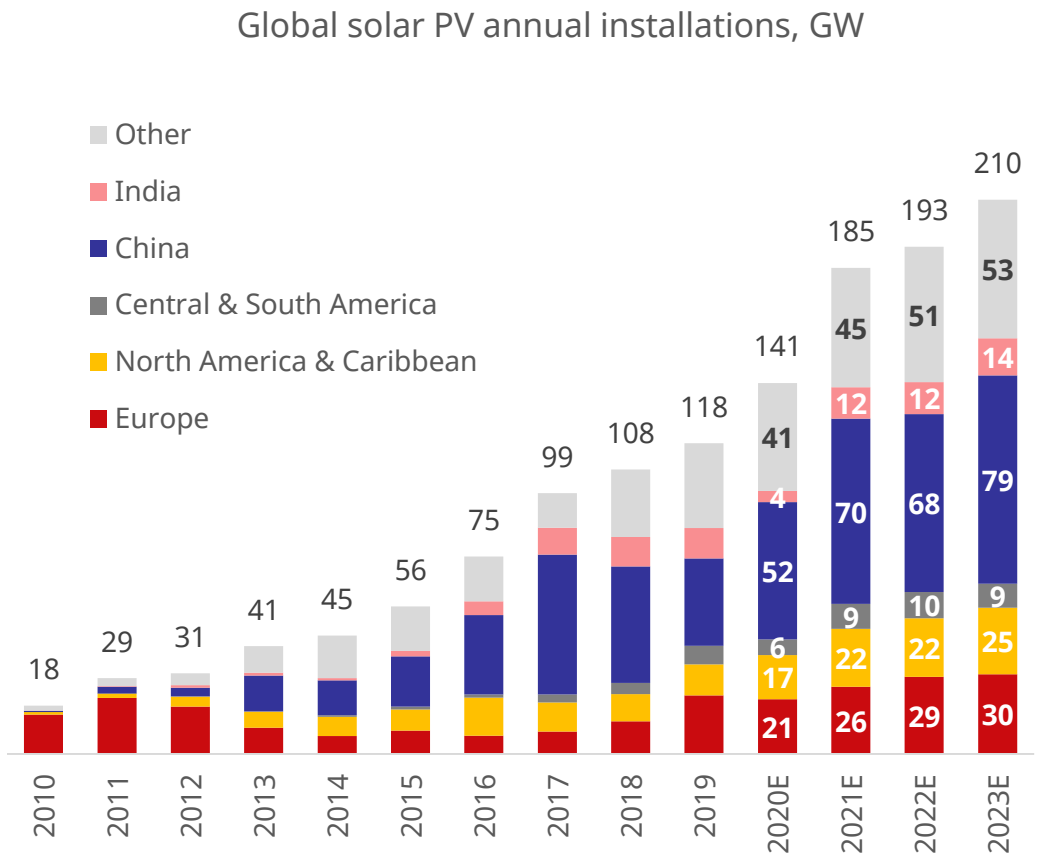
# Significant growth visibility and healthier market dynamics

## Strong growth outlook on a much larger market base: annual PV installations up 7x over the past decade




*Forecasts are BNEF-estimated mid-points*

## Lower risk and higher return outlook in the solar industry

**LOWER RISK:**

- **Independence from subsidies**: grid parity driving lower market uncertainty from subsidy policy overhang; lower demand/supply mismatch volatility from subsidy deadlines;
- **Greater market stability**: faster demand and supply adjustments to market signals
- **Lower market concentration**: the number of 1 GW+ markets to grow from 6 in 2016 to 18-20 in 2021
- **Larger market scale**: Much larger and stabler global base of demand

**HIGHER RETURNS:**

- **Accelerating demand** for solar energy consumption and for solar energy assets
- **Solar module prices approaching the bottom** of the cost curve

Source: BNEF 1Q 2021 Global PV Market Outlook.

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# Market leader in solar energy with a global footprint in project development and module manufacturing and sales

## North America

**Canada**
Guelph: Global HQ
Calgary

**U.S.**
Walnut Creek: North America HQ
San Francisco
Austin
New York City
Princeton

## Europe

**Germany**
Munich: EMEA CSIS HQ

**Spain**
Madrid: EMEA GE HQ

**Poland**
Warsaw

**U.K.**
London

**Italy**
Milan

## Latin America

**Brazil**
São Paulo
Sorocaba

**Mexico**
Mexico City

**Argentina**
Buenos Aires

## Middle East and Africa

**U.A.E.**
Abu Dhabi
Dubai

**South Africa**
Cape Town

## Asia Pacific

**P.R. China**
Suzhou: China HQ
Beijing
Shanghai
Changshu
Funing
Yancheng
Dafeng
Luoyang
Baotou
Taiyuan
Jiaxing
Suqian
Hong Kong, SAR

**Taiwan, China**
Taipei
Hsinchu

**Japan**
Tokyo
Osaka
Fukuoka
Sendai
Nagoya
Kawaguchi

**South Korea**
Seoul

**India**
New Delhi

**Thailand**
Chonburi

**Vietnam**
Hai Phong

**Malaysia**
Kuala Lumpur

**Singapore**
Singapore

**Australia**
Melborne
Sydney
Brisbane
Toowoomba

**Strong presence in 23 countries**:

- **CSI Solar**: 18 countries
- **Global Energy:** 17 countries

15 factories in 6 countries

*Manufacturing operations*

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

Note: Certain offices are shared between the CSI Solar and Global Energy businesses.

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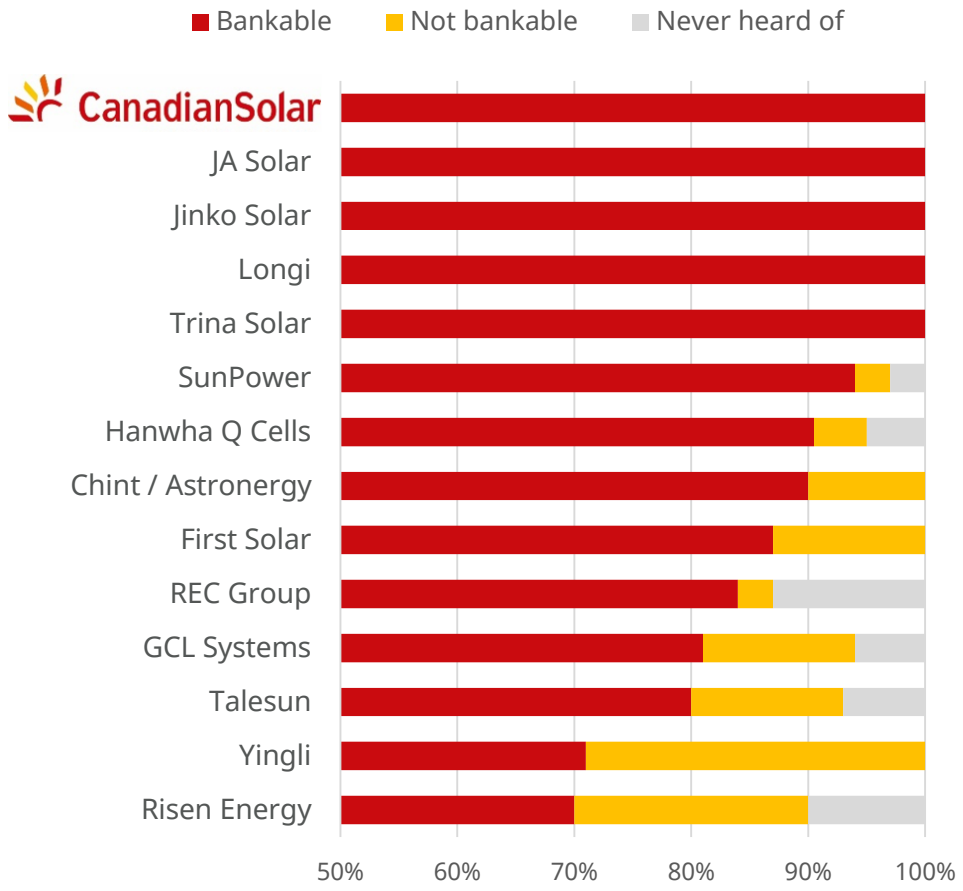
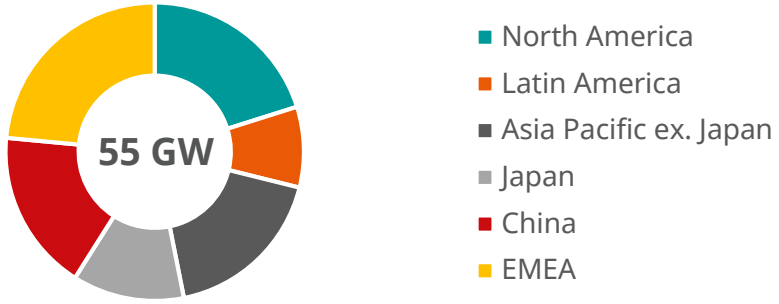
# Top-tier, bankable and globally diversified solar module brand

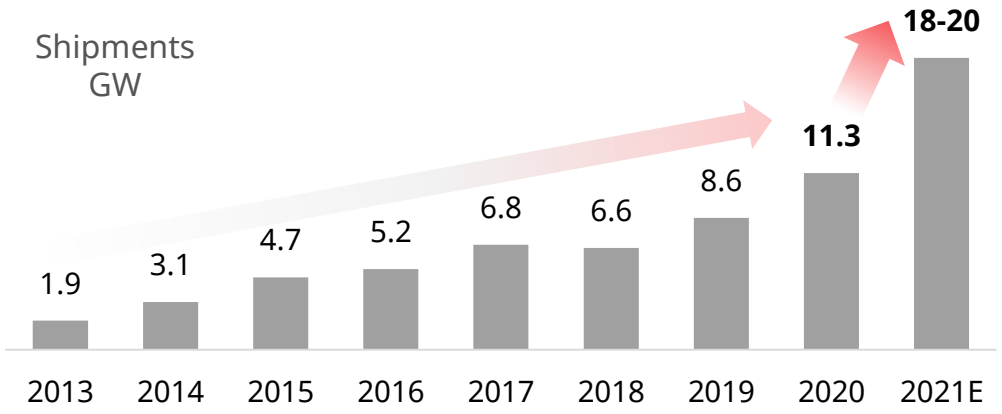
## Most Bankable Module Supplier by BNEF with 100% bankability for 4 consecutive years




## We have cumulatively delivered over 55 GW to 150 countries




## Shipment growth in 2021 to accelerate to c.65% in 2021E from c.30% historical CAGR




Source: Extract from Bloomberg New Energy Finance Module Bankability Survey, 2020. Solar brand bankability ratings are used by financial institutions across the world for credit analysis, indicating the likelihood that projects using the said solar products will be offered non-recourse financing by banks. Factors considered include quality and reliability of products and services, warranties, financial strength and track record.

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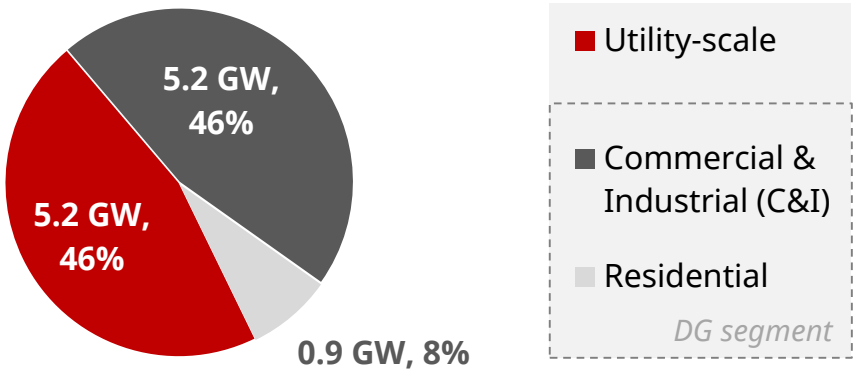
# Differentiated sales strategy focused on delivering high value-add system solutions to premium markets – driver of CSI Solar's stronger pricing power

**CSI Solar is over-indexed to the distributed generation (DG) market segment as it accounts for >50% of our FY20 shipments**
**(DG is c.38% of the global market)**

FY20 shipments




**DG market segment**

- ✓ Higher ASP / smaller volume orders
- ✓ Dedicated channel management
- ✓ Higher customer loyalty
- ✓ Greater demand stability
- ✓ Higher barriers to entry

**Integrated System Solutions = Dedicated product management for high-value channels and markets (Module + Inverter + Battery Storage)**

| Product and solution development | | Value proposition based on user experience |
|---|---|---|
| **Module** | • High efficiency all-black modules for resi market<br>• Lightweight modules for Japanese market<br>• Heterojunction high power wattage modules, to be launched in H2 2021 | • **Greater pricing power for top quality solutions & services**<br>• **Leverage existing channels to expand premium product offering**<br>• **Battery storage, power electronics and AI enablers of new business models** |
| **Inverter** | • CSI Solar full power range own-made inverters for residential, C&I and utility-scale applications | |
| **Storage** | • Residential storage system, under development for Japan and U.S. markets | |

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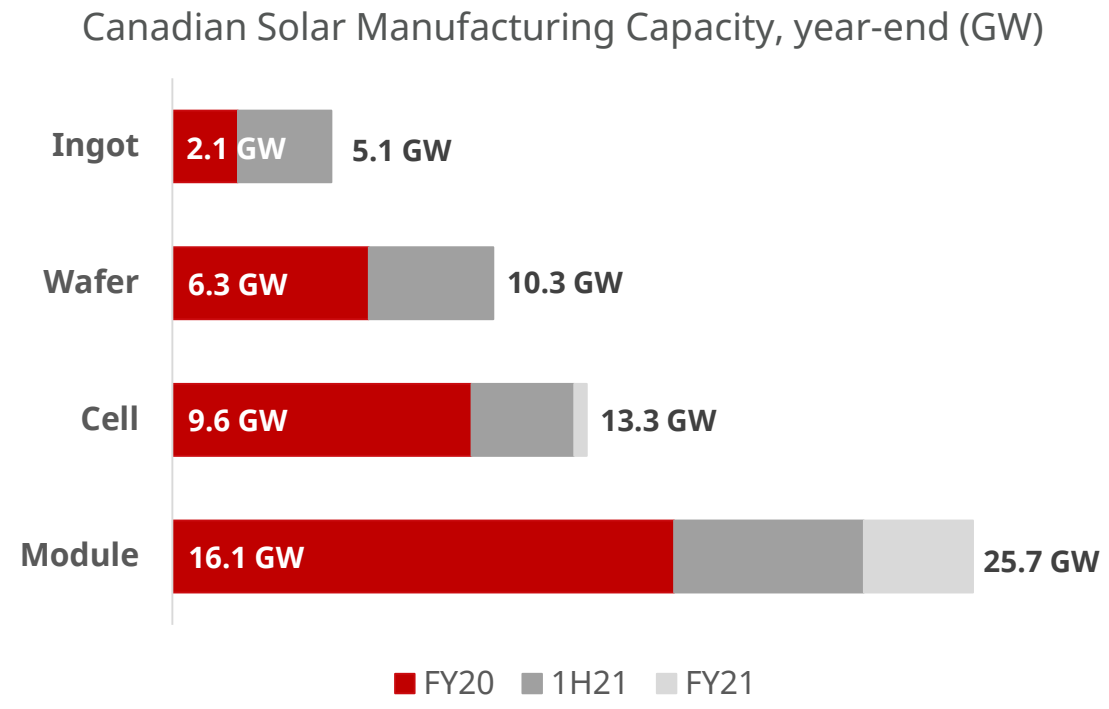
# Gaining global market share through capacity expansion

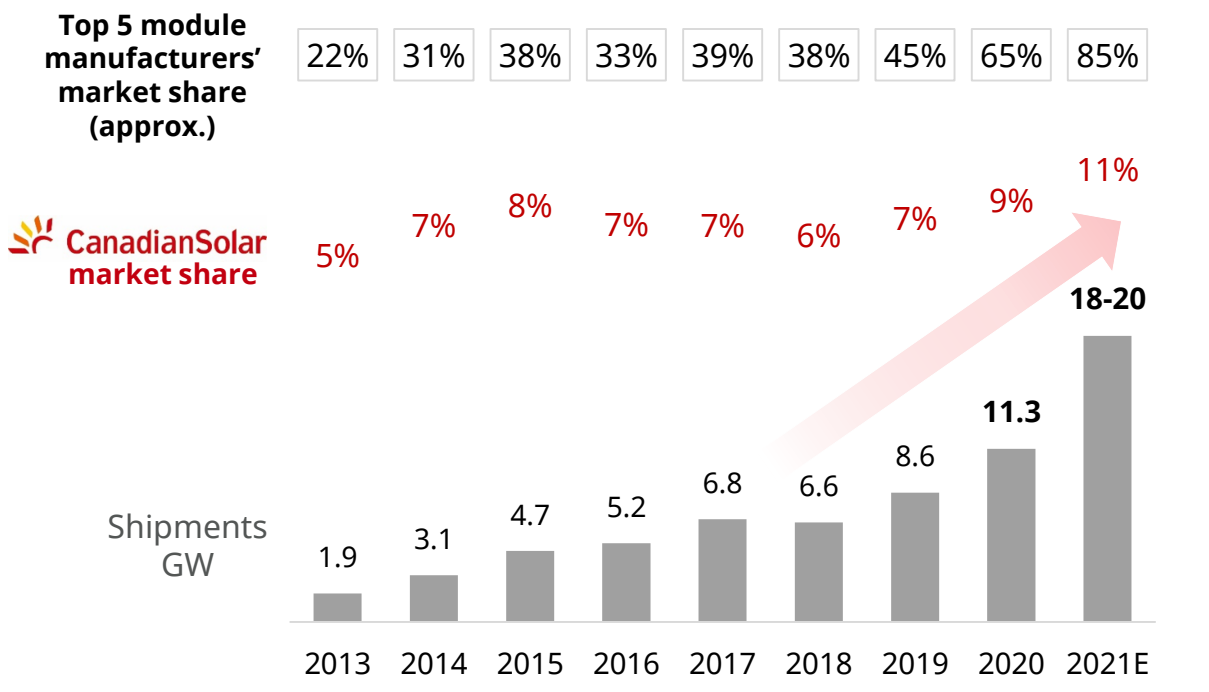
**In the long term**, with demand growth and supply consolidation both accelerating, **CSI Solar's strategy** is to expand capacity and increase the level of vertical integration. This will enable us to gain global market share, enhance pricing power, better control costs and improve our profitability over the long run

**In the near term**, our capacity expansion plans remain flexible, taking into account upstream supply chain dynamics

## Expand capacity and increase vertical integration…




## …to gain global market share and pricing power




Source: IHS, BNEF, PV Infolink.

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# Large global project pipeline of 21 GWp of solar projects across the world

**TOTAL**
**21 GWp**

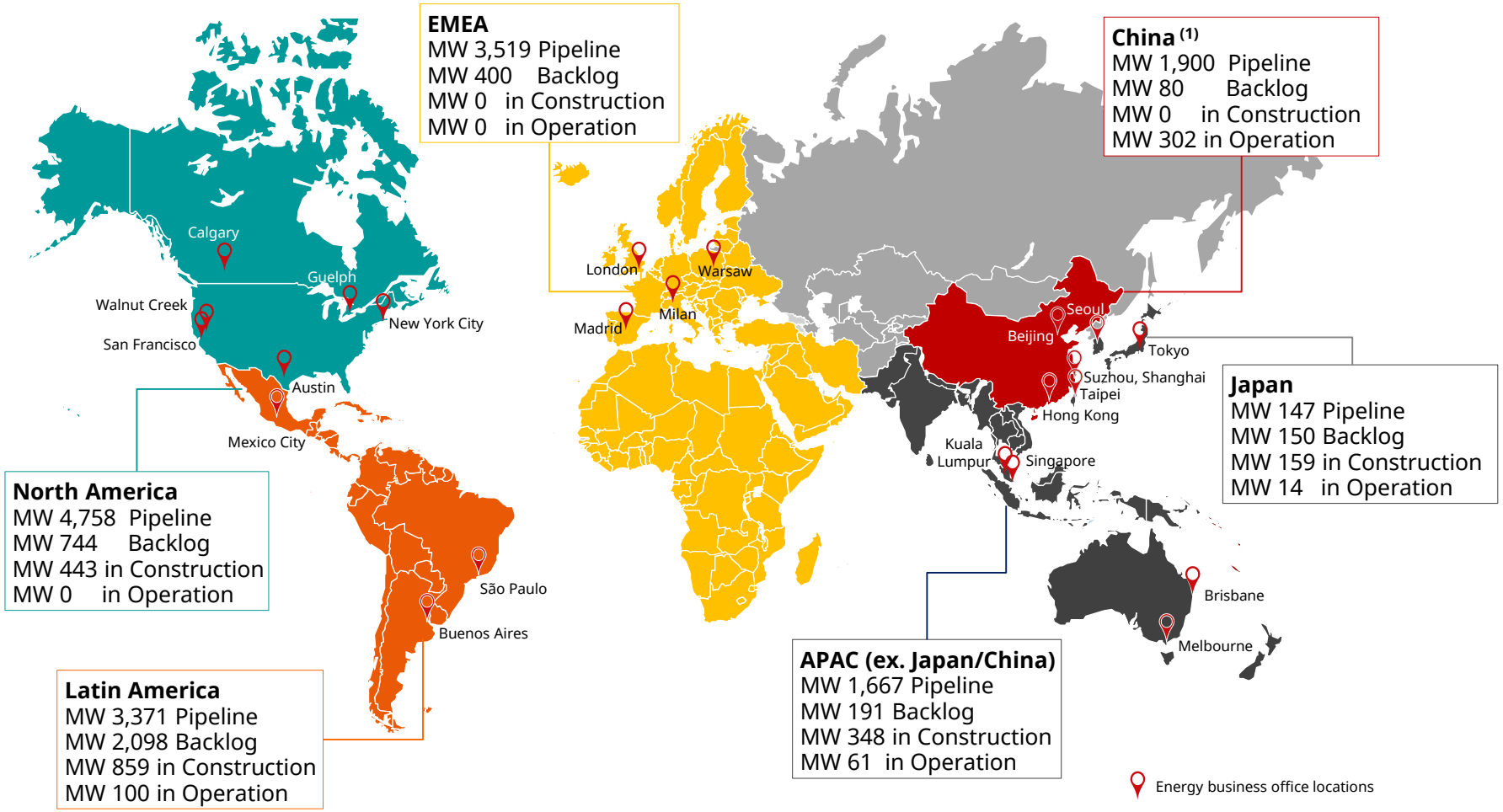
Plants in Operation
**0.5 GWp**

Plants in Construction
**1.8 GWp**

**95%+ contracted**

Backlog
**3.7 GWp**

Pipeline
**15.4 GWp**




**EMEA**
MW 3,519 Pipeline
MW 400 Backlog
MW 0 in Construction
MW 0 in Operation

**China** (1)
MW 1,900 Pipeline
MW 80 Backlog
MW 0 in Construction
MW 302 in Operation

**North America**
MW 4,758 Pipeline
MW 744 Backlog
MW 443 in Construction
MW 0 in Operation

**Japan**
MW 147 Pipeline
MW 150 Backlog
MW 159 in Construction
MW 14 in Operation

**Latin America**
MW 3,371 Pipeline
MW 2,098 Backlog
MW 859 in Construction
MW 100 in Operation

**APAC (ex. Japan/China)**
MW 1,667 Pipeline
MW 191 Backlog
MW 348 in Construction
MW 61 in Operation

Energy business office locations

**To unlock value in 6 GWp(2) of contracted solar projects while continuing to grow our total pipeline**

As of March 31, 2021. **Backlog** = Projects that have passed Rick Cliff Date and are expected to be built in 1-4 years. RCD depends on the country where the project is located and is defined as the date in which the project passes the last high-risk development stage (e.g. secured FIT/PPA, interconnection, land, regulatory/environmental approvals etc.) **Pipeline** = early- to mid-stage project opportunities currently under development that are yet to be de-risked. Definitions of backlog/pipeline consistent with industry practice. For more details, see form 6-K Q1 2021.

(1) China portfolio is part of CSI Solar.

(2) Gross project capacity includes aggregate project stakes of c.680 MWp not owned by CSIQ.

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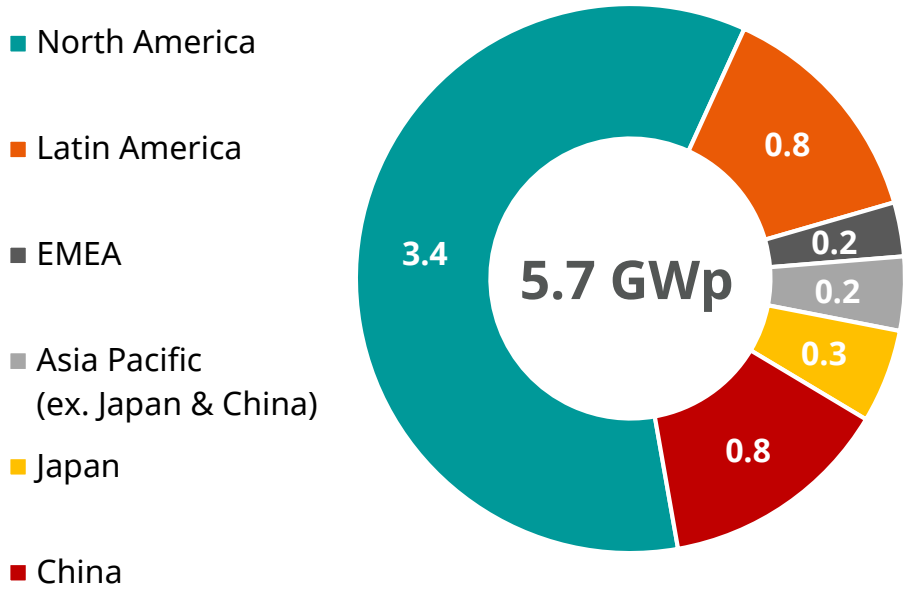
# Proven track record developing & building over 5.7 GWp solar projects worldwide

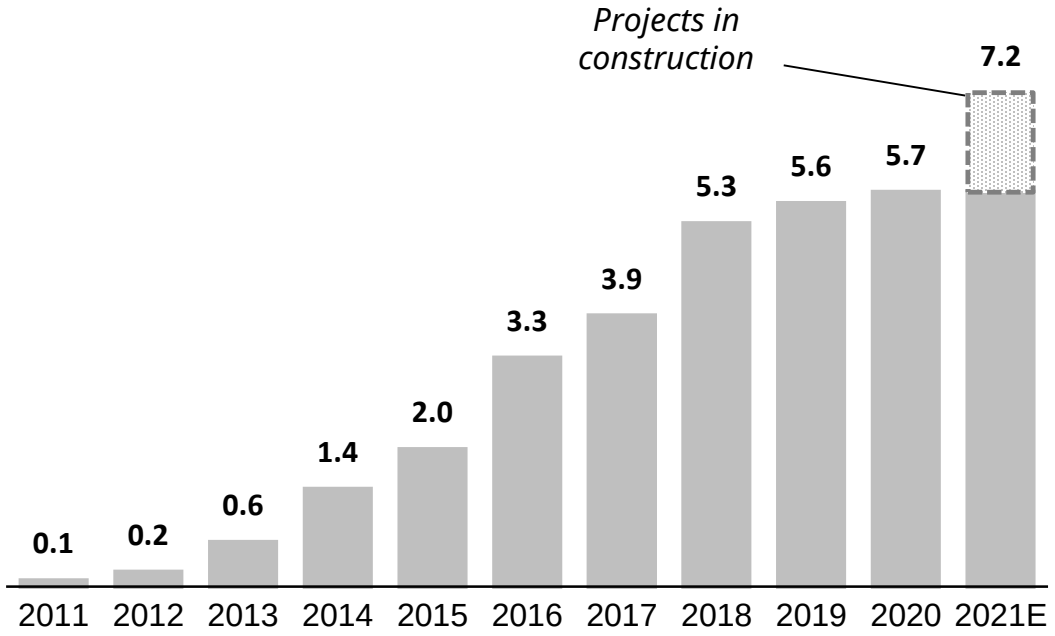
## Expanded our solar project development track record to over 20 countries…

*Regional mix*




## …and expect to exceed 7 GWp by the end of 2021

*Cumulative power plants built and connected, GWp*




**100% track record in the delivery of projects in backlog**

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# Leading presence in markets with strong fundamentals

## Focus on low-risk, high growth markets

- **North America**: Potential legislations in the U.S. to allow CSIQ to capture greater value from solar and storage assets; future potential to build local investment vehicle.
- **Latin America**: Growth through both public auctions and private PPAs. Brazil – over 2 GW of projects in backlog, expected to reach COD over the next few years; to feed into the FIP-IE vehicle. Mexico – executing projects with current partners, market with strong fundamentals. Projects under development in Chile, Colombia, Dominican Republic.
- **EMEA**: Expect significant growth driven by net zero carbon emissions targets; Italy currently working through legislation that would simplify the project development process. CSIQ also entering new European markets.
- **Japan**: Strong fundamentals; transition from feed-in-tariff to auctions market
- **Asia Pacific ex. Japan and China**: Increase presence in markets such as South Korea and explore opportunities in markets such as Malaysia, Thailand and Vietnam. Completed exit from India market

## Nearly 6 GW of contracted projects secured by long-term PPAs

| Average length of FIT/PPA contracts | |
|---|---|
| U.S. | 12-20 |
| Brazil | 15-20 |
| Europe | ~ 10 |
| Japan | ~ 20 |
| South East Asia | ~ 20 |
| Australia | 10-20 |

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# Unparalleled expertise in the solar development value chain across 20+ jurisdictions

## Development

- Origination, site selection, M&A *(greenfield and brownfield opportunities)*
- Environmental studies
- System design
- Financial modelling
- Secure land and interconnection
- PPA negotiation / auction participation
- Energy storage integration

**➔ Notice to Proceed (NTP)**

Project exit at NTP:
- Smaller revenue, higher gross margin %
- Lower capital needs

## Execution

- Financing and structuring of debt and equity
- EPC management:
  - Engineering
  - Procurement: Canadian Solar PV modules, centralized BOS
  - Construction management
- Testing and commissioning

**➔ Commercial Operation Date (COD)**

Project exit at COD:
- Larger revenue, lower gross margin %
- Higher capital needs

## Operation+

- **Operations and maintenance (O&M):**
  - Maximize performance
  - Technical inspections and repairs
  - Real time remote monitoring
  - Performance reporting
- **Asset management**
- **Infrastructure fund / vehicles in Japan, Brazil, Europe for long term ownership**
- **Energy trading platform for operating assets**

**Maximize project valuation, accelerate cash turn, minimize risk exposure, focus on capturing long term returns of solar and battery storage project assets**

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# Multiple levers of growth across project sales, services and investment vehicles

| | | 2020 Actual | 2021 | 2022 | 2023 | 2024 | 2025 | |
|---|---|---|---|---|---|---|---|---|
| 1 Development: Project sales | Annual project sales. GWp | 1.4 | 1.8 – 2.3 | 2.4 – 2.9 | 3.2 – 3.7 | 3.6 – 4.1 | 4.0 – 4.5 | **+25% CAGR (market +20%)** |
| 2 Services: O&M[1] + Asset Mgmt | Operational O&M projects, GWp | 2.2 | 2.6 | 4.0 | 6.5 | 9.2 | 11.0 | **+40-50% CAGR in cumulative retained assets or projects in service** |
| 3 Investment Vehicles: Partial ownership of solar projects | Cumulative projects retained (net & gross[2]), MWp | 118 | 200 | 400 | 760 | 960 | 1,000 | **By 2025, recurring cash flows to drive c.50% of Global Energy CF (from <1/5)** |
| | | 220 | 650 | 1,300 | 2,650 | 3,150 | 3,400 | |

- COD MW mix approx. 30-50%, actual mix depends on market and project-specific conditions
- Capture additional operational value throughout the partial ownership period
- Expand base of stable long-term cash flows, improve predictability of earnings
- Recycle a large portion of the capital into developing new solar projects for growth

*Power generation from partially-owned solar project vehicles reflected as earnings from unconsolidated investees

(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.
(3) NTP = Notice to Proceed (pre-construction). COD = Commercial Operation Date (post-construction).
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.

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# Increase value capture and earnings stability through capital partnerships

| Entity | Location | CSIQ owner-ship | Type of assets | Gross volume, MWp | AUM, $mn | Equity, $mn | Avg market CAFD $/MW |
|---|---|---|---|---|---|---|---|
| **CSIF** (1) (Canadian Solar Infrastructure Fund, TSE: 9284) | Japan | 15% | Operational assets | 184 | 740 | 450 | >$200k |
| **JGIF** (Japan Green Infrastructure Fund) | Japan | 67% | Development & construction assets | >200 (2) | N/D (3) | N/D | First offer rights to CSIF |
| **FIP-IE** (Listed Brazilian Participation Fund in Infrastructure – to be launched) | Brazil | Up to 20% | Operational assets | >600 (4) | N/D | N/D | c.$40k |
| **Various private and public vehicles** (to be launched) | Europe (various) | c.40% | Construction & operational assets | >150 (4) | N/D | N/D | c.$20k |

- **Optimize and maximize project valuation relative to individual project sales strategies**
- **Grow base of operating solar assets through partial ownerships and increase share of recurring income**
- **Mobilize and leverage 3rd party capital partners for growth**
- **Capture additional value in O&M, asset management, storage retrofit etc.**

(1) See following slide for more details. CAFD $/MW for CSIF are actuals.
(2) Assumes full deployment, as JGIF is a development fund and will not hold projects for long term cash flow.
(3) Not disclosed or not available.
(4) Initial asset dropdown, expected to grow over time. Total existing backlog in Brazil is >2 GW. E.U. funds to grow to >1 GW.
Note: Table shows estimated projections for the Brazilian and European vehicles. Values are indicative and subject to change without notice.

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# CSIF: Japan's largest publicly listed solar infrastructure fund

## Canadian Solar Infrastructure Fund
**(TSE: 9284.T) 15% owned by CSIQ**

| | |
|---|---|
| Valuation (1) | ¥80 bn (~$740 mn) |
| Market capitalization (2) | ¥49 bn (~$450 mn) |
| No. of power plants | 25 |
| Capacity | 184 MWp |

**Total sponsor portfolio**
**22** projects, **295** MWp

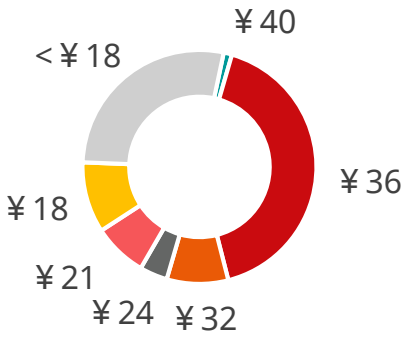
=

Operational and under construction
**10** projects, **174** MWp

+

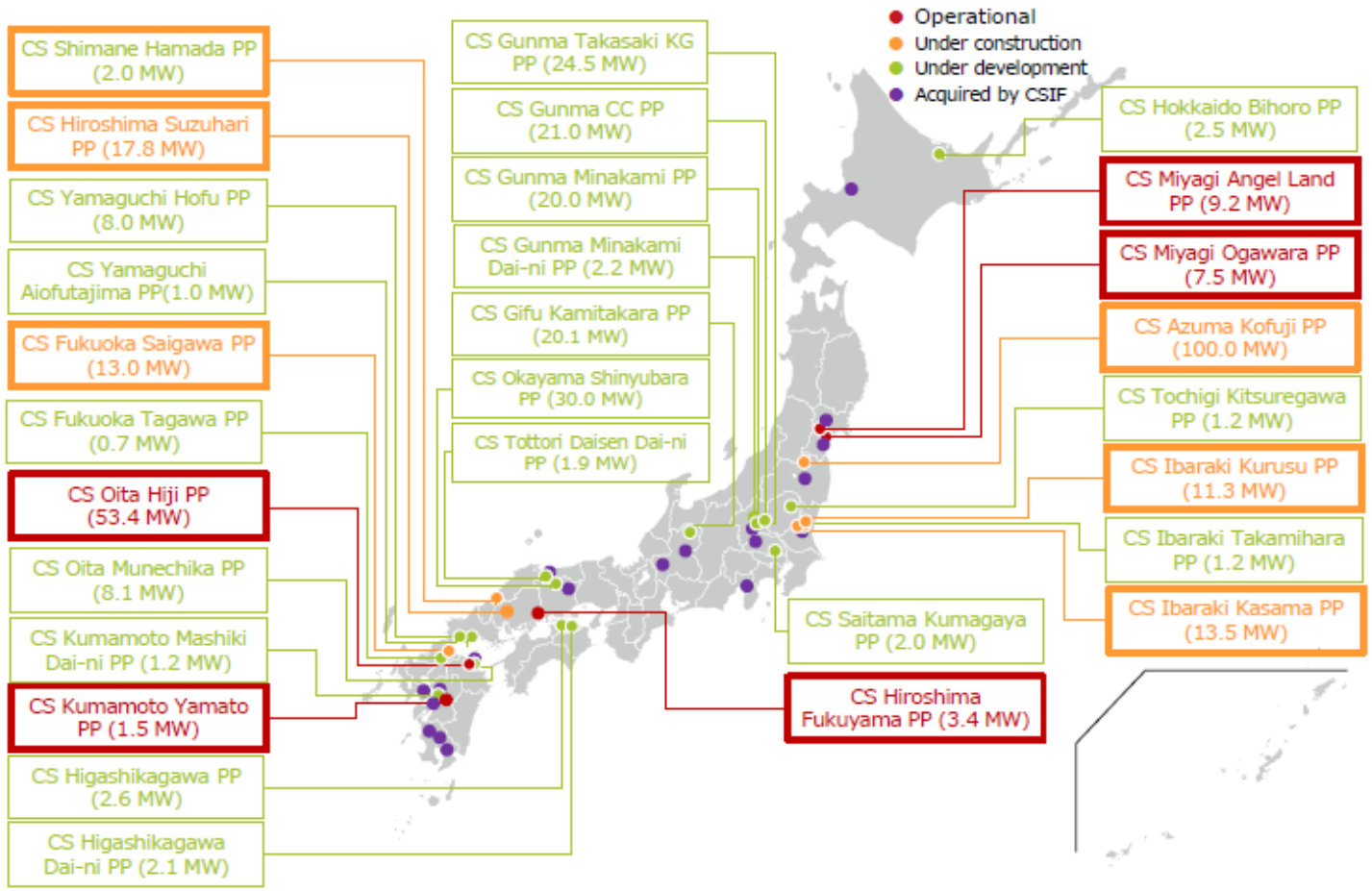
Under development
**12** projects, **121** MWp

***Sponsor portfolio FIT distribution (by MW)***




**50% of portfolio contracted at USD >0.30/kWh FIT !**

***Map of CSIF and sponsor (CSIQ) assets***




(1) Median project valuation amounts estimated by Pricewaterhouse Coopers Sustainability LLC and Ernst & Young Transaction Advisory Services Co., Ltd. in project valuation reports as of each financial period end (half year) or acquisition. Valuation as at December 31, 2021.
(2) As at May 21, 2021.

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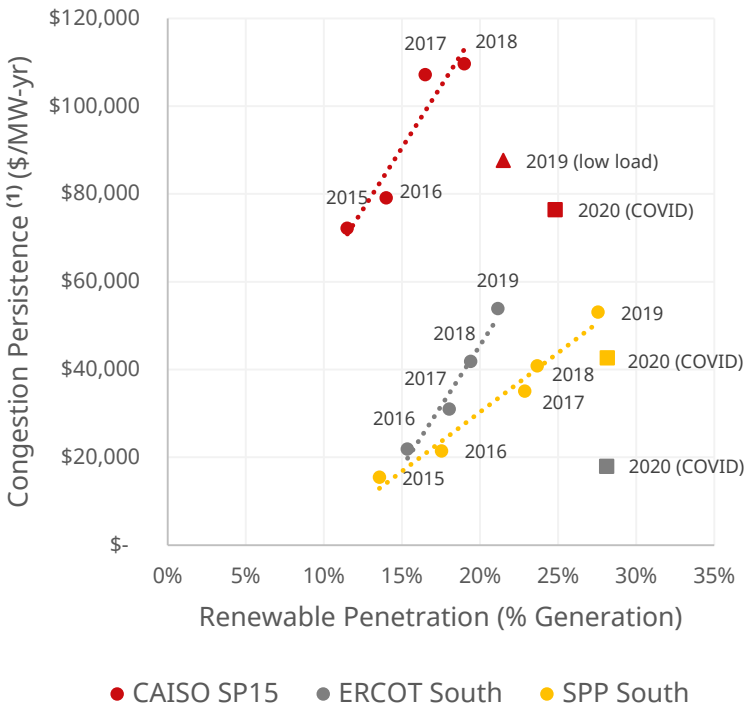
# Increasing demand for energy storage with greater adoption of renewables

## The value of battery storage is directly correlated with the penetration of renewable energy

***Value of storage and renewable penetration across U.S. ISOs***




## Battery storage has unique advantages in providing grid services

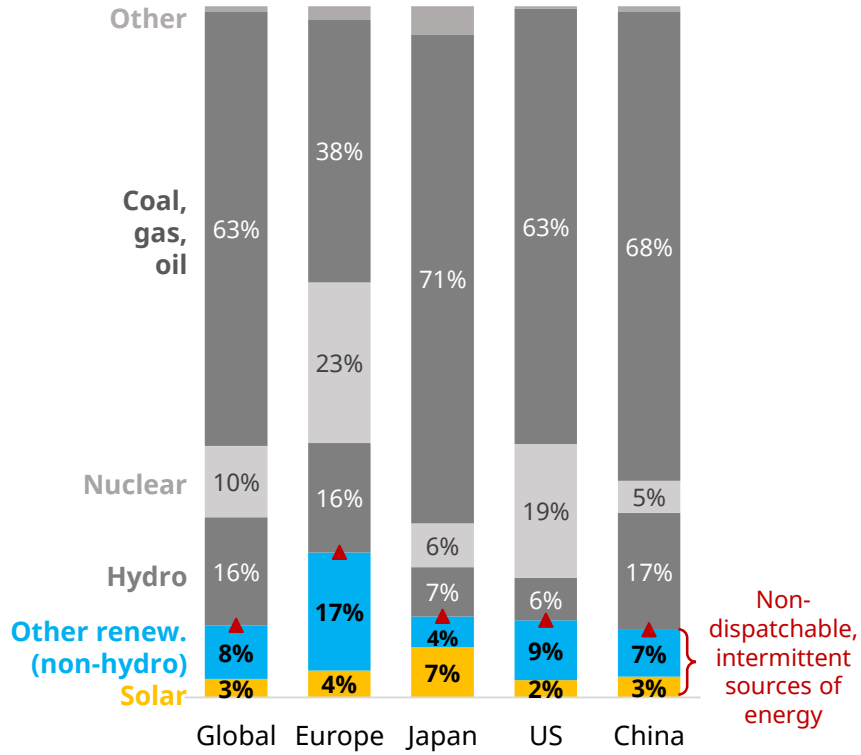
Increasing penetration of renewable energy lowers power costs and decarbonizes the power grid, but it **creates price volatility and affects grid stability: battery storage can mitigate the effect of renewable energy on the grid**

**Advantages of battery storage:**

- Modular, flexible size
- No startup costs, short ramp time
- Ability to charge and discharge
- Battery costs declining rapidly

## The need for battery storage will only increase as renewable penetration continues to go up

***Electricity mix %***




Source: Ascend Analytics, BP.
(1) Congestion persistence = value of storage to real-time energy prices based on the frequency and magnitude of energy price spikes. The volatility correlates to the opportunity for storage to arbitrage in the energy market.

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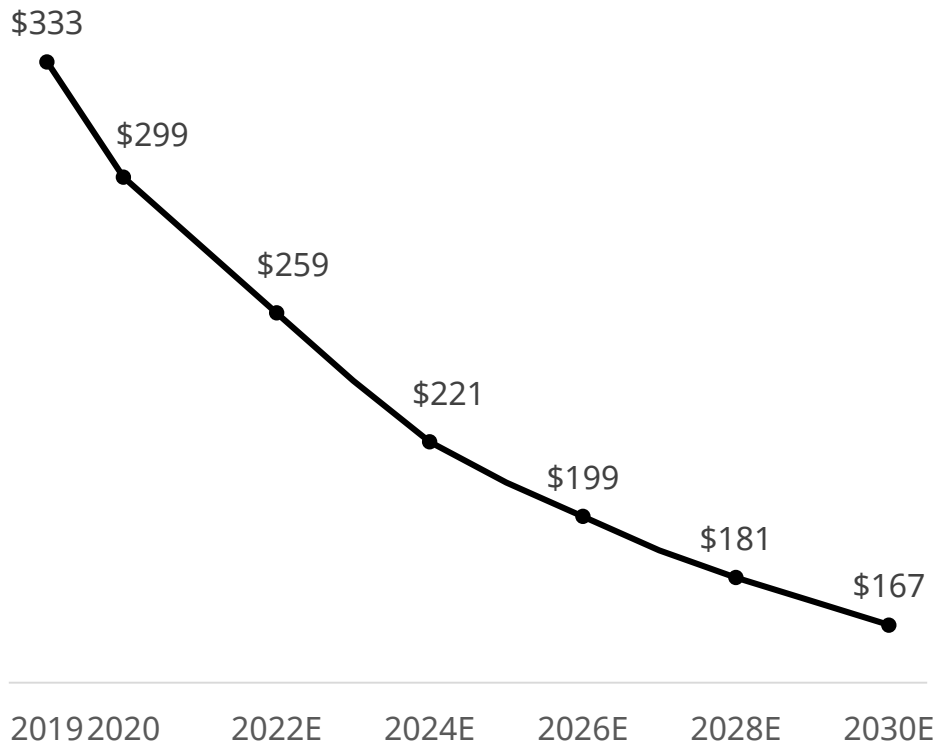
# Energy storage entering exponential market growth phase

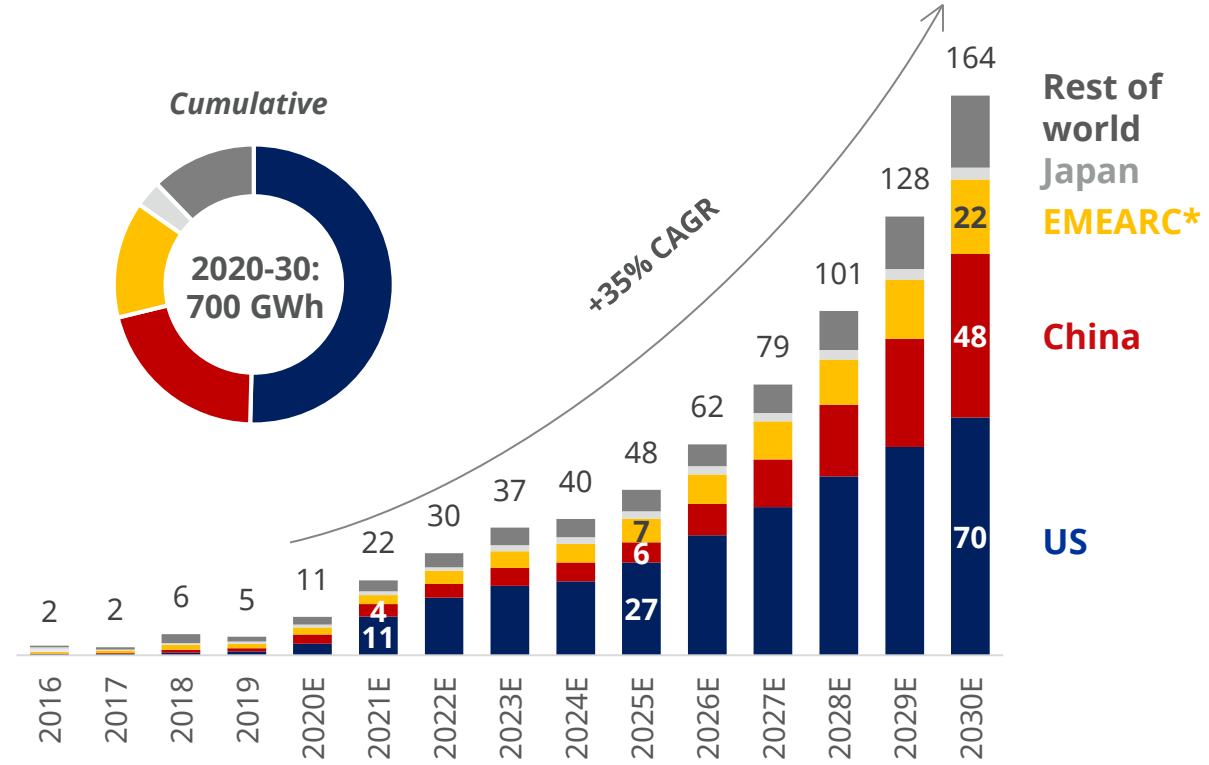
## Rapid cost reductions improving the economics of battery storage solutions

Capital cost for a fully-installed large 4h duration AC energy storage system, $/kWh




## The U.S. market to account for half of the global storage market over the next decade

Energy Storage Annual Capacity Additions, GWh




*EMEARC = Europe, Middle East, Africa, Russia and Caspian

Source: BNEF, Wood Mackenzie.

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# Building a leadership position in battery storage

- **CSIQ to deliver 810-861 MWh battery storage projects in 2021 (CSI Solar)**
- Diversified solar business model + global presence = competitive advantage in identifying early storage market opportunities
- Deep understanding of power grids and power markets to identify the markets/locations that maximize the value of storage

## Battery Storage Solutions Integration (CSI Solar)

- Proprietary, integrated battery storage technological solutions
- Bankable fully-wrapped capacity and performance guarantees, supported by robust risk management strategies, financial modeling and warranty designs
- Long term operations & maintenance including battery capacity augmentation

## Battery Storage Project Development (Global Energy)

- Signing storage tolling and other off-take agreements with a variety of power purchasers
- Permitting/interconnection
- Financial modeling
- Fully integrated with solar development

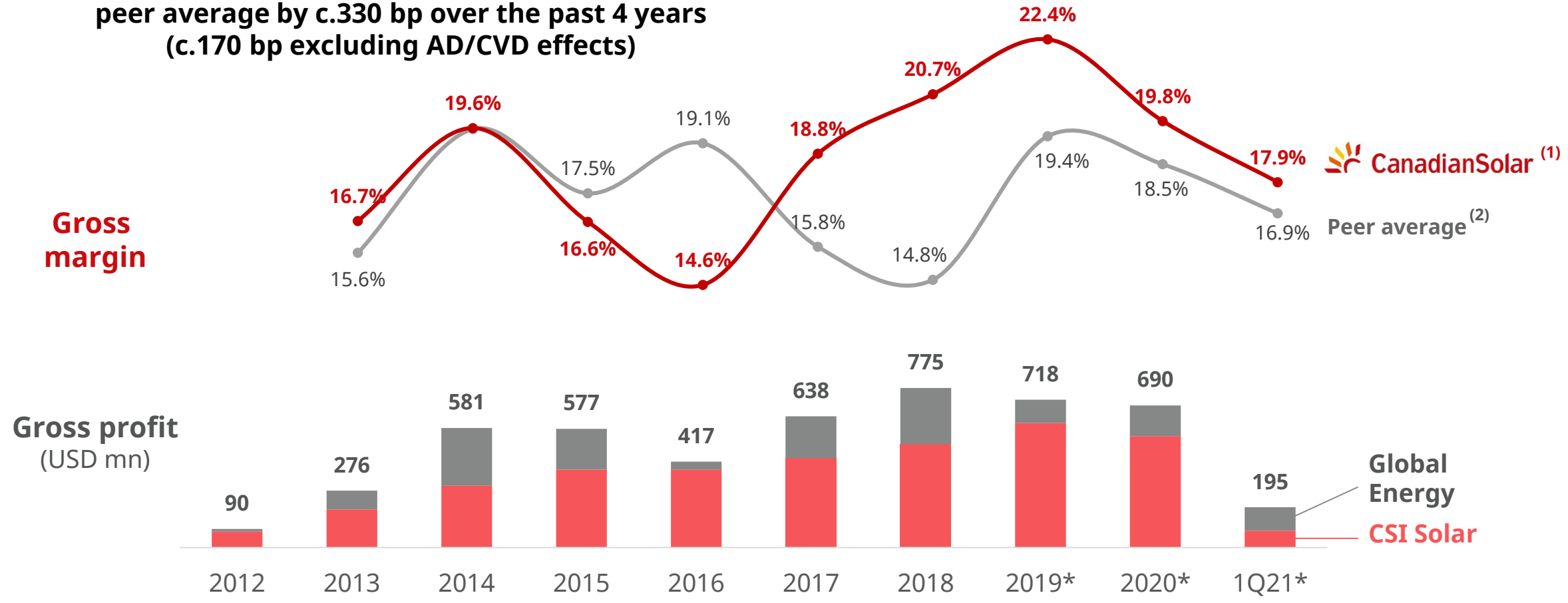
**Storage pipeline, MWh**

| Contracted/ In Construction | Forecast | Pipeline | Total |
|---|---|---|---|
| 861 | 1,400 | 4,842 | **7,103** |

| In Operation | In Construction | Backlog | Pipeline | Total |
|---|---|---|---|---|
| 3 | 1,201 | 1,100 | 14,574 | **16,978** |

# Delivering industry-leading margins over the past several years

**Canadian Solar gross margins have exceeded peer average by c.330 bp over the past 4 years (c.170 bp excluding AD/CVD effects)**




(1) Includes the effects of anti-dumping and countervailing duties in the U.S. Excluding this, margins would be c.130 bp lower for 2017-20, 150 bp higher for 2016 and unchanged for 2013-15.
(2) Annual gross margin average of Jinko Solar, LONGi, Trina Solar, JA Solar and First Solar (where available). Source: Factset.
*2019 onward segment margins revised to conform with current period presentation. Pre 2019 segment gross profit are for the former Module and System Solutions (MSS) and Energy business segments which may not be comparable (total gross profit unchanged).

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# Attractive through-cycle ROIC of 10% and ROE of 16% over the past 7 years

*In USD millions, except % data*

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Cumulative/ Average |
|---|---|---|---|---|---|---|---|---|
| Total equity (book value) | 730 | 833 | 899 | 1,060 | 1,273 | 1,425 | 1,893 | |
| + Long-term borrowings | 134 | 607 | 493 | 404 | 394 | 619 | 446 | |
| + Short-term borrowings | 726 | 1,157 | 1,600 | 1,958 | 1,028 | 933 | 1,202 | |
| + Other interest-bearing debt | 150 | 176 | 577 | 408 | 543 | 402 | 533 | |
| - Cash and equivalents | 550 | 553 | 511 | 562 | 444 | 669 | 1,179 | |
| - Cash to secure short-term debt | 113 | 107 | 133 | 245 | 134 | 69 | 27 | |
| **Invested Capital** | **1,077** | **2,112** | **2,926** | **3,023** | **2,659** | **2,642** | **2,868** | **2,472** |
| EBIT (non-GAAP) | 356 | 260 | 143 | 251 | 399 | 278 | 208 | |
| - 26.5% tax (Canadian statutory rate) | -94 | -69 | -38 | -67 | -106 | -74 | -55 | |
| **Net Operating Profit After Tax (NOPAT)** | **262** | **191** | **105** | **185** | **293** | **204** | **153** | **1,459** |
| **ROIC = NOPAT / Invested Capital** | **24.3%** | **9.1%** | **3.6%** | **6.1%** | **11.0%** | **7.7%** | **5.3%** | **9.6%** |
| **Net Income** | **240** | **172** | **65** | **100** | **237** | **172** | **147** | **1,132** |
| **ROE = Net income / Total equity** | **33.4%** | **21.0%** | **7.4%** | **9.6%** | **19.3%** | **12.3%** | **9.3%** | **16.1%** |

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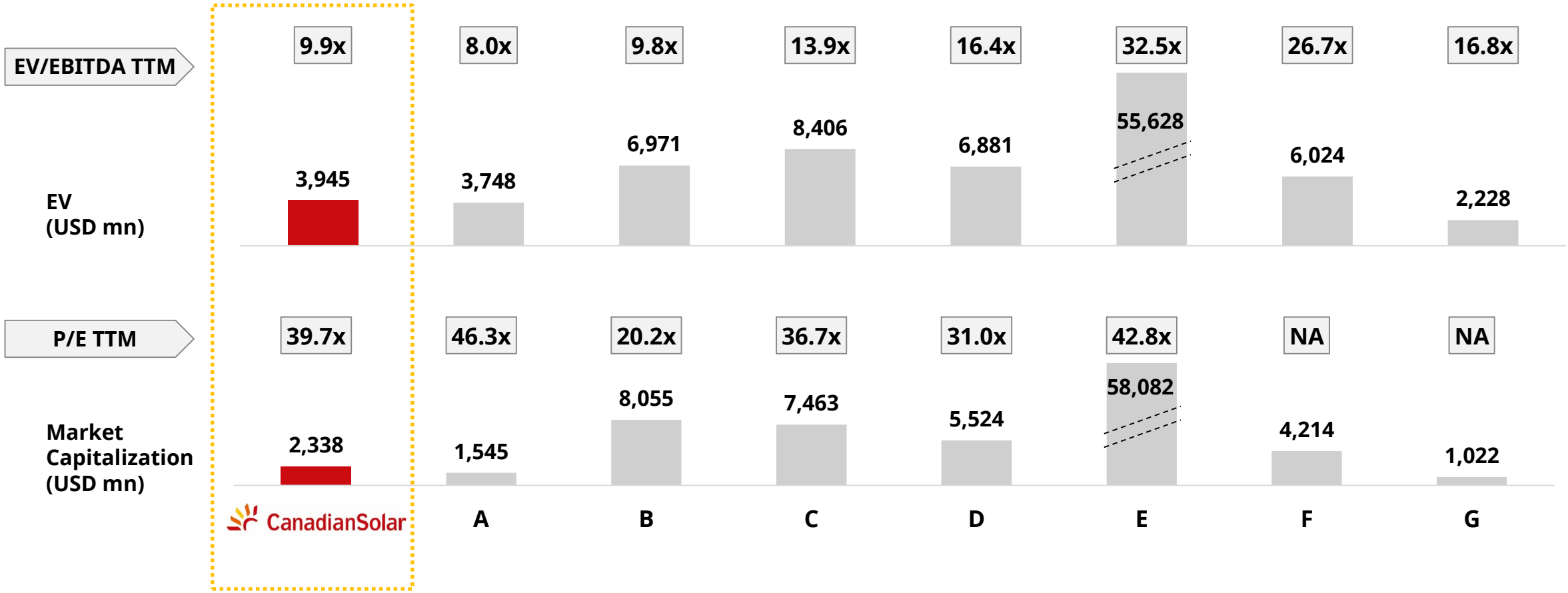
# Canadian Solar trades at an attractive valuation relative to peers…




1. The above relative valuation analysis is intended for illustration purposes only. Investors are encouraged to do their own due diligence based on own analysis of publicly available financial information.
2. NA: Not applicable due to negative earnings.
3. TTM Trailing Twelve Month data to the latest quarter available.
4. Canadian Solar's EV/EBITDA calculation can be viewed on slide 33. Source for peer multiples: Factset data, company filings.
5. Prices as at May 21, 2021, market close.

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# ....supported by strong earnings performance...

## Total Debt and Cash Breakdown

| | 2Q20 | 3Q20 | 4Q20 | 1Q21 |
|---|---|---|---|---|
| Short-term borrowings | 1,016 | 1,065 | 1,202 | 1,217 |
| Long-term borrowings on project assets – current | 180 | 238 | 199 | 264 |
| Capital leases - current | 15 | 24 | 15 | 17 |
| Long-term borrowings | 580 | 624 | 446 | 467 |
| Convertible notes | 0 | 223 | 223 | 224 |
| Financing liabilities – non-current | 75 | 78 | 82 | 81 |
| Capital leases - non-current | 9 | 4 | 14 | 14 |
| **Total debt** | **1,875** | **2,257** | **2,181** | **2,284** |
| Cash and equivalents | 579 | 1,103 | 1,179 | 981 |
| Restricted cash - current: | 399 | 445 | 458 | 539 |
| **Total cash (for EV calculation)** | **579** | **1,103** | **1,179** | **981** |
| **Net debt** | **1,297** | **1,154** | **1,002** | **1,303** |

## EBITDA Calculation

| | 2Q20 | 3Q20 | 4Q20 | 1Q21 | TTM |
|---|---|---|---|---|---|
| Total revenue | 696 | 914 | 1,041 | 1,089 | 3,740 |
| - COGS | -549 | -736 | -900 | -895 | -3,079 |
| Gross profit | 147 | 178 | 141 | 195 | 661 |
| - Operating expenses | -102 | -119 | -139 | -151 | -551 |
| **Operating profit** | **45** | **59** | **2** | **43** | **150** |
| -/+ Other expenses/income | -1 | -14 | 17 | -5 | -2 |
| + Depreciation & amortization | 48 | 56 | 59 | 62 | 225 |
| **EBITDA (non-GAAP)** | **92** | **101** | **79** | **101** | **373** |
| Impairments | 1 | 0 | 16 | 1 | 24 |
| **Adjusted EBITDA (non-GAAP)*** | **93** | **101** | **95** | **102** | **397** |

**EBITDA including impairments*

**Market Capitalization $2,338 mn** + **Total Debt $2,284 mn** − **Total Cash $981 mn** + **Non-Controlling Interests $304 mn** = **Enterprise Value $3,945 mn** → **EV/EBITDA TTM 9.9x/10.6x***

1. Source: Factset data, company filings.
2. Prices as at market close of May 21, 2021.
3. All Canadian Solar financials are actual reported values. For a reconciliation of GAAP to non-GAAP results, see accompanying table "GAAP to Non-GAAP Reconciliation" on slide 40.
4. A previous version of this table included restricted cash to secure debt in the net debt calculation – the latest version excludes all restricted cash and is a stricter measure of leverage.

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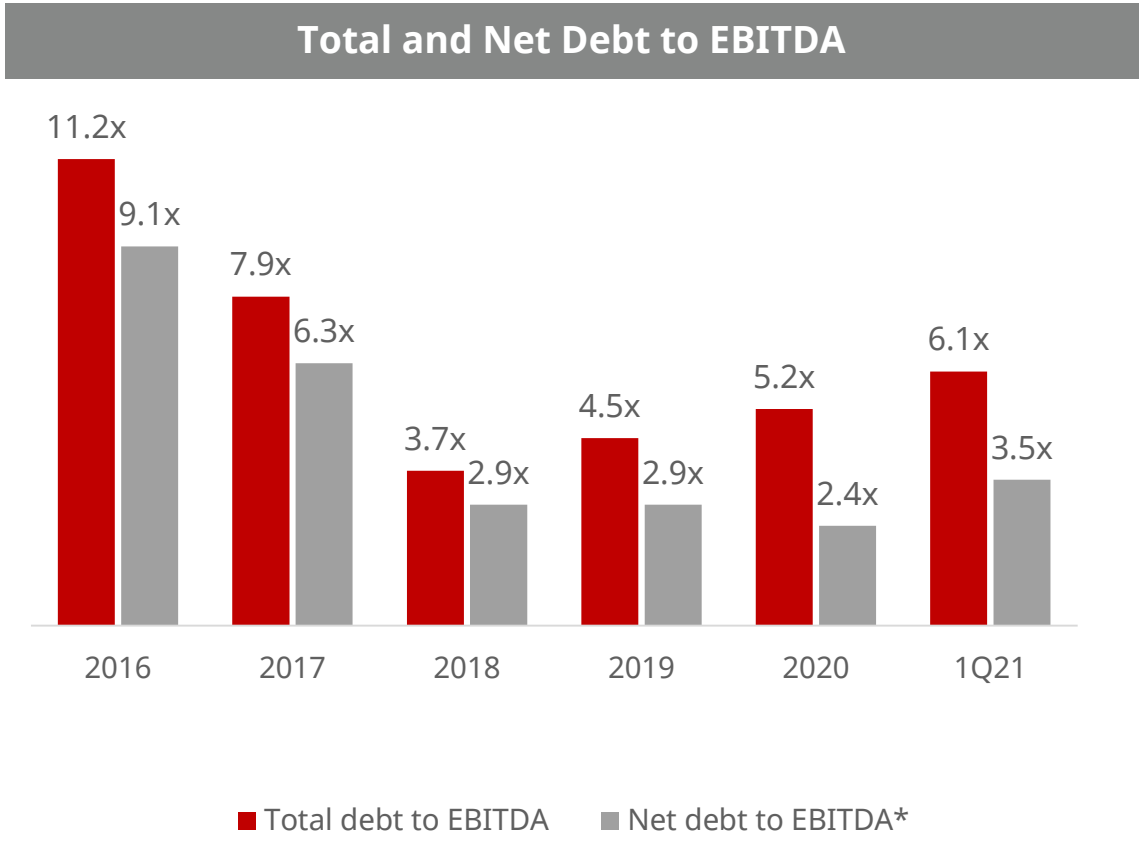
# ….and a strong balance sheet with adequate leverage




- Total and net debt to EBITDA are now at 6.1x and 3.5x respectively
- Slight uptick in leverage in Q1 2021 mainly due to higher project level non-recourse debt
- Excluding non-recourse debt, the ratios would be c.1.3x lower

Note: Net debt calculation nets out unrestricted cash only.

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# Strategically-minded management team with excellent track record

**Dr. Shawn Qu**
Chairman
Chief Executive Officer

- Founded Canadian Solar in 2001 with NASDAQ IPO in 2006
- Director & VP at Photowatt International S.A.
- Research scientist at Ontario Hydro (Ontario Power Generation)

**Yan Zhuang**
President
CSI Solar Co., Ltd.

- Head of Asia of Hands-on Mobile, Inc.
- Asia Pacific regional director of marketing planning and consumer insight at Motorola Inc.

**Dr. Huifeng Chang**
Senior VP
Chief Financial Officer

- Co-Head of Sales & Trading at CICC US in New York
- CEO of CSOP Asset Management in Hong Kong
- Vice President of Citigroup Equity Proprietary Investment in New York

**Ismael Guerrero**
Corporate VP
President of Energy Group

- President, Head of Origination and COO at TerraForm Global
- Vice President of Global Projects at Canadian Solar
- Director of Operations for Asia at the Global Sustainable Fund

**Jianyi Zhang**
Senior VP
Chief Compliance Officer

- Senior advisor to several Chinese law firms
- Senior assistant general counsel at Walmart Stores, Inc.
- Managing Partner at Troutman Sanders LLP

**Guangchun Zhang**
Senior VP
CSI Solar Co., Ltd.

- Vice President for R&D and Industrialization of Manufacturing Technology at Suntech Power Holdings
- Centre for Photovoltaic Engineering at the University of New South Wales and Pacific Solar Pty. Limited

**Hanbing Zhang**
Chief Sustainability Officer
CSI Solar Co., Ltd.

- Global Head of Marketing at Canadian Solar
- Founder and President of Women in Solar Energy, an industry association to promote the participation and career development of women in the solar industry

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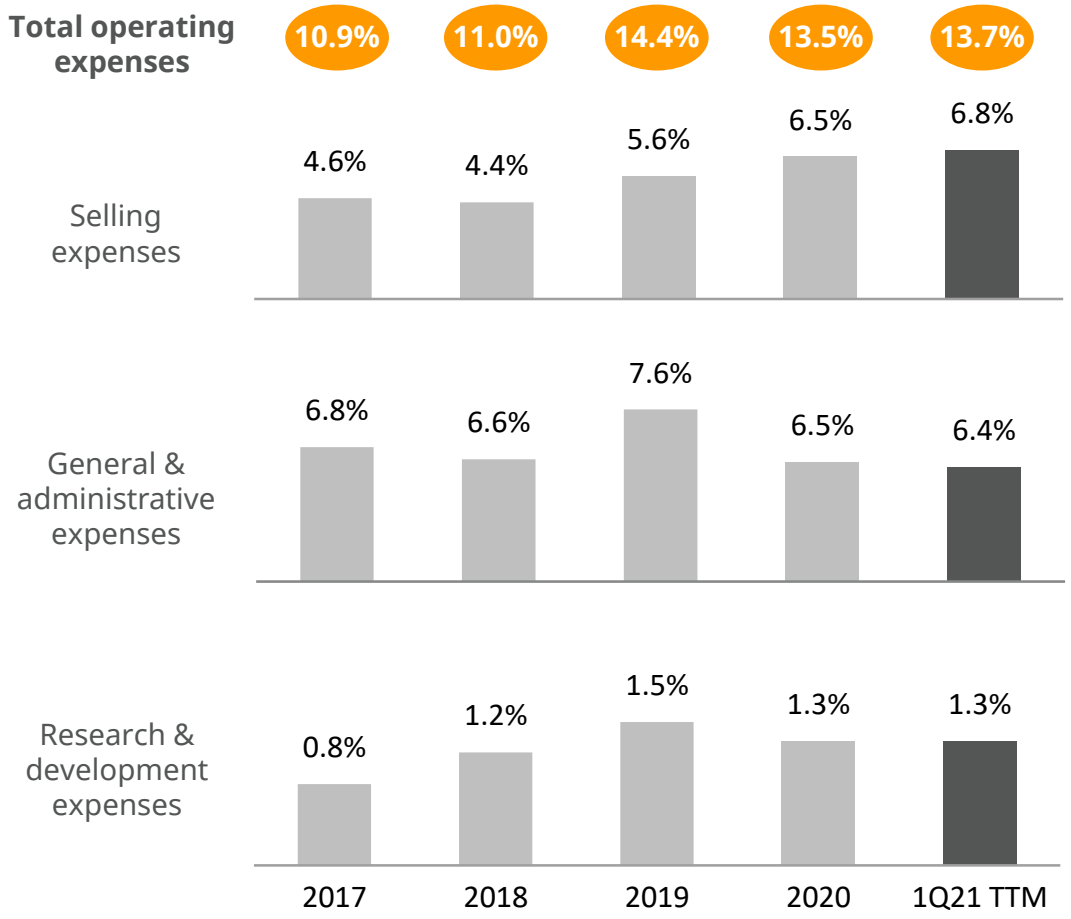
# FINANCIALS

# Disciplined management of opex, working capital and capex

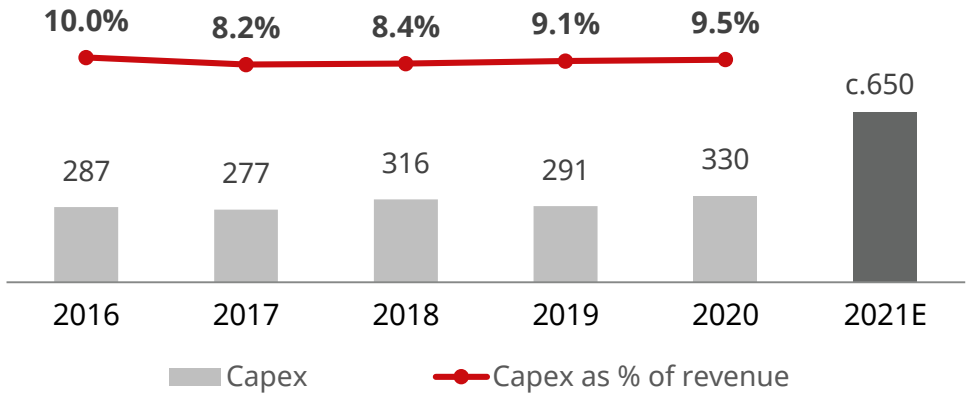
## Operating Expenses as % of Revenue




## Working Capital Days (1)

| Days | 2017 | 2018 | 2019 | 2020 | 1Q21 |
|---|---|---|---|---|---|
| Inventory turnover | 46 | 39 | 63 | 63 | 85 |
| Accounts receivable turnover | 47 | 47 | 58 | 41 | 41 |
| Accounts payable turnover | 115 | 107 | 140 | 117 | 132 |
| **Cash conversion cycle** | **-22** | **-21** | **-19** | **-13** | **-6** |

## Capital Expenditures(2)




1) Inventory turnover days calculated as average gross inventory (adding back provisions) divided by cost of revenues x365
Account receivables days calculated as average gross accounts receivable (adding back bad debt allowance) divided by total revenues x365.
Accounts payable days calculated as average accounts payable divided by cost of revenues x365.
2) Capex for PP&E only (does not include capex related to project development).

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# Consolidated income statement

| *USD millions except per share data* | 2018 | 2019 | 2020 | yoy | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | qoq | yoy |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Revenue** | **3,745** | **3,201** | **3,476** | **9%** | **826** | **696** | **914** | **1,041** | **1,089** | **5%** | **32%** |
| Cost of revenues | -2,970 | -2,482 | -2,787 | 12% | -602 | -549 | -736 | -900 | -895 | -1% | 49% |
| **Gross profit** | **775** | **718** | **690** | **-4%** | **223** | **147** | **178** | **141** | **195** | **38%** | **-13%** |
| Selling expenses | -165 | -180 | -224 | 24% | -53 | -53 | -54 | -64 | -84 | 31% | 60% |
| General and administrative expenses | -245 | -243 | -226 | -7% | -53 | -46 | -56 | -70 | -67 | -4% | 27% |
| Research and development expenses | -44 | -47 | -45 | -4% | -10 | -11 | -14 | -10 | -12 | 24% | 24% |
| Other operating income, net | 45 | 11 | 26 | | 6 | 9 | 5 | 5 | 13 | | |
| **Total operating expenses, net** | **-410** | **-460** | **-469** | **2%** | **-110** | **-102** | **-119** | **-139** | **-151** | **9%** | **38%** |
| **Income from operations** | **365** | **259** | **220** | **-15%** | **113** | **45** | **59** | **2** | **43** | **n/m** | **-62%** |
| Net interest expense | -95 | -69 | -63 | | -16 | -15 | -16 | -16 | -11 | | |
| Gain (loss) on change in fair value of derivatives | -19 | -22 | 50 | | 33 | -2 | 13 | 6 | 13 | | |
| Foreign exchange gain (loss) | 7 | 10 | -65 | | -34 | -2 | -27 | -2 | -20 | | |
| Investment income (loss) | 41 | 2 | -9 | | -14 | 2 | -6 | 10 | 1 | | |
| Income tax benefit (expense) | -62 | -42 | 2 | | 29 | -9 | -21 | 2 | -14 | | |
| Equity in earnings (loss) of unconsolidated investees | 6 | 29 | 11 | | 0 | 2 | 6 | 3 | 1 | | |
| **Net income** | **242** | **167** | **147** | | **111** | **20** | **9** | **7** | **14** | | |
| Less: net income attributable to non-controlling interests | **5** | **-5** | **0** | | **1** | **0** | **0** | **0** | **-9** | | |
| **Net income attributable to Canadian Solar Inc.** | **237** | **172** | **147** | **-14%** | **111** | **21** | **9** | **7** | **23** | **243%** | **-79%** |
| Earnings per share - basic | 4.02 | 2.88 | 2.46 | | 1.86 | 0.35 | 0.15 | 0.11 | 0.38 | | |
| **Earnings per share – diluted** | **3.88** | **2.83** | **2.38** | **-14%** | **1.84** | **0.34** | **0.15** | **0.11** | **0.36** | **227%** | **-80%** |

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# Summary balance sheet

| *USD millions* | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 444 | 370 | 438 | 526 | 669 | 619 | 579 | 1,103 | 1,179 | 981 |
| Restricted cash - current | 481 | 516 | 526 | 515 | 527 | 494 | 399 | 445 | 458 | 539 |
| Accounts receivable | 498 | 389 | 455 | 449 | 437 | 385 | 422 | 494 | 409 | 396 |
| Inventories | 262 | 385 | 338 | 413 | 554 | 632 | 547 | 625 | 696 | 934 |
| Project assets - current | 934 | 920 | 690 | 910 | 604 | 583 | 654 | 544 | 748 | 756 |
| Other current assets | 455 | 510 | 448 | 532 | 462 | 600 | 595 | 711 | 696 | 802 |
| **Total current assets** | **3,074** | **3,090** | **2,895** | **3,345** | **3,253** | **3,313** | **3,196** | **3,921** | **4,186** | **4,408** |
| Restricted cash - non-current | 16 | 26 | 17 | 7 | 10 | 10 | 17 | 14 | 3 | 3 |
| Property, plant and equipment | 885 | 933 | 958 | 996 | 1,046 | 977 | 970 | 989 | 1,158 | 1,265 |
| Net intangible assets and goodwill | 16 | 20 | 19 | 24 | 23 | 22 | 22 | 22 | 22 | 21 |
| Project assets - non-current | 352 | 393 | 404 | 238 | 483 | 442 | 493 | 589 | 390 | 327 |
| Solar power systems | 55 | 60 | 57 | 53 | 53 | 51 | 50 | 87 | 158 | 155 |
| Investments in affiliates | 126 | 128 | 153 | 150 | 153 | 68 | 79 | 78 | 78 | 74 |
| Other non-current assets | 369 | 423 | 536 | 495 | 446 | 433 | 432 | 491 | 542 | 586 |
| **Total non-current assets** | **1,819** | **1,983** | **2,144** | **1,963** | **2,214** | **2,003** | **2,063** | **2,271** | **2,351** | **2,431** |
| **TOTAL ASSETS** | **4,893** | **5,073** | **5,039** | **5,308** | **5,467** | **5,316** | **5,259** | **6,193** | **6,537** | **6,839** |
| Short-term borrowings | 1,028 | 1,071 | 1,080 | 1,056 | 933 | 910 | 1,016 | 1,065 | 1,202 | 1,217 |
| Long-term borrowings on project assets-current | 266 | 280 | 177 | 262 | 286 | 183 | 180 | 238 | 199 | 264 |
| Accounts and notes payable | 749 | 934 | 926 | 1,006 | 1,131 | 1,048 | 933 | 1,103 | 1,225 | 1,395 |
| Other payables | 408 | 380 | 440 | 453 | 446 | 410 | 449 | 458 | 509 | 588 |
| Tax equity liabilities | 158 | 158 | 50 | 53 | 0 | 0 | 0 | 0 | 0 | 1 |
| Other current liabilities | 339 | 241 | 258 | 250 | 296 | 282 | 213 | 305 | 453 | 409 |
| **Total current liabilities** | **2,948** | **3,064** | **2,931** | **3,080** | **3,092** | **2,833** | **2,791** | **3,170** | **3,588** | **3,874** |
| Long-term borrowings | 394 | 434 | 463 | 526 | 619 | 666 | 580 | 624 | 446 | 467 |
| Convertible notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 223 | 223 | 224 |
| Other non-current liabilities | 278 | 302 | 323 | 336 | 331 | 324 | 339 | 361 | 387 | 400 |
| **Total non-current liabilities** | **672** | **736** | **786** | **862** | **950** | **989** | **919** | **1,207** | **1,056** | **1,091** |
| **TOTAL LIABILITIES** | **3,620** | **3,800** | **3,717** | **3,942** | **4,042** | **3,823** | **3,710** | **4,377** | **4,644** | **4,965** |
| Common shares | 703 | 704 | 703 | 704 | 704 | 686 | 686 | 687 | 687 | 687 |
| Retained earnings | 622 | 605 | 668 | 726 | 794 | 904 | 925 | 934 | 940 | 963 |
| Other equity | -100 | -79 | -91 | -103 | -105 | -138 | -103 | -119 | -57 | -80 |
| **Total Canadian Solar Inc. shareholders' equity** | **1,226** | **1,230** | **1,280** | **1,327** | **1,393** | **1,452** | **1,508** | **1,501** | **1,570** | **1,570** |
| Non-controlling interests | 47 | 43 | 42 | 38 | 32 | 41 | 41 | 315 | 322 | 304 |
| **TOTAL EQUITY** | **1,273** | **1,273** | **1,322** | **1,366** | **1,425** | **1,493** | **1,549** | **1,816** | **1,893** | **1,874** |

# GAAP to non-GAAP reconciliation

| *In USD millions* | FY19 | FY20 | 4Q20 | 1Q21 |
|---|---|---|---|---|
| **GAAP net income** | **167** | **147** | **7** | **14** |
| *Add back:* | | | | |
| Income tax expense (benefit) | 42 | -2 | -2 | 14 |
| Net interest expense | 69 | 63 | 16 | 11 |
| **Non-GAAP EBIT** | **278** | **208** | **21** | **39** |
| *Add back:* | | | | |
| Depreciation & amortization | 159 | 208 | 59 | 62 |
| **Non-GAAP EBITDA** | **437** | **415** | **79** | **101** |
| *Add back:* | | | | |
| Impairments | 42 | 30 | 16 | 1 |
| **Non-GAAP adjusted EBITDA** | **479** | **445** | **95** | **102** |

- To supplement financial disclosures presented in accordance with GAAP, the Company uses non-GAAP measures which are adjusted from the most comparable GAAP measures for certain items as described herein.
- The Company presents non-GAAP values for EBITDA so that readers can better understand the underlying operating performance of the business, excluding the effect of non-cash costs such as depreciation, amortization and impairments.
- The non-GAAP numbers are not measures of financial performance under U.S. GAAP, and should not be considered in isolation or as an alternative to other measures determined in accordance with GAAP. These non-GAAP measures may differ from non-GAAP measures used by other companies, and therefore their comparability may be limited.

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# New corporate structure and reporting (from Q4 2020)

## Historical reporting structure

### Module and System Solutions (MSS) Business

- Solar modules
- Solar system kits
- Other materials, components and services (inc. EPC)

### Energy Business

- Solar power projects (inc. China Energy)
- Operations and maintenance (O&M)
- Electricity revenue (inc. China Energy)
- Other development and services

## New reporting structure

### CSI Solar (entity to be listed in China) (1)

- Solar modules
- Solar system kits
- Battery energy storage solutions – ***new***
- China Energy (inc. solar power projects, EPC services and electricity revenue) – ***formerly within the Energy Business***
- Other materials, components and services (inc. EPC)

### Global Energy

- Solar and energy storage power projects (global ex. China) – ***storage new***
- O&M and asset management services
- Other development services (inc. electricity revenue and other for global ex. China)

(1) As of December 31, 2020, Canadian Solar owned 80% of CSI Solar, with the remaining 20% owned by strategic investors who purchased CSI Solar shares during the pre-IPO transaction. An additional 5% of CSI Solar shares were purchased by CSI Solar's employee stock ownership plan ("ESOP"), for which the vesting condition is the successful completion of the IPO. Both the CSI Solar and Global Energy segments are fully consolidated within Canadian Solar.

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