

Canadian Solar 3Q24 Earnings Call

December 5, 2024

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FY2024 Q3 Overview

Key Quarterly Financial Metrics

\$1.5 billion
Revenue

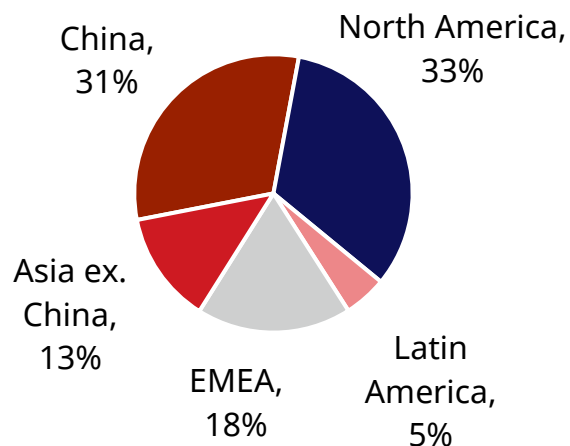
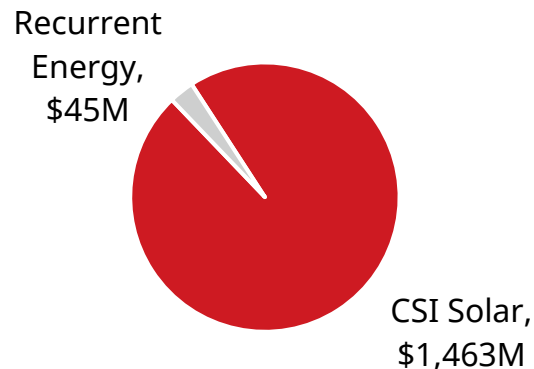
16.4%
Gross margin

\$129 million
EBITDA

\$14 million
Net loss

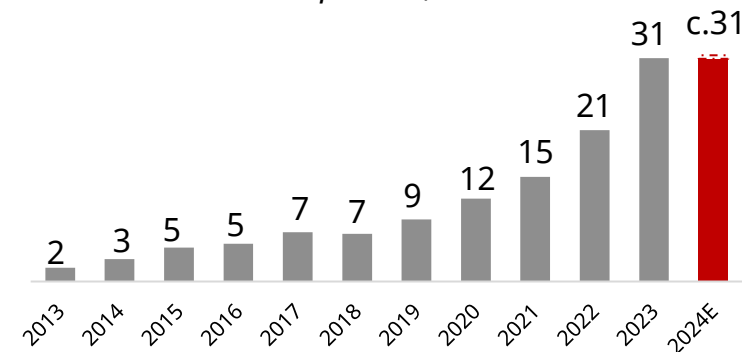
\$0.31
Diluted loss per share to CSIQ

Revenue and Shipment Breakdown

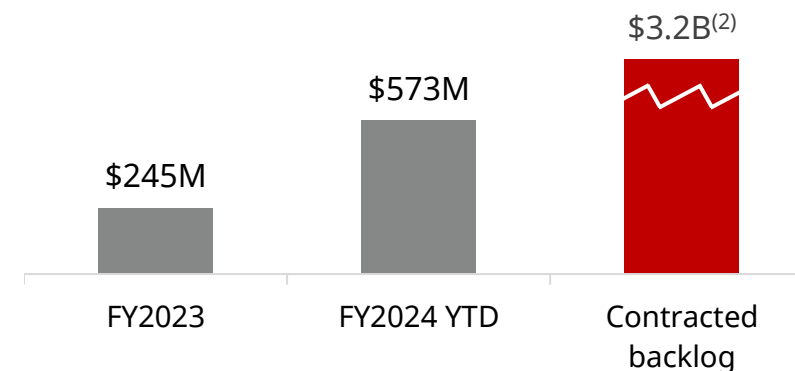


Solar and Battery Energy Storage Scale

Solar Module Shipments, GW



Energy Storage Revenue and Contracted Backlog⁽¹⁾



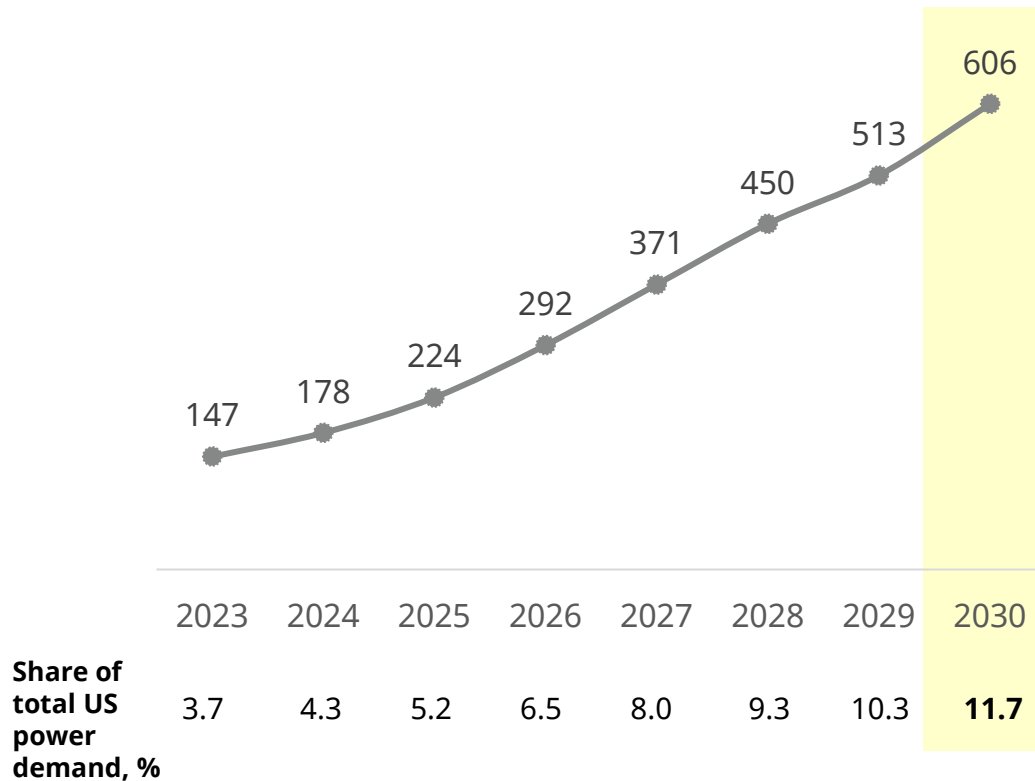
(1) Includes revenue from small but growing residential energy storage business. Contracted backlog for utility-scale energy storage business only.

(2) As of November 30, 2024.

Significant Growth Opportunities in Solar and Energy Storage

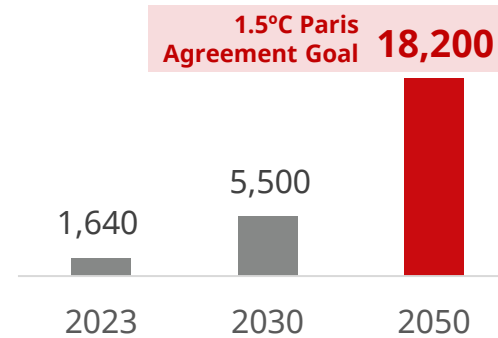
Massive Power Needs of AI Data Centers

U.S. Data Center Energy Consumption, TWh

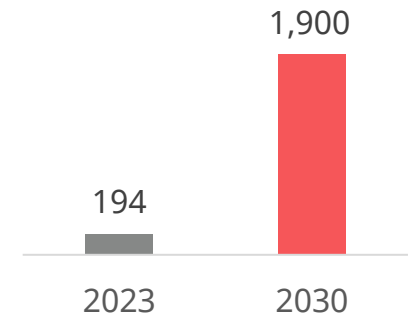


Climate Targets and Market Demand

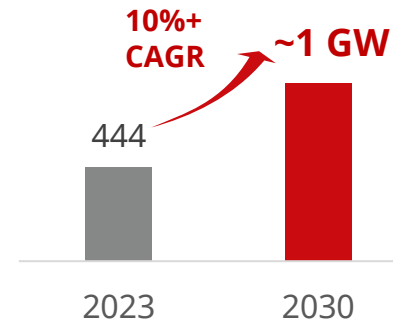
Global Solar Cumulative Installations, GW



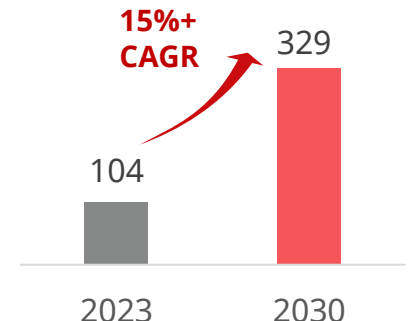
Global Energy Storage Cumulative Installations, GWh



Global Solar Annual Installations, GW



Global Energy Storage Annual Installations, GWh



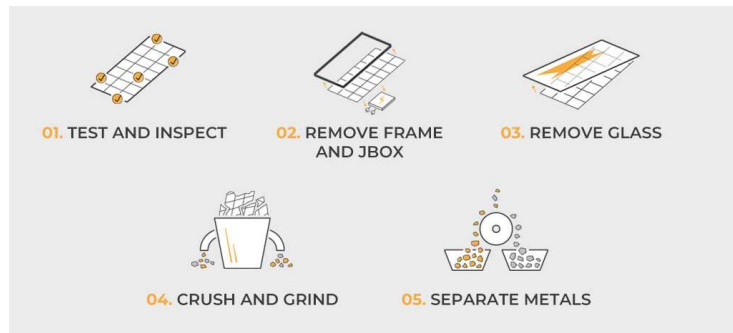
Source: McKinsey, Wood Mackenzie, S&P Global, IRENA World Energy Transitions Outlook 2023.

Canadian Solar Inc.

Canadian Solar's Full Value Chain Leadership

One-of-a-kind Partnership with America's #1 Solar Recycler

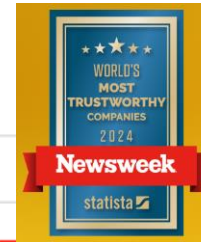
SOLARCYCLE 95% extraction of solar panel value



Most Trustworthy Energy & Utilities Company in the World

Newsweek

Energy & Utilities



Rank	Company	Country
1	Canadian Solar	Canada



SHAWN QU | FOUNDER, CHAIRMAN & CEO, CANADIAN SOLAR

While fossil fuels still account for around 60 percent of total electricity production, solar has been the leading new installation technology for the past eight to nine years. In regions like California, solar already provides more than 20 percent of electricity, and globally, it's around 4-5 percent.

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Top-tier R&D and Commitment to Innovation and Quality



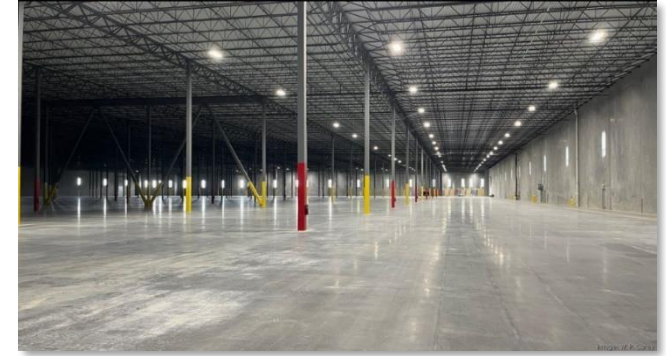
Full suite of solar, energy storage, and power electronics solutions across residential, C&I, and utility-scale applications

4,761
patents granted*

2,242
valid patents*

*As of September 30, 2024.

Long-term U.S. Manufacturing Investments



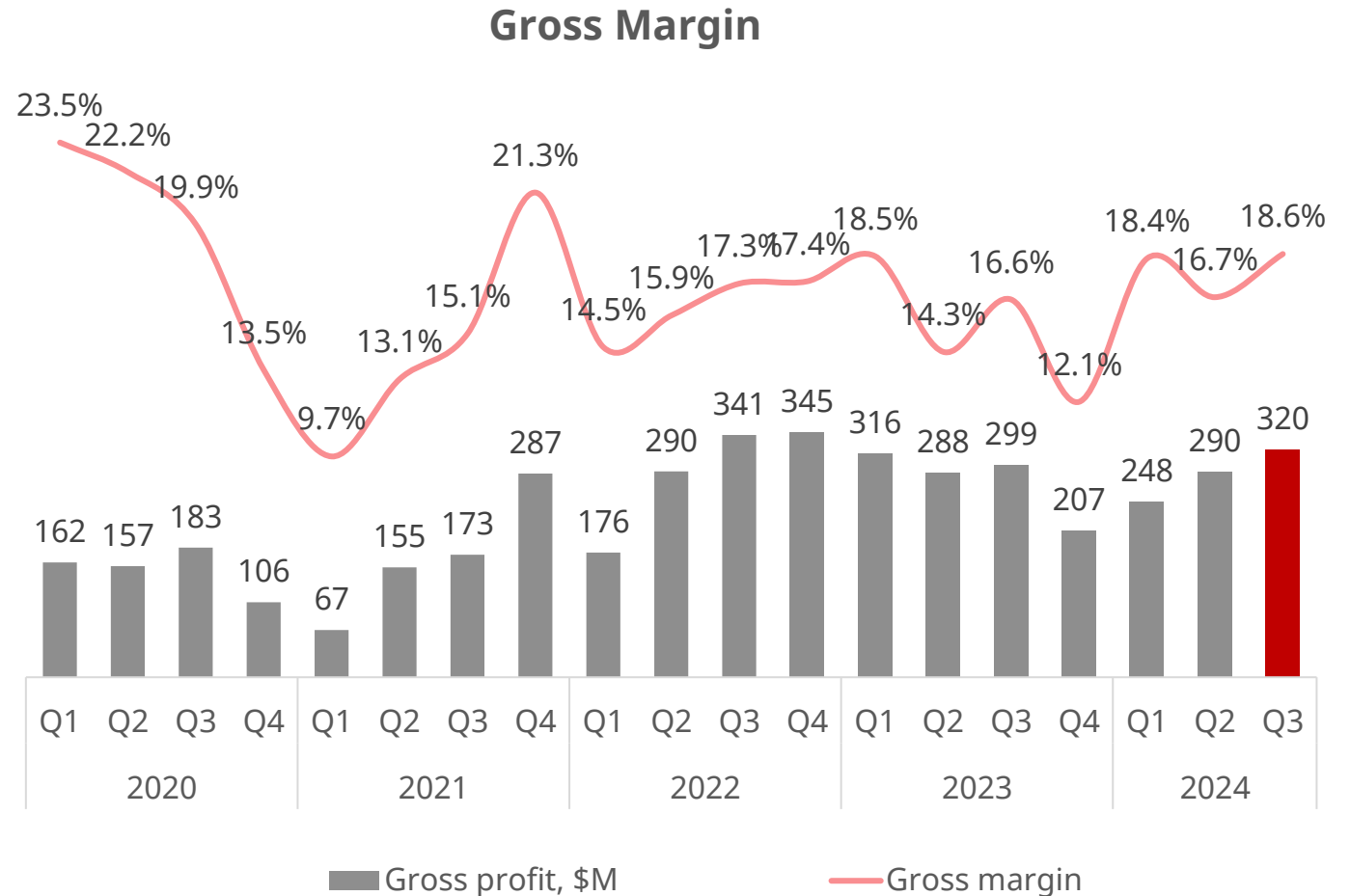
Location	Mesquite, Texas	Jeffersonville, Indiana	Shelbyville, Kentucky
Product	Solar modules	Solar cells	Battery cell and pack
Capacity	5 GW	5 GW	6 GWh
Total Capex	~\$250M	\$800M+	\$700M+ in two phases

Nearly \$2 billion cumulative investment in solar and energy storage manufacturing, creating more than **4,000 jobs** across manufacturing, engineering, and R&D.

CSI Solar FY2024 Q3 Performance Overview

CSI Solar FY2024 Q3

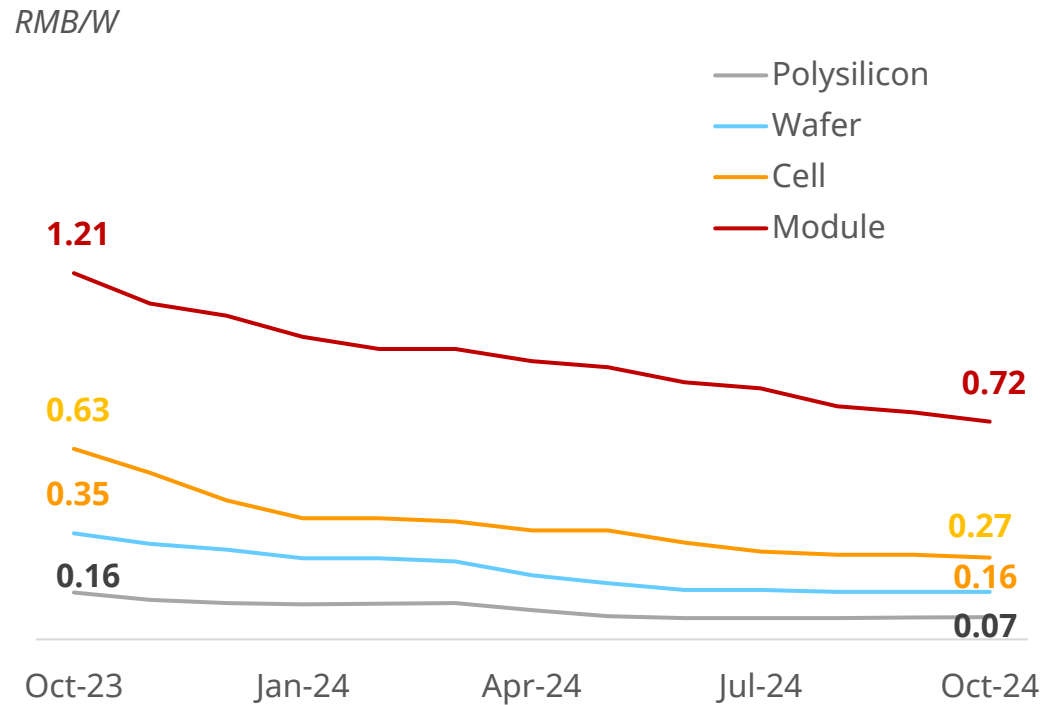
- 🌞 Module shipments: 8.4 GW
- 🌞 Storage shipments: 1.8 GWh
- 🌞 Revenue: \$1.7 billion
- 🌞 Gross profit: \$320 million
- 🌞 Gross margin: 18.6%
- 🌞 Operating profit: \$111 million



Excluding the impact of intra-group elimination.

Incremental Declines in Module Pricing and Input Costs

Stabilizing Upstream Supply Chain Costs



Manufacturing Capacity

Capacity, GW	Country	Sep 2024A	Dec 2024E
Ingot	Total	25	25
	China	26	26
Wafer	Thailand	5	5
	Total	31	31
	China	36	36
Cell	Thailand	12	12
	U.S.*	-	-
	Total	48	48
	China	45	45
Module	Thailand	11	11
	U.S.	5	5
	Total	61	61
	China	45	45

New capacity investments focused on the U.S.:
5 GW of solar cell capacity
3 GWh of battery cell capacity and system integration

*U.S. cell production expected to commence by the end of 2025.

e-STORAGE Performance Overview

Contracted backlog⁽¹⁾
\$3.2 billion

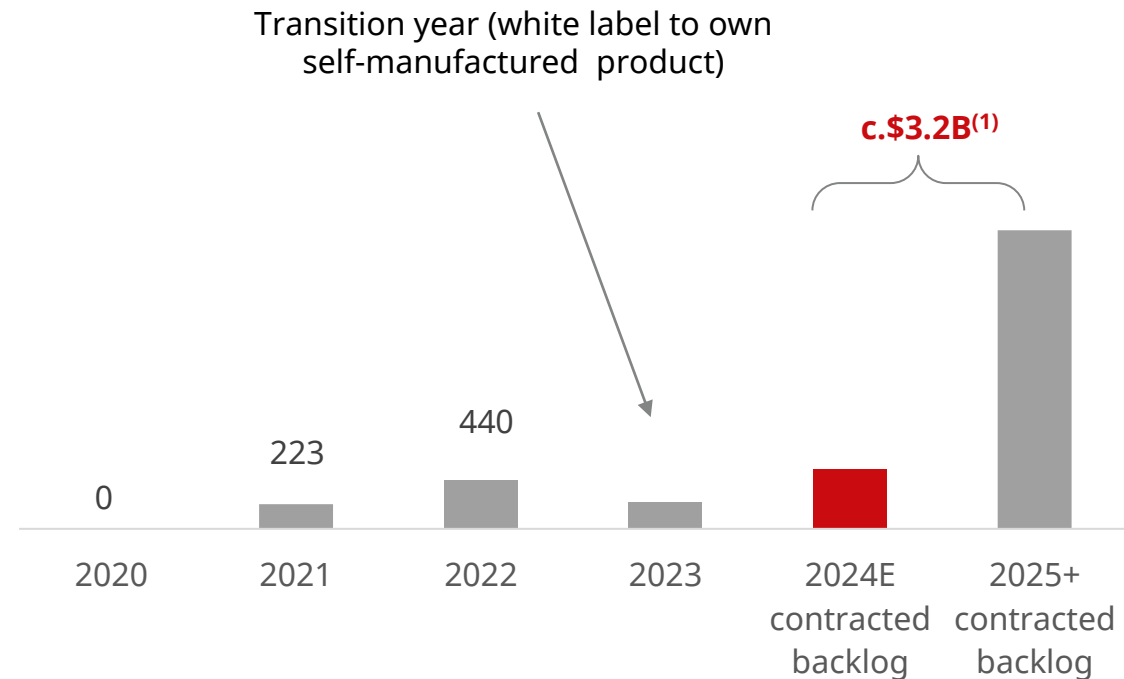
2025 shipments guidance
11 – 13 GWh

2025 year-end capacity
30 GWh

Total pipeline⁽²⁾
60 GWh

Operating projects contracted under LTSA⁽²⁾
4.2 GWh

Turnkey Utility-scale Battery Energy Storage Revenue, \$M



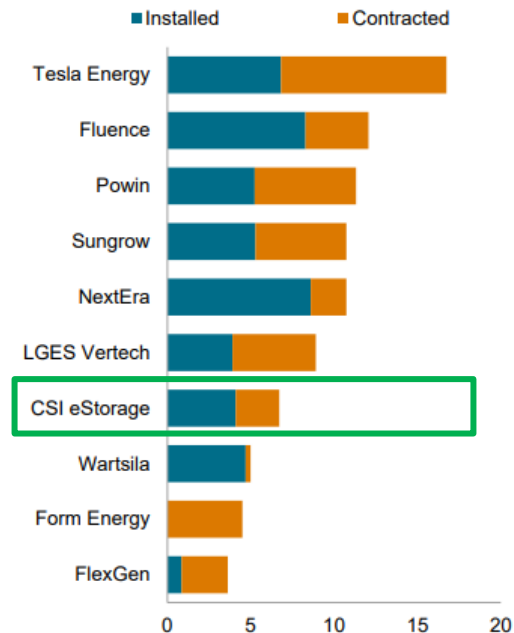
(1) As of November 30, 2024.

(2) As of September 30, 2024.

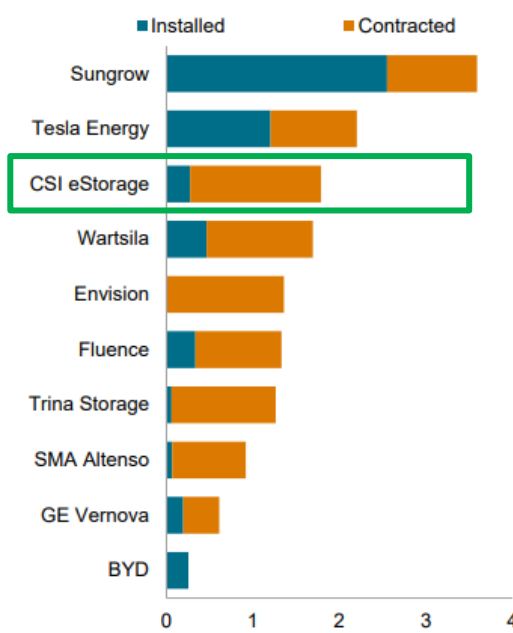
e-STORAGE's Competitive Advantage in Global Markets

A top 10 integrator globally, delivering end-to-end energy storage solutions and services

BESS projects in the United States by top 10 integrators (GWh)



BESS projects in UK by top 10 integrators (GWh)



Planning

- Conceptual design
- System performance modeling
- Capacity sizing and site planning

Manufacturing

- Product development
- Battery energy storage manufacturing
- Battery management systems and controls
- International certifications

Implementation

- EPC Turnkey contracting
- Integration and commissioning

Service

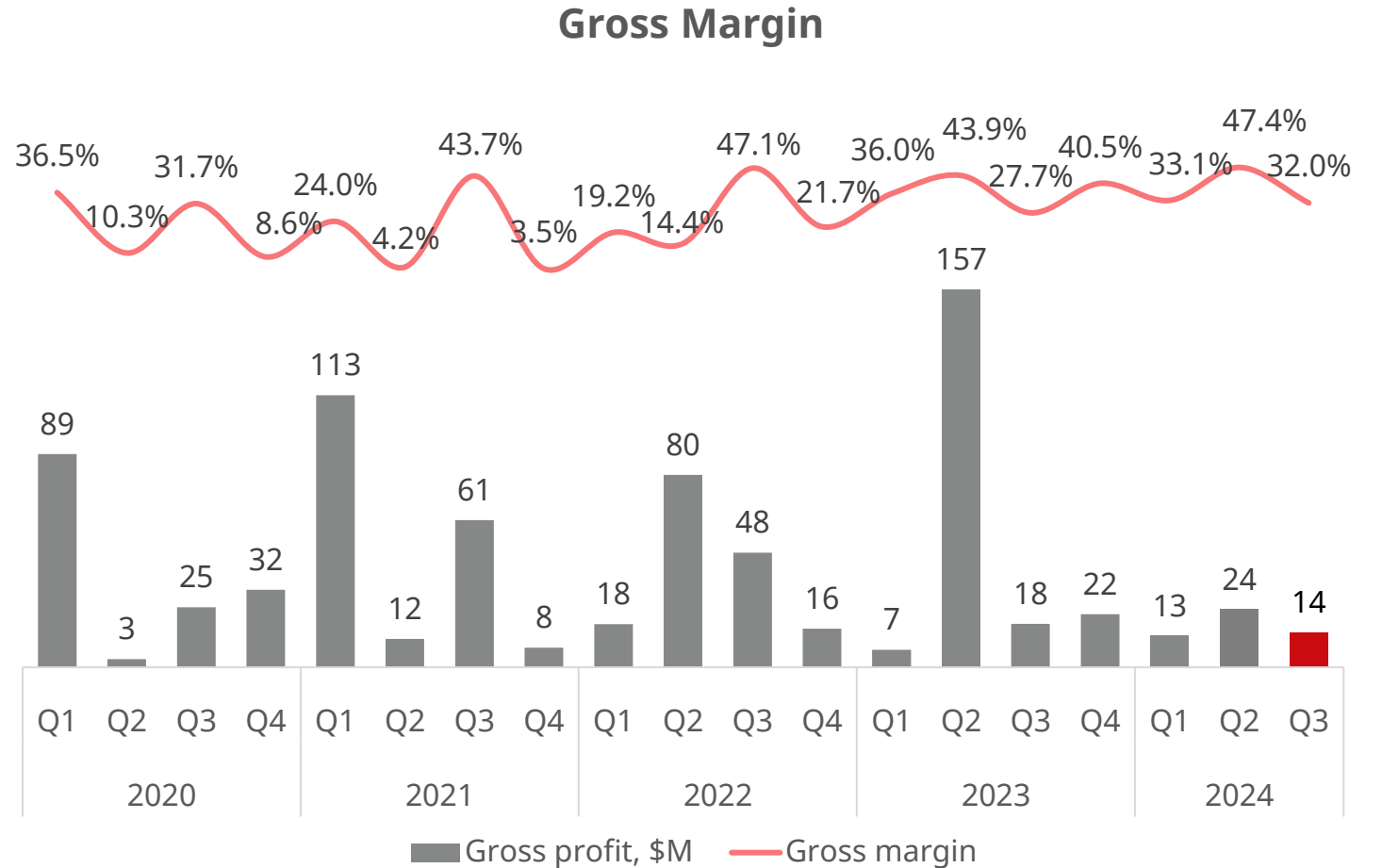
- Long-term service agreements
- Remote operation monitoring
- Plant optimization

Source: S&P Global analysis as of October 2024.

Recurrent Energy FY2024 Q3 Performance Overview

Recurrent Energy FY2024 Q3

- ☀ Revenue: \$45 million
- ☀ Gross profit: \$14 million
- ☀ Gross margin: 32.0%
- ☀ Operating loss: \$21 million



Competitive Offtake Agreements with Leading Counterparties



**RECURRENT
ENERGY**
A subsidiary of Canadian Solar

20-year tolling agreements covering
1,800 MWh of energy storage and **150 MW** of solar capacity



1,200 MWh Papago Storage Project located in Maricopa County, Arizona

Arizona Senator Mark Kelly, said, "As Arizona continues to grow and attract more technology and manufacturing investments, innovative solar and energy storage projects like this are a critical piece of providing clean, affordable, reliable power to our state's businesses and families. These new agreements will advance Arizona's transition towards a renewable energy future and leadership in clean energy innovation."

U.S. Representative Ruben Gallego, said, "Thanks to the Inflation Reduction Act, which I fought to pass, Arizona is benefiting from major investments to help us meet our energy demands. The projects announced today will create hundreds of good-paying jobs, and I look forward to seeing hundreds of thousands of Arizona homes powered by clean, affordable energy in the coming years."

Commissioner Lea Márquez Peterson, Arizona Corporation Commission, said, "Arizona has the natural resources here to support the increasing demand for electricity as the state's population and business opportunities continue to thrive. With standalone energy storage projects like Recurrent's Desert Bloom Storage and Papago Storage projects, we are proving ourselves as a forward-thinking state that has set the stage for economic and sustainable prosperity."

Jason Grumet, CEO of the American Clean Power Association, said, "Recurrent and APS are shining examples of Arizona's growing leadership in clean energy deployment. These projects enhance our country's energy security and help to meet rising energy demand with affordable, clean and reliable American-made power."

One of the Largest and Most Mature Solar and Storage Project Pipelines

Solar Development Project Pipeline – MWp⁽¹⁾

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	127	329	1,139	3,811	5,406
EMEA	977**	2,248	1,486	5,045	9,756
Latin America	451**	860	-	4,979	6,290
Asia Pac ex. China & Japan	-	173	708	1,257	2,138
China	100	1,100**	-	1,360	2,560
Japan	32	81	80	46	239
Total	1,687	4,791	3,413	16,498	<u>26,389</u>

c.10 GW with interconnection

Securing interconnection

Battery Energy Storage Development Project Pipeline – MWh⁽¹⁾

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	1,400	200	1,580	16,644	19,824
EMEA	-	3,234	2,975	26,510	32,719
Latin America	-	1,765	-	-	1,765
Asia Pac ex. China & Japan	440	-	780	1,580	2,800
China	2,000	-	-	4,600	6,600
Japan	-	727	1,071	600	2,398
Total	3,840	5,926	6,406	49,934	<u>66,106</u>

c.16 GWh with interconnection

Securing interconnection

(1) All numbers are gross MWp; As of September 30, 2024.

(2) Including 73 MWp in construction and 551 MWp in backlog that are owned by or already sold to third parties.

Quarterly Income Statement Highlights

<i>\$ in millions except per share data</i>	3Q23	4Q23	1Q24	2Q24	3Q24	qoq	yoy
Net revenues	1,846	1,702	1,329	1,635	1,508	-8%	-18%
-CSI Solar	1,806	1,701	1,342	1,731	1,716	-1%	-5%
-Recurrent Energy	64	54	39	50	45	-11%	-29%
-Elimination	(24)	(53)	(52)	(146)	(253)		
Gross margin	16.7%	12.5%	19.0%	17.2%	16.4%	-80 bp	-30 bp
-CSI Solar margin	16.6%	12.1%	18.4%	16.7%	18.6%	+190 bp	+200 bp
-Recurrent Energy margin	27.7%	40.5%	33.1%	47.4%	32.0%		
Selling and distribution expenses	100	94	89	132	136	+3%	+36%
General and admin expenses	114	108	95	101	100	-1%	-12%
R&D expenses	29	32	34	25	30	+19%	+5%
Other operating income	(18)	(21)	(14)	(24)	(19)		
Total operating expenses	225	213	204	234	247	+5%	+10%
Operating income	83	1	49	48	0	-99%	-100%
Net interest expense	(11)	(18)	(1)	(19)	(20)		
Net FX gain or (loss)	(17)	0	(4)	13	(4)		
Income tax (expense) or benefit	11	5	(10)	(5)	20		
Net income (loss)	62	(3)	36	27	(6)	-122%	-110%
Net income (loss) attributable to Canadian Solar Inc.	22	(1)	12	4	(14)	-467%	-164%
Diluted Earnings (loss) per Share	0.32	(0.02)	0.19	0.02	(0.31)⁽¹⁾	-1650%	-197%

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

(1) Diluted EPS excludes the effect of convertible bonds, as they were anti-dilutive. \$0.31/share is calculated from total losses of \$14M divided by diluted shares of 66.9 million shares.

Diluted earnings per share includes Recurrent Energy redeemable preferred shares dividends payable in kind. As a result, an EPS effect of 10 cents was deducted on a dilutive basis.

Quarterly Cash Flow and Balance Sheet Highlights

<i>\$ in millions</i>	3Q23	4Q23	1Q24	2Q24	3Q24
Working capital days	5	(1)	63	24	56
Operating cash inflow (outflow)	158	190	(291)	(429)	(231)
Cash and equivalents	1,921	1,939	2,077	1,620	2,169
Restricted cash	1,072	1,008	817	572	659
Short-term borrowings ⁽¹⁾	1,706	1,805	2,180	2,036	2,503
Financing liabilities – current	6	-	-	-	-
Finance lease liabilities – current	63	88	87	87	83
Long-term borrowings	1,072	1,266	1,588	1,624	2,244
Green bonds and convertible notes ⁽²⁾	382	389	380	375	389
Financing liabilities – non-current	17	28	42	76	79
Finance lease liabilities – non-current	81	72	61	43	136
Total debt	3,327	3,648	4,338	4,241	5,434
Net debt⁽³⁾	1,406	1,709	2,261	2,621	3,265
Non-GAAP EBITDA	139	100	156	174	129
Net debt / EBITDA (trailing 12 months)	1.6x	2.0x	3.1x	4.6x	5.8x
Net interest expense	11	18	1	19	20
EBITDA / net interest coverage (trailing 12 months)	15.7x	12.7x	14.5x	11.6x	9.7x

(1) Includes current portion of long-term borrowings on project assets

(2) Beginning 3Q23, green bonds are classified under “Green bonds and convertible notes”.

(3) Net debt does not include restricted cash.

Guidance as of December 5, 2024

	FY2024 Q3 Actual	FY2024 Q4 Guidance	FY2023 Actual	FY2024 Guidance	FY2025 Guidance
Solar Module Shipments (DC)	8.4 GW	8.0 – 8.5 GW ⁽¹⁾	30.7 GW	30.9 – 31.4 GW	30 – 35 GW ⁽⁴⁾
Utility Scale Battery Energy Storage Shipments (DC)	1.8 GWh	2.0 – 2.4 GWh ⁽²⁾	1.9 GWh ⁽³⁾	6.4 – 6.8 GWh	11.0 – 13.0 GWh ⁽⁵⁾
Revenue	\$1.5B	\$1.5B – \$1.7B	\$7.6B	\$6.0B – \$6.2B	n/a
Gross Margin	16.4%	16% – 18%	16.8%	n/a	n/a

☀️ Maintain strategy on managing module volumes in Q4 and 2025

☀️ Record e-STORAGE contribution to CSIQ, despite significant intragroup eliminations

☀️ Continued challenges expected for solar in 2025, while e-STORAGE is forecast to continue growing at healthy margins

(1) Including around 500 MW to the Company's own projects.

(2) Including around 1.2 GWh to the Company's own projects.

(3) Including approx. 760 MWh recognized as revenues in 2024 due to being shipments in late Q4 2023.

(4) Including around 1 GW to the Company's own projects.

(5) Including around 1 GWh to the Company's own projects.

Thank You

Let's Connect

Wina Huang

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