

Canadian Solar 2Q21 Earnings Call

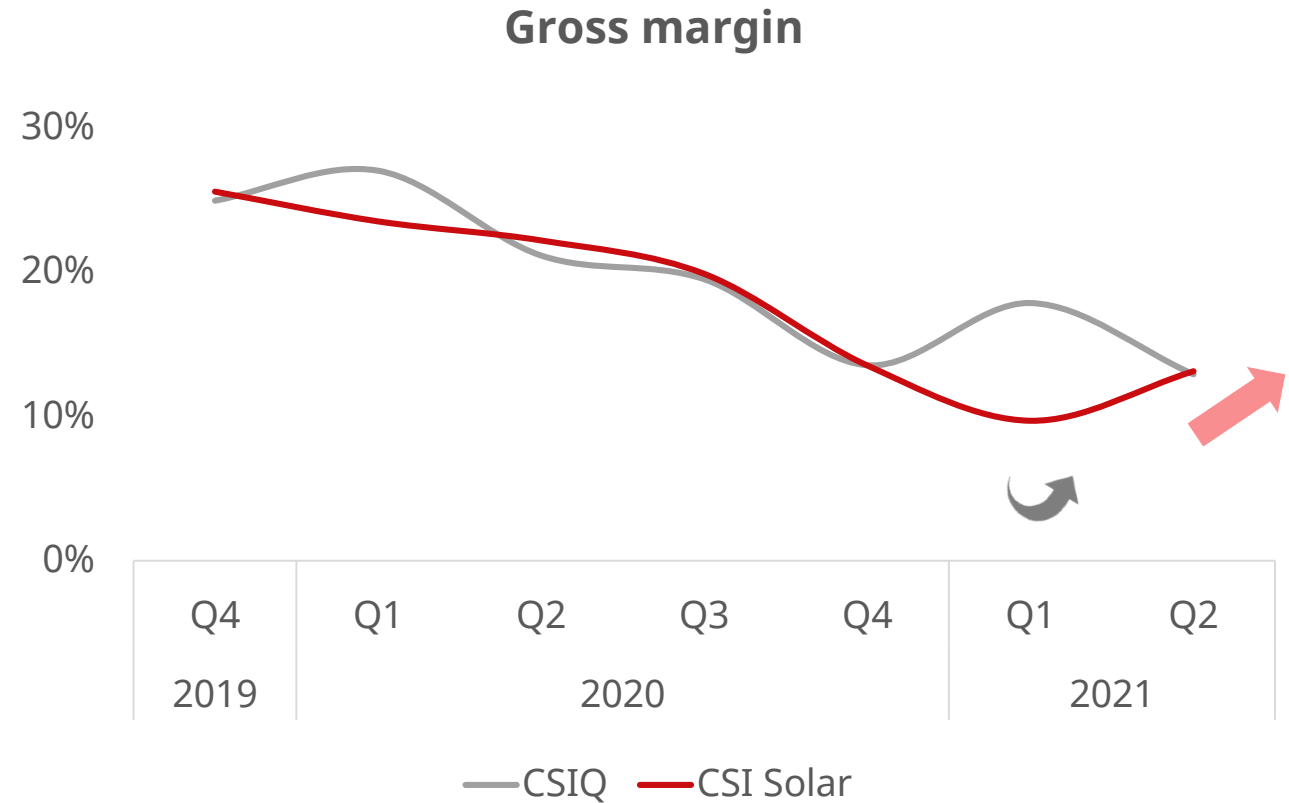
August 12, 2021

Safe Harbor Statement

- ☀ This presentation has been prepared by the Company solely to facilitate the understanding of the Company's business model and growth strategy. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, advisers or representatives will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.
- ☀ This presentation contains forward-looking statements and management may make additional forward-looking statements in response to your questions. Such written and oral disclosures are made pursuant to the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward looking statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to its future performance, consolidated results of operations and financial condition. These statements can be identified by the use of words such as "expects," "plans," "will," "estimates," "projects," or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from expectations implied by these forward-looking statements as a result of various factors and assumptions. Although we believe our expectations expressed in such forward looking statements are reasonable, we cannot assure you that they will be realized, and therefore we refer you to a more detailed discussion of the risks and uncertainties contained in the Company's annual report on Form 20-F as well as other documents filed with the Securities & Exchange Commission. In addition, these forward looking statements are made as of the current date, and the Company does not undertake to update forward-looking statements to reflect future events or circumstances, unless otherwise required by law.

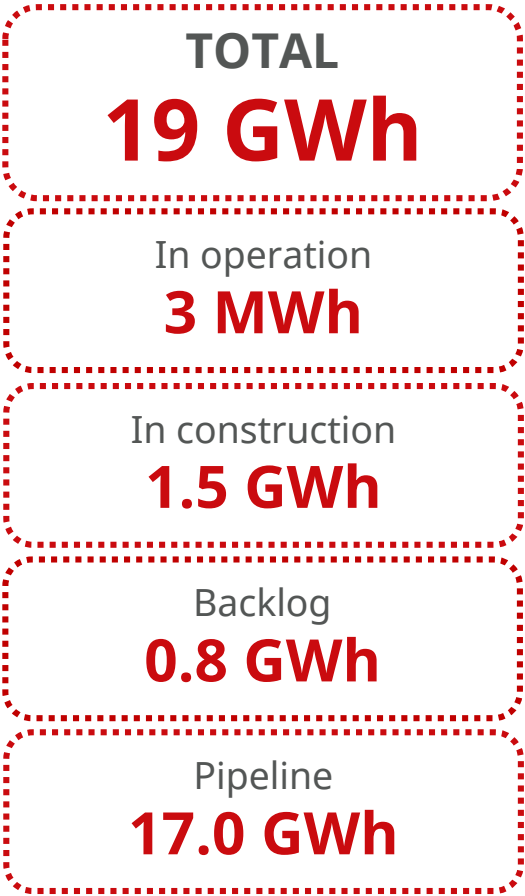
(1) Turning a corner – improvement in profitability

- 🌅 Focus on factors under control
- 🌅 Protect margin ahead of volume
- 🌅 Gain ~2% market share in 2021

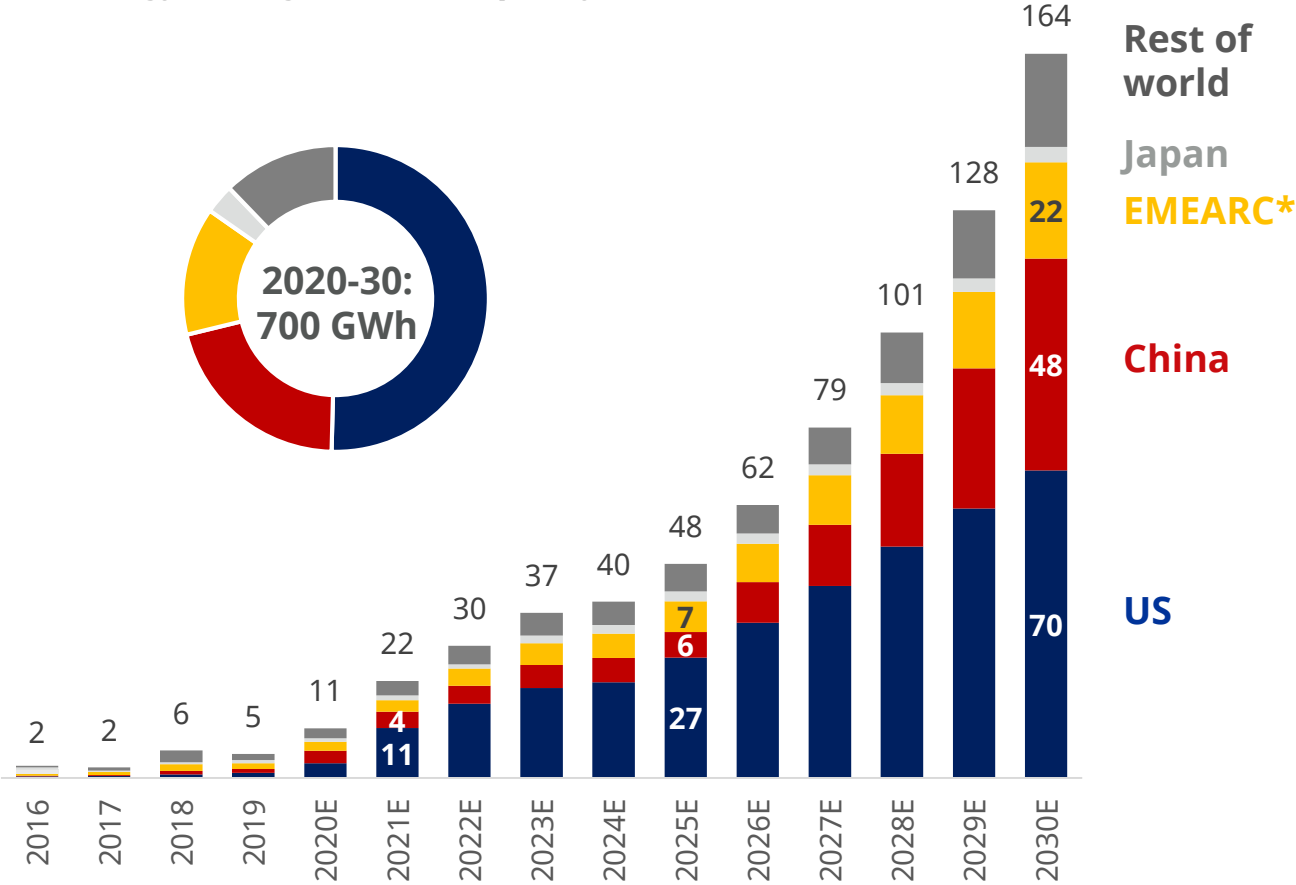


(2) Growth in battery storage market opportunity

Global Energy Battery Storage Pipeline
(June 30, 2021)




Energy Storage Annual Capacity Additions, GWh




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

(3) Canadian Solar ESG Sustainability Report







20-year
track record as
a global tier 1 player
in the solar industry




Over
55 GW
of solar modules delivered to
customers across the world




Over
5.7 GWp
of solar projects
energized globally




Established a Sustainability
Committee at the board
level and appointed Chief
Sustainability Officer




↓20%
in greenhouse gas
emission intensity
(2017-20)




↓19%
in energy intensity
(2017-20)



↓44%
in water intensity
(2017-20)





↓18%
in waste intensity
(2017-20)




1.1 years
GHG payback time of
crystalline solar modules
(after which they become
carbon negative assets that
last for 30-40 years or longer)

Close to
14,000
employees
globally

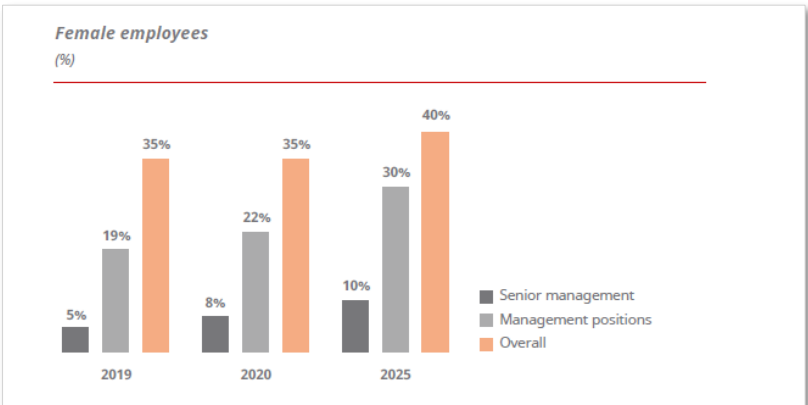
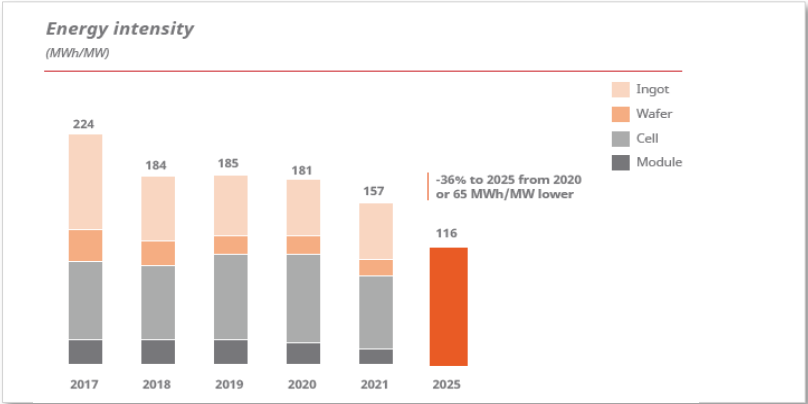
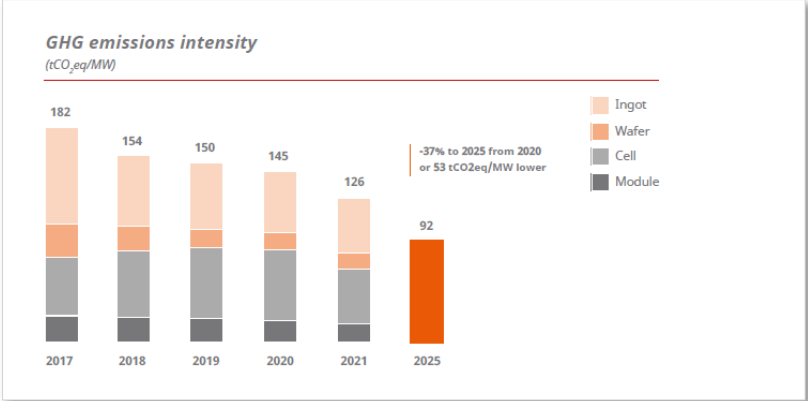




Supporting **UN SDGs** (Sustainable
Development Goals) on affordable and
clean energy; climate action; industry,
innovation and infrastructure; gender
equality; reduced inequalities



35%
female workforce
and 22% women in
management
positions



Executing on gross margin improvement roadmap

Presentation extract from Q3 2020 results conference call

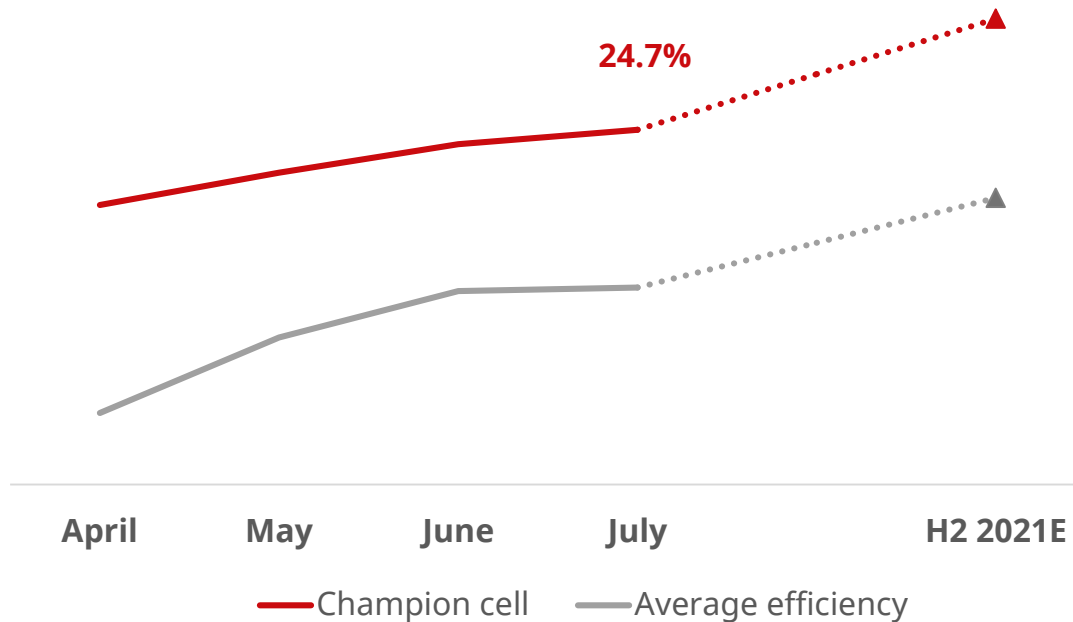
Gross margin improvement and growth roadmap

1. Glass capacity increase and glass replacement (e.g. transparent backsheet etc.) ✓
2. Increase market presence in China – strong demand, not affected by shipping or FX ✓
3. ASP increases ✓
4. Investment in new capacity and upstream integration to contribute to gross margin as soon as Q2 2021 ✓
5. Earnings contribution from energy storage ✓
6. Growth in the high-margin DG sector ✓

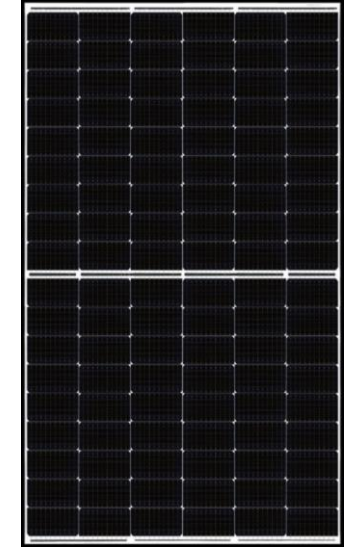
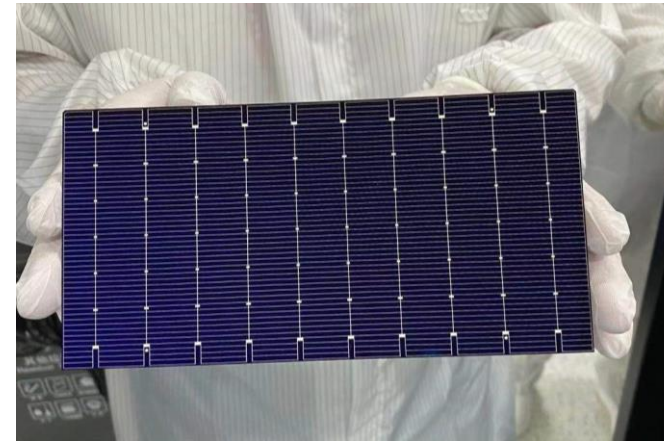


Commercial production of N-type heterojunction (HJT) solar modules from Q4 2021

CSIQ HJT cell efficiency ramp up



Note: Mass manufacturing efficiency, not lab efficiency.



Advantages of HJT technology

- Higher conversion efficiency and power output
- Better energy yield per watt: better temperature coefficient, higher bifaciality, excellent low-light performance and lower degradation
- Higher production yield and fewer manufacturing steps

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

Mustang solar plus battery storage project – Kings County, California, U.S.



- **Solar: 100 MWac**
- **Storage: 75 MW / 300 MWh**
(in construction)



Slate solar plus battery storage project – Kings County, California, U.S.

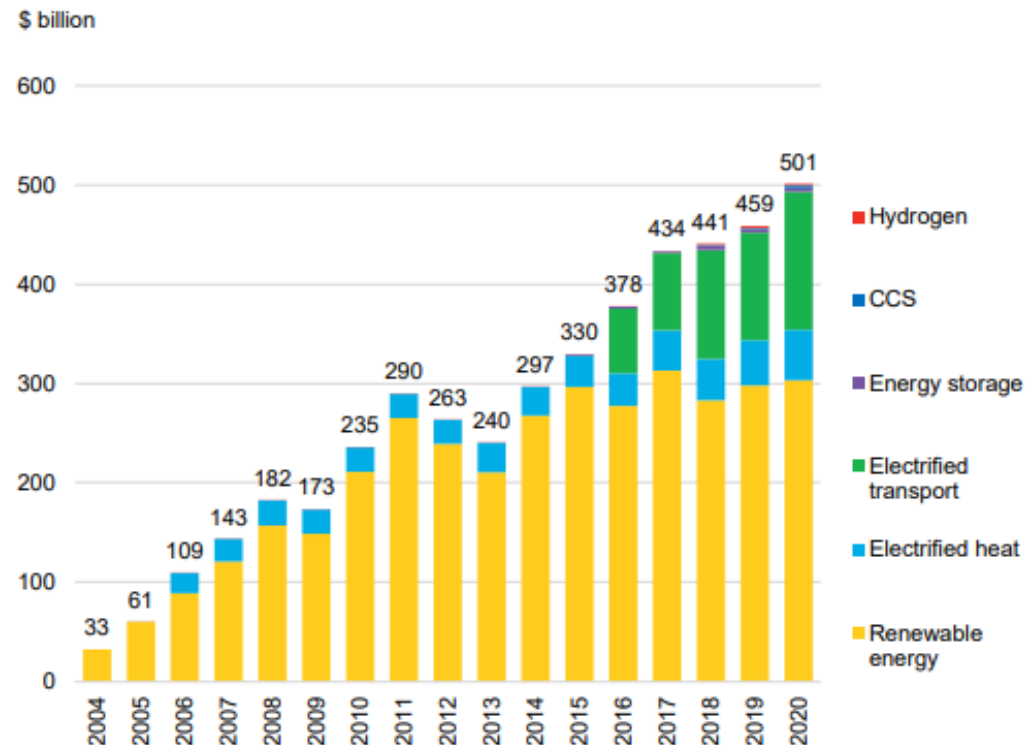
- *Solar: 300 MWac*
- *Storage: 140.25 MW / 561 MWh
(in construction)*



Significant structural market tailwinds

Strong underlying demand, large capital availability, low cost of capital and rising PPAs

Global investment in energy transition by sector



Average PPA prices in North America tracked by LevelTen

Quarterly Aggregate Price Index - P25



Large and growing global solar and battery storage project pipeline

Solar Project Pipeline (June 30, 2021) – MWp

Region	Construction	Backlog	Pipeline	Total
North America	115	744	4,900	5,759
Latin America	981 ⁽¹⁾	2,100	4,310	7,391
EMEA	-	455 ⁽¹⁾	3,632	4,087
Japan	145	236	72	453
Asia Pac ex. Japan	347	191	1,547	2,085
China ⁽²⁾	80	403	1,920	2,403
Total	1,668	4,129	16,381	22,178

Battery Storage Project Pipeline (June 30, 2021) – MWh

Region	Construction	Backlog	Pipeline	Total
North America	1,501	800	9,285	11,586
Latin America	-	-	4,505	4,505
EMEA	-	-	1,242	1,242
Japan	-	-	19	19
Asia Pac ex. Japan	-	-	1,910	1,910
Total	1,501	800	16,961	19,262

(1) Gross MWp size of projects includes 573 MWp in construction in Latin America, and 110 MWp in backlog in EMEA, that are not owned by Canadian Solar or have been sold to third parties

(2) China Energy is part of CSI Solar, not Global Energy, illustrated here for completeness.

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%) <ul style="list-style-type: none"> COD MW mix approx. 30-50%, actual mix depends on market and project-specific conditions
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 <ul style="list-style-type: none"> Capture additional operational value throughout the partial ownership period Expand base of stable long-term cash flows, improve predictability of earnings
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) <ul style="list-style-type: none"> Recycle a large portion of the capital into developing new solar projects for growth
			220	650	1,300	2,650	3,150	3,400	

*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.

Quarterly income statement highlights

<i>USD millions except per share data</i>	2Q20	3Q20	4Q20	1Q21	2Q21	qoq	yoy
Net revenues	696	914	1,041	1,089	1,430	+31%	+105%
-CSI Solar	709	921	785	695	1,184	+70%	+67%
-Global Energy	33	79	373	471	281	-40%	+765%
-Elimination	-46	-86	-117	-77	-35		
Gross margin	21.2%	19.5%	13.6%	17.9%	12.9%	-500 bp	-830 bp
-CSI Solar margin	22.2%	19.9%	13.5%	9.7%	13.1%	+340 bp	-910 bp
-Global Energy margin	10.3%	31.7%	8.6%	24.0%	4.2%		
Selling expenses	53	54	64	84	84		
General and admin expenses	46	56	70	67	69		
R&D expenses	11	14	10	12	13		
Operating income	45	59	2	43	26	-39%	-42%
Net interest expense	-15	-16	-16	-11	-12		
Net FX gain or (loss)	-5	-13	4	-7	-3		
Income tax benefit or (expense)	-9	-21	2	-14	2		
Net income attributable to Canadian Solar Inc.	21	9	7	23	11	-51%	-45%
Diluted EPS	0.34	0.15	0.11	0.36	0.18	-50%	-47%

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

Quarterly balance sheet highlights

<i>USD millions</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Cash and equivalents	579	1,103	1,179	981	814
Restricted cash	416	459	461	542	497
Short-term borrowings	1,016	1,065	1,202	1,217	867
Long-term borrowings on project assets – current	180	238	199	264	491
Capital leases – current	15	24	15	17	12
Long-term borrowings	580	624	446	467	531
Convertible notes	-	223	223	224	224
Financing liabilities – non-current	75	78	82	81	83
Capital leases – non-current	9	4	14	14	19
Total debt	1,875	2,257	2,181	2,284	2,227
Net debt*	1,297	1,154	1,002	1,303	1,413
Non-GAAP EBITDA	92	101	79	101	95
Net debt / EBITDA (trailing 12 months)	2.5x	2.3x	2.4x	3.5x	3.8x
EBITDA / net interest coverage (trailing 12 months)	7.9x	7.7x	6.6x	8.1x	8.8x

*Net debt does not include restricted cash.

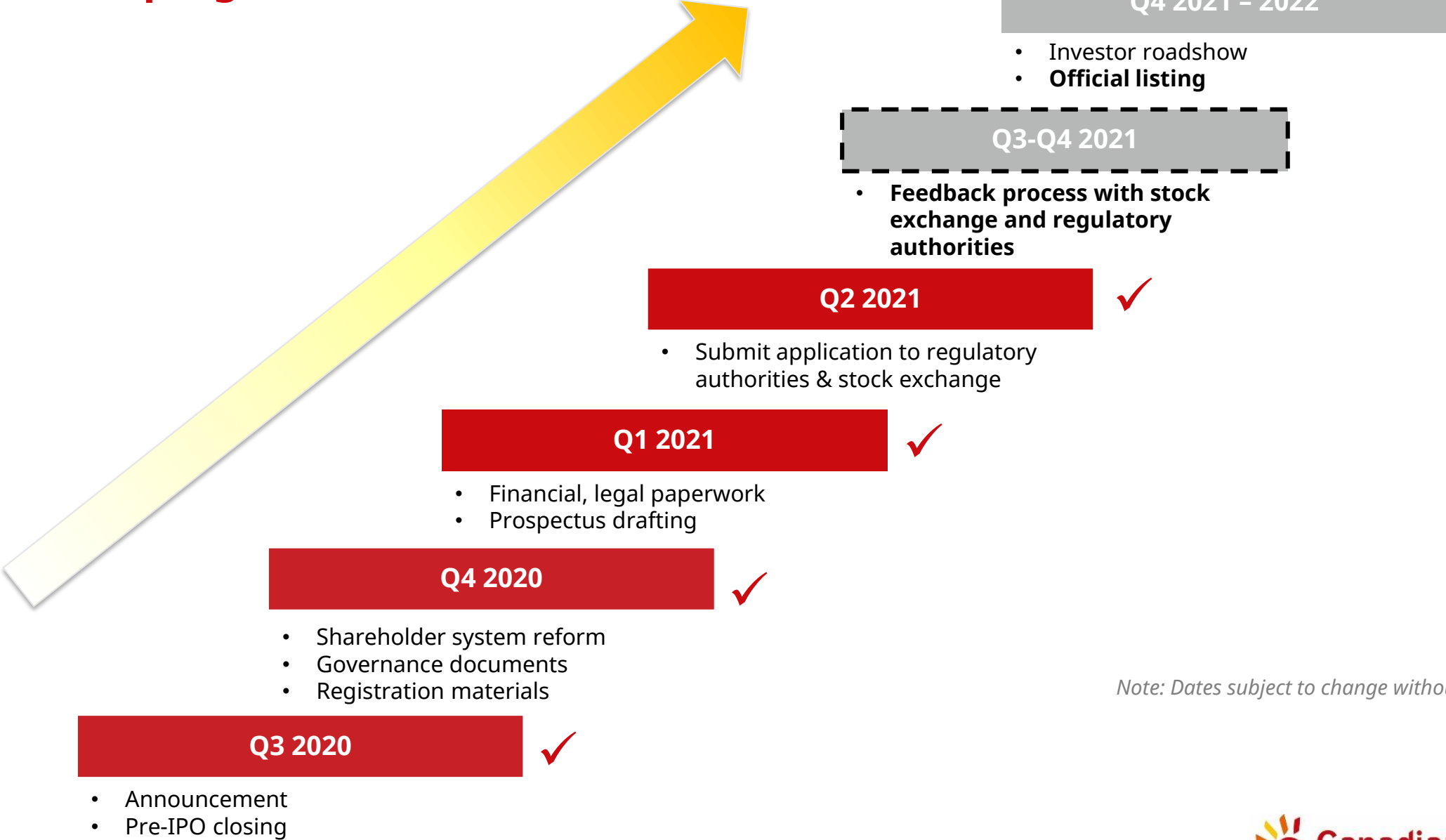
Guidance as of August 12, 2021

	Q2 2021	Q3 2021G
Module Shipments	3.7 GW	3.8 – 4.0 GW
Revenue	\$1.4 bn	\$1.2 bn – \$1.4 bn
Gross Margin	12.9%	14% – 16%

FY2020	FY2021G	yoy Δ%
11.3 GW	16 – 17 GW	c. +45%
\$3.5 bn	\$5.6 bn – \$6.0 bn	c. +70%
19.8%	n/a	n/a

- 🌅 Wider-than-usual Q3 range driven by timing of project sales which may occur in Q3 or Q4
- 🌅 Full year revenue guidance unchanged

China IPO progress on track



Note: Dates subject to change without notice.



Thank you

CSIQ
Nasdaq Listed