

Canadian Solar 3Q21 Earnings Call

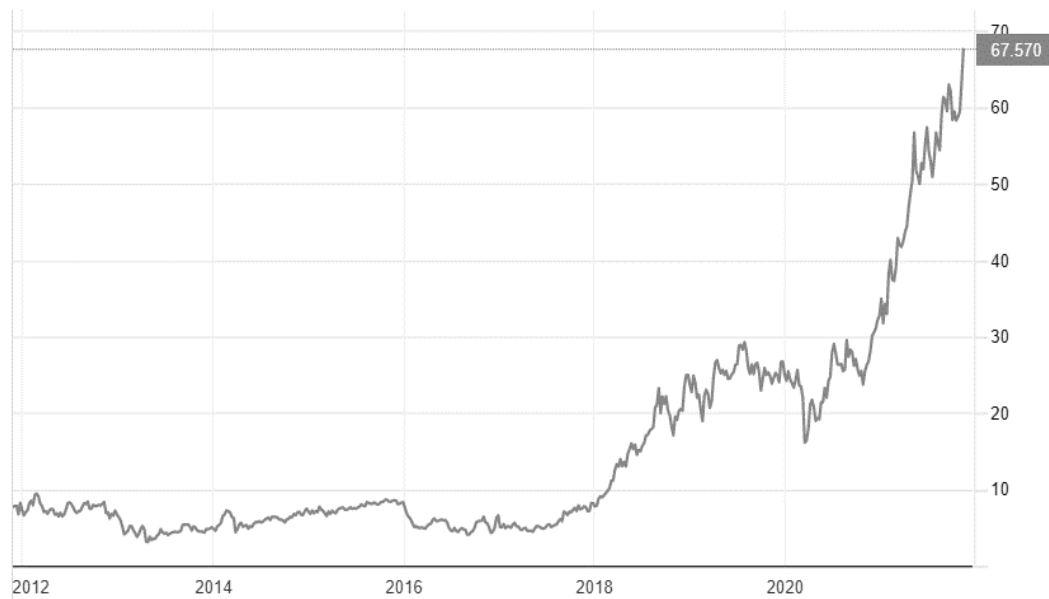
November 18, 2021

Safe Harbor Statement

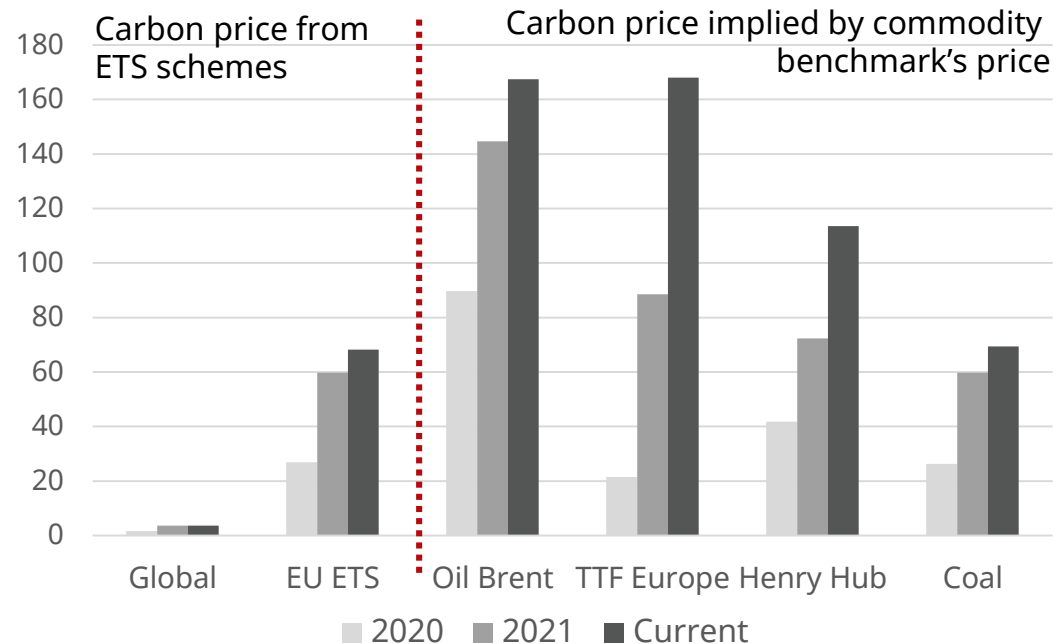
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Carbon markets increasingly reflecting the real cost of carbon

European Union Emissions Trading System price, €/ton



Carbon price implied by commodity price benchmarks vs. ETS markets (US\$/tnCO₂eq)



Energy crisis >>

Increase supply of fossil fuel-based energy?



or

Lower living standards?



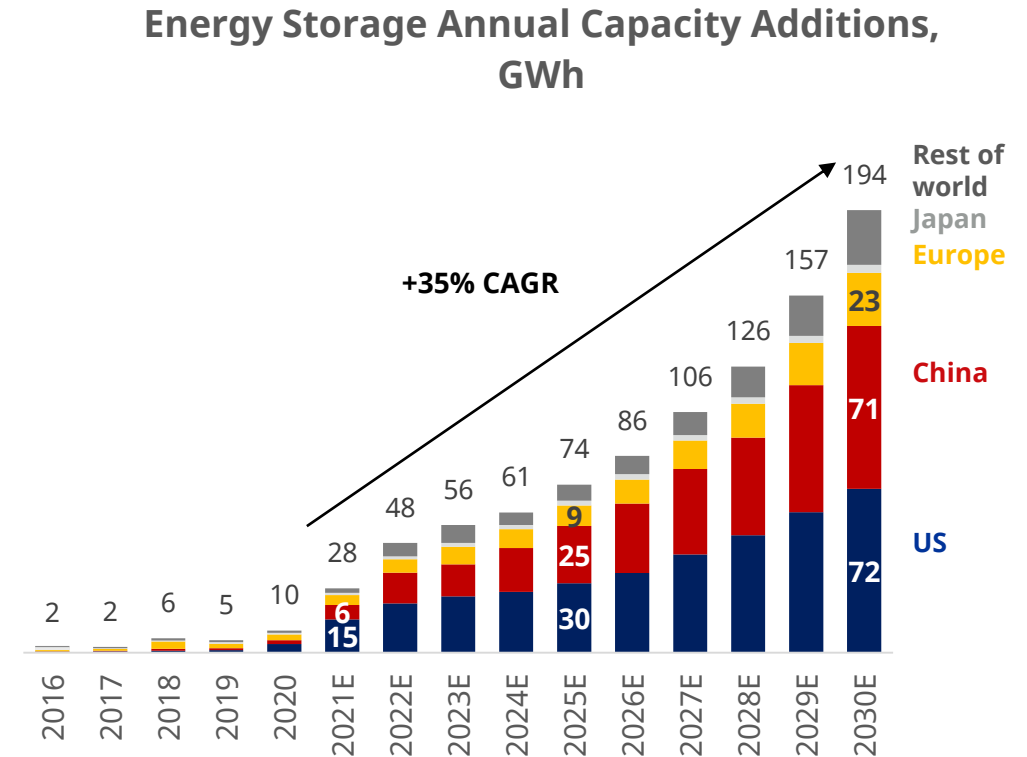
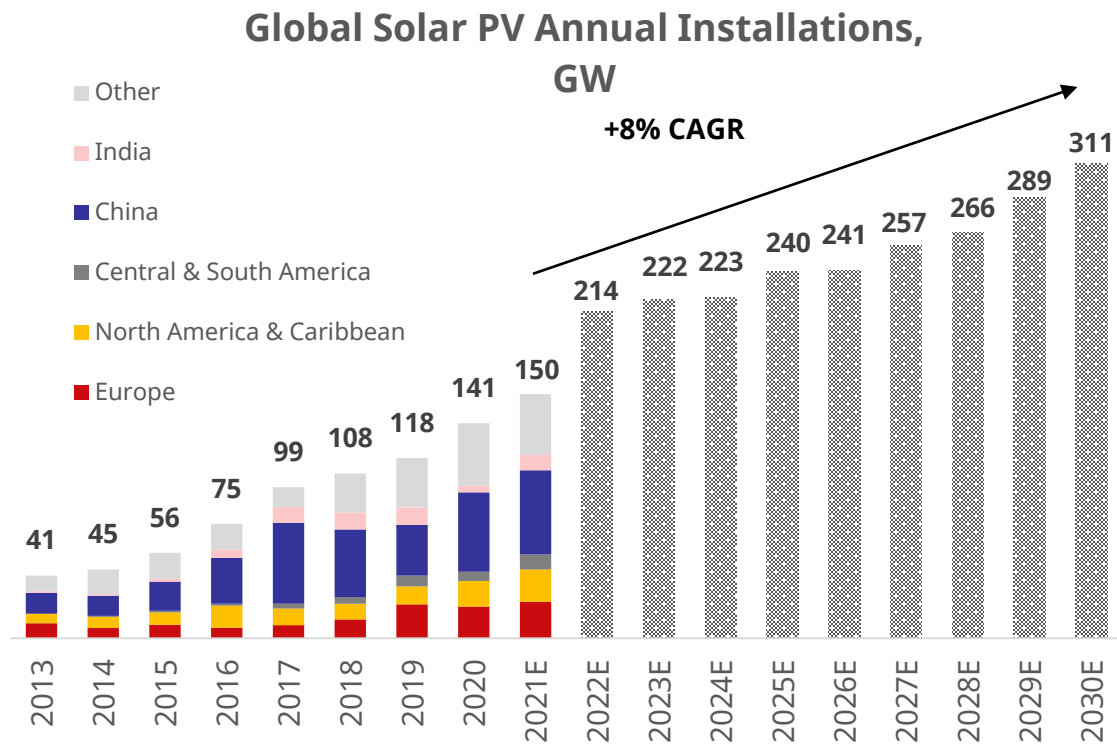
or

Increase supply of clean renewable energy



Strong long term growth outlook for both solar and battery storage

- ☀️ Solar PV cumulative installations crossing 1 TW next year, to reach 3.2 TW by 2030
- ☀️ Battery energy storage cumulative capacity installations crossing 100 GWh next year, to reach 1 TWh by 2030
- ☀️ **Long term growth driven by competitive economics and ESG/decarbonization efforts**



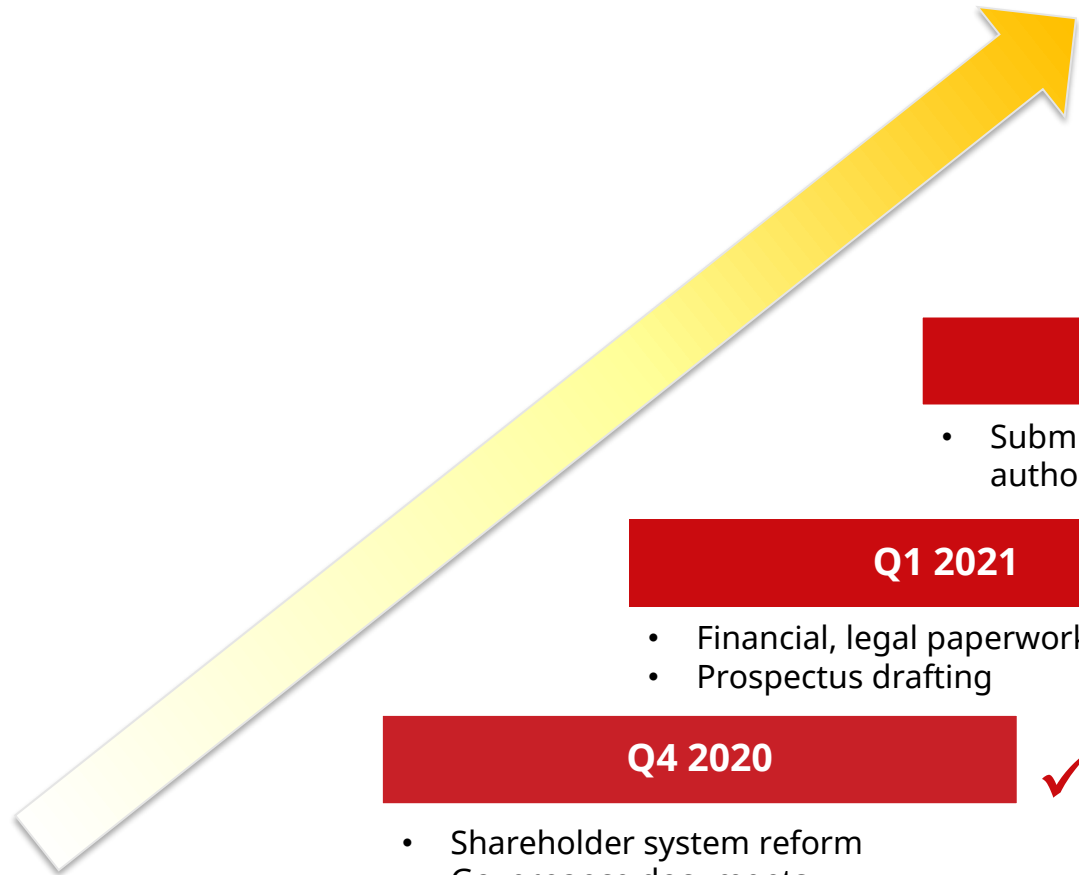
Source: BNEF (2021E PV installations adjusted to CSIQ guesstimate), Wood Mackenzie.

Canadian Solar Strategic Priorities

- ☀️ Expand global pipeline of solar & battery storage projects positioning for long term growth
- ☀️ Expand and deepen sales channels focusing on total system solutions
- ☀️ Grow market share while limiting investment in certain stages of the supply chain given the overcapacity situation (e.g. cell overcapacity)
- ☀️ Invest in technology and innovation in both solar and battery storage
- ☀️ Continue to navigate short-term challenges



CSI Solar China IPO on third round of Q&A with the Shanghai Stock Exchange



Q3 2020 ✓

- Announcement
- Pre-IPO closing

Q4 2020 ✓

- Shareholder system reform
- Governance documents
- Registration materials

Q1 2021 ✓

- Financial, legal paperwork
- Prospectus drafting

Q2 2021 ✓

- Submit application to regulatory authorities & stock exchange

Q3-Q4 2021

- Feedback process with stock exchange and regulatory authorities

2022

- Investor roadshow
- **Official listing**



Note: Dates subject to change without notice.

Large and growing global solar and battery storage project pipeline

Solar Project Pipeline (September 30, 2021) – MWp

Region	Construction	Backlog	Pipeline	Total
North America	115	744	5,732	6,591
Latin America	956 ⁽¹⁾	3,141	3,726	7,823
EMEA	-	455 ⁽¹⁾	4,105	4,560
Japan	144	204	72	420
Asia Pac ex. Japan	346	192	1,560	2,098
China ⁽²⁾	-	300	2,010	2,310
Total	1,561	5,036	17,205	23,802

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

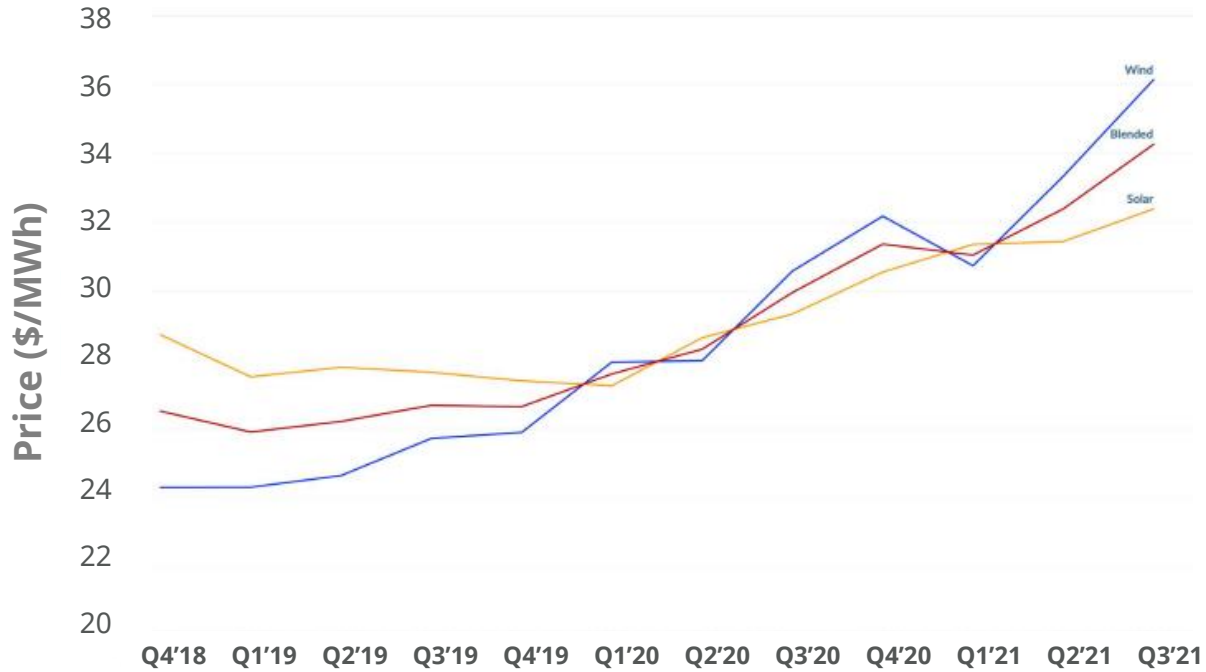
Region	Construction	Backlog	Pipeline	Total
North America	2,901	-	10,485	13,386
Latin America	-	465	3,185	3,650
EMEA	-	-	1,987	1,987
Japan	-	-	19	19
Asia Pac ex. Japan	-	-	1,915	1,915
Total	2,901	465	17,591	20,957

(1) Gross MWp size of projects includes 492 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

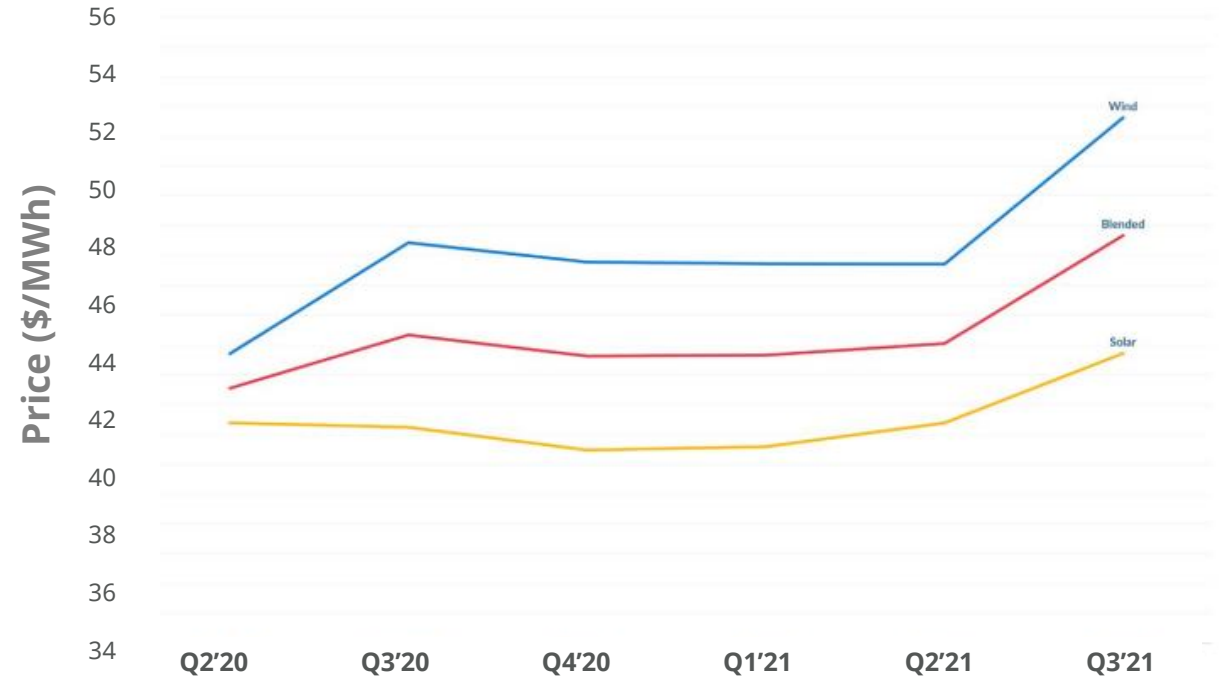
(2) China Energy is part of CSI Solar, not Global Energy, illustrated here for completeness.

Solar PPAs are going up

Average PPA prices in North America
Quarterly Aggregate Price Indices – P25



Average PPA prices in Europe
Quarterly Aggregate Price Indices – P25



Source: LevelTen Energy.

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	1.5 – 2.1	2.4 – 2.9	3.2 – 3.7	3.6 – 4.1	4.0 – 4.5
2	Services: O&M ⁽¹⁾ + Asset Mgmt	Operational O&M projects, GWp	2.2	2.6	4.3	6.5	9.2	11.0
3	Investment Vehicles: Partial ownership of solar projects	Cumulative projects retained (net & gross ⁽²⁾), MWp	118	290	400	760	960	1,000
			220	740	1,300	2,650	3,150	3,400

(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.

Q3 margin continued to improve sequentially

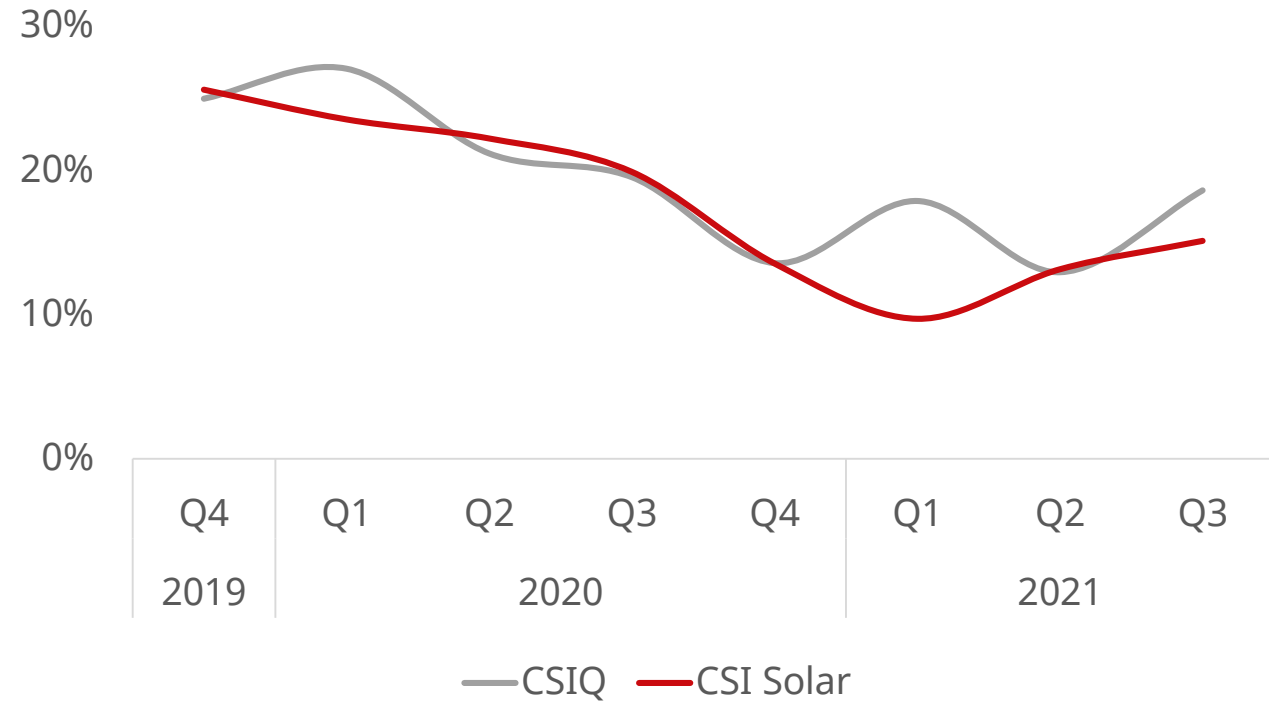
Q3 2021

☀ Shipments: 3.9 GW

☀ CSI Solar revenue: \$1.1 billion

☀ CSI Solar gross margin: 15.1%

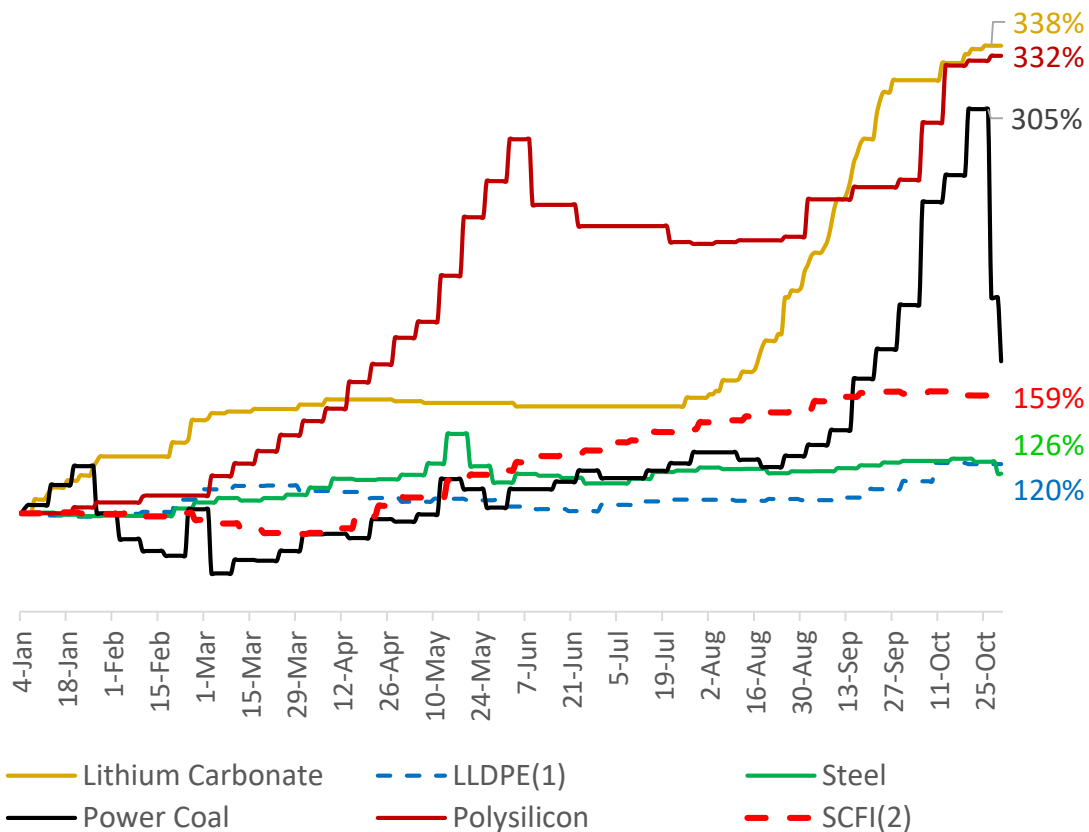
Gross margin



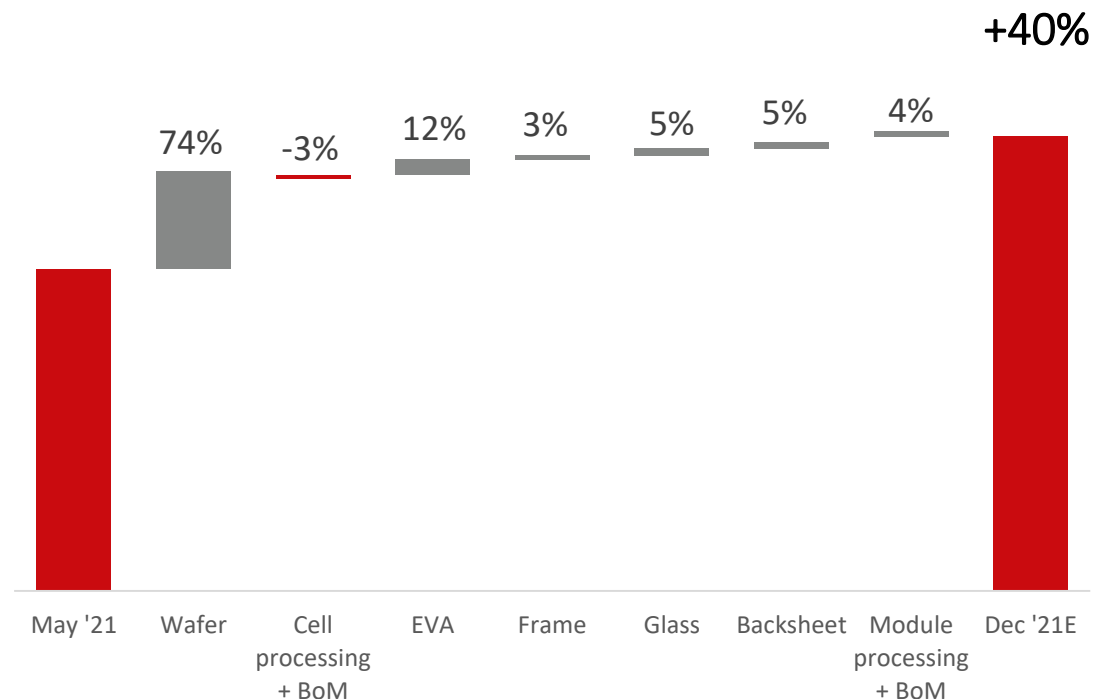
Supply side cost pressures picking up again recently

1. Global logistics bottleneck
2. Material cost inflation
3. Power curtailment

Cost inflation of certain key materials in 2021



Module manufacturing cost change from May to December 2021E (USD/W)



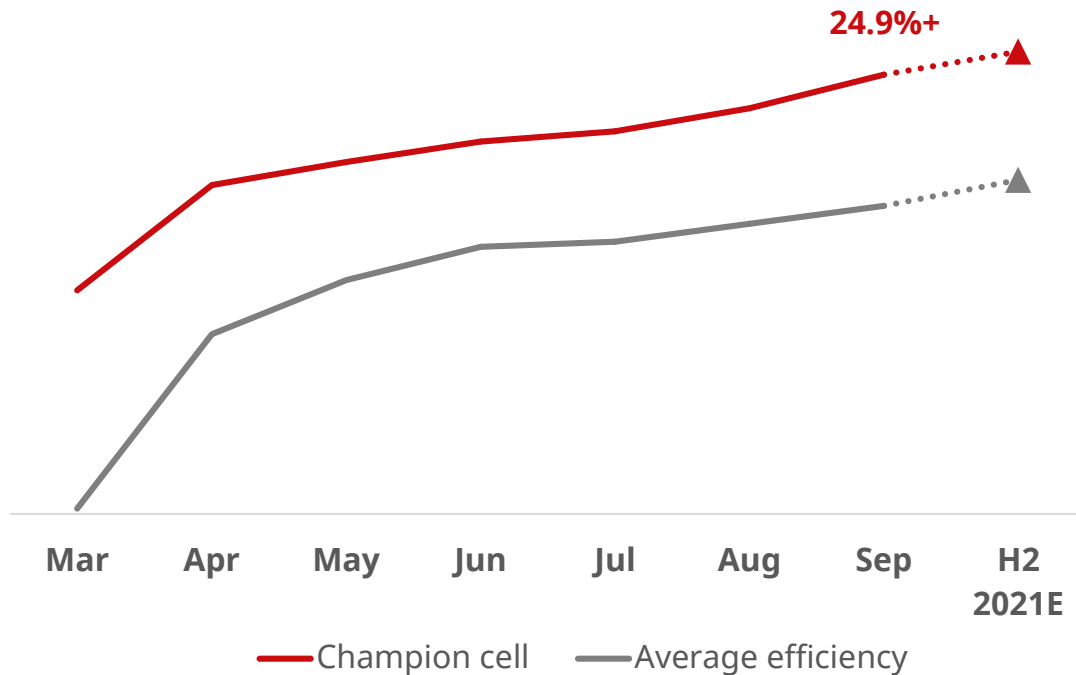
(1) LLDPE = Linear low-density polyethylene (raw material for EVA (ethylene vinyl acetate) encapsulant).

(2) SCFI = Shanghai Containerized Freight Index.

Source: Shanghai Shipping Exchange, Factset, PV Infolink.

Commercial delivery of N-type heterojunction (HJT) solar modules in Q4 and establishing TOPCon pilot cell line

CSIQ HJT cell efficiency ramp up



Note: Mass manufacturing efficiency, not lab efficiency.

Advantages of HJT technology

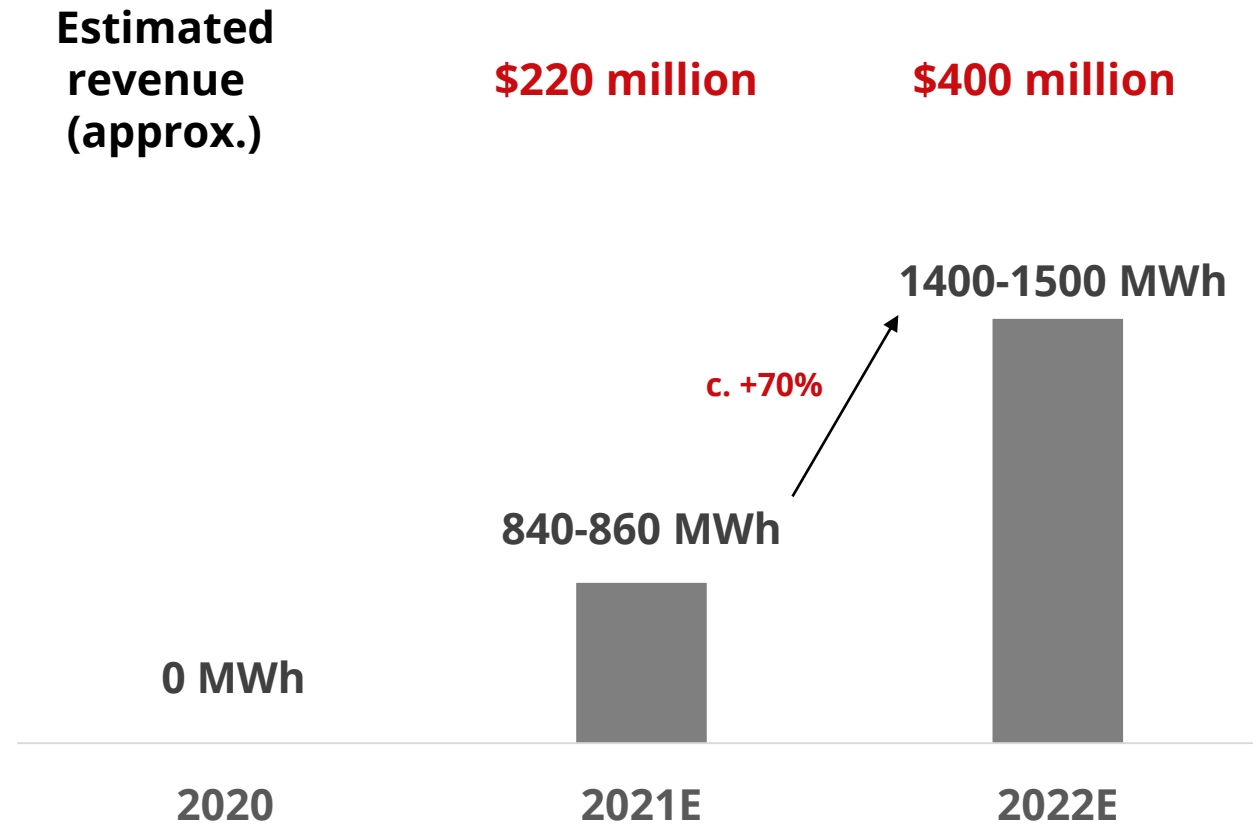
- Highest conversion efficiency and power output
- Better energy yield per watt: better temperature coefficient, higher bifaciality, excellent low-light performance and lower degradation
- Higher production yield and fewer manufacturing steps

Advantages of TOPCon technology

- Limited additional capex as can utilize existing mono PERC capacity
- Higher conversion efficiency and power output than mono PERC but lower than HJT
- Faster commercialization due to lower capex needs, extending useful life of mono PERC capacity

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

Making significant progress on our battery storage business



	MWh
Contracted / In Construction	2,261
Forecast	215
Pipeline	2,651
Total	5,127

- (1) Contracted/In Construction = expected to be delivered in 12-18 months.
- (2) Forecast = 75% probability of being contracted within the next 12 months.
- (3) Pipeline = projects that have been identified but have <75% probability of being contracted. Pipeline and estimated contract value are subject to change without notice.

Quarterly income statement highlights

<i>USD millions except per share data</i>	3Q20	4Q20	1Q21	2Q21	3Q21	qoq	yoy
Net revenues	914	1,041	1,089	1,430	1,229	-15%	+35%
-CSI Solar	921	785	695	1,184	1,149	-5%	+25%
-Global Energy	79	373	471	281	140	-50%	+80%
-Elimination	-86	-117	-77	-35	-60		
Gross margin	19.5%	13.6%	17.9%	12.9%	18.6%	+570 bp	-90 bp
-CSI Solar margin	19.9%	13.5%	9.7%	13.1%	15.1%	+200 bp	-480 bp
-Global Energy margin	31.7%	8.6%	24.0%	4.2%	43.7%		
Selling expenses	54	64	84	84	102		
General and admin expenses	56	70	67	69	83		
R&D expenses	14	10	12	13	13		
Other operating (income) loss	-5	-6	-13	-7	-23		
Operating income	59	2	43	26	53	+100%	-10%
Net interest expense	-16	-16	-11	-12	-11		
Net FX gain or (loss)	-13	4	-7	-3	-14		
Income tax benefit or (expense)	-21	2	-14	2	3		
Net income attributable to Canadian Solar Inc.	9	7	23	11	35	+210%	+300%
Diluted EPS	0.15	0.11	0.36	0.18	0.52	+190%	+250%

Quarterly balance sheet highlights

<i>USD millions</i>	3Q20	4Q20	1Q21	2Q21	3Q21
Cash and equivalents	1,103	1,179	981	814	868
Restricted cash	459	461	542	497	490
Short-term borrowings	1,065	1,202	1,217	867	1,083
Long-term borrowings on project assets – current	238	199	264	491	297
Capital leases – current	24	15	17	12	19
Long-term borrowings	624	446	467	531	580
Convertible notes	223	223	224	224	224
Financing liabilities – non-current	78	82	81	83	82
Capital leases – non-current	4	14	14	19	20
Total debt	2,257	2,181	2,284	2,227	2,305
Net debt*	1,154	1,002	1,303	1,413	1,437
Non-GAAP EBITDA	101	79	101	95	117
Net debt / EBITDA (trailing 12 months)	2.3x	2.4x	3.5x	3.8x	3.7x
EBITDA / net interest coverage (trailing 12 months)	7.7x	6.6x	8.1x	8.8x	10.1x

*Net debt does not include restricted cash.

Guidance as of November 18, 2021

	Q3 2021 Actual	Q4 2021 Guidance	FY2021 Guidance	FY2022 Guidance	2021E-22E yoy Δ%
Module Shipments	3.9 GW	3.7 – 3.9 GW	14.4 – 14.6 GW	20 – 22 GW	c. +45%
Battery Storage Shipments	250 MWh	290 – 310 MWh	840 – 860 MWh	1.4 – 1.5 GWh	c. +70%
Project Sales	350 MW (1,400 MWh)	250 – 630 MW	1.5 – 2.1 GW	2.4 – 2.9 GW	c. +50%
Revenue	\$1.2 bn	\$1.5 bn – \$1.6 bn	\$5.2 bn – \$5.3 bn	\$6.5 bn – \$7.0 bn	c. +30%
Gross Margin	18.6%	14% – 16%	15.6% – 16.2%	n/a	n/a

🌅 Lower Q4 shipment and revenue guidance due to volume control to protect margins

🌅 Expect significant growth in 2022



Thank you

CSIQ
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