

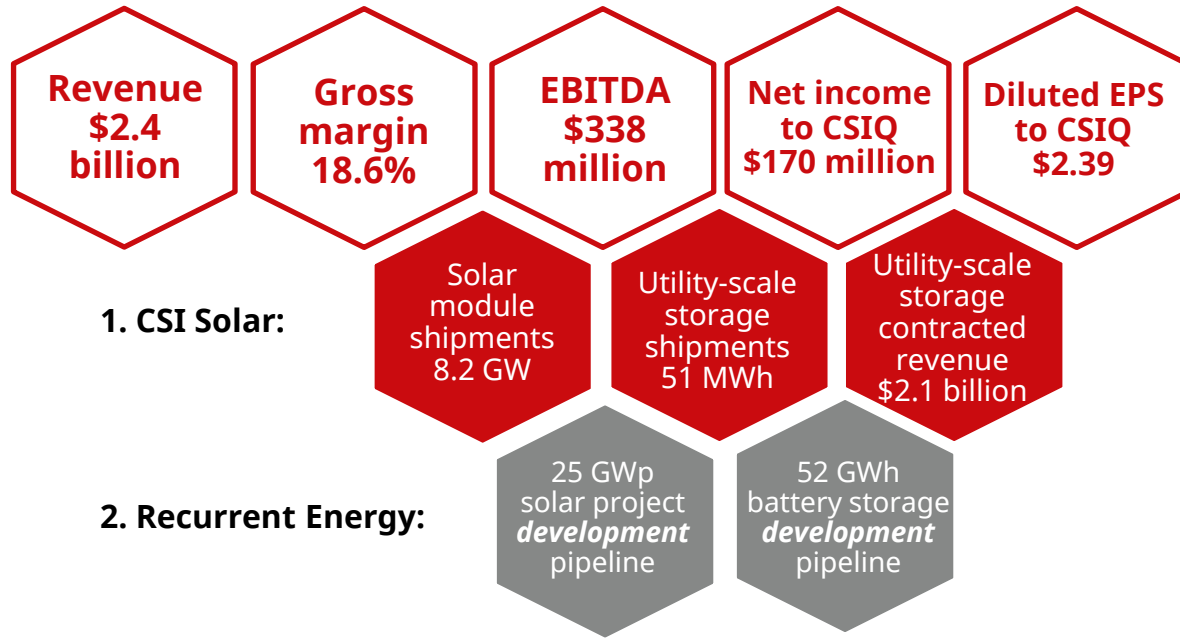


Canadian Solar
2Q23 Earnings Call
August 22, 2023

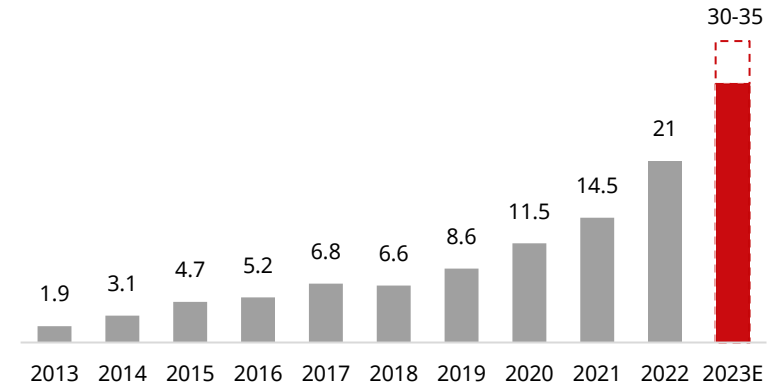
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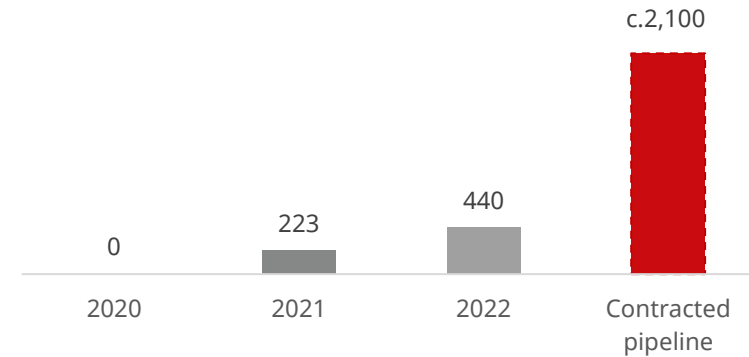
Q2 2023 review



Solar Module Shipments, GW



Turnkey Utility-Scale Storage Contracted Backlog, US\$M

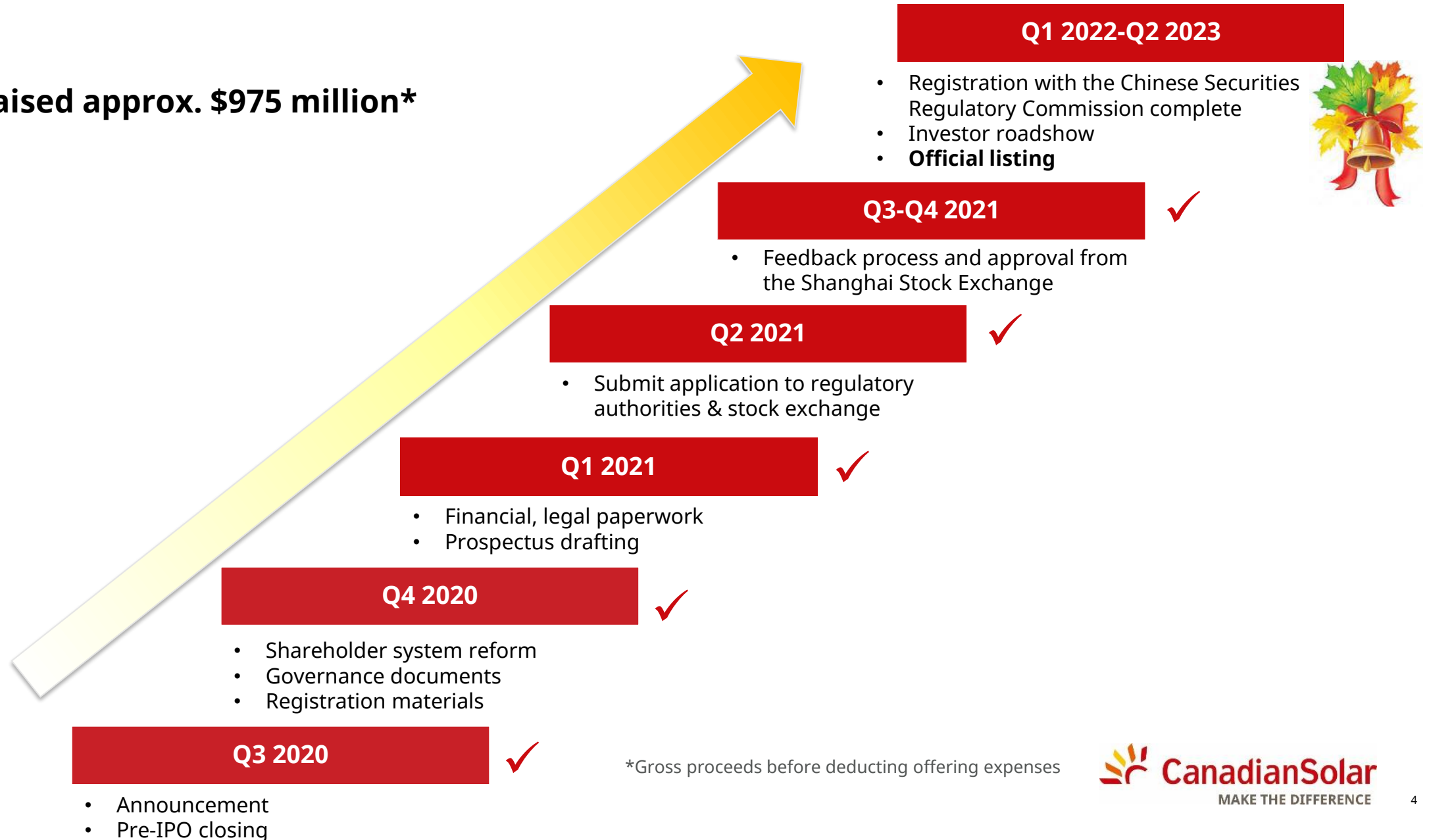


Revenue Breakdown Q2 2023



CSI Solar subsidiary IPO completed on June 9, 2023 – ticker 688472

Equity raised approx. \$975 million*



*Gross proceeds before deducting offering expenses

Making long-term investments in core markets – U.S.



CANADIAN SOLAR ANNOUNCES U.S. MODULE MANUFACTURING FACILITY IN MESQUITE, TEXAS

GUELPH, ON, June 15, 2023 /PRNewswire/ -- **Canadian Solar Inc.** (the "Company" or "Canadian Solar") (NASDAQ: CSIQ), headquartered in Guelph, Ontario, today announced that it is establishing a solar PV module production facility in Mesquite, Texas.

Canadian Solar is building a state-of-the-art solar photovoltaic module manufacturing plant with an annual output of 5 GW, equivalent to approximately 20,000 high-power modules per day. The new facility represents an investment of over \$250 million and will create approximately 1,500 skilled jobs once it is fully ramped up. Production is expected to begin around the end of 2023. This will be Canadian Solar's first United States manufacturing facility, following its successful track record of production in Canada, China, Brazil, Thailand and Vietnam. In 2021, Canadian Solar relocated Recurrent Energy, its 17-year-old U.S. subsidiary, to Austin, spearheading the rapid growth of renewable energy in the Lone Star State as a solar and battery storage project developer.

"Canadian Solar's new \$250 million manufacturing plant in Mesquite will bolster Texas' status as the energy capital of the world and secure our leadership as a global tech hub," said **Governor Greg Abbott**. "I thank Canadian Solar for choosing Texas for their next U.S. business investment and for creating 1,500 new jobs in the region to help boost the community for generations to come."

United States Senator Ted Cruz expressed his enthusiasm for the new facility, which will create 1,500 good-paying jobs in Texas. This kind of investment is a testament to the strength of our industry, which will create 1,500 good-paying jobs in Texas. This kind of investment is a testament to the strength of our industry, which will create 1,500 good-paying jobs in Texas. This kind of investment is a testament to the strength of our industry, which will create 1,500 good-paying jobs in Texas.

Mesquite Mayor Daniel Aleman, Jr. added, "We are very proud to have Canadian Solar invest in our city. We look forward to a great future for our community."

Emphasizing the importance of this new facility, **Dr. Shawn Qu**, CEO of Canadian Solar, said, "The factory is a key milestone that will enable us to better serve our customers in the U.S. industry. We hope that this is the first of many long-term investments in Texas about a sustainable and resilient clean energy supply chain. We thank the City of Mesquite for their critical support and we look forward to working with them on future projects."

EDF RENEWABLES NORTH AMERICA PLACES MULTI-YEAR ORDER FOR UP TO 7 GW OF

CANADIAN SOLAR'S MADE-IN-USA MODULES

SAN DIEGO and GUELPH, ON, Aug. 9, 2023 /PRNewswire/ -- **Canadian Solar Inc.** (NASDAQ: CSIQ) and EDF Renewables North America today announced the signing of a multi-year module supply agreement to deliver up to 7-gigawatts (GW) of high efficiency N-type TOPCon solar modules to be produced at Canadian Solar's new factory in Mesquite, Texas.

Under the agreement, Canadian Solar will be supplying its latest high efficiency N-Type TOPCon (Tunnel Oxide Passivated Contact) solar modules to support EDF Renewables' project pipeline in the U.S. between 2024 and 2030. The TOPCon modules will solidify Canadian Solar's mission to provide the best return on investment for its customers. TOPCon modules boast high conversion efficiencies of up to 22.5%, a low temperature coefficient of -0.30%/degrees C, low LID (Light Induced Degradation) resulting in a low power degradation, and improved bifaciality over Mono-PERC modules, all resulting into an increased energy production.

In July 2023, Canadian Solar **announced** it would invest over \$250 million in a state-of-the-art solar photovoltaic module factory in Mesquite, Texas. Once fully ramped up, the factory would have an annual output of 5 GW and create approximately 1,500 skilled jobs. Production is expected to start in Q4 2023.

Mr. Tristan Grimbert, President and CEO of EDF Renewables North America, said, "The module supply agreement demonstrates our commitment to domestic sourcing and represents a pivotal step for EDF Renewables, enabling us to achieve key milestone dates and execute a schedule for the construction of our robust solar pipeline. We are genuinely excited about our capacity to develop and build solar projects utilizing 'Made-in-USA' solar modules aligning with IRA guidelines. This substantial commitment enhances our ability to minimize risks linked to trade uncertainties and supply chain fluctuations, ultimately propelling our projects towards successful realization."

He added, "Today we solidify our existing partnership, formed in 2019, and also demonstrate our confidence in Canadian Solar. It is a testament to our shared commitment to advancing sustainable energy solutions to decarbonize the grid."

ARIZONA PUBLIC SERVICE AWARDS RECURRENT ENERGY WITH 1,200 MWH ENERGY STORAGE TOLLING AGREEMENT

Papago Storage will be the largest standalone energy storage project in Arizona

GUELPH, ON, Aug. 16, 2023 /PRNewswire/ -- **Canadian Solar Inc.** (the "Company", or "Canadian Solar") (NASDAQ: CSIQ) announced today that **Recurrent Energy**, its wholly-owned subsidiary for global project development and power services, secured a 20-year tolling agreement with Arizona Public Service Company ("APS") for Papago Storage, a 1,200 MWh energy storage project under development in Maricopa County, Arizona. Construction of Papago Storage is expected to begin in the third quarter of 2024 with planned commercial operation in the second quarter of 2025. Once operational, Papago Storage will be the largest standalone energy storage project in Arizona.

The tolling agreement award for Papago Storage comes as Arizona, and states across the U.S., face record electricity demand. The energy storage capacity provided by Papago Storage will complement Arizona's growing solar energy capacity and will also help the state meet surging electricity demand.

Recurrent Energy is one of the world's largest and most geographically diversified utility-scale solar and battery storage platforms, with a track record of delivering 9 GW of solar and 3 GWh of battery storage power plants now in operation across six continents. In 2022, Recurrent Energy brought online 2 GWh of energy storage in the U.S., making it one of the largest energy storage developers in the country.

Dr. Shawn Qu, Chairman and CEO, Canadian Solar, commented, "This landmark project - Papago Storage - will give

Arizonans more renewable energy storage via its rigorous commissioning and reliable energy storage, and record amounts of energy storage capacity."

Recurrent Energy began development of Papago Storage, as a part of its 20-year tolling agreement with APS is Arizona's largest and most geographically diversified utility-scale solar and battery storage customers in 11 of Arizona's carbon-free energy by 2050.

The tolling agreement awarded to Recurrent Energy in May 2022. APS sought 1 to 1.2 GW of energy storage capacity by 2025.

CANADIAN SOLAR'S E-STORAGE TO DELIVER 1,200 MWH OF ENERGY STORAGE PRODUCTS TO THE LARGEST ENERGY STORAGE PROJECT IN ARIZONA

GUELPH, ON, Aug. 17, 2023 /PRNewswire/ -- **Canadian Solar Inc.** (the "Company" or "Canadian Solar") (NASDAQ: CSIQ) today announced that **e-STORAGE**, which is part of its majority-owned subsidiary CSI Solar Co., Ltd. ("CSI Solar"), will deliver 1,200 MWh (1,519 MWh DC nominal) of energy storage solutions to Recurrent Energy's Papago Storage project in Arizona. Recurrent Energy, a wholly-owned subsidiary of Canadian Solar, is expected to begin construction on Papago Storage in the third quarter of 2024.

Once operational, Papago Storage will be one of the world's largest standalone energy storage projects and the largest standalone energy storage project in Arizona. Papago Storage will utilize e-STORAGE's **SolBank**, a proprietary battery energy storage solution designed and manufactured for utility-scale applications. e-STORAGE will supply and commission the entire Battery Energy Storage System by integrating the SolBank with battery inverters and controls. e-STORAGE will also offer operations and maintenance services and comprehensive performance guarantees under a 20-year long-term service agreement to the project.

e-STORAGE currently operates two fully automated, state-of-the-art, and industry-leading manufacturing facilities with an annual capacity of 10 GWh for 2023. As of July 2023, the Company has deployed more than 2.7 GWh of battery energy storage solutions across the United States, Canada, the United Kingdom, and China. The e-STORAGE team is fully equipped to continue providing high-quality, scalable energy storage solutions and contribute to the widespread adoption of clean energy.

Yan Zhuang, President of Canadian Solar's subsidiary CSI Solar, commented, "We are excited to provide battery storage solutions to one of the most significant energy storage projects globally. The SolBank, our proprietary battery storage product, offers best-in-market product safety and cost competitiveness, and this agreement demonstrates our ability to provide battery energy storage solutions at scale and on a timeline that our customers require. Working with our partners at Recurrent Energy, we are pleased to expand into a new and growing market for energy storage and provide the much-needed flexible energy capacity to support a greener future for all."

The contract is subject to final approval from the CSI Solar board of directors and shareholders.

Canadian Solar publishes latest ESG Sustainability Report



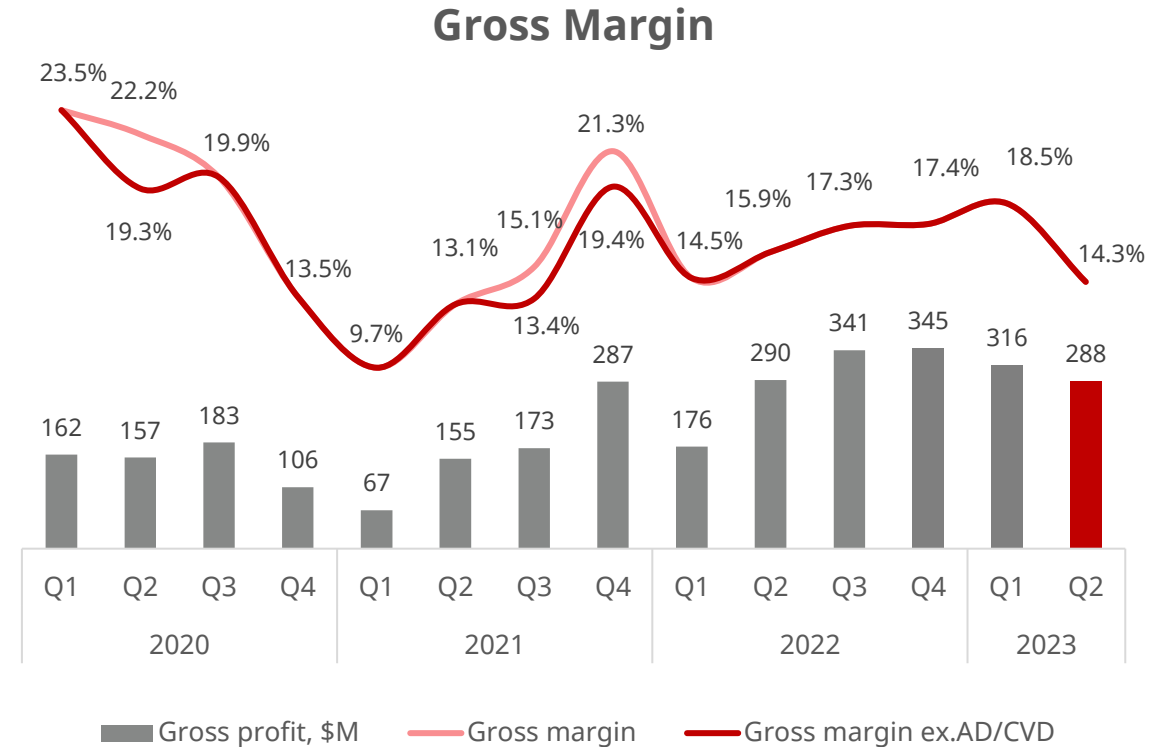
- Expanded commitment to international ESG initiatives
- Continue to reduce environmental impact and helping customers achieve their clean energy goals
- Expanding our ethical business practices, including in our operations and suppliers, diversity and inclusion, community engagement, protecting biodiversity, etc.



CSI Solar achieved strong results in Q2 despite rapid decline in module prices

CSI Solar Q2 2023

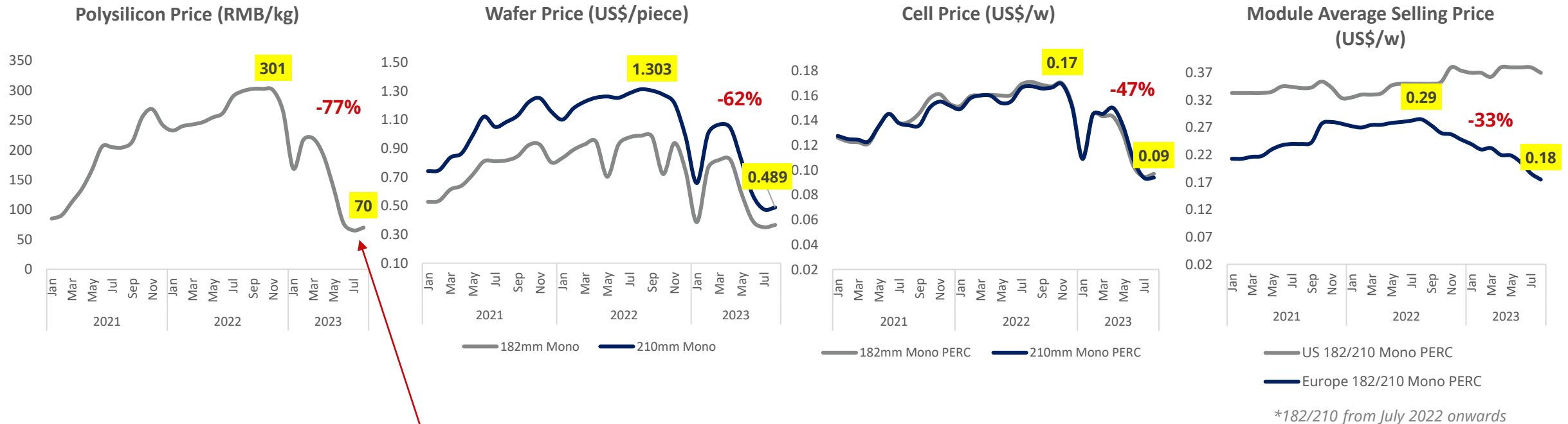
- 🌞 Module shipments: 8.2 GW
- 🌞 Storage shipments: 51 MWh
- 🌞 Revenue: \$2.0 billion
- 🌞 Gross profit: \$288 million
- 🌞 Gross margin: 14.3%
- 🌞 Operating profit: \$119 million



Excluding the impact of intercompany elimination.

Costs have come down across the board...

...but cell prices haven't come down nearly as much as polysilicon prices, affecting around 40% of 2023's planned shipments – greater vertical integration by Q4 will help improve margins



Costs have likely bottomed

e-STORAGE Q2 2023 performance

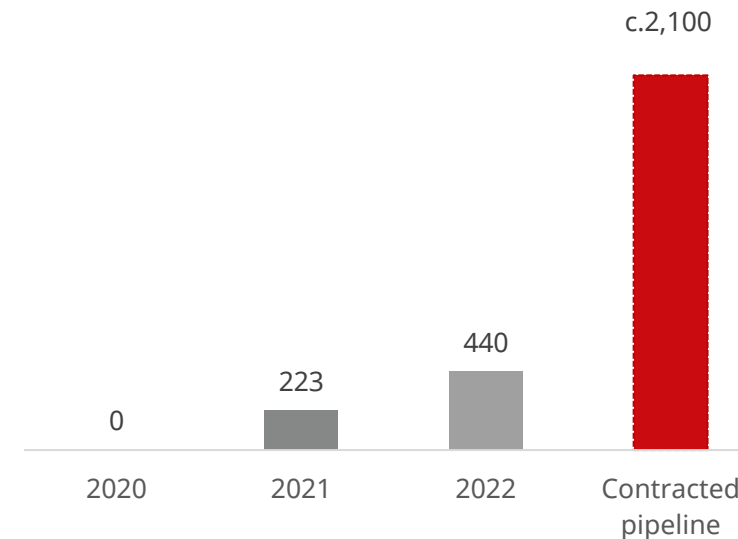
Contracted backlog
\$2.1 billion

Order intake Q2 2023
\$630 million

2023 year-end capacity
10 GWh

Total pipeline
26 GWh

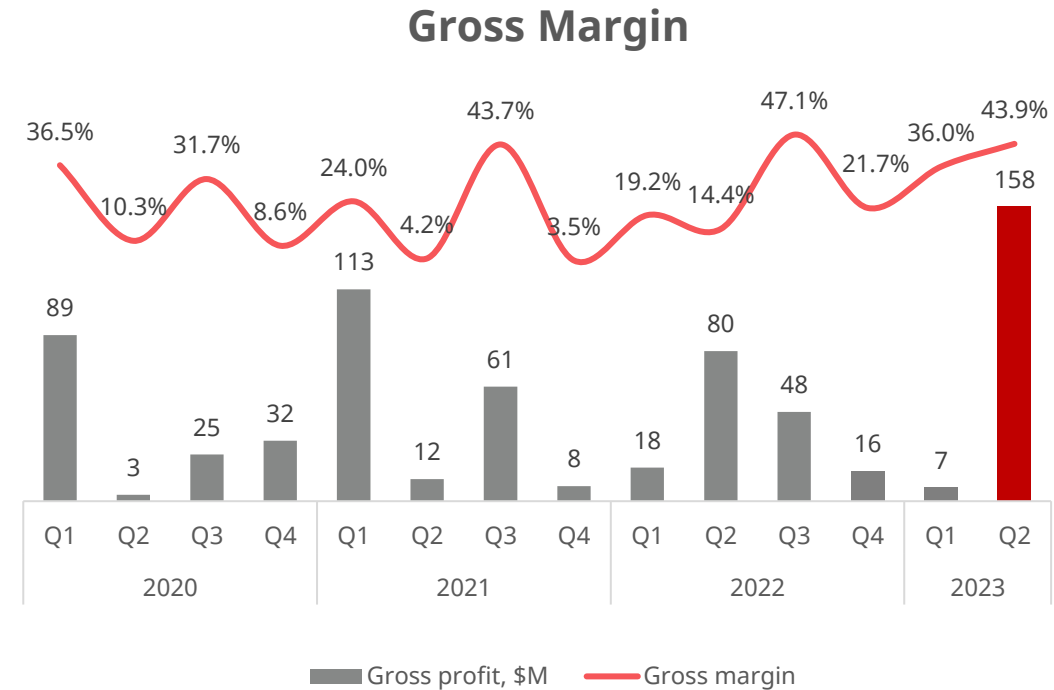
Turnkey Utility-Scale Storage
Revenue, US\$ million



Recurrent Energy delivered significant revenue and profit growth in Q2

Recurrent Energy Q2 2023

- 🌞 Project sales: 100 MW
- 🌞 Revenue: \$360 million
- 🌞 Gross profit: \$158 million
- 🌞 Gross margin: 43.9%
- 🌞 Operating profit: \$122 million



One of the largest and most mature global solar & battery storage project pipelines

Solar Development Project Pipeline – MWp*

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	422	1,642	4,559	6,623
Latin America	1,228**	2,272**	887	451	4,838
EMEA	89	1,596	2,770	3,499	7,954
Japan	4	170	14	-	188
China	300	1,745**	-	1,500	3,545
Asia Pac ex. Japan & China	-	3	1,001	837	1,841
Total	1,621	6,208	6,314	10,846	<u>24,989</u>

c.14 GW with interconnection

Securing interconnection

Battery Energy Storage Development Project Pipeline – MWh

Region	In Construction	Backlog	Advanced Pipeline	Early-Stage Pipeline	Total
North America	-	-	3,898	14,747	18,645
Latin America	-	1,085	2,040	-	3,125
EMEA	-	110	4,418	14,769	19,297
Japan	-	-	-	1,054	1,054
China	-	-	-	7,500	7,500
Asia Pac ex. Japan & China	24	454	200	1,440	2,118
Total	24	1,649	10,556	39,510	<u>51,739</u>

c.12 GWh with interconnection

Securing interconnection

*All numbers are gross MWp

** Including 671 MWp in construction and 711 MWp in backlog that are owned by or already sold to third parties

As of June 30, 2023

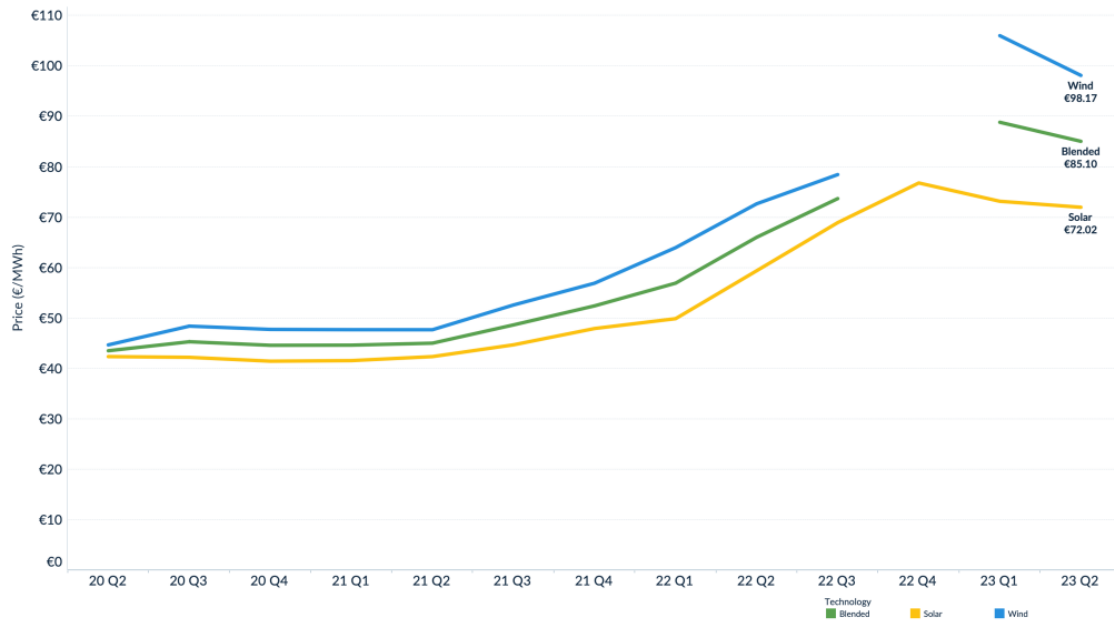
Signing higher PPAs under the backdrop of falling capex costs

- Recurrent signed 2.1 GWp of PPAs over the past 3 years at relatively high prices (pre-construction)
- c.1.5 GW of PPAs in advanced negotiations in the U.S. and Europe for projects to be held long-term
- Successfully raised PPA prices in the U.S. by 20-40%

U.S. average PPAs



European average PPAs



Source: LevelTen Energy.

Quarterly income statement highlights

<i>USD millions except per share data</i>	2Q22	3Q22	4Q22	1Q23	2Q23	qoq	yoy
Net revenues	2,314	1,932	1,972	1,701	2,364	+39%	+2%
-CSI Solar	1,816	1,973	1,976	1,709	2,014	+18%	+11%
-Recurrent Energy	554	101	74	20	360	+1,696%	-35%
-Elimination	(56)	(142)	(78)	(28)	(10)		
Gross margin	16.0%	18.8%	17.7%	18.7%	18.6%	-10 bp	+260 bp
-CSI Solar margin	15.9%	17.3%	17.4%	18.5%	14.3%	-420 bp	+160 bp
-Recurrent Energy margin	14.4%	47.1%	21.7%	36.0%	43.9%		
Selling and distribution expenses	158	166	126	88	88	-1%	-45%
General and admin expenses	88	102	89	79	139	+77%	+59%
R&D expenses	18	18	21	17	23	+34%	+28%
Other operating income	(9)	(12)	(23)	(12)	(34)		
Total operating expenses	255	274	213	172	216	+26%	-15%
Operating income	116	89	136	146	224	+54%	+93%
Net interest income or (expense)	(15)	4	(11)	(12)	(21)		
Net FX gain or (loss)	6	39	(15)	(13)	34		
Income tax expense	(28)	(29)	(22)	(29)	(46)		
Net income	89	102	99	107	198	+85%	+123%
Net income attributable to Canadian Solar Inc.	74	78	78	84	170	+103%	+128%
Diluted EPS	1.07	1.12	1.11	1.19	2.39*	+101%	+123%

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

*Diluted EPS includes the dilutive effect of convertible bonds. \$2.39/share is calculated from total earnings of \$171M (including 2.5% coupon of \$1.3M) divided by diluted shares 71.7 million shares (including 6.3 million shares issuable upon the conversion of convertible notes).

Quarterly cash flow and balance sheet highlights

<i>USD millions</i>	2Q22	3Q22	4Q22	1Q23	2Q23
Working capital days	7	7	8	9	9
Operating cash inflow	293	68	397	47	290
Cash and equivalents	1,054	1,083	981	848	2,011
Restricted cash	895	872	988	1,227	1,239
Short-term borrowings	1,368	1,228	1,350	1,665	1,757
Long-term borrowings on project assets – current	154	199	94	97	142
Financing liabilities – current	18	54	49	50	42
Finance lease liabilities – current	17	15	15	36	49
Long-term borrowings	780	942	813	863	1,013
Convertible notes	225	226	226	226	227
Green bond*	32	30	32	32	33
Financing liabilities – non-current	45	5	-	-	-
Finance lease liabilities – non-current	22	14	14	30	37
Total debt	2,661	2,713	2,593	2,999	3,300
Net debt**	1,607	1,630	1,612	2,151	1,289
Non-GAAP EBITDA	195	183	182	216	338
Net debt / EBITDA (trailing 12 months)	2.9x	2.7x	2.5x	2.8x	1.4x
Net interest (income) or expense	15	(4)	11	12	21
EBITDA / net interest coverage (trailing 12 months)	11.2x	17.6x	19.4x	22.1x	22.7x

*The green bond is classified under other non-current liabilities.

**Net debt does not include restricted cash.

Guidance as of August 22, 2023

	Q2 2023 Actual	Q3 2023 Guidance	FY2022 Actual	FY2023 Guidance	2022-23E yoy Δ%
Solar Module Shipments	8.2 GW	8.5 – 8.7 GW	21.1 GW	30 – 35 GW	c. +55%
Utility Scale Storage Shipments*	51 MWh	n/a	1.8 GWh	1.8 – 2.0 GWh	c. +5%
Revenue	\$2.4 bn	\$1.9 bn – \$2.1 bn	\$7.5 bn	\$8.5 bn – \$9.0 bn	c. +17%
Gross Margin	18.6%	17.5% – 19.5%	16.9%	n/a	n/a

- ☀️ Q3 margin guidance implies improvement in CSI Solar margin, offset by lower contribution from Recurrent Energy
- ☀️ Margins expected to rebalance through the year as CSI Solar limits the production of non-vertically integrated solar module shipments

*Storage shipments in DC nominal volume.