

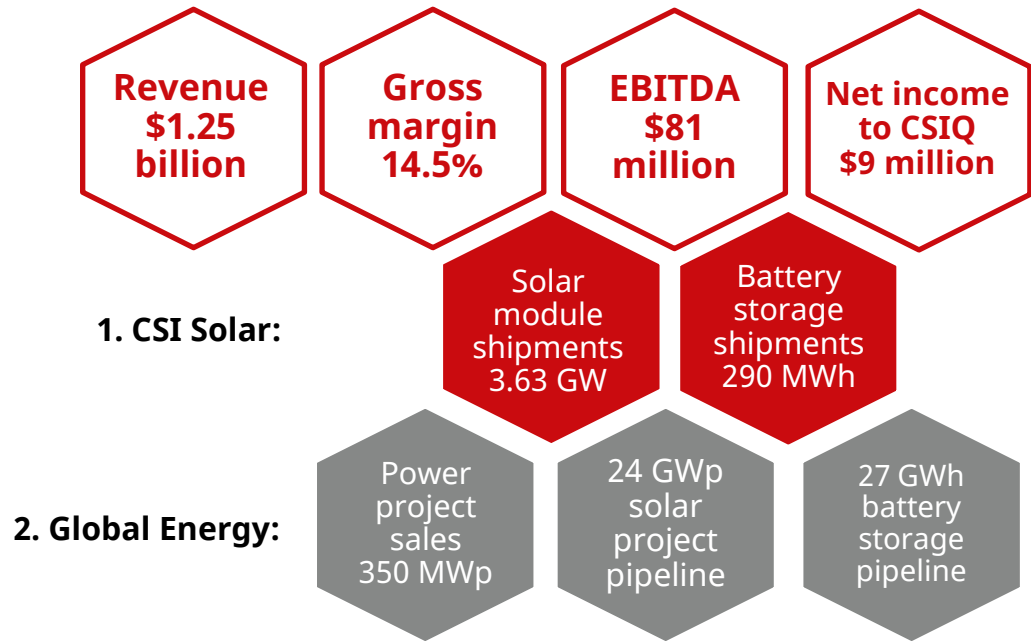
Canadian Solar 1Q22 Earnings Call

May 24, 2022

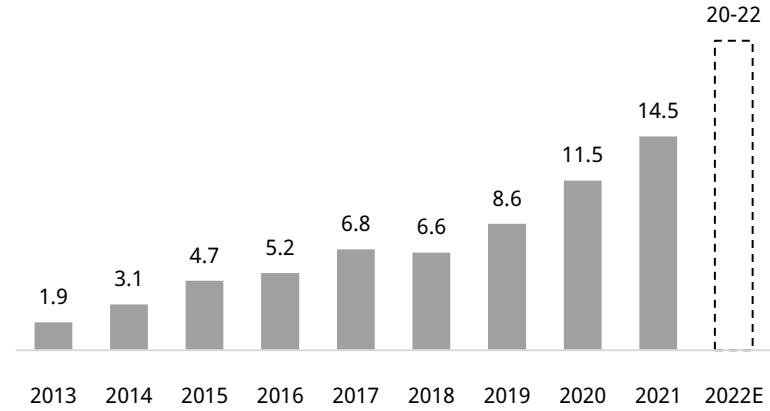
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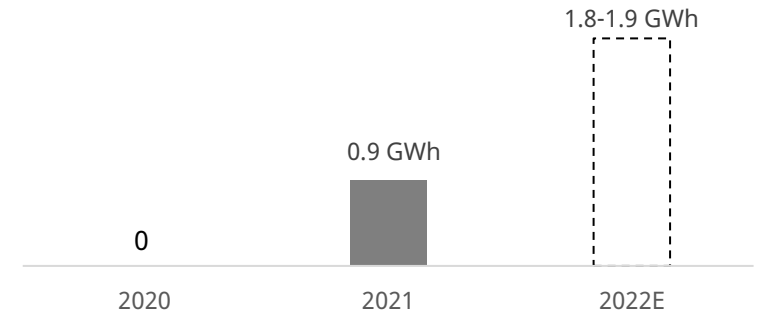
Q1 2022 Review



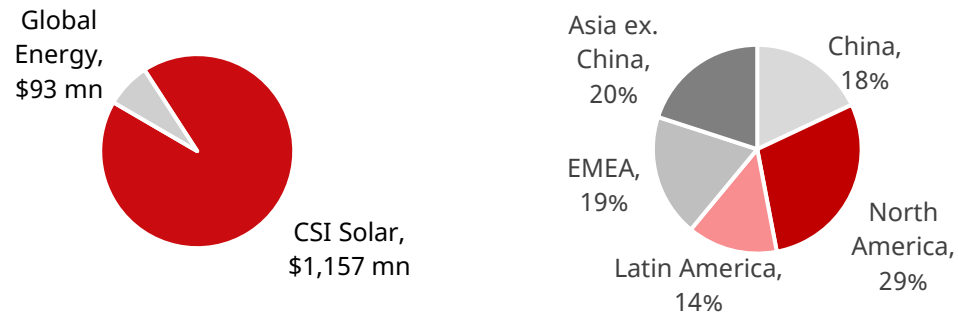
Solar Module Shipments, GW



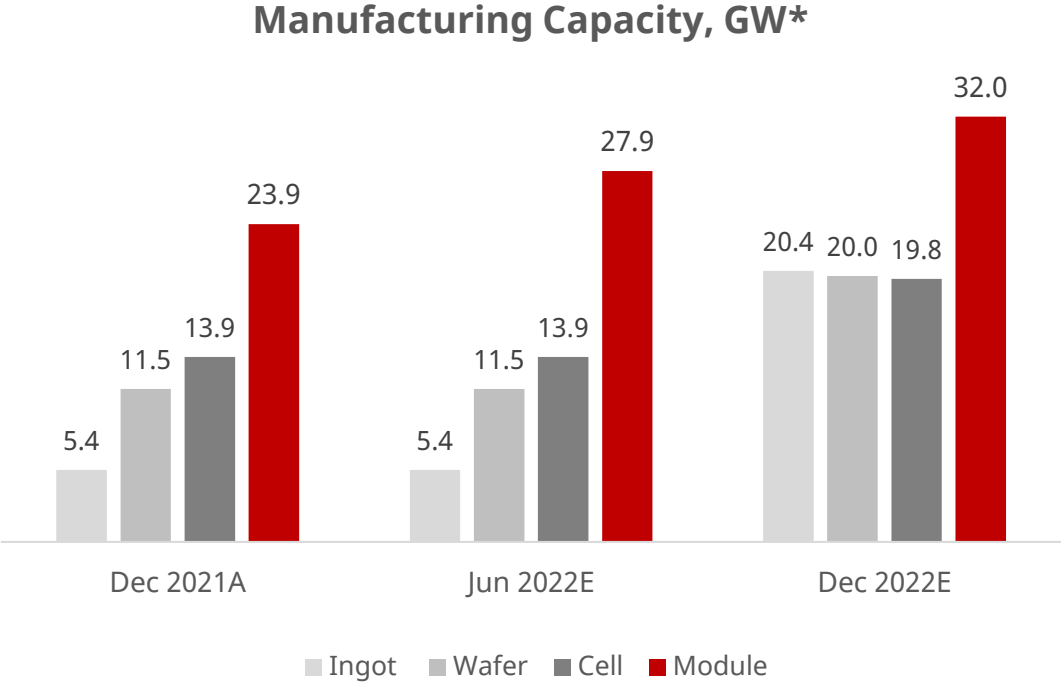
Battery Storage Shipments, GWh



Revenue Breakdown 1Q22



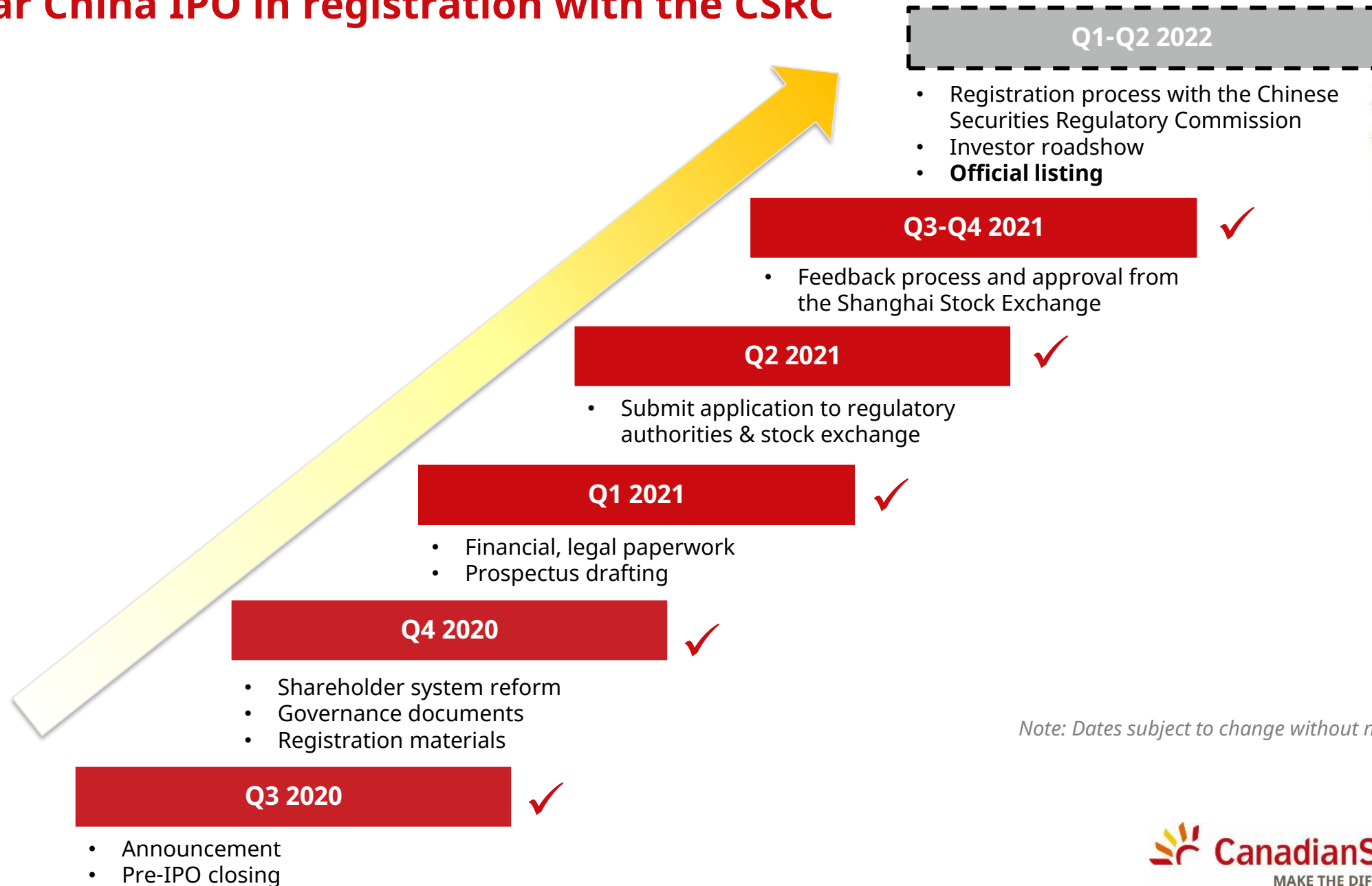
Accelerate upstream capacity expansion plan with state-of-the-art technologies



- ☀ Increase vertical integration
- ☀ Gain better control over cost, technology and product quality
- ☀ Improve pricing power and long-term profitability

*Nameplate annualized capacities at said point in time. Capacity expansion plans are subject to change without notice based on market conditions and capital allocation plans.

CSI Solar China IPO in registration with the CSRC



Note: Dates subject to change without notice.

Mandate from the Board to conduct 3rd party audit of the effectiveness of our anti-forced labor policies

Canadian Solar does not tolerate forced labor or any form of modern slavery, and is committed to ensuring that modern slavery does not take place anywhere in its business including its supply chain



1 Policy Documentation

- Code of Business Conduct and Ethics
- Anti-Modern Slavery Policy
- Labor and Human Rights Policy
- Equal Employment Opportunity Policy
- EHS Policy
- Supplier Code of Conduct
- Whistleblower Policy

Policies are publicly accessible on:

<http://investors.canadiansolar.com/governance/highlights>

2 Implementation

- Procurement contracts contain explicit anti-forced labor language
- Supplier Code of Conduct

3 Supplier Audits

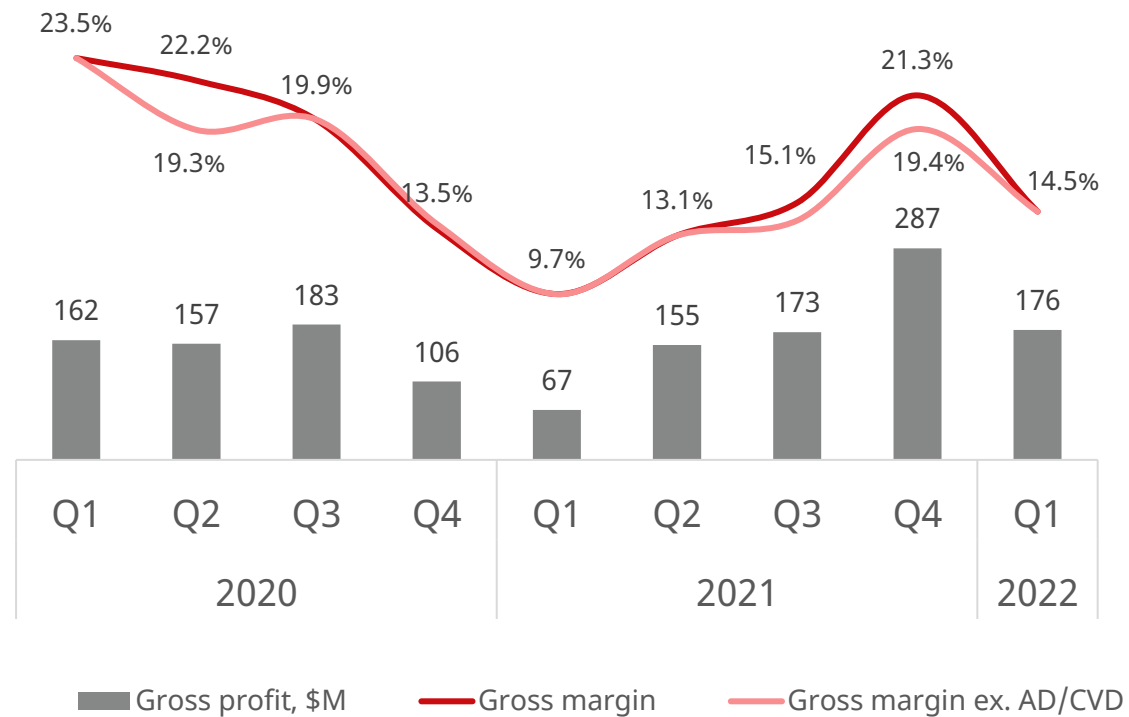
- Own ESG audit of suppliers
- Mandate from the Board to conduct 3rd party assessment, at reasonable cost, on the extent to which Canadian Solar policies and procedures effectively protect against forced labor in its operations, supply chains and business relationships, based on **UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work** and **ILO Forced Labor Convention, 1930 (No. 29)**

Q1 a seasonally softer quarter

Q1 2022 CSI Solar Key Figures

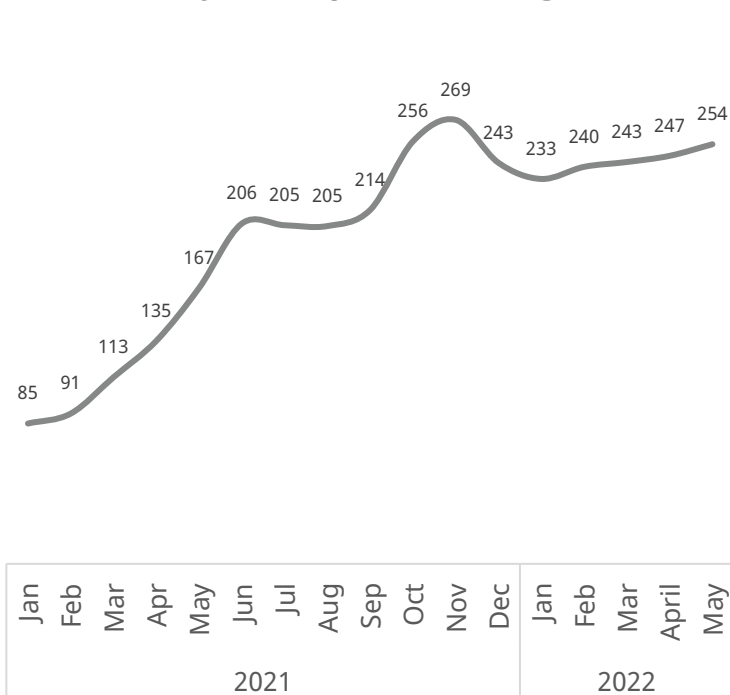
- ☀️ Module Shipments: 3.63 GW
- ☀️ Storage Shipments: 290 MWh
- ☀️ Revenue: \$1.21 billion
- ☀️ Gross margin: 14.5%
- ☀️ Gross profit: \$176 million

Gross margin

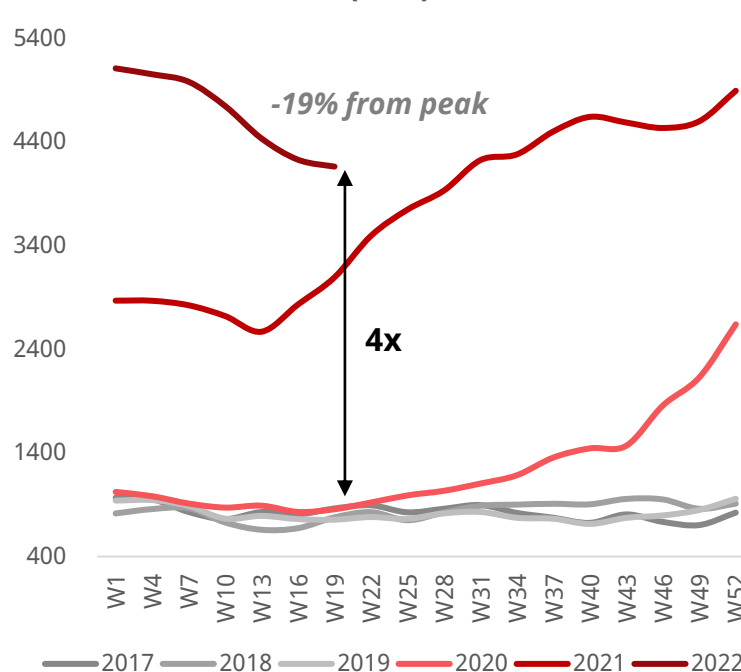


Raw material costs still going up partially offset by shipping and FX improvement

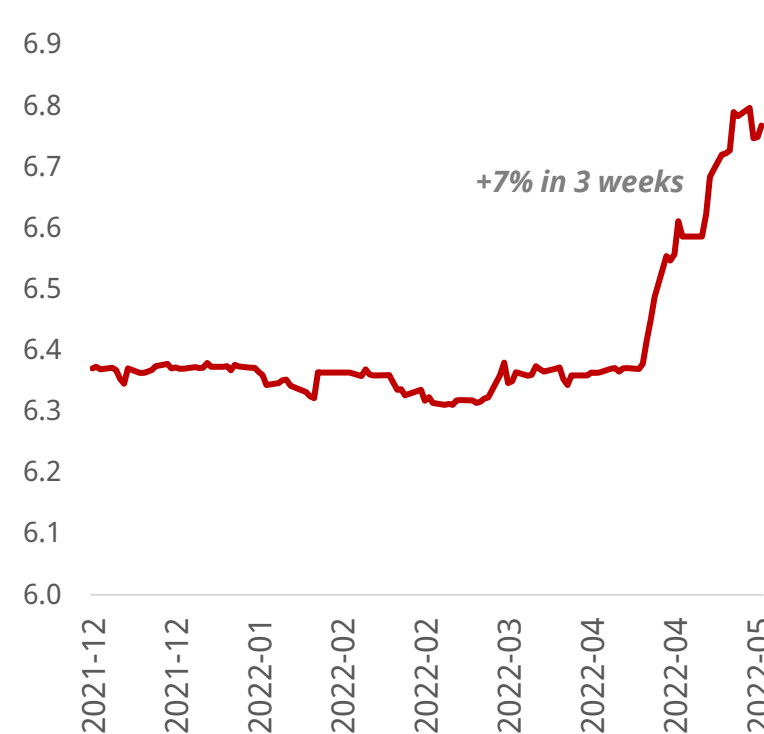
Polysilicon price (RMB/kg)



Shanghai Containerized Freight Index (TEU)



USD to RMB



Source: PV Infolink, Shanghai Shipping Exchange, Wind.

CSI Solar strategy based on long-term market position and earnings improvement

SOLAR

- ☀️ Expand capacity to grow global market share and solidify leadership position
- ☀️ Increase vertical integration to reduce market risk and drive innovation
- ☀️ Grow from lean asset base

BATTERY STORAGE

- ☀️ Execute on growth strategy
- ☀️ Enter new markets and services
- ☀️ Develop competitive, safe, differentiated proprietary technology and product

Expand residential and small commercial & industrial offerings through solar + battery storage total system solutions

We have 12 GWp of solar and 11 GWh of storage interconnection agreements globally

Solar Project Pipeline (March 31, 2022) – MWp

| Region | Construction | Backlog | Pipeline | Total |
|----------------------------|--------------|--------------|---------------|---------------|
| North America | 115 | 472 | 7,641 | 8,228 |
| Latin America | 841* | 2,536 | 3,393 | 6,770 |
| EMEA | 15 | 277 | 4,523 | 4,815 |
| Japan | 161 | 175 | 72 | 408 |
| Asia Pac ex. Japan & China | 3 | 188 | 1,795 | 1,986 |
| China | - | 550 | 1,070 | 1,620 |
| Total | 1,135 | 4,198 | 18,494 | 23,827 |

**95%
contracted**

Battery Storage Project Pipeline (March 31, 2022) – MWh

| Region | Construction | Backlog | Pipeline | Total |
|----------------------------|--------------|--------------|---------------|---------------|
| North America | 1,400 | - | 15,479 | 16,879 |
| Latin America | - | 1,050 | 2,860 | 3,910 |
| EMEA | - | 56 | 2,617 | 2,673 |
| Japan | - | - | 19 | 19 |
| Asia Pac ex. Japan & China | 20 | - | 2,280 | 2,300 |
| China | - | 300 | 1,400 | 1,700 |
| Total | 1,420 | 1,406 | 24,655 | 27,481 |

**95%
contracted**

*All numbers are gross MWp, including 403 MWp in construction in Latin America already sold to third parties.

Multiple levers of growth, focusing on recurring income

| | | 2021 Actual | 2022E | 2023E | 2024E | 2025E | 2026E | |
|---|--|---|-------|-----------|-----------|-----------|-----------|-----------|
| 1 | Development: Project sales | Annual project sales GWp | 2.1 | 2.1 – 2.6 | 2.8 – 3.3 | 3.5 – 4.0 | 4.0 – 4.5 | 4.3 – 4.8 |
| 2 | Services: O&M ⁽¹⁾ + Asset Mgmt | Operational O&M projects, GWp | 2.1 | 4.5 | 7.5 | 11 | 15 | 20 |
| 3 | Investment Vehicles: Partial ownership of solar projects | Cumulative projects retained (net & gross ⁽²⁾), MWp | 292 | 370 | 630 | 1,000 | 1,100 | 1,300 |
| | | | 748 | 1,500 | 2,580 | 3,500 | 4,000 | 5,000 |

(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.

Quarterly income statement highlights

| <i>USD millions except per share data</i> | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | qoq | yoy |
|---|--------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Net revenues | 1,089 | 1,430 | 1,229 | 1,529 | 1,250 | -18% | +15% |
| -CSI Solar | 695 | 1,184 | 1,149 | 1,343 | 1,210 | -10% | +74% |
| -Global Energy | 471 | 281 | 140 | 232 | 93 | -60% | -80% |
| -Elimination | (77) | (35) | (60) | (46) | (53) | | |
| Gross margin | 17.9% | 12.9% | 18.6% | 19.7% | 14.5% | -520 bp | -340bp |
| -CSI Solar margin | 9.7% | 13.1% | 15.1% | 21.3% | 14.5% | -680bp | +480 bp |
| -Global Energy margin | 24.0% | 4.2% | 43.7% | 3.5% | 19.2% | | |
| Selling and distribution expenses | 84 | 84 | 102 | 129 | 109 | -16% | +29% |
| General and admin expenses | 68 | 69 | 83 | 90 | 63 | -30% | -7% |
| R&D expenses | 12 | 13 | 13 | 19 | 13 | -31% | +7% |
| Other operating income | (13) | (7) | (23) | (4) | (20) | | |
| Total operating expenses | 151 | 158 | 176 | 234 | 165 | -29% | +9% |
| Operating income | 43 | 26 | 53 | 67 | 16 | -77% | -64% |
| Net interest expense | (11) | (12) | (11) | (13) | (11) | | |
| Net FX gain or (loss) | (7) | (3) | (14) | 1 | 3 | | |
| Income tax benefit or (expense) | (14) | 2 | 3 | (27) | 5 | | |
| Net income | 14 | 19 | 38 | 40 | 9 | -77% | -34% |
| Net income attributable to Canadian Solar Inc. | 23 | 11 | 35 | 26 | 9 | -65% | -60% |
| Diluted EPS | 0.36 | 0.18 | 0.52 | 0.39 | 0.14* | -64% | -61% |

← Transportation costs are part of selling & distribution expenses

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. \$0.14/share is calculated from total earnings of \$9M divided by diluted shares 64.7 million shares.

Quarterly balance sheet highlights

| <i>USD millions</i> | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 |
|--|--------------|--------------|--------------|--------------|--------------|
| Cash and equivalents | 981 | 814 | 868 | 870 | 845 |
| Restricted cash | 542 | 497 | 490 | 564 | 849 |
| Short-term borrowings | 1,217 | 867 | 1,083 | 1,271 | 1,283 |
| Long-term borrowings on project assets – current | 264 | 491 | 297 | 322 | 324 |
| Financing liabilities – current | - | - | - | 30 | 12 |
| Finance lease liabilities – current | 10 | 6 | 19 | 19 | 17 |
| Long-term borrowings | 467 | 531 | 579 | 524 | 753 |
| Convertible notes | 224 | 224 | 224 | 225 | 225 |
| Financing liabilities – non-current | 81 | 83 | 82 | 54 | 54 |
| Finance lease liabilities – non-current | 2 | 2 | 32 | 31 | 24 |
| Total debt | 2,265 | 2,204 | 2,316 | 2,476 | 2,692 |
| Net debt* | 1,284 | 1,390 | 1,448 | 1,606 | 1,847 |
| Non-GAAP EBITDA | 100 | 93 | 127 | 156 | 81 |
| Net debt / EBITDA (trailing 12 months) | 3.4x | 3.7x | 3.6x | 3.4x | 4.0x |
| Net interest expense | 11 | 12 | 11 | 13 | 11 |
| EBITDA / net interest coverage (trailing 12 months) | 6.4x | 6.8x | 8.0x | 10.0x | 9.8x |

*Net debt does not include restricted cash.

Guidance as of May 24, 2022

| | Q1 2022 Actual | Q2 2022 Guidance | FY2021 Actual | FY2022 Guidance | 2021-22E yoy Δ% |
|----------------------------------|----------------|---------------------|---------------|---------------------|-----------------|
| Module Shipments* | 3.63 GW | 4.9 – 5.1 GW | 14.5 GW | 20 – 22 GW | c. +45% |
| Battery Storage Shipments | 290 MWh | 600 MWh+ | 896 MWh | 1.8 – 1.9 GWh | c. +100% |
| Project Sales | n/a | n/a | 2.1 GW | 2.1 – 2.6 GW | c. +10% |
| Revenue | \$1.25 bn | \$2.2 bn – \$2.3 bn | \$5.3 bn | \$7.0 bn – \$7.5 bn | c. +35% |
| Gross Margin | 14.5% | 14.5% – 15.5% | 17.2% | n/a | n/a |

- ☀️ Shipment guidance going forward based on total shipments recognized as revenues by CSI Solar, which includes both 3rd party and Global Energy shipments. Global Energy shipments are then eliminated on the “Elimination” line until the project is sold to a 3rd party
- ☀️ Expect significant growth in Q2 and FY2022; Q2 growth driven by higher module and battery storage shipments, and project sales
- ☀️ Q2 gross margin continued to be impacted by higher material costs; partially offset by lower transportation costs in opex



 **CanadianSolar**

Thank you

CSIQ
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