

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

## **AKANE 01 G.K. - CSIQ Guaranteed JPY-denominated Syndicated Green Structured Corp. Loan**

<Assignment>

ABL:

A-

### *Rationale*

#### 1. Scheme Overview

This is a rating on the financing structure related to syndicated green loans to AKANE 01 G.K. (Borrower GK), a limited liability company incorporated under the laws of Japan in which Canadian Solar Inc. (“**CSIQ**”) has a hundred percent (100%) direct and/or indirect ownership interest. Borrower GK shall support the development (and plans to further develop) of a pipeline of solar power generation projects and battery storage projects in Japan with Canadian Solar Projects K.K. (“**CSP**”, CSIQ’s energy group main subsidiary in Japan) as asset manager, and the funds raised through the loan will be used to develop the pipeline of abovementioned projects hold by Japanese affiliate companies and fund the capital expenditures related to acquisition, development and construction activities. Borrower GK makes principal and interest payments on the loans mainly from the cash flow generated from the projects, which is further supported by a joint and several guarantee by CSIQ. CSIQ intends to secure funds for repayment through equity stakes held in Borrower GK by itself or its subsidiaries, and/or repayments of intercompany loans / bonds by CSIQ group companies borrowing in turn from Borrower GK.

#### 2. CSIQ Overview

CSIQ is one of the world’s largest solar technology and renewable energy company, a global manufacturer of solar photovoltaic modules and battery storage equipment, provider of solar power energy and battery storage solutions, and a clean energy project development platform of utility-scale solar and battery storage projects, located in Ontario, Canada and trading in the U.S. NASDAQ market. The Company’s business consists of two business segments: the CSI Solar segment, which designs, develops, manufactures and sells solar ingots, wafers, cells, PV modules and other solar power and battery storage products and services (including total system solution such as inverter, photovoltaic power system kit and EPC – engineering, procurement and construction services) and the Recurrent Energy segment, a clean energy project development platform, which originates, develops, arranges financing, constructs, operates, manages and sells solar power generation and battery storage projects. Such platform is vertically integrated and has extensive expertise in greenfield origination, development, financing, execution, operations and maintenance, and asset management. Both segments have been making progress on capacity expansion of module production, manufacturing battery storages and project developments of battery storage facilities through an IPO of CSI Solar in June 2023 and investment from BlackRock in January 2024.

JCR announced on August 14<sup>th</sup>, 2024 an assignment of CSIQ’s long-term issuer rating of “A-” with the outlook “Stable”, and since then, there has been no significant change in JCR’s judgement of CSIQ’s creditworthiness. The rating is supported by its module and battery storage solutions manufacturing and sales capabilities, which rank among the top five in the world; cost competitiveness through vertical integration; ability to develop and operate solar power projects globally; and conservative financial management policies. On the other hand, they are constrained by intense competition in module manufacturing and fluctuating earnings from solar power generation projects due to regulations, financing environment, and project progress in various countries. The rating is also reflected that the Company’s current performance has secured a certain level of profit, and that its financial burden has been controlled to a certain extent by raising equity in CSI Solar and Recurrent Energy.

#### 3. Rating

The creditworthiness of CSIQ is reflected on the ratings since the funds to be procured through this transaction are jointly and severally guaranteed by CSIQ. Based on the above, JCR has assigned the “A-” rating to the green loans. The preliminary rating assigned to the green loans has ceased to exist due to the change to the final rating.

\* JCR assigned a Green Finance Framework Evaluation "Green 1(F)" to the green loans. For the details, please refer to JCR's press release 24-D-0161. JCR's sustainable finance evaluation is different from its credit rating and does not promise to provide or make publicly available a predetermined credit rating.

Yoshinori Namioka, Tetsuya Nakagawa

## Rating

### <Assignment>

Instrument Name	Execution Amount(bn)	Final Maturity Date	Coupon	Rating
Green Loan	JPY 5.5	September 3, 2027	Floating	A-

### <Information on Outline of Issue>

Execution Date:	September 4, 2024
Redemption/Repayment Method:	Bullet Repayment
Credit Enhancement & Liquidity Facility:	Debt Guarantee by Canadian Solar Inc.

### <Information on Structure and Stakeholders>

Borrower GK:	AKANE01 GK
Guarantor:	Canadian Solar Inc.
Arranger:	Societe Generale, Tokyo Branch

### <Information on Underlying Assets>

Outline of Underlying Assets:	Land rights, interconnection and permitting rights, power purchase agreements and generation and balance of system related equipment, etc. for solar power and energy battery storage plants
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Rating Assignment Date: September 4, 2024

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (September 1, 2022), "Electrical Machinery" (February 8, 2024), "Electric Power" (June 1, 2023), and "Project Finance" (August 28, 2012) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>). Rating methodologies for other ancillary points such as eligible deposit accounts and bankruptcy remoteness are also shown within the same page.

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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