

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:

Preliminary A-

Rationale

1. Scheme Overview

This is a preliminary 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. The green loans consist of tranche A through D (depending on tenor and interest rate floating or fixed), and the priority of principal and interest payments is the same between all tranches. Borrower GK does develop (and plans to further develop) 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 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.

2. CSIQ Overview

CSIQ is one of the world’s largest solar technology and renewable energy company, a global manufacturer of solar photovoltaic modules, 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 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 develops, 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. JCR announced on June 12, 2023 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 are supported by its module 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 preliminary “A-” ratings to the green loans.

* 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 green 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	Final Maturity Date	Coupon	Preliminary Rating
Tranche A Green Loan		3 years after the execution date	Floating	A-
Tranche B Green Loan		3 years after the execution date	Fixed	A-
Tranche C Green Loan	(Note)	5 years after the execution date	Floating	A-
Tranche D Green Loan		5 years after the execution date	Fixed	A-

Note: Maximum amount is JPY 10 to 20 billion. The breakdown of tranche A through D is intended to be as of the day of this notice equally divided into 25% each, but final allocation may vary subject to marketing and loan participation distribution results.

<Information on Outline of Issue>

Execution Date:	Any business day in June 2024
Redemption/Repayment Method:	Bullet Repayment
Credit Enhancement & Liquidity Facility:	Debt guarantee by Canadian Solar Inc.

<Information on Structure and Stakeholders>

Borrower GK:	AKANE 01 G.K.
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: April 26, 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.

A preliminary rating is a credit rating assigned as a preliminary evaluation while material terms for issue to be rated are not yet finalized. When the issuing terms are finalized, JCR will confirm them and will assign a credit rating anew. The rating level of the final rating may be different from that of the preliminary rating, depending on the final content of the terms, etc.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)