

Canadian Solar Infrastructure Fund, Inc.

Independent Auditor's Report

10<sup>th</sup> Period

Grant Thornto Taiyo LLC

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of  
Canadian Solar Infrastructure Fund, Inc.**

### **Opinion**

We have audited the financial statements of Canadian Solar Infrastructure Fund, Inc. (the Company), which comprise the balance sheet as at June 30, 2022, and the statement of income, the statement of changes in Unitholders' Equity, the statement of cash distributions, the statement of cash flows for the six months then ended, notes to the financial statements, and supplementary schedules all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the six months then ended in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, and the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the disclosure documents including the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We have not performed any work on the other information as we have determined that it does not exist.

## **Responsibilities of Management and Supervisory Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory Directors are responsible for overseeing the Executive Director's execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Katsuhiko Kaneko*



Katsuhiko Kaneko  
Designated Engagement Partner  
Certified Public Accountant

*Takayoshi Ishikura*



Takayoshi Ishikura  
Designated Engagement Partner  
Certified Public Accountant

*Grant Thornton Taiyo LLC.*

Grant Thornton Taiyo LLC  
Tokyo, Japan  
18 October, 2022

# Summary of Financial Results for Fiscal Period Ended June 30, 2022

(10th Fiscal Period: from January 1 to June 30, 2022)

Balance Sheet

Statements of Income and Retained Earnings

Statements of Changes in Unitholders' Equity

Statements of Cash Flows

Notes to Financial Statements

# 1 【Financial Statement】

## (1) Balance Sheet

(Unit : thousand yen)

	9th Period (December 31, 2021)	10th Period (June 30, 2022)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank deposit	5,101,023	5,082,280
Operating accounts receivable	757,343	1,148,662
Prepaid expenses	223,542	163,589
Other current assets	59,130	75,513
<b>Total current assets</b>	<b>6,141,040</b>	<b>6,470,046</b>
<b>Fixed Assets</b>		
<b>Property and equipment</b>		
Structures	1,048,112	1,055,391
Accumulated depreciation	(149,698)	(171,352)
Structures, net	898,414	884,038
Machinery and equipment	42,462,893	42,434,266
Accumulated depreciation	(6,462,147)	(7,330,697)
Machinery and equipment, net	36,000,745	35,103,568
Tools, furniture and fixtures	590,890	591,024
Accumulated depreciation	(90,792)	(102,728)
Tools, furniture and fixtures, net	500,097	488,296
Land	4,505,944	4,505,944
Structures in trust	6,567,393	6,569,721
Accumulated depreciation	(198,477)	(319,920)
Structures in trust, net	6,368,915	6,249,801
Machinery and equipment in trust	20,271,746	20,291,246
Accumulated depreciation	(703,763)	(1,126,547)
Machinery and equipment in trust, net	19,567,983	19,164,699
Tools, furniture, and fixtures in trust	93,540	93,540
Accumulated depreciation	(3,195)	(5,114)
Tools, furniture and fixtures in trust, net	90,345	88,425
Land in trust	4,769,905	4,769,905
<b>Total property and equipment</b>	<b>72,702,352</b>	<b>71,254,680</b>
<b>Intangible assets</b>		
Leasehold rights	1,156,098	1,156,923
Software	780	2,761
<b>Total intangible assets</b>	<b>1,156,878</b>	<b>1,159,685</b>
<b>Investments and other assets</b>		
Long-term prepaid expenses	558,869	520,335
Investment in capital	10	10
Deferred tax assets	16	12
Long-term deposit	15,600	15,600
Guarantee deposits	37,790	37,790
<b>Total investment and other assets</b>	<b>612,285</b>	<b>573,747</b>
<b>Total fixed assets</b>	<b>74,471,517</b>	<b>72,988,113</b>
<b>Deferred Assets</b>		
Investment corporation bond issuance cost	20,481	17,701
<b>Total deferred assets</b>	<b>20,481</b>	<b>17,701</b>
<b>Total assets</b>	<b>80,633,040</b>	<b>79,475,861</b>

(Unit : thousand yen)

	9th Period (December 31, 2021)	10th Period (June 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating Accounts payable	47,248	69,739
Current portion of long-term loans payable	2,248,718	2,261,543
Accounts payable – other	157,466	171,689
Accrued expenses	101,743	137,675
Income taxes payable	944	852
Consumption tax payable	304,665	148,202
Deposits received	1,010	485
<b>Total current liabilities</b>	<b>2,861,797</b>	<b>2,790,188</b>
<b>Non-current liabilities</b>		
Investment corporation bond	4,900,000	4,900,000
Long-term loan payable	32,788,321	31,643,639
<b>Total non-current liabilities</b>	<b>37,688,321</b>	<b>36,543,639</b>
<b>Total liabilities</b>	<b>40,550,118</b>	<b>39,333,827</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	40,631,004	40,631,004
Deduction from unitholders' capital	(1,670,370)	(1,998,255)
Unitholders' capital, net	38,960,634	38,632,749
<b>Surplus</b>		
Unappropriated retained earnings (Accumulated deficit)	1,122,287	1,509,284
Total surplus	1,122,287	1,509,284
<b>Total unitholders' equity</b>	<b>40,082,921</b>	<b>40,142,034</b>
<b>Total net assets</b>	<b>*140,082,921</b>	<b>*140,142,034</b>
<b>Total liabilities and net assets</b>	<b>80,633,040</b>	<b>79,475,861</b>



## (2) Statements of Income

	(Unit: thousand yen)	
	9th Period (From July 1, 2021 to December 31, 2021)	10th Period (From January 1, 2022 to June 30, 2022)
Operating revenues		
Rental revenues of renewable energy power generation facilities, etc.	*1 3,587,363	*1 4,060,575
Total operating revenues	3,587,363	4,060,575
Operating expenses		
Rental expenses of renewable energy power generation facilities, etc.	*1 2,033,809	*1 2,090,621
Asset management fee	111,737	127,390
Administrative service fees	27,850	27,877
Director's compensation	2,400	2,400
Taxes and duties	163	65
Other operating expenses	66,741	68,261
Total operating expenses	2,242,703	2,316,616
Operating income	1,344,659	1,743,958
Non-operating incomes		
Interest income	26	26
Dividends	-	0
Insurance income	8,194	-
Interest on refund	327	-
Other non-operating income	411	3,259
Total non-operating income	8,960	3,285
Non-operating expenses		
Interest expenses	160,345	151,215
Interest on investment corporation bond	19,262	18,947
Amortization of Investment corporation bond issuance cost	2,779	2,779
Borrowing-related expenses	37,766	37,730
Loss on retirement of non-current assets	10,309	26,635
Total non-operating expenses	230,463	237,310
Ordinary income	1,123,156	1,509,933
Income before income taxes	1,123,156	1,509,933
Income taxes – current	948	856
Income taxes – deferred	(3)	4
Total income taxes	944	861
Net income	1,122,211	1,509,072
Retained earnings (Deficit) brought forward	75	211
Unappropriated retained earnings (Accumulated deficit)	1,122,287	1,509,284

## (3) Statements of Changes in Unitholders' Equity

9th Fiscal Period (From July 1, 2021 to December 31, 2021)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Capital surplus or loss	Total surplus		
Balance as of July 1, 2021	40,631,004	(1,313,100)	39,317,904	1,073,432	1,073,432	40,391,337	40,391,337
Changes of items during the period							
Distribution in excess of earnings	-	(357,270)	(357,270)	-	-	(357,270)	(357,270)
Dividend of surplus	-	-	-	(1,073,357)	(1,073,357)	(1,073,357)	(1,073,357)
Net Income	-	-	-	1,122,211	1,122,211	1,122,211	1,122,211
Total changes of items during the period	-	(357,270)	(357,270)	48,854	48,854	(308,415)	(308,415)
Balance as of December 31, 2021	*1 40,631,004	(1,670,370)	38,960,634	1,122,287	1,122,287	40,082,921	40,082,921

10th Fiscal Period (From January 1, 2022 to June 30, 2022)

(Unit: thousand yen)

	Unitholders' equity						Total net assets
	Unitholders' capital			Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Capital surplus or loss	Total surplus		
Balance as of January 1, 2022	40,631,004	(1,670,370)	38,960,634	1,122,287	1,122,287	40,082,921	40,082,921
Changes of items during the period							
Distribution in excess of earnings	-	(327,884)	(327,884)	-	-	(327,884)	(327,884)
Dividend of surplus	-	-	-	(1,122,075)	(1,122,075)	(1,122,075)	(1,122,075)
Net Income	-	-	-	1,509,072	1,509,072	1,509,072	1,509,072
Total changes of items during the period	-	(327,884)	(327,884)	386,996	386,996	59,112	59,112
Balance as of June 30, 2022	*1 40,631,004	(1,998,255)	38,632,749	1,509,284	1,509,284	40,142,034	40,142,034

## (4) Statements of Cash Distribution

(Unit: yen)

	9th Fiscal Period (From July 1, 2021 to December 31, 2021)	10th Fiscal Period (From January 1, 2022 to June 30, 2022)
I Unappropriated retained earnings (Accumulated deficit)	1,122,287,453	1,509,284,238
II Distributions in excess of retained earnings		
Deduction from unitholders' capital	327,884,288	-
III Cash distributions	1,449,960,000	1,509,118,368
(Cash distributions per unit)	(3,750)	(3,903)
Profit distributions	1,122,075,712	1,509,118,368
(Profit distributions per unit)	(2,902)	(3,903)
Distributions in excess of retained earnings	327,884,288	-
(Distributions in excess of retained earnings)	(848)	(-)
IV Retained earnings (Deficit) carried forward	211,741	165,870
Calculation method for cash distributions	<p>In accordance with Articles 47, Paragraph 1 of Canadian Solar Infrastructure Fund, Inc. ("CSIF")'s Articles of Incorporation, the amount of cash distributions shall be the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CSIF decided to make distributions of ¥1,122,075,712 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥1,122,287,453 excluding fractions of the distribution per unit that are less than ¥1.</p> <p>CSIF distributes cash in excess of retained earnings every fiscal period based on the cash distribution policy prescribed in Article 47, Paragraph 2 of CSIF's Articles of Incorporation. Based on this policy, CSIF decided to make cash distributions in excess of earnings (return of capital categorized as a distribution of the reduction in capital for Japanese tax purposes) in the amount of ¥327,884,288 which is equivalent to 22.6% of the amount of depreciation expenses recorded for the fiscal period under review of ¥1,452,355,201. Accordingly, the distribution per unit is ¥3,750.</p>	<p>In accordance with Articles 47, Paragraph 1 of Canadian Solar Infrastructure Fund, Inc. ("CSIF")'s Articles of Incorporation, the amount of cash distributions shall be the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, CSIF decided to make distributions of ¥1,509,118,368 which is the entire amount equivalent to the unappropriated retained earnings for the fiscal period under review of ¥1,509,284,238 excluding fractions of the distribution per unit that are less than ¥1.</p> <p>CSIF does not distribute cash in excess of retained earnings based on the cash distribution policy prescribed in Article 47, Paragraph 2 of CSIF's Articles of Incorporation. Accordingly, the distribution per unit is ¥3,903.</p>

(Note) Distributions in excess of retained earnings per unit will generally be based on the cash distribution policy prescribed in CSIF's Articles of Incorporation and the Asset Manager's asset management guideline.

CSIF intends to make cash distributions of NCF within the FCF generated from the renewable energy power generation facilities. The amount available for distribution shall be calculated by multiplying NCF by the payout ratio.

Further, CSIF intends to make distributions in excess of retained earnings for each fiscal period in order to realize such policy.

CSIF's forecasts (including revised forecasts) for each fiscal period are based on the assumption of the Forecast Power Generation (P50) provided in the independent technical report which is used as a basis for calculating rents for renewable energy power generation facilities and if actual NCF calculated based on actual power generation during the applicable fiscal period exceeds forecast NCF, CSIF's policy is to set "forecast NCF multiplied by the payout ratio" as the upper limit of the amount of cash distributions for the applicable fiscal period.

On the other hand, if actual NCF is less than forecast NCF, CSIF's policy is to set "actual NCF multiplied by the payout ratio" as the amount of cash distributions for the applicable fiscal period.

Based on this policy, CSIF decided to make distributions for the previous fiscal period of ¥1,449,960,000 which is equivalent to 82.3% of forecast NCF amount for the fiscal period under review of ¥1,761,854,843. Of this, ¥327,884,288 which is the amount less of distributions of profit of ¥1,122,075,712 is distributions in excess of retained earnings.

Based on this policy, CSIF decided to make distributions for the current fiscal period of ¥1,509,118,368 which is equivalent to 63.3% of forecast NCF amount for the fiscal period under review of ¥2,382,855,627.

## (5) Statements of Cash Flows

(Unit: thousand yen)

	9th Fiscal Period (From July 1, 2021 to December 31, 2021)	10th Fiscal Period (From January 1, 2022 to June 30, 2022)
<b>Cash flows from operating activities</b>		
Income before income taxes	1,123,156	1,509,933
Depreciation cost	1,452,355	1,452,880
Investment corporation bond expenses	2,779	2,779
Interest income	(26)	(26)
Interest expenses	179,607	170,163
Other non-operating income	(411)	(2,394)
Loss on retirement of non-current assets	10,309	26,635
Decrease (Increase) in operating accounts receivable	249,570	(391,318)
Decrease (Increase) in accounts receivable - other	75,459	-
Decrease (Increase) in consumption taxes receivable	2,493,297	-
Decrease (Increase) in consumption taxes payable	282,442	(156,974)
Decrease (Increase) in prepaid expenses	(88,078)	59,952
Decrease (Increase) in long-term prepaid expenses	38,533	38,533
Increase (Decrease) in operating accounts payable	(5,601)	17,432
Increase (Decrease) in accounts payable - other	30,089	27,308
Increase (Decrease) in accrued expenses	(12,051)	36,951
Other, net	(63,011)	(16,908)
Sub-total	5,768,420	2,774,951
Interest received	26	26
Interest paid	(178,642)	(171,183)
Income taxes paid	(864)	(948)
Net cash provided by (Used in) operating activities	5,588,939	2,602,846
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(229,777)	(37,272)
Purchases of intangible assets	-	(2,500)
Net cash provided by (Used in) investing activities	(229,777)	(39,772)
<b>Cash flows from financing activities</b>		
Repayment of long-term loans payable	(3,439,466)	(1,131,857)
Dividends paid	(1,073,357)	(1,122,075)
Surplus earning distribution paid	(357,270)	(327,884)
Net cash provided by (Used in) financing activities	(4,870,093)	(2,581,817)
Net increase (Decrease) in cash and cash equivalents	489,069	(18,743)
Cash and cash equivalents at the beginning of the fiscal period	4,611,954	5,101,023
Cash and cash equivalents at the end of the fiscal period	*1 5,101,023	*1 5,082,280

(6) NOTES to Financial Statements  
 [NOTES ON GOING CONCERN PREMISE]  
 Not applicable.

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES]

<p>1.Method of depreciation and amortization of non-current assets</p>	<p>(1) Property and equipment          The straight-line method is adopted. In addition, the useful lives of major property and equipment are as shown below:              Structures..... 22 - 25 years              Machinery and equipment..... 22 - 25 years              Tools, furniture and fixtures ..... 22 - 25 years              Structures in trust ..... 24 - 30 years              Machinery and equipment in trust 24 - 25 years              Tools, furniture and fixtures in trust 24 - 25 years</p> <p>(2) Intangible assets          The straight-line method is adopted.          In addition, the useful life is as shown below:              Software..... 5 years</p> <p>(3) Long-term prepaid expenses          The straight-line method is adopted.</p>
<p>2.Method of amortization of deferred assets</p>	<p>Investment corporation bond issuance expenses          Amortized by the straight-line method over the life of the bonds.</p>
<p>3.Standards for revenue and expense recognition</p>	<p>Accounting for fixed assets tax          With respect to fixed assets tax, city planning tax and depreciable assets tax, among other taxes, on the infrastructure assets held, of the tax amount assessed and determined, the amount corresponding to the calculation period is accounted as rental expenses. In addition, reimbursement such as fixed assets tax, which is paid to the seller and other persons on the acquisition of infrastructure assets and other assets ("the amount equivalent to the fixed assets taxes and other taxes") is not recognized as rental expenses but included in the acquisition cost of the concerned infrastructure assets and other assets.</p>
<p>4.Scope of funds in statements of cash flows</p>	<p>Funds (cash and cash equivalents) in statements of cash flows consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less at the date of acquisition that can readily be converted into cash and that are subject to insignificant risks of changes in value.</p>
<p>5.Method of hedge accounting</p>	<p>(1) Method of hedge accounting          Special treatment is adopted for the interest rate swap that meets the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items:          · Hedging instruments.....Interest rate swap transaction          · Hedged items.....Interest rate on loans</p> <p>(3) Policy for hedging          CSIF conducts derivative transactions to hedge risks as set forth in the CSIF's Articles of Incorporation according to the rules for risk management.</p> <p>(4) Method of evaluation of effectiveness of hedging          The interest rate swap meets the requirements for special treatment, and thus the evaluation of effectiveness is omitted.</p>
<p>6.Other significant matters serving as the basis for preparation of financial statements</p>	<p>Accounting treatment with regard to trust beneficiary interest in real estate          With regards to trust beneficial interest in equipment of renewable energy power plants, all assets and liabilities within entrusted assets as well as all revenue and expense items which occur to entrusted assets are recorded as the respective account titles on the balance sheet and statements of income. The following important account titles among the entrusted assets which are recorded as the respective account titles are separately indicated on the balance sheet:</p>

	Structures in trust, Machinery and equipment in trust, Tools, furniture and fixtures in trust, Land in trust.
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[NOTES TO BALANCE SHEET]

\*1 Minimum net assets stipulated in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)	
As of December 31, 2021	As of June 30, 2022
50,000	50,000

[NOTES TO STATEMENTS OF INCOME]

\*1 Breakdown of profits and losses from the rental business of renewable energy power generation facilities, etc.

	(Unit: thousand yen)	
	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022
A. Operating revenue from the rental business of renewable energy power generation facilities, etc.		
Rental revenue of renewable energy power generation facilities, etc.		
(Basic rent)	2,614,668	2,610,799
(Variable rent linked to actual output)	972,297	1,449,747
(Incidental income)	396	28
Total operating revenue from the rental business of renewable energy power generation facilities, etc.	3,587,363	4,060,575
B. Operating expenses from the rental business of renewable energy power generation facilities, etc.		
Rental expenses of renewable energy power generation facilities, etc.		
(Management entrustment expenses)	254,872	257,667
(Repair and maintenance costs)	17,027	25,664
(Taxes and duties)	194,394	243,240
(Utility expenses)	5,589	5,877
(Insurance expenses)	43,110	37,243
(Depreciation expenses)	1,451,961	1,452,362
(Land rent)	60,187	61,917
(Trust fees)	6,600	6,600
(Other rental expenses)	67	49
Total operating expenses from the rental business of renewable energy power generation facilities, etc.	2,033,809	2,090,621
C. Profits and losses from the rental business of renewable energy power generation facilities, etc. (A-B)	1,553,553	1,969,953

[NOTES TO STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY]

\*1 Total number of authorized investment units and the total number of investment units issued and outstanding

	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022
Total number of authorized investment units	10,000,000 unit	10,000,000 unit
Total number of investment units issued and outstanding	386,656 unit	386,656 unit

[NOTES TO STATEMENTS OF CASH FLOWS]

\*1 Relationship between the ending balance of cash and cash equivalents and the amounts on the balance sheet  
(Unit: thousand yen)

	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022
Cash and deposits	5,101,023	5,082,280
Fixed Term deposits exceeding 3 months	-	-
Cash and cash equivalents	5,101,023	5,082,280

[NOTES ON LEASE TRANSACTIONS]

Operating lease (as the lessor)  
Future minimum lease payments

(Unit: thousand yen)

	Fiscal period ended December 31, 2021	Fiscal period ended June 30, 2022
Within one year	5,213,614	5,190,132
Longer than one year	74,934,561	72,347,243
Total	80,148,175	77,537,376

[NOTES ON FINANCIAL INSTRUMENTS]

1. Situation of financial instruments

(1) Policy for financial instruments

CSIF procures funds for acquiring new assets or repaying loans through loans from financial institutions, issuing investment corporation bonds or issuing investment units. The basic policy is to build stable and sound financial operations to maintain and increase earnings in the medium to long term and grow the size and value of assets.

(2) Details of the financial instruments and their risks and the risk management system

Long-term loans payables are one of the means to procure the funds for the acquisition of managed assets and are exposed to interest rate fluctuation risk and liquidity risk, among other risks. However, this risk is deducted through the appropriate balancing of the loan period and the interest rate type, and diversification of lenders, and the appropriate management of various types of indexes, especially the general application of the upper limit of the ratio of interest-bearing, which is 60%.

(3) Supplementary explanation on fair value of financial instruments

The fair values of financial instruments are values based on market prices, or if there are no market prices, values are reasonably calculated. Since certain assumptions are used for the calculation of fair values, they may change if different assumptions are used.



## 2. Matters relating to fair values of financial instruments

The book value and fair value as of December 31, 2021, and the amount of difference between these, are as follows. Notes to "Cash and bank deposit" and "Operating accounts receivable" have been omitted because their fair values are close to their book values since they are settled in cash and in a short period of time. And "Long-term deposit" and "Guarantee deposits" have been omitted because of low-materiality.

(Unit: thousand yen)

	Book value	Fair value	Difference
(1) Current portion of long-term loans payable	2,248,718	2,250,554	1,835
(2) Long-term loans payable	32,788,321	32,993,351	205,030
(3) Investment corporation bond	4,900,000	4,891,090	(8,910)
Total liabilities	39,937,039	40,134,995	197,955
(4) Derivative transaction	—	—	—

(Note 1) Methods used for estimating the fair values of financial instruments and matters related to derivative transactions

### Liabilities

(1) Current portion of long-term loans payable (2) Long-term loans payable

With respect to long-term loans payable at variable interest rates, the condition that the interest rates are renewed every certain period is applied to loans, and thus the market value is considered to be close to the book value. Accordingly, the book value is used. In addition, for the long-term loans payable at variable interest rates subject to the special treatment of interest rate swap (refer to the "Notes on derivative transactions" below), the fair value is measured by discounting the total sum of the principal and interest treated together with the said interest rate swap as one at the interest rate that is applied when the similar loan is obtained and that is reasonably estimated.

(3) Investment corporation bond

The fair value of investment corporation bonds is determined based on market prices.

(4) Derivative transaction

Please refer to the "Notes on derivative transactions" below.

The book value and fair value as of June 30, 2022, and the amount of difference between these, are as follows. Notes to "Cash and bank deposit" and "Operating accounts receivable" have been omitted because their fair values are close to their book values since they are settled in cash and in a short period of time. And "Long-term deposit" and "Guarantee deposits" have been omitted because of low-materiality.

(Unit: thousand yen)

	Book value	Fair value	Difference
(1) Current portion of long-term loans payable	2,261,543	2,263,748	2,205
(2) Long-term loans payable	31,643,639	31,870,125	226,486
(3) Investment corporation bond	4,900,000	4,892,630	(7,370)
Total liabilities	38,805,182	39,026,504	221,322
(4) Derivative transaction	—	—	—

(Note 1) Methods used for estimating the fair values of financial instruments and matters related to derivative transactions

### Liabilities

(1) Current portion of long-term loans payable (2) Long-term loans payable

With respect to long-term loans payable at variable interest rates, the condition that the interest rates are renewed every certain period is applied to loans, and thus the market value is considered to be close to the book value. Accordingly, the book value is used. In addition, for the long-term loans payable at variable interest rates subject to the special treatment of interest rate swap (refer to the "Notes on derivative transactions" below), the fair value is measured by discounting the total sum of the principal and interest treated together with the said interest rate swap as one at the interest rate that is applied when the similar loan is obtained and that is reasonably estimated.

(3) Investment corporation bond

The fair value of investment corporation bonds is determined based on market prices.

(4) Derivative transaction

Please refer to the "Notes on derivative transactions" below.

(Note 2) Scheduled redemption amount of loans payable after the closing date (December 31, 2021)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
Long-term loans payable	2,248,718	2,275,477	2,228,931	2,270,245	2,256,998	23,756,669
Investment corporation bond	-	-	1,100,000	-	3,800,000	-
Total	2,248,718	2,275,477	3,328,931	2,270,245	6,056,998	23,756,669

Scheduled redemption amount of loans payable after the closing date (June 30, 2022)

(Unit: thousand yen)

	Within one year	Longer than one year, within two years	Longer than two years, within three years	Longer than three years, within four years	Longer than four years, within five years	Longer than five years
Long-term loans payable	2,261,543	2,267,295	2,206,896	2,301,459	2,240,050	22,627,936
Investment corporation bond	-	-	1,100,000	3,800,000	-	-
Total	2,261,543	2,267,295	3,306,896	6,101,459	2,240,050	22,627,936

[NOTES ON SECURITIES]

Prior fiscal period (as of December 31, 2021)

Not applicable.

Current fiscal period (as of June 30, 2022)

Not applicable.

[NOTES ON DERIVATIVE TRANSACTIONS]

1. Those to which hedge accounting is not applied

Prior fiscal period (as of December 31, 2021) and current fiscal period (as of June 30, 2022)

Not applicable.

2. Those to which hedge accounting is applied

Prior fiscal period (as of December 31, 2021)

(Unit: thousand yen)

Method of hedge accounting	Type of derivative transactions and other matters	Major items hedged	Contract amount and other amounts		Fair value	Method of calculation of said market value
				Longer than one year		
Special treatment of interest rate swap	Interest rate swap transaction Fixed payment/variable receipt	Long-term loans payable	35,037,039	32,788,321	(Note)	-

(Note) Those that are subject to special treatment of interest rate swap are treated together with the current portion of long-term loans payable and the long-term loans payable to be hedged as one, and thus their fair value is presented together with the fair value of (Note 1) (1) Current portion of long-term loans payable and (2) Long-term loans payable in "Notes on financial instruments 2. Matters relating to fair values of financial instruments, among other matters".

Current fiscal period (as of June 30, 2022)

(Unit: thousand yen)

Method of hedge accounting	Type of derivative transactions and other matters	Major items hedged	Contract amount and other amounts		Fair value	Method of calculation of said market value
				Longer than one year		
Special treatment of interest rate swap	Interest rate swap transaction Fixed payment/variable receipt	Long-term loans payable	33,905,182	31,643,639	(Note)	-

(Note) Those that are subject to special treatment of interest rate swap are treated together with the current portion of long-term loans payable and the long-term loans payable to be hedged as one, and thus their fair value is presented together with the fair value of (Note 1) (1) Current portion of long-term loans payable and (2) Long-term loans payable in "Notes on financial instruments 2. Matters relating to fair values of financial instruments, among other matters".

[NOTES ON RETIREMENT BENEFITS]

Prior fiscal period (as of December 31, 2021)  
Not applicable.

Current fiscal period (as of June 30, 2022)  
Not applicable.

[NOTES ON TAX EFFECT ACCOUNTING]

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Unit: thousand yen)

	Fiscal period ended December 31, 2021	Fiscal period ended June 30, 2022
Deferred tax assets		
Accrued business tax not deductible from taxable income	16	12
Total deferred tax assets	16	12
Net amount of deferred tax assets	16	12

2. Breakdown of each major item that causes a significant difference between the effective statutory tax rate and the rate of the burden of corporate tax and other taxes after the application of tax effect accounting

	Fiscal period ended December 31, 2021	Fiscal period ended June 30, 2022
Effective statutory tax rate	31.46%	31.46%
(Adjustment)		
Dividends paid deductible for tax purpose	(31.43)%	(31.44)%
Others	0.05%	0.04%
Rate of burden of corporate tax and other taxes after the application of tax effect accounting	0.08%	0.06%

[NOTES ON SHARE OF PROFIT (LOSS) OF ENTITIES ACCOUNTED FOR USING EQUITY METHOD, ETC.]

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

[NOTES ON RELATED PARTY TRANSACTIONS]

1. Major corporate unitholders

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

2. Affiliates

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

3. Fellow Subsidiaries

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

4. Officers and major individual unitholders

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

[NOTES ON ASSET RETIREMENT OBLIGATIONS]

Prior fiscal period (from July 1, 2021 to December 31, 2021)  
Not applicable.

Current fiscal period (from January 1, 2022 to June 30, 2022)  
Not applicable.

With respect to some of the renewable energy power generation facilities that the Investment Corporation owns directly or as assets in trust, it bears the obligation of restoring relevant sites to their original conditions according to land lease contracts concluded with landowners. With these contracts being subject to automatic renewal, expected to be renewed unless there are special circumstances, or being highly likely to be renewed or re-concluded, the Investment Corporation has difficulty in reasonably estimating until when such contracts will remain effective. It therefore has not posted asset retirement obligations to reflect the said obligation.

In addition, the Investment Corporation considers that the possibility of such contracts being cancelled is extremely low because it is difficult to use land covered by the contracts for purposes other than renewable energy power generation facilities.

[NOTES ON INVESTMENT AND RENTAL PROPERTY]

CSIF has renewable energy power generation facilities, etc. The book value, change during the period and fair value at the end of the period are as shown below.

(Unit: thousand yen)

	Prior fiscal period From July 1, 2021 to December 31, 2021	Current fiscal period From January 1, 2022 to June 30, 2022
Book value (Note 2)		
Beginning balance	75,265,664	73,858,451
Change during the period (Note 3)	(1,407,212)	(1,446,847)
Ending balance	73,858,451	72,411,603
Fair value at the end of the period (Note 4)	77,172,000	76,365,000

(Note 1) The real estate that CSIF holds is real estate to be provided for the use of renewable energy power generation facilities, and thus with respect to the book value and the fair value, the amount of the renewable energy power generation facilities and real estate are stated together as one.

(Note 2) The book value is the amount at acquisition cost less the accumulated depreciation.

(Note 3) The change during the period ended December 31, 2021 primarily consisted of the increase due to capital expenditure for photovoltaic power generation facilities (56,299 thousand yen), and the decrease due to depreciation expenses (1,451,961 thousand yen). And the change during the period ended June 30, 2022 primarily consisted of the increase due to capital expenditure for photovoltaic power generation facilities (32,150 thousand yen), and the decrease due to depreciation expenses (1,452,362 thousand yen).

(Note 4) The fair value is the total sum of the median amount that we calculated according to Article 41, paragraph 1 of the CSIF's Articles of Incorporation on the basis of the appraised value in the range stated in the valuation report with the date of the value opinion on December 31, 2021 and June 30, 2022, which was obtained from PricewaterhouseCoopers Sustainability LLC (for S-01 to S-18). And, the fair value is the total sum of the median amount on the basis of the appraised value stated in the valuation report with the date of the value opinion on December 31, 2021 and June 30, 2022, which was obtained from Kroll International Inc (for S-19 to S-25). The fair value which is the total sum of the median amount stated in the valuation report of Kroll International Inc is rounded down to the nearest million yen.

In addition, profits and losses from the renewable energy power generation facilities, etc. for the fiscal period ended December 2021 (the 9th period) and the fiscal period ended June 2022 (the 10th period) are as stated in the "Notes to statements of income" above.

[NOTES ON REVENUE RECOGNITION]

Not applicable.

[NOTES ON SEGMENT INFORMATION]

1. Segment information

Since CSIF has a single segment of the rental business of infrastructure assets, the segment information is omitted.

2. Related Information

Prior fiscal period (from July 1, 2021 December 31, 2021)

(1) Information on products and services

Information is omitted because operating revenue from a single product/service to outside customers exceeds 90% of the operating revenue on the statements of income.

(2) Information on regions

① Operating revenue

Information is omitted because operating revenue from outside customers in Japan exceeds 90% of the operating revenue on the statements of income.

② Property and equipment

Information is omitted because the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment on the balance sheet.

(3) Information on major customers

(Unit: thousand yen)

Name of customer	Total net revenue	Name of related segment
Tida Power 01 G.K.	2,380,145	Renewable energy power generation facilities, etc. rental business
LOHAS ECE 2 G.K.	1,102,037	Renewable energy power generation facilities, etc. rental business
Tida Power 45 G.K.	104,783	Renewable energy power generation facilities, etc. rental business

Current fiscal period (from January 1, 2022 to June 30, 2022)

(1) Information on products and services

Information is omitted because operating revenue from a single product/service to outside customers exceeds 90% of the operating revenue on the statements of income.

(2) Information on regions

① Operating revenue

Information is omitted because operating revenue from outside customers in Japan exceeds 90% of the operating revenue on the statements of income.

② Property and equipment

Information is omitted because the amount of property and equipment located in Japan exceeds 90% of the amount of property and equipment on the balance sheet.

(3) Information on major customers

(Unit: thousand yen)

Name of customer	Total net revenue	Name of related segment
Tida Power 01 G.K.	2,738,121	Renewable energy power generation facilities, etc. rental business
LOHAS ECE 2 G.K.	1,322,425	Renewable energy power generation facilities, etc. rental business

[NOTES ON PER UNIT INFORMATION]

(Unit: yen)

	Prior fiscal period From July 1, 2021 to December 31, 2021	Current fiscal period From January 1, 2022 to June 30, 2022
Net assets per unit	103,665	103,818
Net income (Net loss) per unit	2,902	3,902

(Note 1) Net income (net loss) per unit is calculated by dividing net income (net loss) by the average number of investment units during the period.

(Note 2) The basis of calculation of net income (net loss) per unit is as follows.

	Prior fiscal period From July 1, 2021 to December 31, 2021	Current fiscal period From January 1, 2022 to June 30, 2022
Net income (Net loss) (Thousand yen)	1,122,211	1,509,072
Amount not attributable to common unit holders (Thousand yen)	—	—
Net income (Net loss) attributable to Common unit holders (Thousand yen)	1,122,211	1,509,072
Average number of investment units during the period (Units)	386,656	386,656

[NOTES ON FACTS ARISING AFTER THE SETTLEMENT OF ACCOUNTS]

Not applicable.

## (7) Supplementary Schedules

## 1. Schedule of Securities

Not applicable.

## 2. Status of Contract Amounts, etc. and Estimated Fair Value of Derivative Transactions and Forward Exchange Transactions

(Unit: thousand yen)

Category	Type	Contract amount and other amounts (Note 1)		Fair value (Note 2)
			Longer than one year	
OTC (over-the-counter)	Interest rate swap transactions pay-fixed, receive-variable	33,905,182	31,643,639	-
Total		33,905,182	31,643,639	-

(Note 1) The contract amount, etc. of interest rate swap transactions is based upon notional principal amount.

(Note 2) Fair value is omitted because the transaction meets the requirement for special treatment based on the Accounting Standard for Financial Statements.

## 3. Schedule of Assets Related to Real Estate

Not applicable.

## 4. Schedule of Assets Related to Renewable Energy Power Generation Facilities

(Unit: million yen)

Asset Type	Balance as of January 1, 2022	Increase during the period	Decrease during the period	Balance as of June 30, 2022	Accumulated depreciation or accumulated amortization		Net balance as of June 30, 2022	Remarks	
						Depreciation during the period			
Property and equipment	Structures	1,048	7	-	1,055	171	21	884	(Note 1)
	Machinery and equipment	42,462	2	30	42,434	7,330	872	35,103	(Note 2)
	Tools, furniture and fixtures	590	0	-	591	102	11	488	(Note 1)
	Land	4,505	-	-	4,505	-	-	4,505	
Property and equipment in trust	Structures in trust	6,567	2	-	6,569	319	121	6,249	(Note 1)
	Machinery and equipment in trust	20,271	19	-	20,291	1,126	422	19,164	(Note 1)
	Tools, furniture and fixtures in trust	93	-	-	93	5	1	88	
	Land in trust	4,769	-	-	4,769	-	-	4,769	
	Total	80,310	31	30	80,311	9,056	1,452	71,254	
Intangible assets	Leasehold rights	1,156	0	-	1,156	-	-	1,156	(Note 1)
	Software	3	2	-	6	3	0	2	
	Total	1,160	3	-	1,163	3	0	1,159	



(Note 1) The increase during the 10th period is entirely due to the capital expenditure of the power plants.

(Note 2) The increase during the 10th period is entirely due to the capital expenditure of the power plants. The decrease during the 10th period is for the disposal of a part of the facilities of S-18 CS Takayama-shi Power Plant.

5. Schedule of Other Specified Assets

Not applicable.

6. Schedule of Investment corporation bond

(Unit: million yen)

Name of bond	Issue date	Balance as of January 1, 2022	Decrease during the period	Increase during the period	Balance as of June 30, 2022	Interest rate (%)	Repayment date	Use	Remarks
Canadian Solar Infrastructure Investment Corporation / The 1st Unsecured Bond	November 6, 2019	1,100	-	-	1,100	0.71	November 6, 2024	(Note1)	Unsecured Unguaranteed
Canadian Solar Infrastructure Investment Corporation / The 1st Unsecured Bond (Green bond)	January 26, 2021	3,800	-	-	3,800	0.80	January 26, 2026	(Note1)	Unsecured Unguaranteed
<b>Total</b>		<b>4,900</b>	<b>-</b>	<b>-</b>	<b>4,900</b>				

(Note 1) The proceeds shall be allocated for part of the funds for repayment of existing borrowing, acquisition of specified assets in the future repairing works, capital expenditure and operating expenses.

(Note 2) Scheduled redemption amounts of Investment corporation bond within five years after the date of the balance sheet are as follows.

(Unit: million yen)

	Within one year	Longer than one year within two years	Longer than two years within three years	Longer than three years within four years	Longer than four years within five years
Investment Corporation Bond	-	-	1,100	3,800	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,100</b>	<b>3,800</b>	<b>-</b>

## 7. Schedule of Loans Payable

(Unit: million yen)

Category	Lender	Balance as of January 1, 2022	Increase during the period	Decrease during the period	Balance as of June 30, 2022	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Shinsei Bank, Limited.	1,888	-	64	1,824	0.84500 (Note 2)	October 31, 2027	Repayment in partial installments	(Note 4)	Unsecured, Unguaranteed
	Mizuho Bank, Ltd.	1,180	-	40	1,140					
	Sumitomo Mitsui Banking Corporation.	1,180	-	40	1,140					
	MUFG Bank, Ltd.	786	-	26	760					
	Resona Bank, Limited.	1,416	-	48	1,368					
	ORIX Bank Corporation.	786	-	26	760					
	The Hiroshima Bank, Ltd.	1,416	-	48	1,368					
	The Nanto Bank, Ltd.	1,416	-	48	1,368					
	The Oita Bank, Ltd.	708	-	24	684					
	The Shonai Bank, Ltd.	708	-	24	684					
	San ju San Bank, Ltd.	157	-	5	152					
	The Tochigi Bank, Ltd.	708	-	24	684					
	Shinsei Bank, Limited.	1,424	-	44	1,380					
Sumitomo Mitsui Banking Corporation	1,424	-	44	1,380						
MUFG Bank, Ltd.	1,645	-	51	1,594						
The Nanto Bank, Ltd.	822	-	25	797						
The Ashikaga Bank, Ltd.	843	-	26	816						
The Hiroshima Bank, Ltd.	421	-	13	408						

Category	Lender	Balance as of January 1, 2022	Increase during the period	Decrease during the period	Balance as of June 30, 2022	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Shinsei Bank, Limited.	1,306	-	40	1,265	0.81990 (Note 3)	March 8, 2031	Repayment in partial installments	(Note 4)	Unsecured, Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,306	-	40	1,265					
	Mizuho Bank, Ltd.	1,275	-	39	1,236					
	MUFG Bank, Ltd.	1,275	-	39	1,236					
	Sumitomo Mitsui Trust Bank, Limited	1,275	-	39	1,236					
	Asahi Shinkin Bank	1,988	-	62	1,926					
	The Tottori Bank, Ltd.	1,325	-	41	1,284					
	The Chugoku Bank, Ltd.	1,275	-	39	1,236					
	The 77 Bank, Ltd.	994	-	31	963					
	The Oita Bank, Ltd.	662	-	20	642					
	The Nanto Bank, Ltd.	662	-	20	642					
	The Senshu Ikeda Bank, Ltd.	662	-	20	642					
	The Bank of Saga, Ltd	662	-	20	642					
	The Bank of Nagoya, Ltd.	662	-	20	642					
	The Fukuho Bank, Ltd.	473	-	14	458					
The Bank of Fukuoka, Ltd.	284	-	8	275						
<b>Total</b>	<b>35,037</b>	<b>-</b>	<b>1,131</b>	<b>33,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

(Note 1) Average interest rate is based on actual number of days and weighted average. The number are rounded down.

(Note 2) For the debts with interest rate swap for hedging interest rate risk, the average interest rate incorporates the effect of such interest rate swap.

(Note 3) As from March 29, 2021, for the debts with interest rate swap for hedging interest rate risk, the average interest rate incorporates the effect of such interest rate swap.

(Note 4) The uses of the debt proceeds are the purchase of power plants.

(Unit: thousand yen)

	Within one year	Longer than one year within two years	Longer than two years within three years	Longer than three years within four years	Longer than four years within five years
Long-term loans payable	2,261,543	2,267,295	2,206,896	2,301,459	2,240,050