CanadianSolar

S-10 CS Minami Shimabara-shi Power Plant (east) (west)

Security Code 9284

11th FP (ended December 2022)

Presentation Materials

Canadian Solar Infrastructure Fund, Inc.

Asset Manager
Canadian Solar Asset management K.K.

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1. Financial Highlights

Financial highlights of 11th FP

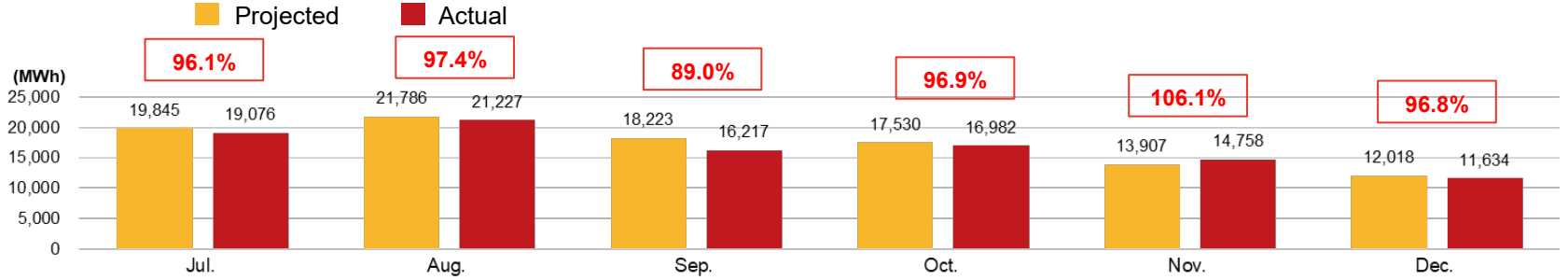
- **In the 11th FP, the number of curtailments was significantly lower than in the same period of the previous year, mitigating the impact on power generation. However, operating revenue and operating income fell short of initial forecasts because actual power generation fell short of forecast due to generally poor weather throughout the period and the impact of Typhoon No. 14 in September. On the other hand, net income exceeded the initial forecast due to the recording of insurance income.**
- **As a result, net income exceeded the forecast by JPY 23 million, which contributed to a JPY 61 increase from the forecast in distributions per unit to JPY 3,138. (Distribution in excess of earnings will be reduced by JPY 61, and total distribution per unit will be maintained at JPY 3,750.)**

Statement of Income Data (million yen)	10th FP	11th FP (ended Dec. 2022)		
	Actual	Forecast@ Aug.16, 2022	Actual	Increase / (Decrease) (vs Forecast)
Operating revenues	4,060	3,725	**3,715**	(10)
Operating income	1,743	1,404	**1,383**	(21)
Income before income taxes	1,509	1,190	**1,214**	23
Net income	1,509	1,189	**1,213**	23
Distribution per unit (including distributions in excess of earnings)	3,903 yen	3,750 yen	**3,750** yen	-
Distributions per unit (excluding distributions in excess of earnings)	3,903 yen	3,077 yen	**3,138** yen	61 yen
Distributions in excess of earnings per unit	-	673 yen	**612** yen	(61) yen

Main difference (vs. forecast)		
Operating revenues	Decrease in variable rent	(10)
Operating expenses	Increase in Repair costs	(16)
	Decrease in professional fees	6
Non-operating incomes and expenses	Insurance income	39

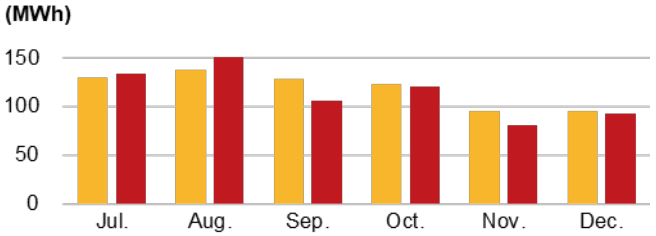
Portfolio Performance

- **Actual power generation fell below the initial forecast except in November due to damage from fallen trees at the S-24 CS Hiji-machi Dai-ni Power Plant caused by Typhoon No. 14 and a nationwide decrease in sunshine hours throughout the 11th FP.**
- **11th FP actual energy output ÷ projected energy output = 96.69%**
  (9th FP (corresponding period of the previous year): 95.87%)
- **Total energy output**

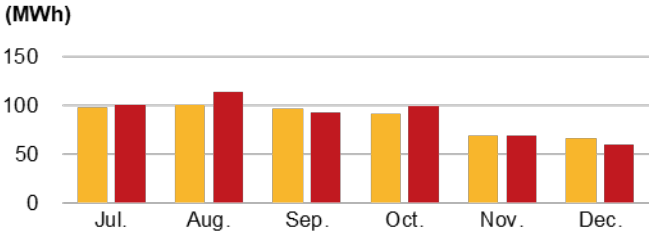


- **Energy output by project**

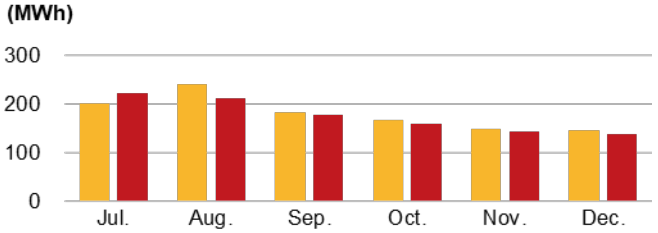
S-01 CS Shibushi-shi Power Plant



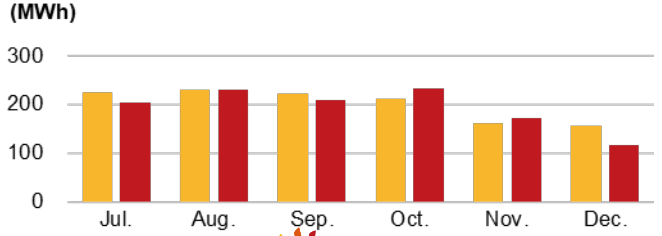
S-02 CS Isa-shi Power Plant



S-03 CS Kasama-shi Power Plant

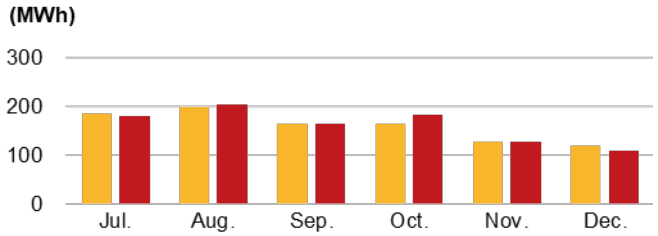


S-04 CS Isa-shi Dai-ni Power Plant

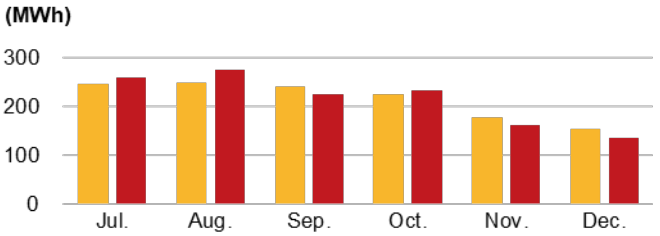


Portfolio Performance

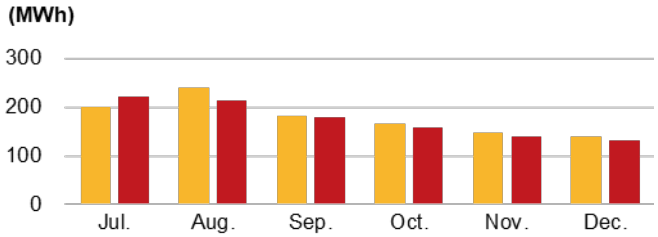
S-05 CS Yusui-cho Power Plant



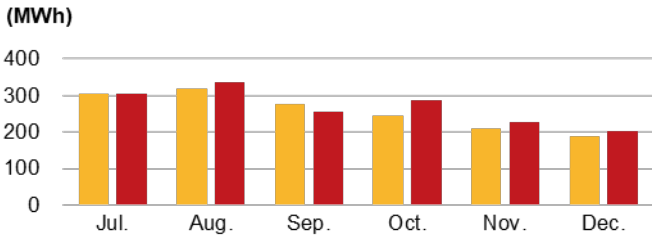
S-06 CS Isa-shi Dai-san Power Plant



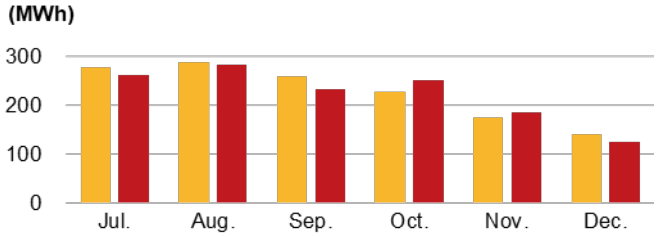
S-07 CS Kasama-shi Dai-ni Power Plant



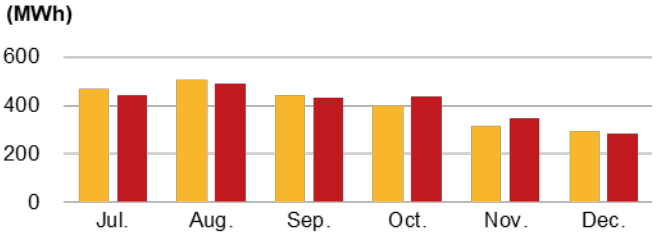
S-08 CS Hiji-machi Power Plant



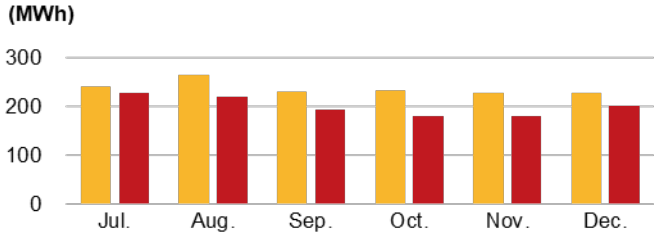
S-09 CS Ashikita-machi Power Plant



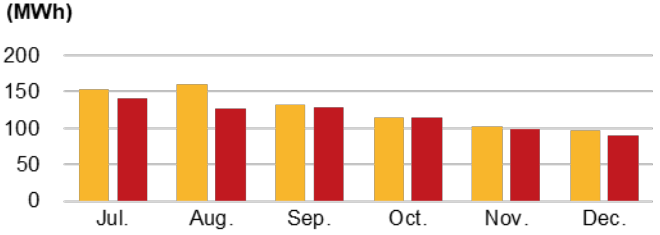
S-10 CS Minami Shimabara-shi Power Plant (East & West)



S-11 CS Minano-machi Power Plant

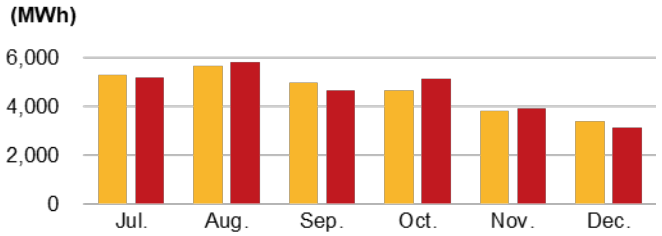


S-12 CS Kannami-cho Power Plant

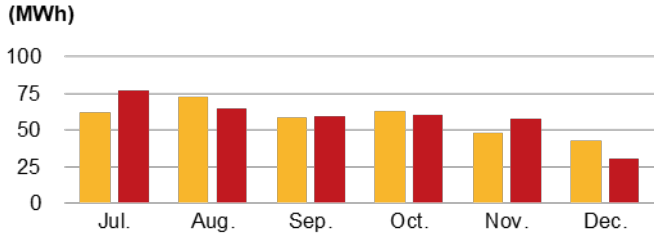


Portfolio Performance

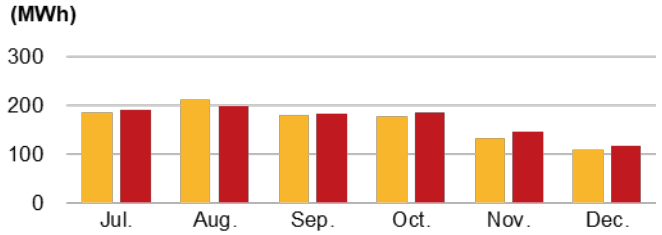
S-13 CS Mashiki-machi Power Plant



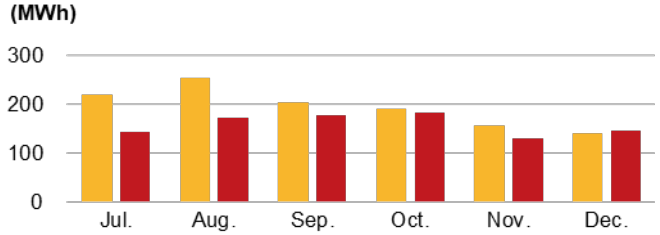
S-14 CS Koriyama-shi Power Plant



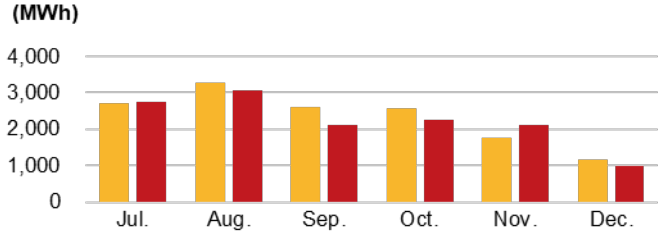
S-15 CS Tsuyama-shi Power Plant



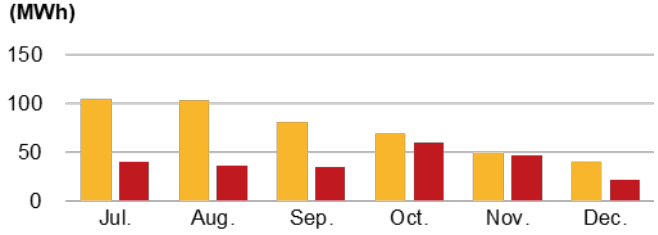
S-16 CS Ena-shi Power Plant



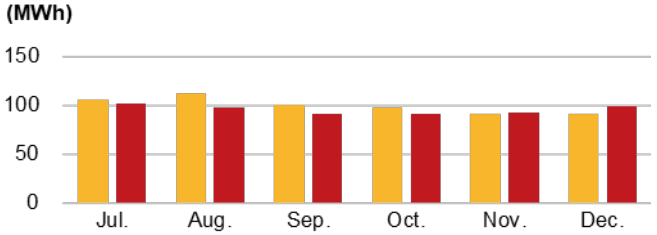
S-17 CS Daisen-cho Power Plant (A&B)



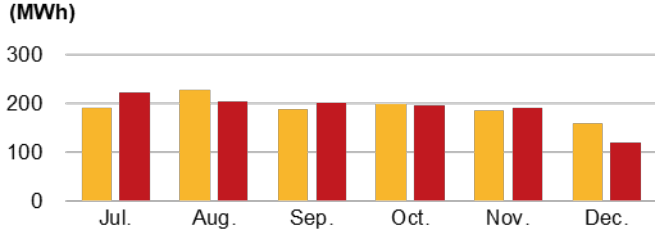
S-18 CS Takayama-shi Power Plant



S-19 CS Misato-machi Power Plant

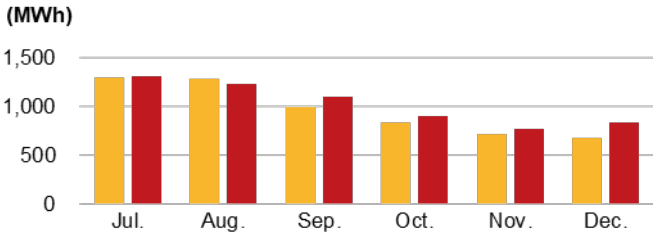


S-20 CS Marumori-machi Power Plant

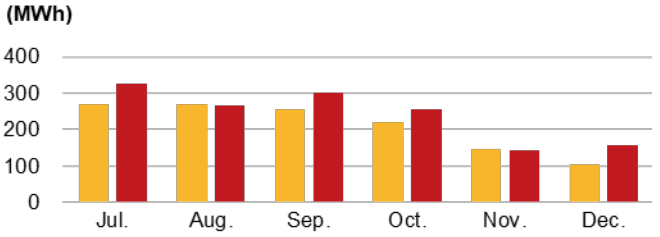


Portfolio Performance

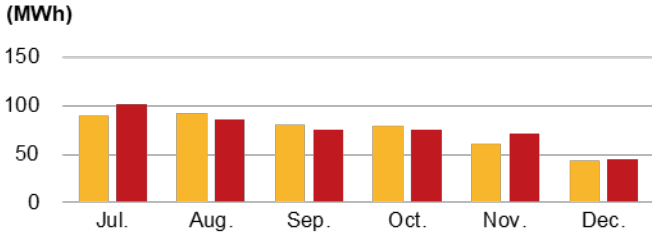
S-21 CS Izu-shi Power Plant



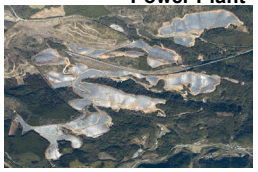
S-22 CS Ishikari Shinshinotsu-mura Power Plant

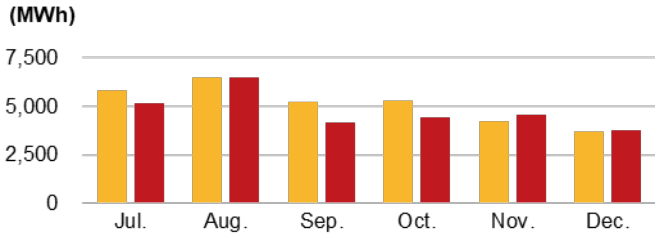


S-23 CS Osaki-shi Kejonuma Power Plant

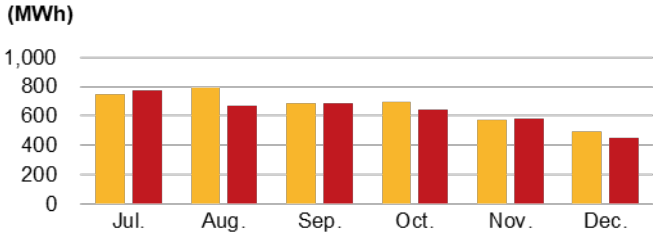


S-24 CS Hiji-machi Dai-ni Power Plant





S-25 CS Ogawara-machi Power Plant



Asset List – Power Plant Data, Valuation and etc.

No.	Project name	Location	Acquisition Price (million yen)	Valuation Price (million yen) (Note)	Portfolio %	Panel Output (kW)	FIT Price (yen)	Electric Power service area	Curtailment rules	Online curtailment system status
S-01	CS Shibushi-shi Power Plant	Shibushi-shi, Kagoshima	540	468	0.6%	1,224.00	40	Kyushu	30-day rule	○
S-02	CS Isa-shi Power Plant	Isa-shi, Kagoshima	372	311	0.4%	931.77	40	Kyushu	30-day rule	○
S-03	CS Kasama-shi Power Plant	Kasama-shi, Ibaraki	907	870	1.2%	2,127.84	40	Tokyo	30-day rule	
S-04	CS Isa-shi Dai-ni Power Plant	Isa-shi, Kagoshima	778	645	0.9%	2,013.99	36	Kyushu	30-day rule	○
S-05	CS Yusui-cho Power Plant	Aira-gun, Kagoshima	670	557	0.8%	1,749.30	36	Kyushu	30-day rule	○
S-06	CS Isa-shi Dai-san Power Plant	Isa-shi, Kagoshima	949	802	1.1%	2,225.08	40	Kyushu	30-day rule	○
S-07	CS Kasama-shi Dai-ni Power Plant	Kasama-shi, Ibaraki	850	744	1.0%	2,103.75	40	Tokyo	30-day rule	
S-08	CS Hiji-machi Power Plant	Hayami-gun, Oita	1,029	865	1.2%	2,574.99	36	Kyushu	30-day rule	○
S-09	CS Ashikita-machi Power Plant	Ashikita-gun, Kumamoto	989	844	1.2%	2,347.80	40	Kyushu	30-day rule	○
S-10	CS Minamishimabara-shi Power Plant (East & West)	Shimabara-shi, Nagasaki	1,733	1,525	2.1%	3,928.86	40	Kyushu	30-day rule	○
S-11	CS Minano-machi Power Plant	Chichibu-gun, Saitama	1,018	982	1.3%	2,448.60	32	Tokyo	30-day rule	
S-12	CS Kannami-cho Power Plant	Tagata-gun, Shizuoka	514	482	0.7%	1,336.32	36	Tokyo	30-day rule	
S-13	CS Mashiki-machi Power Plant	Kamimashiki-gun, Kumamoto	19,751	19,318	26.2%	47,692.62	36	Kyushu	30-day rule	○
S-14	CS Koriyama-shi Power Plant	Koriyama-shi, Fukushima	246	218	0.3%	636.00	32	Tohoku	30-day rule	
S-15	CS Tsuyama-shi Power Plant	Tsuyama-shi, Okayama	746	666	0.9%	1,930.50	32	Chugoku	30-day rule	○

Asset List – Power Plant Data, Valuation and etc.

No.	Project name	Location	Acquisition Price (million yen)	Valuation Price (million yen) (Note)	Portfolio %	Panel Output (kW)	FIT Price (yen)	Electric Power service area	Curtailment rules	Online curtailment system status
S-16	CS Ena-shi Power Plant	Ena-shi, Gifu	757	720	1.0%	2,124.20	32	Chubu	360-hour rule	○
S-17	CS Daisen-cho Power Plant(A)(B)	Saihaku-gun, Tottori	10,447	9,227	12.2%	27,302.40	40	Chugoku	30-day rule	13th FP (Scheduled)
S-18	CS Takayama-shi Power Plant	Takayama-shi, Gifu	326	291	0.4%	962.28	32	Chubu	360-hour rule	○
S-19	CS Misato-machi Power Plant	Kodama-gun, Saitama-ken	470	417	0.5%	1,082.88	32	Tokyo	30-day rule	
S-20	CS Marumori-machi Power Plant	Igu-gun, Miyagi	850	737	1.0%	2,194.50	36	Tohoku	Unlimited and Uncompensated rule	○
S-21	CS Izu-shi Power Plant	Izu-shi, Shizuoka	4,569	4,073	5.4%	10,776.80	36	Tokyo	30-day rule	13th FP (Scheduled)
S-22	CS Ishikari Shinshinotsu-mura Power Plant	Ishikari-gun, Hokkaido	680	594	0.8%	2,384.64	24	Hokkaido	Unlimited and Uncompensated rule	○
S-23	CS Osaki-shi Kejonuma Power Plant	Osaki-shi, Kejonuma	208	193	0.3%	954.99	21	Tohoku	Unlimited and Uncompensated rule	○
S-24	CS Hiji-machi Dai-ni Power Plant	Hayami-gun, Oita	27,851	27,253	35.1%	53,403.66	40	Kyushu	30-day rule	○
S-25	CS Ogawara-machi Power Plant	Shibata-gun, Miyagi	2,745	2,712	3.5%	7,515.35	32	Tohoku	Unlimited and Uncompensated rule	○
Total			80,001	75,519	100.00%	183,973.12	-	-	-	-

(Note) "Price" refers to the median project valuation report amount, which is the estimated values provided to us by PricewaterhouseCoopers Sustainability LLC (S01 – S18) and Kroll, LLC (S-19 – S-25) in its project valuation reports as of December 31, 2022.

2. Major Topics

AUM Snapshot

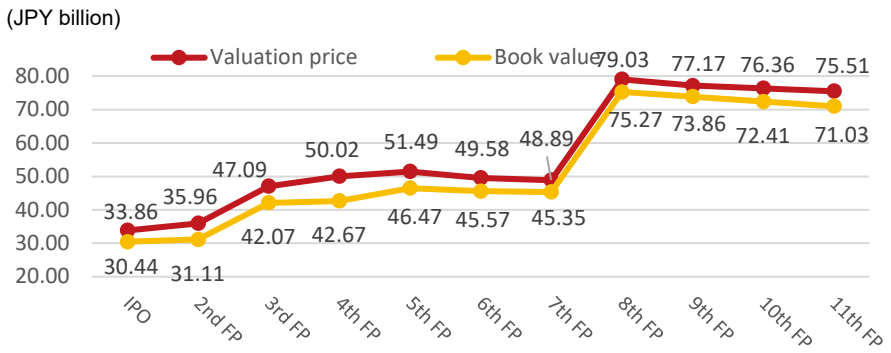
- **A summary of AUM as of the end of 11th FP. The fund has 25 power plants with total panel output of 184 MW and the total acquisition price is approximately ¥80Bn, which maintains the largest scale among the listed infrastructure funds**

<Portfolio as of the end of 11th FP>

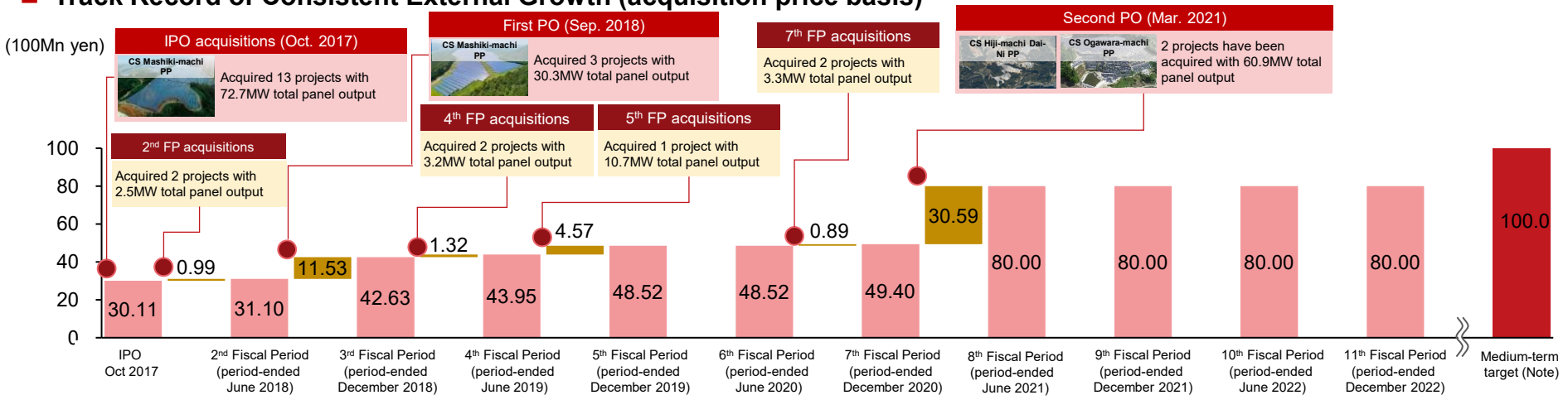
# of projects	25 projects	**Total acquisition price as of the end of 11th FP**	¥80.00 Bn
Panel output of AUM	183.9 MW	**Total valuation price(Note) as of the end of 11th FP**	¥75.51 Bn

(Note) "Price" refers to the median project valuation report amount, which is the estimated values provided to us by Pricewaterhouse Coopers Sustainability LLC and Kroll, LLC in its project valuation reports as of December 31, 2022.

Historical valuation and book value (after depreciation)



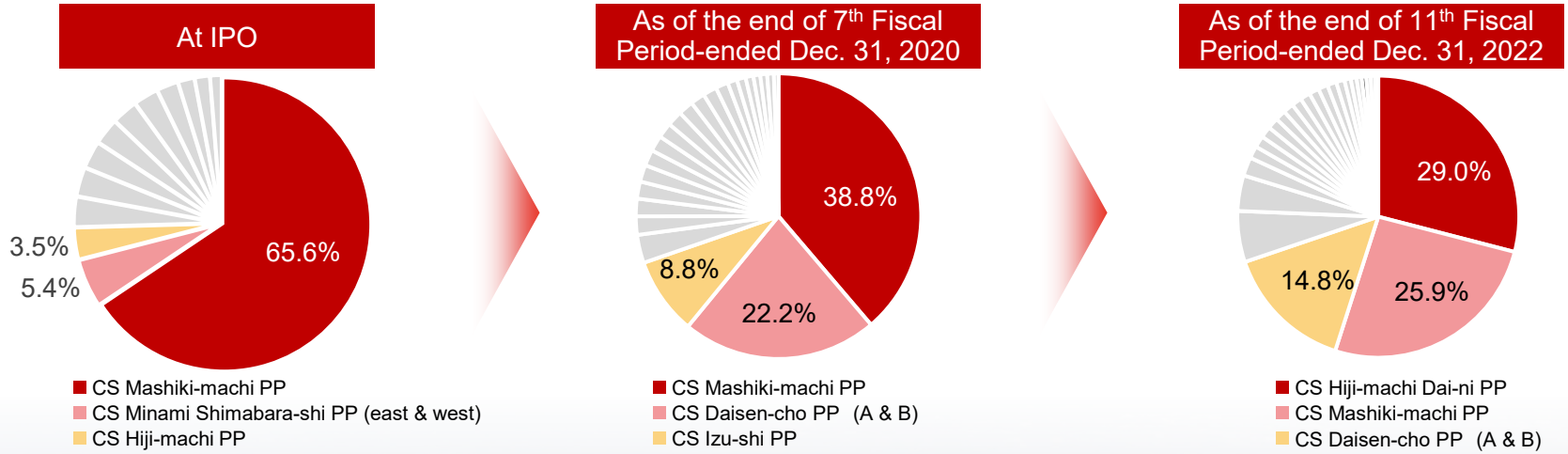
Track Record of Consistent External Growth (acquisition price basis)



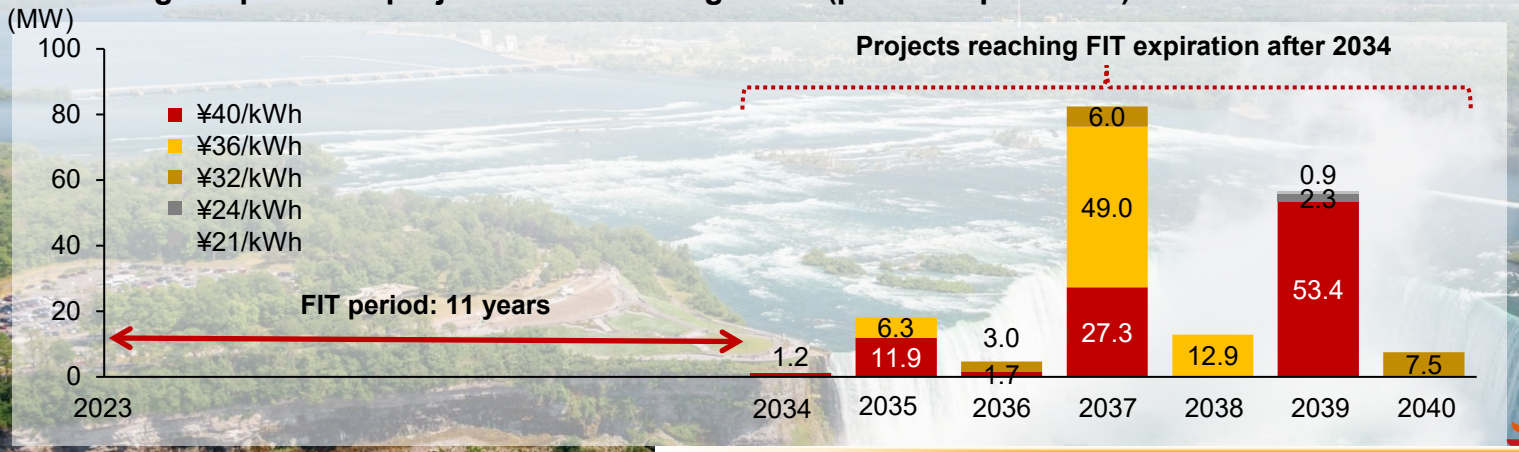
Note: The medium-term target shown above is CSIF's target as of December 31, 2022, and does neither represent a guarantee nor promise that the target will be achieved nor when it will be achieved. CSIF's asset size expansion is dependent on financing environment, development schedule of solar power plants in the sponsor pipeline, acquisition opportunities of projects outside of the sponsor pipeline, and negotiations with sellers. Hence, there is a possibility that the asset size target may not be achieved.

Portfolio Diversification

- **Since the IPO, CSIF has reduced its concentration risk of projects under management by consistently acquiring PV projects.**
- **The remaining FIT period is also diversified over a long period of time, aiming to build a portfolio that will support stable cash flows in the future.**
  - **Changes in portfolio income diversification (panel output basis)**

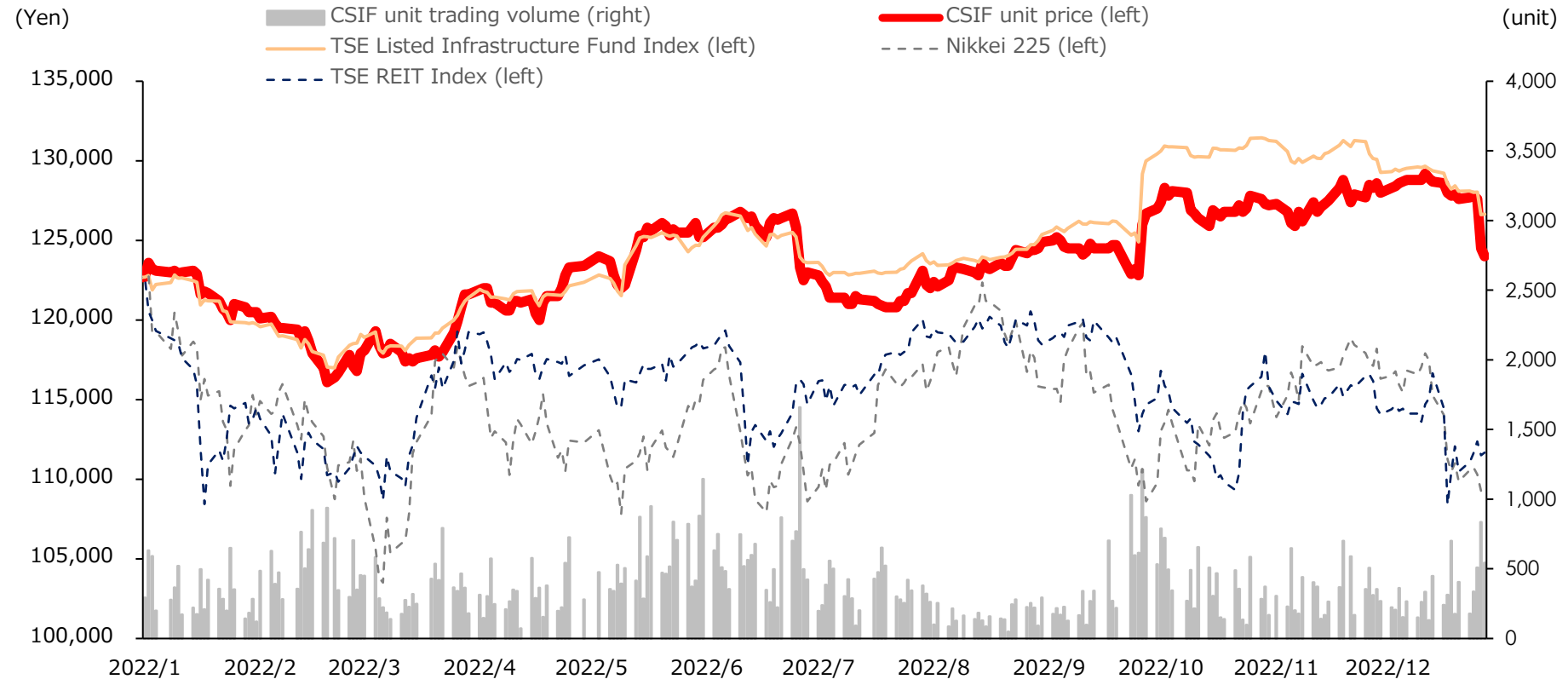


- **Remaining FIT period of projects-under-management (panel output basis)**



Unit Price Performance

- **In 2022, while both the Nikkei 225 and the TSE REIT Index have been on a downtrend due to recent interest rate hikes in various countries, the TSE Listed Infrastructure Fund Index has been on an uptrend in response to the announcement on September 28, 2022 that Takara Leben would launch a tender offer for TIF investment units.**
- **Although market conditions were largely volatile, such as rising energy prices triggered by Russia's invasion of Ukraine, interest rate hikes in various countries and a significant depreciation of the yen and appreciation of the dollar, CSIF unit prices remained stable almost in line with the TSE Listed Infrastructure Fund Index.**



Source: Tokyo Stock Exchange, Inc.
Note : Weighted average of listed infrastructure funds, Nikkei average, and TSE REIT Index is benchmarked to CSIF's closing price as of January 4, 2022 and shows the rate of decline since January 4, 2022.

Debt Profile (1) – LTV, Fixed-to-variable interest rate ratio, DSCR and Credit Rating

- **Employed conservative finance strategies to maintain sound LTV levels and a comfortable level of borrowing capacity**
- **CSIF financial profile remains stable as fixed-to-variable interest rate ratio is 100% and DSCR is 2.29**
- **Submitted a shelf registration statement of investment corporation bonds with the maximum issue amount JPY 20 billion to secure funding facilities from the capital market**

Fixed-to-variable interest rate ratio and DSCR

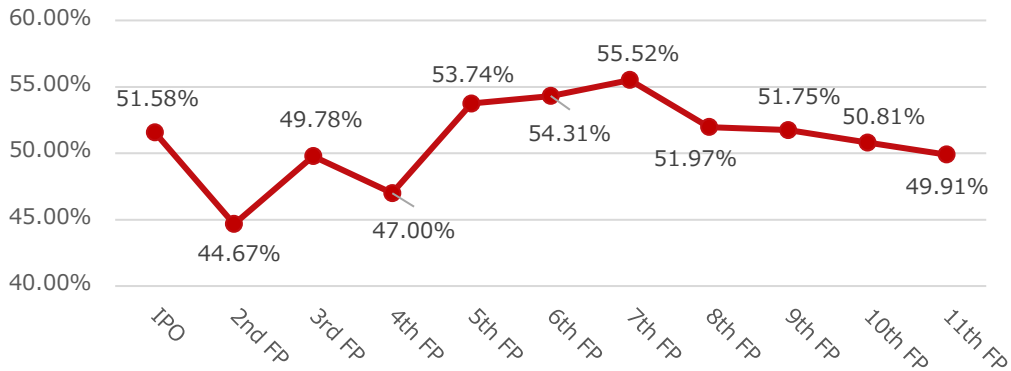
Fixed-to-variable interest rate ratio (Note1)

As at end of June 2022	As at end of December 2022
100.0 %	100.0 %

DSCR (Note2)

As at end of June 2022	As at end of December 2022
2.49	2.29

Historical LTV



Credit Rating

Rating Agency	Subject to Rating	After Review	Outlook	Renewal Date
Japan Credit Rating Agency, Ltd.	Long-term Issuer Rating	A	Stable	August 10, 2022
	The 1st Unsecured Investment Corporation Bond (only for Qualified Institutional Investors)	A	-	August 10, 2022
Rating and Investment Information, Inc.	Long-term Issuer Rating	A-	Stable	July 27, 2022

(Note1) "Fixed-to-variable interest rate ratio" refers to the ratio of fixed interest rate liabilities to total interest-bearing liabilities at that time. Variable interest rate liabilities that were converted to fixed interest rate liabilities through interest rate swap agreements were deemed as fixed interest rate liabilities

(Note2) "DSCR" stands for Debt Service Coverage Ratio and refers to the numerical value calculated by (operating income + depreciations costs + the increased portion of the reserves in our reserve fund for repair fees) ÷ (principal repayment + interest)". DSCR is a multiple of the cash flow before repayments of existing borrowings versus repayment amount of existing borrowings. CSIF believes that DSCR is a useful indicator that shows how much surplus cash flow is available for repaying existing borrowings.

Debt Profile (2) – Summary of Loans and Bonds

Loans

(As of December 31, 2022)

Type	Borrowing Date	Interest rate	Ending Balance (million yen)	Repayment Date	Abstract
Long-term	31-Oct-2017	Base rate＋0.45% (Fixed to 0.845%)	11,507	31-Oct-2027 *JCR Green Finance Evaluation*	Unsecured and non-guaranteed
	6-Sep-2018	Base rate＋0.45% (Fixed to 1.042%)	6,156	6-Sep-2028	Unsecured and non-guaranteed
	8-Mar-2021	Base rate＋0.45% (Fixed to 0.8199%)	15,124	8-Mar-2031 *JCR Green Finance Evaluation*	Unsecured and non-guaranteed
		Sub total of Loan	**32,788**		

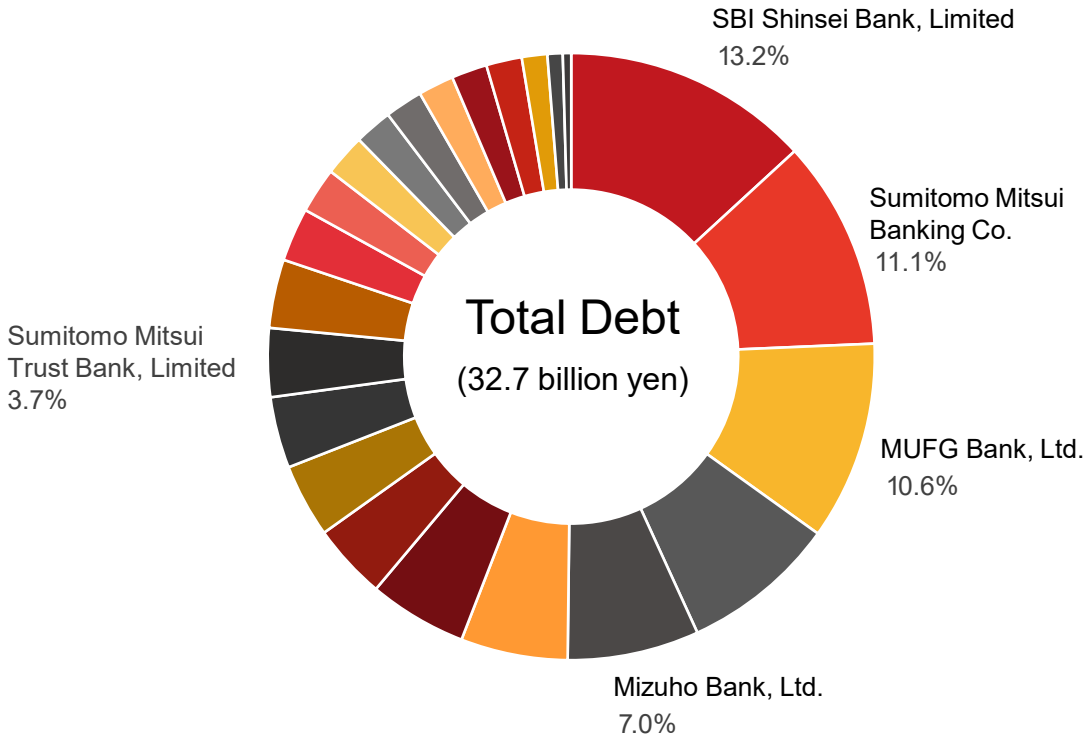
Investment Corporation Bond

Name of Investment Corporation Bond	Issue date	Interest rate	Ending Balance (million yen)	Redemption date	Abstract
Canadian Solar Infrastructure Investment Corporation / The 1st Unsecured Bond	6-Nov-2019	0.71%	1,100	6-Nov-2024	Unsecured and non-guaranteed
Canadian Solar Infrastructure Investment Corporation / The 1st Unsecured Bond (Green bond)	26-Jan-2021	0.80%	3,800	26-Jan-2026 *JCR Green Bond Evaluation*	Unsecured and non-guaranteed
		Sub total of Bond	**4,900**		
		Total	**37,688**		

Bank Formation

■ **Stable Bank Formation with 23 financial institutions including 3 Mega Banks, SBI Shinsei Bank and Sumitomo Mitsui Trust Bank appointed as the Arrangers and Co-Arrangers**

	Lender	Balance (JPY million)	Share (%)
	SBI Shinsei Bank, Limited	4,315	13.2%
	Sumitomo Mitsui Banking Co.	3,655	11.1%
	MUFG Bank, Ltd.	3,470	10.6%
	The Nanto Bank, Ltd	2,711	8.3%
	Mizuho Bank, Ltd.	2,298	7.0%
	Asahi Shinkin Bank	1,868	5.7%
	Hiroshima Bank, Ltd.	1,716	5.2%
	Resona Bank, Limited	1,319	4.0%
	The Oita Bank, Ltd.	1,282	3.9%
	The Tottori Bank, Ltd.	1,245	3.8%
	Sumitomo Mitsui Trust Bank, Limited.	1,198	3.7%
	The Chugoku Bank, Ltd.	1,198	3.7%
	The 77 Bank, Ltd.	934	2.8%
	The Ashikaga Bank, Ltd	793	2.4%
	Orix Bank Corporation	732	2.2%
	The Shonai Bank, Ltd.	659	2.0%
	The Tochigi Bank, Ltd.	659	2.0%
	The Bank of Saga, Ltd.	622	1.9%
	The Senshu Ikeda Bank, Ltd.	622	1.9%
	The Bank of Nagoya, Ltd.	622	1.9%
	The Fukuho Bank, Ltd.	444	1.4%
	The Bank of Fukuoka, Ltd.	266	0.8%
	San ju San Bank, Ltd.	146	0.4%



Impact of Curtailment and Installing Online Curtailment Controller

Impact of curtailment on CSIF

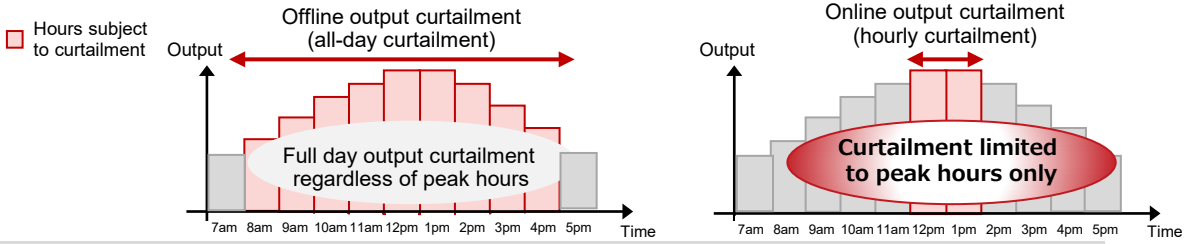
	4th Fiscal Period (period-ended Jun. 2019)	5th Fiscal Period (period-ended Dec. 2019)	6th Fiscal Period (period-ended Jun. 2020)	7th Fiscal Period (period-ended Dec. 2020)	8th Fiscal Period (period-ended Jun. 2021)	9th Fiscal Period (period-ended Dec. 2021)	10th Fiscal Period (period-ended Jun. 2022)	11h Fiscal Period (period-ended Dec. 2022)
Number of days of curtailment	48 days	13 days	71 days	2 days	90 days	22 days	41 days	7 days
Number of times CSIF power plants underwent curtailment	117	21	249	1	206	96	136	24
Estimated variable rent losses (thousand Yen)	32,545	3,750	58,130	95	320,420	91,821	114,722	19,773
Ratio of estimated variable rent losses to projected rental revenues	1.54%	0.17%	2.47%	0.00%	9.47%	2.46%	3.10%	0.53%

In the 11th FP, decrease in curtailment both in the numbers of days and times from the previous year, along with the completion of the installation of online curtailment controllers at power plants in the Kyushu region, had a significant effect on reducing the estimated variable rent losses compared to those in the 9th FP a year ago

While the impact of curtailment still exists to a certain extent, the impact on the operating status and distributions is reduced due to various efforts by CSIF

Rationale behind installing online curtailment controller

Transition from all-day curtailment to hourly curtailment with the introduction of online curtailment controller, it is possible to limit curtailment to peak hours only.



CSIF expects to reduce the impact of curtailment on its revenue by installing a curtailment controller

Promotion of installing curtailment controller by Kyushu Electric Power Transmission and Distribution Co., Inc. and other distributors

Output curtailment had commenced in many grids across Japan; In addition to Kyushu Electric Power Transmission and Distribution Co. Inc., Chugoku Electric Power Transmission & Distribution Co. Inc. and YONDEN T & D as of April 2022, and Shikoku Electric Power Transmission and Distribution Co. Inc., and Hokkaido Electric Power Network, Inc. as of May 2022. CSIF has been actively installing online curtailment controllers for its projects-under-management in not only the Kyushu power grid, but for projects in other power grids in the Tohoku, Shikoku, Hokkaido as well as the Chubu power grid which is expected to undergo online output curtailment in the future.

ESG Initiatives (UN PRI・ESG Report)

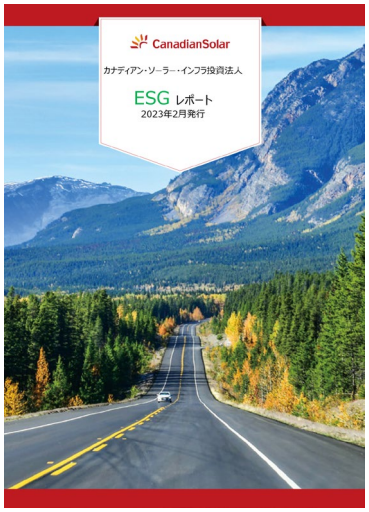
■ Signatory to UN PRI and Formulation of the “Approach to the UN PRI” by CSAM

- As of August 13, 2019, CSAM became the first Japanese asset manager of a listed infrastructure fund to be a signatory to the UN PRI (United Nations supported Principles for Responsible Investment) to promote ESG (Environmental, Social and Governance) investments.
- After signing the UN PRI, CSAM developed the " Approach to UN PRI" as its basic ESG policy as of the end of December 2020, is disclosed on the CSIF's website.

Signatory of:
PRI Principles for Responsible Investment

■ ESG Report

- Since its establishment, CSIF has been practicing ESG-conscious management together with CSAM.
- CSAM recognized that in our business operations, the issue of climate change is an important management issue that can be a risk or an opportunity.
- CSAM signed the UN Principles for Responsible Investment in August 2019.
  CSIF endorsed the Climate-related Financial Disclosure Task Force recommendations in February 2022.
  CSIF CSIF and CSAM published the ESG report in February 2023.
- CSIF will select ESG subjects (materiality) of particular importance to CSIF and promote efforts to achieve and further improve targets by setting KPIs and implementing specific measures for materiality items through future activities.



ESG Initiatives (Granting of Tracking Information ・Power Sales with Premium)

■ Granting of Tracking Information

- In response to the accelerating global decarbonization efforts, electricity consumers are increasingly looking for renewable energy sources for their own electricity procurement. CSIF has started to provide consumer with tracking information (renewable energy power plant information to be granted to FIT Non-Fossil Certificates (Note)) for its CS Daisen-cho Power Plant (A), CS Daisen-cho Power Plant (B), and CS Marumori-machi Power Plant.
- This trial can respond to the growing needs of electricity consumers for renewable energy, such as RE100 (Renewable Energy 100%), an international initiative that aims to procure 100% of the energy consumed by business activities from renewable energy sources.

(Note) FIT Non-Fossil Certificates are certificates that represent the renewable energy value of electricity purchased on a feed-in tariff under the FIT system and traded on the non-fuel value trading market of the Japan Electric Power Exchange (hereinafter referred to as "JPEX").

■ Power sales with premium to renewable energy users through a Wholesale Electricity Supply Agreement with Zero Watt Power Inc.

- By executing the wholesale electricity supply agreement with Zero Watt Power Inc for CSIF's power plants listed below, CSIF contributes to supply FIT electricity to consumers.
- CSIF has also begun purchasing clean electricity for power plant consumption. Clean electricity derived from renewable energy sources and FIT electricity to general households and companies that demand clean power from renewable energy sources, which will contribute to the diffusion of renewable energy. We believe that this will contribute to the spread of renewable energy and also to the generation of additional rental revenues.

Power Plant	Counter Party	Premium Wholesale	Purchase of clean energy
CS Izu-shi PP	Zero Watt Power	From February 2021	From March 2021
CS Mashiki-machi PP		From December 2021	From June 2021
CS Hiji-machi Dai-ni PP		From July 2021	From June 2021
CS Ogawara-machi PP		From May 2021	From July 2021

ESG Initiatives（TCFD・SFDR）

The first listed infrastructure fund to conduct disclosures under TCFD guidelines

- Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) to promote transparency on climate-related information disclosures and discuss implementation methods for financial institutions.
- On February 14, 2022, CSIF conducted climate-related disclosures in accordance with the guidelines of the “TCFD Recommendations” released in June 2017 where it is recommended to categorize disclosures by core elements; “governance”, “strategy”, “risk management” and “metrics and targets”.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Adherence to EU SFDR Article 8 disclosure requirements

- In order to prevent greenwashing (falsely claiming the sustainability of a particular product) and to create a more transparent playing field for ESG investors in their investment decision-making, EU SFDR was created for the purpose of enhancing transparency of sustainable investment.
- Disclosure covers all information relevant to policies on sustainability risk, sustainability of financial products, and ESG factors.
- CSIF is scheduled to conduct SFDR Article 8 disclosure requirements of pre-defined ESG (environmental, social, governance) factors.

Article 6

All products not covered by Article 8 or Article 9

Article 8

Products promoting environmental or social characteristics

Article 9

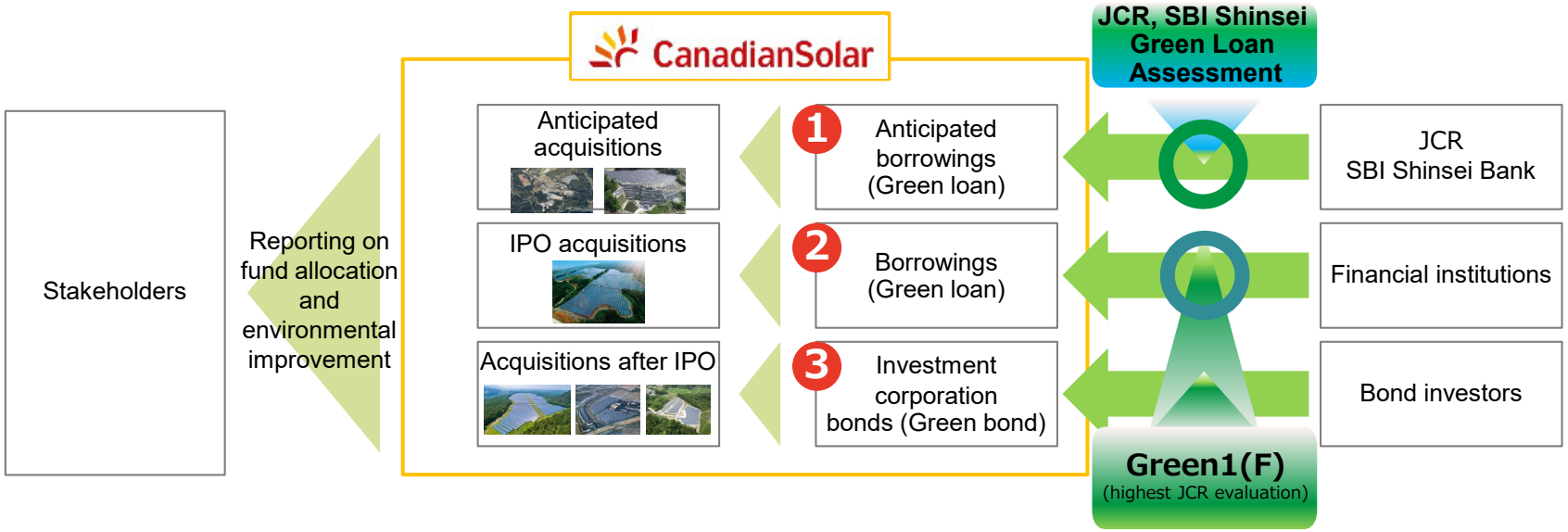
Products designed to sustainable investments or reducing carbon emissions

CSIF

CanadianSolar

ESG Initiatives (Green Finance)

■ **CSIF devised a new Green Finance Framework which obtained a Green1(F) assessment from JCR, the highest assessment rating as of May 11, 2020 and the rating is maintained.**



1 CSIF obtained a Green1 (the highest rating) assessment from JCR and a SBI Shinsei Green Loan Assessment from SBI Shinsei Bank, Limited, which is one of CSIF's arranger banks, for the borrowings of 17.0 billion yen allocated towards acquisitions during the 8th Fiscal Period (acquired on March 8, 2021) . Also, after JCR's review, the borrowings continued to be assessed as Green1 as of June 30, 2022.

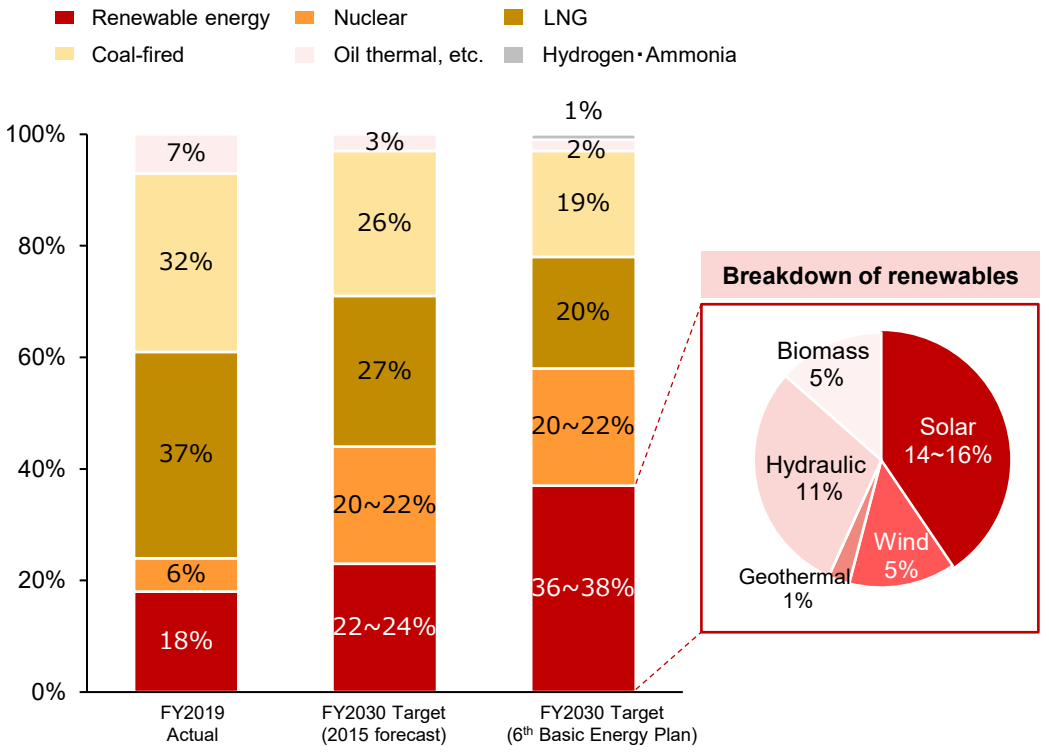
2 The borrowings amounting to 15.7 billion yen which was allocated towards the funds for acquiring the acquisitions for the IPO obtained a Green1 (the highest rating) assessment by JCR as of November 22, 2017, based on JCR's evaluation of the use of proceeds and CSIF's management/operation/transparency. Also, after JCR's review, the borrowings continued to be assessed as Green1 as of June 30, 2022.

3 As of January 26, 2021, CSIF issued a 5-year Green Bond of 3.8 billion yen, which was given JCR Green1 assessment and the proceeds will be used for the repayment of borrowings. Also, after JCR's review, the Investment corporation bonds continued to be assessed as Green1 as of June 30, 2022.

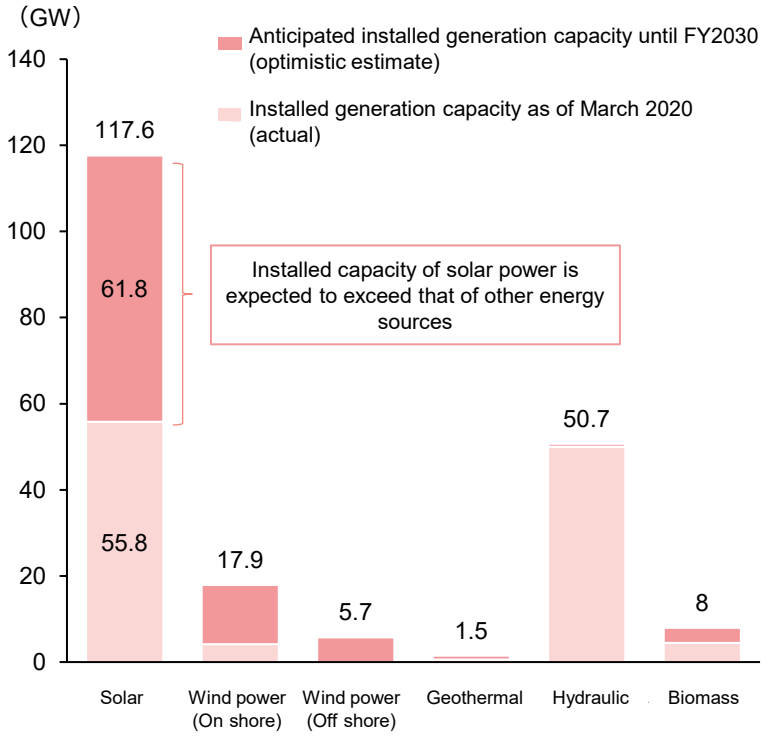
Aim for Further Diffusion of Renewable Energy drawing on Positive Stance of the Japanese Government

- According to the 6th Basic Energy Plan approved by the Cabinet in October 2021, the government plans to set the share of renewable energy as the top source of energy. Also, it seeks to double the ratio of renewable energy (compared to FY2019 actuals, 18%) by FY2030; somewhere between 36%~38% of the total energy mix.
- Solar power is expected to compose 14%~16% of the total renewable energy mix. Moreover, installed capacity of solar power by FY2030 is expected to significantly larger than other sources.

Ratio of renewables to total energy mix



Expected installed capacity by renewable energy source



Source: Compiled by the asset manager based on documents by the Strategic Policy Committee of the METI Agency for Natural Resources and Energy Advisory Committee for Natural Resources and Energy

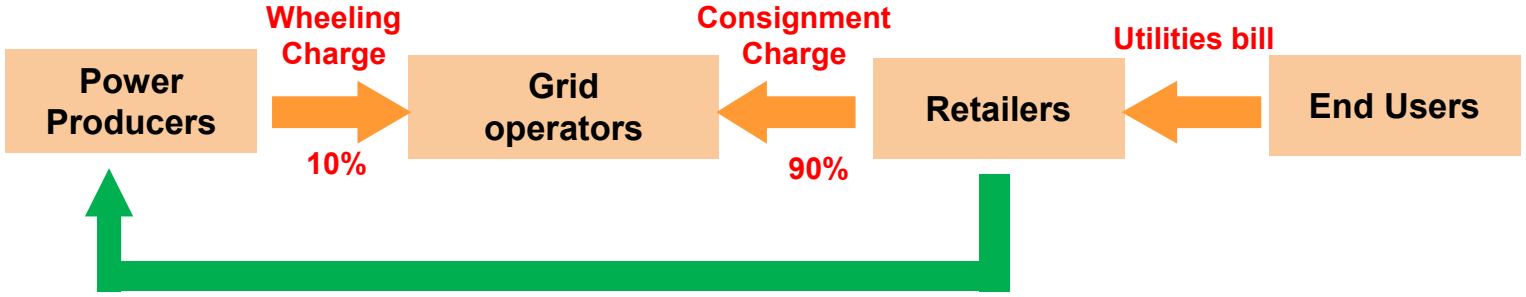
Main Points of the Revised Renewable Energy Act

Discussions on Power Producer-side Wheeling Charge

- Concerning the regulation on wheeling charges where power producers (including renewable energy producers) must bear 10% of consignment charges which the retailer previously paid the full cost, a proposal to exempt wheeling charges on FIT/FIP-certified projects until after the FIT period expires has been submitted.

Summary of the details of Wheeling Charge	• In addition to levy methods and detailed calculation methods, discussions on wheeling charges on existing FIT-certified projects were held. However, the government ultimately decided to reach a decision during FY2022 with the common understanding that the effective date will be postponed from FY2023 to FY2024. • At the "Mass Renewable Energy Introduction / Next Generation Energy Network Committee" held in Nov 2022, the members decided that careful discussions on how to regulate FIT energy sources without interrupting the growth of renewable energy. Considering the burden on the Japanese citizens a motion to either allow installment payments or completely exempt wheeling charges on existing FIT/FIP-certified projects has been submitted. • Finally, the aforementioned committee decided that wheeling charges are exempt for existing FIT/FIP projects during their respective FIT periods. After receiving public comments on this new regulation, finite details will be decided by March 2023 and is scheduled to be effective as of FY2024.

Scheme of Wheeling Charge (All of CSIF's assets are already FIT-certified projects)



Wheeling charge shall be added to the wholesale price.

3. Management Policy

11th, 12th and 13th FP Business Forecast

Business Forecast

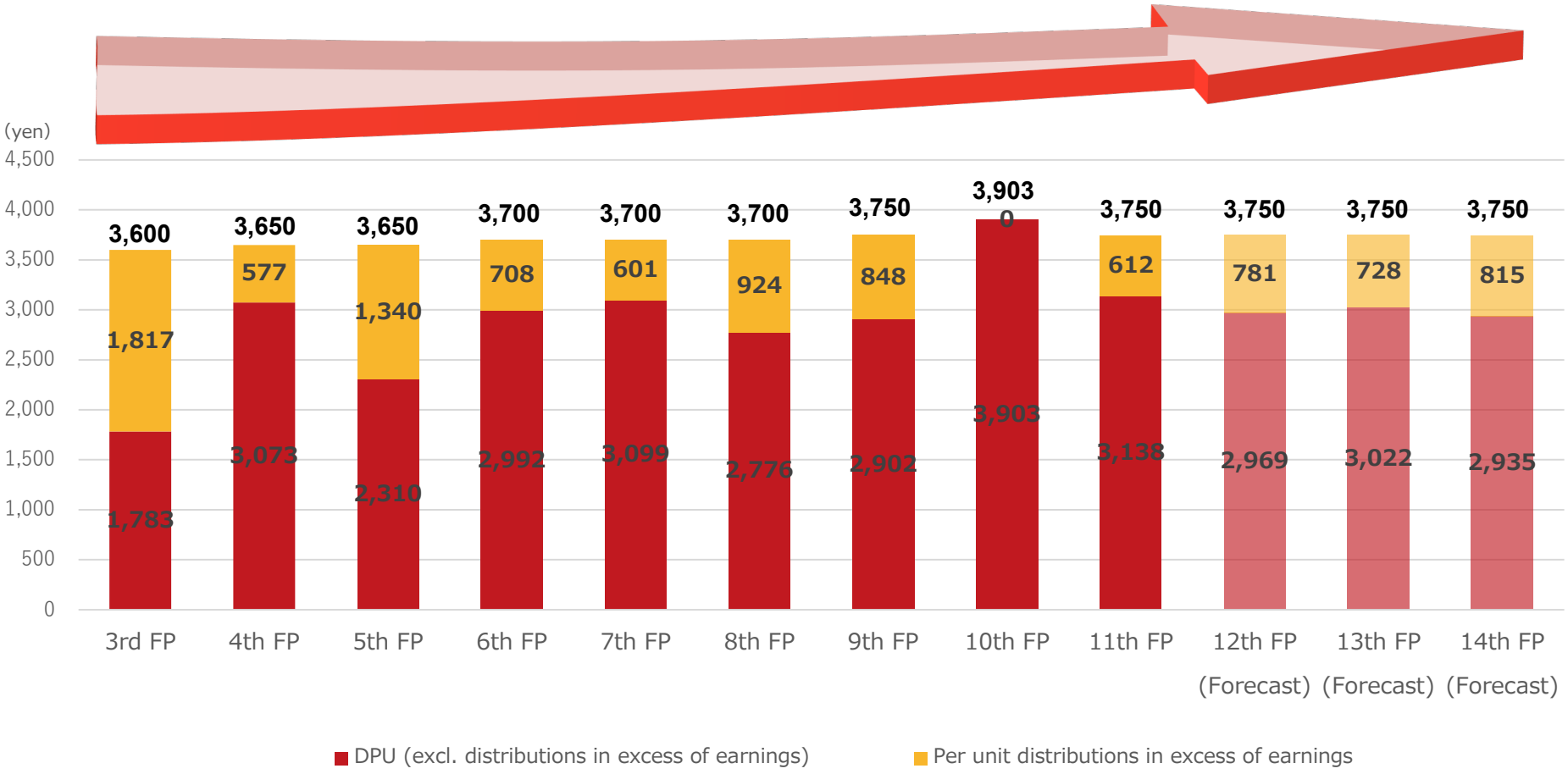
Statement of Income (million yen)	12th Fiscal Period (ending Jun 2023)	13th Fiscal Period (ending Dec 2023)	14th Fiscal Period (ending Jun 2024)
Operating revenues	3,690	3,707	3,639
Operating income	1,352	1,370	1,330
Income before income taxes	1,149	1,169	1,136
Net income	1,148	1,168	1,135
DPU (incl. distributions in excess of earnings)	3,750 yen	3,750 yen	3,750 yen
DPU (excl. distributions in excess of earnings)	2,969 yen	3,022 yen	2,935 yen
Per unit distributions in excess of earnings	781 yen	728 yen	815 yen

CSIF expects to distribute JPY 3,750 per unit for the 12th to 14th FP with the aim of maintaining a stable and sustainable distribution payout

(Note 1) Figures are rounded down to the nearest million yen.
(Note 2) Above forecasts are based on earnings summary dated February 15, 2023, and is subject to change due to factors including without limitation, acquisition or sale of renewable energy projects, changes in infrastructure markets, fluctuation in interest rates and other changes in circumstances surrounding CSIF. Forecasts do not guarantee any dividend amounts.

Historical and Forecasted Dividend

- **CSIF has maintained stable distributions ever since it realized a distribution of JPY3,600 per unit for the 3rd FP**
- **DPU forecast for the 12th to 14th FP is JPY 3,750 and CSIF aims to achieve a stable and sustainable distribution payout by utilizing distributions in excess of earnings**



(Note) Figures for the 12th to 14th Fiscal Period are forecasts and are subject to change. They do not represent guaranteed distribution amounts.

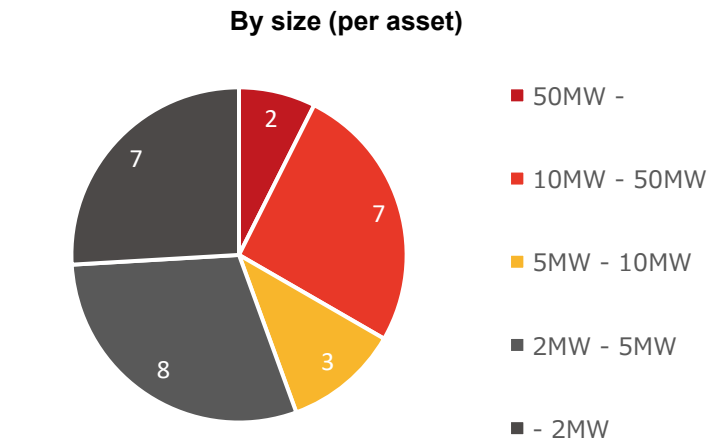
External Growth Strategy (Pipeline)

(Pipeline including projects owned by JGIF and Bridge Fund, the numbers are as of December 31, 2022)

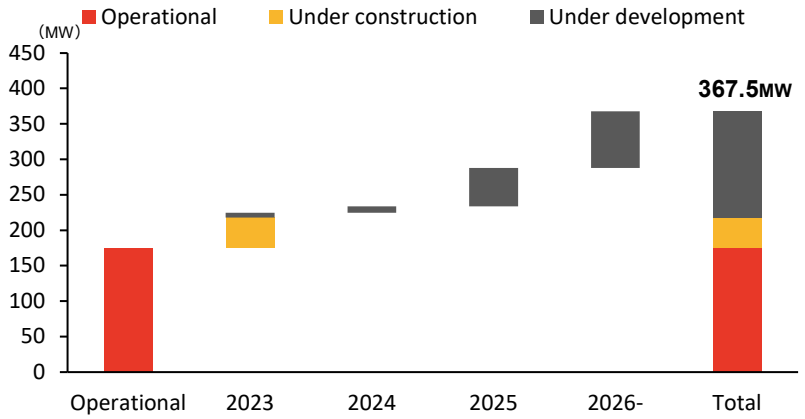
- **Target to achieve ¥100Bn in asset size early by mainly acquiring assets from abundant sponsor pipeline**

Operational and under construction	+	Under development	=	Total pipeline
15 projects, **217.7**MW		**12** projects, **149.8**MW		**27** projects, **367.5**MW

Pipeline snapshot



Operational start year and status of pipeline assets



Source: Compiled by the Asset Manager based on disclosures by Canadian Solar Projects K.K.

Abundant Pipeline Centered on Sponsor-Developed Assets Assisting CSIF's Growth

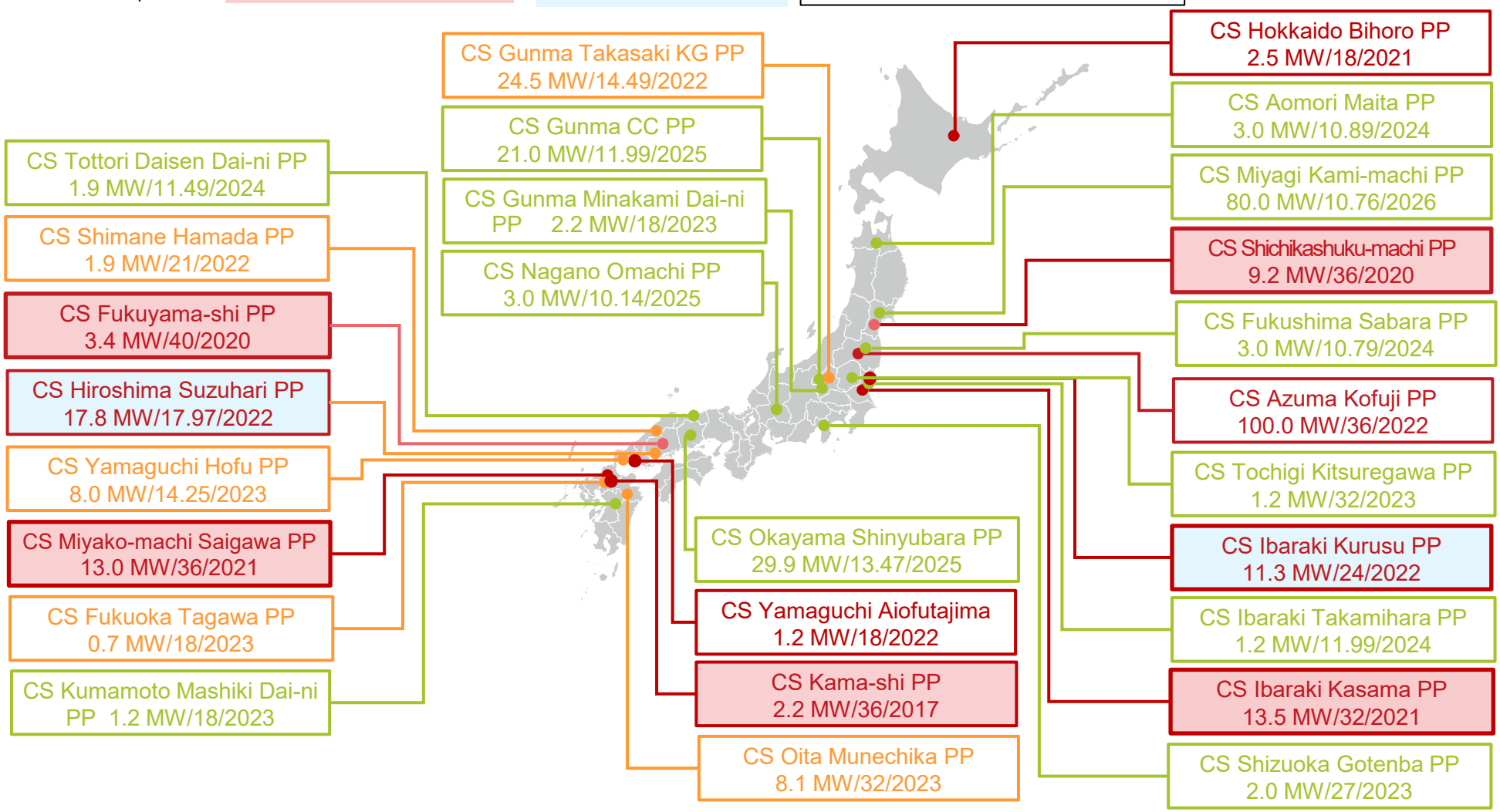
- Operational
- Under construction
- Under development

Pink box for Bridge Fund projects

Light blue box for JGIF's projects

Lower row in each box ; size (MW)/ FIT price in JPY/ anticipated COD

(as of December 31, 2022)



Source: Compiled by the Asset Manager based on disclosures by Canadian Solar Projects K.K.

Appendix

Canadian Solar Group's Global Operations（1）

Key achievements of Canadian Solar Group

Share of shipping PV modules	Bankability	Shipped solar panels	Solar power plants under development or construction
2021 Global share Top 5 Source: Pveye June 2022, Vis On Press Co.,Ltd.	2020 #1 bankable solar panel manufacturer (Solar module segment) Source: Bloomberg New Energy Finance 2020 Module Bankability Survey	Over 82GW intotal (as of September 30, 2022)	Approx. 25GW (panel output basis as of September 30, 2022)

Canadian Solar Group's history

- **Founded in Ontario, Canada in 2001**
- **Listed on NASDAQ (CSIQ) in 2006**
- **Entered the Japan market in 2009 and established a proven track record for shipping PV modules**
- **Over 13,500 employees as of September 2022**
- **More than 82 GW of cumulative solar panels shipped**

Over 82 GW solar modules shipped

Module capacity 32 GW
Cell capacity 19.8 GW

25 GW project pipeline
40 GWh energy project pipeline of CSIQ

Active buying customers in more than 160 countries

Subsidiaries in 23 countries & regions on 6 continents

20 manufacturing facilities in Asia & Americas

Canadian Solar Group's Global Operations (2)

Canadian Solar Group's Global Operations

Module and System solutions (MSS) segment：18 countries
Energy segment ：18 countries
Solar panel factory：4 countries (17 factories)

(As of September 30, 2022)

1	Canada	2 offices	6	Chile	1 office	11	Italy	1 office	16	China	16 offices	21	Vietnam	1 office
2	U.S.	3 offices	7	U.K.	1 office	12	Netherlands	1 office	17	Taiwan	1 office	22	Malaysia	1 office
3	Mexico	1 office	8	Germany	1 office	13	UAE	2 offices	18	Korea	1 office	23	Singapore	1 office
4	Brazil	1 office	9	Poland	1 office	14	South Africa	1 office	19	Japan	4 offices	24	Australia	2 offices
5	Columbia	1 office	10	Spain	1 office	15	India	1 office	20	Thailand	1 office			

Value Creation using the Sponsor Group's Vertically Integrated Model (Manufacturer, Developer, AM・O&M)

Canadian Solar Infrastructure Fund, Inc.

Project owner

Capture continuous growth opportunities and create stable cash flow

Achieve growth from acquiring solar power plants

External growth

Same boat equity Sponsor support

Recoup development funds

Canadian Solar Inc.	Canadian Solar Projects K.K.	Canadian Solar Asset Management K.K. Canadian Solar O&M Japan K.K.
Manufacture PV modules	Develop solar power plants	Solar power plant AM・O&M

Vertically Integrated Business Model

Manufacturer	Developer Operator	Asset Management O&M provider

Canadian Solar Group

Organizational Structure

- **Identical structure as a typical J-REIT**
- **Our revenue is derived from rent income of solar energy projects**

Canadian Solar Asset Management K.K.

- Engaged in asset management in Canadian Solar Infrastructure Fund, Inc.
- Established in June 2016

Canadian Solar Projects K.K. (Sponsor)
(Sponsor / Operator)

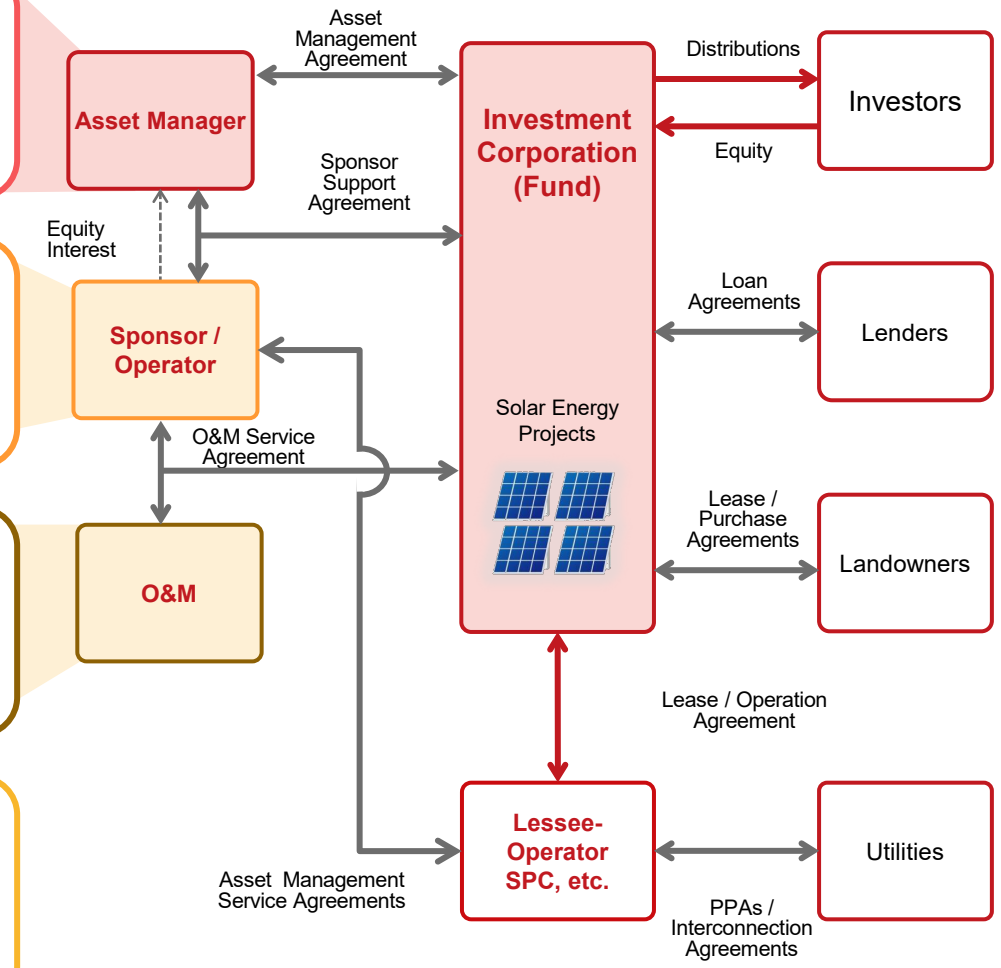
- Engaged in construction and operation of solar energy facilities
- Established in May 2014

Canadian Solar O&M Japan K.K.

- Provides O&M services to solar energy facilities including our currently-owned projects
- Established in June 2016

Canadian Solar Japan K.K.

- Sales of PV modules for use in residential and industrial solar power systems
- Established in June 2009



Asset List– Operational Result for 11th FP

(in thousand yen)

No.	Project name	Basic Rent	Variable Rent and Other Revenues	Rental Expenses (incl. depreciation expenses)	Depreciation Expenses	Profits and losses from the rental business
S-01	CS Shibushi-shi Power Plant	18,843	7,052	13,552	9,539	12,341
S-02	CS Isa-shi Power Plant	13,954	6,359	11,776	7,925	8,537
S-03	CS Kasama-shi Power Plant	28,949	12,248	21,350	14,483	19,846
S-04	CS Isa-shi Dai-ni Power Plant	28,815	11,483	24,030	16,534	16,267
S-05	CS Yusui-cho Power Plant	23,117	9,785	21,545	14,360	11,356
S-06	CS Isa-shi Dai-san Power Plant	34,318	14,687	29,307	19,971	19,697
S-07	CS Kasama-shi Dai-ni Power Plant	28,570	12,345	26,092	17,604	14,821
S-08	CS Hiji-machi Power Plant	36,910	18,138	32,094	22,166	22,954
S-09	CS Ashikita-machi Power Plant	36,547	13,956	29,709	20,306	20,794
S-10	CS Minamishimabara-shi Power Plant (East & West)	64,523	27,753	55,951	35,404	36,324
S-11	CS Minano-machi Power Plant	30,223	6,551	23,528	16,211	13,245
S-12	CS Kannami-cho Power Plant	18,177	6,661	16,144	9,671	8,692
S-13	CS Mashiki-machi Power Plant	677,855	294,168	483,338	338,389	488,684
S-14	CS Koriyama-shi Power Plant	7,465	3,279	6,000	4,191	4,744
S-15	CS Tsuyama-shi Power Plant	21,575	12,106	19,371	13,160	14,309

Asset List– Operational Result for 11th FP

(in thousand yen)

No.	Project name	Basic Rent	Variable Rent and Other Revenues	Rental Expenses (incl. depreciation expenses)	Depreciation Expenses	Profits and losses from the rental business
S-16	CS Ena-shi Power Plant	25,225	17,874	24,951	14,526	18,147
S-17	CS Daisen-cho Power Plant(A)(B)	379,639	131,511	325,320	214,573	185,829
S-18	CS Takayama-shi Power Plant	9,573	1,512	9,880	5,034	1,205
S-19	CS Misato-machi Power Plant	12,808	5,228	11,826	7,603	6,210
S-20	CS Marumori-machi Power Plant	27,903	11,450	29,946	17,059	9,406
S-21	CS Izu-shi Power Plant	140,541	73,271	135,848	87,835	77,963
S-22	CS Ishikari Shinshinotsu-mura Power Plant	20,552	12,924	23,929	13,015	9,546
S-23	CS Osaki-shi Kejonuma Power Plant	6,254	2,887	5,930	3,600	3,209
S-24	CS Hiji-machi Dai-ni Power Plant	824,936	367,392	650,680	475,568	541,647
S-25	CS Ogawara-machi Power Plant	86,039	31,191	82,512	54,412	34,717
Total		2,603,324	1,111,826	2,114,647	1,453,152	1,600,502

ESG Initiatives（Environment）

In consideration of the environment, CSIF and the Canadian Solar Group contributes to the utilization of renewable energy through renewable energy investments.

Incorporate measures to reduce environmental impact from manufacturing solar panels

- The Canadian Solar Group is focused on reducing the environmental impact from solar panel manufacturing processes such as greenhouse gases and industrial waste water and have achieved the following reductions in our environmental impact from 2017 to 2021.

Reduction of greenhouse gas emissions (/ kW)

2017		2021
Approx. 156 ton	-17%	Approx. 130 ton

Reduction of industrial water consumption (/ MW)

2017		2021
Approx. 2,249 ton	-53%	Approx. 1,059 ton

Source ： 「Sustainability Report 2021」 (Canadian Solar Inc.)

Environmentally-conscious development and operation of CS Daisen-cho Power Plant

- Given that Mount Daisen located near CS Daisen-cho Power Plant owned by CSIF, is in close proximity to an ecosystem rich with forests, plants and wild birds, the Sponsor made efforts to refrain from using chain-saws when developing the project to avoid damaging the habitat of rare species of indigenous falcons as well as painting the fence around the site using camouflage colors.

ESG Initiatives（Social）

Canadian Solar Group's relationship with local communities at Hiji-machi

- Canadian Solar Asset Management Inc. is sponsoring the Xavier‘s Way Walking in Hiji-machi, where CS Hiji-machi Power Plant and CS Hiji-machi Dai-Ni Power Plant are located. In 2022, CSAM employees participated in this event, which is a walk along a historic trail that Francisco Xavier is said to have passed through.



Canadian Solar Group’s relationship with the local community around CS Daisen-cho

- The Sponsor constructed the Daisen Canadian Garden and donated it to the Daisen-cho Town Government in commemoration of the completion of CS Daisen-cho Power Plant, now owned by the CSIF after development, and as part of its contribution to local communities in an effort to create harmony between nature and the large-scale solar power plant. In addition, it repaired the Hima Jinja Shrine in the same town and donated an incense holder made of white granite to the Shimpukuji Temple.



Donation to Marumori-machi, Igu-gun, Miyagi prefecture where CS Marumori-machi is located

- The sponsor and CSAM offered donations to the Marumori-machi Town Government. The town was severely hit by Typhoon Hagibis in October 2019.

ESG Initiatives (Governance)

Aligning the interest of unitholders with that of the Sponsor

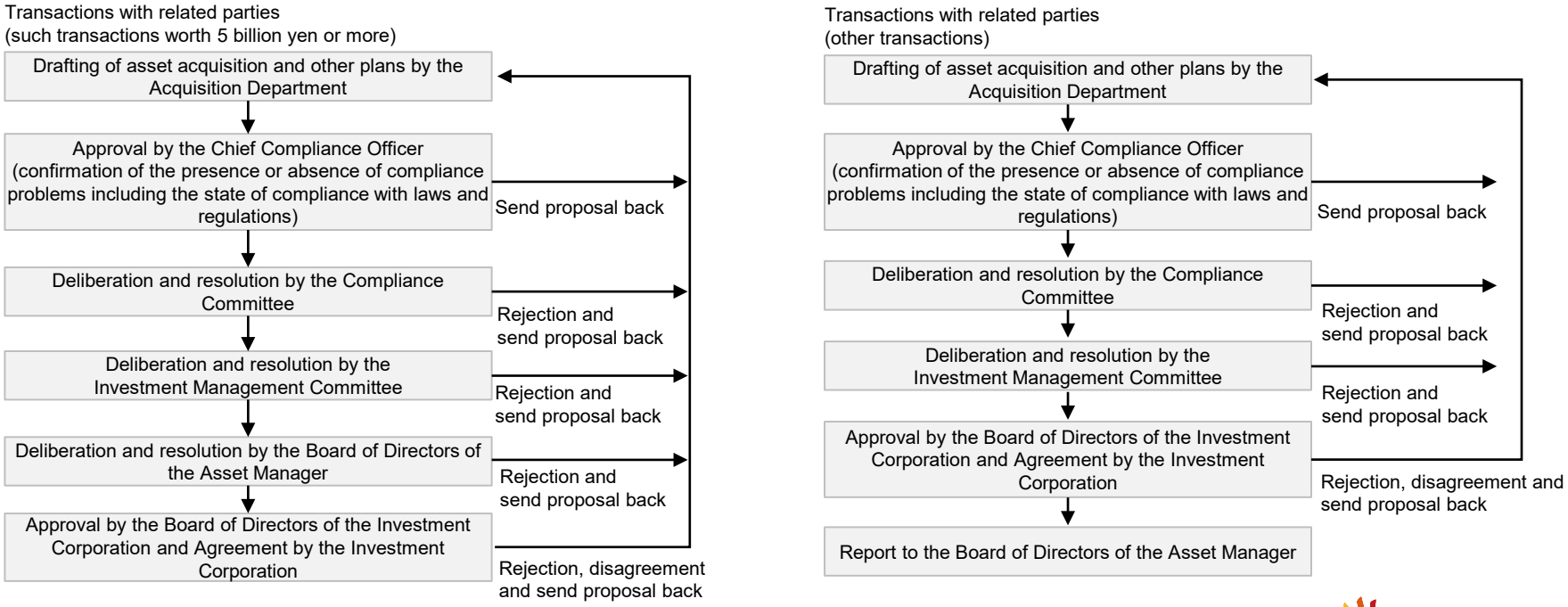
- We aim to increase unitholders' value by aligning the interest of unitholders with that of the sponsor.

Number of units held by the sponsor and holding ratio after the offering: 56,620 units （14.64%）

Decision-making Procedures for Asset Purchase and Transfer Transactions with Related Parties

- The Asset Manager has implemented measures in the Regulations for Related-Party Transactions to limit adverse effects in connection with transactions with related parties such as Canadian Solar Group companies where conflicts of interest are highly likely to emerge

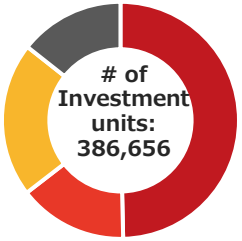
Decision-Making Structure Concerning Transactions with Related Parties in connection with Asset Acquisitions and Transfers



Status of Unitholders

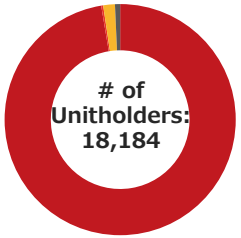
Unitholding (as at period-ended December 2022)

By unitholding amount



Individuals / others	191,919	(49.64%)
Financial institutions (incl. financial instruments firms)	57,595	(14.90%)
Domestic Corporates	81,615	(21.11%)
Foreign entities & individuals	55,527	(14.36%)

By unitholders



Individuals / others	17,706	(97.37%)
Financial institutions (incl. financial instruments firms)	50	(0.27%)
Domestic Corporates	297	(1.63%)
Foreign entities & individuals	131	(0.72%)

	Name	Number of investment units held (units)	Unitholding ratio to total issued units (%)
1	Canadian Solar Projects K.K.	56,620	14.64%
2	THE BANK OF NEW YORK MELLON SA/NV 10	10,839	2.80%
3	THE BANK OF NEW YORK	10,475	2.71%
4	The Bank of Fukuoka, Ltd.	7,830	2.03%
5	SSBTC CLIENT ONMIBUS ACCOUNT	7,387	1.91%
6	JP MORGAN CHASE BANK 385650	6,226	1.61%
7	The Rokinren Bank	6,223	1.61%
8	Custody Bank of Japan, Ltd. (Trust Account)	5,147	1.33%
9	The Master Trust Bank of Japan, Ltd.	4,490	1.16%
10	JP MORGAN CHASE BANK 380646	4,087	1.06%
	Total	119,324	30.86%

(Note): Unitholding ratio is rounded down to the nearest hundredth.

Balance Sheet for 11th FP

11th Fiscal Period (ended December 2022)

Assets

(in thousands of yen)

Current assets	
Cash and bank deposit	5,271,544
Operating accounts receivable	798,973
Accounts receivable	-
Prepaid expenses	85,754
Consumption tax receivable	-
Other current assets	284,507
Total current assets	6,440,782
Fixed assets	
Property and equipment	
Structures	1,056,877
Accumulated depreciation	△193,153
Total structures (net)	863,724
Machinery and equipment	42,480,349
Accumulated depreciation	△8,203,513
Total machinery and equipment (net)	34,276,835
Tools, equipment and supplies	591,663
Accumulated depreciation	△114,667
Total tools, equipment and supplies (net)	476,996
Land	4,505,944
Construction in progress	-
Structures in trust	6,590,138
Accumulated depreciation	△441,608
Total structures in trust (net)	6,148,530
Machinery and equipment in trust	20,291,246
Accumulated depreciation	△1,549,535
Total machinery and equipment in trust (net)	18,741,711
Tools, equipment and supplies in trust	94,264
Accumulated depreciation	△7,036
Total tools, equipment and supplies in trust (net)	87,228
Land in trust	4,769,905
Total property and equipment	69,870,876
Intangible assets	
Leasehold rights	1,156,923
Software	2,226
Total intangible assets	1,159,150
Investments and other assets	
Long-term prepaid expenses	481,802
Capital investments	10
Deferred tax asset	15
Long-term deposits	15,600
Guarantee deposits	37,790
Total investments and other assets	535,217
Total fixed assets	71,565,244
Deferred assets	
Investment corporation bond issuance cost	14,921
Total deferred assets	14,921
Total assets	78,020,948

Liabilities and Net Assets

(in thousands of yen)

Current liabilities	
Operating accounts payable	87,324
Long-term borrowings to be repaid within 1 year	2,275,477
Accounts payable	161,541
Accrued expenses	158,492
Income taxes payable	914
Consumption taxes payable	76,773
Deposits received	1,265
Total current liabilities	2,761,788
Fixed liabilities	
Investment corporation bond	4,900,000
Long-term borrowings	30,512,844
Total fixed liabilities	35,412,844
Total liabilities	38,174,632
Unitholders' equity	
Unitholders' capital	40,631,004
Amount deducted from Unitholders' capital	△1,998,255
Unitholders' capital (net)	38,632,749
Surplus	
Unappropriated retained earnings (accumulated deficit)	1,213,566
Total surplus	1,213,566
Total unitholders' equity	39,846,315
Total net assets	39,846,315
Total liabilities and net assets	78,020,948

Statement of Income for 11th FP

11th Fiscal Period (ended December 2022)

(in thousands of yen)

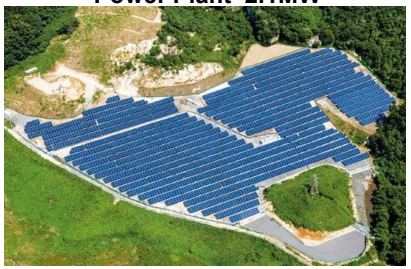
Operating revenues	
Rental revenues	3,715,150
Total operating revenue	3,715,150
Operating expenses	
Rental expenses of renewable energy projects	2,114,647
Asset management fee	115,772
Administrative service fees	27,251
Director's compensation	2,400
Tax and dues	164
Other operating expenses	71,609
Total operating expenses	2,331,847
Operating profit	1,383,301
Non-operating income	
Interest income	29
Insurance proceeds	39,287
Interest on refund	-
Other non-operating income	202
Total non-operating income	39,519
Non-operating expenses	
Interest expenses	148,732
Interest expenses on investment corporation bond	19,262
Amortization of investment corporation bond issuance expenses	2,779
Borrowing-related expenses	37,730
Investment unit issuance expenses	-
Loss on retirement of fixed assets	-
Total non-operating expenses	208,505
Ordinary income	1,214,315
Income before income taxes	1,214,315
Income taxes	918
Income tax adjustments	-2
Total income taxes	915
Net income	1, 213,400
Profits brought forward	165
Unappropriated retained earnings (accumulated deficit)	1,213,566

Portfolio Assets (1)

S-01 CS Shibushi-shi
Power Plant 1.2MW

S-02 CS Isa-shi
Power Plant 0.9MW

S-03 CS Kasama-shi
Power Plant 2.1MW



S-04 CS Isa-shi Dai-ni
Power Plant 2.0MW

S-05 CS Yusui-cho
Power Plant 1.7MW

S-06 CS Isa-shi Dai-san
Power Plant 2.2MW

S-07 CS Kasama-shi Dai-ni
Power Plant 2.1MW

S-08 CS Hiji-machi
Power Plant 2.6MW

S-09 CS Ashikita-machi
Power Plant 2.3MW

S-10 CS Minami Shimabara-shi
Power Plant
(East & West) 3.9MW

S-11 CS Minano-machi
Power Plant 2.4MW

S-12 CS Kannami-cho
Power Plant 1.3MW

S-13 CS Mashiki-machi
Power Plant 47.7MW

S-14 CS Koriyama-shi
Power Plant 0.6MW

S-15 CS Tsuyama-shi
Power Plant 2.0MW

Portfolio Assets (2)

S-16 CS Ena-shi
Power Plant 2.1MW

S-17 CS Daisen-cho
Power Plant (A&B) 27.3MW

S-18 CS Takayama-shi
Power Plant 1.0MW

S-19 CS Misato-machi
Power Plant 1.1MW

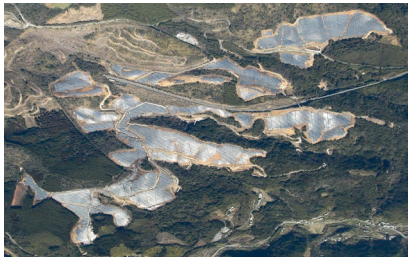
S-20 CS Marumori-machi
Power Plant 2.2MW

S-21 CS Izu-shi
Power Plant 10.7MW

S-22 CS Ishikari
Shinshinotsu-mura
Power Plant 2.3MW

S-23 CS Osaki-shi Kejonuma
Power Plant 0.9MW

S-24 CS Hiji-machi Dai-ni
Power Plant 53.4MW



S-25 CS Ogawara-machi
Power Plant 7.5MW

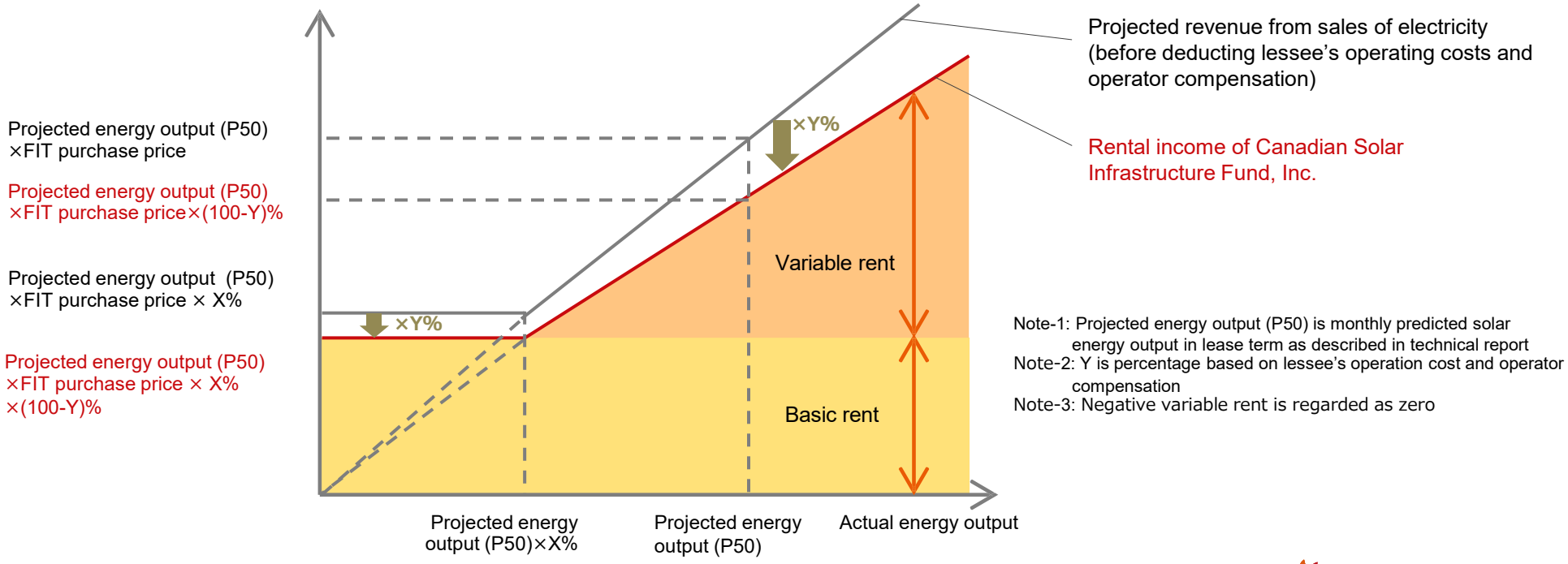
Leasing Structure based on Basic and Valuable rent

■ Calculation method of basic rent and variable rent in anticipated projects to be acquired

Basic rent	**Monthly projected energy output (P50) ×(100−Y)% × 70% × FIT purchase price**
Variable rent	**(Monthly actual energy output × (100−Y)% × FIT purchase price) − Basic rent**

- Even if actual energy output falls below 70% of projected energy output (P50), CSIF may still receive basic rent from lessee under certain conditions
- If actual energy output exceeds 70% of projected energy output (P50), possible to obtain variable rent

■ Diagram of rent structure

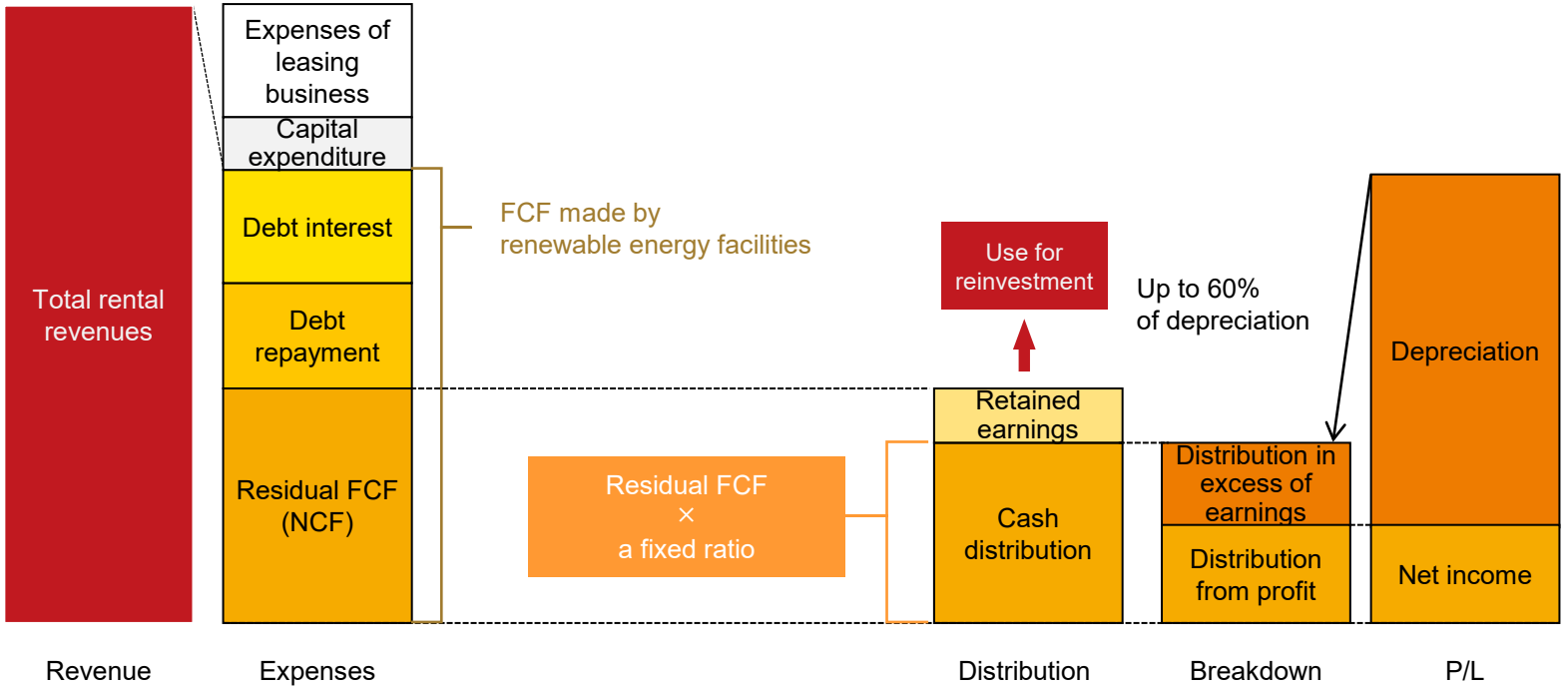


Note-1: Projected energy output (P50) is monthly predicted solar energy output in lease term as described in technical report
Note-2: Y is percentage based on lessee's operation cost and operator compensation
Note-3: Negative variable rent is regarded as zero

Stable and Balanced Cash Flow Distribution Policy Supported by FIT System

- **Cash distributions to CSIF's unitholders for each fiscal period are calculated by multiplying the residual free cash flow ("NCF"), which refers to free cash flow ("FCF") minus debt interest payments, by a fixed ratio, which is determined by CSIF for each fiscal period.**

- **Image of distribution in excess of earnings**



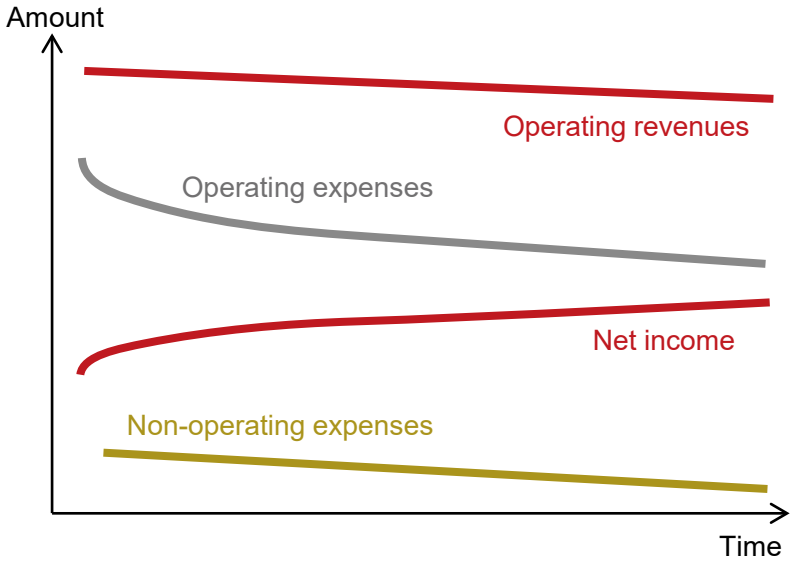
Note: The chart above is presented solely to facilitate a general understanding of the mechanism for cash distributions, and does not represent the ratio of our rental revenues or cash distributions in excess of retained earnings. CSIF may decide not to make any amount of cash distributions in excess of retained earnings for a particular fiscal period, based on a consideration of factors such as economic or renewable energy market conditions or financial conditions, among other factors, after taking into account of our financial situation and alternative uses of cash, such as the execution of repair plans and capital expenditures, the repayment of borrowings and project acquisition opportunities. We may, in place of making cash distributions in excess of retained earnings, decide to acquire our own units.

Characteristics of PV Plant Revenue

Forecastability of earning stability on a long-term basis

- FIT price and FIT period of our PV plants are binding in accordance with the Feed-in-Tariff system. Moreover, given that our assets-under-management are set up so that we can capture basic rent from the lessee, we assume that any decline in rent income won't exceed a certain limit.
- Given that expenses on depreciable assets are largely fixed, earnings forecasts can be realistically projected for the long-term.

Dynamics of PV plant revenue during FIT period



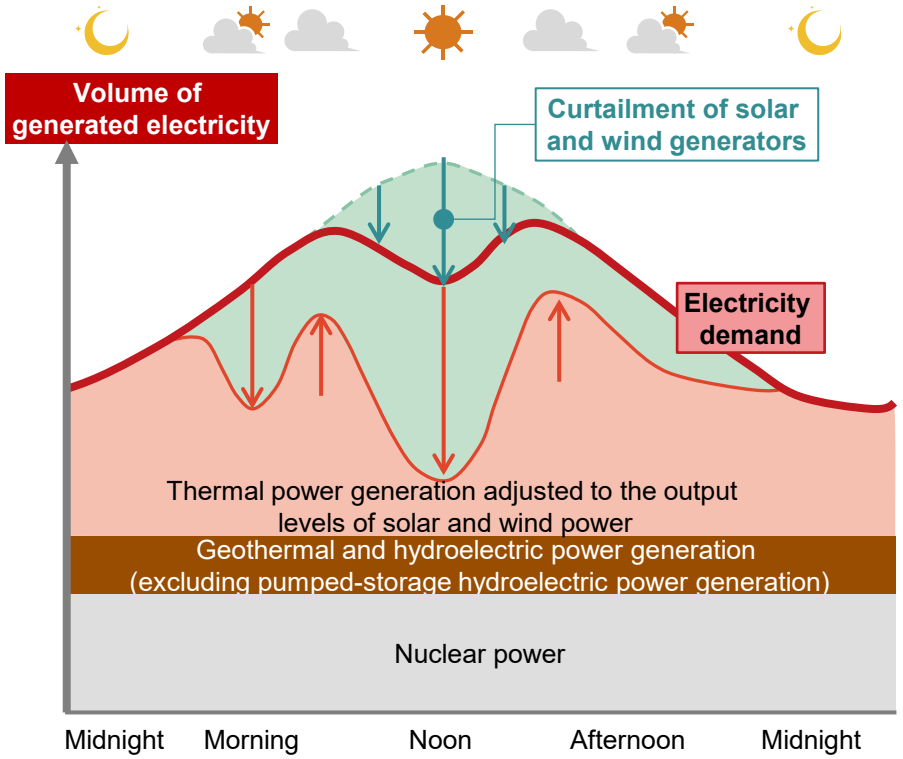
Operating revenues	Operating revenues generally decrease gradually over the medium to long term due to expected degradation of PV modules.
Operating expenses	Depreciable asset tax, a large expense component, decreases due to a straight-line-based depreciation, so operating expenses generally decrease gradually over the medium to long term, under the assumption that expenses other than taxes on depreciable assets be largely fixed (including assumed regular maintenance costs).
Non-operating expenses	Amortization payments of loan principal and interest rates that are partially fixed generally cause non-operating expenses to decrease gradually over the medium to long term given typical amortization schedules, as these payments are the primary component of nonoperating expenses.

Note: The chart above is presented solely to facilitate a general understanding of the theory management considers in approaching the business of solar energy projects during the FIT period term. The chart assumes the continuous operations of solar energy projects during the FIT period term under normalized conditions, with no extraordinary events, including additional acquisitions or dispositions of projects, or expenses or changes in the operating or regulatory environment. Actual results may vary significantly depending on the particular features and circumstances of infrastructure funds, as well as unexpected events or changes or the realization of various risks. You should not rely on this model to predict the outcome of our operating revenues, operating expenses, non-operating expenses or net income.

Overview of Output Curtailment

- In order for electric power companies in each region to stabilize the supply of electricity, each company curtails the output of power generators to control supply in the event that the supply of electricity in its grid largely exceeds demand.
- Output curtailment of each energy source is implemented according to the priority electric supply dispatch rule. According to this rule, solar energy output is curtailed after thermal and biomass energy generation, pumped-storage hydroelectric energy generation, charging of storage batteries for adjusting supply and demand, and electricity is supplied outside the area through interconnection.
- Furthermore, output curtailment is equally distributed by introducing a rule that sets the priority of output curtailment by group. By reducing the burden of output curtailment on all solar power plants, it is expected that output curtailment will be equally distributed even if solar power plants installed with curtailment controllers will be curtailed less than solar power plants without curtailment controllers.

Generic output curtailment scenario

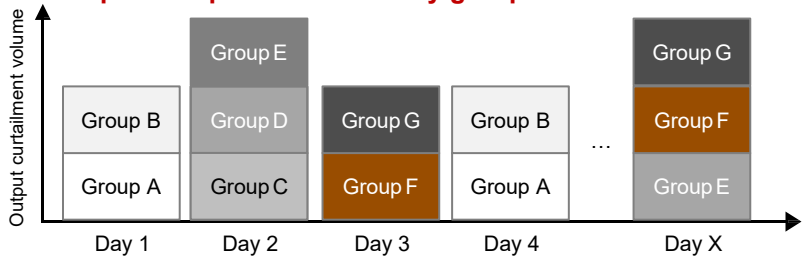


Rules on output curtailment

~Priority electric supply dispatch rule~

1	Curtail thermal, pumped-storage hydroelectric energy generation charging of storage batteries for adjusting supply and demand
2	Supply electricity outside the area through interconnection
3	Curtailment of biomass energy generation
4	Supply curtailment of local biomass energy generation
5	**Curtail natural variable renewable energy generation (solar and wind power)**
6	Instruction provided by Organization for Cross-regional Coordination of Transmission Operators
7	Curtailment of long-term fixed power source energy generation (nuclear, hydro and geothermal power)

~Concept of output curtailment by group~



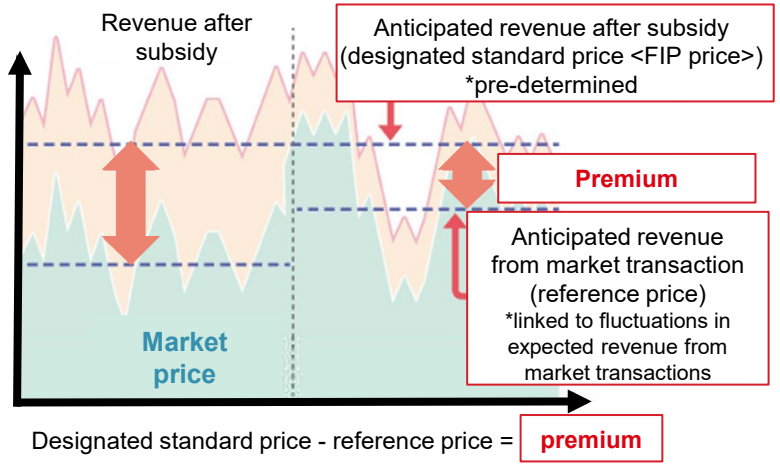
Source: Compiled by CSAM based on the "Operational Policy on Power Transmission and Distribution" by the Organization for Cross-regional Coordination of Transmission Operators and "Guideline on Fairness of Output Curtailment (formulated on March 2017, amended Oct 2019)" by METI's Agency for Natural Resources and Energy

Overview of FIP System

Overview of FIP system

- The FIP system allows for the sale of electricity to the wholesale market and arms length transactions as well as paying a premium, the spread between the designated standard price and market price.
- Under the FIP system, buyers are not limited to power distributors of large utility companies and retailers. In addition, the purchase price fluctuates depending of the time of day.

Revenue dynamics of FIP system

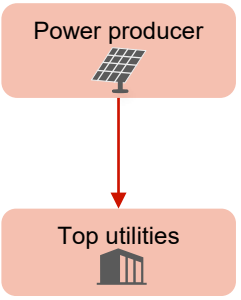


Designated standard price - reference price = **premium**

Difference between FIT and FIP

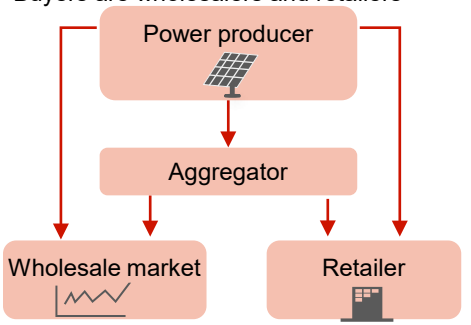
FIT

- Power purchased at fixed price
- Buyers are power distributers of large utility companies



FIP

- Receive subsidy calculated based on market price
- Buyers are wholesalers and retailers



Reference method for anticipated revenue (reference price) of market transactions, etc., and flow of premium allocation

- Determination of **the average market price for the previous year**
  — Calculate the one-year weighted average of spot and pre-market prices by area, taking into account power generation characteristics.
- Determination of **the unadjusted premium unit price for the current month**
  —Calculate using the formula: "annual average market price for the previous year + monthly adjusted price (= monthly average market price for the current year - monthly average market price for the previous year)"
- Determination of **adjusted premium unit price for the current month**
  —Calculate using the formula: premium unit price before adjustment for the current month × total electricity supply for all areas by power source for the current month (incl. 0.01 yen/kWh time slot) divided by total electricity supply for all areas by power *source* for the current month (excl. 0.01 yen/kWh slot)
- Determination of **the amount of premium for the current month**
  —Calculate using the formula: adjusted premium unit price for the current month x electricity supply* in the FIP business for the current month
  (* Amount of renewable electricity generated by certified power generation facilities and supplied on the market during the current month (excl. 0.01 yen/kWh slot)

To be determined after taking into account other factors, including premium during the curtailment time, values outside the wholesale electricity market, balancing costs, rules on aggregation business and requirements for shifting FIT to FIP

Source: Agency of Natural Resources and Energy, Ministry of Economy, Trade and Industry Website

Overview of Relevant Rules

- Detailed rules and procedures were announced by combined meetings under the leadership of Agency for Natural Resources and Energy (ANREA) in February of 2021 and after various considerations were conducted, various systems have been started since April 2022 .

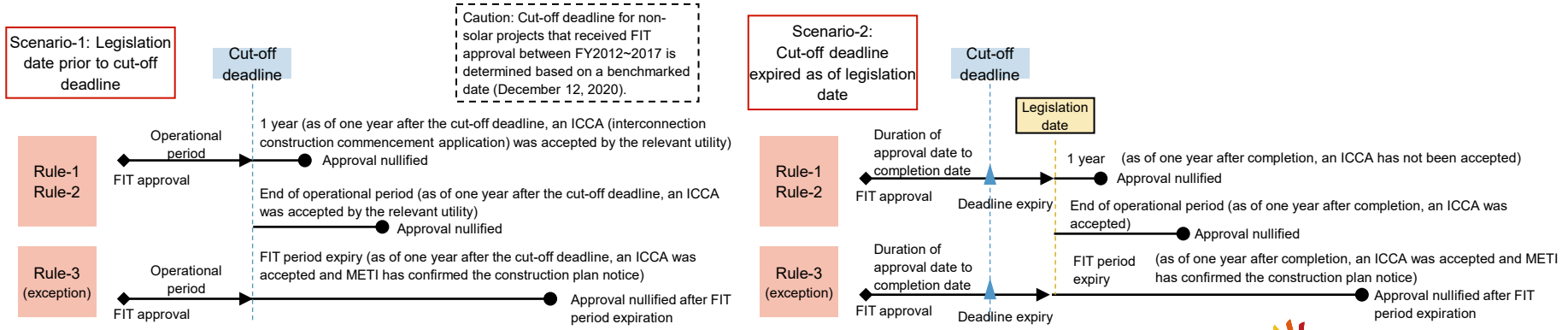
Regulation to maintain cash reserve for power plant demolition costs

Categories subject to the cash reserve system	All PV operations with FIT/FIP certificates of more than 10 kW or more
Cash reserve method	In principle, PV operators with FIT/FIP certificates put cash reserve for demolition cost on OCCTO by withholding such cash reserve from incoming electricity revenue. Exceptionally, cash reserve within PV operators shall be permitted under certain conditions ⇒ For listed infrastructure funds internal, cash reserve was permitted as meeting certain requirements above
Cash reserve period	For ten years prior to the end of the FIT period with a monthly frequency
Cash reserve amount	For accredited PV projects whose procurement prices have already been determined by FY2019, the reserve amount is the level of assumed costs for decommissioning, etc. in the procurement price calculation determined by the Procurement Price Calculation Committee

Non-operational PV Project : Automatic Cancellation of FIT Certificate

- Shall judge the progress status such as application for grid connection work in one year after the operational deadline in case of PV which has an operational deadline after April 1, 2022
- Shall judge the progress status in one year after April 1, 2022 in case PV of which operational deadline is delayed as of April 1, 2022

FIT/FIP Act “Nullification Rules (*Shikko-seido*)”



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