

Boost Industry-Leading Profitability Further by Tripling Assets

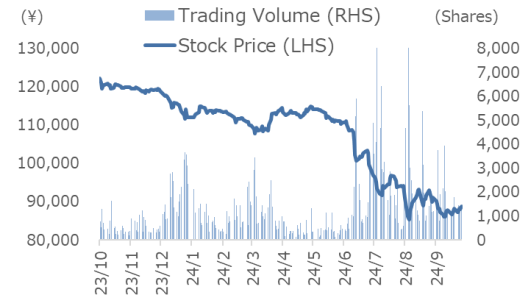
Canadian Solar Infrastructure Fund, Inc. ("CSIF") is sponsored by the Canadian Solar Inc (NASDAQ CSIQ) Group, the world's fifth largest panel manufacturer. CSIF's annual PV output capacity growth rate is about 20%, over twice the growth rate of the overall domestic market. CSIF's current total capacity is 227.6 MW (about 0.3% of the total in Japan).

For FY24/6, sales were ¥4,368mn (+26% YoY), operating profit margin was 37% and net income margin was 31%. CSIF also announced abolishing excess profit distributions to improve its durability against market changes. CSIF's book value per share (BPS) has remained stable at about ¥103,000, while its stock price has been on a downward trend along with peers since reports emerged in June that the government was discussing making solar panel recycling mandatory and its PBR is now below 0.9.

Peers are Enex Infrastructure Investment Corporation (TSE 9286) (total output capacity: 243 MW), Japan Infrastructure Fund Investment Corporation (9287) (185 MW), Tokyo Infrastructure Energy Investment Corporation (9285) (70 MW) and Ichigo Green Infrastructure Investment Corporation (9282) (29 MW). Most of these firms have a PBR below 0.9 and a dividend yield approaching 9%. Unlike CSIF, they have maintained their dividend levels by reducing their BPS and when calculating the yields including BPS changes, they are approximately 8%, 5%, 6% and 1% respectively. The reason why CSIF's yield including BPS change is 9%, the highest among its peers; is that it can fully utilize the knowledge of the Canadian Solar Group, which has all functions of panel manufacturing, solar power plant development and operations. Since the sponsors of peers belong to industries like trading or financing, it is difficult for peers to achieve the higher dividend yields of CSIF.

Most peers have a PBR of around 0.8, but unlike CSIF, which has abolished excess earnings distributions; other companies' BPS decrease over-time whilst their PBR increases, so CSIF appears cheaper when comparing the projected PBR's from next year onwards. Also, CSIF aims to triple its asset size to ¥300bn over the medium term.

Stock Price and Volumes



Source: Strategy Advisors

Key Indicators

Stock Price (9/27)	¥88,800
Year-to-Date High (1/10)	¥115,50
Year-to-Date Low (8/6)	¥85,400
52-Week High (23/6/28)	¥125,10
52-Week Low (24/8/6)	¥85,400
Number of Shares Issued ('000)	451.8
Market Capitalization (¥ bn)	44.6
EV (¥ bn)	83.7
Capital Adequacy Ratio	50.1
PER (FY24/12 CoE, Times)	-
PBR (FY24/6 Actual, Times)	1.0
Yield (FY24/12 Coe, %)	-

Source: Strategy Advisors

Japanese GAAP

FY End	Sales (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	RP (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
23/12	4,538	22.2	1,847	33.6	1,387	14.3	1,386	14.3	3,111	3,750
24/6	4,368	26.5	1,608	39.1	1,362	35.7	1,361	35.7	3,012	3,775
24/12 CoE	4,477	-1.3	1,644	-11.0	1,386	-0.1	1,385	-0.1	3,066	3,066
24/6 CoE	4,502	3.1	1,691	5.2	1,445	6.1	1,444	6.1	3,198	3,198
25/12 CoE	4,458	-0.4	1,645	0.1	1,403	1.2	1,402	1.2	3,103	3,104

Source: Strategy Advisors. Based on Company Data

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Executive Summary

Infrastructure Fund with the Second Largest Panel Output Capacity Growing at Twice the Speed of the Market

Yield Including BPS Change is 6% Per Annum. The Highest Level Among Peers

Only CSIF Can Take Full Advantage of their Panel Manufacturer's Knowledge

Asset Doubling Plan Backed by a Concrete Development Pipeline

CSIF is an infrastructure fund listed in 2017 and sponsored by Canadian Solar Group, the world's fifth largest solar panel manufacturer. Its output capacity growth rate has been about 20% per year, more than double the growth rate of the country as a whole (about 7-10%), and its total output capacity at the end of FY23/12 was 227.6 MW (about 0.3% of the country's total), making it the second largest among listed infrastructure funds.

For the fiscal year ended June 2024 (six-month settlement), net sales were ¥4,368mn, an operating profit margin of 37%, a net income margin of 31% and a dividend payout ratio of 125%. CSIF also announced abolishing excess profit distributions to improve its durability against market changes. ROE is around 3.0%, PBR is 1.1-1.2, and net assets per share (BPS) are generally flat at around ¥103,000; at the same time its stock price has been on a downward trend along with peers, since reports emerged in June that the government was discussing making solar panel recycling mandatory and so PBR is now below 0.9 while dividend yield (distribution yield = profit distribution yield + profit distribution interest rate) is approaching 9%. Peer companies are Enex Infrastructure Investment Corporation (total output capacity 243 MW), Japan Infrastructure Fund Investment Corporation (185 MW), Tokyo Infrastructure Energy Investment Corporation (70 MW) and Ichigo Green Infrastructure Investment Corporation (29 MW). Most of them have a PBR below 0.9 and a dividend yield approaching 9%. Unlike CSIF, they have maintained their dividend levels by reducing their BPS and yields when calculating, including BPS changes, they are approximately 8%, 5%, 6% and 1% respectively.

* Yield including BPS change = dividend yield + (BPS change rate ÷ PBR). As the denominator of the BPS change rate is net assets per share (BPS), we divided it by PBR to add it to dividend yield.

CSIF's BPS change unrealized yield of approximately 6% is the highest among its peers because it can fully utilize the knowledge of the Canadian Solar Group, which has all the functions of panel manufacturing, solar power plant development and operations. Since the sponsors of other companies in the industry include trading companies and financial-related companies, it is difficult for them to achieve high dividend yields through mimicking the company's business structure.

The company aims to triple its asset size to ¥300bn in the medium term, with a view to acquiring mainly 19 properties (293 MW) that are currently under development or are under development by sponsors, as well as two properties (47 MW) that have already been developed by third parties. In addition, there has been an increase in the number of cases of the sale of power plants by individuals who are put-off by the maintenance burden due to increased output curtailment and deterioration over time and also by foreign companies who have decided to withdraw from development due to a decline in FIT prices or termination and the expansion of asset scale through the acquisition of such power plants is one of the options.

Earnings and Stock Price Outlook

CSIF expects to maintain the same level of sales, profit and dividends as in FY23/12 for the next three fiscal years through FY6/2025; but these figures do not include additional asset acquisitions and sales and profit levels that will swing upward if asset acquisitions are made. Most infrastructure investment corporations, including CSIF, have PBR's in the 0.8 range, which is not much different; but unlike CSIF, which has abolished excess earnings distributions, other companies' BPS has decreased over time and PBR has increased, so CSIF appears to be undervalued when comparing the expected PBR's from next year onwards. CSIF also aims to triple its asset size to ¥300bn in the medium term. Expanding the asset size can lead to improved profitability through more efficient power plant O&M, lower borrowing interest rates due to increased creditworthiness, stabilization of the portfolio and increased tolerance for additional large-scale power plant acquisitions.

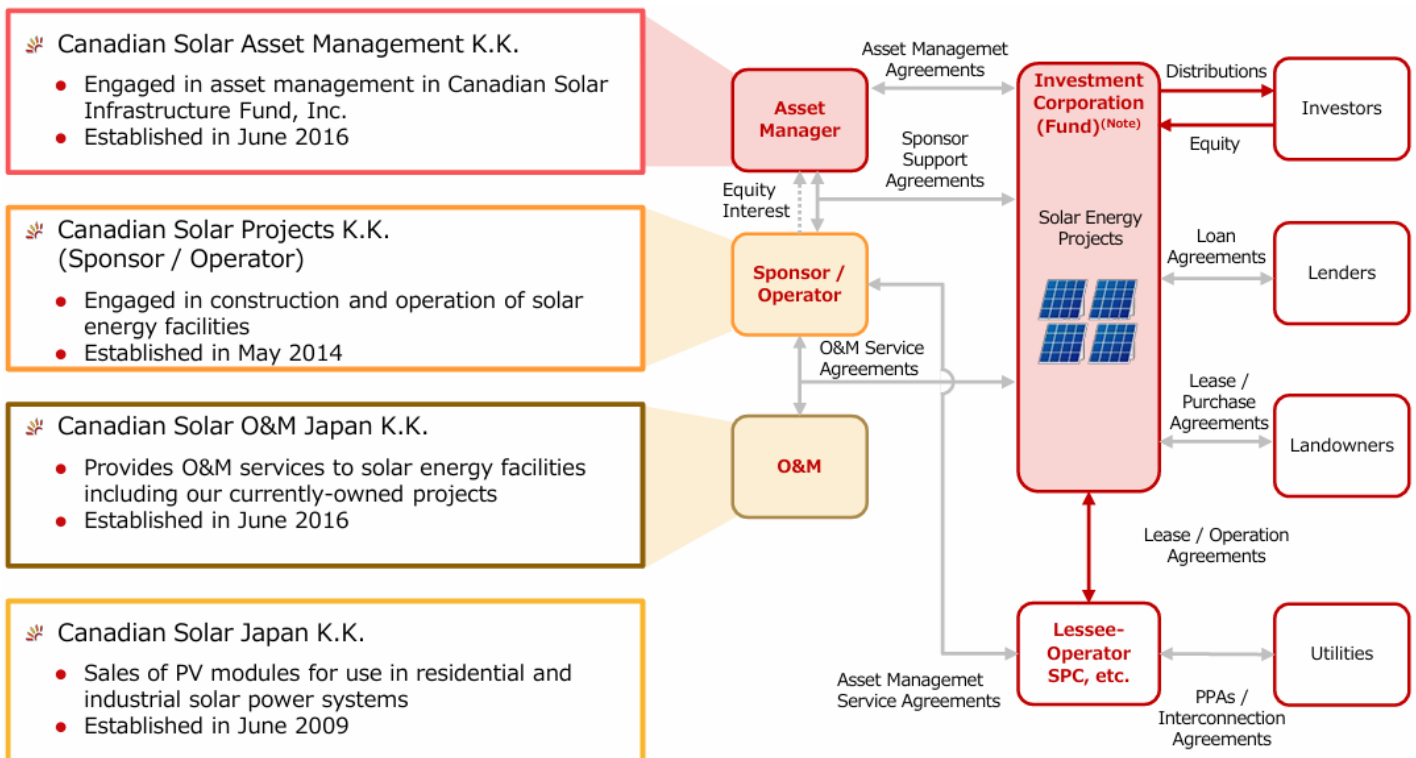
1. Investment Corporation Overview

1) Infrastructure Fund with the Second Largest Panel Output Capacity Growing at Twice the Speed of the Market

Achieve the Only Vertically Integrated Model

CSIF is an infrastructure fund that listed on the TSE on October 30, 2017. An infrastructure fund is a structure whereby funds collected from multiple investors are used to purchase infrastructure facilities such as power plants, which are then leased out and rental fees are received. The "sponsor" establishes and partially invests in the infrastructure fund, the "operator" leases and operates the infrastructure facilities, the "O&M provider" handles the maintenance of the power plants on behalf of the operator. The "asset manager" represents the interests of the infrastructure fund in selecting assets to be included in the infrastructure fund and negotiating lease contracts with the operator. In the case of CSIF, Canadian Solar Project Corporation ("CSP") is the sponsor and operator, Canadian Solar O&M Japan Inc. ("CSOMJ") is the O&M contractor and Canadian Solar Asset Management K.K. ("CSAM") is the asset manager. Both belong to the Canadian Solar Inc (NASDAQ CSIQ) ("CSIQ") group, the world's fifth largest solar panel manufacturer. The strength of the company is its "vertically integrated model," in which they are panel manufacturers, who are well versed in the characteristics of solar panels and are involved in everything from the construction of power plants using their own panels to the operation of the plants.

Figure 1: Organizational Structure



Source: Company Data

Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Figure 2: Major Shareholders (As of 30th June 2024)

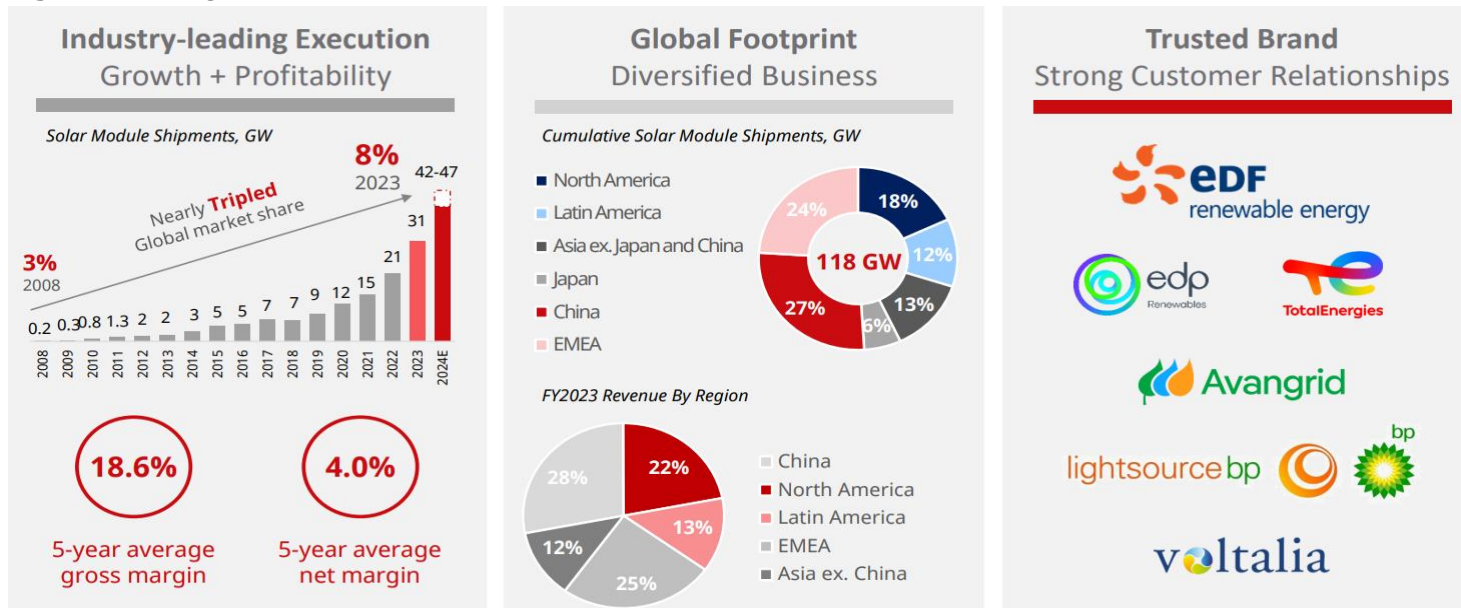
Name	Number of Investment Units Held ('000 units)	Unitholding Ratio to Total Issued Units (%)
1 Canadian Solar Projects K.K.	65.6	14.53
2 The Bank of Fukuoka, Ltd.	7.8	1.73
3 THE BANK OF NEW YORK MELLON SA/NV 10	7.3	1.62
4 Custody Bank of Japan, Ltd. (Trust Account)	6.2	1.36
5 JP MORGAN CHASE BANK 385650	5.9	1.30
6 SSBTC CLIENT ONMIBUS ACCOUNT	4.7	1.04
7 The Master Trust Bank of Japan, Ltd.	4.2	0.94
8 THE BANK OF NEW YORK 133522	4.2	0.93
9 Individual Investor	4.1	0.90
10 JP MORGAN CHASE BANK 380646	4.1	0.90
Total	114.2	25.28

Source: Company Data

CSIQ is the World's Fifth Largest Solar Panel Manufacturer with Production Facilities Around the World

CSIQ was founded in Canada in 2001 by Shawn Qu, who received his PhD in materials science from the University of Toronto, then started working as a researcher at Ontario Power Generation (unlisted) and subsequently move to ATS Automation Tooling Systems Inc. In 2010, the company entered the solar power plant construction business and in 2015 acquired Recurrent Energy, LLC, a solar power plant development company owned by Sharp Corporation (TSE 6753). The company has solar panel production facilities in Canada, the U.S., China, Japan, Thailand and Vietnam and ranks fifth in the world in terms of panel production capacity. The top four companies are Jinko Solar Co Ltd (Shanghai 688223), Trina Solar Co Ltd (Shanghai 688599), LONGi Green Energy Technology Co Ltd (Shanghai 601012) and JA Solar Technology Co Ltd (Shenzhen 002459). All of the top five companies, including CSIQ, mostly manufacture mainstream crystalline silicon solar panels, with conversion efficiencies of around 20%.

Figure 3: CSIQ's Solar Panel Production Results



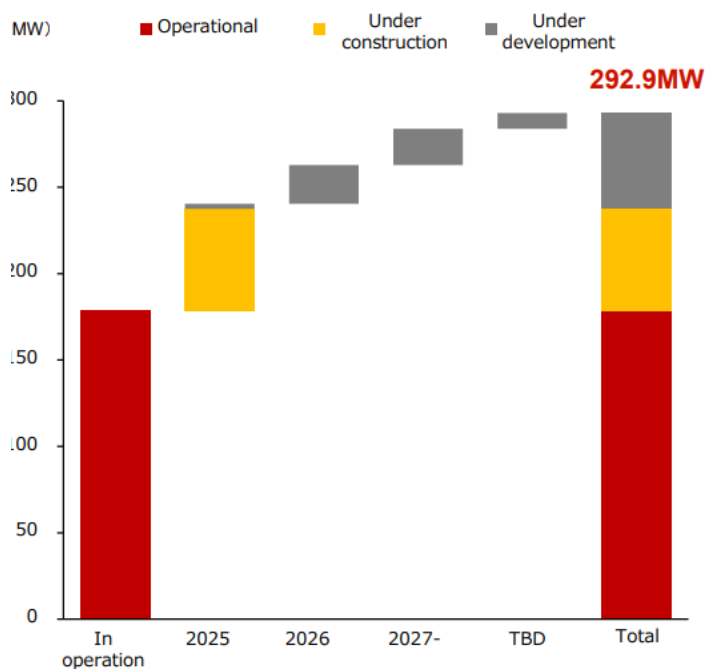
Source: Company Data

CSIQ Group is Number-One FIT Bidder by Far and Has a Rich Pipeline

In Japan, Canadian Solar Japan K.K. was established in 2009 and started constructing solar power plants in 2012, through CSP; which was established in 2015 as a separate company dedicated to solar power plant development. It has participated in 9 out of the total 15 FIT system bids going back 2017. With a total capacity of 180 MW, the company is in first place, far ahead of the second-placed bidder (with a total capacity of approximately 98 MW). All but one of CSIF's current solar power plants (with a total output capacity of 227.6 MW) were acquired from the CSIQ Group, while the rest of the CSIQ Group's solar power plant pipeline (projects already in operation, under construction, and under development) have remained above 300 MW for the past five years, CSIF continues to maintain a structure that guarantees its growth potential.

Figure 4: CSIQ Group's Extensive Pipeline

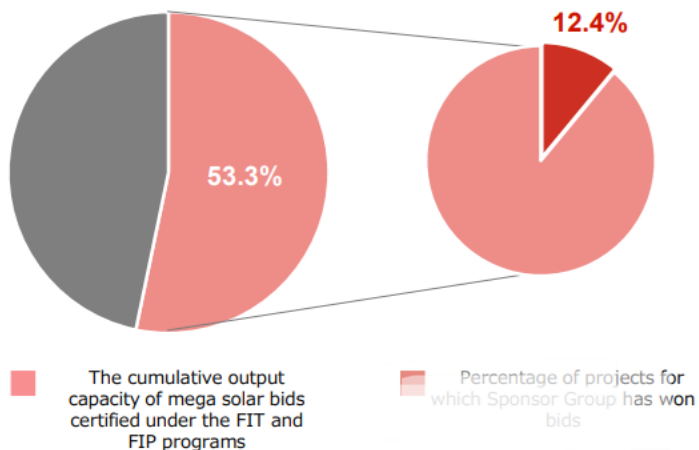
■ **Operational start years and status of Sponsor Pipeline (panel output basis as of June. 30, 2024)**



■ **Track record of participation in FIT auction bidding by sponsor group (as of July 31, 2024)**

Total capacity of FIT and FIP projects that Sponsor Group has won bids

To date, the cumulative output capacity of mega-solar plants (2MW and over), for which Sponsor Group has won bids, is 186MW, accounting for 12.4% of the capacity of mega-solar plants certified under the FIT/FIP programs



Source: Company Data

Expand Growth Opportunities Through Diversification of Property Acquisition Routes

CSIF's total output capacity at the time of its listing was 73 MW, but through multiple subsequent asset acquisitions, it has now reached 227.6 MW and has grown at an annual rate of 20%. This means that it has grown at twice or more the pace of the overall domestic market, which grows at about 7-10% per year. This high growth rate has been supported by CSIQ Group's extensive pipeline. In addition to acquiring properties from the CSIQ Group's pipeline, CSIF is diversifying its acquisition routes by establishing a system for acquiring properties from third parties using CSAM's unique network in Japan, in order to further increase its growth potential in the future. Furthermore, in addition to the conventional method of acquiring properties directly from sellers, CSAM plans to acquire properties through bridge funds, which will enable it to adjust for inconsistencies in the timing of transactions between sellers and CSIF and to control the number and scale of properties acquired, thereby increasing opportunities to acquire properties. The plan is to increase opportunities to acquire properties.

2) Rapid Portfolio Diversification

Even if the Size of the Power Plant is Large or the FIT Feed-In Tariff is High, Profitability Will Decrease If the Power Plant is Overpriced

CSIF has 32 solar power plants in Japan with a total output capacity of 227.6 MW and an average output capacity of 7.3 MW and the FIT price for most plants is ¥30-40. The top three power plants with the largest output capacity are CS Hiji-machi No. 2 (Oita) (53.4 MW), CS Mashiki-cho (Kumamoto) (47.7 MW), and CS Daisen-cho (Tottori) (27.3 MW).

Conversely, the top three power plants with the smallest output capacity are CS Koriyama (Fukushima) (0.6 MW), CS Isa (Kagoshima) (0.9 MW), and CS Osaki Kameinuma (Miyagi) (0.9 MW). For CSIF, the acquisition price from the seller, not the size, is the determining factor for the profitability of each power plant, because even if the size is large or the FIT price is high, profitability will be low if the acquisition price from the seller, such as CSP, is relatively high. In addition, of course, the amount of sunlight and output curtailment conditions in each region also affect profitability.

Figure 5: CS Hiji-machi Dai-Ni Power Plant (Oita Prefecture) (53.4 MW)



Source: Company Data

Figure 6: CS Koriyama-shi Power Plant (Fukushima Prefecture) (0.6 MW)



Source: Company Data

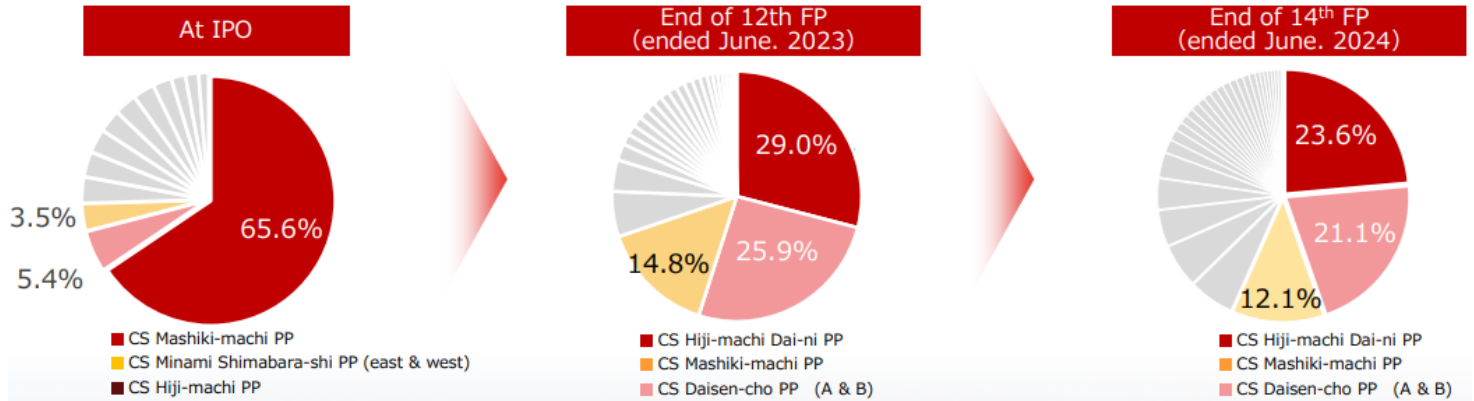
The Most Profitable Power Plant is CS Kasama Power Plant (Ibaraki Prefecture)

The business profit/loss is calculated as rental income minus rental expenses for each power plant, with depreciation accounting for 70-80% of rental expenses. The top three power plants with the highest ratio of operating income to rental income (average of the past three years) are CS Kasama (Ibaraki) (51.5%), CS Mashiki (Kumamoto) (48.4%) and CS Koriyama (Fukushima) (47.8%). Conversely, the top three lowest power plants are CS Ishikari Shinshinotsu-mura Power Plant (Hokkaido) (29.3%), CS Marumorimachi Power Plant (Miyagi) (30.3%) and CS Yusui-machi Power Plant (Kagoshima) (31.8%). The five power plants acquired in FY23/12 are not included in the comparison, but their profitability has been relatively high in recent periods, with business profit/loss ratios generally above 50%.

Portfolio Diversification Accelerated in FY23/12

The ratio of the top three properties in the portfolio was heavily skewed at 74.5% at the time of listing, including CS Mashiki-machi Power Station, and remained heavily skewed at 69.7% at the end of June 2023 among CS Hidemachi No.2, CS Mashiki-machi Power Station and CS Oyamacho Power Station. However, after additional acquisitions in FY23/12, the ratio of the top three properties decreased to 56.8%.

Figure 7: Changes in Portfolio Income Diversification (Panel Output Basis)



Source: Company Data

2. Peer Comparison

1) Only CSIF Can Realize a "Vertically Integrated Model"

There are 5 Listed Infrastructure Funds

There are a total of five listed infrastructure funds, including CSIF. In order of output capacity, these are Enex Infrastructure Investment Corporation (243 MW) (listed in 2019), CSIF (227.6 MW) (listed in 2017), Japan Infrastructure Fund Investment Corporation (185 MW) (listed in 2020), Tokyo Infrastructure Energy Investment Corporation (70 MW) (listed in 2018) and Ichigo Green Infrastructure Investment Corporation (29 MW) (listed in 2016).

Only CSIF Can Realize a "Vertically Integrated Model"

The respective sponsors are as follows; ITOCHU ENEX Corporation (TSE 8133) and others for Enex Infrastructure Investment Corporation. Canadian Solar Project for CSIF. Marubeni Corporation (TSE 8002) and subsidiaries (Mizuho Bank and Mizuho Trust Bank) of Mizuho Financial Group, Ltd. (TSE 8411) for Japan Infrastructure Fund Investment Corporation and Advantech Co., Ltd. (unlisted) which is a manufacturer of semiconductor manufacturing equipment parts. And finally, for Tokyo Infrastructure Energy Investment Corporation, Ichigo Co., Ltd. (TSE 2337) for Ichigo Green Infrastructure Investment Corporation. Sponsored by a panel manufacturer, CSIF is the only company that has been able to achieve a "Vertically Integrated Model".

Figure 8: Sponsors of Each Infrastructure Fund

Investment corporation	Sponsor	Business
Canadian Solar Infrastructure	Canadian Solar Group	The world's fifth largest solar panel manufacturer. Also manages power plant development and storage batteries.
Enex Infrastructure	Itochu Enex Corporation	Subsidiary of ITOCHU Corporation, engaged in sales of LP gas, gasoline and electricity.
	Sumitomo Mitsui Trust Bank, Limited	A core company of the Sumitomo Mitsui Trust Holdings Group.
	Mercuria Investment, Co., Ltd.	Fund management business and proprietary investment business to manage its own funds.
	Maiores Asset Management	Extensive investment experience in solar power generation (over 2 GW worldwide).
Japan Infrastructure Fund	Marubeni Corporation	A general trading company in the Fuyo Group. Top-ranked in the grain sector and power generation business.
	Mizuho Bank	A core company of the Mizuho Financial Group.
	Mizuho Trust & Banking	A trust bank under Mizuho Financial Group.
Tokyo Infrastructure Energy	Advantec Co., Ltd.	Manufacturer of semiconductor manufacturing equipment components. Also develops solar power plants.
	Aioi Nissay Dowa Insurance	Non-life insurance company under the MS&AD Group.
Ichigo Green Infrastructure	Ichigo Inc.	The company also manages J-REITs, centered on the real estate securitization business.

Source: Prepared by Strategy Advisors. Based on Company Data

2) CSIF's Pipeline is the Largest Amongst the Infrastructure Funds

Enex Infrastructure Investment Corporation Overtook CSIF to Lead Output Capacity in 2023

The output capacity ranking membership of the 5 infrastructure funds had been the since CSIF went public, but Enex Infrastructure Investment Corporation, which has been expanding its asset scale at an annualized rate of 80%, took the top spot in 2023. Meanwhile, No. 4 Tokyo Infrastructure Energy Investment Corp. is growing at an annualized rate of 30%, a level similar to CSIF and Ichigo Green Infrastructure Investment Corp. is not expanding its asset scale.

CSIF May be on Top Again Due to the Abundance of Pipelines

Looking at the sponsor pipeline, for Enex Infrastructure Investment Corporation, the number has rapidly declined from more than 240 MW as of 2019 to only 25.3 MW currently. Therefore, the pace of asset scale expansion is likely to be limited in the future; for CSIF, Japan Infrastructure Fund Investment Corporation, and Tokyo Infrastructure Energy Investment

Corporation, their levels are generally stable at around 400 MW, close to 200 MW and over 100 MW, respectively. The output capacity of the pipelines has been generally stable at over 300 MW, close to 200 MW and over 100 MW, respectively; and the pace of growth is not expected to change significantly in the future. Ichigo Green Infrastructure Investment Corporation continues to have zero pipeline capacity.

Figure 9: Output Capacity of Each Infrastructure Fund (MW)

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024
Canadian Solar Infrastructure	120	123	184	184	184	184	184	226	226
Enex Infrastructure	40	40	140	140	156	156	241	243	243
Japan Infrastructure Fund	30	30	57	57	90	103	153	153	185
Tokyo Infrastructure Energy	20	46	46	46	46	70	70	70	70
Ichigo Green Infrastructure	26	26	26	26	26	26	26	26	29

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

Figure 10: Pipeline Capacity of Each Infrastructure Fund (MW)

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024
Canadian Solar Infrastructure	355	384	409	391	376	368	368	393	392
Enex Infrastructure	234	122	122	122	122	111	25	25	25
Japan Infrastructure Fund	200	200	200	200	200	150	150	150	150
Tokyo Infrastructure Energy	104	104	105	108	105	123	123	128	137
Ichigo Green Infrastructure	0	0	0	0	0	0	0	0	0

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

CSIF's Average Power Plant Output Capacity is Second Only to Enex Infrastructure Investment Corporation

The number of properties as of 24H1 is 12 for Enex Infrastructure Investment Corporation, 31 for CSIF (now 32 after acquiring the CS Sakura City Power Plant in July 2024), 63 for Japan Infrastructure Fund Investment Corporation, 23 for Tokyo Infrastructure Energy Investment Corporation and 15 for Ichigo Green Infrastructure Investment Corporation. The average output capacity of each power plant is 20.3 MW for Enex Infrastructure Investment Corporation, 7.3 MW for CSIF, 3.4 MW for Japan Infrastructure Fund Investment Corporation, 3.0 MW for Tokyo Infrastructure Energy Investment Corporation and 2.0 MW for Ichigo Green Infrastructure Investment Corporation. The top three

properties in the portfolio account for 72% of Enex Infrastructure Investment Corporation, 57% of CSIF, 29% of Japan Infrastructure Fund Investment Corporation, 48% of Tokyo Infrastructure Energy Investment Corporation and 45% of Ichigo Green Infrastructure Investment Corporation, so Enex Infrastructure Investment Corporation has the largest bias.

3) CSIF Stands Out in Terms of Profitability

CSIF Stands Out in Terms of Operating Profit Margin & ROIC

Looking at profitability, CSIF, Enex Infrastructure Investment Corporation, Tokyo Infrastructure Energy Investment Corporation, Japan Infrastructure Fund Investment Corporation, Ichigo Green Infrastructure Investment Corporation, and Ichigo REIT, Inc. have outstanding operating profit ratios over the past three years: 37% for CSIF, 30% for Enex Infrastructure Investment Corporation, 28% for Tokyo Infrastructure Energy Investment Corporation, 25% for Japan Infrastructure Fund Investment Corporation and 23% for Ichigo Green Infrastructure Investment Corporation. Here, CSIF stands out. ROIC for the past three years has been 1.8% for CSIF, 1.2% for Enex Infrastructure Investment Corporation, 1.1% for Tokyo Infrastructure Energy Investment Corporation, 1.2% for Japan Infrastructure Fund Investment Corporation and 1.4% for Ichigo Green Infrastructure Investment Corporation, again with CSIF leading the pack.

Figure 11: Trends In Operating Margin for Each Infrastructure Fund

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	2-Year Ave.
Canadian Solar Infrastructure	36%	36%	43%	37%	43%	37%	33%	41%	37%	37%
Enex Infrastructure	20%	20%	29%	27%	37%	33%	27%	33%	28%	30%
Japan Infrastructure Fund	42%	36%	25%	23%	18%	28%	23%	29%	21%	25%
Tokyo Infrastructure Energy	39%	31%	35%	23%	34%	30%	31%	21%	29%	28%
Ichigo Green Infrastructure	30%	19%	29%	20%	31%	20%	28%	19%	26%	23%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

Figure 12: ROIC Trends for Each Infrastructure Fund

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	2-Year Ave.
Canadian Solar Infrastructure	1.7%	1.8%	1.7%	1.7%	2.2%	1.8%	1.5%	2.0%	1.8%	1.8%
Enex Infrastructure	0.8%	0.9%	1.0%	0.9%	1.5%	1.3%	1.0%	1.3%	1.1%	1.2%
Japan Infrastructure Fund	1.3%	1.9%	1.0%	1.2%	0.8%	1.4%	0.9%	1.4%	0.9%	1.1%
Tokyo Infrastructure Energy	1.9%	0.9%	1.5%	0.9%	1.6%	1.1%	1.3%	0.9%	1.3%	1.1%
Ichigo Green Infrastructure	1.5%	1.0%	1.5%	1.1%	1.7%	1.2%	1.6%	1.2%	1.6%	1.4%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

4) CSIF Tops the List in Terms of Actual Performance, Considering Dividend Yield & the Rate of Change in BPS

Dividend Yields of Infrastructure Investment Corporations are Not Significantly Different

Despite the difference in profitability, the dividend yield (distribution yield) of both infrastructure funds is about 6~7%, which is not much different.

Figure 13: Dividend Yield of Each Infrastructure Fund

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	Latest
Canadian Solar Infrastructure	6%	6%	6%	6%	6%	6%	6%	7%	8%	9%
Enex Infrastructure	7%	7%	6%	7%	10%	6%	7%	7%	7%	9%
Japan Infrastructure Fund	1%	4%	6%	6%	7%	6%	7%	7%	7%	9%
Tokyo Infrastructure Energy	6%	7%	6%	7%	6%	7%	6%	6%	7%	8%
Ichigo Green Infrastructure	7%	6%	6%	6%	6%	6%	6%	6%	6%	8%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

CSIF Stands Out in Terms of Profit Distribution Yield

However, when looking solely at profit distribution yields, CSIF has been trending significantly higher than the others.

Figure 14. Profit Distribution Yields of Infrastructure Funds

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	Latest
Canadian Solar Infrastructure	5%	5%	5%	5%	6%	6%	5%	5%	6%	7%
Enex Infrastructure	4%	3%	3%	3%	5%	4%	3%	3%	4%	4%
Japan Infrastructure Fund	1%	3%	4%	4%	4%	4%	3%	3%	3%	4%
Tokyo Infrastructure Energy	4%	4%	3%	4%	4%	5%	4%	3%	4%	4%
Ichigo Green Infrastructure	3%	3%	2%	3%	3%	3%	3%	3%	3%	3%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

The Book Value Per Share (BPS) of Infrastructure Investment Corporations Other than CSIF is on a Downward Trend

This is the result of infrastructure investment corporations with low profitability compensating for the lack of profits by increasing their reliance on surplus earnings dividends, which are the two components of dividends (distributions). As the payment of surplus earnings dividends reduces net assets, the book value per share (BPS) of infrastructure investment corporations other than CSIF has been on a downward trend.

Canadian Solar Infrastructure Fund, Inc.

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Figure 15: Net Assets Per Share (BPS) of Each Infrastructure Fund

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024
Canadian Solar Infrastructure (YoY)	93,998 -2%	93,397 -1%	104,463 +11%	103,665 +11%	103,818 -1%	103,053 -1%	101,898 -2%	103,280 +0%	102,543 +1%
Enex Infrastructure (YoY)	86,894 -3%	88,110 -4%	84,932 -2%	86,263 -2%	82,042 -3%	81,542 -5%	80,253 -2%	80,952 -1%	79,570 -1%
Japan Infrastructure Fund (YoY)	91,808 -	93,127 -	89,805 -2%	89,116 -4%	87,956 -2%	86,683 -3%	85,257 -3%	84,065 -3%	82,226 -4%
Tokyo Infrastructure Energy (YoY)	89,582 -3%	87,998 -1%	87,328 -3%	86,020 -2%	86,322 -1%	88,365 +3%	85,981 -0%	85,028 -4%	84,095 -2%
Ichigo Green Infrastructure (YoY)	44,094 -5%	40,866 -5%	42,018 -5%	38,777 -5%	40,149 -4%	36,632 -6%	37,776 -6%	34,377 -6%	35,386 -6%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

Differences in Dependence on Excess Distributions are Reflected in the Increase or Decrease in BPS

When calculating the yield including BPS change for each infrastructure investment corporation, CSIF has remained at the highest level since 2H 2012.

* Yield including BPS change = dividend yield + (BPS change rate ÷ PBR). As the denominator of the BPS change rate is net assets per share (BPS), we divided it by PBR to add it up with the dividend yield.

Figure 16: BPS Change in Unrealized Yield Calculations

Investment Corporation	20H1	20H2	21H1	21H2	22H1	22H2	23H1	23H2	24H1	Latest
Canadian Solar Infrastructure	5%	5%	15%	15%	6%	6%	5%	7%	8%	9%
Enex Infrastructure	4%	3%	4%	5%	7%	2%	5%	6%	7%	8%
Japan Infrastructure Fund			4%	2%	5%	4%	4%	4%	4%	4%
Tokyo Infrastructure Energy	4%	6%	4%	5%	5%	9%	6%	3%	5%	6%
Ichigo Green Infrastructure	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in 1H.

Source: Prepared by Strategy Advisors. Based on Company Data

5) Announcement of abolition of excess profit distribution as part of mid- to long-term strategy

CSIF is the Only Company to Announce the Effective Abolition of Excess Profit Distributions

In its mid- to long-term strategy announced on August 16, 2024, CSIF revealed its intention to essentially abolish excess distributions and place emphasis on capital expenditures, specifically the acquisition of new properties and repurchasing of its own investment units. In this regard, other infrastructure investment corporations have indicated plans to continue paying excess distributions in the future and CSIF is the only firm that has indicated that it will take a different approach going forward.

Figure 17. Dependence of Each Infrastructure Investment Corporation on Excess Dividends
(=Excess Dividends/Dividends)

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	2H 2024	1H 2025
	Actual									Forecast	
Canadian Solar Infrastructure	19%	16%	25%	23%	0%	16%	31%	18%	18%	0%	0%
Enex Infrastructure	60%	60%	57%	57%	41%	38%	68%	48%	55%	55%	50%
Japan Infrastructure Fund	-	16%	52%	23%	53%	35%	61%	41%	64%	43%	62%
Tokyo Infrastructure and Energy	32%	59%	32%	56%	24%	40%	50%	47%	49%	47%	45%
Ichigo Green Infrastructure	58%	-	56%	-	52%	-	54%	-	54%	-	52%

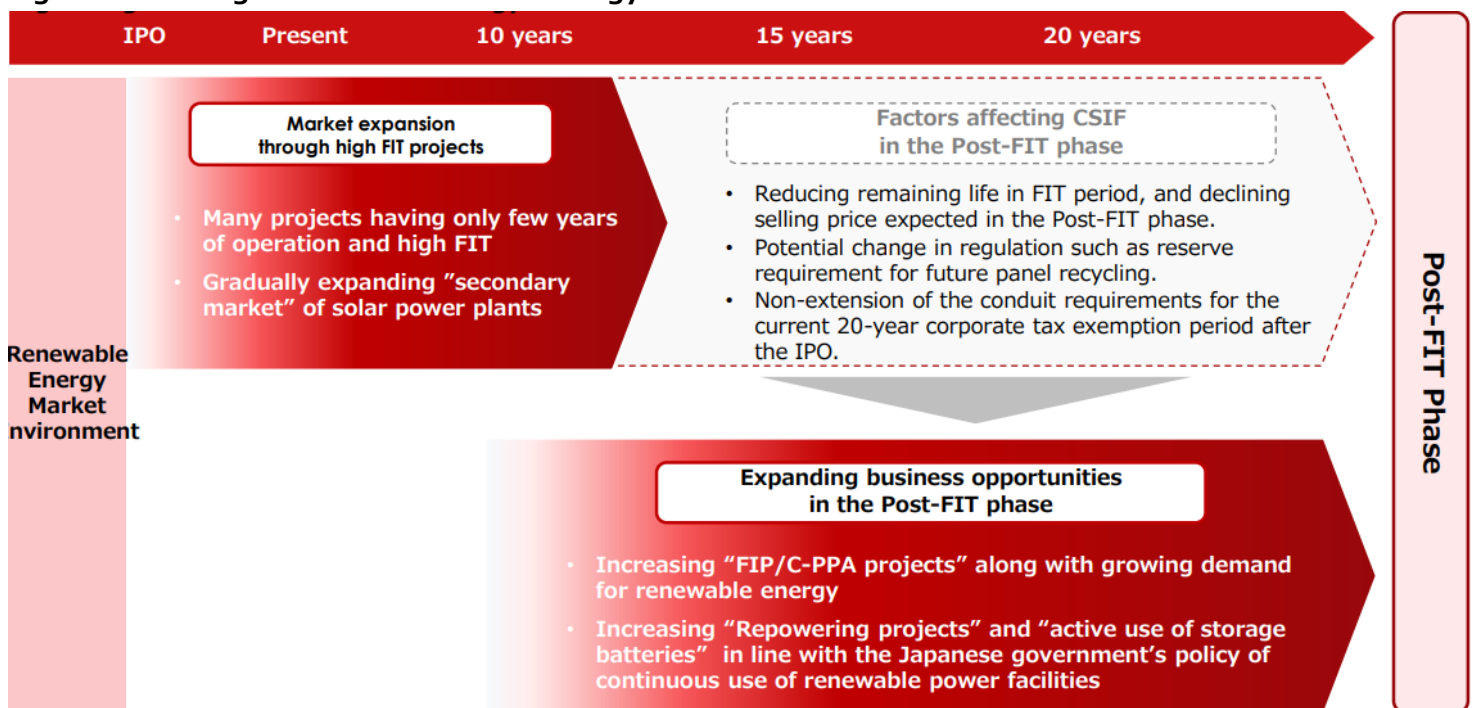
*Some infrastructure investment corporations have fiscal year endings in June and December, while others have fiscal year endings in May and November. The figures for those with fiscal year endings in May and June are listed in 1H.

Source: Compiled by Strategy Advisors. Based on Company Data

The Renewable Energy Market Environment is Undergoing Major Changes

When considering the yield including changes in BPS, which indicates the true capabilities of infrastructure investment corporations, the figure is calculated with the aim of offsetting as much as possible the decline in BPS, which serves as the source of excess earnings distributions and their capital. So, in theory, it will not be significantly affected whether excess earnings distributions are continued or abolished. However, as CSIF has indicated in its medium to long-term strategy, the renewable energy market environment is undergoing a major change from a period of "market expansion through high FIT projects" to a period aiming for "expansion of business opportunities in the post-FIT era."

Figure 18. Changes in the Renewable Energy Market Environment

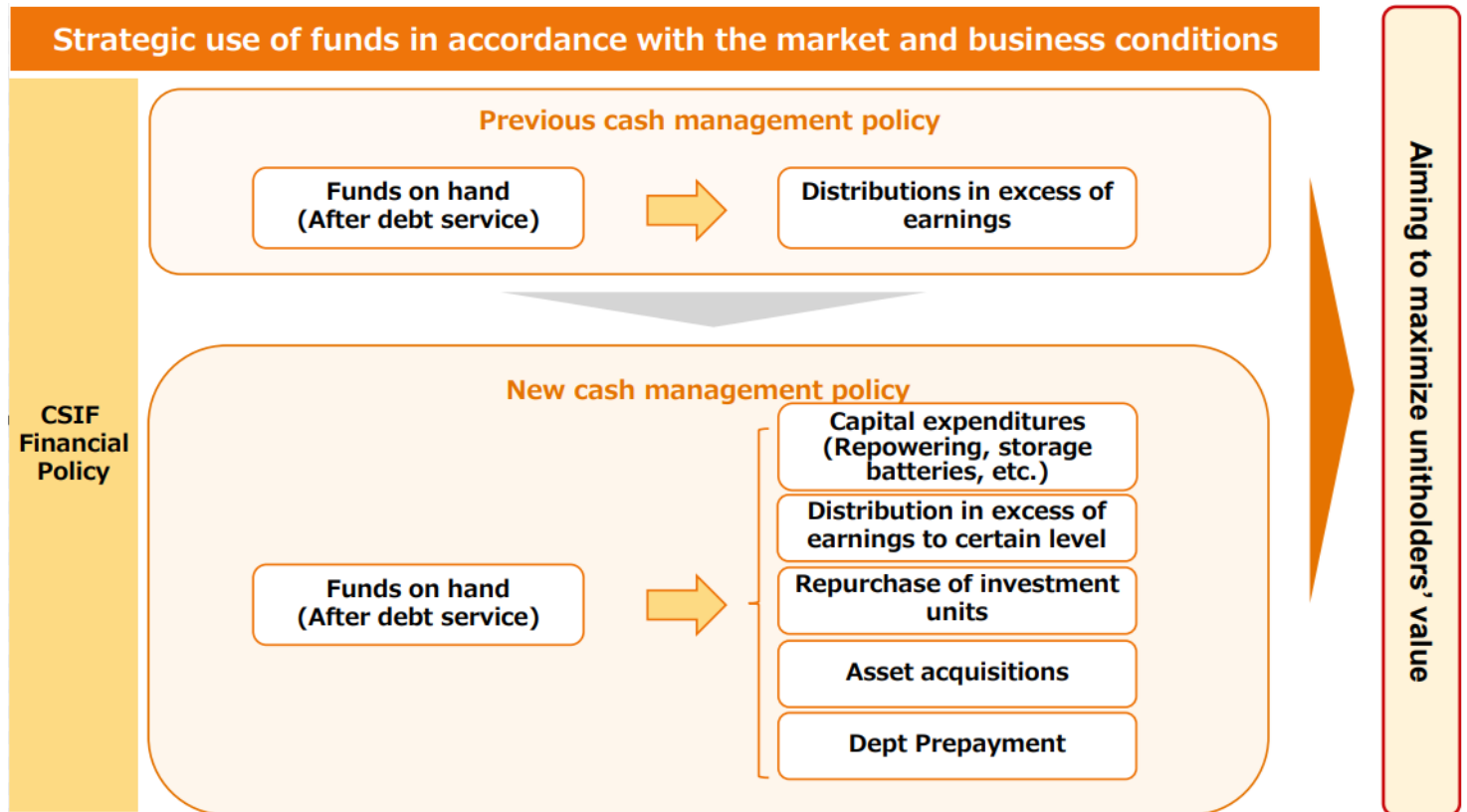


Source: Company Data

In an Increasingly Complex Market Environment, the Proportion of Cash Controlled by CSIF, a Specialist Organization, Should be Increased

This change in the environment is expected to increase the options for management decisions, such as considering corporate PPA's, repowering and the introduction of storage batteries. In this increasingly complex business environment, it can be said that increasing the proportion of cash management controlled by CSIF, an industry expert, will lead to long-term stabilization of investor returns. Therefore, it is a timely decision to change from a cash management policy that is solely focused on excess profit distributions to a policy of choosing from multiple options such as capital expenditures, acquisition of new properties, repurchasing investment units and to establish a system for making flexible financial management decisions.

Figure 19. Changes in Cash Management Policy



Source: Company Data

The Effective Abolition of Excess Earnings Distributions Would Accelerate Capital Accumulation and Lead to Earlier Rating Upgrades, Which Could Lead to Lower Interest Rates on Debt

In addition, CSIF has set a mid-term goal of raising its current rating of A to AA by 2030 and the abolition of excess earnings distributions will accelerate capital accumulation, which means that AA rating will likely be attained sooner. If an AA rating is achieved, the interest rate on future interest-bearing debt will be reduced, which will also have a positive effect on investor returns.

6) CSIF is Preferred by Foreign Investors

In Terms of the Composition of Foreign Investors, CSIF Stands Out from its Competitors at 9.6%

Looking at the ratio of unitholders to the number of investment units, the ratio of foreign corporations and individuals to investment corporations other than CSIF is about 1.0~2.0%, while CSIF stands out at 7.8%, making it the preferred position amongst foreign investors. In addition, the ratio of sponsors is in the double digits only for CSIF and Ichigo Green Infrastructure Investment Corporation, and the degree of alignment between unitholders and sponsors is higher than that of other investment corporations, making it easier for governance to be effective. The three investment corporations with a relatively high proportion of individual investors in Japan at about 70% are Enex Infrastructure Investment Corporation, Japan Infrastructure Fund Investment

Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Corporation and Tokyo Infrastructure Energy Investment Corporation.

Figure 20. Status of Unitholders of Each Infrastructure Fund (# of Units)

Investment Corporation	Sponsors	Domestic Financial Institutions	Domestic Corporations	Domestic Individuals	Foreign Corporations & Individuals
Canadian Solar Infrastructure	14.5%	13.5%	7.1%	57.0%	7.8%
Enex Infrastructure	2.5%	11.0%	10.2%	75.3%	0.8%
Japan Infrastructure Fund	1.3%	14.7%	12.1%	70.9%	0.8%
Tokyo Infrastructure Energy	3.6%	15.1%	6.7%	73.5%	1.1%
Ichigo Green Infrastructure	27.8%	8.4%	5.8%	56.3%	1.7%

* Figures for the most recent fiscal year of each infrastructure fund are described.

* Since the investment ratio of Mizuho Bank, the sponsor of Japan Infrastructure Fund Investment Corporation, is unknown, it is possible that the figure of domestic financial institutions of up to 0.8% is actually low and the figure of sponsor is high.

Source: Created by Strategy Advisors from Each Company's Materials

3. Competitive Advantage Created by the Difficulty of Imitation

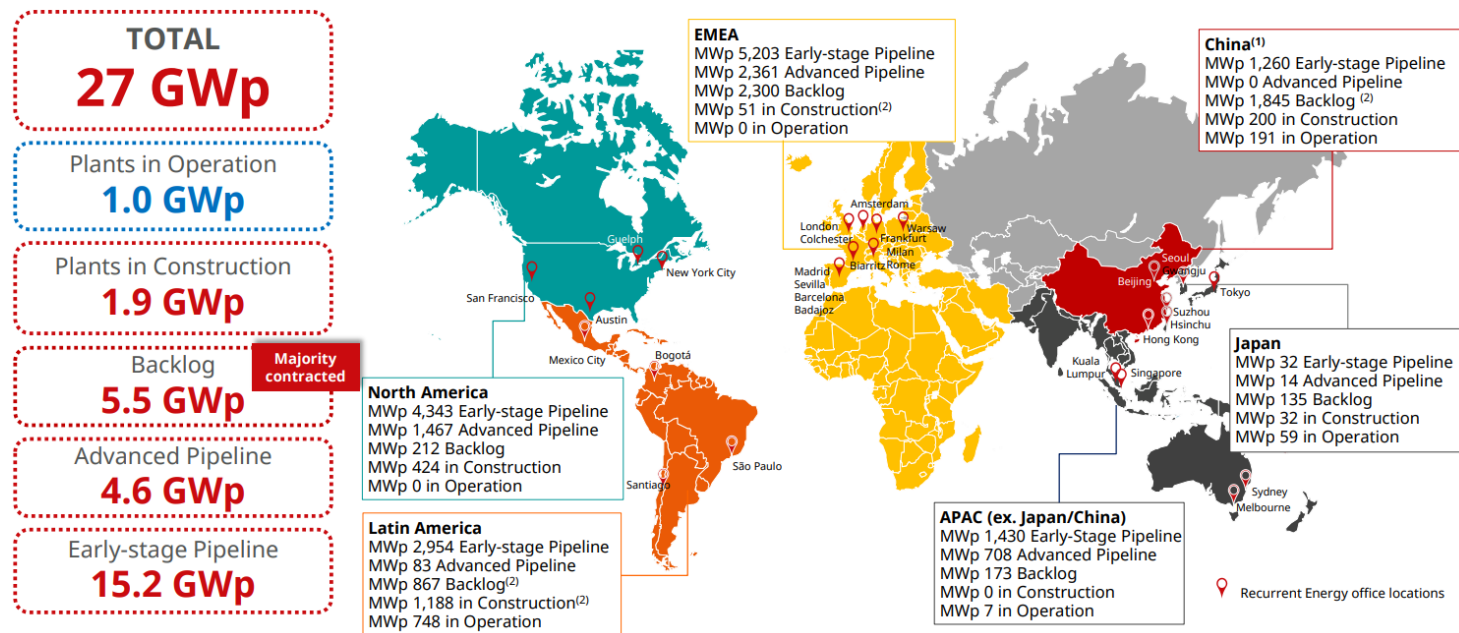
Management scholar Jay B. Barney has identified "difficulty of imitation" as a resource that provides a company with a competitive advantage. Imitation difficulty means that it is difficult for other companies to imitate a product and it takes a great deal of time and money to do so.

The difficulty in imitating CSIF's is its "Vertically Integrated Model," which sponsors the world's fifth largest panel manufacturer.

CSIQ's Power Plant Pipeline is 27 GW Worldwide, 70x that of Japanese Projects

CSIQ, the sponsor group of CSIF, is the world's fifth largest panel manufacturer; CSIQ has been in the solar power plant development business since 2010 and has built up its knowledge over the years, starting to build power plants in Japan in 2012. Geographically, CSIQ is developing solar power plants in North America, South America, Europe, Africa, China, Japan, Southeast Asia and other parts of the world, with a current global pipeline of approximately 27,000 MW, nearly 70 times the pipeline it has in Japan (392.8 MW). CSIQ's knowledge of power plant construction is considered to be among the best in the world, as the company has been constructing power plants in various environments around the world for more than a decade.

Figure 21: CSIQ's Global Pipeline



Source: CSIQ Data

CSIQ's Expertise in Panel Characteristics Can be Applied to Power Plant Development & Operations

In addition, CSIQ uses its own panels in the solar power plants it develops. Naturally, CSIQ is well versed in the characteristics of its own panels, so it selects sites and designs power plants based on panel characteristics, thereby ensuring that power plants are optimized for highly efficient power generation and stable long-term operation. Furthermore, as a panel manufacturer, CSIQ is constantly researching the characteristics of panels made by other companies. Therefore, when CSIF considers purchasing solar power plants using panels manufactured by other companies from third parties in the future, it can make use of CSIQ's knowledge of the characteristics of the panels and the high quality of the power plants.

O&M has Achieved a Double-Checking System in Japan & Canada

For O&M, CSOMJ monitors operations in Japan in real time using a general-purpose industrial system called SCADA. In addition, Canadian Solar O&M Inc. in Ontario, Canada, monitors operations through a global integrated management system called CS Eye that operates 24/7. This double-checking system, which overcomes the time difference made possible by being a global company, ensures the stable operation of their solar power plants.

China's Top Four Listed Solar Panel Makers are Not Developing Large-Scale Projects in Japan

The four companies that exceed CSIQ in solar panel production volume are all listed in China. They are Jinko Solar Co Ltd (Shanghai 688223), Trina Solar Co Ltd (Shanghai 688599), LONGi Green Energy Technology Co Ltd (Shanghai 601012) and JA Solar Technology Co Ltd (Shenzhen 002459). At present, these companies do not own large-scale solar power plants in Japan, but Trina Solar plans to increase development projects on the premise of owning them in the future and to utilize them for off-site PPAs, etc.

4. Domestic Photovoltaic Market and CSIF's Growth Strategy

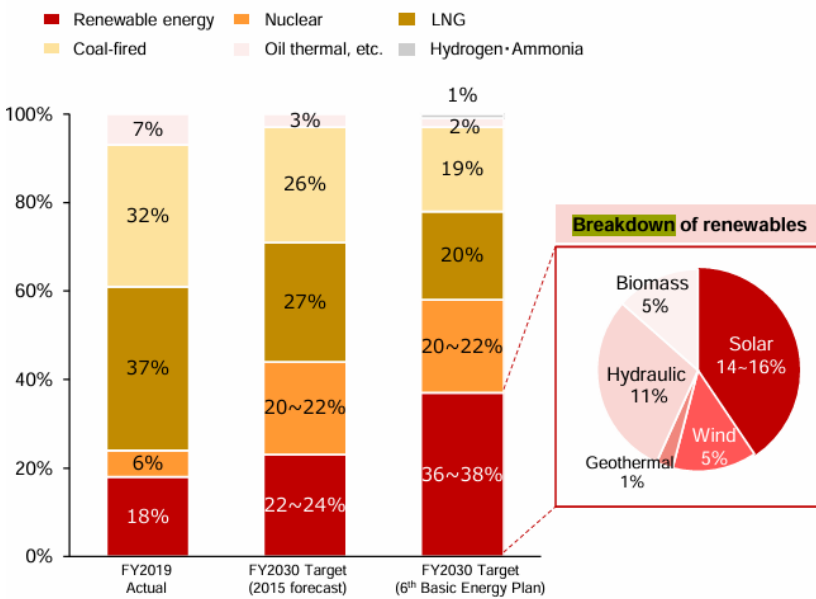
1) Domestic Market is Expected to Grow at 5-7% Per Annum Through 2030

Proportion of FIT Projects Gradually Declining

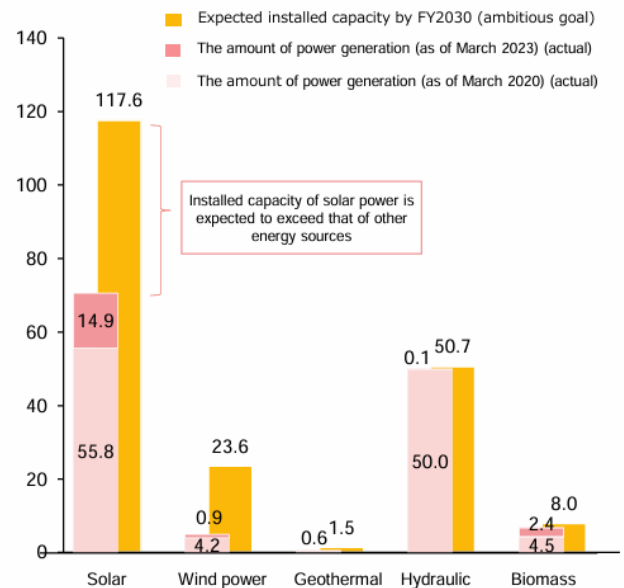
The cumulative amount of PV power generation installed in 2030 under the Sixth Basic Energy Plan is 117.6 GW and is expected to grow at an annual rate of 5 to 7%, with about 5 to 6 GW installed each year for the next seven years from 70.7 GW as of March 2023. According to the Yano Research Institute, about 80% of the approximately 5 GW of installed capacity in 2023 will come from FIT projects, while the percentage is expected to gradually decline thereafter to about 15% by 2030.

Figure 22: Japanese Government's Aggressive Stance in Pushing Renewable Energy Diffusion

Ratio of renewables to total energy mix



Expected installed capacity by renewable energy source



Source: Company Data

2) CSIF's Growth is Expected to Continue to Outpace Domestic Market Growth

All of CSIF's Medium-Term Growth Targets Can be Achieved with FIT Projects

All of CSIF's existing power plants (total capacity of 227.6 MW) and pipelines (total capacity of 392 MW) are FIT projects. CSIF has set a goal of more than tripling its asset size from the current ¥97bn to ¥300bn in the medium term. The growth rate is expected to be 21% per year, which is a much higher rate of expansion than that of the overall market growth rate.

Some Investment Corporations in the Same Industry Do Not Present Mid-Term Targets

Tokyo Infrastructure Energy Investment Corporation has set a similar goal to that of CSIF, increasing its asset size from ¥29.1bn to ¥50 bn from FIT projects alone, while Japan Infrastructure Fund Investment Corporation has increased its asset size from ¥67.6bn yen to ¥100bn in the medium term, including non-FIT projects, wind power, biomass and hydroelectric power, etc. Enex Infrastructure Investment Corporation has not indicated a medium-term target.

Increasing the Allowability of Acquiring Additional Large Power Plants as Asset Size Expands Will Make It Easier to Realize Profitability Gains

The benefits of expanding asset scale include a lower administrative personnel cost ratio, improved O&M efficiency due to multiple solar power plants located nearby and lower interest rates on borrowings due to improved creditworthiness. At present, CSIF and Enex Infrastructure Investment Corporation are the only two companies with power plants with output capacities of 30 MW or more. The more options a company has in acquiring power plants, the easier it will be to increase profitability and the more likely it will be to increase its share price.

The Boom in the Secondary Market Triggered by Output Curtailment is also a Tailwind for CSIF

The current active secondary market is a driving force behind the asset expansion strategy. Foreign companies have decided to withdraw from development due to the decline and end of FIT prices and power plant owners (individuals and overseas companies, etc.) who are unwilling to expand output curtailment, which began in 2018 and continued till 2022, are looking to sell their power plants. This is the reason why the market is expected to expand from a cumulative total of approximately 22.7GW in FY2020 to 79.4GW in FY2030. CSIF is taking advantage of this opportunity to accelerate the speed of asset expansion through the acquisition of power plants from the secondary market.

3) If the Debt Repayment Period can be Aligned with the Depreciation Period, the Speed of Business Growth can be Accelerated

Potential to Accelerate Output Capacity Growth Speed by at Least 2 MW Annually

The contractual repayment of loans procured by CSIF from financial institutions for the acquisition of power plants is not for 25 to 30 years until the completion of depreciation, but for 20 years until the end of the FIT. The short repayment period has the effect of reducing cash reserves. If the repayment period could be extended to 25 to 30 years, which would coincide with the depreciation period, the speed of CSIF's business growth could be further accelerated.

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For example, the contracted repayment amount in 2023 was approximately ¥2.6bn, but if this amount could be reduced by 2/3 to ¥1.7bn, or ¥900mn, it would be possible to acquire additional power plants worth more than 2 MW in one year (calculated at the generally accepted market price of ¥400mn for 1 MW).

5. Current Performance Trends

1) Results for FY24/6

Net Income +30.5% YoY in FY23/12

For FY23/12, CSIF reported sales of ¥4.4bn (+26% YoY), operating profit of ¥1.6bn (+39% YoY), recurring profit of ¥1.4bn (+36% YoY) and net income of ¥1.4bn (+36% YoY). The acquisition of five new assets on July 19, 2023 and one property on December 1, 2023 contributed to the increase in sales and profit.

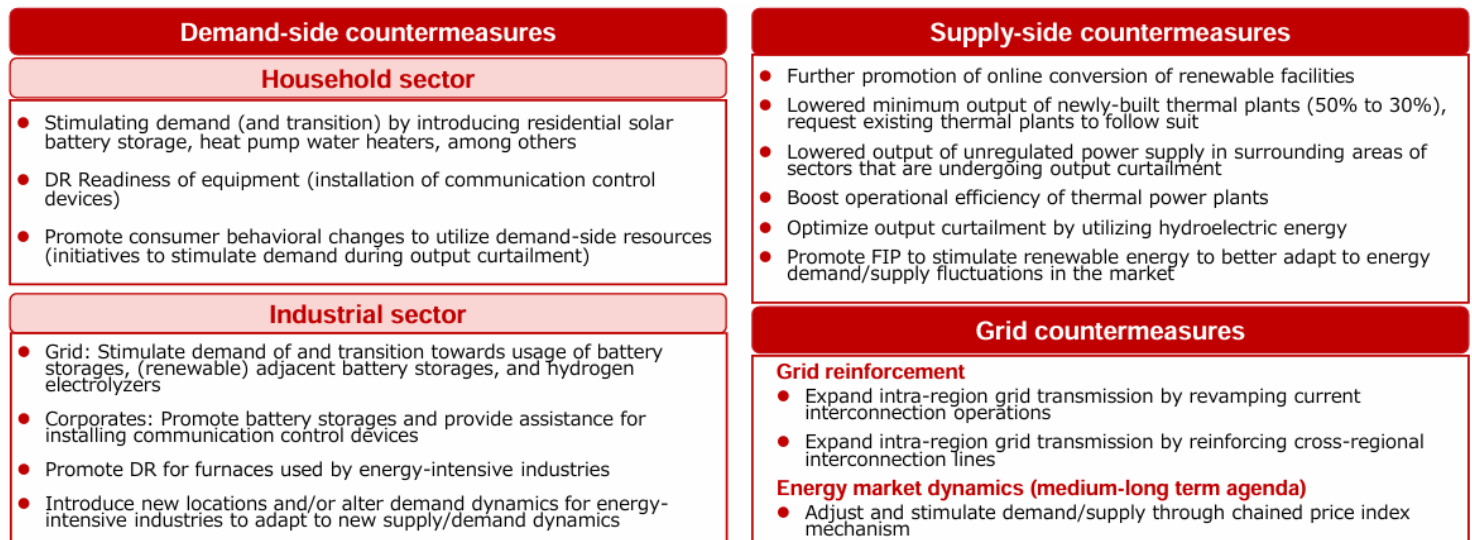
Controlling the Assumed Lost Variable Rents by Introducing 'On-Line' Curtailment Controllers

Regarding output curtailment, the number of output reduction incidents was, declined from 691 times in the 6-months till June 2023 period to 494 times in the next 6-months ending in June 2024, so the expected lost variable rent was kept at a certain level. Incidentally, the number of times output curtailments was higher in the June period than in the December period. This is due to a seasonal factor, resulting from a mismatch of supply and demand, where the increase in sunshine hours in spring increases the amount of electricity generated, while the demand for electricity for heating and cooling is lower.

Concrete Measures Have Been Taken at the Government Level to Reduce Output Curtailment

With regard to output curtailment, which is an obstacle to the spread of renewable energy, measures on the supply, demand and grid sides are being considered at the government level. Specific measures have been announced in December 2023 as the "Renewable Energy Output Curtailment Measures Package." In November 2023, the Listed Infrastructure Fund Council, to which CSIF belongs, submitted a questionnaire and opinion on output curtailment in November 2023 requesting highly transparent disclosure of information on output curtailment from some power transmission and distribution companies.

Figure 23. Renewable Energy Output Curtailment Measures Package



Source: Company Data

Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Figure 23: Performance Trends (¥ mn)

FY End	20/12	21/6	21/12	22/6	22/12	23/6	23/12	24/6	24/12	CoE
Sales (Rental Revenues)	2,414	3,425	3,587	4,061	3,715	3,453	4,538	4,368	4,477	
YoY	15.6%	46.9%	48.6%	18.6%	3.6%	-15.0%	22.2%	26.5%		-1.3%
Operating expenses	1,555	1,966	2,243	2,317	2,332	2,297	2,691	2,759		2,829
Rental expense	1,409	1,781	2,034	2,091	2,115	2,083	2,415	2,483		1,185
Asset management fee	61	88	112	127	116	109	169	166		
Administrative service fees	19	23	28	28	27	29	28	31		
Director's compensation	2	2	2	2	2	2	2	2		
Taxes and Duties	0	2	0	0	0	0	3	0		
Other	63	69	67	68	72	73	74	77		
Operating Income	858	1,459	1,345	1,744	1,383	1,156	1,847	1,608		1,644
OPM	35.5%	42.6%	37.5%	42.9%	37.2%	33.5%	40.7%	36.8%		-11.0%
Non-operating income	37	91	9	3	40	57	2	9		
Interest income	0	0	0	0	0	0	0	0		
Dividends	-	0	-	0	-	0	-	0		
Gain on forfeiture of unclaimed dividends	-	-	-	-	-	0	1	1		
Insurance income	1	79	8	-	39	57	-	0		
Guarantee commission received	-	-	-	-	-	-	1	-		
Interest on refund	-	0	0	-	-	-	-	1		
Miscellaneous income	36	12	0	3	0	0	0	-		
Non-operating expenses	178	476	230	237	209	209	462	255		258
Interest expense	111	147	160	151	149	141	184	186		
Interest on investment corporation bond	4	17	19	19	19	19	19	19		
Investment corporation bond issuance cost	1	3	3	3	3	3	3	3		
Borrowing-related expenses	57	213	38	38	38	38	213	47		
Investment unit issuance costs	-	73	-	-	-	8	42	-		
Loss on retirement of noncurrent assets	5	24	10	27	-	-	1	-		
Ordinary Income	717	1,074	1,123	1,510	1,214	1,004	1,387	1,362		1,386
ROS	29.7%	31.4%	31.3%	37.2%	32.7%	29.1%	30.6%	31.2%		-0.1%
Income Before Income Taxes	717	1,074	1,123	1,510	1,214	1,004	1,387	1,362		
Total income taxes	1	1	1	1	1	1	1	1		
Net Income	716	1,073	1,122	1,509	1,213	1,003	1,386	1,361		1,385
NPM	29.7%	31.3%	31.3%	37.2%	32.7%	29.0%	30.5%	31.2%		-0.1%

Source: Company Data

2) FY24/12 Forecasts and Beyond

Depending on asset acquisition, forecast figures may be higher than expected

For FY24/6, the company forecasts net sales of ¥4,477mn (-1% YoY), operating income of ¥1,644mn (-11% YoY), recurring income of ¥1,386mn (-0% YoY) and net income of ¥1,385mn (-0% YoY). However, these figures are based on the assumption that no further acquisition of solar power plants will be factored in, and if assets are acquired, these figures may be higher. Dividends per unit are expected to decrease from ¥3,775 in FY23/12 to ¥3,066 in the fiscal year ending December 24/12, as the company has decided to set the excess profit distribution to zero going forward.

6. ESG

First Listed Infrastructure Fund to Comply with TCFD

In February 2022, CSIF implemented disclosures in line with the TCFD (Task Force on Climate-related Financial Disclosures), a body established by the Financial Stability Board (FSB) at the request of the G20 to examine climate-related disclosures and how financial institutions should respond. The FSB recommended the disclosure of "Governance", "Strategy", "Risk Management", and "Indicators and Targets" as recommended items for climate change-related information disclosure and this is in response to this recommendation. CSIF was the first listed infrastructure fund to comply with this recommendation.

Highest Rating for Green Finance Frameworks

In February 2023, we selected ESG issues (materiality) that are of particular importance to CSIF and published an ESG report that shows KPI's and specific measures related to the resolution of materiality items. In June, the company revised its green finance framework and received the highest rating of Green1(F) from JCR.

Conforms to European SFDR

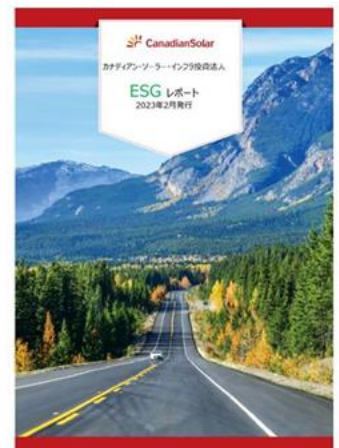
Furthermore, CSIF's disclosures are in compliance with the Sustainability Related Disclosure Rules (SFDR), which were established in Europe to prevent greenwashing of investment products (making them appear as if they are environmentally friendly).

Implementing Environmentally and Socially Conscious Initiatives in the Area Where the Power Plant is Located

In each area where the power plant is located, in consideration of rare species such as goshawks, CSIF refrained from using chainsaws and colored fences in protective colors (CS Oyamacho Power Plant), sponsorship of a walking competition on the historical site course that Francis Xavier is said to have passed (CS Hinodecho / Hinodecho 2nd Power Plant), donation of parks (CS Oyamacho Power Plant). CSIF is making efforts to consider the environment and society, such as donating condolences for typhoon damage (CS Marumoricho Power Plant).

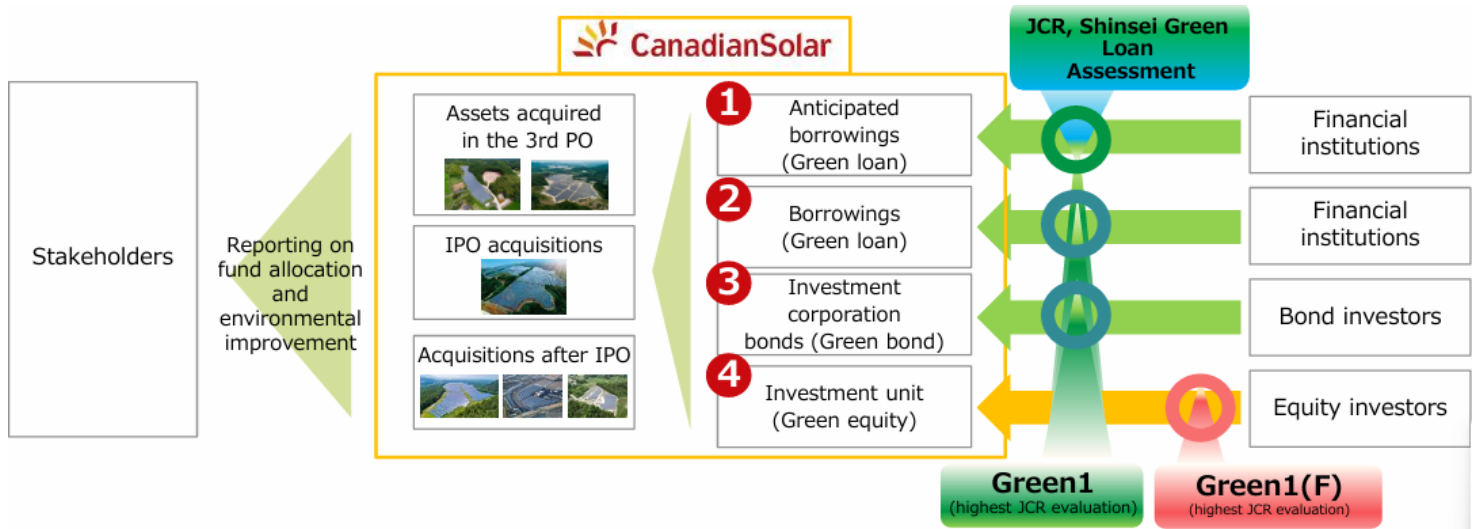
Figure 25: ESG Report

- CSAM endorsed the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in February 2022. CSIF and CSAM published the ESG report in February 2023.
- CSIF selects 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.



Source: Company Data

Figure 26. Highest Rating for Green Finance Frameworks



Source: Company Data

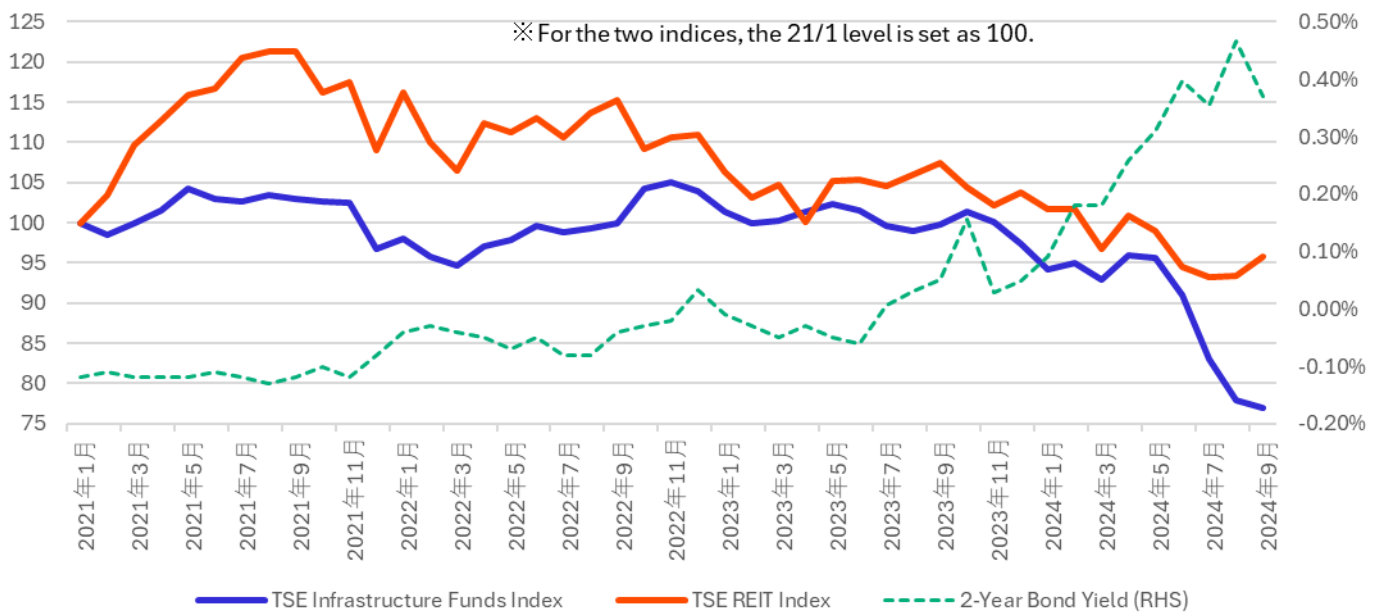
7. Valuation

1) CSIF is Undervalued Amid a Downward Trend Caused by Reports of Mandatory Recycling Measures

Infrastructure Investment Corporation Share Prices Have Remained Stable Compared to REIT Share Prices, but have Recently Fallen Due to Rising Interest Rates and Other Unique Factors

Although the amount of electricity sold by infrastructure investment corporations varies depending on the weather and output control conditions, the price per unit of electricity sold itself remains constant for up to 20 years, so their share prices tend to be more stable than those of REIT's. However, rising interest rates are a negative factor for both infrastructure investment corporations and REIT's, and the rise in interest rates since mid-2023 has put downward pressure on share prices (and upward pressure on dividend yields). Since June 2024, only infrastructure investment corporations have seen an increase in their declines, but this is due to a factor specific to infrastructure investment corporations, namely reports that the government has begun considering making solar panel recycling mandatory.

Figure 27: TSE Funds Index, TSE REIT Index & 2-Year Bond Yield



Source: Prepared by Strategy Advisors

It Can be Interpreted as the Market Determining that Mandatory Recycling Could Lead to a 14-25% Drop in PBR

As of FY2011, before talk of making solar panel recycling mandatory, the PBR's of each company were generally above 1.0 and remained at roughly the same level even during the rising interest rates that began in FY2012; but the rate of decline widened after the news was released, dropping by around 14-25% compared to before the release of this news. Although it is difficult to verify the appropriateness of the amounts as a general market view of recycling costs has not yet been formed, it can be interpreted that the market has judged this to be a factor that would cause PBRs to fall by 14-25%.

Given that CSIF is the Only Company Whose BPS is Not Expected to Decrease, its Stock Price May be Cheaper than Other Companies

On the other hand, if we compare future PBR's (estimated) from the perspective that current stock prices also reflect future business outlook, CSIF, which has decided to abolish excess earnings distributions in principle, will remain flat, while other infrastructure investment corporations will rise due to the effect of reduced book value per share (BPS) caused by excess earnings distributions. Specifically, while CSIF will remain flat at 0.86, Enex Infrastructure Investment Corporation will reach the 0.9 range in 2025, Japan Infrastructure Fund Investment Corporation will surpass CSIF and Tokyo Infrastructure & Energy Investment Corporation will also surpass CSIF in 2026. In this way, when comparing based on future PBR trends, CSIF's current PBR may be undervalued.

Figure 28. Estimated PBR Trends for Each Infrastructure Investment Corporation Based on the Most Recent Stock Prices

Investment Corporation	Item	2H 2023	1H 2024	Latest	2H 2024	1H 2025	2H 2025	1H 2026	2H 2026	Exceeding PBR1.0 (Timing)
Canadian Solar Infrastructure	Stock Price	111,900	98,700	87,900	87,900	87,900	87,900	87,900	87,900	-
	BPS	103,280	102,543	102,543	102,543	102,543	102,543	102,543	102,543	
	PBR	1.08	0.96	0.86	0.86	0.86	0.86	0.86	0.86	
Enex Infrastructure	Stock Price	87,300	80,900	68,700	68,700	68,700	68,700	68,700	68,700	2H 2027
	BPS	80,952	79,570	79,570	77,935	76,443	74,808	73,316	71,681	
	PBR	1.08	1.02	0.86	0.88	0.90	0.92	0.94	0.96	
Japan Infrastructure Fund	Stock Price	87,500	80,900	68,400	68,400	68,400	68,400	68,400	68,400	2H 2028
	BPS	84,065	82,226	82,226	80,941	79,170	77,885	76,114	74,829	
	PBR	1.04	0.99	0.83	0.85	0.86	0.88	0.90	0.91	
Tokyo Infrastructure Energy	Stock Price	86,700	79,500	67,900	67,900	67,900	67,900	67,900	67,900	1H 2030
	BPS	85,028	84,095	84,095	82,720	81,432	80,126	78,838	77,532	
	PBR	1.02	0.95	0.81	0.82	0.83	0.85	0.86	0.88	
Strawberry Green infrastructure	Stock Price	71,000	67,600	52,800	52,800	52,800	52,800	52,800	52,800	-
	BPS	34,377	35,386	35,386	35,386	33,376	33,376	31,551	31,551	
	PBR	2.07	1.91	1.49	1.49	1.58	1.58	1.67	1.67	

*Some infrastructure investment corporations have fiscal year endings in June and December, while others have fiscal year endings in May and November. The figures for those with fiscal year endings in May and June are listed in 1H.

*For future figures, the stock price will remain unchanged. For periods where a forecast of excess earnings distributions is shown, BPS is calculated by subtracting the said figure from the BPS of the immediately preceding period. For periods where no forecast is shown, the forecast value for the same period of the previous year is used.

Source: Compiled by Strategy Advisors. Based on Company Data

2) Increased Market Capitalization May Result in a Liquidity Premium

Market Capitalization Increase Through Future Pipeline Acquisitions Could Lead to Higher Share Price

In terms of market capitalization, even CSIF, the company with the largest market capitalization, is not large at approximately ¥50bn. In the future, as market capitalization increases and liquidity improves through pipeline acquisitions, the investor base will expand, which may lead to an increase in the share price in the form of a liquidity premium.

Strong Fundraising Capacity and Strong Financial Base Support Steady Pipeline Acquisition Execution

Acquiring a pipeline requires an elevated level of financing capacity and a strong financial base to support it. CSIF has a stable lender formation of a total of 23 financial institutions, mainly the 3 megabanks, SBI Shinsei Bank and Sumitomo Mitsui Trust Bank; and its funding capacity is extremely high. This funding system is being strengthened day by day as CSIF continues to maintain its track record of stably controlling LTV at around 50%. In addition, the fixed interest rate ratio of loans procured from these financial institutions is at a prominent level of about 90%, indicating that the Bank has a strong interest rate rise system.

Figure 29: Market Capitalization of Each Infrastructure Fund (¥ mn)

Investment Corporation	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024
Canadian Solar Infrastructure	26,379	30,841	48,912	47,443	47,365	47,945	47,017	50,551	44,588
Enex Infrastructure	8,475	8,218	33,022	30,719	31,905	32,988	37,702	48,624	45,059
Japan Infrastructure Fund	6,914	7,200	13,418	12,327	19,750	23,167	33,803	32,827	35,665
Tokyo Infrastructure Energy	4,641	10,356	11,467	10,711	10,922	16,545	16,402	15,541	14,251
Ichigo Green Infrastructure	5,900	6,445	7,136	6,950	7,321	7,362	7,496	7,311	6,961

*Infrastructure Investment Corp. has two fiscal years, one ending in June/December and the other in May/November, and the figures for the May and June fiscal years are shown in H1.

Source: Prepared by Strategy Advisors. Based on Company Data

3) Business Value That is Not Factored into Market Capitalization

Only the Next 25~30 years are Factored into the Property Valuation

The current property valuation based on third-party reports is conducted over a period of 25~30 years, which is the FIT period of 20 plus 5~10 years, and the market capitalization of Infrastructure Fund is also a figure formed based on 25~30 years of property evaluation. However, since the grid is linked, it does not actually mean that power generation will not be lost after 25~30 years, and profits can be obtained through repowering in FIP and Post FIT, corporate PPA, and the use of storage batteries. The value of business after 25~30 years has not been factored into the current market capitalization, and if the market's awareness of this reality increases, it may lead to an increase in stock prices.

4) Renewable Energy-Related Investments Are Preferred Globally

There has been a Global Preference for Investment in Renewable Energy-Related Stocks

A look at the market capitalization of the world's major REIT stocks over the past five years shows that the market capitalization of stocks that invest not only in renewable energy-related assets but also in warehouses and data centers that have solar panels installed on the roofs of their facilities or use 100% renewable energy as their power source has increased significantly. The market capitalization of such stocks has increased significantly. This is a result

of the global preference for investment in renewable energy-related stocks.

Figure 30: Top 10 Global REITs by Market Capitalization (as of December 31, 2023) & 5 Major REITs Focusing on Renewable Energy & Japanese Infrastructure Funds

#	REIT/Investment Corporation	Type Of Industry	Focus On Renewable Energy	Market Capitalization (¥ bn)	5 Year Rate Of Change
1	Prologis	Industry	○	18,475	127.0%
2	American Tower	Communication		15,095	36.5%
3	Equinix	Data Center	○	11,342	128.4%
4	Public Storage	Warehouse		8,045	50.7%
5	Crown Castle	Communication		7,494	6.0%
6	Welltower	Health Care		7,486	29.9%
7	Simon Property Group	Retail		6,980	-15.1%
8	Realty Income Corp.	Retail		23/65	-8.9%
9	Digital Realty Trust	Data Center		6,114	26.3%
10	Extra Space Storage	Warehouse		5,081	77.2%
-	Iron Mountain	Warehouse	○	3,065	120.3%
-	Kimco Realty Corp.	Shopping Center	○	1,982	114.0%
-	Stag Industrial	Warehouse	○	1,069	163.1%
-	Hannon Armstrong Sustainable Infrastructure Capital	Renewable Energy	○	460	166.1%
-	Farmland Partners	Agricultural Land	○	90	323.2%
-	Canadian Solar Infrastructure	Renewable Energy	○	51	130.9%
-	Enex Infrastructure	Renewable Energy	○	49	-
-	Japan Infrastructure Fund	Renewable Energy	○	33	-
-	Tokyo Infrastructure Energy	Renewable Energy	○	16	303.3%
-	Ichigo Green Infrastructure	Renewable Energy	○	7	27.7%

*Exchange rate is calculated at ¥150 to the dollar.

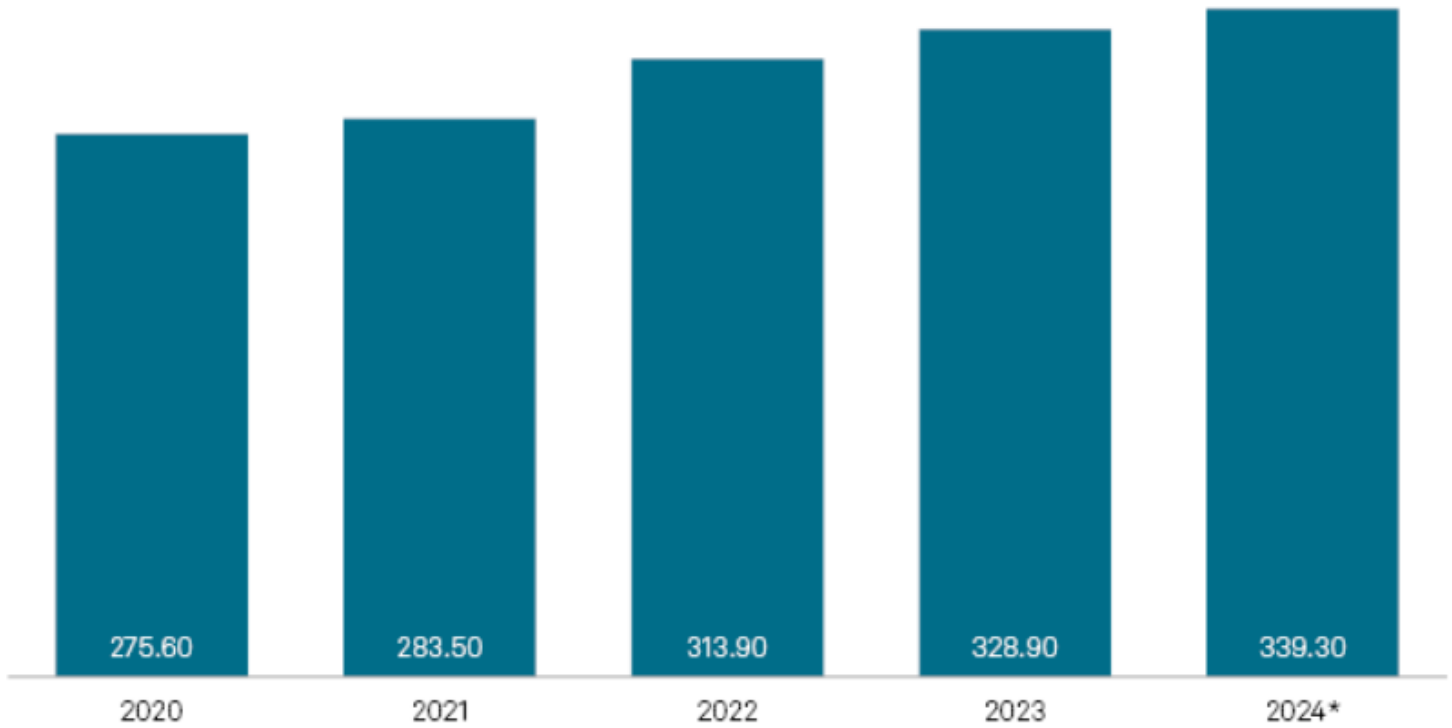
Source: Prepared by Strategy Advisors. Based on Company Data

5) Infrastructure-Related Funds have a Global Investment Capacity of ¥50 Trillion

The Need for Investment in Infrastructure-Related Assets is Increasing Every Year

According to S&P Global, global investment capacity for infrastructure-related funds (both listed and unlisted) will total \$339.3 bn as of January 2024. The investment capacity itself has been expanding every year from \$275.6 bn in 2020 to \$328.9 bn in 2023, indicating a growing need for investment in infrastructure-related assets.

Figure 31: Global Infrastructure-Related Funds (including Unlisted Funds) Investment Capacity (\$ bn)



Data compiled Jan. 23, 2024.

* Year to date through Jan. 23, 2024.

Source: S&P Global

8. Risk Factors

Although there are no major risks to keep watch off at this point, the following four risks can be identified as they may prevent the company's performance from growing as much as planned.

- ① There is a risk of reduced power generation if weather conditions worsen. However, the minimum guaranteed rent (70% of the rental income achievable with a 50% probability of success) will not be less than the minimum rent.
- ② There is a risk of damage to the power plant due to earthquakes, typhoons, landslides, etc. However, since all of the power plants owned by CSIF use CSIQ panels, with the exception of some power plants, it is considered to be easier to restore than other infrastructure funds, where panel manufacturers vary from power plant to power plant. In addition, the majority of the damage amount is covered by non-life insurance (property, profit). However, there are cases where theft of copper wires is not covered by non-life insurance.
- ③ There is a risk that the amount of power generated will decrease due to output curtailment. However, CSIF has made it possible to limit output curtailment to peak hours of power generation by promoting the introduction of online output curtailment devices, so that the expected lost variable rent can be kept to a certain extent. Since the current earnings forecast incorporates the outlook for long-term output curtailment by a third-party organization, if the degree of output curtailment is smaller than the forecast, it may lead to an increase in the earnings forecast.
- ④ At present, the period during which corporate tax is effectively exempt due to conduitability is limited to 20 years after listing, so there is a risk that the tax burden will increase in the future unless the system is revised.
- ⑤ There is a risk that costs will increase due to changes in the system. For example, from April 2022, mandatory accumulation of disposal costs for solar power generation facilities was introduced. In addition, from April 2024, a system of charging on the power generation side will be introduced, and power generation companies will also bear part of the maintenance and expansion costs of transmission and distribution facilities that have been borne by retailers until now. However, there is currently no additional burden on CSIF for those that have obtained FIT certification and those that have obtained FIP certification before March 31, 2024, as they are not subject to charge during the FIT/FIP purchase period.

Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Figure 32: Income Statement (¥ mn)

FY End	20/12	21/6	21/12	22/6	22/12	23/6	23/12	24/6	24/12	CoE
Sales (Rental revenues)	2,414	3,425	3,587	4,061	3,715	3,453	4,538	4,368	4,477	
YoY	15.6%	46.9%	48.6%	18.6%	3.6%	-15.0%	22.2%	26.5%	-1.3%	
Operating expenses	1,555	1,966	2,243	2,317	2,332	2,297	2,691	2,759	2,829	
Rental expense	1,409	1,781	2,034	2,091	2,115	2,083	2,415	2,483	1,185	
Asset management fees	61	88	112	127	116	109	169	166		
Administrative service fees	19	23	28	28	27	29	28	31		
Director's compensation	2	2	2	2	2	2	2	2		
Taxes and duties	0	2	0	0	0	0	3	0		
Other	63	69	67	68	72	73	74	77		
Operating income	858	1,459	1,345	1,744	1,383	1,156	1,847	1,608	1,644	
OPM	35.5%	42.6%	37.5%	42.9%	37.2%	33.5%	40.7%	36.8%	-11.0%	
Non-operating income	37	91	9	3	40	57	2	9		
Interest income	0	0	0	0	0	0	0	0		
Dividends	-	0	-	0	-	0	-	0		
Gain on forfeiture of unclaimed dividends	-	-	-	-	-	0	1	1		
Insurance income	1	79	8	-	39	57	-	0		
Guarantee commission received	-	-	-	-	-	-	1	-		
Interest on refund	-	0	0	-	-	-	-	1		
Miscellaneous income	36	12	0	3	0	0	0	-		
Non-operating expenses	178	476	230	237	209	209	462	255	258	
Interest expense	111	147	160	151	149	141	184	186		
Interest on investment corporation bond	4	17	19	19	19	19	19	19		
Investment corporation bond issuance cost	1	3	3	3	3	3	3	3		
Borrowing-related expenses	57	213	38	38	38	38	213	47		
Investment units issuance costs	-	73	-	-	-	8	42	-		
Loss on retirement of noncurrent assets	5	24	10	27	-	-	1	-		
Ordinary income	717	1,074	1,123	1,510	1,214	1,004	1,387	1,362	1,386	
ROS	29.7%	31.4%	31.3%	37.2%	32.7%	29.1%	30.6%	31.2%	-0.1%	
Income before income taxes	717	1,074	1,123	1,510	1,214	1,004	1,387	1,362		
Total income taxes	1	1	1	1	1	1	1	1		
Net income	716	1,073	1,122	1,509	1,213	1,003	1,386	1,361	1,385	
NPM	29.7%	31.3%	31.3%	37.2%	32.7%	29.0%	30.5%	31.2%	-0.1%	

Source: Company Data

Canadian Solar Infrastructure Fund, Inc.

9284 (TSE Infrastructure)

Figure 33: Balance Sheet (¥ mn)

FY End	20/12	21/6	21/12	22/6	22/12	23/6	23/12	24/6
Cash and bank deposit	2,829	4,612	5,101	5,082	5,272	4,990	5,911	6,082
Operating accounts receivable	362	1,007	757	1,149	799	1,036	947	1,385
Prepaid expenses	156	135	224	164	263	181	337	245
Other	-	75	-	-	13	-	-	45
Total current assets	3,375	8,352	6,141	6,470	6,406	6,253	8,21/6	7,756
Structures, net	937	920	898	884	864	849	837	815
Machinery and equipment, net	37,710	36,848	36,001	35,104	34,277	33,418	33,352	32,484
Tools, furniture and fixtures, net	523	512	500	488	477	466	454	443
Land	4,485	4,506	4,506	4,506	4,506	4,506	4,571	4,571
Structures in trust, net	33	6,481	6,369	6,250	6,149	6,026	7,217	7,073
Machinery and equipment in trust, net	768	19,979	19,567	19,165	18,742	18,318	30,406	29,754
Tools, furniture and fixtures in trust, net	3	92	90	88	87	85	123	119
Land in trust	117	4,771	4,770	4,770	4,770	4,770	6,949	6,949
Construction in progress in trust	-	-	-	-	-	4	4	4
Total property and equipment	44,593	74,116	72,702	71,255	69,871	68,444	83,913	82,214
Total intangible assets	755	1,157	1,157	1,160	1,159	1,159	1,489	1,489
Total investment and other assets	323	651	612	574	535	497	985	926
Total fixed assets	45,617	75,924	74,472	72,988	71,565	70,100	86,386	84,628
Total assets	49,052	84,299	80,633	79,476	77,986	76,365	95,017	92,391
Operating Accounts payable	68	80	47	70	87	56	101	93
Accounts payable and accrued expenses	212	411	259	309	285	280	345	447
Short-term loan payable	6,518	2,270	2,249	2,262	2,275	2,267	5,100	3,981
Other	37	40	307	149	80	86	66	372
Total current liabilities	6,835	2,801	2,862	2,790	2,727	2,689	5,612	4,802
Long-term loan payable	19,524	36,206	32,788	31,644	30,513	29,376	38,876	37,397
Investment corporation bond	1,100	4,900	4,900	4,900	4,900	4,900	3,800	3,800
Total non-current liabilities	20,24/6	41,106	37,688	36,544	35,413	34,276	42,747	41,265
Total liabilities	27,460	43,908	40,550	39,334	38,140	36,966	48,359	46,066
Unitholders' capital, net	20,876	39,318	38,961	38,633	38,632	38,397	45,272	44,963
Surplus	717	1,073	1,122	1,509	1,214	1,003	1,386	1,361
Total net assets	21,593	40,391	40,083	40,142	39,846	39,400	46,658	46,325
Total liabilities and net assets	49,052	84,299	80,633	79,476	77,986	76,365	95,017	92,391

Source: Company Data

Figure 34: Cash Flow Statement (¥ mn)

FY End	20/12	21/6	21/12	22/6	22/12	23/6	23/12	24/6
Income before income taxes	717	1,074	1,123	1,510	1,214	1,004	1,387	1,362
Depreciation cost	914	1,259	1,452	1,453	1,454	1,455	1,695	1,730
Decrease (Increase) in operating accounts receivable	116	-645	250	-391	350	-237	89	-438
Decrease (Increase) in consumption taxes receivable	-26	-2,468	2,493	-	-	-	-1,385	1,385
Decrease (Increase) in long-term prepaid expenses	15	-337	39	39	39	39	-471	58
Other operating cash flows	-228	50	232	-8	-169	78	-8	398
Cash flows from operating activities	1,508	-1,067	5,589	2,603	2,888	2,339	1,307	4,495
Purchases of property and equipment	-647	-30,614	-230	-37	-72	-25	-17,169	-29
Purchases of intangible assets	-	-403	-	-3	-1	-1	-255	-4
Cash flows from investing activities	-654	-31,017	-230	-40	-73	-26	-17,441	-33
Proceeds from short-term loans payable	-	-	-	-	-	-	1,100	-
Proceeds from long-term loans payable	1,000	23,100	-	-	-	-	11,600	-
Repayment of long-term loans payable	-790	-6,866	-3,439	-1,132	-1,117	-1,145	-1,467	-1,498
Issuance of shares	-	18,508	-	-	-	-	7,272	-
Dividends paid	-855	-855	-1,431	-1,450	-1,509	-1,450	-1,450	-1,694
Cash flows from financing activities	-654	33,868	-4,870	-2,582	-2,626	-2,595	17,055	-4,292
Free cash flow	854	-32,804	5,359	2,563	2,815	2,313	-16,134	4,462

Source: Company Data

Figure 35: Stock Indicators and KPI's

FY End	20/12	21/6	21/12	22/6	22/12	23/6	23/12	24/6	24/12 CoE
EPS (¥)	3,099	3,234	2,902	3,902	3,138	2,594	3,111	3,012	3,066
BPS (¥)	93,397	104,463	103,665	103,818	103,053	101,898	103,280	102,543	
Dividend per share (¥)	3,700	3,700	3,750	3,903	3,750	3,750	3,750	3,775	3,066
Dividend payout ratio	119.4%	133.4%	129.2%	100.0%	119.5%	144.6%	22/12%	-	
Closing price (¥)	133,400	126,500	122,700	122,500	124,000	121,600	111,900	98,700	
PER (times)	43.0	39.1	42.3	31.4	39.5	46.9	36.0	32.8	
PBR (times)	1.4	1.2	1.2	1.2	1.2	1.2	1.1	1.0	
Number of Shares Issued (ts)	231	387	387	387	387	387	452	452	452
Number of treasury stock (ts)	0	0	0	0	0	0	0	0	
Number of shares of treasury stock excluded (ts)	231	387	387	387	387	387	452	452	
Market capitalization (¥ mn)	30,841	48,912	47,443	47,365	47,945	47,017	50,551	44,588	
Shareholders' equity ratio	44.0%	47.9%	49.7%	50.5%	51.1%	51.6%	49.1%	50.1%	
Interest-bearing debt	27,142	43,377	39,937	38,805	37,688	36,544	47,776	45,179	
D/E Ratio	1.1	1.0	0.9	0.8	0.8	0.8	0.9	0.8	
EV (Enterprise Value)	55,154	87,677	82,279	81,088	80,361	78,571	92,416	83,685	
EBITDA (¥ mn)	1,772	2,718	2,797	3,197	2,837	2,611	3,542	3,338	
EV/EBITDA multiple	31.1	32.3	29.4	25.4	28.3	30.1	26.1	25.1	
ROE	3.3%	3.5%	2.8%	3.8%	3.0%	2.5%	3.2%	2.9%	
ROIC (capital invested)	1.8%	2.2%	1.6%	2.2%	1.8%	1.5%	2.2%	1.7%	
ROIC (business assets)	1.9%	2.4%	1.8%	2.4%	1.9%	1.6%	2.4%	1.9%	
Total output capacity (MW)	123.0	183.9	183.9	183.9	183.9	183.9	227.6	226.4	

Note: Share price indices for FY3/2024 are based on the closing price on March 22; balance sheet items are as of FY23/12.

Source: Company Data

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