

Canadian Solar Inc.
Form 424B5
January 04, 2016

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-208828

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common shares with no par value	US\$100,000,000	US\$10,070.00

- (1) Calculated in accordance with Rules 457(o) and 457(r) under the Securities Act of 1933, as amended (the "Act"). In accordance with Rules 456(b) and 457(r) of the Act, the registrant initially deferred payment of all of the registration fee for Registration Statement No. 333-208828 filed by the registrant on January 4, 2016.
-

Table of Contents

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 4, 2016)

\$100,000,000

Common Shares

Canadian Solar Inc.

We have entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse or the sales agent, relating to our common shares, with no par value, offered by this prospectus supplement and the accompanying prospectus. In accordance with the terms of the distribution agency agreement, we may offer and sell our common shares having an aggregate offering price of up to \$100,000,000 from time to time on the Nasdaq Global Market or other market for our common shares in the U.S. through the sales agent.

Our common shares are listed on the Nasdaq Global Market under the symbol "CSIQ." On December 31, 2015, the last reported sale price of our common shares on the Nasdaq Global Market was \$28.96 per share.

Sales of our common shares under this prospectus supplement and the accompanying prospectus may be made in sales deemed to be "at-the-market offerings" as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, including by means of ordinary brokers' transactions on or through the Nasdaq Global Market or other market for our common shares, sales made to or through a market maker other than on an exchange or otherwise, in negotiated transactions at market prices prevailing at the time of sale or at negotiated prices, or as otherwise agreed with the sales agent. Credit Suisse will act as sales agent on a reasonable efforts basis consistent with its normal trading and sales practices. There is no arrangement for funds to be received in any escrow, trust or similar arrangement.

We also may sell some or all of the common shares to the sales agent as principal for its own account at a price per share agreed upon at the time of sale. If we sell common shares to the sales agent as principal, we will enter into a separate terms agreement setting forth the terms of such transaction, and we will describe the agreement in a separate prospectus supplement or pricing supplement.

The sales agent will be entitled to compensation at a commission rate of up to 2% of the gross sales price per share sold. In connection with the sale of our common shares on our behalf, the sales agent may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933, as amended, and the compensation of the sales agent may be deemed to be underwriting commissions or discounts.

Before buying shares of our common shares, you should carefully consider the risk factors described in "Risk Factors" beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

The date of this prospectus supplement is January 4, 2016.

Table of Contents

TABLE OF CONTENTS

	Page
PROSPECTUS SUPPLEMENT	
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	<u>S-1</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>S-2</u>
<u>SUMMARY</u>	<u>S-3</u>
<u>RISK FACTORS</u>	<u>S-6</u>
<u>USE OF PROCEEDS</u>	<u>S-37</u>
<u>CONSOLIDATED CAPITALIZATION AND DILUTION</u>	<u>S-38</u>
<u>DIVIDEND POLICY</u>	<u>S-40</u>
<u>DESCRIPTION OF THE SECURITIES OFFERED UNDER THIS PROSPECTUS SUPPLEMENT</u>	<u>S-41</u>
<u>MARKET PRICE INFORMATION FOR OUR COMMON SHARES</u>	<u>S-42</u>
<u>PLAN OF DISTRIBUTION</u>	<u>S-43</u>
<u>TAXATION</u>	<u>S-45</u>
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	<u>S-54</u>
<u>INCORPORATION OF DOCUMENTS BY REFERENCE</u>	<u>S-55</u>
<u>LEGAL MATTERS</u>	<u>S-57</u>
<u>EXPERTS</u>	<u>S-58</u>
PROSPECTUS	
<u>ABOUT THIS PROSPECTUS</u>	<u>1</u>
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	<u>2</u>
<u>INCORPORATION OF DOCUMENTS BY REFERENCE</u>	<u>3</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>4</u>
<u>OUR COMPANY</u>	<u>5</u>
<u>RISK FACTORS</u>	<u>6</u>
<u>USE OF PROCEEDS</u>	<u>7</u>
<u>ENFORCEABILITY OF CIVIL LIABILITIES</u>	<u>8</u>
<u>TAXATION</u>	<u>9</u>
<u>RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	

	<u>10</u>
<u>DESCRIPTION OF SHARE CAPITAL</u>	<u>11</u>
<u>DESCRIPTION OF THE SECURITIES</u>	<u>20</u>
<u>DESCRIPTION OF COMMON SHARES</u>	<u>21</u>
<u>DESCRIPTION OF OUR PREFERRED SHARES</u>	<u>22</u>
<u>DESCRIPTION OF WARRANTS</u>	<u>23</u>
<u>PLAN OF DISTRIBUTION</u>	<u>25</u>
<u>LEGAL MATTERS</u>	<u>28</u>
<u>EXPERTS</u>	<u>29</u>

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of an "automatic shelf" registration statement that we filed with the United States Securities and Exchange Commission, or the SEC, as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933, as amended, or the Securities Act, using a "shelf" registration process. Under the shelf registration process, from time to time, we may sell any combination of the securities described in the accompanying prospectus in one or more offerings, subject in certain cases to the receipt of regulatory approval. This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of our common shares and supplements information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part consists of the accompanying prospectus, which gives more general information about us and the securities we may offer from time to time under our shelf registration statement, some of which may not be applicable to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and Credit Suisse has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and Credit Suisse is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires,

"we," "us," "our company," "our" or "Canadian Solar" refers to Canadian Solar Inc., a Canadian company, its predecessor entities and its subsidiaries;

"China" or "PRC" refers to the People's Republic of China, excluding, for the purposes of this prospectus supplement, Taiwan and the special administrative regions of Hong Kong and Macau;

"shares" refers to common shares, with no par value, of Canadian Solar Inc.;

"\$," "US\$" and "U.S. dollars" are to the legal currency of the United States;

"RMB" and "Renminbi" are to the legal currency of China;

"C\$," "CAD" and "Canadian dollars" are to the legal currency of Canada;

"€" and "Euro" are to the legal currency of the European Economic and Monetary Union;

"kW," "MW" and "GW" are to kilowatts, megawatts and gigawatts, respectively; and

"PV" is to photovoltaic. The photovoltaic effect is a process by which sunlight is converted into electricity.

We use the noon buying rate in The City of New York for cable transfers in Renminbi, Euros and Canadian dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York to translate Renminbi, Euros and Canadian dollars to U.S. dollars not otherwise recorded in our consolidated financial statements and included elsewhere in this prospectus supplement or accompanying prospectus. Unless otherwise stated, the translation of Renminbi, Euros and Canadian dollars into U.S. dollars was made by the noon buying rate in effect on September 30, 2015, which was RMB6.3556 to \$1.00, €0.8959 to \$1.00 and CAD1.3396 to \$1.00. We make no representation that the Renminbi,

Edgar Filing: Canadian Solar Inc. - Form 424B5

Euro or U.S. dollar amounts referred to in this prospectus supplement or accompanying prospectus could have been or could be converted into U.S. dollars, Euros, Canadian dollars or Renminbi, as the case may be, at any particular rate or at all. See "Risk Factors Risks Related to Our Company and Our Industry Fluctuations in exchange rates could adversely affect our business, including our financial condition and results of operations."

S-1

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information incorporated herein by reference may contain "forward-looking" statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, may contain estimates, assumptions, projections and/or expectations regarding future events, which may or may not occur. Words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," "would," or similar expressions, which refer to future events and trends, identify forward-looking statements. For instance, we make forward-looking statements such as our expected manufacturing capacity, our estimated silicon raw material requirements and our estimated silicon consumption rate. We do not guarantee that the transactions and events described in this prospectus supplement and the accompanying prospectus will happen as described or that they will happen at all. You should read this prospectus supplement and the accompanying prospectus completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this prospectus supplement relate only to events as of the date on which the statements are made. We undertake no obligation, beyond that required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even though our situation may change in the future.

Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. Some of the assumptions, future results and levels of performance expressed or implied in the forward-looking statements we make inevitably will not materialize, and unanticipated events may occur which will affect our results. The "Risk Factors" section of this prospectus supplement directs you to a description of the principal contingencies and uncertainties to which we believe we are subject.

This prospectus supplement also contains or incorporates by reference data related to the solar power market in several countries, including China. These market data, including industry demand and product pricing, include projections that are based on a number of assumptions. Demand for solar generated electricity may not ultimately increase at the rates expected, or at all. The failure of the market to grow at the projected rates may materially and adversely affect our business and the market price of our securities. In addition, the rapidly changing nature of the solar power market and related regulatory regimes subjects any projections or estimates relating to the growth prospects or future condition of our market to significant uncertainties. If any one or more of the assumptions underlying the market data proves to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

Table of Contents

SUMMARY

An investment in our common shares involves certain risks. You should carefully consider the risks described below as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The value of our common shares could decline due to any of these risks, and you may lose all or part of your investment. In addition, please read "Special Note Regarding Forward-Looking Statements" in this prospectus supplement and the accompanying prospectus where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

About Canadian Solar Inc.

We are one of the world's largest and foremost solar power companies. We are a leading vertically integrated provider of solar power products and system solutions with operations in North America, South America, Europe, Africa, the Middle East, Australia and Asia.

We design, develop, and manufacture solar wafers, solar cells and solar power products. Our solar power products include standard solar modules and specialty solar products. We are incorporated in Canada and conduct most of our manufacturing operations in China. Our products include a range of solar modules built to general specifications for use in a wide range of residential, commercial and industrial solar power generation systems. Specialty solar products consist of customized solar modules that our customers incorporate into their own products and complete specialty products, such as portable solar home systems. We sell our products primarily under our "Canadian Solar" brand name.

In recent years, we have increased our investment in, and management attention on, our total solutions business, which consists primarily of solar power project development, engineering, procurement, and construction services, or EPC services, operation and maintenance services, or O&M services, electricity revenue generation and sales of solar system kits. As we have continued to expand our business into the downstream segment of the industry, our total solutions business has grown to 44.5% of our net revenues in 2014, an increase from 28.6% in 2013. For the nine months ended September 30, 2015, our total solutions business accounted for 31.1% of our net revenues, compared to 41.1% during the same period in 2014. In the future, we intend to hold more project assets to generate revenue from the sales of electricity. In March 2015, we significantly increased our solar project pipeline when we acquired Recurrent Energy, LLC, or Recurrent, a leading solar energy developer with solar power projects located principally in California and Texas. As of September 30, 2015, we had a total solar project pipeline of 2.5 GWp and a late-stage project pipeline, comprising self-owned and joint venture projects and EPC contracts, in Canada, Japan, the U.S. and China, totaling 2.2 GWp. We intend to form a globally diversified, dividend growth-oriented partnership, or Yieldco, to own, operate and acquire long-term contracted renewable energy generation assets with consistent cash flows in attractive markets. We expect to own a general partner interest in Yieldco and offer economic interests to public shareholders. The cash produced from projects owned by the operating subsidiaries of Yieldco will be distributed up to Yieldco, which will in turn distribute the cash to Yieldco's public shareholders, and in certain circumstances, us. Yieldco's strategy is to rapidly expand and diversify its portfolio of assets by acquiring, from us and unaffiliated third parties, utility-scale solar projects and commercial and industrial distributed solar energy assets, as well as other renewable energy generation assets equipped with proven and reliable technologies. We expect that Yieldco's initial target markets will be Canada, Japan, Spain, the United Kingdom and the United States, and other select markets primarily within countries that comprise the OECD. In November 2015, we confidentially submitted a draft registration statement on Form S-1 to the SEC relating to the proposed initial public offering of

Edgar Filing: Canadian Solar Inc. - Form 424B5

Table of Contents

the Yieldco. The initial public offering process is subject to the SEC review process, market and other conditions.

We believe that we offer one of the broadest crystalline silicon solar power product lines in the industry. Our product lines range from modules of medium power to high efficiency, high-power output mono-crystalline modules, as well as a range of specialty products. We currently sell our products to a diverse customer base in various markets worldwide, including China, Japan, the U.S., Germany, Spain, Italy, France, the Czech Republic, Canada, India and the United Kingdom, among other countries. Our customers primarily include distributors, system integrators, project developers and installers/EPC companies.

We employ a flexible vertically integrated business model that combines internal manufacturing capacity with direct material purchases of both cells and wafers. We believe this approach has benefited us by lowering the cost of materials of our solar module products. We also believe that this approach provides us with greater flexibility to respond to short-term demand increases. As of September 30, 2015, we had:

4.0 GW of total annual solar module manufacturing capacity, approximately 500 MW of which is located in Ontario, Canada with the balance located in China;

1.9 GW of total annual solar cell manufacturing capacity located in China; and

310 MW of total annual ingot and wafer manufacturing capacity located in China.

We intend to use substantially all of the silicon wafers that we manufacture to supply our own solar cell plants and to use substantially all of the solar cells that we manufacture to produce our own solar module products. We also intend to use our solar module products in our total solutions business. Our total manufacturing costs in China, including purchased polysilicon, wafers and cells, decreased from \$0.52 per watt for the year ended December 31, 2013 to \$0.48 per watt for the year ended December 31, 2014 and \$0.41 per watt for the nine months ended September 30, 2015. We expect to continue to decrease the manufacturing costs for our production of wafers, cells and modules.

We continue to focus on reducing our manufacturing costs by improving solar cell conversion efficiency, enhancing manufacturing yields and reducing raw material costs. In January 2009, we established a new solar cell efficiency research center to develop more efficient cell structures, and we have been making ongoing improvements in solar cell conversion efficiency and product cost control. We began shipping new products, such as higher efficiency modules, in late 2011. We have successfully developed and launched additional new high efficiency cells and modules in the past few years and expect to increase the sales volumes of these products in the future.

Table of Contents

The Offering

Common shares offered by us	Common shares having an aggregate offering price of up to \$100,000,000.
Use of proceeds	We intend to use the net proceeds from this offering for general corporate purposes, which may include solar power project development and working capital. See "Use of Proceeds" on page S-37.
Nasdaq Global Market symbol	CSIQ
Risk factors	An investment in our common shares involves risk. See "Risk Factors" beginning on page S-6 of this prospectus supplement and page 6 of the accompanying prospectus, as well as the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus, for a discussion of risks you should consider carefully before making an investment decision.

S-5

Table of Contents

RISK FACTORS

An investment in our common shares involves certain risks. You should carefully consider the risks described below as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The value of our common shares could decline due to any of these risks, and you may lose all or part of your investment. In addition, please read "Special Note Regarding Forward-Looking Statements" in this prospectus supplement and the accompanying prospectus where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Related to Our Company and Our Industry

We may be adversely affected by volatile solar power market and industry conditions; in particular, the demand for our solar power products may decline, which may reduce our revenues and earnings.

Our business is affected by conditions in the solar power market and industry. In 2010, demand for solar power products increased and many manufacturers increased their production capacity accordingly as the effects of the global financial crisis subsided. In 2011, a decrease in payments to solar power producers in the form of feed-in tariffs and other reimbursements, a reduction in available financing and an excess supply of solar modules worldwide put severe downward pressure on solar module prices in European and other markets. As a result, many solar power project developers, solar system installers and solar power product distributors that purchase solar power products, including solar modules from manufacturers like us, were adversely affected and their financial condition weakened. Although our shipments increased year-over-year in 2012, 2013 and 2014, and increased period-over-period from 1,915 MW for the nine months ended September 30, 2014 to 2,986 MW for the nine months ended September 30, 2015, average selling prices for our solar modules declined. Over the past several quarters, oversupply conditions across the value chain, difficult economic conditions in Europe and foreign trade disputes in the U.S., Europe, India and China have affected industry-wide demand and put pressure on average selling prices, resulting in lower revenue for many industry participants. If the supply of solar modules grows faster than demand, and if governments continue to reduce financial support for the solar industry and impose trade barriers, demand for our products as well as our average selling price could be materially and adversely affected.

Demand in Europe generally remains weak as a result of reductions in feed-in-tariffs in Germany and the elimination of feed-in-tariffs in Italy, the two largest European markets over the past several years. Although demand in other regions, including China, Japan, the U.S. and India, as well as many other emerging markets in Asia, the Middle East and Africa, has offset the decline in European demand, we cannot assure you that this demand will be sustainable or that any recent positive trends in supply or demand balance will persist.

As part of our growth strategy, we are in the process of forming our first global yieldco investment vehicle for our solar power business. If the formation of Yieldco or our management of Yieldco is not successful, our future growth and results of operations may be materially hindered.

We intend to form a globally diversified, dividend growth-oriented partnership, or Yieldco, to own, operate and acquire long-term contracted renewable energy generation assets with consistent cash flows in attractive markets. We expect to own a general partner interest in Yieldco and offer economic interests to public shareholders. The cash produced from projects owned by the operating subsidiaries of Yieldco will be distributed up to Yieldco, which will in turn distribute the cash to Yieldco's public shareholders, and in certain circumstances, us. Yieldco's strategy is to rapidly expand and diversify its

Table of Contents

portfolio of assets by acquiring, from us and unaffiliated third parties, utility-scale solar projects and commercial and industrial distributed solar energy assets, as well as other renewable energy generation assets equipped with proven and reliable technologies. We expect that Yieldco's initial target markets will be Canada, Japan, Spain, the United Kingdom and the United States, and other select markets primarily within countries that comprise the OECD.

Yieldco will have a right of first offer with respect to certain solar power projects developed by us and we expect that it will grow its portfolio through acquiring these projects as, as well as acquiring other solar power and renewable energy projects from third parties. We are expected to continue to provide Yieldco with the opportunity to acquire additional qualifying projects subject to certain conditions. In November 2015, we confidentially submitted a draft registration statement on Form S-1 to the SEC relating to the proposed initial public offering of Yieldco, or the Yieldco IPO. We expect to launch the Yieldco IPO in 2016 subject to market and other conditions.

While we currently expect to complete the proposed Yieldco IPO in 2016, the offering may be significantly delayed or may not take place at all because of legal, accounting, commercial or marketing risks and considerations. If the Yieldco IPO is not successful, we may not be able to recuperate the financial and human resources that we have invested in the formation of Yieldco and our growth strategy for our solar power business may be disrupted, which would adversely affect our results of operation and distract our management from the operation of our company's other businesses. In the event the market condition for the proposed Yieldco IPO remains unfavorable, we may consider selling stakes in our projects and/or selling entire projects to third parties. In addition, we have no experience operating or managing yieldcos. If the Yieldco IPO is completed, we, as the sponsor of Yieldco, may not succeed in delivering satisfactory results to us or the public shareholders of Yieldco, in which case the stock price of Yieldco may fall, which could in turn materially affect our financial conditions and results of operations.

The execution of our growth strategy depends upon the continued availability of third-party financing arrangements for our customers, which is affected by general economic conditions. Tight credit markets could depress demand or prices for solar power products, hamper our expansion and materially affect our results of operations.

Most solar power projects, including our own, require financing for development and construction with a mixture of equity and third party funding. The cost of capital affects both the demand and price of solar power systems. A high cost of capital may materially reduce the internal rate of return for solar power projects and therefore put downward pressure on the prices of both solar systems and solar modules, which typically comprise a major part of the cost of solar power projects.

Furthermore, solar power projects compete for capital with other forms of fixed income investments such as government and corporate bonds. Some classes of investors compare the returns of solar power projects with bond yields and expect a similar or higher internal rate of return, adjusted for risk and liquidity. Higher interest rates could increase the cost of existing funding and present an obstacle for potential funding that would otherwise spur the growth of the solar power industry. In addition, higher bond yields could result in increased yield expectations for solar power projects, which would result in lower system prices. In the event that suitable funding is unavailable, our customers may be unable to pay for products they have agreed to purchase. It may also be difficult to collect payments from customers facing liquidity challenges due to either customer defaults or financial institution defaults on project loans. Constricted credit markets may impede our expansion and materially and adversely affect our results of operations. Concerns about government deficits and debt in the EU have increased bond spreads in certain solar markets, such as Greece, Spain, Italy and Portugal. The cash flow of a solar power project is often derived from government-funded or government-backed feed-in tariffs. Consequently, the availability and cost of funding solar power projects is determined in part based on the perceived sovereign credit risk of the country where a

Table of Contents

particular project is located. Therefore, credit agency downgrades of nations in the EU or elsewhere could decrease the credit available for solar power projects, increase the expected rate of return compared to bond yields, and increase the cost of debt financing for solar power projects in countries with a higher perceived sovereign credit risk.

In light of the uncertainty in the global credit and lending environment, we cannot make assurances that financial institutions will continue to offer funding to solar power project developers at reasonable costs. An increase in interest rates or a decrease in funding of capital projects within the global financial market could make it difficult to fund solar power systems and potentially reduce the demand for solar modules and/or reduce the average selling prices for solar modules, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our future success depends partly on our ability to expand the pipeline of our total solutions business in several key markets, which exposes us to a number of risks and uncertainties.

Historically, the solar module business has accounted for the majority of our net revenues 88.5%, 71.4%, 55.5% and 68.9% in 2012, 2013, 2014 and the nine months ended September 30, 2015, respectively. However, we have, in recent years, increased our investment in, and management attention on, our total solutions business, which consists primarily of solar power project development, EPC services, O&M services, electricity revenue generation and sales of solar system kits. As we continued to expand our business into the downstream segment of the industry, our total solutions business accounted for 44.5% of our net revenues in 2014, an increase from 28.6% in 2013. For the nine months ended September 30, 2015, our total solutions business accounted for 31.1% of our net revenues, as compared to 41.1% during the same period in 2014. In the future, we intend to hold more project assets to generate revenue from the sales of electricity.

As a greater portion of our net revenues is derived from our total solutions business, we will be increasingly exposed to the risks associated with this business. Further, our future success largely depends on our ability to expand our solar power project pipeline. The risks and uncertainties associated with our total solutions business and our ability to expand our solar power project pipeline include:

the uncertainty of being able to sell the projects, receive full payment for them upon completion, or receive payment in a timely manner;

the need to raise significant additional funds to develop greenfield or purchase late-stage solar power projects, which we may be unable to obtain on commercially reasonable terms or at all;

delays and cost overruns as a result of a number of factors, many of which are beyond our control, including delays in regulatory approvals, construction, grid-connection and customer acceptance testing;

delays or denial of required regulatory approvals by relevant government authorities;

diversion of significant management attention and other resources; and

failure to execute our project pipeline expansion plan effectively.

If we are unable to successfully expand our total solutions business, and in particular, our solar power project pipeline, we may be unable to expand our business, maintain our competitive position, improve our profitability, and generate cash flows.

Table of Contents

Governments may revise, reduce or eliminate subsidies and economic incentives for solar energy, which could cause demand for our products to decline.

The market for on-grid applications, where solar power supplements the electricity a customer purchases from the utility network or sells to a utility under a feed-in tariff, depends largely on the availability and size of government subsidy programs and economic incentives. At present, the cost of solar power exceeds retail electricity rates in many locations. Government incentives vary by geographic market. Governments in many countries, most notably Germany, Italy, the Czech Republic, the U.S., Japan, Canada (Ontario), South Korea, India, France, Australia and the United Kingdom, have provided incentives in the form of feed-in tariffs, rebates, tax credits, renewable portfolio standards and other incentives. These governments have implemented mandates to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. Some of these government mandates and economic incentives have been or are scheduled to be reduced or eliminated altogether. It is likely that this trend will continue, possibly until subsidies for solar energy are phased out completely.

While solar power projects may continue to offer attractive internal rates of return, it is unlikely internal rates of return will be as high as they were in the past. If internal rates of return fall below an acceptable rate for project investors, and governments continue to reduce or eliminate subsidies, this may cause a decrease in demand and considerable downward pressure on solar systems and therefore negatively impact both solar module prices and the value of our solar power projects. The reduction, modification or elimination of government mandates and economic incentives in one or more of our markets could therefore materially and adversely affect the growth of such markets or result in increased price competition, either of which could cause our revenues to decline and harm our financial results.

General global economic conditions may have an adverse impact on our operating performance and results of operations.

The demand for solar power products is influenced by macroeconomic factors, such as global economic conditions, demand for electricity, the supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the electric utility industry, the solar and other alternative energy industries and the environment. As a result of global economic conditions, some governments may implement measures that reduce the feed-in tariffs and other subsidies designed to benefit the solar industry. During 2012, 2013 and 2014, a decrease in solar power tariffs in many markets placed downward pressure on the price of solar systems in most regions. In addition, reductions in oil and coal prices may reduce the demand for and the prices of solar power products. For instance, in recent months oil prices globally have experienced high volatility and at points have recorded historical lows. We cannot assure you that such volatility and significant reductions in the global price of oil will not have a material adverse effect on the demand for and prices of our products. Our growth and profitability depend on the demand for and the prices of solar power products. If these negative market and industry trends continue and demand for solar power projects and solar power products weakens as a result, our business and results of operations may be adversely affected.

Imposition of anti-dumping and countervailing duty orders in one or more markets may result in additional costs to our customers, which could materially or adversely affect our business, results of operations, financial conditions and future prospects.

We have in the past and may in the future be subject to the imposition of anti-dumping and countervailing duty orders in one or more markets in which we sell our products. In particular, we have been subject to the imposition of anti-dumping and countervailing duty orders in the U.S., the EU. and Canada and have, as a result, been party to lengthy proceedings related thereto. See "Item 8. Financial

Table of Contents

Information A. Consolidated Statements and Other Financial Information Legal and Administrative Proceedings" in our annual report on Form 20-F filed with the SEC on April 23, 2015, and "Recent Developments Legal and Administrative Proceedings" included in our report on Form 6-K furnished to the SEC on January 4, 2016, for detailed descriptions of these proceedings. The U.S., EU and Canada are important markets for us. Ongoing proceedings relating to and the imposition of any new anti-dumping and countervailing duties in these markets may result in additional costs to us and/or our customers, which may materially and adversely affect our business, results of operations, financial conditions and future prospects.

Our project development and construction activities may not be successful; projects under development may not receive required permits, property rights, power purchase agreements, interconnection and transmission arrangements; and financing or construction of projects may not commence or continue as scheduled, all of which could increase our costs, delay or cancel a project, and have a material adverse effect on our revenue and profitability.

The development and construction of solar power projects involve known and unknown risks. We may be required to invest significant amounts of money for land and interconnection rights, preliminary engineering, permitting, legal and other expenses before we can determine whether a project is feasible. Success in developing a particular project is contingent upon, among other things:

- securing land rights and related permits, including satisfactory environmental assessments;
- receipt of required land use and construction permits and approvals;
- receipt of rights to interconnect to the electric grid;
- availability of transmission capacity, potential upgrade costs to the transmission grid and other system constraints;
- payment of interconnection and other deposits (some of which are non-refundable);
- negotiation of satisfactory EPC agreements; and
- obtaining construction financing, including debt, equity and tax credits.

In addition, successful completion of a particular project may be adversely affected by numerous factors, including:

- delays in obtaining and maintaining required governmental permits and approvals;
- potential challenges from local residents, environmental organizations, and others who may not support the project;
- unforeseen engineering problems; subsurface land conditions; construction delays; cost over-runs; labor, equipment and materials supply shortages or disruptions (including labor strikes);
- additional complexities when conducting project development or construction activities in foreign jurisdictions, including compliance with the U.S. Foreign Corrupt Practices Act and other applicable local laws and customs; and
- force majeure events, including adverse weather conditions and other events beyond our control.

Edgar Filing: Canadian Solar Inc. - Form 424B5

If we are unable to complete the development of a solar power project or we fail to meet any agreed upon system-level capacity or energy output guarantees or warranties (including 25 year power output performance guarantees) or other contract terms, or our projects cause grid interference or other damage, the EPC or other agreements related to the project may be terminated and/or we may be subject to significant damages, penalties and other obligations relating to the project, including obligations to repair, replace or supplement materials for the project.

S-10

Table of Contents

We may enter into fixed-price EPC agreements in which we act as the general contractor for our customers in connection with the installation of their solar power systems. All essential costs are estimated at the time of entering into the EPC agreement for a particular project, and these costs are reflected in the overall fixed price that we charge our customers for the project. These cost estimates are preliminary and may or may not be covered by contracts between us and the subcontractors, suppliers and other parties involved in the project. In addition, we require qualified, licensed subcontractors to install most of our solar power systems. Shortages of skilled labor could significantly delay a project or otherwise increase our costs. Should miscalculations in planning a project occur, including those due to unexpected increases in commodity prices or labor costs, or delays in execution occur and we are unable to increase the EPC sales price commensurately, we may not achieve our expected margins or our results of operations may be adversely affected.

Developing solar power projects exposes us to different risks than producing solar modules.

In recent years, we have placed a greater focus on developing our total solutions business which includes solar power project development. These projects can take many months or years to complete and may be delayed for reasons beyond our control. These projects often require us to make significant upfront payments for, among other things, land rights and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Any inability or significant delays in entering into sales contracts with customers after making such upfront payments could adversely affect our business and results of operations. Furthermore, we may become constrained in our ability to simultaneously fund our other business operations and the investment in these solar power projects.

In contrast to developing solar modules, developing solar power projects requires more management attention to negotiate the terms of our engagement and monitor the progress of the solar power project which may divert management's attention from other matters. In addition, we have recently acquired Recurrent, a leading solar energy developer located in California and Texas. As a result of the acquisition, we may be faced with additional risks in our total solutions business, including among others, those associated with integrating into our operations the personnel, operations, services, internal controls and financial reporting of companies we acquire and sharing proprietary information.

Our revenue and liquidity may be adversely affected to the extent the market for solar projects weakens or we are not able to successfully complete the customer acceptance testing due to technical difficulties, equipment failure, or adverse weather, and we are unable to sell our solar power projects at prices and on terms and timing that are acceptable to us.

If the supply of solar wafers and cells increases in line with increases in the supply of polysilicon, then the corresponding oversupply of solar cells and modules may cause substantial downward pressure on the prices of our products and reduce our revenues and earnings.

Silicon production capacity has expanded rapidly in recent years. As a result of this expansion, coupled with the global economic downturn, the solar industry experienced an oversupply of high-purity silicon beginning in 2009, which contributed to an oversupply of solar wafers, cells and modules and resulted in substantial downward pressure on prices throughout the value chain. Demand for solar power products remained soft through 2012 but began to pick up in the second half of 2013, and continued to grow in 2014 and 2015. The average selling price of our solar modules decreased from \$1.80 per watt in 2010 to \$1.34 per watt in 2011, \$0.77 per watt in 2012, \$0.67 per watt in 2013, \$0.67 per watt in 2014 and \$0.59 in the nine months ended September 30, 2015, in large part because the increase in the supply of solar cells and modules was greater than the increase in the demand thus putting pressure on solar power products across all stages of the value chain. As a result of the decline in our solar module selling prices, our revenue declined in 2012, even though our solar module shipment volume for the year increased. In addition, because solar module selling prices declined at a

Table of Contents

rapid rate, we suffered losses in the form of inventory write-downs, as the market price of modules consistently fell below the carrying cost of our inventory. Lower price realizations and inventory write-downs in 2012 put downward pressure on our gross profit and operating margins. While we believe that the industry has entered into relative balance between capacity and demand at low prices due to industry consolidation, more markets entering into grid parity with reduced dependence on government subsidies and growth in emerging markets, increases in solar module production in excess of market demand may result in further downward pressure on the price of solar wafers, cells and modules, including our products. Increasing competition could also result in us losing sales or market share. Moreover, due to fluctuations in the supply and price of solar power products throughout the value chain, we cannot assure you that we will be able, on an ongoing basis, to procure silicon, wafers and cells at reasonable costs if any of the above risks materializes. If we are unable, on an ongoing basis, to procure silicon, solar wafers and solar cells at reasonable prices or mark up the price of our solar modules to cover our manufacturing and operating costs, our revenues and margins will continue to be adversely impacted, either due to higher costs compared to our competitors or due to further write-downs of inventory, or both. In addition, our market share could decline if our competitors are able to price their products more competitively.

Long-term supply agreements may make it difficult for us to adjust our raw material costs should prices decrease. Also, if we terminate any of these agreements, we may not be able to recover all or any part of the advance payments we have made to these suppliers and we may be subject to litigation.

We have in the past entered and may in the future enter into long-term supply agreements for silicon wafers or solar cells with fixed price and quantity terms. If, during the term of these agreements, the price of materials decreases significantly and we are unable to renegotiate favorable terms with our suppliers, we may be placed at a competitive disadvantage compared to our competitors, and our earnings could decline. In addition, if demand for our solar power products decreases, yet our supply agreements require us to purchase more polysilicon than required to meet customer demand, we may incur costs associated with carrying excess inventory. To the extent that we are not able to pass these increased costs on to our customers, our business, cash flows, financial condition and results of operations may be materially and adversely affected. If our suppliers file lawsuits against us for early termination of these contracts, such events could be costly, may divert management's attention and other resources away from our business, and could have a material and adverse effect on our reputation, business, financial condition, results of operations and prospects.

Existing regulations and policies, and changes to these regulations and policies, may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.

The market for electricity generation products in the countries where we sell our products is heavily influenced by federal, state and local government regulations and policies concerning the electric utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation, and could deter further investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could result in a significant reduction in the potential demand for our solar power products. We expect that our solar power products and their installation will continue to be subject to federal, state and local regulations and policies relating to safety, utility interconnection and metering, construction, environmental protection, and other related matters. Any new regulations or policies pertaining to our solar power products may result in significant additional expenses to us, our resellers and customers, which could cause a significant reduction in demand for our solar power products.

Table of Contents

Because the markets in which we compete are highly competitive and many of our competitors have greater resources than we do, we may not be able to compete successfully and we may not be able to maintain or increase our market share.

We face intense competition in both our solar power products business and total solutions business. We have a large number of competitors, including non-China-based competitors such as First Solar, Inc., or First Solar, and SunPower Corporation, or SunPower, and China-based competitors such as Yingli Green Energy Holding Company Limited, or Yingli, Trina Solar Limited, or Trina, JA Solar Co., Limited, or JA Solar, and JinkoSolar Holding Co., Limited, or Jinko. Some of our competitors are developing or are currently producing products based on new solar power technologies that may ultimately have costs similar to or lower than our projected costs. These include products based on thin film PV technology, which requires either no silicon or significantly less silicon to produce than crystalline silicon solar modules, such as the ones that we produce, and is less susceptible to increases in silicon costs. Some of our competitors have longer operating histories, greater name and brand recognition, access to larger customer bases, greater resources and significantly greater economies of scale than we do. In addition, some of our competitors may have stronger relationships or may enter into exclusive relationships with some of the key distributors or system integrators to whom we sell our products. As a result, they may be able to respond more quickly to changing customer demands or devote greater resources to the development, promotion and sales of their products. Some of our competitors have more diversified product offerings, which may better position them to withstand a decline in demand for solar power products. Some of our competitors are more vertically integrated than we are, from upstream silicon wafer manufacturing to solar power system integration. This may allow them to capture higher margins or have lower costs. In addition, new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share. If we fail to compete successfully, our business will suffer and we may not be able to maintain or increase our market share.

For our total solutions business, we compete in a more diversified and complicated landscape since the commercial and regulatory environments for solar power project development and operation vary significantly from region to region and country to country. Our primary competitors are local and international developers and operators of solar power projects. Some of our competitors may have advantages over us in terms of greater experiences or resources in the operation, financing, technical support and management of solar power projects, in any particular markets or in general. We only in recent years started growing our total solutions business and developing solar power projects.

Our global solar power project business develops projects primarily in Canada, Japan, the U.S., China, Brazil and the United Kingdom. There is no guarantee that we can compete successfully in the markets we currently operate or the ones we plan to enter. For example, in certain of our target markets, such as China, state-owned and private companies have emerged to take advantage of the significant market opportunity created by attractive financial incentives and favorable regulatory environment provided by the governments. State-owned companies may have stronger relationships with local governments in certain regions and private companies may be more focused and experienced in developing solar power projects in the markets where we compete. Accordingly, we need to continue to be able to compete against both state-owned and private companies in these markets.

If sufficient demand for solar power products does not develop or takes longer to develop than we anticipate, our revenues may not increase or may continue to decline, and we may be unable to sustain our profitability.

The solar power market is still at a relatively early stage of development and future demand for solar power products is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period of time. In addition, demand for solar power products in our targeted markets, including Europe, the U.S., Japan, China, Canada, Brazil and India may not develop or may develop to a lesser

Edgar Filing: Canadian Solar Inc. - Form 424B5

Table of Contents

extent than we anticipate. Many factors may affect the viability of solar power technology and the demand for solar power products, including:

the cost-effectiveness, performance and reliability of solar power products, including our solar power projects, compared to conventional and other renewable energy sources and products;

the availability of government subsidies and incentives to support the development of the solar power industry;

the availability and cost of capital, including long-term debt and tax equity, for solar power projects;

the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power and biomass fuel;

fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels;

capital expenditures by end users of solar power products, which tend to decrease when the economy slows; and

the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products does not develop or takes longer to develop than we anticipate, our revenues may suffer and we may be unable to sustain our profitability.

We face risks associated with the marketing, distribution and sale of our solar power products internationally.

The international marketing, distribution and sale of our products expose us to a number of risks, including:

fluctuating sources of revenues;

difficulties in staffing and managing overseas operations;

fluctuations in foreign currency exchange rates;

differing regulatory and tax regimes across different markets;

the increased cost of understanding local markets and trends and developing and maintaining an effective marketing and distribution presence in various countries;

the difficulty of providing customer service and support in various countries;

the difficulty of managing our sales channels effectively as we expand beyond distributors to include direct sales to systems integrators, end users and installers;

Edgar Filing: Canadian Solar Inc. - Form 424B5

the difficulty of managing the development, construction and sale of our solar power projects on a timely and profitable basis as a result of technical difficulties, commercial disputes with our customers, changes in regulations among other factors;

the difficulties and costs of complying with the different commercial, legal and regulatory requirements in the overseas markets in which we operate;

any failure to develop appropriate risk management and internal control structures tailored to overseas operations;

any inability to obtain, maintain or enforce intellectual property rights;

S-14

Table of Contents

any unanticipated changes in prevailing economic conditions and regulatory requirements; and

any trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries.

If we are unable to effectively manage these risks, our ability to expand our business abroad could suffer.

Our revenue sources have fluctuated significantly over recent years. For example, in 2008, 89.5% of our revenues were attributable to Europe, while only 4.6% and 5.9% were attributable to the Americas and Asia and others, respectively. However, in 2014, Europe contributed only 8.1% of our revenues, while the Americas contributed 60.7% and Asia and others contributed 31.2%, and in the nine months ended September 30, 2015, Europe and others accounted for 10.8% of our net revenues, while the Americas contributed 49.8% and Asia contributed 39.4%. As we shift the focus of our operations between different regions of the world, we have limited time to prepare for and address the risks identified above. Furthermore, some of these risks, such as currency fluctuations, will increase as our revenue contribution from certain global regions becomes more prominent. This may adversely influence our financial performance.

Our future business depends in part on our ability to make strategic acquisitions, investments and divestitures and to establish and maintain strategic relationships, and our failure to do so could have a material and adverse effect on our market penetration and revenue growth.

We frequently look for and evaluate opportunities to acquire other businesses, make strategic investments or establish strategic relationships with third parties to improve our market position or expand our products and services. When market conditions permit and opportunities arise, we may also consider divesting part of our current business to focus management attention and improve our operating efficiency. Investments, strategic acquisitions and relationships with third parties could subject us to a number of risks, including risks associated with integrating their personnel, operations, services, internal controls and financial reporting into our operations as well as the loss of control of operations that are material to our business. If we divest any material part of our business, particularly our upstream manufacturing business or downstream total solutions business, we may not be able to benefit from our investment and experience associated with that part of the business and may be subject to intensified concentration risks with less flexibility to respond to market fluctuations. Moreover, it could be expensive to make strategic acquisitions, investments, divestitures and establish and maintain relationships, and we may be subject to the risk of non-performance by a counterparty, which may in turn lead to monetary losses that materially and adversely affect our business. We cannot assure you that we will be able to successfully make strategic acquisitions and investments and successfully integrate them into our operations, or make strategic divestitures or establish strategic relationships with third parties that will prove to be effective for our business. Our inability to do so could materially and adversely affect our market penetration, our revenue growth and our profitability.

Our significant international operations expose us to a number of risks, including unfavorable political, regulatory, labor and tax conditions in the countries where we operate.

We intend to continue to extend our global reach and capture market share in various global markets. In doing so, we will be exposed to various risks, including political, regulatory, labor and tax risks. Furthermore, we may need to make substantial investments in our overseas operations, both initially and on an ongoing basis, in order to attain longer-term sustainable returns. These investments could negatively impact our financial performance before sustainable profitability is recognized.

Table of Contents

We face risks related to private securities litigation.

Our company and certain of our directors and executive officers were named as defendants in class action lawsuits in the U.S. and Canada alleging that our financial disclosures during 2009 and early 2010 were false or misleading and in violation of U.S. federal securities laws and Ontario securities laws, respectively. The lawsuits in the U.S. were consolidated into one class action, which was dismissed with prejudice by the district court in March 2013, and subsequently affirmed by the circuit court in December 2013. The lawsuit in Canada continues. As a preliminary matter, we challenged the Ontario Court's jurisdiction to hear the plaintiff's claim, but this motion was unsuccessful. In September 2014, the plaintiff obtained an order granting him leave to assert the statutory cause of action under the Ontario Securities Act for certain of his misrepresentation claims. In January 2015, the plaintiff obtained an order for class certification in respect of the claims for which he obtained leave to assert the statutory cause of action under the Ontario Securities Act, for certain negligent misrepresentation claims and for oppression remedy claims advanced under the Canada Business Corporations Act, or CBCA. The Court dismissed CSI's application for leave to appeal. The class action has moved to the merits stage. See "Item 8. Financial Information A. Consolidated Statements and Other Financial Information Legal and Administrative Proceedings" in our annual report on Form 20-F filed with the SEC on April 23, 2015, and "Recent Developments Legal and Administrative Proceedings" included in our report on Form 6-K furnished to the SEC on January 4, 2016 for detailed descriptions of these proceedings. There is no guarantee that we will not become party to additional lawsuits. If the case goes to trial, the Canadian action could require significant management time and attention and result in significant legal expenses. In addition, we are generally obligated, to the extent permitted by law, to indemnify our directors and officers who are named defendants in these lawsuits. If we were to lose a class action suit, we may be required to pay judgments or settlements and incur expenses in aggregate amounts that could have a material and adverse effect on our financial condition or results of operations.

Our quarterly operating results may fluctuate from period to period.

Our quarterly operating results may fluctuate from period to period based on a number of factors, including:

- the average selling prices of our solar power products;
- the timing of completion of construction of our solar power projects;
- changes in payments from off-takers for solar power plants already in operation;
- the rate and cost at which we are able to expand our internal production capacity;
- the availability and cost of solar cells and wafers from our suppliers and toll manufacturers;
- the availability and cost of raw materials, particularly high-purity silicon;
- changes in government incentive programs and regulations, particularly in our key and target markets;
- the unpredictable volume and timing of customer orders;
- the loss of one or more key customers or the significant reduction or postponement of orders;
- the availability and cost of external financing for on-grid and off-grid solar power applications;
- acquisition and investment costs;

Edgar Filing: Canadian Solar Inc. - Form 424B5

the timing of successful completion of customer acceptance testing of our solar power projects;

geopolitical turmoil and natural disasters within any of the countries in which we operate;

S-16

Table of Contents

foreign currency fluctuations, particularly in Euro, RMB, Canadian dollar and Japanese yen;

our ability to establish and expand customer relationships;

changes in our manufacturing costs;

the timing of new products or technology introduced or announced by our competitors;

fluctuations in electricity rates due to changes in fossil fuel prices or other factors;

allowances for doubtful accounts and advances to suppliers;

inventory write-downs;

long-lived asset impairment;

depreciation charges relating to under-utilized assets;

loss on firm purchase commitments under long-term supply agreements; and

construction progress of solar power projects and related revenue recognition.

We base our planned operating expenses in part on our expectations of future revenues. A significant portion of our expenses will be fixed in the short-term. If our revenues for a particular quarter are lower than we expect, we may not be able to reduce our operating expenses proportionately, which would harm our operating results for the quarter. As a result, our results of operations may fluctuate from quarter to quarter and our interim and annual financial results may differ from our historical performance.

Fluctuations in exchange rates could adversely affect our business, including our financial condition and results of operations.

The majority of our sales in 2014 and the nine months ended September 30, 2015 were denominated in Canadian dollars, U.S. dollars and Japanese yen, with the remainder in other currencies such as Euros, Renminbi and Australian dollars. Our Renminbi costs and expenses are primarily related to the sourcing of solar cells, silicon wafers and silicon, other raw materials, toll manufacturing fees, labor costs and local overhead expenses within the PRC. From time to time, we enter into loan arrangements with Chinese commercial banks that are denominated primarily in Renminbi or U.S. dollars. Most of our cash and cash equivalents and restricted cash are denominated in Renminbi. Fluctuations in exchange rates, particularly between the U.S. dollar, Euro, Renminbi, Canadian dollar and Japanese yen, may result in foreign exchange gains or losses. We recorded foreign exchange losses of \$10.7 million, \$51.5 million and \$32.2 million, and a foreign exchange gain of \$11.6 million in 2012, 2013, 2014 and the nine months ended September 30, 2015, respectively.

The value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. In late 2005, China amended its policy of tracking the value of the Renminbi to the U.S. dollar to instead fluctuate against a basket of foreign currencies, which caused the Renminbi to appreciate significantly against the U.S. dollar over the following three years. In June 2010, the PRC government announced that it would allow greater flexibility for the Renminbi to fluctuate against the U.S. dollar, which resulted in further appreciation of the Renminbi, although in 2014, the value of the Renminbi depreciated against the U.S. dollar. In 2015, the PRC government changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the People's Bank of China's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change resulted in further depreciation of the

Renminbi against the U.S. dollar. We cannot provide any assurances that

S-17

Edgar Filing: Canadian Solar Inc. - Form 424B5

Table of Contents

the policy of the PRC government will not affect or the manner in which it may affect the exchange rate between the Renminbi and the U.S. dollar or other foreign currencies in the future.

Since 2008, we have hedged part of our foreign currency exposure against the U.S. dollar using foreign currency forward or option contracts. In addition to collateral requirements to enter into hedging contracts, there are notional limits on the size of the hedging transactions that we may enter into with any particular counterparty at any given time. The effectiveness of our hedging program may be limited