ALFA SOLAR ENERJİ

Your Sun, Your Energy, Your Technology





INVESTOR PRESENTATION

January 1- June 30

2023



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01

ABOUT
ALFA SOLAR ENERGY

Company Profile

High quality solar power products for a carbon-free world

Alfa Solar Energy has set an example to the world in the photovoltaic (PV) panel production facility with its experienced technical staff in the Kırıkkale OIS, with its real understanding of quality and production experience in the solar energy sector, which is one of the renewable energy sources, and by making lean production with zero error understanding in the ultra-modern facility with the differences it has developed, it proudly manufactures high quality photovoltaic (PV) panels.



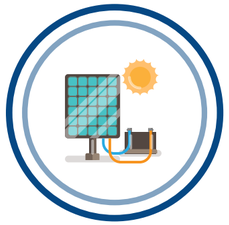
1780 MWp*

Annual Production Capacity



40.000 m²

Total Indoor Production Area



20.300 m²

High-tech robotic production line



746

Total Employee Number

- With its high efficiency panels, it offers a **25-year product warranty** by providing fast recycling at the initial investment cost.
- By directing its customers in the most correct way, it produces IEC certified, **licensed and quality products in European Standards.**
- Alfa Kazan's **38 years of industry experience** leads all processes of the company from start to finish, as being the biggest partner and founder.
- Through the engineering and projecting team, who are experts in their fields and have high industry experience; it carries out **R&D activities.**

(*) As of the date of investor presentation

BRIEF HISTORY

2011

The company was registered with the Ankara Trade Registry Office with a founding capital of TL 1,000,000 and was established with the title of "Alfa Solar Energy Industry and Trade Inc.".

2014

The construction of the main factory and machinery, which started in 2013, were completed in 2014 and mass production began. Polycrystalline solar panels, which are the generally accepted low cost technology of the sector, have started to be produced.

2015

The company has increased its paid-in capital to TL 2,000,000 by increasing its capital in cash. As of 2015, with the increase in the growth rate of the sector, the company, which took as its mission to sell solar panels to private and public institutions that want to invest with the YEKDEM tariff, started to receive orders above 100 kWp for the first time in 2015.

2016

The company increased its paid-in capital to TL 3,250,000 by increasing its capital. In 2016, the Company aimed to supply equipment for projects with larger capacity. In 2016, the first orders at MWp level were received and 34,000 solar panels with a total power of 8.8 MWp were sold.

2017

In 2017, the company increased its capacity to 93.2 MWp/year with its new machinery and supplied panels to its customers with two different cell technologies, polycrystalline and monocrystalline cells. Since 2017, the Company has started to work in 3 shifts 24/7 thanks to the growth of the sector. It has made an agreement with Tongwei, one of the largest companies in the world, in the supply of cells to date.

2018

The company closed 2018 with the sales of 134,000 panels with 38 MWp power. During this period, the company increased its production development efforts and started to increase production line automation.

2019

With the increasing automation and demand in 2019, the company produced 277,000 panels with a total power of 81 MWp and started the investment to increase the capacity that will be operational in 2020.

2020

As a result of the increasing demand in 2020, the company increased its capacity for the second time and reached a capacity of 186.4 MWp/year. In addition to the products produced, it started to produce solar panels using monocrystalline PERC and half-cut cell technology. The shareholding structure of the Company has also been gathered under a single legal entity.

2021

The company started the construction of a new factory of 22.000 m2 in 2021 due to the insufficient area of the Main Factory. As of 2021, the company has allocated some of its capacity as OEM production to Turkey's major energy companies. The paid-in capital of the Company, which has decided to increase its capital from internal resources, has reached 40,000,000 TL.

2022

In 2022, the capacity has been fully utilized and the production capacity has reached 290.70 MWp. The first phase of the new factory investment was completed in October and the production capacity reached 790.70 MWp. The company switched to the registered capital system and increased its capital, which was issued as a public offering, to TL 46,000,000 in the last quarter of 2022.

2023

Application to CMB for 700% bonus capital increase



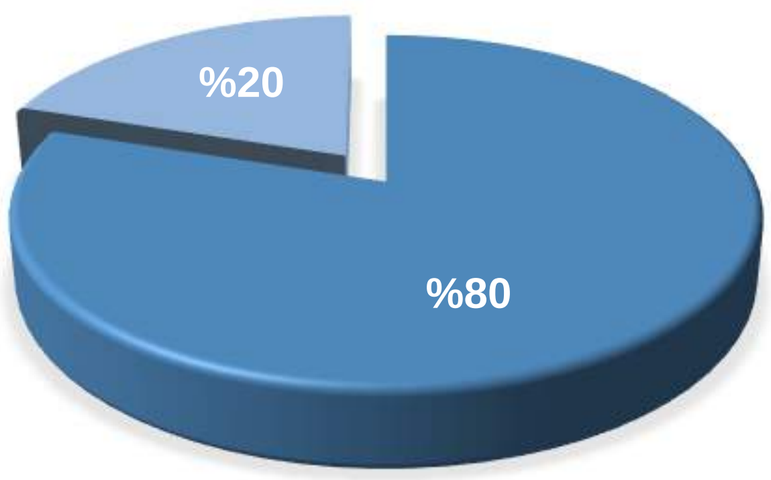
The Company's current Registered Capital Ceiling of TL 200,000,000 has been increased to TL 4,000,000,000 and its validity period has been updated as 2023-2027.

On May 3, 2023, 400% dividend was distributed to legal entity shareholders and 360% to real person shareholders.

An application has been made to the Capital Markets Board for increasing the Company's issued capital of 46,000,000 TL within the registered capital ceiling of 4,000,000,000 TL to 368,000,000 TL with a total increase of 322,000,000 TL fully covered by the Share Premium account, and for the distribute of 56.000.000 group (A) shares with a nominal value of TL 56.000.000 and 266.000.000 group (B) shares, with a nominal value of TL 266.000.000 to be issued within the scope of increasing the company's capital by 700% free of charge to shareholders free of charge at the rate of their existing shares in the Company's capital. It was announced that the necessary permission was given to the application in the bulletin of the Capital Markets Board dated 24.08.2023 and numbered 2023/50. As of 01.09.2023, the process of increasing the bonus issue was completed.

Shareholding Structure

Alfa Solar Energy; continues its activities with the power it receives from its partners.



- Alfa Kazan Energy and Environmental Investments Inc.
- Public Shares

PARTNER'S NAME-SURNAME/TRADE TITLE	SHARE IN CAPITAL (TL)	SHARE IN CAPITAL (%)
Alfa Kazan Energy and Environmental Investments Inc.	294.400.000	80%
Public Shares	73.600.000	20%
Total Capital	**368.000.000**	**100%**

BIST Stock Code	**ALFAS**
Public Offering Date	**16.11.2022**
Indices That the Company Is Included	**BIST PARTICIPATION 50 / BIST 100 / BIST PARTICIPATION 100 / BIST ALL / BIST PUBLIC OFFER / BIST STARS / BIST SERVICES / BIST PARTICIPATION TUM / BIST ELEKTRIK / BIST 100-30**
Trading Market	**STARS MARKET**



02

COMPANY ACTIVITIES

PV Panel Production

Production with advanced quality and high technology

Alfa Solar manufactures photovoltaic solar panels, which are produced with many different cell technologies and sizes, and have different sizes and energy production values.

It produces photovoltaic modules, which bring worldwide profitability and success with high quality, innovative engineering and technologies, fast customer support, and certifications in accordance with international and domestic standards.

The Company, which closely follows technological developments, produces cells with the sizes of 158.75 mm, 166 mm and 182 mm, mainly using monocrystalline PERC technology.

352.200.000 Wp

Production amount as of 30.06.2023



With its high purchasing power and continuous production capability that has been going on for years, the company has risen to a respectable position against its suppliers and uses this power as a cost and supply advantage.

PV Panel Sales

Loyal customer portfolio with solution partner approach

The company is focused on its sole focus, solar panel production. By not operating in the field of solar power plant installation, it does not compete with the EPC companies that make up the largest customer portfolio and follows **a production-oriented approach** only.

The fact that the Company does not install increases its preference for EPC companies. With this strategy, the Company aims to position itself as a **"solution partner"** rather than a supplier by creating a loyal customer portfolio with which it can work for many years.

Solar panels account for more than 90% of Alfa Solar's domestic and international sales. Apart from this, sales are made of products such as cables, fasteners, etc., which are classified as **"commercial goods"** and mostly inverters.

As of 30.06.2023, a small portion of the company's gross sales consists of foreign sales. Alfa Solar only works with **cash payment method** in international sales.



324.433.650 Wp

Production amount as of 30.06.2023

PV Panel Sales

In addition to its own brand, Alfa Solar Energy makes OEM production for Turkiye's largest energy companies.



The Company, which is preferred by large-scale energy companies operating in Turkey for its references and quality of OEM production, has allocated a significant portion of its capacity to OEM production and signed large contracts with 3 company. **Even if there will be sales pressure in the sector in the coming years, it is aimed that the Company will operate at full capacity thanks to OEM production.**

Alfa Solar realized more than 95% of its sales in the domestic market. The company carries out its sales **“directly”** and does not use the dealership or distributorship mechanism as a sales channel. The company works with its domestic customers, partly by advance payment, partly by payment on due date or by full cash payment.

Capacity Ratio Allocated to OEM production

%65

Investments

Production-based investments and controlled growth approach



New Factory Investment

With the new factory investment, an increase of 1490 MWp was achieved in capacity.* At the beginning of the last quarter of 2022, the company completed the first phase investments of its new factory investment and started production. The first phase and the construction of the factory were fully financed with equity. Trial production of the second phase, started in July 2023. As of the date of the investor presentation, the trial productions were concluded successfully and the new factory started to operate at full capacity. The new factory capacity was revised to 1490 MWp/Year thanks to the machine improvements, production development activities and increased cell efficiency in the new factory investment.

1780 MWp
Production capacity as of the date of investor presentation

10.000 m²
additional storage with enclosed space

Storage Investment

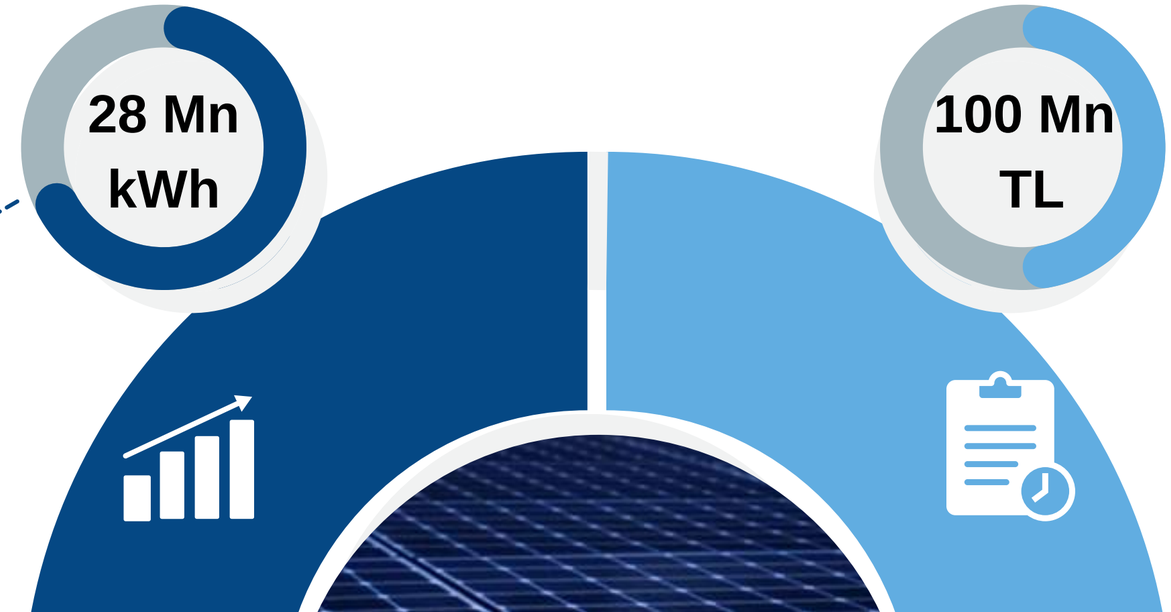
With the commissioning of the second phase, the company started to work in the last quarter of 2022 to invest in storage as a result of the increasing need for storages in Kırıkkale 1st OIZ, where it has two factories. The storage has a closed area of approximately 10.000 m² and is adjacent to the newly established factory. The storage installation is targeted to be completed in October 2023.

(*) The information published on this page is up-to-date as of the investor presentation date.

SPP Installation

Alfa Solar Energy is planning to establish a SPP that will meet the electricity needs of the Main Factory and the New Factory and produce as much as consumption; Within the scope allowed by current legislation, it has started to work on installing SPP on the roof and land for self-consumption by using its own solar panels. The cost of the turnkey installation work of the facility, which is planned to operate in the Sandıklı District of Afyon Province with a power of approximately 16,000 kWp, will be approximately 14,000,000,00 USD. Approximately half of the project cost consists of solar panels produced by the Company. With the commissioning of this power plant, our company aims to produce approximately 28 million kWh of electricity annually and to save approximately 100,000,000.00 TL annually over current electricity prices.

With the publication date of the investor presentation, the zoning and EIA process of the SPP investment has started. The GES investment is targeted to be commissioned in 2024 Q1.



With the activation of the SPP, the electricity that will be produced annually

The approximate amount to be saved annually with the activation of the SPP

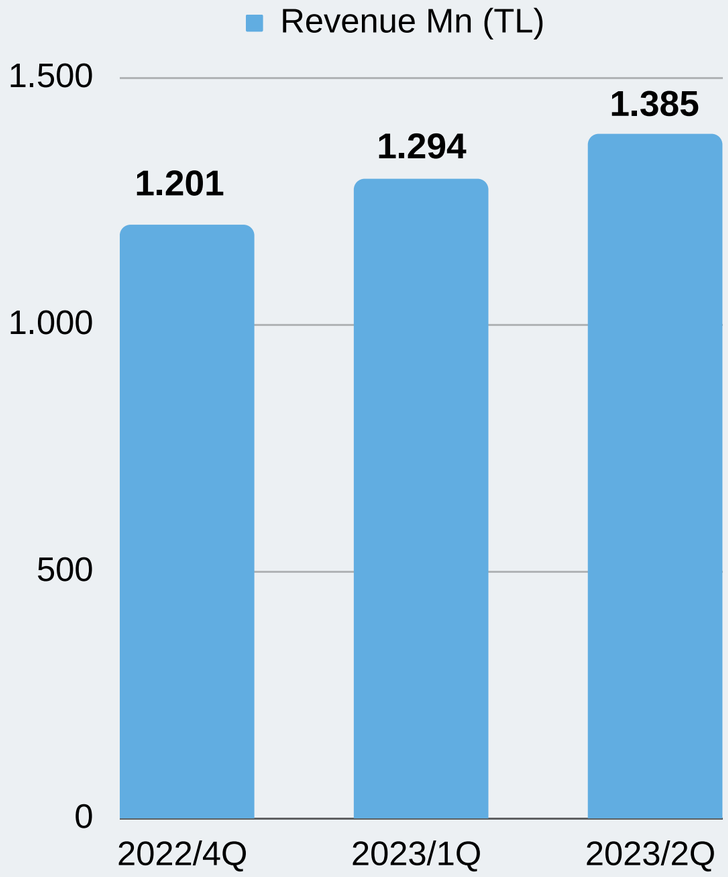


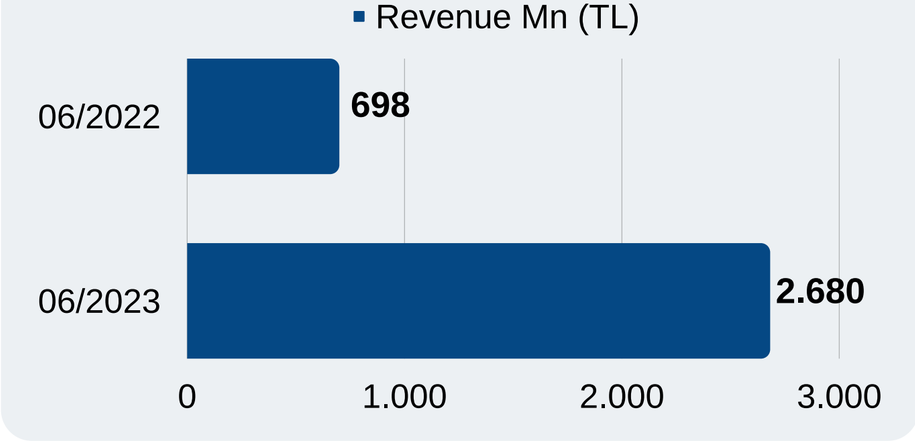
03

FINANCIAL AND OPERATIONAL INDICATORS

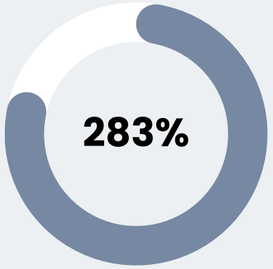
Financial Performance

High revenue with ongoing capacity increases





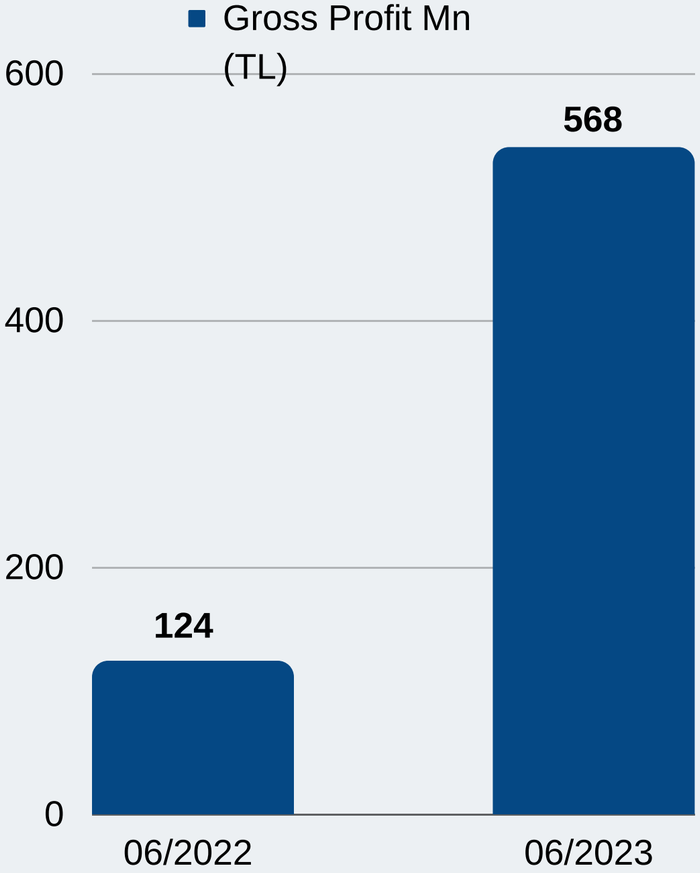
The main reason for revenue increases; along with the quantitative growth in sales after the capacity increases made by the Company over the years in order to respond to the increasing demand and business volume, the recent increase in the interest in solar energy in Turkiye and around the world, and the increase in the Company's awareness and competence.

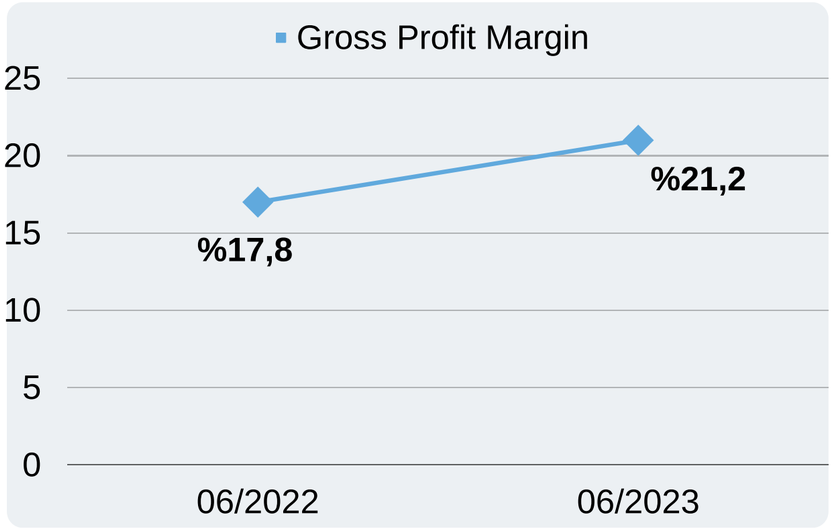


In the first half of 2023, compared to the same period of the previous year, there was a 283% increase in revenue.

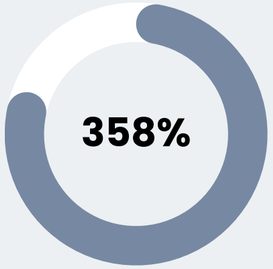
Financial Performance

Increase in gross profit with accelerated revenue growth





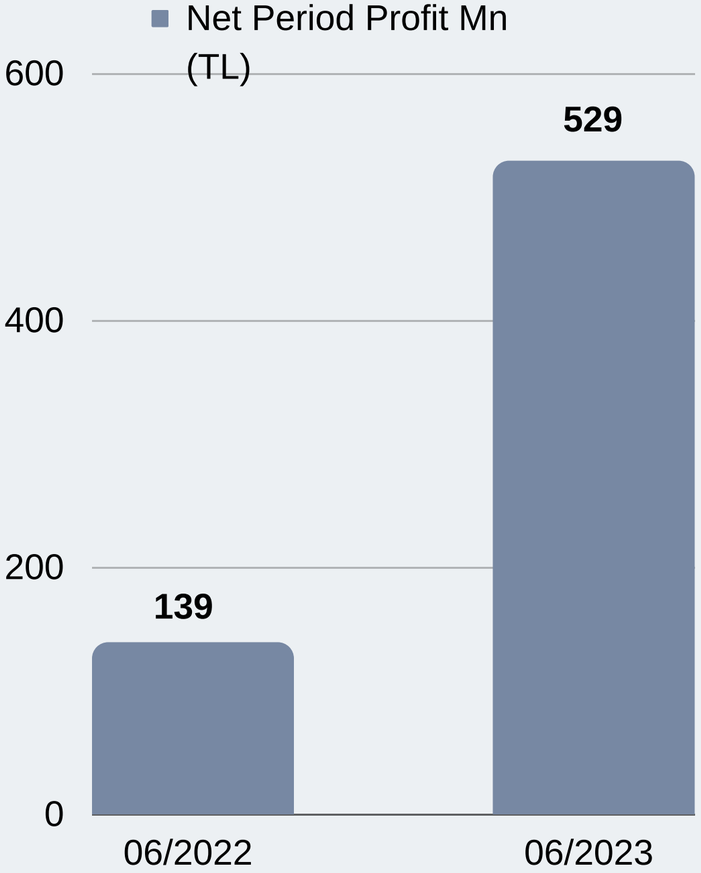
The high increase that occurred is mainly due to the reflection of the increased productivity on the gross profit margin.

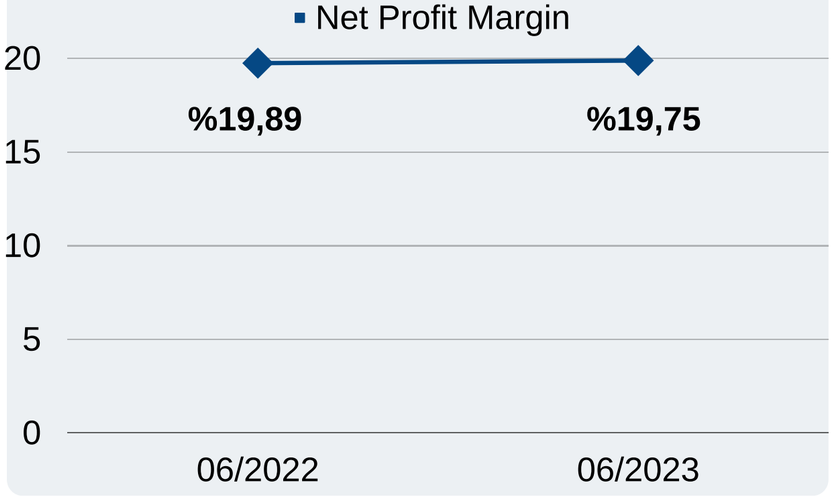


In the first half of 2023, compared to the same period of the previous year, there was a 358% increase in gross profit.

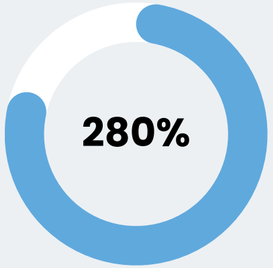
Financial Performance

Revenues increase reflected in net "profit"





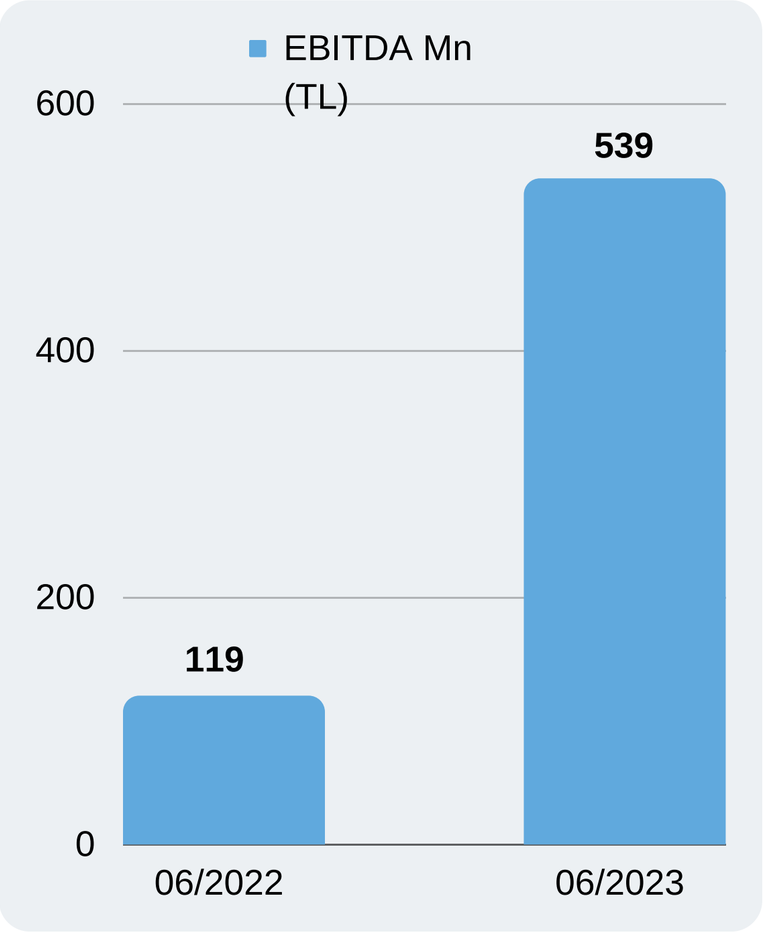
The main reason for the increase that occurred in 2023 is the capacity increases made to meet the increasing demand.

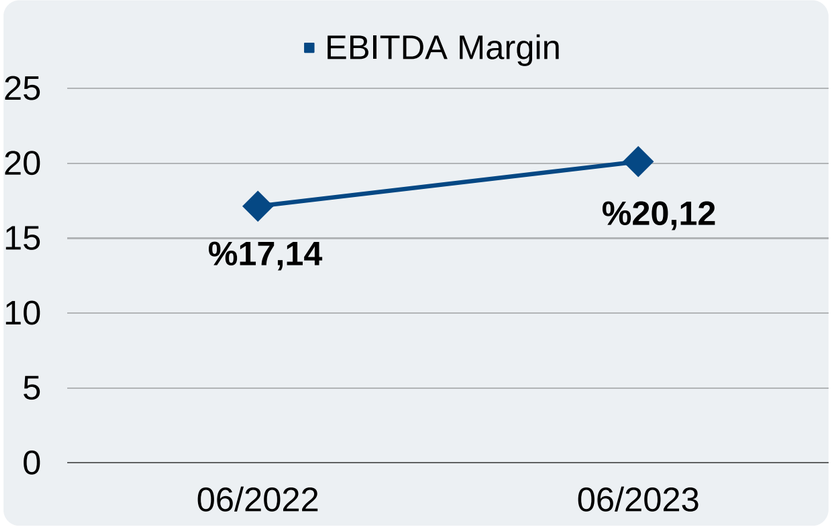


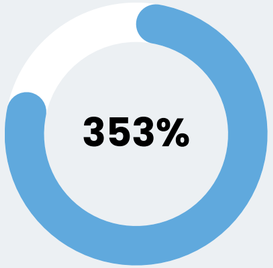
In the first half of 2023, compared to the same period of the previous year, there was a 280% increase in net profit.

Financial Performance

Operational profitability and strong EBITDA margin





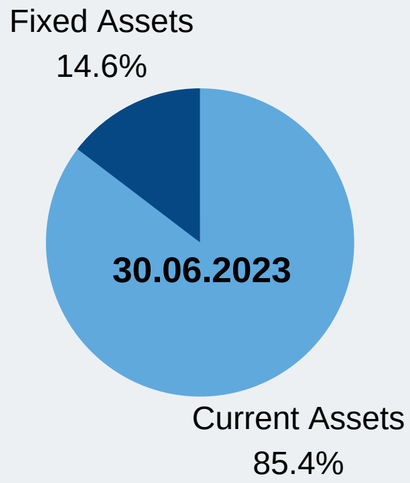


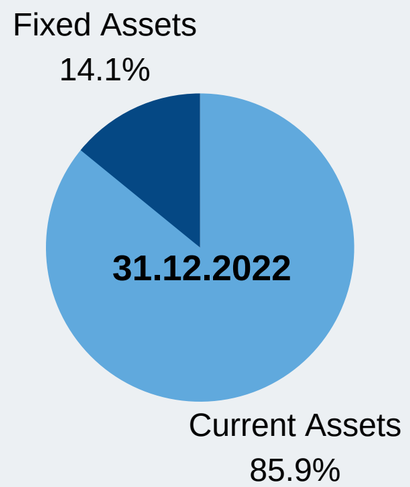
In the first half of 2023, compared to the same period of the previous year, there was a 353% increase in EBİTDA

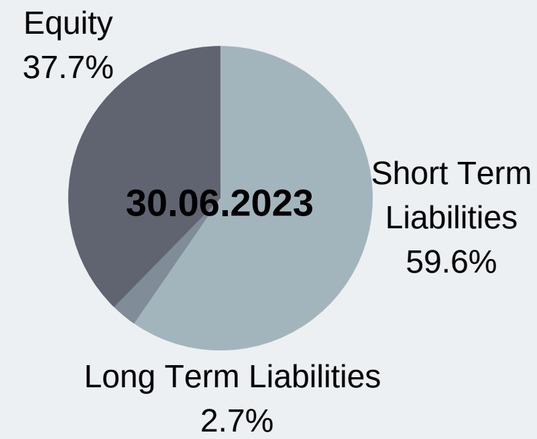
EBITDA*=Gross Profit- General Management Exp. - Marketing Exit. + Depreciation and Amortization Expenses

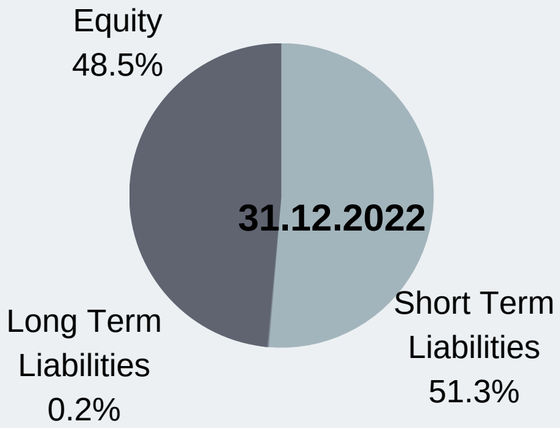
Financial Performance

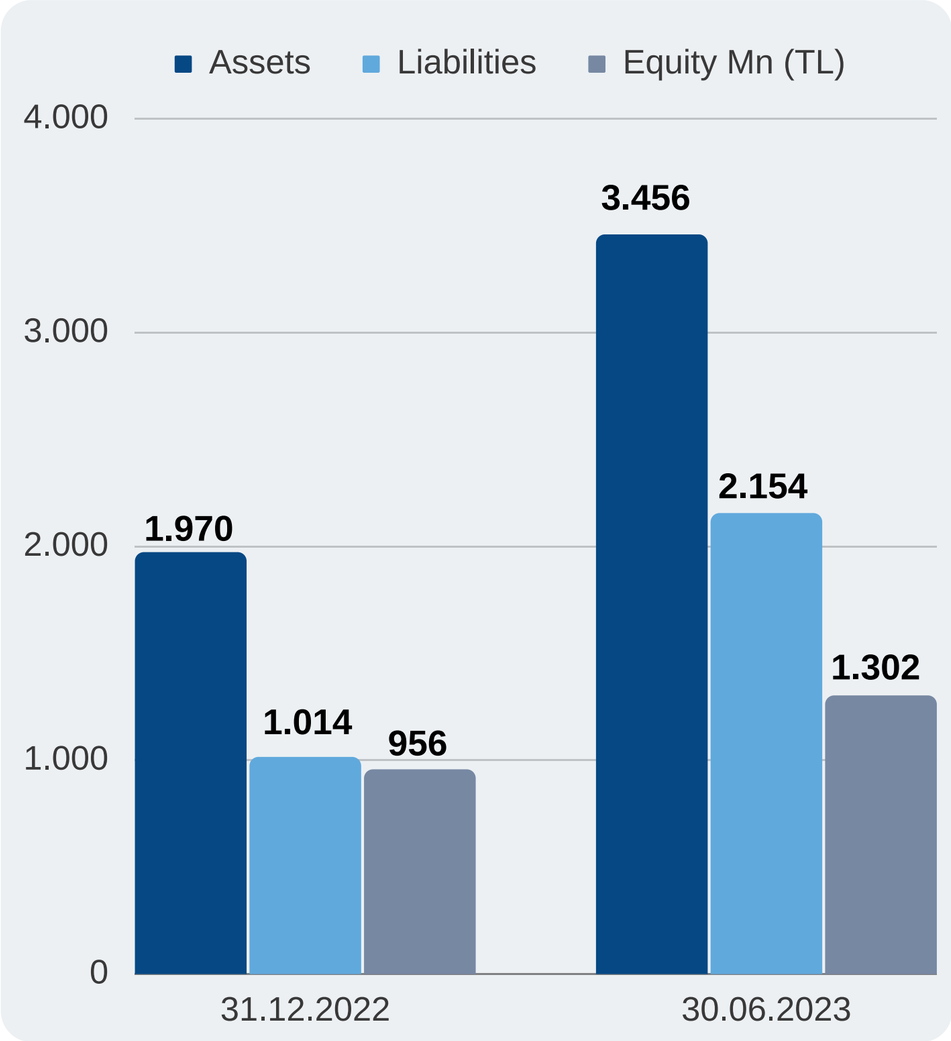
Profitable growth and debt-free financial structure





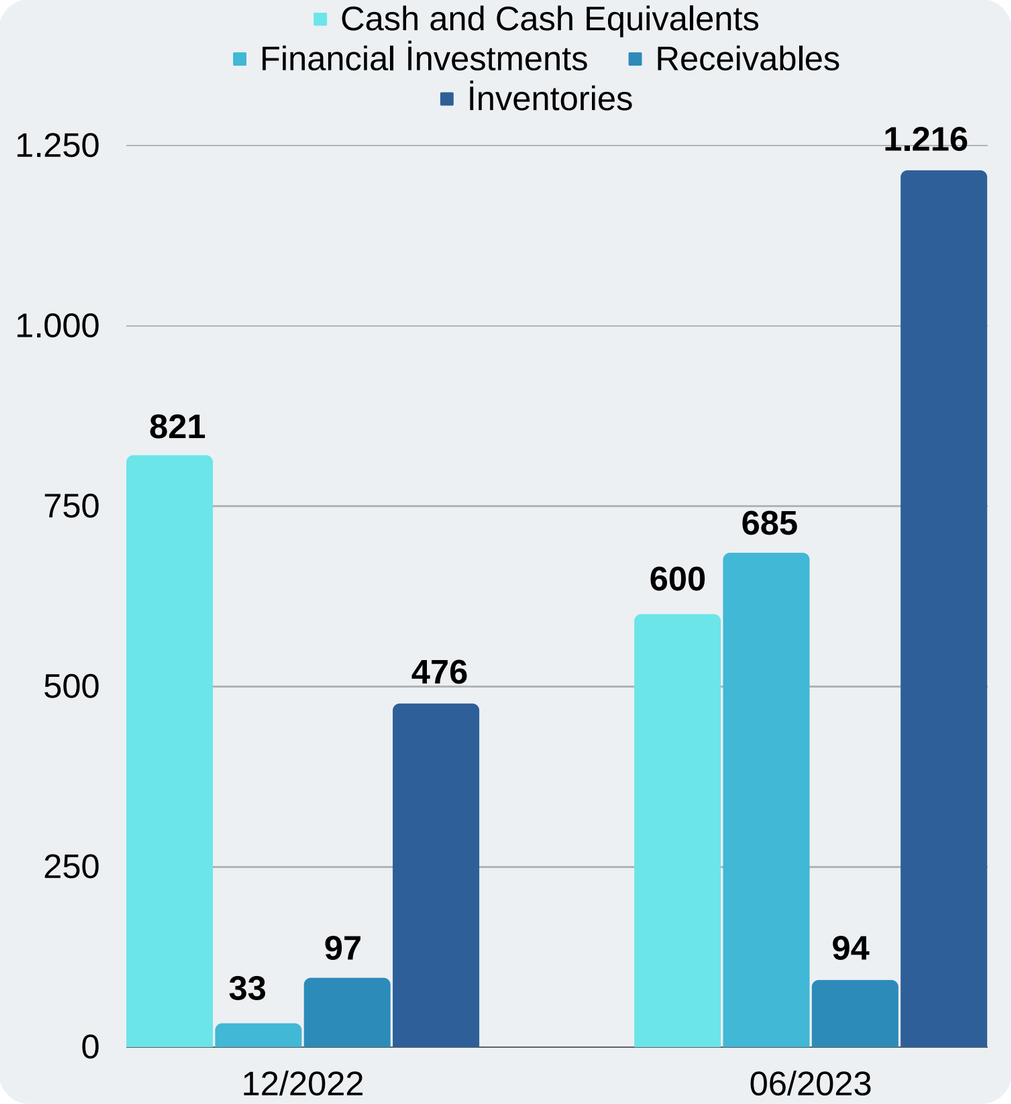


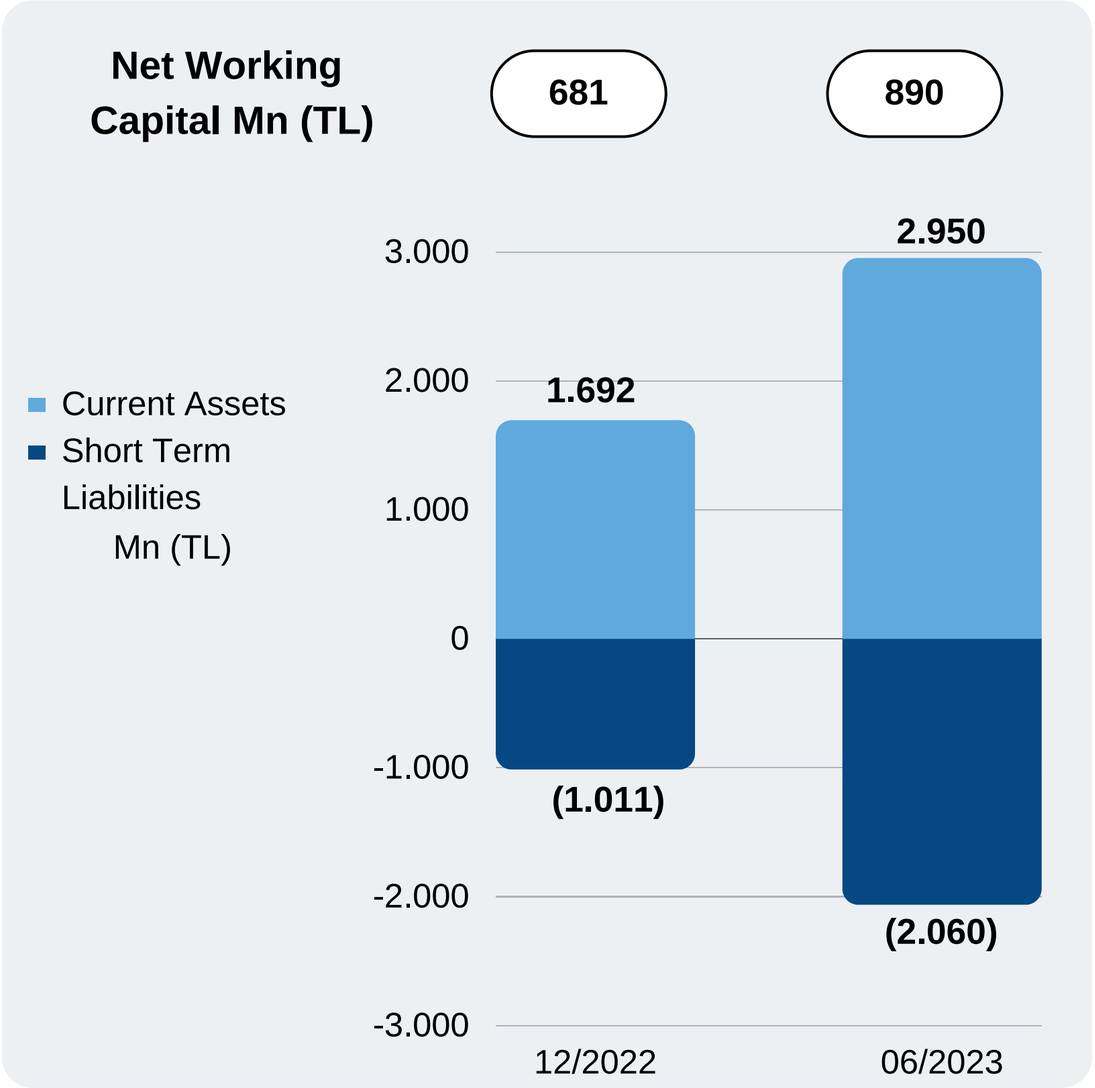




Financial Performance

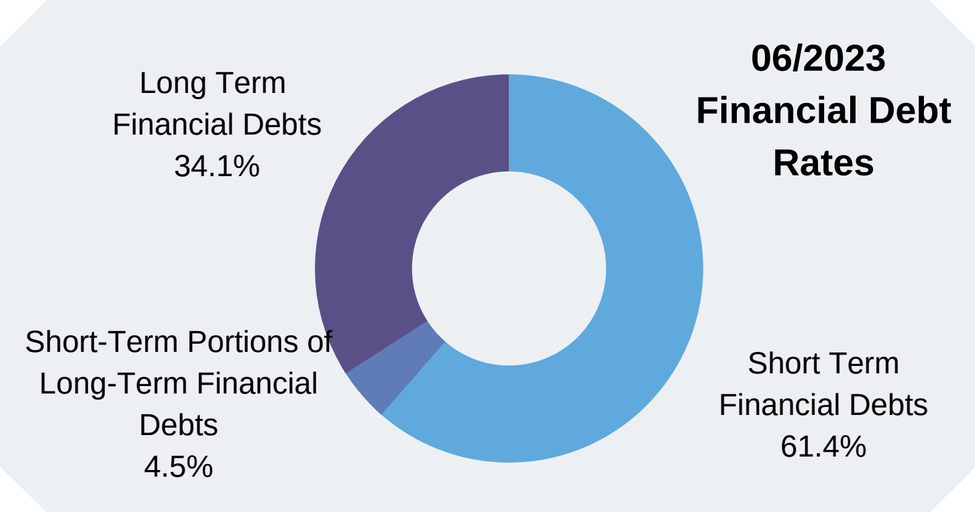
Strong balance sheet and high net working capital

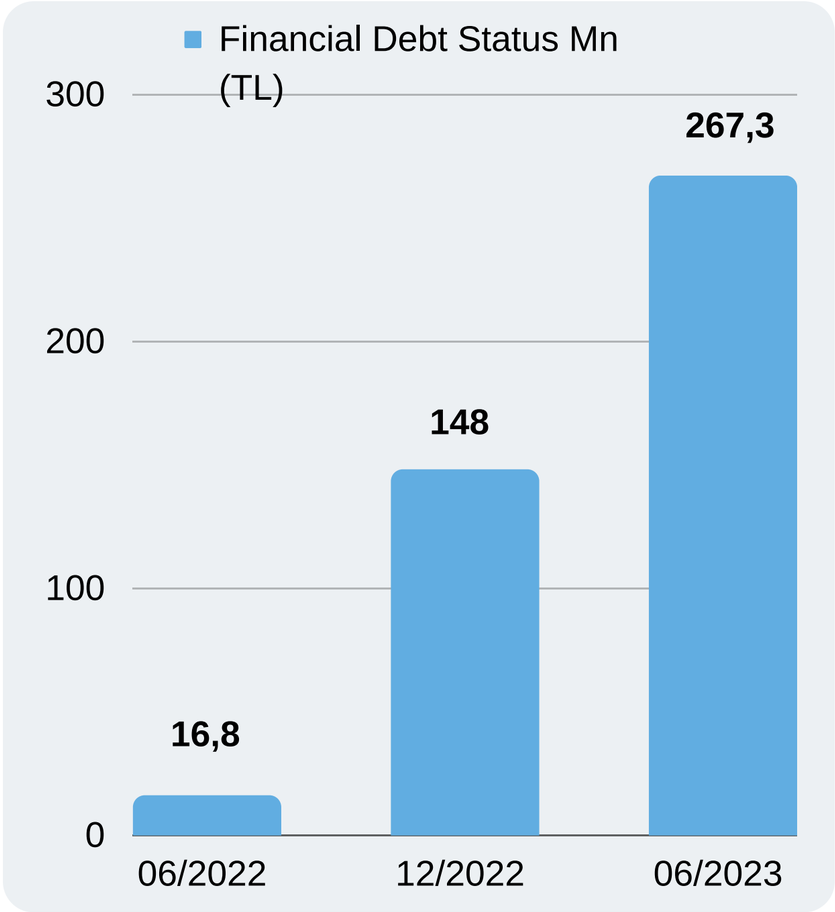


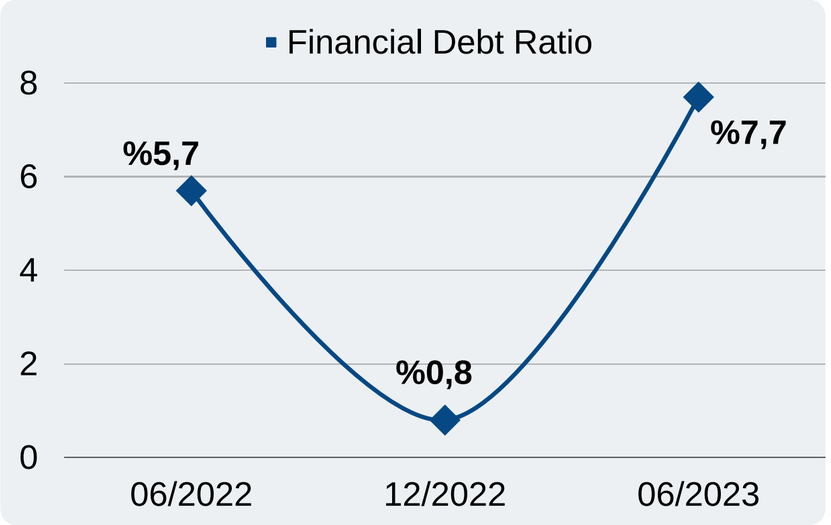


Financial Performance

Minimum financing burden with auto financing model



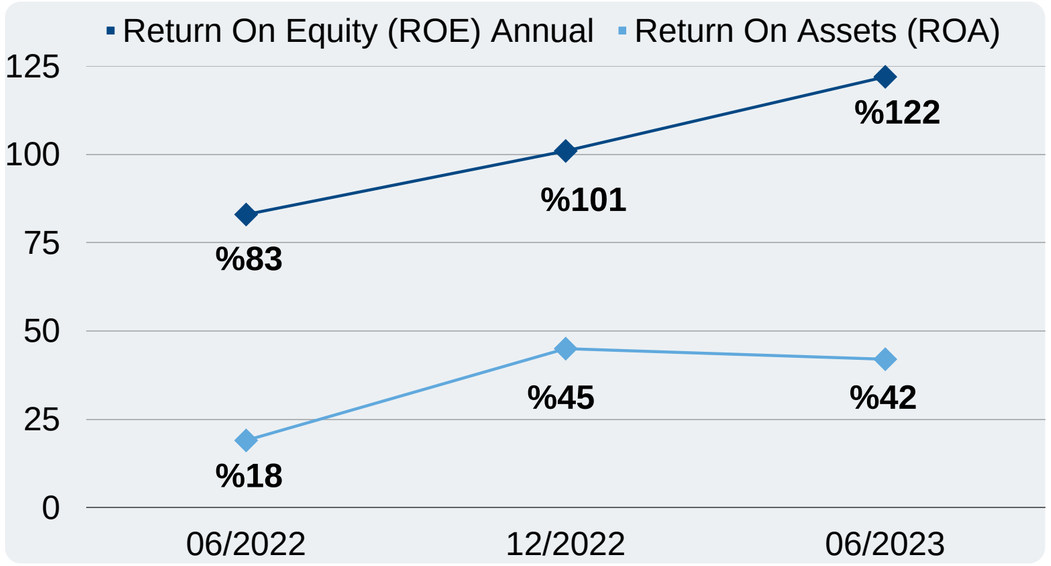


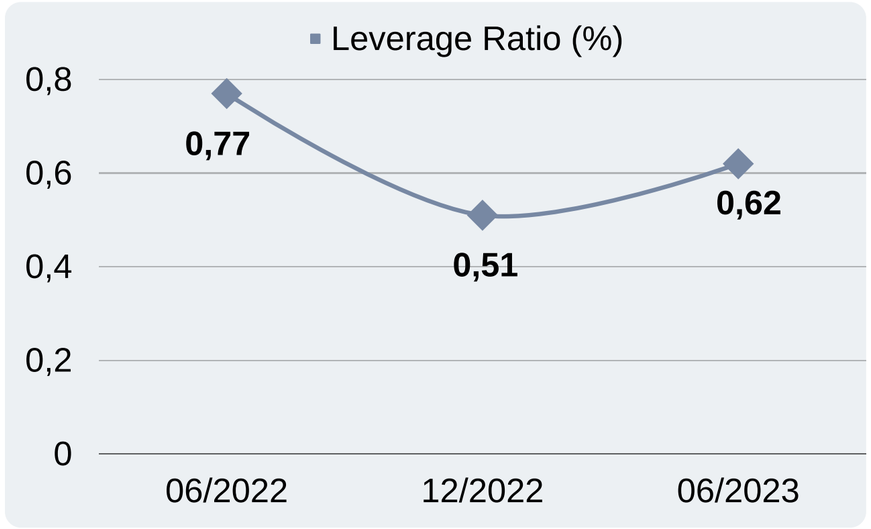


The Company, which can operate with the auto financing model in an inflationary environment, continues its activities with a minimum financial burden.

Financial Performance

Efficient use of resources and high ratios

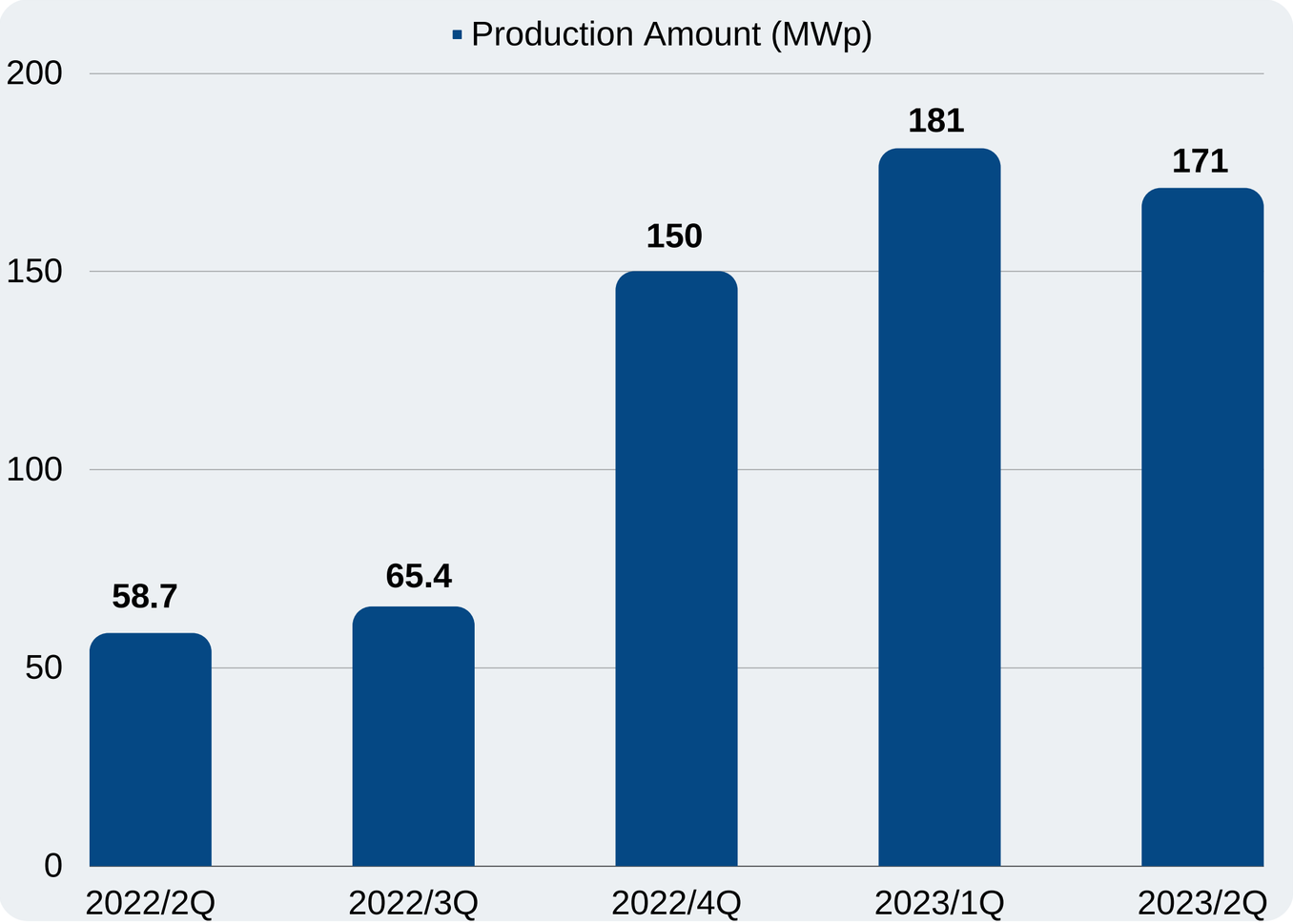


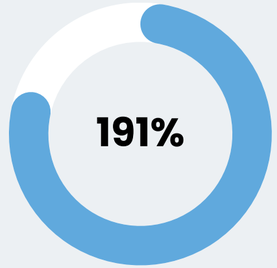


RATİO	06/2022	12/2022	06/2023
Current Ratio	1,19	1,67	1,43
Liquidity Ratio	0,88	1,2	0,80
Cash Ratio	0,49	0,84	0,62
Debt/Equity Ratio	3.4	1.06	1.07
Financing Rate	0.28	0.94	0.60
Net Financial Debt/EBITDA	0.94	0.035	0.49

Operational Performance

Increase in production and sales quantities with increasing capacity increases

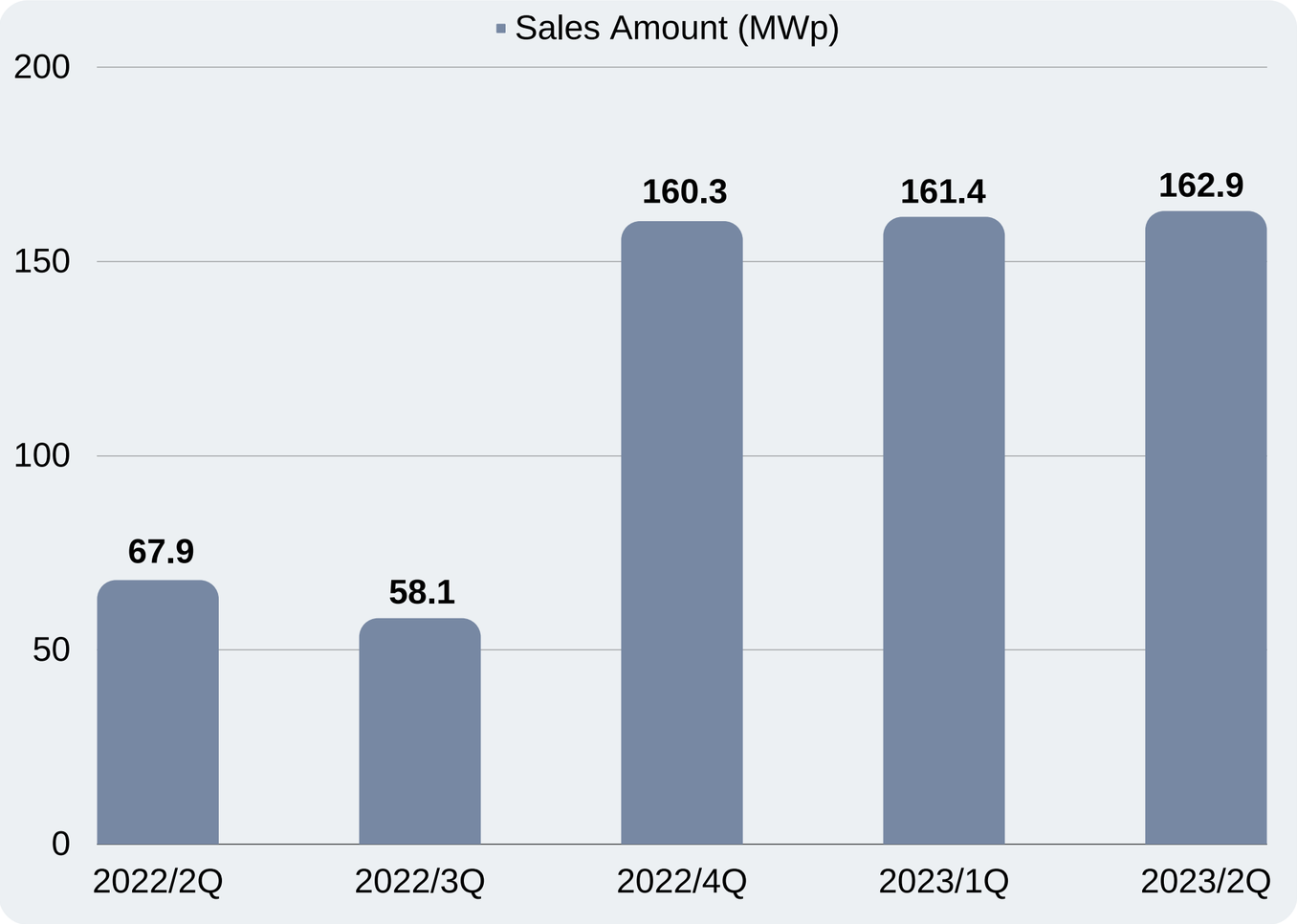


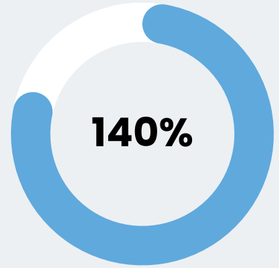


In the first half of 2023, compared to the same period of the previous year, there was a 191% increase in production amount.

Operational Performance

Increase in production and sales quantities with increasing capacity increases



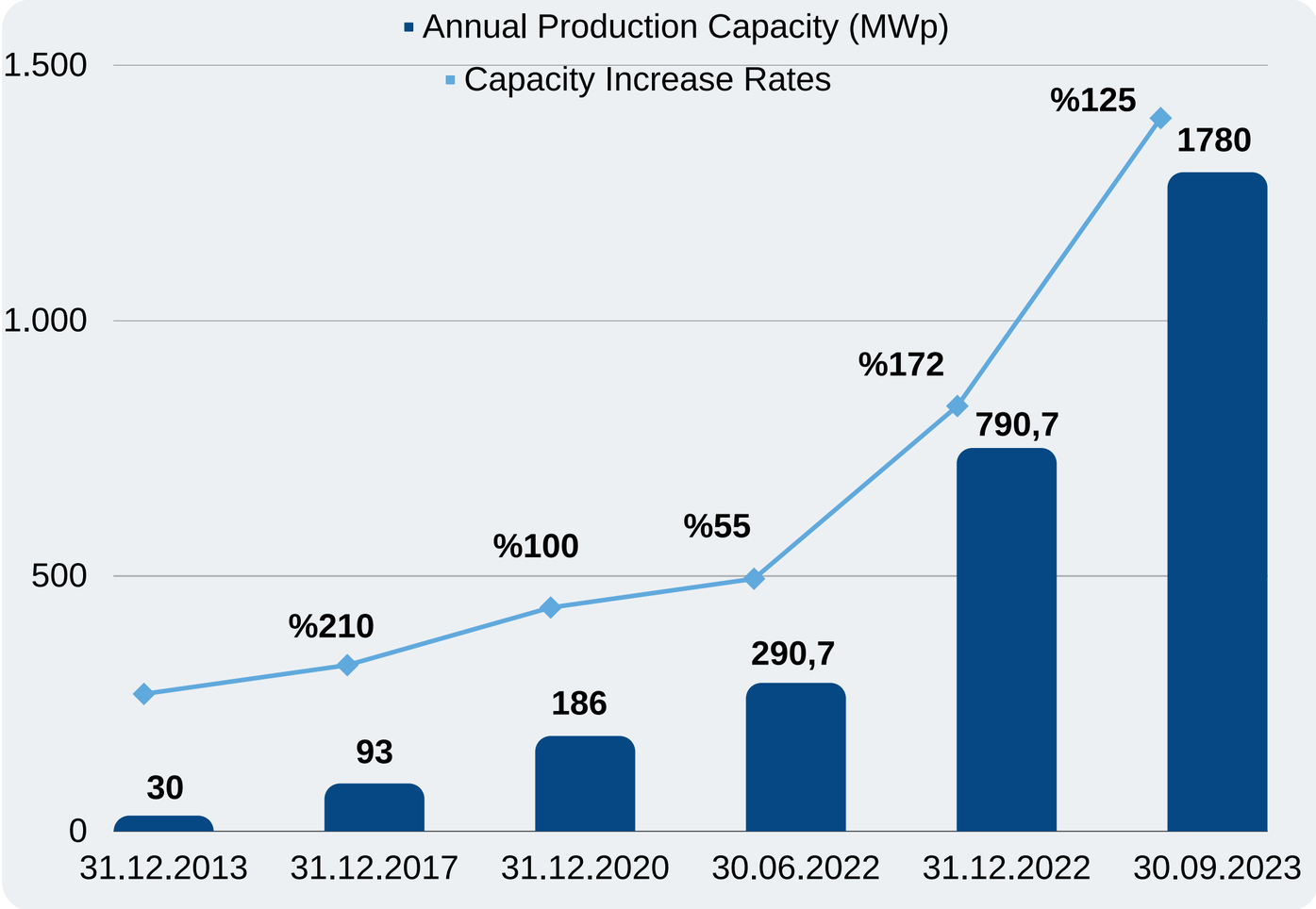


In the first half of 2023, compared to the same period of the previous year, there was a 140% increase in sales amount.

The reason for the decrease in the production amount for 2023/2Q compared to the previous quarter; due to the excessive number of public holidays and the forced pauses in the integration of the 2nd phase of the new factory.

Operational Performance

Continuing capacity increases with the latest technological production line

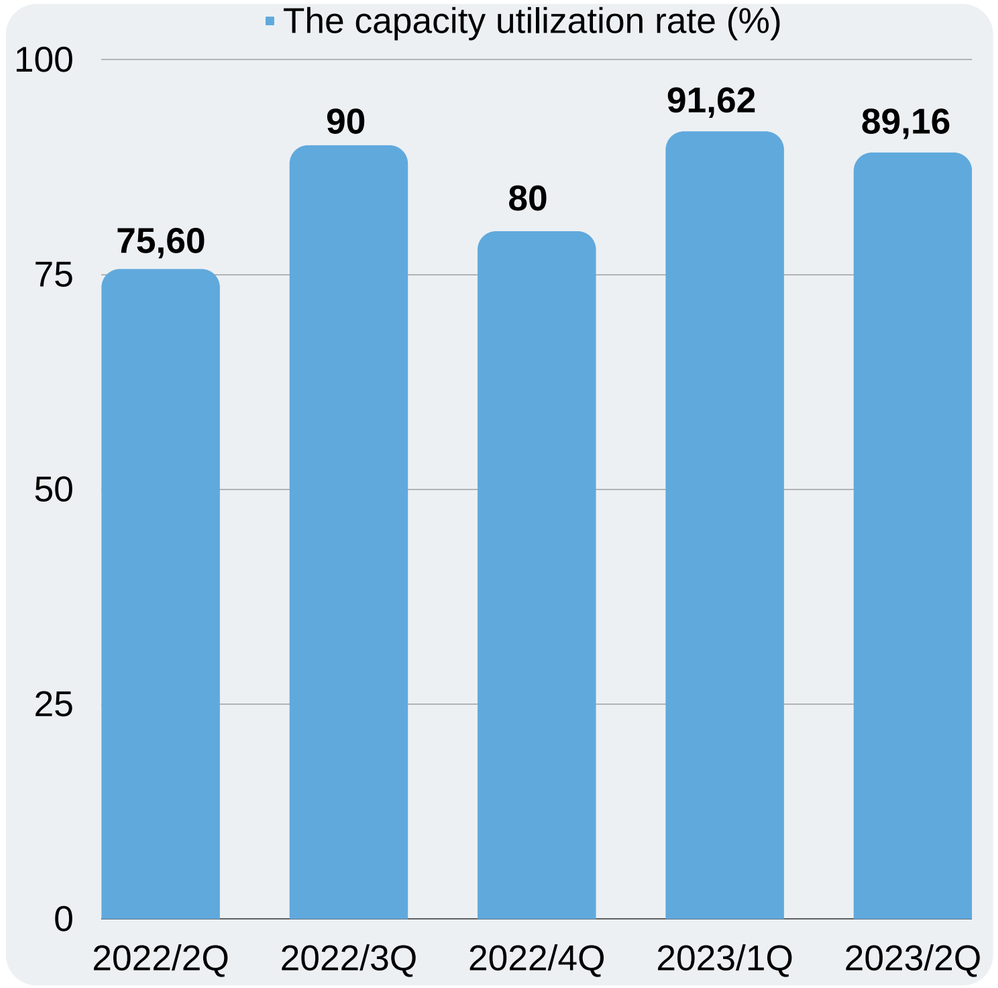


1780 MWp

Annual production capacity reached with the commissioning of the second phase of the new factory investment

Operational Performance

High capacity utilization rates

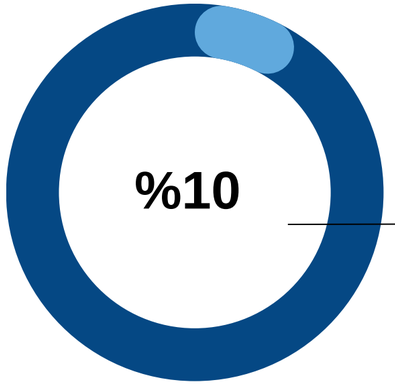




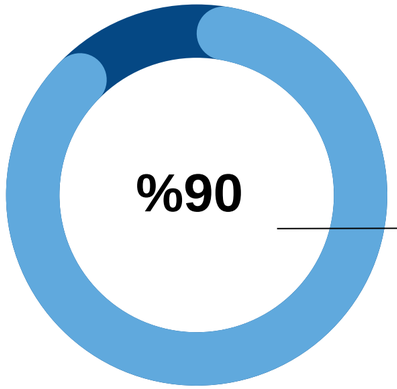
Operational Performance

Experienced and qualified workforce

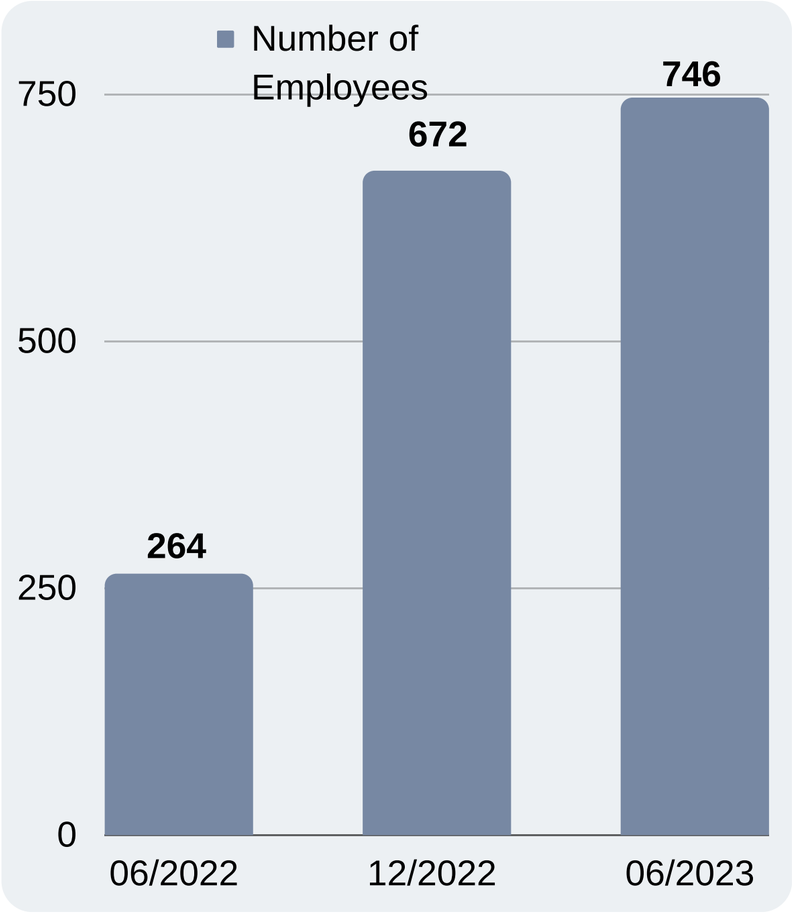
Employee Distribution (30.06.2023)

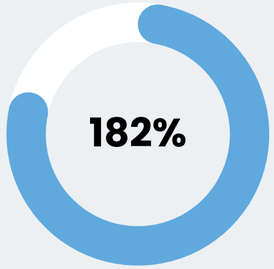


75
White-collar



671
Blue-collar





In the first half of 2023, compared to the same period of the previous year, there was a 182% increase in number of employees



04

WHY
ALFA SOLAR ENERGY

Value Added by Alfa Solar Energy to its Investors

Profitable Growth with Increasing Investments

- Capacity increases to respond to increasing demand and business volume
- Increased revenue with the increase in the company's awareness and competence
- 1.78 GWp production capacity

Durable Structure and Increased Efficiency

- 35 years of industry experience and knowledge
- Latest technology production line
- Precise quality control processes
- High capacity usage rate
- Efficient, flexible and low cost manufacturing and engineering

Debt Free Financial Structure and Strong Risk Management

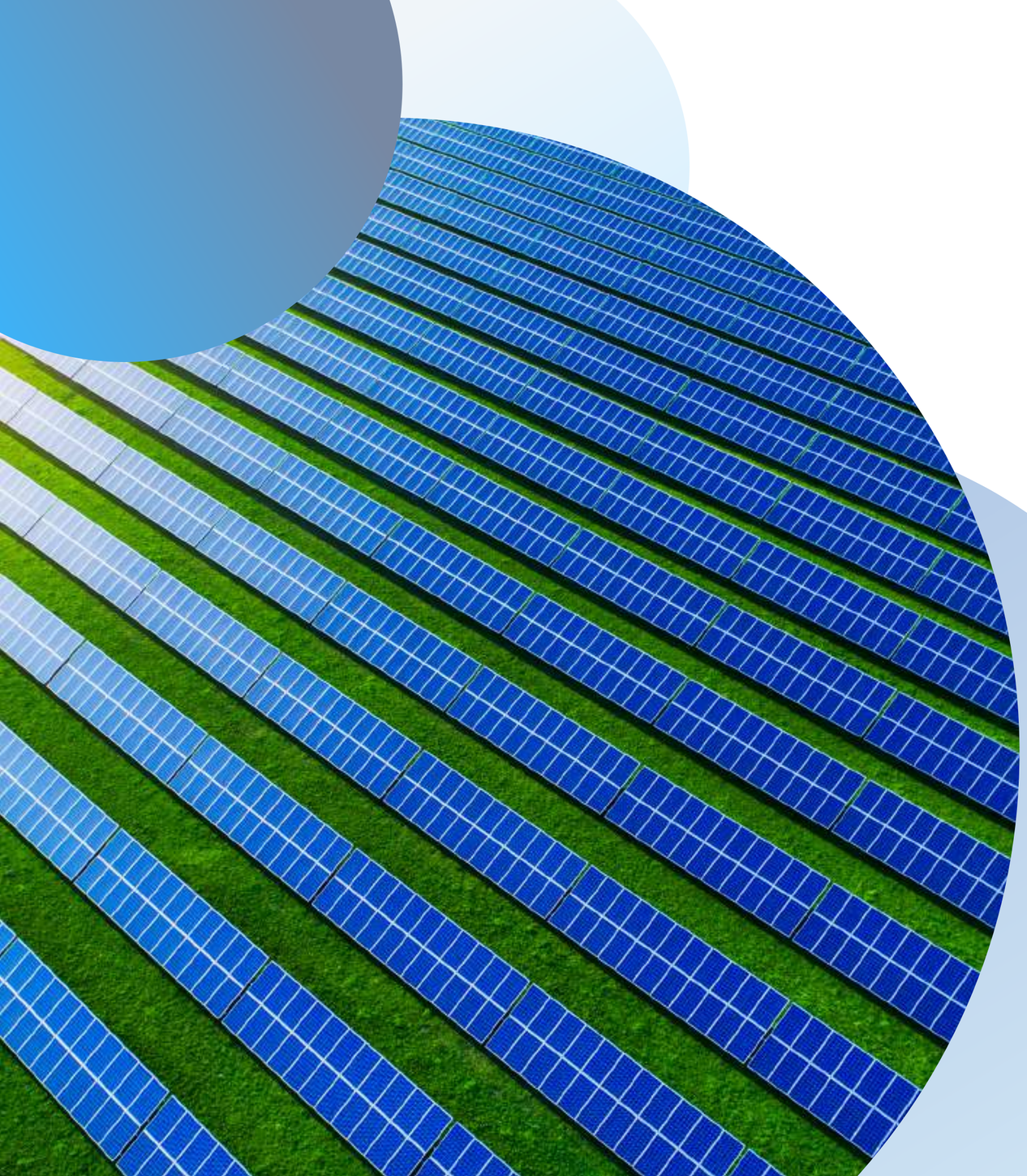
- Increased free cash flow with brand awareness and high quality products
- Increased sales and profitability with cutting-edge products and cost discipline
- Accelerated revenue growth as a result of successful and effective operational and operational management

Strong Sales and Supply Management

- Advances received and pre-delivery collection
- Low trade receivables = Low collection risk
- Advantageous cash purchases with a strong financial structure
- Futures purchases with high market reputation
- Raw material stocks for production safety
- High quality raw materials

Emphasis on Creating High Shareholder Value

- Profit share commitment with increased free cash flow and strong balance sheet
- Strong relative stock performance
- Adding value to its investors by targeting efficiency in all operations and processes
- Commitment to creating added value in the medium and long term



06

PLANNED INVESTMENTS AND TARGETS

Planned Investments

Alfa Solar Energy in America/Europe...

There is an increasing demand for solar energy products within the scope of the decreasing solar energy costs, the ease of installation compared to other clean energy sources and the Net Zero Targets of the countries. Aiming to expand its sales network by entering new markets, Alfa Solar Energy sees the US/EU market as an opportunity and wants to evaluate it.

The US/EU market has safeguards against Chinese products in the solar industry, facilitating market competition. In this way, the company considers it possible to continue the growth momentum it has achieved in the last 5 years together with the US/EU market. The company participated in the "SelectUSA Investment Summit" Fair held at the beginning of May 2023 with its senior management and gathered information on investment options.



In this context, the Company decided to invest in Romania by first shifting its focus to Europe and announced this decision to the public. However, considering the market researches and the development of the PV industry in Romania, it was decided to postpone the investment in photovoltaic panel production activity planned to be made and to include it in the medium-long term investment plans. The decision has been made to establish a legal entity focused on the production of electrical energy from solar power (electricity production and sales), instead of photovoltaic panel manufacturing activities, as part of our company's medium to long-term goals. The capital of this legal entity will be 1 million euros, and our company will hold a 90% stake in the capital, with the remaining 10% ownership share to be agreed upon with a natural person residing in Romania.

Planned Investments

Renewable energy investments for sustainable growth

Alfa Solar Energy aims to diversify its production portfolio on the path of sustainable growth. While doing this, it wants to continue its contribution to clean energy production and energy conversion. Realizing its investments with a focus on value creation, Alfa Solar Energy is planning a renewable energy power plant investment.

The company plans to invest in any of the renewable energy power plants that produce clean energy, such as SPP, WPP or HPP, and reduce Turkiye's dependence on foreign energy. Although the type of renewable energy power plant is not certain, it is aimed to have 1 GW of installed power.

Renewable power plant investment is an investment that is planned to be realized in the long term. The installed power of the power plant to be invested is aimed to reach 1 GW step by step by spreading over time.

No action has yet been taken regarding the renewable energy power plant installation, and opportunities and projects are under evaluation by the Company's Board of Directors.



Renewable power plant investment target with an installed capacity of 1 GW

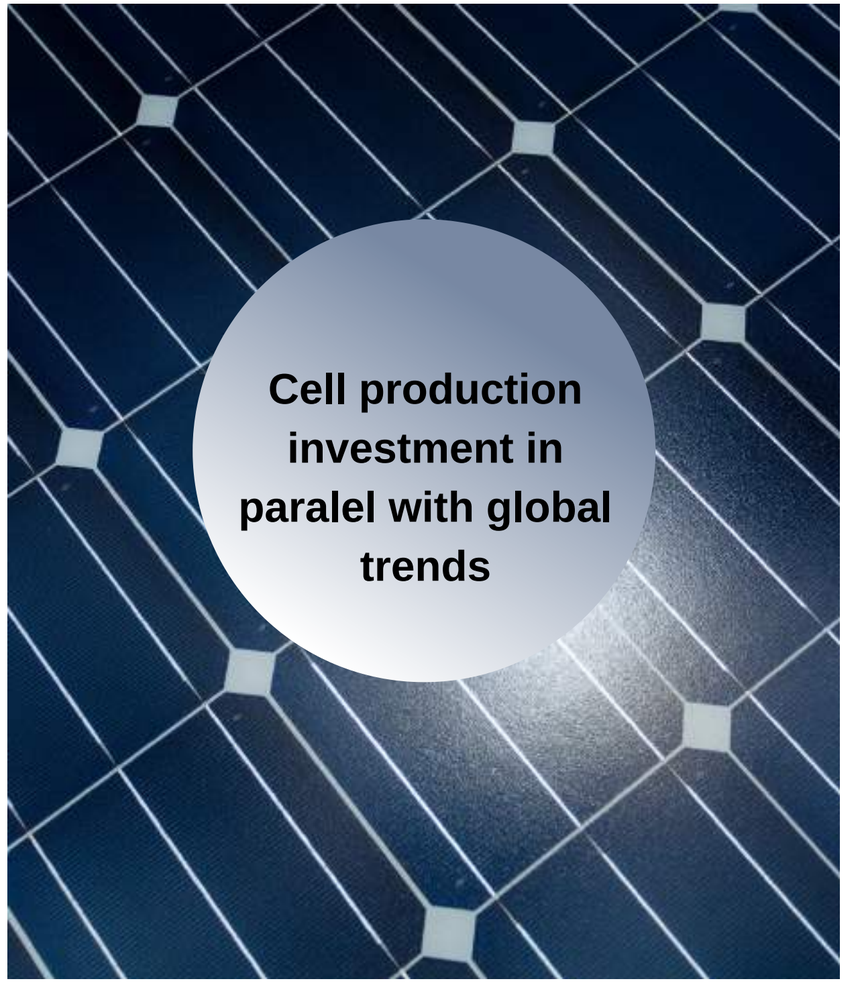
Planned Investments

Cell Production Investment

Alfa Solar Energy, one of the important supporters of localization in production, wants to add new technologies to itself with its cell investment. Planning to make a cell investment, the Company aims to achieve vertical integration and increase the rate of localization by reducing its imports.

The company currently purchases solar cells from China. The cell accounts for half of the solar panel production cost. Domestic cell production in Turkiye is supported by some support mechanisms. At the same time, action can be taken in Turkiye to reduce the import of cells in the upcoming period. For example; The US uses safeguards that restrict or completely ban the use of solar cells made by China. It is possible that these practices will be implemented by the EU in the upcoming period. In the light of all these developments, although domestic cell production may not be competitive against Chinese products at first, it has serious potential in the long run.

The company closely monitors the markets for cells and continues its feasibility studies.



Goals

Expectations for 2023

EXPECTATIONS FOR 2023	
Production Capacity (Average)	1120 MWp/Year
Capacity Utilization Rate (Average)	80%
Solar Panel Production and Sales Quantity (MWp)	896 MWp
Revenue	7.500.000.000 TL
Operating Profit	1.125.000.000 TL
Net profit	1.250.000.000 TL
Net Profit Margin	16%

Because of the increase in production capacity and USD exchange rate, due to the decrease in raw material and sales prices, no revisions were made to the items of revenue, operating profit and net profit.

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ALFA SOLAR ENERJİ

Your Sun, Your Energy, Your Technology



Till the Last Day the Sun Rises!