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Joining us today is Frank Carnavalle the CEO of Alkaline Fuel Cell Power that trades on our OTCQB Venture Market under the ticker ALKFF. Alkaline Fuel Cell Power delivers affordable renewable and resilient energy assets and clean tech. The company's mission is to bring power to the people combining stable revenue streams with advanced hydrogen technology and driving the energy transition for customers and investors globally. Frank, thanks so much for joining us today

Frank Carnavalle

Cecilia thanks for having me.

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Tell us a bit about your professional background and experience in the energy utilities sectors and then how you got involved with Alkaline Fuel Cell Power.

Frank Carnavalle

That sure this is always a lot of fun. It started way long ago in a political party so I was active in a political party up here in Canada and you know I started as a political staffer in the city of Toronto the biggest city in Canada. So while I touched a range of topics for really the next four and a half years I really learned to understand politics. You know, political campaigns and really managing expectations and messaging of various stakeholders so that was sort of a critical piece and then of course coming from a family of entrepreneurs. I started my own consulting firm and we focused on everything from government communications, government relations communications. But really in no time my business was originating. You know, originating deals managing sales leads for different companies and we were developing projects. So. You know, probably fairly quickly within a year of starting my business. We were pretty focused laser focus on energy and infrastructure and you know to bring it forward a bit and through that 20 year experience I originated you know the vast majority of sort of billions worth of energy transactions for our business. And you know I love the idea that all these companies we were helping really paying us to learn their business as well and I think we did that. Well so we originated you know energy projects utility acquisitions energy retrofit projects. .

And then you know again like another good and entrepreneur I wanted to do more and you know what's next and you know post global recession and really knew the answer wasn't to be a consulting company. It was really how do I get into the asset management side of the house. How do I. Ah, really drive the opportunities, the acquisitions and the oversight of these companies and you

know back in I think it was 2012 we did launch a publicly traded company we were in you know, energy building controls. So. You know that was a lot of fun and you know if I fast forward to but four months ago I was head hunted and great timing headhunted to run to be the Ceo of alkaline fuel cell power and honestly it really truly was a combination of all my experiences my contacts the awareness of where the markets are going. And it just seemed like the perfect timing to do something like this for this type of business and then you know you sprinkle into this sort of 25 year sort of you know, ah more than 25 years now of working out there. You know I was honored to serve on the industry boards like the Energy Council Of Canada Ontario Energy Association so it just I got to keep building up my resume in this really special world of energy that we're in today.

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So tell us about what the company actually does and then your business portfolio.

Frank Carnavalle

Sure like I mean a high level. We are you know we're trying to diversify. It's a diversified investment platform. We are trying to deliver affordable, renewable reliable energy assets and clean tech. We truly are bringing power to the people and I can expand on that more later, but. Specifically there's 2 distinct business lines. There's the one which our name signifies we're developing hydrogen fuel cells and what they do is ultimately they bring down the cost of power and energy for you know, residential homes small buildings off-grid backup power generator applications. And for that business. You know it's really out of Europe we're on a path to having our first 2 prototypes by the end of this year so that's pretty exciting where we're going with that the other line of the business. The other business line before I was hired four months ago I guess four or five months ago. Really the company understood in this market and everyone can appreciate in this market in these market conditions. You know, get to a business that has cash that has you know is Ebitda positive and so they made an investment in they acquired a number of larger combined heat power. Power projects energy projects with say condominiums in Toronto so one is operational today we sell electricity at a discount for what they would have paid if they bought it from the local electric utility. and we run it 24 hours a day seven days a week have long-term energy service contracts. And we're building out that business that business alone has about \$50000000 worth of sales leads that we're processing through and so there's these 2 distinct businesses the you know the original equipment manufacturer of the fuel cell business which you know is literally my hockey stick I call it that. As we go forward and then there's this day-to-day build out our asset base deploy capital to own assets long-term contracts to provide you know electricity and heating to pretty big customers in Canada so that's where we are

today and hopefully we have a lot more to add to that. But if there's one consistency with those 2 items. It's that it's really about you know we deliver low cost or really cost-effective alternatives ah to these customers for energy.

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Talk about the changing landscape of global energy supply and demand. you know as we're kind of coming out of the pandemic and you know and the trends you know that you can kind of speak on what you're seeing.

Frank Carnavalle

Yeah, it's really interesting because I know I'm inside baseball and I see things you know every day I get inundated with hydrogen stories and articles and columns. But it's something I was seeing prior to coming here and it's interesting. So the quick story is. Europe understood with you know the global ah commitment to get to carbon or at least net zero from a carbon perspective by say twenty thirty five different places of different sort of targets but the climate's in trouble if we don't get carbon under control and Europe really bet large on hydrogen. It is a hydrogen economy and they are moving mountains to convert natural gas pipelines to hydrogen to supply hydrogen that was happening ah last two years or so they knew that and they've been moving mountains to get there. What's new in this equation. Ah, from a trend perspective which I find quite fascinating is in North America for whatever reason canada us took a more oh it's an electrification is our answer to getting to carbon zero or to net zero and what's interesting about that and knowing a lot in the utility space. Is that you can't put all of you know, getting off of natural gas and I know New York doesn't have natural gas available there. But if you're getting off that for your heating requirements and you're taking every car and putting them on electric vehicles and you're going to plug them in the things you're going to do to your load it is going to put so much strain if they can even sustain it or meet it on the electric grid electrification was an interesting concept but you can't meet all of our commitments to get to net zero just solely with electrification and that's where hydrogen comes in and what I've seen in the last number of months or so. Is that you know every state every province every regulator in in North America seems to understand now that hydrogen will have a ah place in it and you know we'll see it play out of how that plays out and is it more than automobiles and in the. You know is it the big, big applications like industrial or in my opinion. Ah the way that hydrogen' is going and the price of it and then get into that it will be very cost effective as a solution for homeowners. Not for all their power I'm not looking to do all of their power but hydrogen will be that reliable power source. Or energy source delivery your power in your home for backup for peaking if the sun's not out in the winter time. That's where the market's going so hydrogen is really

taking off in a big way.

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So as we all know Esg is a very you know hot topic more so in Europe to hear than then in the Us. But so how does that narrative and kind of story help drive your mission and business strategy.

Frank Carnavalle

Well I mean that's an easy one I mean from a narrative perspective look we run on hydrogen our fuel cells and well hydrogen is carbon. Free. So it's pretty simple so the more you use of our fuel cell or any fuel cell for that matter. Ah, it's called carbon free. So that's where I think it's a no-brainer. To fit into the you know the total all the answers of how you solve climate change. It's a critical piece. a lot has to be figured out how you get it to the customer. How do I get it to your house and there's a lot of strategies globally to do that? but from a narrative perspective I mean yeah, esg we're. You know that's a big checkbox. We're a big part of that I think the one challenge I see in the esg narrative ah is and I just literally saw a bank a Canadian bank put out a report the other day of sort of the path to net zero and I think hydrogen might have been used once. And so you know and that is more to highlight the fact that if you started you know six months ago and looking at what is the path. you might end up at a very different place and if you started it today and hydrogen is quickly. The technology is changing the cost of hydrogen. You know if you look at the United States the inflation reduction act the ira is literally going to subsidize the price of or the cost of green hydrogen by \$3 a kilogram and that will make it so you know that's so lucrative. So cost effective for customers who get that end result of that you know probably \$1 I think today there's a new study that came out that said by 2031 Hydrogen will be about a dollar a kilogram so again these things are happening so fast. The Ira wasn't here. You know a few months ago that people are writing reports and figuring out strategies that have to be a bit more fluid with where the mer's going so hydrogen is a big part of the yeah esd narrative and I suspect will become even a bigger component in the coming months.

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What's on the horizon for the second half of the year as we close it out and then onward to 2023

Frank Carnavalle

It's a lot of fun. you know I'm looking well beyond twenty three or well beyond the end of this year into 23? so I started you know back in may of this year and

came in you know, deep end came in. In the deep end looking at what we have what we need to do and there's a lot of things that have been you know sort of cleaning up and having a much better investor awareness program obviously in that period we're ah you know now on the otc qb so there's a lot of exciting things that happened by the middle of this year Second half of this year and we put out an outlook for it. It's really a lot of interesting things like you know what's key. Well the key to why we acquired these power assets was we need to get revenue going quickly. Markets want to see immediate revenue and that you know, clean technologies that take years and years to actually make some money. So what happened and while in the end of qt. We already you know we're now but we have revenue we have revenue that we've ah put on the books after that acquisition and that will continue to be the case going forward. Ah, we are definitely focused on what we do as a business. To speed up everything to acquisitions ah create more and move more investments in the power projects to get to ebit a positive as quickly as we can and you know in the coming months or so we can be more specific as to when we're going to achieve that. It's a big focus. Obviously looking at other acquisitions. Cannot wait to have those presented to people I think a critical part was you know I would probably call it. you know we have to really get the we have to instill confidence with our investors and shareholders and I think. Ah, recently we announced that our fuel cell company secured certification for the iso 9000 1 certification for the development process that's of our fuel cells. That's critical. You can't scale a business to hit the hockey stick I'm talking about if you don't have proper processes in place to do that. So that's exciting and that already was announced. we do need to find ways of getting our fuel cells to market quicker we can't just wait for hydrogen to be made available to each residential customer in Europe what else do we do and in that vein you know we've already pivoted slightly so that we're now. Ah, generating a backup and off-grid generators that can literally take hydrogen tanks on their sites so say construction sites so we're going after markets that are more ready to have sales in them. and that's you know that's a critical piece. . What else just recently we announced. So if you think of a north american perspective I'm not so sure when hydrogen you know when 100% hydrogen pipeline ends up in my home and I don't see that in the near in the near term that's obvious. However, there's a big push to have natural gas companies. Start blending in say 20% of their pipeline capacity is with hydrogen and in doing that I mean we just announced a partnership with another company that has this hydrogen separator technology. So when hydrogen starts to get blended into pipelines I can literally put a hydrogen separator. Device in front of my home or you know nearby where it literally just extracts the hydrogen out of that natural gas pipeline and then I get to use it for my fuel cell and the rest of the natural gas just flows by to the next customer. why? that's critical is it's another way and

we'll pilot this next year it's another way. To demonstrate to natural gas companies. They're all looking to make more money. How do you deliver hydrogen quicker don't wait to a full out 100% conversion start selling or you know installing 20% injecting 20% hydrogen into your grids today I will get more fuel cell sales immediately. So we are actively driving that opportunity to how do we create the markets that aren't there yet and so that's something we're looking at as well. I guess you know the other thing we're doing is fundamentally and we put out a release we have. We will have 6 prototypes of various fuel cells. The coming years to at the end of this year to next year to the following year and they were different size of different units and they're all intended to help drive adoption of fuel cells find other people who want to integrate our fuel cells within their generator kits. However, we do that. It's really exciting. So we're really moving things forward quicker than maybe the plan was before I got here and so I'm really excited to do that? but I think when it's all said and done. I will continue. You know this is an energy transition globally, it's not. You know you get to the finish line already. It's a long way to get there and so even our current fuel cells or sorry our current Chp projects. we have to move them forward. We have to deploy more capital. There's equity requirements to get those. Projects deployed and will continue to look at ways of using you know flowth throughough credits up here in Canada. so sort of like tax equity finance if you would maybe look at some strategic debt to sort of fund certain applications. So we're definitely looking at a ah number of. Things that allow us to get more money in to sort of drive and move the needle to get to even a positive so that's only the second half of this year we're talking about so it is pretty exciting the plans beyond that as well. Yeah.

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Yeah, absolutely Frank so as you mentioned so you trade on the otc qb venture market. and as well as the neoch exchange and the frankfurt exchange. What was your decision making as far as joining the OTCQB market and how did that enhance and your investor strategy here in the US?

Frank Carnavalle

I think it's an obvious one but I don't know how many people are blunt about it. Look we have many so I have many stakeholders to think about and clearly one of them a critical one is investors. You know I will do what I need to do every day to improve our underlying business and our investments I mean that's critical, but you know you can do that and still not be successful from a market perspective and in order to be successful regardless of what I do from a business day-to-day perspective if I don't ah. Arguably add value to investors if I don't arguably ensure that when we do something good that the markets can respond and new

investors. Can you know I can improve and increase the demand for our stock then this doesn't work. Well. There's no point in being on any of these exchanges and particularly the otcqb if it's not about reaching more eyeballs and getting more. You know the average retail investor brokers. You're not getting people involved or interested in the company then this doesn't work at all. It's as simple as that and when I look at the otc qb. It's a massive us market. you're not going to get anywhere without attracting the you know using your narrative and what I think is a great package we have if you're not convincing the us investor to take part then I don't know how you can be successful being publicly traded. And even beyond that same thing in Germany or even other markets maybe India I mean you need to constantly have new people interested in your stock and ultimately interested in being part of it or this just doesn't work well for investors and that's why I want to be blunt the otcqb opens up the biggest investor Market in the world and everyone I talk to I mean we all talk about just the activity. The people who look at material coming off the otc qb it's critical and that's definitely why we're here.

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Well Frank. It's been an absolute pleasure speaking with you. Thanks so much for your time today. you

Frank Carnavalle

Thank you very much I really appreciate it.

OTC Markets Group:

Alkaline Fuel Cell Power trades under the symbol ALKFF on our OTCQB Venture Market.

**This is an autogenerated transcript and may contain typos.*