

## **Direct Investment Request 2024 #3**

**Date:** November 6, 2024  
**To:** Board of Directors of the Toronto Atmospheric Fund  
**From:** Vice President, Impact Investing

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachment to this report contains financial information, supplied in confidence to the Toronto Atmospheric Fund which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

### **SUMMARY**

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The Direct Investment Committee (DC) recommends an investment of up to \$1,000,000 in a company providing specialized turnkey solutions for fleet managers to transition to zero emission vehicles. The investment is in the form of 24-month Convertible Debenture with a conversion option based on the valuation of next round of financing less a 20% discount. This is a bridge financing, ahead of the Company's planned Series B raise and will support the continued operations of the Company as it expands its geographic presence in Canada and the US. Due diligence demonstrates the investment is strongly aligned with TAF's mandate and Accelerating Electric Vehicle (EV) Uptake focus area. This proposed allocation complies with TAF's investment policy and target portfolio.

### **RECOMMENDATIONS**

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The Vice President, Impact Investing recommends that the Board of Directors of the Toronto Atmospheric Fund:

1. Approve an investment of up to \$1,000,000 as a convertible debenture, subject to the terms and conditions outlined by the Direct Investment Committee and set out in the Confidential Attachment 1.
2. Direct the Vice President, Impact Investing to implement the investment subject to the satisfaction of TAF's solicitor.

3. Direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains commercial and financial information, supplied in confidence to the Toronto Atmospheric Fund, which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

## **FINANCIAL IMPACT**

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There is no financial impact to the City of Toronto resulting from the adoption of the recommendations in this report.

## **DECISION HISTORY**

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At its meeting held on October 29, 2024, the Direct Investment Committee recommended that TAF's Board of Directors approve the investment described in Confidential Attachment 1.

## **COMMENTS**

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### **Investment Profile**

This investment will support the growth of the company which provides an innovative turnkey and comprehensive suite of services for fleet managers looking to transition to zero emission electric vehicles (ZEVs). By switching to an electric fleet, businesses can benefit from lower total cost of ownership (TCO) thanks to lower maintenance and energy costs. The investment complies with TAF's SIOP and asset allocation with the investment of \$1,000,000 representing 1.02% of TAF's total NAV and 3.41% of TAF's 30% direct investment target allocation. Due diligence indicates that scaling and commercialization of the Company's services will have substantial Greenhouse Gas (GHG) emission reduction potential in the conversion of commercial medium and heavy-duty transport to EVs, which are well-proven technologies and aligns with TAF's mandate of accelerating EV adoption in the Greater Toronto and Hamilton Area (GTHA).

### **Due Diligence**

Financial due diligence was conducted to validate the investment thesis and determine the cash requirements of the business to execute on its market expansion strategy. The company's business model was analyzed, including via conversations with potential clients and investors and review of current customers, to determine market acceptance of the company's business and solutions. The management team received positive feedback from both the company's investors and clients.

### **Deal Terms**

The investment is structured in the form of a 24-month Convertible Debenture with a conversion option based on the valuation of next round of financing less a 20% discount.

## **CONTACT**

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## **SIGNATURE**

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Kristian Knibutat  
Vice President, Impact Investing

## **ATTACHMENTS**

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Confidential Attachment 1 – Direct Investment Request 2024 #3