

## **Direct Investment Request 2025.A**

**Date:** April 11, 2025  
**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 \$4.5 million in a company providing a specialized, integrated Direct Current Fast Charging (DCFC) and Battery Energy Storage System (BESS) solution. The investment is in the form of a short-term working capital facility which will support the installation of fast charging within the Greater Toronto and Hamilton Area and across Ontario, matching the term of a government backed post-construction grant program. The investment is aligned with TAF's mandate of Accelerating Electric Vehicle (EV) Uptake and Accelerating Net-Zero Electricity focus areas. 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 \$4.5 million as a working capital facility, 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 April 2, 2025, 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 technology for providing DCFC (aka Level 3 or fast charging) for EVs by integrating DCFC capabilities with BESS capabilities, allowing energy stored during off peak hours to be used for EV charging when needed. The technology also provides the capability for business where the systems are deployed to manage energy demand and lower energy costs. The company has been awarded a contract by a provincial ministry through a competitive grant program, necessitating upfront financing.

### **Investment Terms**

The investment is structured in the form of a Working Capital Financing Facility, secured by government grants, inventory supporting the program, a corporate guarantee, assignment of material agreements and a 6-month interest reserve fund, with its availability tied to the grant program. The deal terms are set at market standards and include such terms as interest rates, work fees, standby fees, and assignments of assets and material contracts as security, etc.

We also expect TAF's investment to allow the company attract funding from other lenders on similar terms while positioning the company for a major capital raise.

### **Due Diligence**

Financial due diligence was conducted to validate the investment thesis and determine the cash requirements of the business to execute on its program delivery strategy while providing sufficient cashflow to support TAF's financing. The company's business model, asset security, and interest coverage were analyzed to assess the company's capacity to take on TAF's interest-bearing debt facility. Conversations with the

company's existing investors, suppliers, and clients showed that the management team and the company's products received positive feedback and indicated good market adoption.

Impact due diligence indicates that scaling of the company's services will have substantial greenhouse gas (GHG) emission reduction potential while accelerating electrical vehicle adoption by reducing range anxiety.

An investment of \$4.5 million represents 4.57% of TAF's total NAV and 15.23% of TAF's 30% direct investment target asset allocation.

## **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 2025.A