

CANADA
Province of Ontario
Division No.: 09- Mississauga
Court No: 32-3064701
Estate No: 32-3064701

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF ENERMOTION INC., OPERATING AS HYPER OF THE TOWN OF BOLTON, IN THE PROVINCE OF ONTARIO

Licensed Insolvency Trustee: MNP Ltd. ("**MNP**")

The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined) and discussions with the Management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.

SECTION A – BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTIES

Enermotion Inc. ("**Enermotion**" or the "**Company**") was incorporated under the *Canada Business Corporations Act* on April 15, 2008. Enermotion developed a Hybrid Power and Energy Recovery ("**HYPER**") technology that uses exhaust heat from vehicles to runs an eco-friendly heating and cooling system.

Enermotion faced several challenges in its attempts to create and market the HYPER product, such as HYPER's problems with dependability and efficiency, shift in market demands, particularly, the demand for electric, and a shortage of money. Enermotion stopped the development of the HYPER technology in November, 2018, and disposed of its equipment and terminated its workers.

On April 5, 2024 (the "**Date of Bankruptcy**"), the Company filed an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy Canada on that date. MNP was appointed as the Licensed Insolvency Trustee (the "**Trustee**") of the Company's bankrupt estate, subject to affirmation by creditors at the first meeting of creditors (the "**FMOC**").

On April 9, 2024, the Notice to Creditors advising of the bankruptcy and the FMOC, a list of creditors and a proof of claim form, along with a proxy, were sent to all of Enermotion's known creditors. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act*, the Notice of Bankruptcy was published in the *National Post* newspaper on April 12, 2024.

The various public documents related to the Company and its bankruptcy proceedings are posted at the Trustee's case website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/enermotion-inc>.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS/PRIORITY CLAIMS

Security Interests

An Ontario *Personal Property Security Act* registry search conducted on March 13, 2024 (the “PPSA”) indicates that there are no registrations in favour of secured creditors.

Assets - Summary

Enermotion's assets and their estimated realizable values, according to its sworn Statement of Affairs (“SOA”) are summarized as follows:

| Asset Description | Estimated Realizable Value (\$) |
|------------------------------------|---------------------------------|
| Deposits in financial institutions | 63,992 |
| Intellectual Property | 1 |
| Total | 63,993 |

Assets – Deposits in financial institutions

Upon the bankruptcy, the Trustee took possession of \$63,617.06 by having Enermotion wire that amount to the estate trust account. The Trustee concurrently sent a letter to TD Bank advising it of the bankruptcy and requesting that it remit the remaining funds on deposit to the Trustee and thereafter close the bank account.

Assets – Intellectual Property

Enermotion holds a number of patents related to the HYPER technology held in a various country. Enermotion has previously engaged in efforts to sale the patents. The Trustee will discuss the realization strategy relating to the patents with the Inspectors appointed to the estate.

SECTION C – BOOKS AND RECORDS

The Trustee is in possession and control of available books and records of the Company which are necessary for the administration of these proceedings.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

N/A

SECTION E – PROVABLE CLAIMS AND CREDITOR GROUPS

The claims of creditors as per the SOA and the proof of claims filed and admitted for voting purposes only, if appropriate, as of 5:00 p.m. (EDT) on April 24, 2024, are summarized below:

| Creditor Group | SOA | Claims as Filed |
|----------------|-----|-----------------|
| Secured | \$1 | Nil |
| Contingent | Nil | Nil |

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| | | |
|--------------|------------------|-----------|
| Preferred | Nil | Nil |
| Unsecured | \$1,012,672 | \$ 25,000 |
| Total | 1,012,673 | \$ |

Enermotion and Linamar Corporation entered into a Development Services and Exclusive Supply Agreement on October 26, 2015 (the "**Linamar Agreement**"). The Linamar Agreement required Linamar to provide goods and services for the development of products that use, include, or depend on Enermotion's intellectual property and related patents. In return, Enermotion gave Linamar a Right of First Refusal for the exclusive worldwide right to manufacture and supply the products and also agreed to pay a debt equal to the value of the goods and services provided by Linamar (up to \$1 million). The debt was to be secured by Enermotion's intellectual property rights. The Linamar Agreement states that apart from the intellectual property rights, Linamar's debt will have the same priority as any other debt that Enermotion may take on in the future for assets that are not related to intellectual property. As mentioned before, no registrations were found in the PPSA registry.

Please note that the Trustee has not determined the admissibility or value of the above-noted claims for dividend purposes.

SECTION F- LEGAL PROCEEDINGS, TRANSFERS AT UNDER-VALUE AND PREFERENCE PAYMENTS

Legal Proceedings

As of the date of this Report, the Trustee has not commenced, continued, or taken steps to defend any legal proceedings. Any actions to be taken in the future will be subject to creditor, inspector and/or court approval.

Transfers at Under-Value and Preference Payments

The Trustee has completed its review of potential transfers at undervalue or preference payments. The scope of the review was limited to a review of certain disbursements made in the twelve (12) months preceding the Date of Bankruptcy through the bank account or the corporate credit cards and inquiries with management. The Trustee is of the view that there are no transactions that require further investigation since the banking activity was limited to maintaining the financial records and the patents.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

The Trustee is unable to determine whether the recoveries will be limited to the funds held on deposit in the estate bank account.

SECTION H – OTHER MATTERS

Not applicable

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Dated in Toronto, Ontario, this 24th day of April 2024.

MNP LTD.

Trustee of the Estate of
Enermotion Inc., a Bankrupt
and not in its personal or corporate capacity

Per: 
Sheldon Title
Senior Vice President