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BDO Canada Limited
20 Wellington Street E, Suite 500
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Estate No.: 31-3356927

IN THE MATTER OF THE BANKRUPTCY OF
1000301038 ONTARIO INC.
OF THE TOWN OF COBOURG, IN THE PROVINCE OF ONTARIO
TRUSTEE'S PRELIMINARY REPORT

Trustee: BDO Canada Limited ("BDO")

PURPOSE OF MEETING

Section 102(5) of the Bankruptcy and Insolvency Act (the "BIA") sets out specifically the purpose of the first meeting of creditors:

(a) to consider the affairs of the bankrupt;

(b) to affirm the appointment of the Trustee or substitute another in place thereof;

(c) to appoint inspectors; and

(d) to give such directions to the Trustee as the creditors may see fit with reference to the administration of the estate.

A. BACKGROUND

1000301038 Ontario Inc. formerly known as Comfort Zone Heating & Air Conditioning Inc. ("1000301038" or the "Company") operated as an HVAC company from leased premises located in Cobourg, Ontario. The Company was part of the MechCan Group.

MechCan Inc. was incorporated for the purpose of consolidating HVAC and plumbing companies. The MechCan Group included JD Swallow, Harmony Heating and Air Conditioning Inc., Pro Ace Heating & Air Conditioning Ltd., Comfort Zone Heating & Air Conditioning Inc., Hy-Mark Mechanical Inc., and BR's Plumbing & Heating Inc.

In or around early 2025, the MechCan Group began experiencing financial difficulties due to various challenges in the economic environment, including: a) a reduction in consumer spending; b) increased costs due to trade and tariff pressures; c) the pandemic pull-forward whereby many households replaced HVAC systems and equipment during the COVID-19 pandemic; and d) the end of government rebate programs. The MechCan Group undertook a turnaround plan focused on operational initiatives in an effort to reduce costs. The cost of the initiatives, together with the changed economic environment, stressed the MechCan Group's liquidity.

On April 8, 2026, the Company filed a notice of intention to file a proposal under the BIA (the "NOI"). BDO was named as the Trustee under the proposal. During the NOI proceedings, the Company pursued a Court-approved sale process. On April 30, 2026, the Court granted an extension of the NOI to June 22, 2026. On June 12, 2026, the Court granted an additional extension of the NOI to August 6, 2026.

As part of the sale process a successful bidder was selected. The Proposal Trustee subsequently sought approval of the transaction pursuant to an asset purchase agreement dated June 29, 2026, and the Court granted an Approval and Vesting Order on August 4, 2026. The Company did not file a proposal and was deemed bankrupt on August 6, 2026.

B. ASSETS

The Company's Statement of Affairs shows that the assets consist of accounts receivable and vehicles.

Accounts receivable	$62,000
2024 Tesla Model Y	44,850
2022 Ford Transit-250 Cargo Van	36,750
2024 Chevrolet Silverado	36,250
2022 Mercedes Benz	26,000
Total assets	**$205,850**

Books and Records

The Trustee has been provided with the records required to administer the bankrupt estate.

C. CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has taken the necessary protective measures with respect to the assets and records of the Company.

D. LEGAL PROCEEDINGS

No legal proceedings have been commenced by the Trustee.

E. PROVABLE CLAIMS

The Trustee is aware of the following provable claims:

	Statement of Affairs
Secured	$359,611
Preferred	-
Unsecured	$699,691
Contingent	-
Total	**$1,059,302**

The Trustee notes that the amount of secured debt is higher than what is reported on the statement of affairs due to the other related parties debt being cross collateralized.

F. SECURED CREDITORS

I. CRA - Deemed Trust

The Trustee is not aware of any obligations owing to Canada Revenue Agency ("CRA") in respect of outstanding employee payroll withholdings. However, CRA has yet to perform a trust examination to confirm same.

II. National Bank of Canada ("NBC")

NBC is the Company's senior secured creditor. NBC's security over the assets of the Company is secured by a general security agreement. As at the date of bankruptcy, the indebtedness owing to NBC was approximately $241,761. 1000301038 has guaranteed the debt of the MechCan Group which totals approximately $9 million.

III. Purchase Money Security Interest ("PMSI") Creditors

The Statement of Affairs identifies security registrations and financing arrangements including GM Financial Canada Leasing Ltd., and Jim Peplinski Leasing Inc. The Trustee notes that the majority of the vehicles were bought out directly from the leasing companies as part of the sale.

IV. Service Canada

The Trustee is aware of potential claims pursuant to section 81.3 of the BIA. The Trustee will administer any eligible termination, and severance claims through the Wage Earner Protection Program Act ("WEPPA"), if applicable.

G. REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

The Trustee is not aware of any transactions with related parties or preferential payments. Investigations, if any, are to be conducted on instructions from the inspectors to be appointed or the creditors at large at the first meeting of creditors provided such review is funded.

H. ESTIMATED REALIZATION AND PROJECTED DISTRIBUTION

The assets of the Company are subject to the security of NBC and other secured creditors. Given the estimated net realizable value of the assets and the anticipated shortfall to the secured creditors, it is not anticipated that there will be any dividend to the unsecured creditors.

I. CONFLICT OF INTEREST & DEPOSITS

The Trustee is not aware of any conflict of interest in administering the estate.

Dated at Edmonton, Alberta, this 28th day of August 2026.

BDO CANADA LIMITED
In its capacity as Trustee of the estate of
1000301038 Ontario Inc.
and not in its personal capacity
Per: David Lewis

David Lewis, CPA, CIRP, LIT
Senior Vice President