

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF TERREBONNE
No.: 700-11-022385-241

SUPERIOR COURT
Commercial Division

IN THE MATTER OF THE PLAN OF
ARRANGEMENT OR COMPROMISE OF:

THE LION ELECTRIC COMPANY

- and -

LION ELECTRIC FINANCE CANADA INC.

- and -

LION ELECTRIC VEHICLE FINANCE CANADA
INC.

- and -

LION ELECTRIC HOLDING USA INC.

- and -

NORTHERN GENESIS ACQUISITION CORP.

- and -

THE LION ELECTRIC CO. USA INC.

- and -

LION ELECTRIC MANUFACTURING USA INC.

- and -

LION ELECTRIC FINANCE USA INC.

Applicants

- and -

DELOITTE RESTRUCTURING INC.

Monitor

APPLICATION FOR THE ISSUANCE OF
A STAY EXTENSION ORDER
(Section 11 of the *Companies' Creditors Arrangement Act*)

TO THE HONOURABLE MICHEL A. PINSONNAULT, J.S.C. OF THE SUPERIOR COURT,
SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF
TERREBONNE, THE APPLICANTS RESPECTFULLY SUBMIT THE FOLLOWING:

1. INTRODUCTION

1. The applicants, which are comprised of The Lion Electric Company ("**Lion Electric**"), Lion Electric Finance Canada Inc. ("**Lion Finance Canada**"), Lion Electric Vehicle Finance Canada Inc. ("**Lion Vehicle Finance Canada**"), Lion Electric Holding USA Inc. ("**Lion Holding USA**"), Northern Genesis Acquisition Corp. ("**Northern Genesis**"), The Lion Electric Co. USA Inc. ("**Lion Electric USA**"), Lion Electric Manufacturing USA Inc. ("**Lion Manufacturing USA**") and Lion Electric Finance USA Inc. ("**Lion Finance USA**") and, together with Lion Electric, Lion Finance Canada, Lion Vehicle Finance Canada, Lion Holding USA, Northern Genesis, Lion Electric USA and Lion Manufacturing USA, the "**Lion Group**" or the "**Applicants**", hereby submit to the Superior Court of Québec (Commercial Division) (the "**Court**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, (the "**CCAA**"), the present *Application for the Issuance of a Stay Extension Order* (the "**Application**"), by which the Applicants seek an order (the "**Stay Extension Order**"), substantially in the form of the draft Stay Extension Order communicated herewith as **Exhibit R-1**, providing for an extension of the stay of proceedings against the Applicants, their respective assets, undertakings and properties (collectively, the "**Property**") and their respective directors and officers (collectively, the "**D&Os**"), until April 25, 2025 (the "**Stay Period**").
2. The Applicants understand that, in support of this Application and the relief sought herein, Deloitte Restructuring Inc. ("**Deloitte**"), as the monitor of the Applicants (the "**Monitor**"), will be filing a Fourth Report in advance of the hearing on the Stay Extension Order (the "**Fourth Report**") setting out its observations and recommendations with respect to the Applicants' request for the issuance of the Stay Extension Order.
3. The Applicants respectfully submit that the issuance of the Stay Extension Order is necessary and appropriate in the circumstances and is in the best interest of the Lion Group and its stakeholders.
4. Unless indicated otherwise, all references to currency in this Application are in United States dollars.

2. PROCEDURAL BACKGROUND

5. On December 17, 2024, the Applicants commenced the present CCAA Proceedings by submitting, to this Court, the *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and a Sale and Investment Solicitation Process Order* (the "**Initial Application**").
6. On December 18, 2024, the Honourable Michel A. Pinsonnault, J.S.C. granted the Initial Application and issued, pursuant to the CCAA, the following orders:
 - (a) an Initial Order (the "**Initial Order**"), which provided for, *inter alia*, the following relief:

- (i) a stay of proceedings against the Applicants, their Property, and their D&Os (the "**Stay of Proceedings**") for an initial period of ten (10) days, followed by a "*deemed extension*" of the initial Stay of Proceedings until the "*comeback hearing*" on January 7, 2025;
 - (ii) the appointment of Deloitte as the Monitor of the Applicants;
 - (iii) the approval of an interim financing loan agreement entered into between the Applicants and the Interim Lenders (the "**Interim Financing Loan Agreement**") in an initial amount thereunder of up to a maximum of US\$6,000,000, secured by an Interim Lenders' Charge in an initial amount of US\$7,200,000;
 - (iv) the approval of a super-priority charge against the Property in an initial amount of US\$800,000 (the "**Administration Charge**") to secure the Applicants' obligations towards the undersigned counsel and Troutman Pepper Locke LLP, as legal advisors to the Applicants, Deloitte, as Monitor to the Applicants, and Deloitte's legal advisors, National Bank Financial Inc. ("**NBF**") in its role as Financial Advisor (as defined below), and, if required, financial advisors of the Interim Lenders (collectively, the "**Professionals**");
 - (v) the approval of a super-priority charge in an initial amount of US\$2,500,000 (the "**D&O Charge**") to secure the Applicants' indemnification obligations towards their respective directors, *de facto* directors, as well as certain senior officers in connection with potential liabilities that could arise as and from the issuance of the Initial Order;
 - (vi) the approval of a Key Employee Retention Plan, and the establishment of a super-priority charge against the Property in an amount of US\$1,500,000 to secure the Applicants' obligations thereunder; and
 - (vii) a declaration that Canada is the "*centre of main interest*" of the Applicants;
- (b) a Sale and Investment Solicitation Process Order (the "**SISP Order**"), which provided for, *inter alia*, the following relief:
 - (i) the authorization for Applicants and the Monitor (collectively, the "**SISP Team**"), in consultation with the Interim Lenders and with the assistance of NBF in its role as Financial Advisor, to conduct and implement a Sale and Investment Solicitation Process (the "**SISP**"); and
 - (ii) the appointment of NBF as financial advisor to the Lion Group (in such a role, the "**Financial Advisor**") and the establishment of a super-priority charge against the Property in favour of the Financial Advisor in an amount of US\$4,000,000 to secure the Applicants' obligations towards the Financial Advisor.

7. On December 20, 2024, the United States Bankruptcy Court for the Northern District of Illinois (the "**US Court**"), granted a provisional order recognizing, among other things, the proceedings commenced under the CCAA (the "**CCAA Proceedings**") and giving full force and effect, in the United States, to the Initial Order on an interim basis, including, without limitation, the sale procedures and financing provisions, as well as the Stay of Proceedings, as well as an order authorizing the joint administration and consolidation of the foreign recognition proceedings of the Applicants in the United States pursuant to Chapter 15 of the United States Bankruptcy Code.
8. On January 7, 2025, and pursuant to the deemed extension of the Stay of Proceedings provided for in the Initial Order that extended the initial Stay of Proceedings until January 7, 2025 due to the holiday period, the Applicants attended the "*comeback hearing*" on their Initial Application, following which the Honourable Michel A. Pinsonnault, J.S.C. granted the balance of the relief sought by the Applicants in the Initial Application, and issued an Amended and Restated Initial Order (the "**ARIO**"), which provided for, *inter alia*, the following relief:
 - (a) an extension of the Stay of Proceedings until February 14, 2025;
 - (b) an increase in the Interim Facility up to a maximum aggregate amount of US\$10,000,000, and a corresponding increase to the Interim Lenders' Charge to an aggregate amount of US\$12,000,000;
 - (c) an increase in the Administration Charge to a total amount of US\$1,300,000 for work performed and to be performed by the Professionals in connection with these CCAA Proceedings; and
 - (d) a D&O Charge in the amount of US\$1,900,000.
9. On January 21, 2025, the US Court granted the final recognition order, which, *inter alia*, recognized the CCAA Proceedings as the foreign main proceedings, and granted and gave full force and effect in the United States, on a final basis, to the relief sought under the Initial Order, the ARIO and the SISP Order. Pursuant to the US final recognition order, the Applicants and their property located within the territorial jurisdiction of the United States have been granted the protections of the automatic stay of the United States Bankruptcy Code, which stay is not limited in duration to the Stay Period in effect in these CCAA Proceedings.
10. On February 12, 2025, the Applicants submitted, to this Court, an *Application for the Issuance of a Second Amended and Restated Initial Order* (the "**Second ARIO Application**").
11. On February 14, 2025, the Honourable Michel A. Pinsonnault, J.S.C. granted the Second ARIO Application and issued a Second Amended and Restated Initial Order (the "**Second ARIO**"), which provided for, *inter alia*, the following relief:
 - (a) an extension of the Stay of Proceedings until April 4, 2025;
 - (b) the approval of a supplemental interim financing in accordance with the terms and conditions set forth in an Amended and Restated Interim Financing Loan Agreement (the "**A&R Interim Financing Loan Agreement**") between the Applicants and the Interim Lenders, and the authorization for the Applicants to borrow from the Interim Lenders an additional amount of up to US\$7,000,000,

for an Interim Facility in the aggregate amount of US\$17,000,000, secured by an increased interim lenders' charge against the Property in an additional amount of US\$8,400,000, for an Interim Lenders' Charge in the aggregate amount of US\$20,400,000 (the "**Interim Lenders' Charge**"), subject to the ranking set out in the Second ARIO; and

- (c) the authority for Lion Electric to incur no further expenses in relation to any securities filings and declare that none of the directors, officers, employees and other representatives of the Lion Group, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by Lion Electric to make the securities filings.

- 12. On February 26, 2025, the US Court granted a motion, which, *inter alia*, recognized the Second ARIO, and gave full force and effect in the United States to the relief granted in the Second ARIO.

3. PROGRESS IN RESPECT OF THE CCAA PROCEEDINGS

3.1 UPDATE ON THE APPLICANTS' ACTIVITIES SINCE THE COMEBACK HEARING

- 13. Since the granting of the Second ARIO, the Applicants, in consultation and with the assistance of the Monitor, have been working in good faith and with due diligence to continue to stabilize their business and operations, while continuing to conduct the SISP with the Monitor and NBF, in accordance with the SISP Order.
- 14. More specifically, the Applicants have been working closely with the Monitor, as well as US counsel, to address all questions and concerns raised by the Applicants' stakeholders in relation to these CCAA Proceedings.
- 15. In fact, the Applicants, together with the Monitor, have had multiple communications with the Applicants' various creditors and other stakeholders, including customers and suppliers, namely, to explain to them the Applicants' current situation, the nature of the CCAA Proceedings and the contemplated path moving forward, and have also addressed the inquiries and concerns of such creditors and stakeholders.
- 16. While manufacturing and delivery operations of the Lion Group have been suspended, the Lion Group continues to assist its customers with the maintenance and servicing of their vehicles to the extent possible, taking into consideration its present circumstances.
- 17. Furthermore, in an effort to preserve the Applicants' liquidity and limit their cash burn rate during the CCAA Proceedings, the Applicants have also worked closely with the Monitor to review and identify unprofitable contracts and agreements to be disclaimed.
- 18. In this regard, since the issuance of the Second ARIO, one (1) additional equipment leasing contract between the Applicants and BMO Harris Bank N.A. has been disclaimed and resiliated, and no objections to this disclaimer have arisen.

3.2 UPDATE ON THE SISP¹

19. The Applicants intend to provide a more fulsome description of the conduct of the SISP at a later date when they seek Court approval of any transaction(s) resulting therefrom. However, below is a brief update on the status and conduct of the SISP since the hearing on the Second ARIO.
20. As set out in the application for the issuance of the Second ARIO, several non-binding LOIs were submitted by the Phase 1 Bid Deadline. The SISP Team and their respective counsel, in consultation with the Financial Advisor and the Interim Lenders, and their respective counsel, carefully reviewed and assessed the Phase 1 Bids and determined that certain Phase 1 Qualified Bidder(s) should be invited to continue into Phase 2 of the SISP.
21. As a result, and in accordance with the SISP Procedures, on February 7, 2025, the Financial Advisor sent:
 - (a) notices in writing to the Phase 1 Qualified Bidder(s) that they were selected as Phase 2 Qualified Bidder(s) and were permitted to proceed to Phase 2 of the SISP; and
 - (b) notices in writing to the other Phase 1 Qualified Bidders that they were not determined to be a Phase 2 Qualified Bidders and were not permitted to proceed to Phase 2 of the SISP.
22. During the conduct of Phase 2 of the SISP, certain representatives of the SISP Team and their counsel, as well as the Financial Advisor, participated in management meetings and discussions with Phase 2 Qualified Bidders, as well as provided responses to Phase 2 Qualified Bidders' inquiries.
23. Following the requests made by certain parties, the Phase 2 Bid Deadline was extended by a week, to March 14, 2025.
24. On such date, the SISP Team received several Binding Offers from the Phase 2 Qualified Bidders.
25. After receiving the Binding Offers, the SISP Team and their respective counsel, in close consultation with the Financial Advisor and the Interim Lenders carefully reviewed and assessed the offers and, through the Financial Advisor, reached out to all Phase 2 Qualified Bidders in order to obtain further clarification in respect of their respective bids.
26. The remaining conditions to be lifted by the Phase 2 Qualified Bidders are, *inter alia*, the financing of the transaction, clarification around the inclusion or not of certain assets, confirmation from the relevant government entities of the continuity of the Programme d'Électrification du Transport Scolaire ("PETS") and the conditions associated with PETS as well as the validation of the working capital of the Lion Group.
27. As of the date of this Application, none of the Phase 2 Qualified Bidders have been selected as the Successful Bidder and discussions are still ongoing. The Financial

¹ Terms not defined but otherwise used in this section shall have the meaning given to them in the SISP Order and the SISP Procedures.

Advisor has requested that Phase 2 Qualified Bidders submit final and complete Binding Offers for April 2nd, 2025.

28. Phase 2 Qualified Bidders have also been informed that the planned closing of the transaction remains unchanged and is expected to take place by the end of April, and more specifically, before the expiry of the requested extension of the Stay of Proceedings.

4. THE STAY EXTENSION ORDER

29. The Applicants request an extension of the Stay Period until April 25, 2025, so as to allow them to pursue their restructuring efforts, and, more specifically, complete the SISP and finalize the definitive transaction documentation to be presented to this Court over the course of the next few weeks.
30. As was previously noted, the Applicants have acted in good faith and with due diligence since the issuance of the Second ARIO.
31. It is respectfully submitted that the requested extension of the Stay Period is necessary to provide the Applicants with sufficient time and the requisite continued stability in order to, *inter alia*:
- (a) successfully conclude the SISP and finalize the definitive transaction documentation in respect of the Successful Bid;
 - (b) prepare the Approval Application in respect of the Successful Bid; and
 - (c) present such Approval Application.
32. Based on the current cash flow projections, the Applicants expect to have sufficient funding and liquidity available to cover anticipated costs and expenses relating to the present restructuring process and the SISP during the proposed extended Stay Period.
33. The Applicants are of the view that the requested extension of the Stay Period provided for in the Stay Extension Order will not negatively impact any of their creditors, as the Applicants continue to satisfy their post-filing obligations in the normal course and will pursue and complete the SISP in the best interest of their creditors and other stakeholders.

5. CONCLUSIONS

34. In light of the foregoing, the Applicants respectfully submit that the extension of the Stay Period should be ordered by this Court.
35. The Applicants understand that the Monitor supports the relief sought in the present Application as will be more fully detailed in the Fourth Report that will be filed in support of this Application.

FOR THESE REASONS, MAY IT PLEASE THIS COURT TO:

GRANT the Application.

ISSUE an order substantially in the form of the draft Stay Extension Order communicated in support of the Application as Exhibit R-1.

WITHOUT COSTS, save and except in case of contestation.

MONTREAL, March 31, 2025

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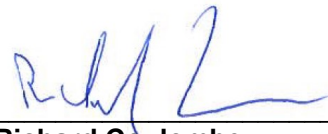
Montreal (Quebec) H3B 3V2

SWORN STATEMENT

I, the undersigned, Richard Coulombe, having my principal place of business at 921 chemin de la Rivière-du-Nord, in the city of Saint-Jérôme, Province of Quebec, solemnly declare the following:

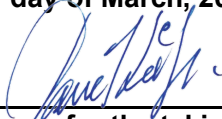
1. I am the Chief Financial Officer of The Lion Electric Company;
2. All the facts alleged in the *Application for the Issuance of a Stay Extension Order* are, to the best of my knowledge, true.

AND I HAVE SIGNED



Richard Coulombe

**Solemnly declared before me at Montreal,
on the 31st day of March, 2025**



**Commissioner for the taking of Oaths for
the Province of Québec**



NOTICE OF PRESENTATION

TO: Service List

TAKE NOTICE that the *Application for the Issuance of a Stay Extension Order* will be presented virtually for adjudication to the Honourable Michel A. Pinsonnault, J.C.S., of the Superior Court of Quebec, Commercial Division, District of Terrebonne, **on April 3, 2025 at 9:30 AM in virtual room 15.04 of the Montréal Courthouse.**

The link to connect to the virtual courtroom can be found below.

DO GOVERN YOURSELVES ACCORDINGLY.

<u>ROOM 15.04</u>	<u>Rejoindre la réunion Microsoft Teams</u> +1 581-319-2194 Canada, Québec (Numéro payant) (833) 450-1741 Canada (Numéro gratuit) ID de conférence : 436 929 434# Numéros locaux Réinitialiser le code confidentiel En savoir plus sur Teams Options de réunion Rejoindre à l'aide d'un dispositif de vidéoconférence teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1167171546 Autres instructions relatives à la numérotation VTC
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MONTREAL, March 31, 2025

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