



Deloitte Restructuring Inc.
1190, avenue des Canadiens-de-
Montréal
Suite 500
Montreal, QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF TERREBONNE
COURT. No.: 700-11-022385-241

S U P E R I O R C O U R T
Commercial Division

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

THE LION ELECTRIC COMPANY, a legal person
having its elected domicile at 921 chemin de la
Rivière-du-Nord, Saint-Jerome, Quebec, Canada
J7Y 5G2

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LION ELECTRIC FINANCE CANADA INC., a
legal person having its elected domicile at 921
chemin de la Rivière-du-Nord, Saint-Jerome,
Quebec, Canada J7Y 5G2

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**LION ELECTRIC VEHICLE FINANCE CANADA
INC.**, a legal person having its elected domicile at
921 chemin de la Rivière-du-Nord, Saint-Jerome,
Quebec, Canada J7Y 5G2

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LION ELECTRIC HOLDING USA INC., a legal
person having its elected domicile at 2915
Ogletown Road, Newark, Delaware, 19713

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NORTHERN GENESIS ACQUISITION CORP., a
legal person having its elected domicile at 2915
Ogletown Road, Newark, Delaware, 19713

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THE LION ELECTRIC CO. USA INC., a legal
person having its elected domicile at 915
Ogletown Road, Newark, Delaware, 19713

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LION ELECTRIC MANUFACTURING USA INC.,
a legal person having its elected domicile at 915
Ogletown Road, Newark, Delaware, 19713

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LION ELECTRIC FINANCE USA INC., a legal
person having its elected domicile at 915
Ogletown Road, Newark, Delaware, 19713

Applicants

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DELOITTE RESTRUCTURING INC., a legal
person having a place of business at 500-1190
ave des Canadiens-de-Montréal, in the city and
district of Montreal, province of Quebec,
H3B 0M7.

Monitor

**FIFTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in US dollars.
2. On December 17, 2024, the Lion Electric Company ("**Lion Electric**"), Lion Electric Finance Canada Inc. ("**Lion Finance**"), Lion Electric Vehicle Finance Canada Inc. ("**Lion Vehicle Finance**"), Lion Electric Holding USA Inc. ("**Lion Holding USA**"), Northern Genesis Acquisition Corp. ("**Northern Genesis**"), The Lion Electric Co. USA Inc. ("**Lion USA**"), Lion Electric Manufacturing USA Inc. ("**Lion Manufacturing USA**"), Lion Electric Finance USA Inc. ("**Lion Finance USA**"), (collectively "**Lion**", the "**Company**" or the "**Applicants**") filed an *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and a Sale and Investment Solicitation Process* ("**SISP**") order (the "**Application**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), before the Superior Court of Quebec (the "**Court**") seeking the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as the CCAA monitor in these proceedings (the "**Proposed Monitor**" or the "**Monitor**") and various other reliefs.
3. On December 17, 2024, Deloitte, then in its capacity as Proposed Monitor, issued its first report to the Court (the "**First Report**"). The purpose of the First Report was to provide information to the Court with respect to i) Deloitte qualification to act as monitor, ii) the business, financial affairs and financial results of Lion, iii) The proposed restructuring process (the "**Restructuring Process**"), iv) the proposed sale and investment solicitation process in respect of Lion's business and assets (the "**SISP**") and related procedures (the "**SISP Procedures**"), v) the KERP, vi) Lion's cash flow forecast, vii) the interim facility, viii) the charges sought in the Proposed First Day Initial Order and the Proposed Initial Order, ix)

recognition proceedings in the United States, and x) the Proposed Monitor's conclusions and recommendations.

4. On December 18, 2024, the Superior Court of Quebec, Commercial Division (the "**Court**") granted the Application, issued a First Day Initial Order (the "**First Day Order**") which provided for, *inter alia*, i) a stay of proceedings against Lion until January 7, 2025 (the "**Stay Period**"), ii) a stay of proceedings against the Directors and Officers, iii) the appointment of Deloitte Restructuring Inc. as the Monitor under the CCAA ("**Deloitte**" or the "**Monitor**"), iv) the approval of the Interim Facility in the amount of \$6M, and v) the granting of various charges including a General Administration Charge of \$0.8M, a D&O Charge of \$2.5M, an Interim Lender Charge of \$7.2M, a KERP Charge of \$1.5M and a Financial Advisor Charge of a maximum of \$4M. The Court also issued an order approving the SISP and the SISP Procedure and the appointment of National Bank Financial Inc. ("**NBF**") as financial advisor for the Company ("**SISP Order**").
5. On January 7, 2025, Deloitte, in its capacity as Monitor, issued its second report to the Court (the "**Second Report**") as part of the Debtors' CCAA proceedings (the "**CCAA Proceedings**"). The purpose of the Second Report was to provide information to the Court with respect to i) Lion's communications to stakeholders and operations, ii) Recognition proceedings in the United States, iii) the Monitor's activities since the First Report, iv) the SISP, v) the modifications sought in the amended and restated initial order ("**ARIO**"), vi) the cash flow results for the period ending on December 29, 2024, vii) the cash flow projections until February 15, 2025, viii) the request for an extension of the Stay Period, and ix) the Monitor's conclusions and recommendations.
6. On January 7, 2025, following the comeback hearing, the Court issued the Amended and Restated Initial Order ("**ARIO**"), which, *inter alia* i) extended the Stay Period until February 14, 2025, ii) authorized an increase of the Interim Facility up to an aggregate amount of \$10M, along with an increase in the Interim Lender Charge up to \$12M, iii) reduced the D&O Charge to \$1.9M, and iv) increased the General Administration Charge to \$1.3M.
7. On February 12, 2025, the Company filed an Application for the Issuance of a Second Amended and Restated Initial Order (the "**Second ARIO Application**") seeking the following reliefs, *inter alia* i) the extension of the Stay Period until April 4, 2025, ii) an increase in the authorized Interim Facility from \$10.0M to a maximum amount of \$17.0M and in the Interim Lender Charge to a total amount of \$20.4M to reflect the increased borrowing capacity under the Amended and Restated Interim Financing Loan Agreement (the "**A&R Interim Financing Loan Agreement**"), and (iii) the authorization for the Company to incur no further expenses in relation to filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") and an order confirming that none of the directors, officers, employees, and other representatives of the Company, nor the Monitor (and their respective directors, officers, employees or representatives), shall have any personal liability for any failure by the Company to make any Securities Filings.
8. On February 12, 2025, the Monitor issued its third report to the Court (the "**Third Report**").
9. On February 14, 2025, the Court issued the second amended and restated initial order ("**Second ARIO**"), which, *inter alia*, i) extended the Stay Period until April 4, 2025, ii) authorized an increase in the Interim Facility up to an aggregate amount of \$17M, along with an increase in the Interim Lender Charge up to \$20.4M, and iii) authorized the Company to incur no further expenses in relation to Securities Filings and confirming that none of the directors, officers, employees, and other representatives of the Company, nor the Monitor (and their respective directors, officers, employees or representatives), shall have any personal liability for any failure by the Company to make any Securities Filings.
10. On March 31, 2025, the Company filed an Application for the Issuance of Stay Extension Order seeking the extension of the Stay Period until April 25, 2025, to complete the SISP involving

Phase 2 Qualified Bidders and finalize the definitive transaction documentation to be presented to this Court over the course of the following weeks.

11. On April 1, 2025, the Monitor issued its fourth report to the Court (the "**Fourth Report**").
12. On April 3, 2025, the Court issued a Stay Extension Order which extended the Stay Period until April 25, 2025.
13. On April 22, 2025, the Company filed an Application for the Issuance of a Stay Extension Order seeking the extension of the Stay Period until April 30, 2025, to finalize the definitive transaction documentation with the Successful Bidder and to file and present an application for approval of the Successful Bid on April 30, 2025.
14. On April 25, 2025, the Court issued a Stay Extension Order which extended the Stay Period until April 30, 2025.
15. On April 28, 2025, the Company filed another Application for the Issuance of a Stay Extension Order seeking the extension of the Stay Period until May 5, 2025.
16. On April 30, 2025, the Court issued a stay extension order which extended the Stay Period until May 5, 2025.
17. On May 5, 2025, the Court issued a stay extension order which extended the Stay Period until May 12, 2025. The Court also granted an order lifting the stay of proceedings on a partial and limited basis, which provided for the temporary lifting of the Stay of Proceedings for the sole purpose of allowing, *nunc pro tunc*, Adam B. Mulhall to file before the Superior Court an *Application to Authorize the Bringing of a Class Action and to Appoint the Status of Representative Plaintiff* against, amongst others, actual or former directors and officers of the Applicants named therein, following which the Stay of Proceedings was immediately thereafter reinstated.
18. On May 12, 2025, the Court issued a stay extension order which extended the Stay Period until May 16, 2025.
19. On May 15, 2025, the Company filed an Application for the Issuance of an Approval and Reverse Vesting Order (the "**RVO Application**"), seeking an Approval and Reverse Vesting Order providing the following reliefs, *inter alia* i) the approval of subscription agreement dated May 15, 2025, entered into between Lion Electric and 9539-5034 Québec Inc. (the "**Purchaser**"), as well as the reorganization and other transactions contemplated thereunder (the "**Subscription Agreement**"), ii) the issuance of subscribed shares to the Purchaser and the cancellation of the existing shares, iii) the transfer and vesting to third party entities of the excluded assets, excluded contracts and excluded liabilities as well as excluded employees, as contemplated in the Subscription Agreement, iv) releases in favor of the Directors and Officers of the Company, v) an extension of the Stay of Proceedings until July 31, 2025, and v) a declaration by the Court that the excluded employees transferred to a third party entity shall be terminated immediately upon such transfer and that such entity shall be considered as a former employer of such employees for the purpose of the *Wage Earner Protection Program Act*, SC 2005, c 47 (the "**WEPPA**").
20. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the previous reports, or in the Initial Application or in the Second ARIO Application.

PURPOSE OF THIS REPORT

21. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is filed in the context of the RVO Application to provide information to the Court with respect to:
 - (i) Lion's communications to stakeholders and its operations;

- (ii) The Monitor's activities since the Fourth Report;
 - (iii) Summary of the SISP;
 - (iv) Monitor's views on the fairness and reasonableness of the SISP;
 - (v) The Proposed Transaction as contemplated in the Subscription Agreement;
 - (vi) The Excluded Assets;
 - (vii) The D&O Releases and WEPPA Reliefs;
 - (viii) Independent review of the securities;
 - (ix) The cash flow results for the 5-week period ended May 2, 2025;
 - (x) The Cash Flow Projections until June 6, 2025;
 - (xi) The modifications sought to the Second ARIO; and,
 - (xii) The Monitor's conclusions and recommendations.
22. In preparing this Fifth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, Lion's books and records and financial information prepared by Lion and discussions with management ("**Management**") of Lion (collectively, the "**Information**"). Except as described in this Fifth Report in respect of the Applicants' Cash Flow Statement (as defined below):
- (i) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and,
 - (ii) Some of the Information referred to in this Fifth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
23. Future oriented financial information referred to in this Fifth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
24. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in the Fifth Report concerning Lion and their business is based on the Information, and not independent factual determinations made by the Monitor.
- LION'S COMMUNICATIONS TO STAKEHOLDERS AND ITS OPERATIONS**
25. Since the First Day Order, Lion has had communications with many of the Company's suppliers and other key stakeholders in order to explain the current situation and the next steps relating to the Restructuring Process.

26. The Company and the Monitor have continued to collaborate with the Company's principal secured creditors, including the Bank Syndicate also acting as DIP Lender, amongst other things by providing all requested information and documentation relating to the Restructuring Process.
27. Lion has been proactive in responding to the different stakeholders' inquiries relating to the CCAA Proceedings and the Restructuring Process, including special attention on inquiries related to the SISP process or coming from the participants to the SISP process. Lion has been fully dedicated in supporting the SISP process conducted by NBF as well as the process conducted by the Monitor to solicit offers from the liquidators and auctioneers.
28. Lion has remained vigilant in managing its liquidities. Lion has focused on limiting costs by halting production and cancelling various contracts when possible and justified, as reported in previous reports issued by the Monitor.
29. As part of its operations, Lion has continued its work to collect the different grants due. Since the issuance of the Fourth Report of the Monitor and the last Extension Order, Lion has collected grants that were receivable and, as agreed with Finalta and CDPQ, remitted these grants to them to reduce the amount owed in relation to their credit facility.
30. To the Monitor's knowledge, Lion has complied and continues to comply with the provisions of the Second ARIO and the SISP Order since their issuance.

Employees

31. Lion, pursuant to the Second ARIO, continues to pay its remaining employees in the normal course of business. Since the issuance of the Fourth Report of the Monitor and last Extension Order, the number of employees employed by the Company was significantly reduced such that only 16 employees remain with Lion for the completion of the SISP and protection and maintenance of Lion's business and assets. Thereafter, given these important layoffs, Lion has significantly reduced the assistance provided to its customers for the maintenance and the servicing of the vehicles. Since the ARIO, Lion has accumulated approximately \$0.7 M of accrued vacations owed to its employees.

THE MONITOR'S ACTIVITIES SINCE THE FOURTH REPORT

32. The Monitor assisted Lion in its discussions with its main suppliers and other key stakeholders. The Monitor has participated in meetings with several stakeholders since the First Day Order, including with:
 - (i) Lion's main secured creditors;
 - (ii) Landlords; and,
 - (iii) Certain unsecured creditors, employees and other stakeholders.
33. The Monitor, with the assistance of Lion, has been responding to questions of various stakeholders as to the status of the CCAA Proceedings.
34. Since the Fourth Report, the Monitor:
 - (a) had constant discussions with Management with regards to Lion's operations;
 - (b) communicated with the DIP Lenders, as well as CDPQ/Finalta, on a regular basis in order to keep them informed of the developments in the CCAA Proceedings;
 - (c) has also been in contact with NBF on a regular basis to assess the progress of the SISP and has provided support to NBF with the ongoing communications and negotiations with Phase 2 Qualified Bidders;

- (d) conducted a SISP with different liquidators and auctioneers, as more fully detailed in the next section of this Fifth Report;
- (e) was actively involved in the finalization of the documentation of the Proposed Transaction with the Selected Offer; and,
- (f) reviewed the receipts and disbursements transacted through Lion's bank accounts daily with the full co-operation of Management and was presented with all requests for payment of services provided to Lion since the First Day Order.

SUMMARY OF THE SISP

35. Before launching the SISP, NBF, with the assistance of the Monitor and Lion, prepared the go-to-market materials including:

- The Process Letter describing the SISP terms and conditions;
- A solicitation letter describing the Opportunity (the "**Teaser**") outlining the SISP and inviting recipients to express their interest pursuant to the SISP;
- A non-disclosure agreement ("**NDA**") that had to be executed by potential bidders prior to the distribution of any confidential information;
- A confidential information memorandum ("**CIM**");
- A virtual data room ("**VDR**") which included all relevant information for those potential bidders that have executed an NDA; and,
- A comprehensive list of potential investors and auctioneers.

Phase 1 of the SISP

36. As reported in the Second Report, within a week following the issuance of the First Day Order, the SISP was officially launched and NBF began the distribution of the Teaser and the NDA to potential bidders.

37. The following bullets summarize the timetable established for the SISP as approved by the Court:

- Phase I bid deadline: February 5, 2025, at 5:00 p.m. EST
- Phase II bid deadline: March 7, 2025, at 5:00 p.m. EST
- Auctions (as required): Week of March 10, 2025
- Selection of final bid(s): March 19, 2025
- Approval application – successful bid(s): Week of March 31, 2025
- Anticipated closing date: Week of April 7, 2025, with outside date of April 23, 2025

38. During the phase 1 of the SISP, NBF initially distributed by email the Teaser to 136 potential investors. Some interested parties were added to the distribution list after the initial distribution of the Teaser. These additional interested parties became aware of the opportunity from various sources, such as Management, Deloitte internal network or the various notices published by the Monitor.

39. In addition, the SISP also targeted parties that could be interested in acquiring some of the assets on a piecemeal basis, including liquidators for some or all of the Company's assets. Consequently, during the phase 1 of the SISP, the Monitor also reached out to eleven (11) additional parties, not included in the NBF outreach group, that could be interested in the assets on a piecemeal basis.

40. On December 18, 2024, the Monitor posted a copy of the SISP Order and the SISP materials on the Monitor's Website.

41. On December 28, 2024, and January 4, 2025, the Monitor published a notice of the CCAA Proceedings in La Presse Plus and the national edition of The Globe and Mail.

42. During the 40 days of the Phase 1 of the SISP, several follow-ups were carried out by NBF and the Monitor with prospective bidders (potential investors and auctioneers) by emails, phone calls and meetings (including sites visits). NBF and the Monitor attended numerous discussions and conference calls with interested parties and their representatives. The Monitor can testify that FBN made significant efforts to contact prospective bidders and to promote the opportunity worldwide.
43. The SISP process conducted by NBF and the Monitor can be summarized as follows:
- (i) 169 potentially interested parties contacted by NBF and the Monitor;
 - (ii) 43 potentially interested parties executed an NDA and were granted access to the VDR;
 - (iii) 9 interested parties submitted a non-binding Letter of Interest ("**LOI**") prior to the Phase 1 Bid Deadline, including 4 LOIs from auctioneers/liquidators;
 - (iv) 8 interested parties were qualified and invited to participate to the Phase 2 of the SISP, as explained below in the following section.

Phase 2 of the SISP

44. As mentioned in the Third Report, on February 7, 2025, following discussions with Lion, the Monitor and the Interim Lenders, NBF and the Monitor notified in writing certain Phase 1 Qualified Bidders that they were selected as Phase 2 Qualified Bidders and were permitted to proceed to Phase 2 of the SISP. NBF and the Monitor also sent notices in writing to the other Phase 1 Qualified Bidders, when applicable, informing them that they were not determined to be Phase 2 Qualified Bidders and were not permitted to proceed to Phase 2 of the SISP.
45. The Phase 2 Bid Deadline, for delivery of definitive binding offers by the Phase 2 Qualified Bidders was initially scheduled to take place on March 7, 2025, at 5:00 p.m. EST. Following requests from certain Phase 2 Qualified Bidders and given the advancement in discussions, the Monitor and NBF, in consultation with the Interim Lenders, agreed to extend said deadline to March 14, 2025, at 5:00 pm EST (the "**Extended Bid Deadline**"). All the Phase 2 Qualified Bidders were informed on March 6, 2025, of said Extended Bid Deadline and the Monitor issued a notice of extension of the Phase 2 Bid Deadline.
46. Prior to the Extended Bid Deadline, NBF received four (4) offers from the Phase 2 Qualified Bidders and the Monitor also received four (4) additional offers from liquidators or auctioneers. The details of all the offer received is presented as **Appendix A** under seal.
47. Following the Extended Bid Deadline, NBF, with the assistance of the Monitor and in consultation with the Interim Lenders, carefully reviewed and assessed the offers and reached out to all Phase 2 Qualified Bidders in order to obtain further clarifications in respect of their bids. Given the complexity and the diversity of the offers received, the analysis and clarification took more time than anticipated.
48. On April 7, 2025, the Company, with the assistance of NBF and the Monitor and in consultation with the Interim Lenders, granted exclusivity to one selected Phase 2 Qualified Bidder (the "**Initial Selected Offer**"). The selected Phase 2 Qualified bidder was identified as the Quebec Consortium (the "**Investors Consortium**") led by Mr. Pierre Wilkie, a former director of the Company, and Mr. Vincent Chiara.
49. The decision to grant exclusivity to the Investors Consortium was essentially based on the Initial Selected Offer representing the best offer in the circumstances, with the highest possible chances of success, and which included a financial deposit to the Monitor's trust account.
50. At the time of granting exclusivity, specific conditions to the Selected Offer were still pending, including notably, the Quebec government (i) agreeing to participate and invest via

Investissement Québec in the operations of Lion going forward, and (ii) confirming the continuity of the *Programme d'Électrification du Transport Scolaire* ("**PETS**").

51. In the course of April 2025, the parties then worked to lift the conditions to the transactions and to negotiate the contractual agreements to complete the transaction. The parties involved had good reasons to believe at the time that the conditions stated in the previous paragraph could be lifted on time to execute the contemplated transaction by the end of April 2025.
52. Towards the end of the month of April 2025, the negotiations with respect to the definitive transaction documents were nearly finalized, with the Company and the Investors consortium aiming to execute such contractual agreements by no later than May 1, 2025.
53. On the evening of April 30, 2025, Lion was advised that the Quebec government ultimately decided not to provide any further funding or investment for the benefit of the Company and was not in a position to provide certainty with respect to the continuity of the PETS, thereby compromising the Transactions.
54. Given the foregoing, the Company was no longer in a position at that point in time to seek on May 5, 2025, the Court's approval of a transaction as contemplated in the Initial Selected Offer.

Extended SISP period

55. With limited funds available and the Interim Financing Facility being expired and no longer available, the Company, together with the Monitor and NBF, and in consultation with the Interim Lenders, evaluated and assessed available options.
56. On May 2, 2025, the Monitor and NBF, with the approval of the Company and the Interim Lenders, communicated with Investors Consortium, one (1) of the Phase 2 Qualified Bidders and three (3) liquidators or auctioneers who had filed offers in the Phase 2 of the SISP and invited them to submit offers with no conditions within the best delay, ideally no later than Saturday, May 3, 2025.
57. Considering the very short delay provided to the invited parties, most of them submitted offers during the course of the following week.
58. Considering the circumstances and the urgency of the situation, the Monitor and NBF allowed the interested parties additional delay in the course of the following week to firm up their bid and withdraw any conditions.
59. On May 9, 2025, after reviewing the offers and analyzing the pros and cons of each proposal, the Company, with the assistance of the Monitor, NBF and the approval of the Interim Lenders, selected the revised offer filed by the Investors Consortium (the "**Selected Offer**").
60. The details of all the offers received as well as the analysis of the expected return for the creditors and other stakeholders is presented as **Appendix B** under seal.
61. The Selected Offer would allow for the implementation of a revised transaction expected to permit the continuation of a portion of Lion's activities in Quebec as a going concern, and the preservation of a portion of Lion's workforce and ultimately avoid the bankruptcy of Lion (the "**Proposed Transaction**").
62. Given the structure of the Proposed Transaction, it will not be possible for the Company to repay in full the Interim Financing provided by the Interim Lenders. Therefore, all amounts that could be due to creditors ranking behind the Interim Lender Charge, including the beneficiaries of the KERP Charge and the Financial Advisor Charge, will not be paid.

63. The board of directors of Lion Electric accepted the Selected Offer on May 11, 2025, and the Purchaser and the Company moved to negotiate and finalize all definitive documentation including the Subscription Agreement in respect of the Proposed Transaction.

64. The Subscription Agreement was ultimately finalized and executed on May 15, 2025.

MONITOR'S APPROVAL OF THE SISP

65. The conduct of the SISP, in accordance with the SISP Procedures and the milestones contemplated therein, was previously approved by the Court as part of its SISP Order dated December 18, 2024.

66. All of Lion's assets were made available for sale in the SISP. Details of the solicitation efforts undertaken have been provided to the Court in the Second, Third and Fourth Reports and in this Fifth Report.

67. Considering the unexpected turn of events that occurred on April 30, 2025, important adjustments were made to the SISP process, forcing the Company, with the assistance of the Monitor and NBF, to extend the SISP and lead a timely and efficient process to obtain offers within a short delay with the result that most of the remaining activities of Lion will be continued as a going concern with, ultimately, the preservation of a portion of Lion's workforce.

68. The Monitor was highly engaged throughout the SISP, tracking and leading some of the solicitation efforts in the market.

69. The Monitor's view in the circumstances of this case is that, given the considerable efforts to sell Lion's assets and the limited interest expressed therein, the SISP process which resulted in the selection of the Selected Offer was fair and reasonable.

THE PROPOSED TRANSACTION

70. As fully detailed in the RVO Application, the Proposed Transaction contemplated in the Subscription Agreement provides an acquisition by the Purchaser, a company held by the Investors Consortium, of the business of Lion through (i) a Court authorized cash injection and change of control in favor of the Purchaser over the share capital of Lion Electric pursuant to the Subscription Agreement and a corporate reorganization under the *Business Corporation Act (Quebec)* and (ii) a Reverse Vesting Order pursuant to which Excluded Liabilities, Excluded Employees and Excluded Contracts will be transferred to and vested in a newly incorporated company by Lion Electric ("**NewCo**") and the Excluded Assets, mainly Lion's cash on hand and assets associated to the battery plant located in a leased property located in Mirabel, Quebec (the "**Battery Plant Equipment**") that are subject to the CCAA Charges and a security interest in favor of Groupe Mach/Saputo, will be transferred to and vested in another newly incorporated company by Lion Electric ("**ResidualCo**").

71. As a result of the Proposed Transaction, the Purchaser will become the sole owner of all the shares of Lion Electric, which will be released from any and all obligations resulting from the Excluded Liabilities, the Excluded Contracts and the employment contracts of the Excluded Employees.

Reverse vesting order structure

72. While a reverse vesting structure, as required under the Proposed Transaction, must be shown to be necessary, based on the specific facts of each case, the Monitor is of the view that in the specific case of Lion, a more conventional vesting structure involving the direct transfer of the assets of Lion to the Purchaser would be difficult to close without undue delays and ultimately less beneficial to Lion's stakeholders.

73. The assets of Lion and the transport industry in which it operates are subject to various licenses, permits, certifications, regulatory approvals without which it cannot properly operate as well as oversight from various governmental agencies.
74. Most of such licences, permits, certifications and regulatory approvals are not transferable and would necessitate delays and costs to obtain by a new applicant.
75. The actual financial status of Lion, which has limited access to liquidity would not, in practice, allow long delays and the uncertainty related to seeking the consent for an assignment or the issuance of such licences, permits, certifications, regulatory approvals in favor of a purchaser and related to the operations of the business of Lion.
76. As structured, the Proposed Transaction produces an economic result more favorable than any other viable alternative. In fact, the offers were received as part of the SISP from bidders that contemplated a direct sale of assets via a conventional vesting order provided for smaller net considerations than the consideration offered under the Selected Offer.
77. The contracts or obligations of the creditors and the stakeholders that are considered Excluded Assets and Excluded Liabilities according to the Subscription Agreement will not be in a worse position than they would have been with a more traditional vesting of assets to a third party, notably in light of the provisions of the proposed Approval and Reverse Vesting Order. This conclusion takes into consideration that the WEPPA reliefs will be granted by the Court, as requested by the Company. The WEPPA reliefs are discussed in a subsequent section of this Fifth Report.
78. Consequently, the Monitor considers that the circumstances are such that the Proposed Transaction via a Reverse Vesting Order is advisable and appropriate.

THE EXCLUDED ASSETS

79. The Proposed Transaction specifically excludes the cash in the Company's bank accounts and the Battery Plant Equipment which will be transferred to and vested in ResidualCo, subject to (i) all existing CCAA Charges previously granted by the Court as part of these proceedings, as well as (ii) pre-filing security interests including a first rank security interest in favor of the Groupe Mach, a secured creditor of Lion as *fondé de pouvoir* for the benefit of debentures holders, being carried forward against the Battery Plant Equipment transferred.
80. With the authorization of the Court, the Monitor will be granted special powers over the ResidualCo and the Battery Plant Equipment to conduct and implement, in consultation with the Interim Lenders, Groupe Mach and other interested stakeholders, a sale process of the Battery Plant Equipment, including soliciting one or several potential buyers or the right to carry out a public call for tenders or private solicitations in order to dispose of or any part of the Battery Plant Equipment;

THE D&O RELEASES AND WEPPA RELIEFS

D&O Releases

81. As part of the reliefs sought under the RVO Application, the Company requests releases in favor of the present and former Directors and Officers (the "**D&O Release**") of Lion from any and all present and future claims and liabilities for which they may be liable for any act, omission or representations in their capacity as D&Os of Lion, with the exception only of (i) claims arising from fraud and willful misconduct, (ii) claims that are not permitted to be released pursuant to section 5.1(2) of the CCAA, and (iii) claims that are covered by any insurance policy of the Company but solely from, and to the extent of, the proceeds of the applicable insurance policies available in respect of such claim.
82. The proposed Approval and Reverse Vesting Order provides in paragraph [62] that with respect to certain already filed and identified Class Action claims, the determination of whether such claims consist of claims that fall under the exception contained in subsection 5.1(2)(b) of the CCAA or whether an order pursuant to subsection 5.1(3) of the CCAA may be declared in respect of such claims will be adjudicated by the Court at a subsequent hearing.

83. The Monitor expresses no opinion at this stage with respect to either (i) the merits of the aforementioned Class Action claims or, (ii) whether the claims thereunder fall under the exception contained in subsection 5.1(2)(b) of the CCAA, or (iii) whether an order pursuant to subsection 5.1(3) of the CCAA may be declared in respect of such claims, particularly in a context where some or all of these issues will be subject of a debate at a later date.
84. The Monitor has nonetheless reviewed the terms of the D&O Release and can provide the following observations.
85. From the period beginning in November 2024 when the Monitor was actively involved in the analysis of Lion's options, and continuing throughout the CCAA proceedings, Lion's directors and officers have been:
- (i) proactive in responding to the different stakeholders' inquiries relating to the CCAA Proceedings and the Restructuring Process;
 - (ii) fully dedicated in supporting the SISP process to solicit offers for Lion's business and assets;
 - (iii) vigilant in managing Lion's liquidities;
 - (iv) active in the preservation of a maximum number of employees;
 - (v) active in the collection of the different grants due to Lion; and,
 - (vi) active and interested in the preservation of Lion's activities and value of the assets of Lion by maintaining the assistance to customers with the maintenance and servicing of their vehicles to the extent possible, taking into consideration the circumstances and the CCAA proceedings.
86. Such contribution and cooperation on the part of Lion's directors and officers was important for the Lion's restructuring and the success of the SISP and continues to be necessary in order to close and implement the Proposed Transaction for the benefit Lion's creditors and other stakeholders, generally.
87. In light of the circumstances described above, the Monitor is of the view that the D&O Release is in line with other releases previously granted in favour of directors and officers of companies subject to CCAA proceedings.
88. The Monitor may make further representations before the Court on this subject to the extent necessary.

WEPPA reliefs

89. As previously mentioned above, as part of the Reorganization, the excluded employees of Lion which will not be retained as part of the Proposed Transaction will be transferred to NewCo, together with their respective employment contracts and related liabilities, and NewCo will then proceed with the termination of such employees.
90. As part of the Reverse Vesting Order sought, the Company seeks a declaration that pursuant to section 5(5) of the WEPPA and section 3.2 of its regulation that, upon the transfer of the above excluded employees to the NewCo and the immediate termination of their employment, NewCo shall be considered a former employer of such employees and that it meets the criteria prescribed by regulation.
91. The Monitor understands that while Courts have recently confirmed that former employees of debtors corporation subject to CCAA proceedings may be eligible to the WEPPA despite the "reverse vesting" structure implemented (e.g. *Juste pour Rire*, *Taiga*, *Valeo Pharma*), the reorganization steps in the present matter are similar to those implemented recently in Valeo Pharma, and are ultimately intended to avoid any undue prejudice to the excluded employees as a result of the "reverse vesting" structure of the Proposed Transactions.
92. Recently, and despite orders from the Courts in at least two (2) CCAA Proceedings declaring that former employees are individuals to whom WEPPA applied in a RVO context, the WEPPA

administrators have unfortunately refused to recognise the eligibility of the former employees under the WEPPA program and have refused to make any payment.

93. The Monitor also understands that the WEPPA order issued in the Valero Pharma matter is currently pending an appeal that was brought by the Attorney General of Canada. Therefore, there is a risk that access to the WEPPA reliefs by the former employees be delayed or simply refused by the WEPPA administrators notwithstanding any relief that may be granted by this Court.

INDEPENDENT REVIEW OF THE SECURITIES

The Bank Syndicate

94. As indicated in the First Report, counsel to the Monitor, Lavery, was mandated to conduct a review of the security documentation relating to the security granted by the Company in favor of the bank syndicate, Groupe Mach and other secured creditors.
95. Lavery delivered a security opinion ("**Lavery Security Opinion**") to the Monitor, subject to the customary qualifications, assumptions and limitations set out therein. The Lavery Security Opinion confirms that the security provided by Lion for the benefit of the bank syndicate over Lion's assets that are subject to such security are valid and opposable against third parties or perfected in accordance with applicable laws.

Groupe Mach

96. As indicated in the First Report, counsel to the Monitor, Lavery, was mandated to conduct a review of the security documentation relating to the security granted by Lion in favor of the Groupe Mach.
97. Lavery delivered the Lavery Security Opinion to the Monitor, subject to the customary qualifications, assumptions and limitations set out therein. The Lavery Security Opinion confirms that the security provided by Lion for the benefit of Groupe Mach over the Battery Plant Equipment that are subject to such security are valid and opposable against third parties or perfected in accordance with applicable laws.

THE CASH FLOW RESULTS FOR THE 5-WEEK PERIOD ENDED APRIL 27, 2025

98. Since the previous report, Lion's financial performance for the period commencing on March 23, 2025, and ending on April 27, 2025, has been favorable in comparison with the Initial Cash Flow Statement.
99. As of the date of this Fifth Report, except for certain rents payable May 1, 2025, for which Lion has no funds available and for professional fees that remain outstanding, all post-filing expenses incurred by Lion have been or will be paid in the normal course of business out of the existing cash in hand of Lion, which is approximately \$984K as of the date of this Fifth Report.
100. The highlights of Lion's financial performance for the period ended April 27, 2025, are presented in the actual cash flow Statement annexed hereto as **Appendix C** (under seal).

THE CASH FLOW PROJECTIONS UNTIL AUGUST 3, 2025

101. The Monitor, with the assistance of Lion and the Interim Lenders, has prepared, with the assistance and approval of the Interim Lenders, the statement of projected cash flow (the "**Cash Flow Statement**") for the remaining Applicants with NewCo and ResidualCo (collectively: the "**Remaining Debtors**") for the 12-week period from May 12, 2025, to August 3, 2025 (the "**Cash Flow Period**") for the purpose of forecasting the Remaining Debtors' estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement up to August 3, 2025, is annexed hereto as **Appendix D** (under seal).
102. The Cash Flow Statement has been prepared using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

103. Since the hypothetical assumptions need not to be supported, the Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
104. Based on the Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:
- (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - (ii) As at the date of this Fifth Report, the probable assumptions developed are not suitably supported and consistent with the plans of Remaining Debtors or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or,
 - (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
105. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Monitor express any opinion as to the performance of Remaining Debtors' statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, inter alia the payment of wages, the government remittances and the payroll deductions.
106. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
107. The Monitor believes that the forecast reflected in the Cash Flow Statement is reasonable.
108. As shown in the Cash Flow Statements for the Cash Flow Period, the remaining cash in hand that will be transferred to ResidualCo and the Subscription Price, net of closing adjustments, pursuant to the Proposed Transaction sought to be approved, are expected to be sufficient to allow the Remaining Debtors to continue operating until the end of the period.

THE MODIFICATIONS SOUGHT TO THE SECOND ARIQ

109. The current Stay Period expires on May 16, 2025.
110. Lion is seeking an extension of the Stay Period until July 31, 2025, in order to, notably, finalize the Proposed Transactions with the Purchaser, proceed with the permanent layoff of the employees that will be transferred to NewCo, conduct a sale process for the Battery Plant Equipment that will be transferred to ResidualCo and, upon the approval of the Court, finalize the distribution of the net proceeds of the Proposed Transaction and the sale of the Battery Plant Equipment pursuant to the rights of the various creditors and the rank determined by the ARIQ. Also, as per the Subscription Agreement, a period of 30 days is required from NewCo and ResidualCo to grant access to specific locations for the benefit of Lion Electric (as restructured).
111. If considered necessary, and in consultation with the interested stakeholders, including the Interim Lenders, the Monitor may, as Foreign Representative of Lion and the Remaining Debtors, seek an Order from the US Bankruptcy Court pursuant to Chapter 15 of the US Bankruptcy Code recognizing and giving full force and effect, in the United States, to the Approval and Reverse Vesting Order of this Court requested under the RVO Application.
112. ResidualCo intends to continue to pay its trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.

113. As described in this Fifth Report, the Cash Flow Statement indicates that the Remaining Debtors should have sufficient liquidity to continue to meet its obligations post-filing provided without requiring additional Interim Facility.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

114. In light of the foregoing, the Monitor is of the view that:

- (i) The approval of the Subscription and the Proposed Transaction contemplated thereunder, including the Reorganization, is in the best interests of the stakeholders generally considering the result of the SISF;
- (ii) The D&O Release is in line with other releases previously granted in favour of directors and officers of companies subject to CCAA proceedings;
- (iii) The WEPPA Relief is also fair and reasonable, and in line with similar relief recently granted by Quebec Courts where certain employees of a debtor company were terminated either prior to or as part of a sale transaction contemplating a "reverse vesting" structure;
- (iv) The extension of the Stay Period up to July 31, 2025, sought by Lion is required to close the Proposed Transaction and conduct a sale process for the Battery Plant Equipment that will be assigned to the ResidualCo and complete the proposed restructuring process for the benefit of all of the stakeholders and preserve the value of the Remaining Debtors;
- (v) Based on the information presently available, the Monitor believes the creditors will not be materially prejudiced by the requested extension of the Stay Period; and
- (vi) The Company has acted, and continues to act, in good faith and with due diligence, which make the requested extension of the stay of proceedings appropriate.

115. Accordingly, the Monitor recommends that the Proposed Transaction be approved by the Court, the Stay Period be extended to July 31, 2025, and that the reliefs sought in the draft RVO Order be approved by the Court.

116. The Monitor respectfully submits to the Court this, its Fifth Report.

DATED AT MONTREAL, this 15 day of May 2025.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of the
Applicants



Benoit Clouâtre, CPA, CIRP, LIT
Senior Vice President



Jean-François Nadon, CPA, CIRP, LIT
President

APPENDIX A

DESCRIPTION AND ANALYSIS OF THE PHASE 2 OFFERS

(UNDER SEAL)

APPENDIX B

ANALYSIS OF THE EXTENDED SISP PERIOD OFFERS

(UNDER SEAL)

APPENDIX C

ACTUAL CASH FLOW STATEMENT

(UNDER SEAL)

APPENDIX D

CASH FLOW STATEMENT UP TO AUGUST 3, 2025

(UNDER SEAL)