Form G-3 (20241101)

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION DIVISION

In re: The Lion Electric Company, et al.	)	Chapter 15
	)	
	)	No. 24-18898
	)	
Debtor(s)	)	Judge David D. Cleary

NOTICE OF MOTION

TO: See attached list

PLEASE TAKE NOTICE that on June 25, 2025, at 10:00 a.m., I will appear before the Honorable David D. Cleary,, or any judge sitting in that judge's place, **either** in courtroom 644 of the Everett McKinley Dirksen United States Courthouse, 219 S. Dearborn Street, Chicago, IL 60604 **or** electronically as described below, and present the motion of Foreign Representative for the above-captioned Debtors [to/for] Recognize Canadian Order, Approving Sale Transaction, a copy of which is attached.

Important: Only parties and their counsel may appear for presentment of the motion electronically using Zoom for Government. All others must appear in person.

To appear by Zoom using the internet, go to this link: https://www.zoomgov.com/. Then enter the meeting ID and passcode.

To appear by Zoom using a telephone, call Zoom for Government at 1-669-254-5252 or 1-646-828-7666. Then enter the meeting ID and passcode.

Meeting ID and passcode. The meeting ID for this hearing is 161 122 6457, and the passcode is Cleary644. The meeting ID and passcode can also be found on the judge's page on the court's web site.

If you object to this motion and want it called on the presentment date above, you must file a Notice of Objection no later than two (2) business days before that date. If a Notice of Objection is timely filed, the motion will be called on the presentment date. If no Notice of Objection is timely filed, the court may grant the motion in advance without calling it.

By: /s/ Jonathan E. Aberman

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UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re: The Lion Electric Company, *et al.*, Debtors in a Foreign Proceeding.[1]	Chapter 15 Case No. 24-18898 Judge David D. Cleary (Will County) (Jointly Administered)

MOTION FOR ENTRY OF AN ORDER (I) RECOGNIZING AND ENFORCING CANADIAN REVERSE VESTING ORDER, (II) APPROVING SALE FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES, (III) RECOGNIZING THE CANADIAN PROCEEDING AS TO EACH OF THE EXCLUDED COS. AS FOREIGN MAIN PROCEEDINGS; (IV) CLOSING THE CHAPTER 15 CASES OF CERTAIN DEBTORS; AND (V) GRANTING RELATED RELIEF

The Lion Electric Company ("Lion Electric") in its capacity as the duly-appointed foreign representative (the "Foreign Representative") for the above-captioned debtors (collectively, the "Debtors"), each of which is subject of proceedings (collectively, the "Canadian Proceeding") pending before the Superior Court of Québec (Commercial Division) (the "Canadian Court"), initiated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the "CCAA"), and Deloitte Restructuring Inc.("Deloitte") in its capacity as the duly appointed new foreign representative of the Debtors and the Excluded Cos. (defined below) and

[1] The Debtors in these chapter 15 proceedings, together with the last four digits of their business number or employment identification number, as applicable, are: The Lion Electric Company (6310); Lion Electric Finance Canada Inc. (8102) ("Lion Finance Canada"); Lion Electric Vehicles Finance Canada Inc. (7415) ("Lion Vehicle Finance Canada"); Lion Electric Holding USA Inc. (0699) ("Lion Holding USA"); Northern Genesis Acquisition Corp. (7939) ("Northern Genesis"); The Lion Electric Co. USA Inc. (9919) ("Lion Electric USA"); Lion Electric Manufacturing USA, Inc. (0766) ("Lion Manufacturing USA"); and Lion Electric Finance USA, Inc. (4755) ("Lion Finance USA"). The location of the Debtors' headquarters and the Debtors' foreign representative is: 921 chemin de la Rivière-du-Nord, Saint-Jérôme, Québec, Canada J7Y 5G2.

acting on behalf of Lion Electric in its capacity as Foreign Representative pending entry of an order on this Motion (in such capacity, the "New Foreign Representative", and together with the Foreign Representative, the "Foreign Representatives"), move (this "Motion"), pursuant to sections 105(a), 363, 365, 1507, 1521, 1525, and 1527 of 11 U.S.C. §§101-1532 (the "Bankruptcy Code"), for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"):

a. recognizing and enforcing the Canadian Court's *Approval and Reverse Vesting Order* (the "RVO"), which provides, *inter alia*, the following relief:

i. approving the *Subscription Agreement* as of May 14, 2025 (the "Subscription Agreement") with 9539-5034 Québec Inc. (the "Purchaser"), which is the purchasing vehicle for a group of investors led by Mr. Pierre Wilkie, a member of the board of directors of The Lion Electric Company, and Mr. Vincent Chiara (the "Investors") and the approval of the transactions contemplated under the Subscription Agreement, including the Reorganization (as defined below) described therein (collectively, the "Transactions");

ii. approving the transfer and vesting of all Excluded Liabilities, Excluded Employees and Excluded Contracts (as these terms are defined in the Subscription Agreement) in 9541-1666 Québec Inc. ("NewCo") and the transfer and vesting of all Excluded Assets (as this term is defined in the Subscription Agreement) in 9541-1799 Québec Inc. ("ResidualCo" and, together with NewCo, the "Excluded Cos."), and the release of the Lion Entities[2], from any and all obligations in relation to the Excluded Contracts, the Excluded Liabilities, and the Excluded Assets;

iii. granting the release (the "D&O Releases") of all present and future claims and liabilities against the Lion Group's present and former directors and officers (the "D&Os") for which they may be liable for any act, omission or representations in their capacity as D&Os of the Debtors, with the exception only of claims for fraud or willful misconduct, or for claims that are not permitted to be released pursuant to section 5.1(2) of the CCAA and claims that are covered by any insurance policy of the Lion Group (only to the extent of any such available insurance), all as more particularly set forth in the RVO; and

iv. extending the Stay Period through and including July 31, 2025.

[2] The "Lion Entities" is defined to include Lion Electric, Lion Finance Canada, Lion Vehicle Finance Canada, Lion Electric USA, Lion Holding USA, and Lion Manufacturing USA.

b. recognizing and giving effect within the territorial jurisdiction of the United States to the Subscription Agreement and the Transactions, including (i) the vesting of the Subscribed Shares in the Purchaser, thereby conveying direct or indirect ownership of the Lion Entities to the Purchaser and (ii) the Reorganization, following which ownership of all of the Retained Assets (as defined in the Subscription Agreement) was vested in the Lion Entities free and clear of the Excluded Liabilities and Encumbrances (both as defined in the Subscription Agreement), pursuant to section 363 of the Bankruptcy Code and in accordance with the Subscription Agreement and the RVO;

c. recognizing the CCAA proceedings of each of the Excluded Cos. as foreign main proceedings, recognizing the Monitor (as defined below) as foreign representative of the Excluded Cos., recognizing the substitution of the Monitor as foreign representative of the Debtors, and approving the closure of the Chapter 15 cases of each of the Lion Entities, leaving open only the Chapter 15 cases of the Excluded Cos.; and

d. granting related relief.

In support of this Motion, the Foreign Representatives submit and incorporate by reference the *Verified Petition for (I) Recognition of Foreign Main Proceeding, (II) Recognition of Foreign Representative, (III) Recognition of Initial Order, Amended and Restated Initial Order, and SISP Order, and (IV) Related Relief* [Docket No. 3] (the "Verified Petition"), the *Declaration of Richard Coulombe in Support of the Debtors' Verified Petition for (I) Recognition of Foreign Main Proceeding, (II) Recognition of Foreign Representative, (III) Recognition of Initial Order, Amended and Restated Initial Order, and SISP Order and (IV) Related Relief* [Docket No. 4] (the "Coulombe Recognition Declaration"), the *Declaration of Guy Martel in Support of the Motion for Entry of an Order (I) Recognizing and Enforcing Canadian Reverse Vesting Order, (II) Approving Sale Transaction Free and Clear of Liens, Claims, and Encumbrances, (III) Recognizing the Canadian Proceeding as to Each of the Excluded Cos. as Foreign Main Proceedings; (IV) Closing the Chapter 15 Cases of Certain Debtors; and(V) Granting Related Relief* (the "Martel Sale Declaration"), the *Declaration of Richard Coulombe in Support of the*

Motion for Entry of an Order (I) Recognizing and Enforcing Canadian Reverse Vesting Order, (II) Approving Sale Transaction Free and Clear of Liens, Claims, and Encumbrances, (III) Recognizing the Canadian Proceeding as to Each of the Excluded Cos. as Foreign Main Proceedings; (IV) Closing the Chapter 15 Cases of Certain Debtors; and(V) Granting Related Relief (the "Coulombe Sale Declaration"),[3] and the *Verified Statements of Benoit Clouâtre in Support of: (A) Motion for Entry of an Order (I) Recognizing and Enforcing Canadian Reverse Vesting Order, (II) Approving Sale Transaction Free and Clear of Liens, Claims, and Encumbrances, (III) Recognizing the Canadian Proceeding as to Each of the Excluded Cos. as Foreign Main Proceedings; (IV) Closing the Chapter 15 Cases of Certain Debtors; and(V) Granting Related Relief; and (B) Chapter 15 Petitions* and respectfully submits as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Recognition of a foreign proceeding and other matters under chapter 15 of the Bankruptcy Code are core matters pursuant to 28 U.S.C. § 157(b)(2)(P).

2. These chapter 15 cases have been properly commenced pursuant to sections 1504 and 1509 of the Bankruptcy Code by the filing of the chapter 15 petitions filed for each of the Debtors as Docket No. 1 in their respective cases (the "Chapter 15 Petitions") and the Verified Petition under section 1515 of the Bankruptcy Code

3. Venue is proper pursuant to 28 U.S.C. § 1410.

[3] Capitalized terms used but not defined herein shall the meaning ascribed to them in the Verified Petition, the Coulombe Recognition Declaration, the Coulombe Sale Declaration, the SISP Order (and SISP Procedures), or the RVO, as applicable.

4. The bases for the relief requested herein are sections 105(a), 363, 365, 1507, 1521, 1525, and 1527 of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules")

PROCEDURAL BACKGROUND

5. On December 18, 2024, the Debtors commenced the Canadian Proceeding under the CCAA to initiate restructuring proceedings under the supervision of the Canadian Court. Also on December 18, 2024, the Canadian Court entered an initial order (the "Initial Order") appointing Deloitte (in its capacity as such, the "Monitor") as monitor of the Debtors and authorizing Lion Electric to act as Foreign Representative of the Debtors.

6. On December 18, 2024 (the "Petition Date"), the Foreign Representative filed the Chapter 15 Petitions and the Verified Petition, thereby commencing the Debtors' chapter 15 cases.

7. On January 7, 2025, following a comeback hearing in the Canadian Proceeding, the Canadian Court entered an amended and restated Initial Order (the "Amended and Restated Initial Order"). *See* Docket No. 38. A description of the relief provided in the Amended and Restated Initial Order is described in detail in the Coulombe Recognition Declaration.

8. Additional information about the Debtors' business and operations, the events leading up to the filing of the Chapter 15 Petitions, and the facts and circumstances surrounding the Canadian Proceeding and these chapter 15 cases can be found in the Coulombe Recognition Declaration.

9. On January 21, 2025, the Court entered the *Order (I) Recognizing Foreign Main Proceeding, (II) Recognizing Foreign Representative, (III) Recognizing Initial Order, Amended and Restated Initial Order, and SISP Order, and (IV) Granting Related Relief* [Docket No. 52] (the "Recognition Order"), which, among other things, recognized the Canadian Proceeding as a

foreign main proceeding, recognized Lion Electric as Foreign Representative of the Debtors, and recognized and gave full effect in the territorial jurisdiction of the United States to the Initial Order, the Amended and Restated Initial Order, and the SISP Order.

10. On February 14, 2024 the Canadian Court entered the *Second Amended and Restated Initial Order* (the "Second ARIO") in the Canadian Proceeding and on February 26, 2026, the Court entered an order [Docket No 61] granting recognition of the Second ARIO.

11. Following the Second ARIO, the Canadian Court extended the Stay Period in the Canadian Proceeding several times. Most recently, on May 16, 2025, the Canadian Court issued an order extending the Stay Period through and including May 23, 2025.[4]

12. On May 15, 2025, the Debtors submitted an application in the Canadian Proceeding, requesting that the Canadian Court issue the RVO approving the sale of the business and certain assets and equity of the Debtors to the successful bidder, through the sale of the Subscribed Shares, pursuant to the sale process conducted under the SISP.

13. On May 22, 2025, the Canadian Court issued the RVO, a true and correct copy of which is attached hereto as **Exhibit B**.

THE DEBTORS' SOLICITATION EFFORTS

14. As described more fully in the Coulombe Recognition Declaration, the Debtors engaged National Bank Financial Inc. ("NBF" or the "Financial Advisor") to pursue a confidential solicitation process (the "Pre-Filing Solicitation Process") to secure one or more transactions to strengthen the Lion Group's financial situation. Despite the efforts undertaken, no satisfactory

[4] On May 5, 2025, the Canadian Court issued an order temporarily lifting the stay in the Canadian Proceeding on a limited basis, solely to allow a party to file an *Application to Authorize the Bringing of a Class Action and to Appoint the Status of Representative Plaintiff* in Canada against certain directors and officers of the Debtors, and then re-imposing the stay as to such litigation.

offer with suitable economic terms was received by the Debtors as part of the Pre-Filing Solicitation Process.

15. Accordingly, the Debtors initiated the Canadian Proceeding, with a view to obtain the necessary breathing room to stabilize their business operations, and, ultimately, pursue, in the context of a CCAA proceeding, a robust sale and investment solicitation process under the supervision of this Court (*i.e.* the SISP). On December 18, 2024, the Canadian Court issued the SISP Order in the Canadian Proceeding and this Court subsequently granted recognition and enforcement of the SISP Order in the United States through entry of the Recognition Order.

A. Phase I of the SISP

16. Following the issuance of the SISP Order on January 7, 2025, Phase 1 of the SISP was launched, and the Debtor and the Monitor (collectively, the "SISP Team"), with the assistance of NBF:

a. published a notice announcing the launch of the SISP (and such other relevant information regarding the SISP) in La Presse+ and The Globe & Mail;

b. issued a press release announcing the launch of the SISP (and such other relevant information regarding the SISP);

c. identified and sent a solicitation letter to approximately 169 potentially interested parties to solicit their interest in submitting an offer as part of the SISP, of which 119 were financial investors 50 were strategic investors.

17. Of the 169 potentially interested parties contacted by the SISP Team and NBF, 43 of them executed an NDA, and the SISP Team and NBF provided to each of these 43 parties a copy the CIM as well as access to virtual data room containing confidential information relating to the Debtors..

18. On the Phase 1 Bid Deadline of February 5, 2025, nine non-binding LOIs were submitted by interested parties to the Monitor and to the Financial Advisor, including LOIs from auctioneers/liquidators.

19. After receiving the above-mentioned non-binding LOIs, the SISP Team, in consultation with the Financial Advisor and the Interim Lenders, carefully reviewed and assessed same, and determined that eight of these non-binding LOIs complied with the conditions set out in the SISP Procedures and therefore constituted Phase 1 Qualified Bids.

20. Accordingly, on February 7, 2025, the Financial Advisor notified eight of the Phase 1 Qualified Bidders having submitted a Phase 1 Qualified Bid that they were invited to proceed to Phase 2 of the SISP, and notified the remaining ninth bidder that it would not be invited to Phase II.

B. Phase II of the SISP

21. Following the above, the eight bidders, having been invited to proceed to Phase 2 of the SISP (the "Phase 2 Qualified Bidders"), pursued their due diligence efforts, with a view to allowing them to submit a binding bid for a transaction in respect of the Debtors.

22. As part of such due diligence, the aforementioned Phase 2 Qualified Bidders were given access to further confidential information regarding the Debtors, and were given the opportunity to participate in management meetings and discussions with the Debtors, under the supervision of the Monitor and the Financial Advisor.

23. Following the requests made by some of the Phase 2 Qualified Bidders, the Phase 2 Bid Deadline was extended by a week, to March 14, 2025, in accordance with the SISP Procedures.

24. On such date, the SISP Team received several Binding Offers from the Phase 2 Qualified Bidders, including a Binding Offer submitted by the Investors on behalf of the Purchaser.

25. After receiving the above Binding Offers, the SISP Team, in close consultation with the Financial Advisor and the Interim Lenders, carefully reviewed and assessed same and, through the Financial Advisor, sought to obtain further clarification with respect to such offers.

26. The deadline for the selection of a Successful Bid was ultimately extended past its original milestone of March 19, 2025 in order to allow the SISP Team and the Financial Advisor to pursue their discussions (and negotiations) with the Phase 2 Qualified Bidders having submitted a Binding Offer, and ultimately, to secure the best transaction in the circumstances for the Debtors and their stakeholders.

27. As part of such discussions and negotiations, a revised offer which contemplated more favorable terms to the Debtors was ultimately submitted by the Investors to the SISP Team and to the Financial Advisor (the "Investors' Bid").

28. On April 6, 2025, the SISP Team, in consultation with the Financial Advisor and the Interim Lenders, declared the Investors' Bid as the "Successful Bid" pursuant to the SISP Procedures, as such bid provided the most favorable terms to the Debtors, in addition to preserving a portion of their workforce.

29. In the following weeks, the Debtors and the Purchaser, assisted by their respective advisors, worked intensively to negotiate and agree upon the definitive transaction documents (the "Definitive Transaction Documents") reflecting the terms and conditions of the Investors' Bid.

30. Towards the end of the month of April, the negotiations with respect to the Definitive Transaction Documents were nearly finalized, with the Debtors and the Investors aiming to execute such Definitive Transaction Documents by no later than May 1, 2025.

31. However, the transactions contemplated in the Definitive Transaction Documents were conditional upon, *inter alia*, the Québec government agreeing to participate and invest in the

operations of the Lion Group going forward, and confirming the continuity of the *Programme d'Électrification du Transport Scolaire* ("PETS"), which had been the topic of discussions for the past several weeks.

32. On the evening of April 30, 2025, the Québec government announced, that it would ultimately not be providing any further funding or investment and that it would not be in a position to provide any certainty with respect to the continuity of the PETS, thereby preventing the implementation of a transaction with the Investors and the Purchaser, in respect of the Debtors' business and assets (the "April 30, 2025 Announcement"). The April 30, 2025 Announcement compromised the transactions contemplated by the Definitive Transaction Documents and the Investors' Bid.

33. Given the foregoing, the Debtors were no longer in a position at that point in time to seek the Canadian Court's approval of a transaction on May 5, 2025, as initially contemplated, and were forced to proceed with the temporary lay-off of the majority of its remaining employees.

34. Subsequently, the Debtors began working with the Monitor and the Interim Lenders to assess next steps and evaluate all options available to them.

35. Since the April 30, 2025 Announcement, the Debtors, together with the Monitor, and in consultation with the Interim Lenders, have evaluated and assessed available options, particularly in a context where the Interim Financing Facility previously granted to the Debtors was no longer available to them, as it had reached maturity on April 23, 2025.

36. The Debtors and the Monitor continued their discussions with the Investors, and other potentially interested parties and have also engaged in parallel discussions with potential liquidators.

37. On May 9, 2025, the Debtors and the Monitor received a revised offer (the "Revised Offer") from the Investors, which would allow for the implementation of a revised transaction expected to allow the continuation of a portion of the Debtors' activities in Québec as a going concern (*i.e.* the Transactions) and, ultimately, the preservation of a portion of the Debtors' workforce.

38. The Debtors, in consultation with the Monitor and the Interim Lenders, assessed the Revised Offer, the board of directors of Lion Electric accepted the Revised Offer, and the Purchaser and the Debtors moved to negotiate and finalize all definitive documentation including the Subscription Agreement in respect of the Transactions.

39. The Subscription Agreement was ultimately finalized and executed on May 14, 2025.

40. Below is a summary description of the terms and conditions of the Subscription Agreement, and of the Transactions contemplated thereunder.

THE SUBSCRIPTION AGREEMENT AND THE TRANSACTION

41. The Subscription Agreement, and the Transactions contemplated therein, provide for, *inter alia*, the following material terms and conditions:

Key Terms	Subscription Agreement
Purchaser	9539-5034 Québec Inc., a company held by a consortium of investors including Mr. Pierre Wilkie and Mr. Vincent Chiara.
Subscribed Shares	The Subscription Agreement will provide for, among other things: (i) the transfer and exchange of all common shares in the share capital of Lion Electric in favour of NewCo issuing to the former holders of common shares of Lion new common shares in the capital of NewCo; (ii) the cancellation of all other outstanding equity interests of Lion Electric (other than the common shares, but including any and all securities exercisable or exchangeable into

Key Terms	Subscription Agreement
	common shares of Lion Electric, including the options, the warrants and the convertible debentures) (iii) the subsequent donation for cancellation of all common shares in the share capital of Lion Electric then held by NewCo; and (iv) the issuance by Lion Electric and the subscription by the Purchaser of the Subscribed Shares, on a free and clear basis, and which Subscribed Shares, once issued, shall represent all of the issued and outstanding shares in the share capital of Lion Electric.
Subscription Price	The Subscription Agreement will provide for a cash subscription price (inclusive of the Deposit) payable by the Purchaser to Lion Electric in consideration of the Subscribed Shares, by wire transfer of immediately available funds to such account as shall be designated in writing by Lion Electric.
Retained Liabilities and Excluded Liabilities	The Lion Entities, which shall be comprised of Lion Electric, Lion Electric Finance Canada Inc., Lion Vehicle Finance Canada Inc., The Lion Electric Co. USA Inc., Lion Electric Holding USA and Lion Electric Manufacturing USA Inc., shall only be bound by the Retained Liabilities which will include: (i) all Liabilities of the Lion Entities under the Retained Contracts from and after May 12, 2025; (ii) all trade obligations of the Lion Entities to their suppliers and other operating costs from and after May 12, 2025; (iii) all other trade obligations of the Lion Entities that, as determined by the Purchaser in writing in its sole discretion prior to the Closing Time, are needed for its business and ongoing operations; (iv) all obligations of the Lion Entities to the Assumed Employees, other than those obligations to directors, officers and employees otherwise listed as Excluded Liabilities or the obligations under the key employee retention plan (KERP) established in connection with the Canadian Proceeding;

Key Terms	Subscription Agreement
	(v) those obligations listed in Section 3.4(c) of the Subscription Agreement; and (vi) all continuing obligations of the Lion Entities under the Subscription Agreement, including under Section 8.1. The Subscription Agreement provides that, unless specifically and expressly designated as Retained Liabilities, all debts, obligations, liabilities, indebtedness, contracts, leases, agreements, taxes, undertakings, claims, complaints, recourses, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) against Lion Entities are Excluded Liabilities.
Assumed Employees and Excluded Employees	As of and following the Closing Time, the Assumed Employees shall continue to be employed by the applicable Lion Entities in accordance with Applicable Law and the Collective Agreement (as and if applicable). At least one (1) day prior to the Closing Date, the Purchaser shall provide Lion Electric with a list of the Excluded Employees. Prior to the Closing, concurrently with the transfer of the Excluded Contracts and the Excluded Liabilities, all of the Excluded Employees shall be transferred to NewCo, at the time and date provided for in the Reorganization and approved in the Vesting Order, and NewCo shall be deemed to be their successor employer henceforth, for all intents and purposes. Immediately following the transfer of the Excluded Employees to NewCo, NewCo shall terminate the employment of such Excluded Employees (and such employment shall be deemed terminated immediately following the transfer of the Excluded Employees to NewCo).
Retained Assets and Excluded Assets	The Lion Entities will retain, on a free and clear basis, the property, assets and undertakings that are material to the Business and are reflected as being owned by the Lion Entities in their Books and Records, including the Retained Assets and the Retained Contracts.

Key Terms	Subscription Agreement
	The Retained Assets will consist of the assets identified on Schedule E of the Subscription Agreement, including, but not limited to: (i) all the inventory, including but not limited to, all raw materials, work in progress, assets in construction and finished products, parts, spare parts, finished goods, vehicles, prototypes, battery cells, harnesses, Battery Thermal Management System (BTMS) assets, Battery Management System (BMS), Lion and BMW battery packs, modules, and related accessories and components; (ii) all production and service machinery and equipment, including vehicles, automotive equipment, service equipment, racking, tooling, test benches, rotary columns, mold, templates, prototypes, rolling stock, rolling bridges and furniture; (iii) all patents, technology, trade secrets, know how, trademarks, licenses and any and all Intellectual Property and other intangible assets or rights of any form, including, but not limited to the internet platform, software, the ERP and MRP systems platform, the accounting systems, and all electronic platforms; (iv) all the corporate names used by the Lion Entities, including but not limited to any branding and logos; and (v) all Accounts Receivables of any nature, including notably any sales tax, state, government and city taxes, income tax, R&D receivables, the receivables from Nikola Motors and related companies but specifically not including tax and government incentive programs receivables subject to Finalta /CDPQ's first ranking security. The Excluded Assets means any and all properties, rights, assets and undertakings of any of the Lion Entities that are listed as "Excluded Assets" in the Subscription Agreement, including, but not limited to: (i) all machinery and equipment related to the production of batteries. For more certainty, the Battery Thermal

Key Terms	Subscription Agreement
	Management System (BTMS) assets, Battery Management System (BMS), Lion and BMW battery packs, battery cells, harnesses, modules, and related accessories and components, are part of the Purchased Assets; (ii) the AGV robots that are still subject to and encumbered by the Bank of Montreal security; (iii) Sacramento (California) Lease located at 4450 Raley Boulevard, CA 95838, and the Mirabel lease located at 9800, rue Irénée-Vachon, Mirabel (Québec) J7N 3W4; and (iv) all assets and liabilities related to all Employee Plans.
Retained Contracts and Excluded Contracts	The Retained Contracts will consist of the following contracts, for which the Debtors are unaware of any cure costs owing in respect of the same: (i) Terrebonne (Québec) Lease agreement related to the premises located at 3160, boulevard des Entreprises, Terrebonne (Québec) J3X 4T2; (ii) Lease agreement related to the premises located at 921, chemin de la Rivière-du-Nord, Saint-Jérôme (Québec) J7Y 5G2; (iii) Dealers' licenses; (iv) Aéroport de Montréal (ADM) agreement for the Mirabel test track access; (v) the Collective Agreement; (vi) BFL Canada Insurance Policies and Intact Bonds; and (vii) Agreement between the Lion Entities and Fonds Finalta Capital, S.E.C., CDPQ Revenu Fixe I inc. et. Fonds Finalta Capital ("Convention relative aux recevables grevés en faveur des prêteurs CDPQ-Finalta") that will come into force at Closing.

Key Terms	Subscription Agreement
	All contracts that are not Retained Contracts will be considered as Excluded Contracts. For a period of 30 days after Closing, the Purchaser shall be entitled to seek the re-assignment (and retention) of any contract (each, an "Additional Contract") initially designated as an Excluded Contract, all in accordance with the proposed post-closing additional contract assignment mechanism set out in the draft Approval and Reverse Vesting Order (the "Post-Closing Additional Contract Assignment Mechanism"). The Post-Closing Additional Contract Assignment Mechanism provides, *inter alia*, that any co-contracting party to an Additional Contract shall be entitled to receive a notice advising it of the Purchaser's intention to retain such Additional Contract, and, within a 15-day delay following receipt of such notice, such co-contracting party shall be entitled to notify to the Purchaser and to the Monitor a notice of opposition, and, (i) if such notice of opposition is sent, then Purchaser or the Monitor shall be entitled to apply to this Court to seek the re-assignment (or retention) of the Additional Contract), or (ii) if no notice of opposition is received within the above delay, the Additional Contract shall be deemed to be a Retained Contract, with no further order of the Court.
Transfer and Vesting of Excluded Liabilities, Excluded Employees, Excluded Contracts, and Excluded Assets to NewCo and ResidualCo.	All Excluded Liabilities, Excluded Employees and Excluded Contracts will be transferred and vested in NewCo. All Excluded Assets will be transferred and vested in ResidualCo. The Lion Entities will be released from any and all obligations in relation to the Excluded Contracts, the Excluded Liabilities and the Excluded Employees.
Closing Conditions	The obligations of the Lion Entities and the Purchaser to complete the Transactions are subject to, among others, the following conditions being fulfilled or performed: (i) the Approval and Reverse Vesting Order shall have been granted by this Court [the Canadian Court], and shall not have been stayed, varied, vacated or appealed (or any such

Key Terms	Subscription Agreement
	appeal shall have been dismissed with no further appeal therefrom); (ii) a motion seeking the recognition of the Approval and Reverse Vesting Order by this Court shall have been filed by the Foreign Representative; (iii) no Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and (iv) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transactions contemplated by the Subscription Agreement.
Closing Date	Closing shall be as soon as practicable, and in any event no later than one (1) business day following the satisfaction or waiver of the closing conditions.
As is, where is	The Subscribed Shares shall be issued and delivered by Lion to the Purchaser, and the Retained Assets (including, for greater certainty, the Retained Contracts) shall be retained by the Lion Entities, on an "*as is, where is basis*" within the meaning of Article 1733 of the Civil Code of Québec.

42. As reflected in the Subscription Agreement, the Transactions contemplate the following reorganization steps to be implemented within the delays and sequence set out in the Subscription Agreement and in the Reorganization Step Plan attached thereto (collectively, the "Reorganization"):

(a) Step 1: Incorporation of the Purchaser, which has already been completed as of the date hereof;

(b) Step 2: Incorporation of NewCo by Lion Electric under the QBCA, and subscription for a single share of NewCo by Lion Electric for nominal consideration. NewCo shall have no directors and officers;

(c) Step 3: Incorporation of ResidualCo by NewCo under the QBCA, and subscription for a single share of ResidualCo by NewCo for nominal consideration. ResidualCo shall have no directors and officers;

Reorganization Steps Before the Closing Date

(d) Step 4: Amendment to the share capital of Lion Electric to (i) add the right to exchange common shares of Lion Electric for common shares of NewCo, on a one-for-one basis, (ii) cancel without consideration all of the equity interests of Lion Electric (excluding the common shares of Lion Electric, but including all securities convertible or exchangeable into common shares (including the options, warrants and convertible debentures)), and (iii) add a new class of shares, being the Class of B Common Shares, with 2 votes per share;

(e) Step 5: The common shares of Lion Electric held by the public are transferred to NewCo in consideration for the issuance by NewCo of common shares in its capital pursuant to the exchange right added to the Lion Electric share terms in Step 4;

(f) Step 6: Filing by Lion Electric of an election to cease being a public corporation for purposes of the Tax Act;

(g) Step 7: Donation for cancellation by Lion Electric of the NewCo share subscribed for in Step 2;

Step 8: Assumption by NewCo of the Excluded Liabilities of the Lion Entities in consideration for the issuance by the Lion Entities of various promissory notes, including a promissory note in an amount equal to the Subscription Price to be issued by Lion Electric ("Note 1");

(h) Step 9: Transfer of the Excluded Assets by the Lion Entities to ResidualCo in consideration for the assumption by ResidualCo of certain of the promissory notes issued at the previous step;

(i) Step 10: Donation for cancellation by NewCo of all of the common shares of Lion Electric acquired at Step 5 with the exception of a single common share;

Reorganization Steps on the Closing Date

(j) Step 11: Subscription by the shareholders of the Purchaser for common shares of Purchaser;

(k) Step 12: Subscription for 100 000 000 Class B Common Shares of Lion by Purchaser for the subscription price indicated in the Subscription Agreement, and redemption

and cancellation for no consideration of the common share of Lion Electric still held by NewCo following Step 9;

(l) Step 13: Repayment by Lion Electric of Note 1 using the subscription proceeds received in Step 12;

(m) Step 14: Shares of NewCo held by the public are cancelled for no consideration; and

Reorganization Steps after the Closing Date

(n) Step 15: Purchaser and Lion Electric are amalgamated to form "AmalCo."

43. Concurrently with the execution of the Subscription Agreement, Lion Electric entered into an agreement (the "CDPQ-Finalta Agreement") with CDPQ Revenu Fixe I Inc. ("CDPQ") and Finalta Capital Fund L.P. ("Finalta"), represented by its general partner General Partner Finalta Capital Fund Inc. (the "CDPQ-Finalta Lenders"), pursuant to which Lion Electric agreed to collect and remit to CDPQ and Finalta, after the Closing, at the time and conditional upon its receipt thereof, certain receivables which are otherwise considered Excluded Assets under the Subscription Agreement and covered by a security interest in favour of CDPQ and Finalta, in consideration of a payment by CDPQ and Finalta of a fee to Lion Electric equal to a percentage of the receivables collected and remitted following the Closing.

44. The public, redacted copy of the Subscription Agreement that the Debtors filed with the Canadian Court is attached hereto as **Exhibit C**.

45. Attached hereto as **Exhibit D** is the Monitor's Certificate dated May 23, 2025, filed in the Canadian Proceeding, which certifies that the Monitor has been advised that all conditions to the closing of the Transactions contemplated by the Subscription Agreement have been satisfied or waived by the parties thereto. The closing of such Transactions occurred on May 23, 2025.

46. Unfortunately, given the results of the SISP, no distribution is expected to be made to the Debtors' unsecured creditors.

C. The Reverse Vesting Structure

47. The Transactions outlined in the Subscription Agreement are structured as "reverse vesting" transactions. Reverse vesting transactions have become an increasingly common feature of CCAA proceedings since their development in 2015. The transaction allows the parties to structure a sale as an equity-purchase transaction, when doing so is the most efficient or otherwise most preferable transaction form, while incorporating the ability to leave unwanted obligations and liabilities behind, as is typically done in an asset-purchase transaction.

48. In a traditional asset sale transaction, all purchased assets are purchased and transferred to a purchaser on a "free and clear" basis, and all excluded assets, excluded contracts, excluded employees, and excluded liabilities remain with the debtor. In a reverse-vesting transaction, all the all excluded assets, excluded contracts, excluded employees, and excluded liabilities are assigned to one or more entities (sometimes an existing debtor, sometimes a newly created entity) that will remain in the Canadian Proceeding and take the place of one or more of the debtor entities to be acquired by the purchaser via an equity purchase (hereafter, the "acquired debtors"). The ownership of the acquired debtors is vested in the purchaser, with the acquired debtors emerging from the Canadian Proceeding with their retained assets and retained liabilities, now free and clear of the excluded assets, excluded contracts, excluded employees, and excluded liabilities.

49. Thus, the Transactions, due to the "reverse vesting" structure as approved in the RVO, will have the following effects, among others:

a. the Purchaser will subscribe for and own 100% of the issued and outstanding shares in the capital of Lion Electric (and, indirectly, its subsidiaries);

b. Excluded Liabilities, Excluded Employees and Excluded Contracts will be assigned to NewCo, and the Excluded Assets will be assigned to ResidualCo so as to allow the Purchaser to acquire the Lion Group on a

"free and clear" basis. NewCo and ResidualCo will ultimately be assigned into bankruptcy, with the Excluded Employees being able to benefit from the protections afforded by the *Wage Earner Protection Program Act*, SC 2005, c 47, s. 1 (the "WEPPA"),; and

c. Lion Electric will retain the Retained Contracts (and related obligations), as well as a portion of the Lion Group's remaining employees.

50. The sector in which the Lion Group operates requires oversight from various governmental agencies as well as various licenses, permits, certifications, regulatory approvals without which it cannot properly operate.

51. The Lion Group currently maintains and benefits from multiple licenses, permits, certifications and regulatory approvals which are essential to its business operations in Canada and in the U.S.

52. As such, the "reverse vesting" structure will allow for the maintenance of these licenses, permits, certifications, and regulatory approvals already in place, as opposed to forcing the Purchaser to go through the process of seeking the transfer (if possible) or the issuance of new licenses, permits, certifications, and regulatory approvals (as would be required in the context of a traditional vesting structure), which process would be complex and would necessarily involve indeterminate risk, delays, and costs—all of which could jeopardize the Transactions.

D. The D&O Releases

53. As part of the RVO, the Canadian Court approved the Debtors' request that their present and former D&Os (as more particularly defined in the RVO, the "Released Parties") be granted a full and final release 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 the Debtors, with the exception of: (i) claims for fraud or willful misconduct, (ii) claims that are not

permitted to be released pursuant to section 5.1(2) of the CCAA[5], and (iii) claims that are covered by any insurance policy of the Lion Group (only to the extent of any such available insurance), all as more particularly detailed, limited and otherwise provided in paragraphs 62-64 of the RVO (the "Released Claims"). Class Action Claims, as defined in paragraph 62 of the RVO, remain subject to the Canadian Court's final decision as to whether or not they should be released pursuant to paragraph 62 of the RVO. To the extent, if at all, the Canadian Court's final decision is to include Class Action Claims in the Released Claims, recognition of the same is requested. Per paragraph 62 of the RVO, any claims that may be subject to recovery under any insurance policies are deemed not to be vested or transferred to the Excluded Cos. or to any other entity.

54. Specifically, paragraphs 62-64 of the RVO provide:

> [62] ORDERS that effective upon the issuance of the Monitor's Certificate, all present and former directors and officers of the Debtors, as well as all Persons deemed to be a present or former director or officer of the Debtors as a result of its management or supervision of the management of the business and affairs of the Debtors (collectively, the "Released Parties") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims whatsoever (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity, whether based in statute or otherwise and whether based in whole or in part on any act or omission, obligation, transaction, offer, investment proposal, dealing or any declaration under the Business Corporations Act (Québec), or on any other occurrence existing or taking place prior to the commencement of the CCAA Proceedings or the issuance of the Monitor's Certificate or completed pursuant to the terms of this Order and/or in connection with the Transactions, in respect of the Debtors or their assets, business or affairs, or prior dealings with the Debtors, wherever or however conducted or governed, the administration and/or management of the Debtors and these proceedings (collectively, the "Released Claims"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties

[5] Section 5.1(2) of the CCAA provides that "A provision for the compromise of claims against directors may not include claims that (a) relate to contractual rights of one or more creditors; or (b) are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

and are not vested nor transferred to Excluded Cos or to any other entity and are extinguished, provided, however, that nothing in this paragraph shall waive, discharge, release, cancel or bar (i) (A) any claim against the Released Parties arising from fraud or willful misconduct, nor any claim against the Released Parties that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or (B) any Insured Claim (as defined below), and (ii) the Class Action Claims (as defined below), provided that the determination of whether the foregoing release or any other release should be ordered in respect of the Class Action Claims will be adjudicated by this Court at a subsequent hearing. For purposes of this paragraph, the "Class Action Claims" mean any claims (including the right of any person to bring recursory claims, claims for contribution and indemnity, subrogated claims, or other third party claims) against the Released Parties arising from (i) the verified amended class action complaint dated March 11, 2024 filed by Ahuva Schachter, Michael Smith, Douglas Neujahr, Samhita Gera, and Denish Bhavsar against Ian Robertson, Ken Manget, Christopher Jarratt, Michael Hoffman, Paul Dalglish, Brad Sparkes, Robert Schaefer, Mark Bedard, Nicolas Brunet, and The Lion Electric Company before the Court of Chancery of the State Of Delaware in matter C.A. No. 2023-1112-MTZ, (ii) the amended class action complaint for violation of the federal securities laws dated August 27, 2024 filed by Jacques Jaar against Northern Genesis Acquisition Corp., Ian Robertson, Paul Dalglish, Michael Hoffman, Ken Manget, Brad Sparkes, Robert Schaefer, The Lion Electric Company, Marc Bedard, and Nicolas Brunet before United States District Court Southern District of New York in matter 1:24-cv-02155-JLR), and (iii) the motion for the authorization to institute a class action claim and for leave to institute an action in damages pursuant to the Securities Act (Québec) instituted by Adam B. Mulhall (as the plaintiff representative on behalf of the envisioned class to be covered) and filed with the Superior Court of Québec, District of Montréal (Class Action Division) bearing court number 500-06-001366-257, dated February 21, 2025.

[63] ORDERS that, notwithstanding anything to the contrary contained in paragraph [62] of this Order or elsewhere, any Released Claims that are covered by any insurance policy of the Debtors and only to the extent of any such available insurance (each, an "Insured Claim"), shall not be waived, discharged, released, cancelled or barred by this Order, and any Person having an Insured Claim shall be entitled to recovery in respect of such Insured Claim but solely from, and to the extent of, the proceeds of the applicable insurance policies available in respect of such claim, and Persons with Insured Claims shall have no right to, and shall not, directly or indirectly, seek any recovery in respect thereof from the Debtors or the Released Parties, other than enforcing such Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. For greater clarity, (i) if no insurance is available to cover a Released Claim, such claim shall be a Released Claim (except for the Class Action Claims, until the court's final decision as to whether or not they should be released, pursuant to paragraph [62] of this Order), and (ii) any claims that may be subject to recovery under any insurance policies shall be deemed not to be vested nor transferred to the Excluded Cos. or to any other entity.

> [64] ORDERS and DECLARES that the commencement or prosecution, whether directly, indirectly, derivatively, or otherwise of any Released Claim against the D&Os or their respective successors and assigns is permanently enjoined and barred.

RELIEF REQUESTED

55. Through this Motion, the Foreign Representatives respectfully request entry the Proposed Order: (a) recognizing and enforcing the RVO, as issued by the Canadian Court, in the territorial jurisdiction of the United States; (b) approving and recognizing the Subscription Agreement and the Transactions, including (i) the vesting of the Subscribed Shares in the Purchaser, thereby conveying direct or indirect ownership of Lion Entities to the Purchaser and (ii) the Reorganization, following which ownership of all of the Retained Assets was vested in the Lion Entities free and clear of the Excluded Liabilities and Encumbrances, pursuant to section 363 of the Bankruptcy Code and in accordance with the Subscription Agreement and the RVO, with all liens, claims, encumbrances and other interests attaching to the proceeds of sale with the same validity and priority, and to the same extent, as existed with regard to the Purchased Assets immediately prior to the Closing under and as defined in the Subscription Agreement as provided in the RVO; (c) recognizing the CCAA proceedings of each of the Excluded Cos. as foreign main proceedings, recognizing the Monitor as New Foreign Representative of the Excluded Cos. and the remaining Debtors, and approving the closure of the Chapter 15 cases of each of the Lion Entities; (d) recognizing the extension of the Stay Period; and (e) granting related relief.

BASIS FOR RELIEF

I. The Court Should Grant Recognition and Enforcement in the United States to the RVO

A. Recognition of the RVO Is Authorized Pursuant to Sections 105, 1507, 1521, 1525, and 1527 of the Bankruptcy Code

56. Pursuant to the Recognition Order, this Court has recognized the Canadian Proceeding as a foreign main proceeding. Where a foreign case is recognized as a foreign main proceeding, a bankruptcy court may grant "any appropriate relief" to "effectuate the purpose of [chapter 15] and to protect the assets of the debtor or the interests of the creditors." 11 U.S.C. §1521(a). Pursuant to section 1522 of the Bankruptcy Code, the court may grant relief under section 1521 only if the interests of the creditors and other interested entities, including the debtor, are sufficiently protected. 11 U.S.C. § 1522; s*ee also In re Energy Coal S.P.A.*, 582 B.R. 619 (LSS) (Bankr. D. Del. 2018). "The analysis under § 1522 is one of balancing the respective interests based on the relative harms and benefits in light of the circumstances presented." *In re Better Place, Inc.*, Case No. 13-11814, 2018 Bankr. LEXIS 322 at *19 (LSS) (Bankr. D. Del. Feb. 5, 2018) (citations omitted).

57. As a separate basis for recognition of foreign orders, section 1507(a) of the Bankruptcy Code also permits a court to "provide additional assistance to a foreign representative" provided such assistance is consistent with the principles of comity and satisfies the factors set forth in section 1507(b) of the Bankruptcy Code. 11 U.S.C. § 1507. In addition, section 1525(a) of the Bankruptcy Code provides that, "[c]onsistent with section 1501, the court shall cooperate to the maximum extent possible with a foreign court or a foreign representative." 11 U.S.C. § 1525(a).

58. Likewise, section 105(a) of the Bankruptcy Code permits the court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).[6]

59. The Foreign Representatives request that this Court enforce and give full effect to the RVO as a form of "appropriate relief" under section 1521(a) of the Bankruptcy Code. Trustees, including debtors in possession, frequently obtain relief similar that which is contained in the RVO. Accordingly, enforcement of the RVO, as issued by the Canadian Court, grants relief that is similar, albeit not identical, to that which would generally otherwise be available to debtors in a bankruptcy case under chapter 11, and is "appropriate relief" under section 1521(a). Enforcing the RVO as appropriate relief satisfies the requirement under section 1522 of the Bankruptcy Code that the interests of creditors, the debtor, and other interested parties be "sufficiently protected." 11 U.S.C. § 1522(a). Although the Bankruptcy Code does not define "sufficient protection," it "requires a balancing of the interests of Debtors, creditors, and other interested parties." *In re Petroforte Brasileiro de Petroleo Ltda.*, 542 B.R. 899, 909 (Bankr. S.D. Fla. 2015); *see also In re Better Place, Inc.*, 2018 Bankr. LEXIS 322 at *19 ("The analysis under [section] 1522 is one of balancing the respective interests based on the relative harms and benefits in light of the circumstances presented.") (internal quotation marks and citations omitted).

60. Here, granting the requested relief is appropriate because the interests of all parties in interest have been protected throughout the Canadian Proceeding. Creditors and other parties in interest were given notice of the hearing to consider entry of the RVO as required under applicable Canadian law and procedure, and had an opportunity to object and be heard in the Canadian Proceeding with respect to the relief requested within the RVO. Moreover, the RVO

[6] Section 105 of the Bankruptcy Code applies in cases under Chapter 15. 11 U.S.C. § 103(a).

was subject to the consideration and scrutiny of the Canadian Court, which determined that the relief requested by the Debtors is proper in light of the facts and circumstances. Enforcement of, and giving full effect to, the RVO, as issued by the Canadian Court, is appropriate and within the Court's authority pursuant to section 1521 of the Bankruptcy Code because the relief requested herein will "assist in the efficient administration of [the] cross-border insolvency proceeding . . . [while] not harm[ing] the interest of the debtors or their creditors." *In re Grant Forest Prods., Inc.*, 440 B.R. 616, 621 (Bankr. D. Del. 2010). Granting full force and effect to the RVO within the territorial jurisdiction of the United States will ensure the uniform and efficient administration of the Canadian Proceeding and these chapter 15 cases and uniform treatment of similarly situated creditors. In that regard, recognition of the RVO will provide the Debtors, the Purchaser, and parties in interest with certainty that the RVO will be enforceable not only in Canada, but also with respect to creditors beyond the jurisdiction of the Canadian Court and within the territorial jurisdiction of the United States. Therefore, enforcement of and giving full effect to the RVO will protect and prevent prejudice to creditors by ensuring uniform application of the RVO in Canada and the United States.

61. In addition, pursuant to section 1507(a), enforcement of, and giving full effect to, the RVO will also provide Canadian Court with assistance in administering the Canadian Proceeding. By issuing the RVO, the Canadian Court has approved the Transactions—the capstone and ultimate purpose of the Canadian Proceeding. Recognition of the RVO ensures that the Canadian Court's order is enforced and respected in the territorial jurisdiction of the United States, and that the Canadian Court's order is uniformly carried out across borders. Accordingly, recognizing and giving full effect to the RVO is consistent with the well-established principles of comity, which underpin Chapter 15 the Bankruptcy Code.

62. In addition to the above-cited authority, section 1521(b) of the Bankruptcy Code provides, in pertinent part, that "[u]pon recognition of a foreign proceeding . . . the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in the United States to the foreign representative." 11 U.S.C. § 1521(b). Further, sections 1525 and 1527 of the Bankruptcy Code direct the Court to "cooperate to the maximum extent possible" with the Canadian Court regarding the "coordination of the administration and supervision" of the Debtors' assets and affairs. 11 U.S.C. §§ 1525, 1527(3); *see also In re Metcalfe & Mansfield Alt. Invs.*, 421 B.R. 685 (Bankr. S.D.N.Y. 2010) (generally recognizing, on the basis of the statutory provisions of chapter 15 and the principles of comity, orders entered in a CCAA proceeding). Indeed, a Bankruptcy Court is not required to "make an independent determination about the propriety of individual acts of a foreign court. The key determination required by [U.S. Bankruptcy Courts] is whether the procedures used in Canada meet our fundamental standards of fairness." *Id.* at 697.

63. As noted above, the Canadian Court had the opportunity to scrutinize, and ultimately approved, the Transactions contemplated in the RVO, which are a result of the collective efforts of the Debtors to maximize the value of their assets. After extensive marketing and consultation with the Debtors' advisors and the advisors of significant stakeholders in these cases, the Foreign Representatives have determined that the Transactions provide the highest and best return on the Debtors' assets, through purchase of the Subscribed Shares.

64. Effective coordination and administration of the Canadian Proceeding and the chapter 15 cases can only be achieved through recognition of the RVO in the United States. The extensive nature of the marketing process, carried out by the Debtors with assistance from their advisors, and overseen by the Canadian Court and the Monitor, ensures that a fair result is

achieved. Accordingly, the Foreign Representatives respectfully submit that the Court should recognize and give full effect and force under the laws of the United States to the findings, authorities, and provisions set forth in RVO as entered by the Canadian Court.

B. Recognition and Enforcement of the RVO Is Not Manifestly Contrary to U.S. Public Policy

65. Section 1506 of the Bankruptcy Code provides that "[n]othing in [chapter 15] prevents the court from refusing to take an action governed by [chapter 15] if the action would be manifestly contrary to the public policy of the United States." 11 U.S.C. § 1506. Courts have emphasized that section 1506 of the Bankruptcy Code applies only in very narrow circumstances where the most fundamental policies of the United States are implicated. *See In re ABC Learning Ctrs. Ltd.*, 728 F.3d 301, 309 (3d Cir. 2013); *see In re Irish Bank Resolution Corp. Ltd.*, 538 B.R. 692, 698 (D. Del. 2015) (refusing to find a public policy exception where recognition did not "impinge severely a U.S. Constitutional or statutory right") (quotations and citations omitted); *In re Rede Energia S.A.*, 515 B.R. 69, 92 (Bankr. S.D.N.Y. 2014) ("[T]he public policy exception is clearly drafted in narrow terms and the few reported cases that have analyzed section 1506 at length recognize that it is to be applied sparingly.") (quotations and citations omitted). Indeed, "[a] U.S. bankruptcy court is not required to undertake an independent determination about the propriety of individual acts of a foreign court." *In re Metcalfe*, 421 B.R.21 at 697; *see also In re PT Bakrie Telecom Tbk*, 601 B.R. 707, 724 (Bankr. S.D.N.Y. 2019).

66. The enforcement of, and giving full effect to, the RVO in the United States is not manifestly contrary to the public policy of the United States and, therefore, section 1506 of the Bankruptcy Code does not preclude the enforcement of the RVO. The process leading to the Transactions is similar to that frequently utilized in chapter 11 cases in which sales are preceded by a set of procedures intended to enhance competitive bidding consistent with the goal of

maximizing the value received by the bankruptcy estate. Moreover, the Canadian Proceeding complied with fundamental standards of fairness and due process. Notably, recognition of reverse vesting orders under the CCAA, similar to the RVO, has been granted by bankruptcy courts in numerous chapter 15 cases. *See. e.g., In re Chesswood Group Limited,* Case No. 24-12454 (CTG) (Bankr. D. Del. Mar. 24, 2025); *In re Elevation Gold Mining Corporation*, Case No. 24-06359-EPB (Bankr. D. Ariz. Dec. 30, 2024); *In re VBI Vaccines (Delaware) Inc.*, Case No. 24-11623 (BLS) (Bankr. D. Del. Nov. 20, 2024); *In re Contract Pharmaceuticals Limited*, Case No. 24-10915 (BLS) (Bankr. D. Del. May 28, 2024); *In re NextPoint Financial Inc.*, No. 23-10983 (TMH) (Bankr. D. Del., Dec. 11, 2023); *In re Endoceutics Inc.*, Case No. 22-11641-CJP (Bankr. D. Mass. Oct. 12, 2023); *In re Acerus Pharmaceuticals Corp.*, No. 23-10111 (TMH) (Bankr. D. Del., June 13, 2023); *In re Just Energy Group Inc.*, No. 21-30823 (MI) (Bankr. S.D. Tex., Dec. 1, 2022).

i. Releases

67. In connection with the RVO, the Debtors sought and the Canadian Court approved the D&O Releases. The Foreign Representatives similarly seek recognition and enforcement of such releases by this Court as granted by the Canadian Court. The D&O Releases are justified, reasonable and appropriate in the circumstances, particularly since some the Released Parties have been, and some will continue to remain, instrumental to the Transactions and, more generally, to the Debtors' on-going restructuring efforts in Canada. Further the D&O Releases will ultimately have the effect of diminishing claims against the Released Parties, which in turn will diminish any indemnification claims by the Released Parties against the Debtors that are secured by the D&O Charge, which ultimately benefits the Debtors and their stakeholders.

68. Each of the Released Parties have participated, contributed, and/or supported the Debtors' restructuring efforts both prior to and/or after the commencement of the Canadian Proceeding, without any renumeration for several of them. More specifically:

a. over the course of the past year, including prior to the commencement of the Canadian Proceeding, the Released Parties have worked tirelessly with the Debtors and its principal stakeholders with a view to secure one or more restructuring transactions that would allow the maximization of creditor recovery, the pursuit of the Debtors' business and operations as a going concern and, ultimately, the preservation of jobs for a portion of the Debtors' employees;

b. the Released Parties were instrumental in the Debtors' ongoing restructuring efforts, which include, *inter alia*:

i. actions taken to significantly reduce operating costs;

ii. steps to sell non-core assets in an effort to enhance liquidities;

iii. negotiations with their senior secured lenders;

iv. engagement of the Financial Advisor;

v. conduct of the Pre-Filing Solicitation Process,

vi. negotiation of interim financing to secure the necessary funding to pursue the Canadian Proceeding and conduct the SISP;

vii. commencement and conduct of the Canadian Proceeding;

viii. conduct of the SISP;

c. these restructuring efforts implemented with the participation, contribution and/or support of the Released Parties have ultimately and recently led to the execution of the Subscription Agreement, at a time when the Debtors' future was uncertain, given the April 30, 2025 Announcement made by the Quebec government;

d. with the execution of the Subscription Agreement and the implementation of the Transactions, it is now expected that the Debtors will be in a position to pursue their operations (or a portion of their operations) as a going concern in Quebec, and that a portion of their employees will be able to preserve their jobs, which, in and of itself, and irrespective of the expected recovery for the Debtors' creditors, constitutes a favorable outcome, in line with the objectives of the CCAA; and

e. the Released Parties have contributed time, energy and resources to achieve this outcome and such time, energy and resources will continue to be important to implementing the Transactions.

69. The Foreign Representatives submit that the D&O Releases, as approved by the Canadian Court, are fair and reasonable, appropriately tailored to the circumstances, are not overly broad, and are in line with releases granted in the context of similar transactions approved in proceedings under the CCAA.

a) *Application of the* Purdue *Ruling*

70. The Foreign Representatives are fully cognizant of the Supreme Court's ruling in in *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204 (2004) ("*Purdue*"), which narrowly held that non-consensual third party releases in a chapter 11 plan were not authorized pursuant to section 1123 of the Bankruptcy Code. *See* 603 U.S. at 226-27. For the reasons discussed below, the *Purdue* ruling does not prohibit this Court, whether pursuant to section 1506's public policy exception or otherwise, from recognizing and giving effect in the U.S. to an RVO containing the D&O Release.

71. By its own terms, the Supreme Court's holding in Purdue was limited to the narrow question presented there, and is inapplicable to the issue of whether this Court should recognize the D&O Releases in the Canadian Court's RVO in the context of a chapter 15 case. The Purdue Court ruled, based on statutory interpretation of section 1123 of the Bankruptcy Code and not based on public policy, that non-consensual third-party releases in Chapter 11 plans are not authorized under the Bankruptcy Code. *Id.* The Supreme Court expressly addressed the limited scope of its holding:

> As important as the question we decide today are ones we do not . . . Confining ourselves to the question presented, we hold only that the bankruptcy code does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants.

Id. at 226 (emphasis added). Given that limited scope, *Purdue* has no application to any aspect of Chapter 15 proceedings or to the recognition in the U.S. of a foreign court's orders. On this rationale alone, *Purdue* does not impact recognition of the RVO containing the D&O Releases.

72. The *Purdue* Court's narrow tailoring of its ruling makes sense in light of the underpinnings of the holding. The *Purdue* decision was based on the statutory construction of section 1123(b)(6) of the Bankruptcy Code (including the context and history of such provision), not on any broader holding that non-consensual third-party releases are manifestly contrary to the public policy of the United States. *Id.* at 215–24. In fact, the Supreme Court explicitly disregarded public policy arguments:

> Both sides of this policy debate may have their points. But, in the end, **we are the wrong audience for them**. As the people's elected representatives, Members of Congress enjoy the power, consistent with the Constitution, to make policy judgments about the proper scope of a bankruptcy discharge. Someday, Congress may choose to add to the bankruptcy code special rules for opioid-related bankruptcies as it has for asbestos-related cases. Or it may choose not to do so. Either way, if a policy decision like that is to be made, it is for Congress to make.

Id. at 226 (emphasis added). This is a critical distinction. Had the Supreme Court found that creditor releases of non-debtors were generally offensive to U.S. public policy, then this Court may have been constrained to deny recognition of the D&O Releases under section 1506 of the Bankruptcy Code. Yet the narrow contours of *Purdue*, imposed by the Supreme Court itself, and the fact that *Purdue* was premised on the Supreme Court's interpretation of section 1123(b)(6), eliminate such a constraint.

73. This is especially significant in light of the fact that section 1506 is sparingly applied by courts. Section 1506 "requires a narrow reading" and "does not create an exception for any action under Chapter 15 that may conflict with public policy, but only an action that is '*manifestly* contrary.'" *Morning Mist Holdings Ltd. v. Krys (In re Fairfield Sentry Ltd.)*, 714 F.3d

127, 139 (2d Cir. 2013) (emphasis original). The public policy exception in section 1506 ought to be invoked by courts only "'where the procedural fairness of the foreign proceeding is in doubt or cannot be cured by the adoption of additional protections' or where recognition 'would impinge severely a U.S. constitutional or statutory right.'" *In re ABC Learning Centers.*, 728 F.3d at 309 (quoting *In re Qimonda AG Bankr. Litig.*, 433 B.R. 537, 570 (E.D. Va. 2010)); *accord Fairfield Sentry*, 714 F.3d at 139 (ruling that section 1506 applies only to actions that offend "'*the most fundamental policies of the United States*'" and is "invoked only 'under exceptional circumstances concerning matters of fundamental importance [to the United States].'") (quoting H.R. Rep. No. 109-31, pt. 1, at 109 (2005) (emphasis added by court) and Guide to Enactment of the UNCITRAL Model Law on Cross-Border Insolvency at ¶ 89)); *In re Crédito Real, S.A.B. de C.V., SOFOM E.N.R.*, Case No. 25-10208 (TMH), 2025 Bankr. LEXIS 751, at *16 (Bankr. D. Del. Apr. 1, 2025) ("Refusing to take an action under Bankruptcy Code section 1506 is an extraordinary act. That section should be narrowly interpreted, as the word manifestly in international usage restricts the public policy exception to the most fundamental policies of the United States. As a consequence, that authority rarely is exercised.") (internal citations and quotation marks omitted) (collecting cases discussing the narrow construction of section 1506). Accordingly, merely because certain relief would not be available under the U.S. bankruptcy code, does not make it "manifestly" contrary to U.S. public policy or within the ambit of section 1506. *See, e.g.*, *id*. at *17 ("Relief that is granted in a foreign proceeding does not have to be identical to relief that might be available in a U.S. proceeding."); *In re Qimonda*, 433 B.R. at 570 ("The mere fact of conflict between foreign law and U.S. law, absent other considerations, is insufficient to support the invocation of the public policy exception."). For these reasons, *Purdue* does not render the D&O Releases manifestly contrary to public policy under section 1506.

74. Because the D&O Releases are not manifestly contrary to U.S. public policy, principles of comity favor recognizing the D&O Releases to the extent granted by the Canadian Court. Section 1501's statement regarding the purpose of Chapter 15 "highlights that the Court should be guided by the main policy goals of chapter 15—cooperation and comity with foreign courts and deference to those courts within the confines established by chapter 15." *In re Crédito Real* 2025 LEXIS 751, at 13. Here, if the D&O Releases are granted by the Canadian Court, but not given full force and effect in the United States, U.S. creditors would have an advantage over Canadian creditors with respect to any claims against D&Os, undermining the relief the Canadian Court would be granting in the RVO. Under principles of international comity, the Court should recognize the D&O Releases to the extent approved by the Canadian Court.

b) Crédito Real *and Recognition of Third Party Releases in Chapter 15 Post-*Purdue

75. In *Crédito Real*, the U.S. Bankruptcy Court for the District of Delaware recognized and enforced in the United States a Mexican plan of reorganization containing non-consensual third-party releases. *See generally In re Crédito Real* 2025 LEXIS 751. In granting recognition, the Court explained why the Supreme Court's ruling in *Purdue* did not prohibit the bankruptcy court from recognizing a foreign plan's non-consensual third-party releases pursuant to sections 1521(a)(7) and 1507(a) of the Bankruptcy Code. *See generally id; see also In re Nexii Building Solutions Inc.*, Case No. 24-10026 (JKS) Docket No. 66 (Bankr. D. Del. July 22, 2024) (granting, on an uncontested basis, recognition of an "Ancillary Order" in a CCAA proceeding that included certain third-party releases, after considering briefing by the foreign representative that affirmatively raised and addressed why such relief is permissible even in light of *Purdue*).

76. The *Crédito Real* Court's ruling first addressed the argument that the "catchall" provisions of sections 1521(a)(7) and 1507(a) should be interpreted the same way that the *Purdue*

Court interpreted the catchall of section 1123(b)(6). Judge Horan rejected this analogy based on the differing statutory constructions of the Code sections. In comparing section 1521(a)(7) against section 1123(b)(6), through the lens of *Purdue*, Judge Horan explained:

> [I]n section 1123(b), rather than provide specific prohibited relief, Congress directs courts to look to the whole of the Bankruptcy Code to determine if the requested provision is consistent with it. In *Purdue*, the Supreme Court framed this section as one that "set[s] out a detailed list of powers, followed by a catchall." It explained, "Congress could have said in [section 1123(b)](6) that 'everything not expressly prohibited is permitted[]'"but instead limited it to "any other appropriate provision not inconsistent with the applicable provisions of this title." In comparison, in section 1521(a)(7), Congress did expressly enumerate what it wanted to prohibit; in a chapter 15 case, a court cannot grant relief under sections 522, 544, 545, 547, 548, 550, and 724(a). By specifically enumerating relief that the court cannot grant under section 1521, Congress more concretely defined the outer bounds of what the court can grant, thus also more concretely defining what is included in what the court can grant, bearing in mind the guiding principles of comity and cooperation.

Id., at *25-26 (quoting *Purdue*, 603 U.S. at 218). Simply put, "[b]y establishing a list of relief that courts should not grant under section 1521(a)(7), the section implies that other forms of relief not expressly prohibited are permitted. Therefore, enforcing foreign orders providing for nonconsensual third-party releases is within the scope of authority that section 1521(a) provides." *Id*. at *26.

77. Likewise, regarding section 1507 the Court in *Crédito Real* observed that, section 1507 has express limitations to the power it grants, requiring a court to look to the remainder of "this chapter" (*i.e.* chapter 15) for such limits. *Id*., at *27. This differs from section 1123(b) in two key respects. First, section 1507 "differs from section 1123(b)(6)'s instruction to look at subsections (1)–(5) to contextualize appropriate relief because chapter 15 covers a broader array of topics than section 1123(b)(1)–(5), which is limited to matters concerning and connected to the debtor." *Id.* Second, while section 1123(b)(6) prohibits relief inconsistent with applicable provisions of "this title" (*i.e.* the Bankruptcy Code), section 1507 references chapter 15

specifically, which has as its purpose the promotion of comity and international cooperation. *See id*. "Accordingly, relief that is appropriate subject to limitations in chapter 15 must be different than relief that is not inconsistent with the applicable provisions of the Bankruptcy Code." *Id*., at *28. Moreover, Judge Horan observed that section 1507(b) explicitly provides a list of factors for a court to consider, when analyzing whether to provide "additional assistance." Thus "section 1507 . . . differs from section 1123(b) because section 1123(b) does not expressly establish specific boundaries; instead, it directs courts to look to the rest of the Bankruptcy Code to determine whether a provision is appropriate." *Id*. at*29.

78. Judge Horan additionally rejected the argument that recognizing the Mexican plan's releases were manifestly contrary to U.S. policy, noting that section 1506's public policy exception is to be narrowly applied. *Id*., at *32-39. The Court observed that non-consensual third-party releases are explicitly provided for in asbestos cases under section 524(g). *Id*. at *37. Moreover, the Court emphasized that the *Purdue* Court explicitly ruled that Congress had not, but *could*, authorize non-consensual third-party releases in Chapter 11—if this would infringe on a constitutional right, the Supreme Court would not have suggested Congress could allow it. *Id.*, at *38. In sum "[l]ack of specific availability in U.S. courts does not equate to manifest contrariness to U.S. public policy, especially where, as here, the contested relief is available in other contexts and could be made available more broadly by a simple act of Congress." *Id*.

79. The *Crédito Real* Court's reasoning applies with equal force here. Just as the enforcement of the third-party releases in the plan in *Crédito Real* was within the ambit of relief available under section 1521(a) and 1507(a), the enforcement of the D&O Releases here is permissible under those sections and not prohibited by *Purdue*. Specifically in connection with section 1507(a), recognition of the D&O Releases is in line with the considerations set forth in

section 1507(b). Recognizing the D&O Releases ensures just treatment of all claimholders across borders, and failing to recognizing the D&O Releases would give creditors in the U.S. an advantage over Canadian creditors. Placing all creditors on equal footing does not prejudice U.S. creditors, lead to preferential or fraudulent dispositions of the Debtors' property, or otherwise impede a fair distribution of assets of the Debtors or proceeds of the SISP. Likewise, for the reasons argued above, recognition of the D&O Releases is not manifestly contrary to U.S. public policy.

80. For the foregoing reasons, the Foreign Representatives respectfully request that the Court enter an order giving full force and effect to the RVO in the United States. Doing so is consistent with long standing principles of international comity and cooperation and is warranted under sections 1507, 1521, 1525, and 1527 of the Bankruptcy Code, and recognition of the RVO—including the D&O Release—is not manifestly contrary to U.S. public policy, even in a post-*Purdue* landscape.

II. Approval of the Transactions Pursuant to Sections 363, 365 and 1520 of the Bankruptcy Code Is Appropriate

81. Pursuant to section 1520 of the Bankruptcy Code, section 363 is applicable "[u]pon recognition of a foreign proceeding that is a foreign main proceeding . . . to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States." 11 U.S.C. § 1520(a)(2).

82. Section 363(b)(1) of the Bankruptcy Code, which is incorporated by section 1520 of the Bankruptcy Code, provides, in relevant part, that a debtor "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts require that the decision to sell assets outside the ordinary course of business be based upon the proponent's sound business judgment. *See Myers v. Martin (In re Martin)*, 91

F.3d 389, 395 (3d Cir. 1996); *In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991) ("Under Section 363, the debtor in possession can sell property of the estate outside the ordinary course of business if: he has an articulated business justification . . . he provides adequate notice to all creditors, and a hearing is held on the sale.") (internal citation and quotation marks omitted); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *Dai-Ichi Kangyo Bank Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147,153 (D. Del. 1999); *Off. Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992); *In re Sharif*, No. 09-05868, 2022 Bankr. LEXIS 2226, at *5 (Bankr. N.D. Ill. Aug. 9, 2022) ("Bankruptcy courts apply the so-called 'business judgment' test to determine whether to approve a proposed sale under § 363(b)."); *In re Daufuskie Island Props., LLC*, No. 09-00389-jw, 2011 Bankr. LEXIS 3265, at *13 (Bankr. D.S.C. June 17, 2011) ("For authorization of the sale under § 363(b), the Trustee must show that the sale is supported by a sound business reason and is based on a sound exercise of business judgment.").

83. Courts consider a variety of factors in determining whether a debtor has justified the sale of property under section 363(b), including: (a) a "sound business purpose" justifies the sale of assets outside the ordinary course of business; (b) adequate and reasonable notice has been provided to interested persons; (c) the trustee or debtor-in-possession has obtained a fair and reasonable price; and (d) good faith exists. *See In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991); *Montgomery Ward*, 242 B.R. at 153; *see also In re Daufuskie Island Props.*, 2011 Bankr. LEXIS 3265, at *13; *Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Sovereign Estates, Ltd.*, 104 B.R. 702, 704 (Bankr. E.D. Pa. 1989). Once a debtor articulates a good business reason for the sale of estate

property outside the ordinary course of business, it is presumed that the debtor's decision to move forward with the sale was made "on an informed basis, in good faith and in the honest belief that the [transaction] was in the best interests of the [debtor] company." *In re Integrated Res., Inc.*, 147 B.R. at 656. The Foreign Representatives contend that the Transactions should be approved as a sound exercise of the Debtors' business judgment.

A. A Sound Business Purpose Justifies the Transaction

84. The Foreign Representatives submit that ample business justification for the Transactions exists. The Debtors and the SISP Team, in consultation with the Financial Advisor, in good faith, ran a comprehensive and thorough sale process that was approved by the Canadian Court. Pursuant to the Recognition Order, Lion Electric, as the Foreign Representative, was entrusted to administer and realize the Debtors' assets within the territorial jurisdiction of the United States pursuant to section 1521(a)(5). As such, after extensive marketing efforts, the Foreign Representatives believe the Transactions represent the highest and best offer for the Debtors' assets (through purchase of the Subscribed Shares) to maximize the benefits to the Debtors and their creditors, particularly in light of the April 30, 2025 Announcement.

85. Moreover, the Transactions are beneficial to the Lion Group's stakeholders in that it provides for the continuation of a portion of the business of the Lion Group as a going concern and, in doing so, a portion of its employees will be retained, its economic activities in Québec will be maintained and further developed, and certain of the Debtors' suppliers will benefit from the continuation of their business relationship with the Lion Group. Indeed, the Transactions are being proposed by the Purchaser, which is comprised of a dedicated group of locally based Québec businesspeople and who already are aware of and have knowledge concerning the Lion Group's operations, suppliers and clients, thereby allowing for a rapid transaction with minimal closing conditions.

86. In addition, the reverse vesting structure of the Transactions is advantageous under the circumstances providing even further business justification for the Transactions. Specifically:

a. the sector in which the Lion Group operates requires oversight from various governmental agencies and requires the maintenance of various licenses, permits, certifications and regulatory approvals, without which it cannot properly operate;

b. the reverse vesting structure of the Transactions will prevent delays in the transition of the Lion Group's business and allow for an efficient transition in an orderly manner, including with respect to maintaining the above licenses, permits, certifications and regulatory approvals which are essential to the Lion Group's business;

c. given the Lion Group's significant liquidity constraints, the delays, costs and uncertainty associated with transferring the above licenses, permits, certifications and regulatory approvals, or otherwise seeking the issuance of new licenses, permits, certifications and regulatory approvals, is not a viable option;

d. the reverse vesting structure does not put stakeholders, including creditors, contractual counterparties, and even shareholders in a worse position than they would have been under a traditional asset sale. Indeed, the SISP has demonstrated that the net realizable value of the business and assets of the Debtors does not exceed the amount of the Debtors' secured debt such that there is no prospect for recovery for any of the Debtors' other creditors, regardless of the structure employed;

e. the Lion Group is party to a significant number of contracts that will be retained under the Subscription Agreement. To this end, the reverse vesting structure will avoid potentially significant delays and costs associated with having to seek consent to assignment from contract counterparties or, if consents could not be obtained, orders assigning such contracts under section 11.3 of the CCAA; and, finally,

f. the reverse vesting structure will also permit the maintenance of the Lion Group's tax attributes, which represents a key and non-negligible component of the Transactions for the Purchaser.

B. The Foreign Representatives Have Provided Adequate and Reasonable Notice.

87. In addition to the notice of the RVO and the Transactions already provided to parties in the Canadian Proceeding, the Foreign Representatives are providing notice of this Motion on the Notice Parties, as defined in the *Order (A) Scheduling Hearing on Recognition of*

Chapter 15 Hearing and (B) Specifying Form and Manner of Service of Notice [Docket No. 28] (the "Notice Order"). The Foreign Representatives intend to serve the Notice Parties with addresses in the United States via first class mail, postage pre-paid, and Notice Parties with addresses outside of the United States via email where it has email addresses, and otherwise via first class mail, postage pre-paid. The Foreign Representatives are providing at least 21 days' notice of the Motion, in accordance with Bankruptcy Rule 2002(a)(2).

88. In addition, the Monitor has posted copies of all orders entered by the Canadian Court and its Reports to the Court, as well as all pleadings filed in these chapter 15 cases, including this Motion, on the Monitor's webpage at https://www.insolvencies.deloitte.ca/lionelectric., which has been maintained in connection with the Canadian Proceeding.

89. In light of the above, the Foreign Representatives submit that notice of the RVO and Transactions and the hearing on approval thereof is sufficient and appropriate.

C. The Debtors Have Obtained a Fair and Reasonable Price in the Transactions

90. Ultimately, the offer submitted by the Purchaser is the best bid received by the Lion Group in the context of the SISP, and, as such, the Transactions contemplated by the Subscription Agreement represents the best outcome for the Lion Group and its stakeholders under the circumstances. The market has been thoroughly canvassed through a fulsome, fair and transparent processes conducted both prior to and after the commencement of the Canadian Proceeding, with the Transactions provided for in the Subscription Agreement representing, under the circumstances, the best transaction and outcome resulting from the SISP for the benefit of the Debtors' stakeholders as a whole. The fairness and reasonableness of the consideration to be received by the Debtors is validated by that extensive "market test." *See In re Champion Enterprises, Inc.*, No. 09-14019 KG, 2012 Bankr. LEXIS 4009, at *93-94 (Bankr. D. Del. Aug. 30, 2012) ("A market test is the best evidence of a company's value at a given point in time.").

The Transactions thus represent the best opportunity for the Debtors to maximize the value of their assets.

D. Good Faith Exists and the Court Should Afford the Purchaser and the Lion Entities All Protections under Sections 363(m) and (n) of the Bankruptcy Code as a Good Faith Purchaser

91. The Foreign Representatives submit that the Transactions are a product of good faith dealing, both as a factor in favor of the Debtors' business judgment, but also in support of the Court granting the Purchaser and the Lion Entities the protections of sections 363(m) and (n), for the reasons set forth below.

92. Section 363(m) of the Bankruptcy Code provides, in pertinent part:

> [t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

93. Section 363(m) protects the purchaser of assets sold pursuant to section 363 of the Bankruptcy Code from the risk that it will lose its interest in the purchased assets if the order allowing the sale is reversed on appeal so long as such purchaser leased or purchased the assets in "good faith."

94. Such relief is appropriate here as the Transactions were the result of the SISP, which consisted of a robust and extensive marketing process, and parties in interest were provided with the opportunity to review and object to the Transactions both in the Canadian Court and in this Court. *See Esposito v. Title Ins. Co. of Pa. (In re Fernwood Mkts.),* 73 B.R. 616, 620 (Bankr. E.D. Pa. 1987) (good faith purchasers are protected under section 363(m) where notice is provided to lienholders). Courts generally conclude that a purchaser has acted in good faith as long as the

consideration is adequate and reasonable, and the terms of the transaction are fully disclosed. *See, e.g., In re Abbotts Dairies of Pennsylvania, Inc.,* 788 F.2d 143, 149-50 (3d Cir. 1986).

95. The Debtors' assets and business were subjected to a robust solicitation and competitive bidding process (*i.e.,* the SISP) conducted by the Debtors with the assistance of experienced professional advisors and the Monitor, and with the oversight of the Canadian Court. The Foreign Representatives believe that the Subscription Agreement is fair and reasonable in the circumstances, and is beneficial to the Debtors' stakeholders as a whole. In that regard, the Foreign Representatives have considered, in particular, that the Transactions allow for the continuation of the Lion Group's business as a going concern.

96. The Foreign Representatives are not aware of any indication of any "fraud, collusion between the Purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders" or similar conduct that would cause or permit the Transactions to be avoided under section 363(n) of the Bankruptcy Code. *See id.* at 147 (describing types of misconduct that negate a purchaser's good faith status (quoting *In re Rock Indus. Mach. Corp.,* 572 F.2d 1195, 1198 (7th Cir. 1978))); R-*Group Invs., Inc. v. Noddah, LLC,* No. 14 C 9717, 2015 U.S. Dist. LEXIS 132282, at *15 (N.D. Ill. Sep. 30, 2015) ("A purchase is not made in good faith if 'there was collusion, fraud, or the sale otherwise manifested bad faith.' . . . Bad faith in the context of Section 363(m) also occurs when there is 'an attempt to take grossly unfair advantage of other bidders.'") (quoting *Hower v. Molding Sys. Eng'g Corp.*, 445 F.3d 935, 938 (7th Cir. 2006) and *In re Rock Indus.*, 572 F.2d at 1198) (internal citation omitted). The Transactions are the result of a marketing process designed to obtain the highest or otherwise best offer in respect of the Debtors' assets (through purchase of the Subscribed Shares), and is the product of extensive negotiations between the parties to the Subscription Agreement. Given the structure of the reverse

vesting process, these protections should also be extended to the Lion Entities, as the direct and indirect subsidiaries of the Purchaser that will own the assets acquired as a result of the Transactions.

97. Accordingly, the Foreign Representatives seek a finding that the Purchaser and the Lion Entities each constitute a "good faith purchaser" under section 363(m) of the Bankruptcy Code and have not violated section 363(n) of the Bankruptcy Code.

E. The Court Should Authorize and Approve the Transactions "Free and Clear" under Section 363(f) of the Bankruptcy Code

98. Bankruptcy Code Section 363(f) permits a debtor to sell property free and clear of another party's interest in the property if: (1) applicable non-bankruptcy law permits such a free and clear sale; (2) the holder of the interest consents; (3) the interest is a lien and the sale price of the property exceeds the value of all liens on the property; (4) the interest is the subject of a bona fide dispute; or (5) the holder of the interest could be compelled in a legal or equitable proceeding to accept a monetary satisfaction of its interest. *See* 11 U.S.C. § 363(f).

99. Section 363(f) is drafted in the disjunctive. Thus, satisfaction of any of the requirements enumerated therein will suffice to warrant the approval and recognition within the territorial jurisdiction of the United States of the sale of the Retained Assets free and clear of all interests (*i.e.,* all liens, claims, rights, interests, charges or encumbrances), except with respect to any interests that may be assumed or preserved under the Subscription Agreement and the Transactions. *See In re Kellstrom Indus., Inc.,* 282 B.R. 787, 793 (Bankr. D. Del. 2002) ("Section 363(f) is written in the disjunctive, not the conjunctive, and if any of the five conditions are met, the debtor has the authority to conduct the sale free and clear of all liens.") (citing *In re Elliot,* 94 B.R. 343, 345 (E.D. Pa. 1988)). Here, the Interim Lenders, which represent the Debtors' senior secured lenders, are consenting to the Transactions. Such consent satisfies section 363(f)(2). Other

parties in interest that may claim an interest in the Retained Assets have been provided with notice of the approval sought in the Canadian Proceeding and of this Motion. To the extent that no party appears and objects to the relief requested, they are deemed to consent.

100. Further, the Court's approval of the Transactions free and clear of all liens, claims, encumbrances, and other interests (other than those permitted under the Subscription Agreement) is consistent with the best interests of the Debtors and their creditors, as well as consistent with the RVO. Pursuing a sale other than one that is "free and clear" would yield substantially less value (if any) for the Debtors and their creditors, as the Purchaser has indicated it would not pursue such a sale other than through the structure approved in the RVO. Therefore, a sale free and clear of all liens, claims, encumbrances, and interests is in the best interests of the Debtors, their creditors, and other parties in interest.

III. Recognition of the Excluded Cos.' Canadian Proceeding as a Foreign Main Proceeding, Recognition of the Monitor as New Foreign Representative, and Closure of the Lion Entities' Chapter 15 Cases Is Appropriate.

101. Deloitte, as duly-authorized foreign representative of the Excluded Cos., seeks recognition of Excluded Cos.' Canadian Proceeding as a foreign main proceeding, and related relief. The New Foreign Representative incorporates by reference the facts and legal arguments and analysis, as applicable, set forth in the Verified Petition, as well as the Coulombe Recognition Declaration and the *Declaration of Guy P. Martel in Support of Verified Petition for (I) Recognition of Foreign Main Proceeding, (II) Recognition of Foreign Representative, (III) Recognition of Initial Order, Amended and Restated Initial Order, and SISP Order, and (IV) Related Relief* [Docket No. 5] to support the relief requested in this section.

102. As contemplated by the Subscription Agreement, the Debtors have effectuated the incorporation of ResidualCo as a corporation incorporated under the Business Corporations Act (Québec) (the "QBCA"), and the incorporation of NewCo as a corporation incorporated under the

QBCA. The RVO provides that the Lion Entities and each of the Excluded Cos. are authorized to:

> (a) take, proceed with, implement and execute any and all other steps, notifications, filings and delivery of any documents and assurances governing or giving effect to the Reorganization as they, in their discretion, may deem to be reasonably necessary or advisable to conclude the Reorganization, including the execution of such deeds, contracts or documents, as may be contemplated in the Reorganization and all such deeds, contracts or documents are hereby ratified, approved and confirmed; and
>
> (b) take such steps as are deemed necessary or incidental to the implementation of the Reorganization.

RVO at ¶ 17.

103. The Excluded Cos. have been incorporated in Canada to facilitate the Transactions contemplated by the RVO—with ResidualCo serving as a repository for the Excluded Assets, and NewCo serving in the same capacity with respect to the Excluded Contracts, Excluded Employees, and Excluded Liabilities—and will ensure the Canadian Court can continue to administer the Canadian Proceeding without interruption. To that end, the RVO provides that:

> (b) the Excluded Cos. shall be automatically added as "debtors" in these CCAA Proceedings and any reference in any Order of this Court in respect of these CCAA Proceedings to "Debtor(s)" or "Applicant(s)" shall all refer to the Excluded Cos. *mutatis mutandis*, and, for greater certainty, each of the CCAA Charges (as such term is defined in the Initial Order) shall also constitute a charge on the property of the Excluded Cos.
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> …
>
> (d) the ARIO shall be amended by adding the Excluded Cos. as Debtors in the heading and deleting the Lion Entities from the heading.

Id. at ¶ 44(b), (d).

104. In light of the foregoing, the Excluded Cos. are each eligible for chapter 15 relief and their petitions are proper under the Bankruptcy Code. Specifically, the Excluded Cos. are each a proper party to the Canadian Proceeding, which are foreign main proceedings that have already

been established with respect to all of the other Debtors. The arguments set forth in the Verified Petition apply with equal effect here.

105. Furthermore, both of the Excluded Cos.'s respective chapter 15 petitions were commenced by the New Foreign Representative, who was authorized to do so under the RVO, and the filing of the petitions complies with all applicable sections of the Bankruptcy Code.

106. Additionally, the Excluded Cos. each satisfy section 109(a) of the Bankruptcy Code which requires that a debtor have a residence, domicile, a place of business or property in the United States. 11 U.S.C. § 109(a). Courts have adopted a broad interpretation of "property" under section 109(a) of the Bankruptcy Code and have found that even a nominal amount of property in the United States satisfies the requirements of section 109(a). *See, e.g., In re Global Ocean Carriers Ltd.*, 251 B.R. 31 (Bankr. D. Del. 2000) (holding that approximately $10,000 in a bank account and the unearned portions of retainers provided to local counsel constituted a sufficient property interest for chapter 15 purposes); *In re Poymanov*, 571 B.R. 24, 29 (Bankr. S.D.N.Y. 2017) (noting it is established that "[a] debtor's funds held in a retainer account in the possession of counsel to the foreign representative constitute property of the debtor in the United States and satisfy the eligibility requirements of section 109"). Effectively, if a debtor has any property in the United States, section 109(a) of the Bankruptcy Code is satisfied. Here, each of the Excluded Cos. has property in the United States by way of cash in a bank account held in the United States or through its respective interest in the retainer provided to the Debtors' U.S. counsel, Troutman Pepper Locke LLP, in the amount of $10,000.00, which is being held in the firm's bank account at Wells Fargo Bank N.A. in Illinois.

107. Finally, the center of main interest of each of the Excluded Cos. is clearly Canada for the reasons set forth in the Verified Petition, but also because both Excluded Cos. are based in

Canada and were created solely to facilitate the consummation of the Transactions in connection with the ongoing Canadian Proceeding. The requested relief is appropriate and proper given the circumstances, and the New Foreign Representative requests that recognition be granted so that the Canadian Proceeding can continue to administer the Debtors' estates in accordance with the various orders entered by the Canadian Court.

108. In addition, the Foreign Representatives request that the Court recognize the Monitor as "foreign representative" for each of the remaining Debtors and the Excluded Cos., replacing Lion Electric. Following the Closing of the Transactions, the Purchaser will have ownership and control of Lion Electric and, although the RVO grants the Monitor the sole authority to act on behalf of Lion Electric in its capacity as Foreign Representative on a temporary basis, the RVO contemplates that the Monitor will be the sole foreign representative for the Debtors upon recognition of the RVO in the United States. Further, the Canadian Court has expressly authorized the Monitor to act as New Foreign Representative of the Debtors (including the Excluded Cos.).

109. Specifically, the RVO provides that upon issuance of the Monitor's Certificate (as defined in the RVO):

> (a) the Monitor shall be authorized and empowered, but not required, to the extent necessary, to act as a foreign representative (in such capacity, the "**Foreign Representative**") in respect of the within proceedings for the purposes of: (i) administering the proceedings initiated in the United States in respect of the Debtors pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 and (ii) in respect of the Excluded Cos., for the purpose of initiating and administering proceedings in the United States in respect of the Excluded Cos. pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, and having these proceedings recognized and approved in the United States; and, in such circumstances,
>
> (b) the Monitor shall have sole authority to (i) act on behalf of The Lion Electric Company in its capacity as Foreign Representative, in respect of the Debtors' proceedings initiated in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, (ii) be substituted for The Lion Electric Company as Foreign Representative for the Debtors in such proceedings, and (iii) act on behalf of the Excluded Cos., in the Monitor's

> capacity as Foreign Representative for the Excluded Cos., in respect of any proceedings initiated in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 on behalf of the Excluded Cos., and all courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for those purposes.

RVO at ¶ 60.

110. Finally, the Foreign Representatives request that the Court approve the closing of the Chapter 15 cases of each of the Lion Entities. Following the Closing of the Transactions, each of the Lion Entities will be controlled by the Purchaser and the RVO contemplates that the Lion Entities will each cease be a debtor in the Canadian Proceeding, except solely as necessary for the purposes of achieving recognition of the RVO in the U.S. Specifically, the RVO provides that upon issuance of the Monitor's Certificate (as defined in the RVO):

> the Lion Entities shall each be deemed to cease to be "Debtors" in these CCAA Proceedings, and each such entity shall be deemed to be released from the purview of any Order of this Court granted in respect of these CCAA Proceedings, save and except for the present Order the terms of which (as they related to any such entity) shall continue to apply in all respects, and save and except as might be necessary to have the present Order recognized in a foreign jurisdiction, and the Excluded Cos. shall be deemed to be companies to which the CCAA applies;

Id. at ¶ 55(a).

111. In light of the above, the Foreign Representatives submit that it is appropriate to close the Chapter 15 cases of each of the Lion Entities and jointly administer the Chapter 15 cases of the remaining Debtors' and the Excluded Cos. on another Debtor's docket. *See* 11 U.S.C. § 1517(d) (providing, in relevant part, that chapter 15 cases may be closed pursuant to section 350 of the Bankruptcy Code).

IV. The Court Should Recognize the Canadian Court's Extension of the Stay Period

112. In connection with their application for the RVO in the Canadian Proceeding, the Debtors have also requested that the Canadian Court extend the Stay Period, through and including

July 31, 2025. The Foreign Representatives likewise request that this Court recognize this extension, and any further extensions of the Stay Period by the Canadian Court, if and as issued by the Canadian Court in the RVO or any subsequent order of the Canadian Court.

113. Extension of the Stay Period provides the Debtors and other parties the continued protection offered by the Stay Period as the Debtors and the Excluded Cos. administer the Canadian Proceeding and implement the RVO. Recognition of the Canadian Court's extension of the Stay Period in the RVO by this Court would grant assistance to the Canadian Court in its efforts to facilitate an orderly administration of the Canadian Proceeding. Such recognition is consistent with the principles of comity and the underlying purpose of chapter 15.

WAIVER OF RULE 6004(h)

114. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." FED. R. BANKR. P. 6004(h). Any delay in completed the closing could jeopardize Debtors' realization of the full benefits of the Transactions to the detriment of the Debtors and their stakeholders. Accordingly, the Foreign Representatives respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h).

NOTICE

115. The Foreign Representatives will provide notice of this Motion to the Notice Parties as defined in the Notice Order as well as to the Securities and Exchange Commission, the New York Stock Exchange, the Office of the Illinois Attorney General, the Illinois Department of Revenue, the Illinois Department of Employment Security, and the Illinois Department of Labor. The Foreign Representatives respectfully request that, in light of the nature of the relief requested, no other or further notice of the Motion need be given.

CONCLUSION

WHEREFORE the Foreign Representatives respectfully request that this Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: May 29, 2025
Chicago, Illinois

Respectfully Submitted,

/s/ Jonathan E. Aberman

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